



TO: The Honorable Members of the House Labor and Industry Committee

FROM: Sam Denisco, Director, Government Relations

DATE: June 6, 2011

RE: SB 1030 – Unemployment Compensation Amendments

On behalf of its thousands of statewide member businesses of all sizes and crossing all industry sectors, the Pennsylvania Chamber of Business and Industry is writing you to express our **support of SB 1030**. The bill is scheduled to be considered today by the House Labor and Industry Committee. This legislation provides for several amendments to the PA Unemployment Compensation Law.

The PA UC Fund is currently operating on money borrowed from the federal government and has a significant structural deficit. In simple terms, more money is being paid out of the fund than has been coming in. We have borrowed over \$3.6 billion from the federal government (third highest to CA and MI). This is attributed to the liberalization of benefits over recent years - a situation that has certainly been exacerbated by the current economic downturn.

We need to ensure that the unemployment compensation safety net is there for Pennsylvanians who truly need it. This is a challenge and cannot be achieved under the current process. The growth of the Commonwealth's UC Fund needs to be slowed and our rich benefit system needs to be scaled back. Pennsylvania is second only to California in the amount of UC benefits paid out over the past year, despite an unemployment rate that is lower than most states across the nation. Pennsylvania must take steps to restore balance, fairness and sound financial principles to the UC system.

SB 1030 is a step in the right direction to achieve these goals. As you know, the PA Chamber is supportive of the Perry bill (HB 916) which this committee approved a few short weeks ago. We would like to see additional savings measures, as contained in HB 916, included in the bill before you today.

If you have any questions or concerns, please contact me at 717.720.5580 or sdenisco@pachamber.org.