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January 31, 2012

The Honorable Allyson Y. Schwartz
United States House of Representatives
1227 Longworth House Office Building
Washington, D.C. 20515

Dear Representative Schwartz:

I write on behalf of the Pennsylvania Chamber of Business and Industry and our thousands of statewide member businesses regarding Unemployment Compensation. As a member of the H.R. 3630 Conference Committee, you are in a unique position to help address an issue of critical importance to Pennsylvania employers.

Pennsylvania's UC Trust Fund is bankrupt and we have been forced to borrow billions of dollars from the federal government since 2009 to pay unemployment compensation benefits. Our UC debt, the fourth largest in the country, is a burden on employers, which face significant automatic tax increases until the amount borrowed, plus interest, is paid off. Pennsylvania accrued this debt despite the fact that our unemployment rate is well below the national average and in fiscal year 2011 only two other state trust funds exceeded Pennsylvania's in total incoming revenue. Clearly Pennsylvania's UC program, as currently administered, is unsustainable and changes will be necessary to make our UC Trust Fund solvent.

State lawmakers in Harrisburg are considering various proposals to help put our UC program on a path to solvency, including adjustments to the formula by which benefits are calculated in order to bring our average weekly benefit (Pennsylvania last year had the ninth highest in the country) more in line with the national average. Unfortunately, temporary federal law prohibits states from enacting any change that would result in a reduction of the average weekly benefit by threatening to cut off federal reimbursement for emergency unemployment compensation payments. This one-size-fits-all requirement unfairly handcuffs states like Pennsylvania that desperately need UC reform.

Repeal of this requirement was included in Section 2165 of H.R. 3630 as it passed the House, but was not addressed in the two month extension agreed to at the end of 2011 in the Temporary Payroll Tax Cut Continuation Act of 2011 (P.L. 112-78). I urge you to support repeal of this requirement in your capacity as a member of the HR 3630 Conference Committee.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Gene Barr". The signature is fluid and cursive, written over a white background.

Gene Barr
President and CEO