



TO: The Honorable Members of the Pennsylvania House of Representatives

FROM: Gene Barr, Vice President of Government and Public Affairs

DATE: June 13, 2011

RE: SB 1030 – Unemployment Compensation

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 to express **support for SB 1030**. This bill, which the House may consider this week, includes reasonable reforms to improve the Commonwealth's Unemployment Compensation (UC) system and allows thousands of Pennsylvanians to continue receiving extended UC benefits.

All parties with a stake in Pennsylvania's UC program can agree that the system, as currently administered, is unsustainable and significant changes are necessary to bring solvency to the UC Trust Fund. The Chamber has previously participated in discussions and will continue to engage in good faith with stakeholders and policymakers to help find a solution to this daunting challenge.

Pennsylvania is in this position for a variety of reasons – but indisputable is the reality that some people are qualifying for benefits they do not deserve or receiving more benefits than they have earned. In fact, the U.S. Department of Labor has reported that PA had \$377 million in fraudulent and/or unrecoverable UC overpayments in 2009. The examples are numerous:

- Individuals who were fired for their OWN Fault receiving benefits, when the system was created for those who separate from employment through NO FAULT OF THEIR OWN;
- Individuals who quit for a reason unrelated to their job still availing themselves of UC;
- Perhaps most egregious, Pennsylvania is the only state in the nation that doesn't require UC recipients to prove they are actually looking for work;
- Individuals collecting severance pay and UC benefits *at the same time*, effectively being able to earn 150 percent of their pay.

Lawmakers are now being asked to adjust Pennsylvania law in order to allow thousands of UC recipients to continue receiving extended benefits funded by the federal government. The Chamber supports this adjustment, which is included in SB 1030. Yet, it is wrong for the General Assembly to enact this change and allow hundreds of millions of dollars to enter our UC system without implementing any improvements to ensure that when these dollars exit the system, they are directed to those who need the support and have truly earned the benefits.

The aforementioned imperfections in our UC system and several others are addressed in SB 1030 as amended by the House Labor Committee and will result in \$137 million in savings – a far cry from HB 916, the bill we also support which provides for additional improvements, more accurately aligns benefits with the amount an employee actually earned and would have saved the UC trust fund over \$600 million. Given the significant differences between the two bills and dramatic decrease in cost savings, it is difficult to understand how SB 1030 could not be viewed as a compromise bill. It is unfortunate and telling that the rhetoric and tired talking points espoused by opponents to reform have remain unchanged, despite repeated concessions made by employers and the business community.

We urge you to support SB 1030, PN 1293, and reject any amendments introduced to weaken the bill. If you have any questions or concerns, please contact Gene Barr or Sam Denisco.