



TO: The Honorable Members Senate Labor and Industry Committee
FROM: Alex Halper, Manager of Government Affairs
DATE: Jan. 17, 2012
RE: S.B. 1375 – Unemployment Compensation

On behalf of our thousands of statewide member businesses of all sizes and crossing all industry sectors, the Pennsylvania Chamber of Business and Industry writes to express concern with S.B. 1375 in its current form, which the Committee is scheduled to consider on Jan. 17th. This bill would allow Pennsylvanians receiving unemployment compensation (UC) to maintain eligibility for federal extended benefits.

Pennsylvania's UC Trust Fund is bankrupt and the Commonwealth has been forced to borrow billions of dollars from the federal government since 2009 to pay the state share of UC benefits. Pennsylvania is in this position despite the fact that: 1) only two other state trust funds exceeded Pennsylvania's last year in total incoming revenue; 2) we are a top 10 state in employers' average UC tax rate as a percent of total wages; and 3) Pennsylvania's unemployment rate of 7.9% is below the national average of 8.5%.

Clearly the economic recession put a strain on our UC system. However, there is no question that the insolvency and unsustainability of the UC Trust Fund is due in large part to an overly expansive program that allows people to qualify for benefits they have not earned and others to receive more benefits than the state can reasonably afford to pay. For example, current state law does not sufficiently prevent benefits from being granted to individuals who were justifiably fired or workers who quit for a reason unrelated to their job. Moreover, no other state has a higher percentage of unemployed individuals enrolled in the UC program and those receiving benefits in Pennsylvania receive the 9th highest average weekly benefit amount in the country.

The PA Chamber supports UC to provide assistance between jobs for hardworking Pennsylvanians who put in the hours, demonstrated a clear attachment to the workforce, and unfortunately lost their job through no fault of their own. We also believe Pennsylvanians should maintain eligibility for federally-funded extended benefits, as provided in S.B. 1375. Yet, it is imprudent to allow tens of millions of additional dollars to enter our UC system without implementing any improvements to help ensure that when these dollars exit the system, they are directed, in a fiscally responsible way, to those who have truly earned the benefits.

Accordingly, we urge the Senate to consider amending this legislation prior to final passage by adding measures to improve and strengthen our UC program and help guarantee its future viability. If you have any questions please contact Alex Halper at 717-720-5471 or ahalper@pachamber.org.