



TO: The Honorable Members of the PA House of Representatives

FROM: Sam Denisco, Director of Government Affairs

DATE: May 23, 2011

RE: HB 916 – 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 HB 916**. The bill is scheduled to be considered by the Pennsylvania House of Representatives this week. This legislation provides for several amendments to the PA Unemployment Compensation Law.

As you may know, our 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 almost \$4 billion from the federal government through March 2011 (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. Rep. Perry's bill contains those provisions necessary to bring the unemployment compensation back to its intended purpose of providing support for those employees who have lost their job through no fault of their own and brings the system on a path to fiscal solvency. Please support HB 916.

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