

Good morning. My name is Sam Denisco. I am Director of Government Affairs for the PA Chamber of Business and Industry. The Pennsylvania Chamber of Business and Industry is the state's largest broad-based business advocacy association. PA Chamber membership comprises nearly 50 percent of the private workforce. PA Chamber membership ranges from Fortune 100 companies to sole proprietors, and crosses all industry sectors.

The UC Advisory Council has discussed the issue of work sharing programs over the past several months in the context of a larger unemployment compensation reform package. The UC Advisory Council was reconvened in late 2008 with the charge to make recommendations to the Governor that will address the solvency of the UC Fund. As committee members are well aware, to date, the Commonwealth has borrowed \$2.2 billion from the federal government in order to pay benefits to claimants. Borrowing is expected to continue and increased taxes on employers are inevitable.

That being said, work share programs should be designed to help employers avoid layoffs by providing unemployment benefits to workforces with reduced working hours. Under a work share program, a company can retain its workforce, thereby reducing or even avoiding layoffs. The business community is receptive to a work program in the Commonwealth provided that such programs are voluntary and do not result in an increased drain on the UC Fund and additional charges on unrelated employers.

Moving onto more substantive issues surrounding any work share program, I would like to address a few points for the committee's consideration.

Committee members should be cognizant of any legislation seeking to amend our UC law that results in an increased drainage on the UC Fund. Under the bill, individuals will be allowed to continue to work for their employer and collect benefits simultaneously.

Potentially, these individuals would not have otherwise been eligible for benefits under current provisions of law. Therefore, the net effect of the work share program as drafted in this specific proposal may result in an increase in socialized UC charges. For example, the state cannot increase charges on a maximum rated employer who implements a work share program. These employers are already being charged at the maximum rate, therefore the costs would be borne on the Fund as a whole.

Furthermore, base period employers other than the work share employer may be charged for unemployment compensation benefits. The work share employer who is not a complete base year employer will be charged a pro rata share. This may come up when an individual works a full time and a part time job for two distinct employers. If the individual enters into a work share program under the full time employer, the part time employer may also get charged even though the part time employer has no connection to the work share program. The bill could address this issue by inserting language that states benefits paid to a work share employee should be charged 100 percent to the work share employer.

In conclusion, the Chamber recognizes that a work share program may maintain jobs, which is especially crucial in times of economic despair. Therefore, the Chamber will support a bill that seeks to create a work share program that is voluntary and does not result in a significant drain on our UC Fund. Thank you for the opportunity to present remarks on this subject. I am happy to take any questions at this time.