



PRESS RELEASE

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For more information, contact
Lesley Smith, director of
communications, 717 720-5446 or 717
645-2073

PA Chamber welcomes action on UC debt to federal government

HARRISBURG, PA – The **Pennsylvania Chamber of Business and Industry** welcomed state House passage of legislation (S.B. 1310) that would begin to address Pennsylvania's nearly \$4 billion debt to the federal government resulting from borrowing needed to pay state unemployment compensation benefits.

Senate Bill 1310 would allow the Pennsylvania Economic Development Financing Authority to issue low-interest bonds in an amount that would pay off the debt to the federal government and improve the UC Trust Fund's cash flow.

Additionally, the bill would establish a temporary amnesty program that would permit delinquent businesses to waive 50 percent of their interest payments if they pay the principal debt in full; and would authorize the Department of Labor and Industry to target businesses evading UC taxes and recoup illegitimate overpayments to claimants. These and other provisions would increase annual revenue to the fund.

PA Chamber President Gene Barr said refinancing the federal debt through bonding makes smart financial sense because it allows the state to address what has become a substantial drain on the Commonwealth without raising taxes.

Barr said the recent recession and resulting high unemployment rate, along with the liberalization of benefits over the years, lead to the UC system's insolvency.

"The business community applauds lawmakers for taking the steps this year to get a handle on the fiscal stability of the state's unemployment compensation system," he said. "We hope that in the new year, more can be done to shore up this essential safety net."

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Barr said that effort includes taking steps to require a greater attachment to the workforce in order to qualify for UC benefits.

“To prevent this scenario in the future, lawmakers must to take a hard look at restoring the unemployment compensation to its true purpose, which is to provide a temporary life line to those out of work due to no fault of their own,” he said. “If we don’t adequately address some of the factors that contributed to the debt to the federal government, the system will never be truly sustainable. This jeopardizes those most in need of assistance and every taxpayer in the process.”

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The Pennsylvania Chamber of Business and Industry is the state’s largest broad-based business advocacy association, with its members comprising businesses of all sizes and across all industry sectors. The PA Chamber is The Statewide Voice of Business™.