

March 14, 2022

The Honorable Patrick Browne  
Chairman  
PA Senate Appropriations Committee  
281 Main Capitol Building  
Harrisburg, PA 17120-3016

The Honorable Vincent Hughes  
Democratic Chairman  
PA Senate Appropriations Committee  
545 Main Capitol Building  
Harrisburg, PA 17120-3007

The Honorable Stan Saylor  
Chairman  
PA House Appropriations Committee  
245 Main Capitol Building  
Harrisburg, PA 17120-2094

The Honorable Matthew Bradford  
Democratic Chairman  
PA House Appropriations Committee  
512E Main Capitol Building  
Harrisburg, PA 17120-2070

Dear Chairmen:

On behalf of employers throughout the Commonwealth we urge you to allocate funding to address Pennsylvania's outstanding unemployment compensation (UC) debt to the federal government and help employers avoid tax increases.

The COVID-19 pandemic and broad business shutdown orders prompted historic demand on Pennsylvania's UC system, eventually depleting the UC trust fund and forcing the Commonwealth to borrow from the federal government to pay the state share of benefits.

While new UC claims have slowed, the debt to the federal government remains and employer tax rates are scheduled to automatically increase in the years to come, which will cost employers hundreds of millions of dollars beyond the billions in UC taxes already paid annually.

Employers accept responsibility for financing UC and have shouldered the burden of federal debt in the past, including following the Great Recession. The current situation is unique, however, given that much of the cost was the result of mandatory business shutdowns or fraudulent claims, factors outside of employers' control.

Accordingly, the federal government has authorized states to utilize American Rescue Plan funding to address UC. Many states have embraced this opportunity to help employers avoid tax increases: Democratic-majority states like Connecticut and Washington; Republican-majority states like Alabama and Texas; neighbors like Ohio and Maryland, and many others.

Pennsylvania could similarly help employers avoid tax increases and we urge the House and Senate Appropriations Committees to consider this proposal as you continue work on the 2022-2023 budget.

Thank you for considering our views.

Sincerely,



Gene Barr  
President and CEO  
PA Chamber of Business and Industry



Greg Moreland  
State Director  
National Federation of Independent Business