

## UNEMPLOYMENT IS COSTING PENNSYLVANIA JOBS



The State House and Senate Labor Committees held joint hearing on making some changes to Pennsylvania's unemployment compensation law. After reviewing the proposal, however, it shows that unemployment may be costing Pennsylvania employment. With a strong economy, Pennsylvania paid around 2 billion in unemployment benefits in 2007. After the recession, they paid even more at 4.8 billion. This created a debt that they owed to the federal government of over \$5 billion. The UC law was written to protect people who were unemployed at no fault of their own. The unemployment compensation trust fund pays the unemployment benefits, and employer's pays taxes that over the administration costs and benefits of the unemployment compensation system and law. To help cover these costs, employers have to pay federal and state unemployment compensation taxes. They have to pay \$214.16 per employee to start with. So an employer that has 4 employees has to pay \$856.54 in state unemployment compensation taxes. This rises drastically for an employer that has many more employees than this. Unemployment taxes are not the only taxes that an employer has to pay. They also have to pay taxes such as corporate taxes, business privilege taxes, environmental fees and permits, capital stock franchise tax, health care costs (which are planned to increase when Obamacare comes in), permit fees, government late fees, sales tax, registration fees, property taxes, utility fees and taxes, Social Security taxes, and property taxes. An employer's UC taxes are adjusted when an employee receives unemployment benefits. This is also known as experience rated. This makes the unemployment compensation tax go up even higher at per employee. Imagine what an employer with over 500 employees would have to pay in unemployment compensation taxes. New employers with no UC experience pay \$296.24 for each employee, and a new contractor pays \$821.01 for each employee. Remember, they pay these taxes as well as the other taxes they have to pay. This can be a discouragement from creating new jobs for job seekers in the state. The State of Pennsylvania pays more in UC taxes than most states. Some employers are finding it more cost-effective to move their jobs to another state. This means that the people that live in Pennsylvania are losing out on a job and not getting the same job opportunities as other people, because they are finding it less expensive to create jobs in the state. The UC law was made so that it could help people that were unemployed when it was not their fault. Instead it is costing people from obtaining jobs, or from finding other job opportunities in the state that they live in. Instead these jobs are being moved to other states where it will not cost the employer as much money.