

Pennsylvania UNEMPLOYMENT INSURANCE

OPPORTUNITY REPORT

Prepared by the American Institute for Full Employment

November 2008

Pennsylvania has the opportunity to save millions of dollars and promote the overall well-being of its unemployed workers by implementing additional best practices in its Unemployment Insurance (UI) program. UI is an often overlooked, yet critical program for employers and employees. UI policy decisions involve not only significant expenditures in the economy, affecting the business climate and economic development, but also the financial, mental, and physical well-being of the unemployed. In designing their UI programs, federal law allows states substantial flexibility that is rarely used. AIFE has the resources and personnel to assist you in instituting policies and procedures that can help you make a difference in your UI and workforce programs. For a comprehensive review and analysis of how to make a difference, please contact Don Peitersen, UI Project Director, American Institute for Full Employment at 303-681-1351.

Unemployment Rate and Caseload

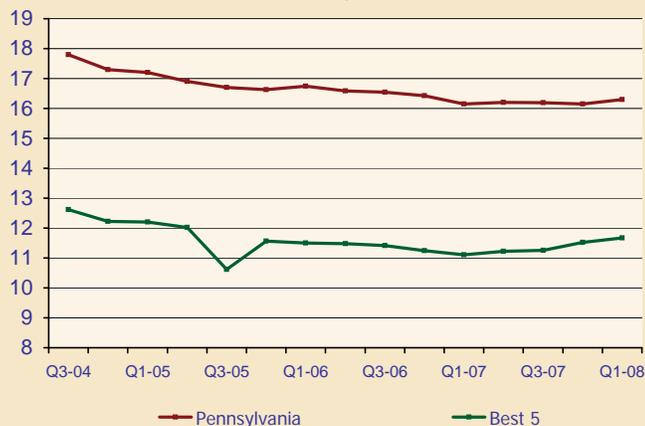
	Mar-07	Mar-08
Unemployment Rate *	4.30%	4.90%
Civilian Labor Force	6,280,065	6,324,453
Unemployed	271,716	308,801
Daily UI Caseload	167,217	172,987
Total Benefits Paid **	\$2,128 mil	\$2,336 mil

* Seasonally Adjusted ** Annual

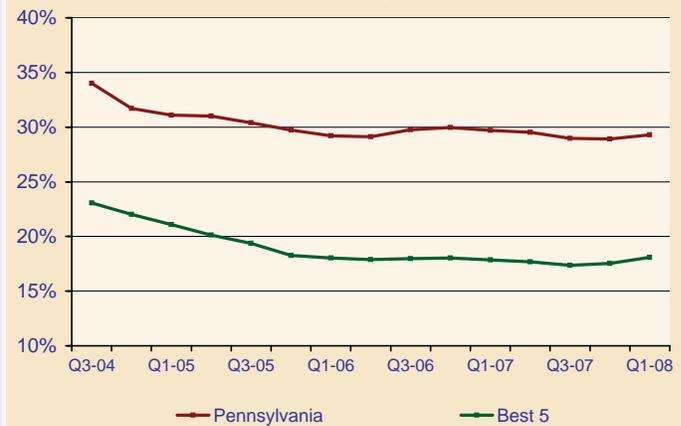
Effectiveness

On average, Unemployment Insurance claimants in Pennsylvania did not find their way off of unemployment insurance for over three and a half months, and over one quarter of all claimants exhausted their benefits.

Claim Duration (weeks)
Quarterly Data



Exhaustion Rate
Quarterly Data



April 2007 - March 2008 Average	Best 5	Best 10	PA	PA Rank
CLAIM DURATION	11.7	12.2	16.3	41
The average number of weeks UI claimants received benefits				
EXHAUSTION RATE	18.1%	21.4%	29.3%	13
The average percentage of UI claimants who exhausted their benefits				

CLAIM DURATION

The average number of weeks UI claimants received benefits

EXHAUSTION RATE

The average percentage of UI claimants who exhausted their benefits

Had the average UI claim duration for Pennsylvania matched the Lowest Five state average, the state could have added over 41,500 jobs to the economy and saved \$727.9 million in UI trust funds.

Lost Jobs in the Economy

Equivalent number of jobs lost from claimants having a longer average claim duration than the Best 5 state average

Pennsylvania State Duration	16.30
Best 5 Duration	- 11.67
Weeks Lost per Claimant	4.63
Total Claimants	x 467,088
Total Weeks Lost	2,162,617
Weeks per Job (52)	÷ 52
Total Jobs Lost	41,589

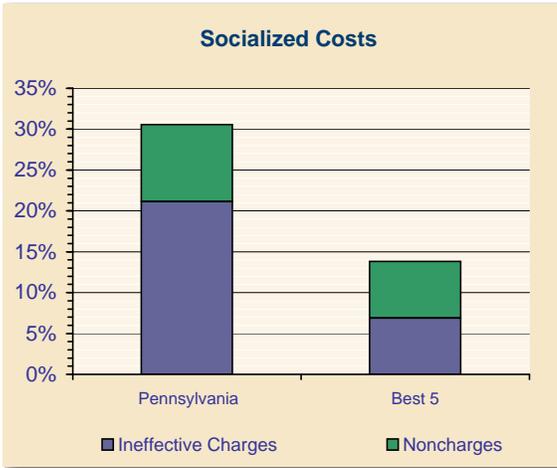
For the purposes of this report, "States" include the 50 US states plus the District of Columbia and Puerto Rico.

"Rank" is from 1 to 52, with 1 being the best performance per category.

All base data used and developed in this report was sourced from the US Department of Labor and the Bureau of Labor Statistics.

Efficiency

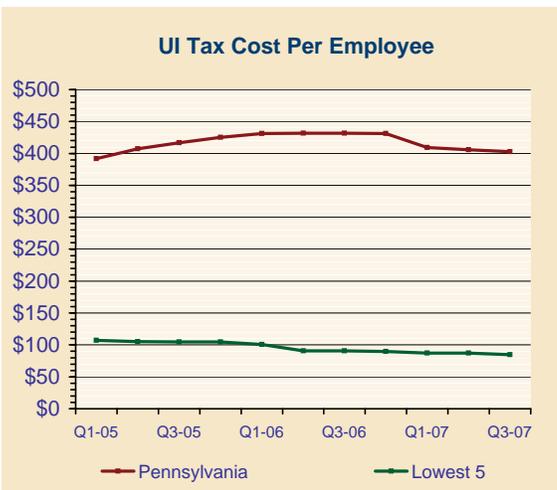
Compared with Pennsylvania, the average Best Five state promoted more employment through a UI tax structure that had 55% less in socialized costs.



2008	Best 5	Best 10	PA 2008	PA Rank
SOCIALIZED COSTS	14%	18%	31%	29
<p>The percentage of benefit costs not charged to responsible employers, but instead socialized as:</p> <p>* Data from the 2007 Significant Measures Report</p> <p>1) Noncharges - the total amount of benefit payments not charged to individual employer experience rating accounts. They often shift to the UI tax system social program costs; such as payments to workers who voluntarily quit and</p> <p>2) Ineffective Charges - the yearly amount of benefit charges assigned to individual employers that exceed the amount of contributions paid by those same employers in the following year. These charges tend to lessen some employers' responsibility to pay the full cost of their claims, due to e.g. a maximum tax rate that is too low or an otherwise less responsive tax structure.</p> <p>The levels of both noncharges and ineffective charges are largely within the control of state policy makers and affect the state's unemployment rates by raising or lowering: 1) the cost of employing a worker and 2) the cost of laying off a worker.</p>				

Cost

The average Pennsylvania employer paid 316% more in UI taxes than the average employer in the Lowest Five states.



April 2007 - March 2008 Average	Lowest 5	Lowest 10	PA	PA Rank
UI TAX COST PER EMPLOYEE	\$96.88	\$106.14	\$402.99	43
<p>The average annual amount of UI taxes paid by an employer per employee. Taxable wage data lags other data by two quarters.</p>				
WAGE REPLACEMENT RATE	25.2%	27.1%	41.2%	38
<p>The average amount of weekly UI benefits paid per claimant divided by the average amount of weekly wages earned</p>				

How We Can Assist Your State in Improving Performance

- Analysis of claimant information flow between agencies and job sources.
- Evaluation of performance measures and incentives.
- Examination of coordination of all agencies involved with UI claimant.
- Integration of claimant work search rules, incentives and assistance.
- Analysis of a subsidized wage program for employers willing to train UI claimants.

For a more detailed evaluation contact our consultants at

800-562-7752

or visit us on the web at www.fullemployment.org

AMERICAN INSTITUTE FOR FULL EMPLOYMENT

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