

Pennsylvania

UNEMPLOYMENT INSURANCE

OPPORTUNITY REPORT

Prepared by the American Institute for Full Employment • January 2010

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.

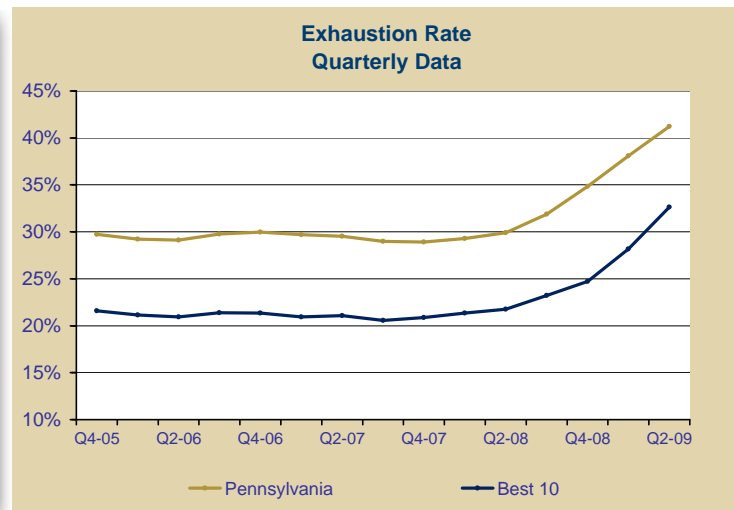
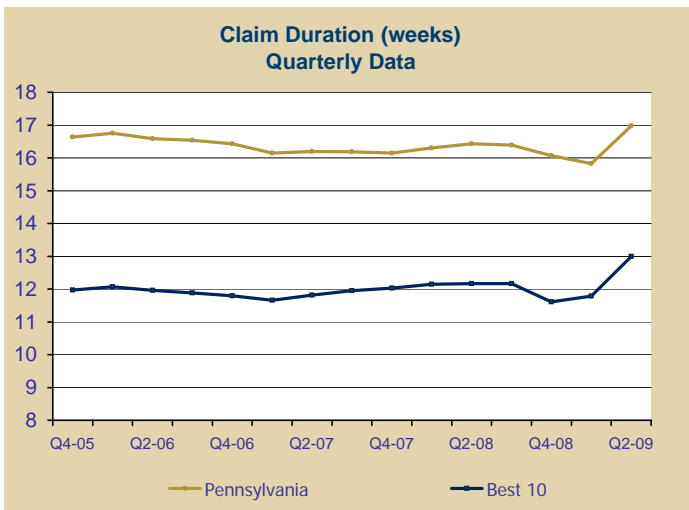
Unemployment Rate and Caseload

	Jun-08	Jun-09
Unemployment Rate *	5.30%	8.40%
Civilian Labor Force	6,390,988	6,439,939
Unemployed	335,976	541,575
Daily UI Caseload	138,970	296,918
Total Benefits Paid **	\$1.9 bil	\$4.1 bil

* Seasonally Adjusted ** Annual

Effectiveness

On average, UI claimants in Pennsylvania did not find their way off of unemployment insurance for almost four months, and well over one third of all claimants exhausted their benefits.



July 2008 - June 2009 Average	Best 5	Best 10	PA	PA Rank
CLAIM DURATION The average number of weeks UI claimants received benefits	12.4	13.0	17.0	41
EXHAUSTION RATE The average percentage of UI claimants who exhausted their benefits	28.9%	32.6%	41.2%	14

Had the average UI claim duration for Pennsylvania matched the Best 10 state average, the state could have added over 57,300 jobs to the economy and saved \$1.1 billion 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 10 state average

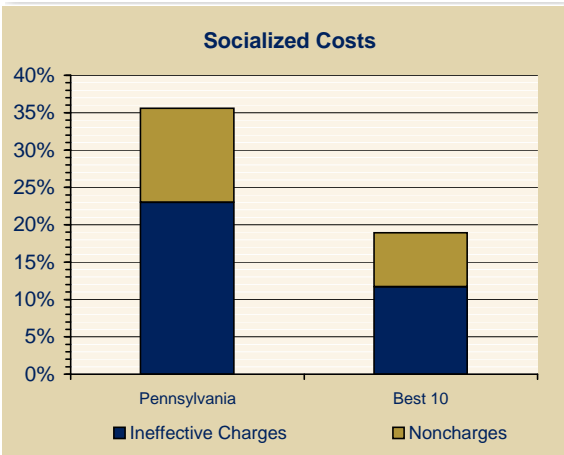
Pennsylvania State Duration	16.98
Best 10 Duration	13.00
Weeks Lost per Claimant	3.98
Total Claimants	x 749,919
Total Weeks Lost	2,984,678
Weeks per Job (52)	÷ 52
Total Jobs Lost	57,398

For the purposes of this report, "States" include the 50 US states plus the District of Columbia, The Virgin Islands and Puerto Rico.
"Rank" is from 1 to 53, 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

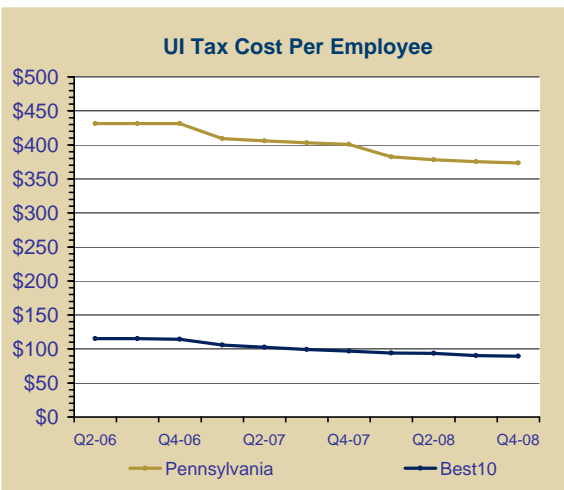
Pennsylvania's UI tax structure had 88% more socialized costs than the Best 10 states, costing all employers \$796 million for such charges.



	2009	Best 5	Best 10	PA 2009	PA Rank
SOCIALIZED COSTS		13%	19%	36%	34
* Data from the 2008 Significant Measures Report					
The percentage of benefit costs not charged to responsible employers, but instead socialized as:					
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					
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.					
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.					

Cost

The average Pennsylvania employer paid 318% more in UI taxes than the average employer in the Best 10 states.



	July 2008 - June 2009 Average**	Best 5	Best 10	PA	PA Rank
UI TAX COST PER EMPLOYEE		\$79.19	\$89.29	\$373.25	43
The average annual amount of UI taxes paid by an employer per employee. Taxable wage data lags other data by two quarters.					
WAGE REPLACEMENT RATE		25.7%	27.7%	42.1%	37
The average amount of weekly UI benefits paid per claimant divided by the average amount of weekly wages earned.					
** Taxable wage data lags other data by two quarters.					

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 fullemployment.org

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