



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR

December 2, 2020

Dear Members of the Pennsylvania Congressional Delegation:

I write today to urge you to renew or extend through 2021 several programs authorized by Title II of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Without action by Congress, some of these programs will end on December 31, 2020. Others have already expired, leaving many Pennsylvanians struggling during one of the toughest challenges we have faced as a nation. The number of COVID-19 cases are now surging and expected to continue to increase in the coming weeks, endangering the public and economy alike. For these reasons, I strongly urge you to consider how important the CARES Act has been to our nation and our state in helping businesses and workers and preventing further contraction of the economy, and to act swiftly to extend these programs.

Extend Pandemic Unemployment Assistance (PUA) Through 2021

PUA has provided unemployment compensation (UC) benefits to individuals who would otherwise be left out of the unemployment system, including the self-employed, those seeking part-time employment, individuals lacking sufficient work history, and those who otherwise do not qualify for regular UC or extended benefits. As of November 28, 2020, 684,978 Pennsylvanians still rely on PUA. Over \$6.5 billion has been added to Pennsylvania's economy through this program since its beginning in April. Without extension, PUA will expire on December 31, 2020, and three quarters of a million Pennsylvanians will be without any unemployment benefits. This will be detrimental to the livelihood of our commonwealth both socially and economically.

We are all aware of the serious, time consuming, and costly amount of fraud that has plagued the PUA program. To significantly cut down on fraud, I encourage you also to amend the PUA program to require claimants to provide proof of their employment or self-employment within 21 days of filing their initial claim, as opposed to self-certifying that they qualify.

Extend Pandemic Emergency Unemployment Compensation (PEUC) Through 2021

PEUC provides up to 13 weeks of additional unemployment benefits to individuals who previously collected state or federal UC but have exhausted those benefits. Between May 17, 2020 and November 30, 2020, 2,405,963 PEUC payments have been made to Pennsylvania families. PEUC has added \$846,728,687 to households and to the state economy as of November 30, 2020. Without extension, PEUC will expire on December 31, 2020, and many Pennsylvanians will immediately feel the financial impact.

Renew Federal Pandemic Unemployment Compensation (FPUC)

The FPUC program expired on July 31, 2020. It provided eligible individuals with \$600 per week on top of the weekly benefit amount they received from certain other UC programs, more than doubling what many Pennsylvanians would have received in traditional unemployment benefits alone. Economists

believe that the U.S. economy weathered the coronavirus spikes in spring 2020 as well as it did in large part because of the additional income this program supplied to unemployed individuals and their families. We know that these dollars flow directly back into the economy. People used FPUC benefits to pay their rent or mortgage, to buy their groceries, and to continue discretionary consumer spending which helped support our fragile economy. The Congressional Budget Office estimates that renewing FPUC would drive the unemployment rate lower throughout 2021. On the other hand, the Economic Policy Institute estimated that ending FPUC has resulted in the loss of millions of jobs that would have otherwise been preserved by the boost in spending that FPUC provided. FPUC payments have added \$16,113,457,128 to Pennsylvania's economy between May 7, 2020, and December 1, 2020. Pennsylvanians have been struggling since FPUC expired on July 31, 2020.

The renewed FPUC program, or a similar program if established, should provide a flat rate payment to eligible UC, PEUC, PUA, and Extended Benefit claimants. A program with flat rates is the simplest and quickest way to continue to get money out to citizens. A more complex rate, such as one based as a percentage of claimants' weekly benefit amounts, would require state UC programs to develop yet another expensive and time-consuming IT system, delaying these important benefits to families. We must prioritize getting money into the pockets of our citizens as quickly and efficiently as possible. The best way to do this is through a flat rate payment.

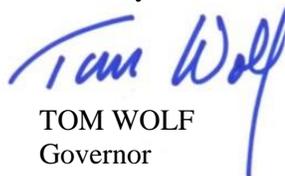
Extend No-interest Loans to Unemployment Compensation Trust Fund Through 2021

Section 4103 of the Families First Coronavirus Act should be extended through 2021 to allow the waiver of interest payments and the accrual of interest on federal advances to states to pay unemployment benefits. The extremely high volume of UC claims during the pandemic have required that Pennsylvania borrow over \$600 million from the federal government to continue to make regular UC payments. Given that elevated unemployment levels and high claims volume are anticipated to stretch into 2021, and because the UC trust fund will take years to recover, a continued moratorium on interest accrual and payments is critical to avoid significant increases in employer taxes and assessments. Without an extension, this deferred accrual of interest on state advances will end December 31, 2020. States across the country are struggling with the financial deficits that the COVID-19 pandemic has created. Pennsylvania has been hit hard, and reinstating interest payments during a time where unemployment claims are expected to rise will only further harm our commonwealth.

On behalf of Pennsylvania families, state and local economies, and our UC system, I urge you to extend the above provisions of the CARES Act. Pennsylvania, and the country, will benefit from it.

Thank you for your consideration.

Sincerely,



TOM WOLF
Governor