



Testimony

Submitted on behalf of the
Pennsylvania Chamber of Business and Industry

**Public Hearing on the workforce shortage facing businesses in the
Commonwealth**

Before the:
Pennsylvania House Commerce Committee

Presented by:

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Chairman Roae, Chairman Galloway and members of the House Commerce Committee, my name is Alex Halper, and I am Director of Government Affairs for Pennsylvania Chamber of Business and Industry. The PA Chamber is the largest, broad-based business advocacy association in Pennsylvania. We represent nearly 10,000 employers of all sizes, from sole proprietors to Fortune 100 companies, crossing all industry sectors throughout the Commonwealth and representing around 50 percent of the private-sector workforce. Thank you for the opportunity to testify today regarding workforce shortage facing businesses in the Commonwealth.

Many employers throughout the Commonwealth have experienced existential challenges due to the pandemic, economic fallout and restrictions on business. Pennsylvanians who had built successful companies, some operating profitably for decades, suddenly found themselves draining savings, declaring for bankruptcy, and, in some cases, closing permanently. Those businesses still operating when restrictions were generally lifted faced a grim outlook with potentially fewer customers and significant additional costs to comply with health and safety requirements.

While the long-term outlook remains tenuous, the availability of vaccines and eased restrictions on businesses have allowed for economic resurgence and, for some, a path to recovery. Tragically, however, many employers have not been able to fully participate in recovery as they struggle to fill open positions within their workforce.

A [May 2021 survey](#) conducted by the U.S. Chamber of Commerce demonstrated the extent of this national workforce crisis. Polling over 500 Americans between May 17-20, the following were among the key findings:

- Forty-nine percent of Americans who became unemployed during the pandemic say they are neither actively nor very actively looking for work; less than a third (32 percent) report that they are strongly active in their job search.
- Six in 10 respondents (61 percent) say they are in no hurry to return to work. Three in 10 (30 percent) say they do not expect to return to work this year, with nearly half of those (13 percent of the total) saying they never plan to return to work.
- Extrapolated to 9.3 million unemployed Americans, that's an estimated 2.8 million people who will remain on the sidelines this year, 1.2 million of whom expect not to return to work.
- One in eight (13 percent) who became unemployed during the pandemic and remain unemployed have turned down at least one job offer in the past year.

- One in six not actively seeking work (16 percent) say the amount of money they are receiving from unemployment benefits and government programs makes it “not worth looking” for work.

This poll, similar analyses of the labor market and anecdotal input from employers make it clear the current workforce shortage is indeed a crisis that has already slowed recovery and threatens to further harm the economy and employers.

Joining me today is Langston Bryant who serves as Human Resources Manager for Ventura Foods based in Chambersburg, PA. Mr. Bryant is experiencing these challenges firsthand.

Numerous factors have created and exacerbated this crisis, and addressing it will require a multi-pronged strategy that both assists employers working to fill open positions in the near-term and helps bridge a workforce and job skills gap that could significantly harm employers, individuals and the economy in the years and decades ahead.

The PA Chamber is focused on the near- and long-term. To improve long-term workforce outcomes we are helping connect employers with educational institutions and provide scholarships for students pursuing careers in the skilled

trades. We also launched the [Start the Conversation Here](#) website with resources to help students and parents make more informed decisions about education, including a career calculator and information on in-demand occupations.

Addressing short-term needs employers is certainly no less daunting and was urgently necessary even prior to the pandemic. In 2019 PA Chamber President and CEO Gene Barr was asked by Gov. Tom Wolf to cochair the Keystone Economic Development and Workforce Command Center, which ultimately released a report with recommendations focused on improving transportation, childcare, state licensure laws and other factors that serve as barriers to employment. The PA Chamber has also focused on criminal justice reform to help facilitate employment for reentrants and those with criminal records; and have supported policies to connect individuals with disabilities to work.

We have also advocated for improvements to Pennsylvania's unemployment compensation system, which, while critically important, has also contributed to the workforce crisis.

Unemployment compensation has been a focus since the early days of the legislative response to the pandemic, as it made sense to drive financial support to individuals

through an existing system with an established infrastructure. This included a federally-funded weekly benefit enhancements.

Over time this enhancement has triggered unintended consequences including disincentivizing work in some cases. We continually hear from our members that despite the availability of vaccines, Pennsylvania's high unemployment rate *and* employers significantly raising wages, they still have difficulty filling open positions. This has forced employers across a broad spectrum of industries – including restaurants, construction, manufacturing and supply chain/logistics firms – to reduce hours or even close operations. The data backs up this anecdotal observation. According to an analysis from earlier this year, [an estimated 40 percent](#) of workers in Pennsylvania could make more collecting unemployment benefits than they would by working.

It is important to remember that the enhancement, now \$300, is in addition to the regular state-funded unemployment benefit, which can be as high as \$583 per week. Employers whose margins, cash flow or depleted savings prevent an extraordinary increase in wages, particularly small businesses, may be forced to scale back operations, decline customers or close altogether. Employers with the ability are indeed raising wages significantly to attract talent; others are incorporating more automation into their workplace or considering other options for reducing labor costs.

Enhanced benefits are scheduled to expire shortly but we urge lawmakers to recognize the impact of this program, which we contend was maintained beyond its intended purpose. Unemployment compensation policies should always encourage claimants to transition off public benefits and back to employment as quickly as possible.

Even during these unusual and challenging times, certain fundamental qualities of the Commonwealth remain unchanged: Pennsylvania has abundant natural resources, geographic advantages and first-rate education and training institutions. At the same time, we struggle to compete with other states and often find ourselves unacceptably low on national rankings of state business climates. Workforce development is critical to improving our reputation and conditions for employers and we urge lawmakers to focus on these policies.

Thank you for the opportunity to testify. I would be happy to answer any questions.