



CONNECTICUT

**TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS
BY
ANDY MARKOWSKI, CONNECTICUT STATE DIRECTOR
OPPOSING SB-113,
AN ACT CONCERNING UNEMPLOYMENT COMPENSATION
BEFORE
THE LABOR COMMITTEE
FEBRUARY 17, 2009**

The National Federation of Independent Business (NFIB), Connecticut's and the nation's leading small-business advocacy association, respectfully submits the following comments opposing SB-113, An Act Concerning Unemployment Compensation.

The current unemployment insurance system was created in 1935 as a federal/ state partnership. The states, for the most part, provide the benefits and the federal government finances the administration of the program. Therefore, this dual system results in small businesses having to pay unemployment taxes at both the federal and state level. Consequently, payroll taxes are one of the highest taxes that a small business pays.

It is important to remember that:

- the intent of the unemployment compensation system was to provide a *temporary* income to individuals that lost their job through no fault of their own; and
- the goal of the program is to provide a weekly benefit income to the individual to cover expenses but to not undermine their incentive to return to work.

The current law provides a rational balance by allowing part-time workers to collect benefits while continuing to give them an incentive to look for and secure full-time employment. Expanding the eligibility for unemployment compensation benefits as outlined in SB-113, chips away at this balance by allowing individuals to collect full-time unemployment compensation benefits for *up to two years* on top of their part-time benefits.

NFIB believes that this would put too much pressure on the state's unemployment trust fund and have a disproportionate effect on small businesses that often use part-time workers. Expanding eligibility will threaten the solvency of the UI Trust Fund resulting in all businesses having to pay more if the rates go up again.

In the current economic situation, with job losses in almost every industry sector and region in Connecticut, many small businesses will not be able to withstand the increased payroll taxes that this measure would incur upon them. Therefore, we urge the committee to reject SB-113.

Thank you for the opportunity to comment today.