



CONNECTICUT

**TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
BY
ANDY MARKOWSKI, CONNECTICUT STATE DIRECTOR
OPPOSING
SB-988, AAC THE SOLVENCY OF THE UNEMPLOYMENT COMPENSATION TRUST FUND
BEFORE THE
LABOR & PUBLIC EMPLOYEES COMMITTEE
MARCH 3, 2011**

A non-profit, non-partisan organization founded in 1943, NFIB is Connecticut's and the nation's leading small-business association. In Connecticut, NFIB represents thousands of members and their employees and membership is scattered across the state and ranges from sophisticated high technology enterprises to single-person "Mom & Pop" shops that operate in traditional ways. NFIB's mission is "To promote and protect the right of its members to own, operate, and grow their businesses." On behalf of those small- and independent- job-providers in Connecticut, I offer the following comments:

NFIB/Connecticut opposes this bill, which would only serve to the detriment of small employers by imposing long-term unemployment insurance cost increases. This bill, which proposes to increase the Unemployment Compensation Trust fund reserve goal to \$1.1 billion, from its current level of \$625 million, is unnecessary. NFIB/Connecticut feels that the current fund reserve goal of approximately \$625 million is sufficient, and that any change which would increase that amount would have an adverse impact on struggling small employers. As of December 2010, Connecticut's unemployment rate was 9.0%, though predications are for a slow but eventual decrease in unemployment statewide. As such, the severe increase in the fund reserve goal proposed by this bill is unnecessary and could have harmful effects on employers and the state's economy as a whole. Although the recession has had a significant impact on our ability to meet this reserve goal, economic predictions show that we will eventually recover and become solvent once again. Raising the fund reserve goal too high will only lead to higher taxes, imposed for a longer time period, just when Connecticut's small businesses can least afford it.

Rather than making changes to increase the fund reserve goal and other changes that would increase costs to employers, **NFIB/Connecticut recommends that changes need to be made to the eligibility and administration of the unemployment benefits system** in order to maintain long-term solvency and to ensure the fiscal health of our state's employers. Specifically, **NFIB/Connecticut recommends a legislative change to tighten the work search requirements**. Several other states have adopted or are considering adopting similar legislative changes, i.e. Pennsylvania. Such language would tie the work search requirement to certain language in Section 202(a) of the Federal-State Extended Unemployment Compensation Act of 1970. This language would require a **systematic and sustained search for work** that Connecticut should already be following for federal extended benefits. Also, such language could include a federal conformity requirement to follow federal law 26 USC 3304(a)(5). NFIB/Connecticut **suggests that this language could even be further expanded to discuss specific factors** for the Commissioner of Labor to consider in determining whether work is suitable beyond the basic federal requirement.

Thank you for the opportunity to comment. NFIB/Connecticut would be happy to work with the Committee to expand on recommended changes to the work search requirements and other eligibility criteria; however we must **urge rejection of SB-988 as currently written.**