



**Testimony of Kia F. Murrell
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Before the Committee on Labor and Public Employees
Hartford, CT
March 13, 2012**

**H.B. 5402 AA Establishing a Task Force to Examine
Unemployment Compensation**

Good Afternoon Senator Prague, Representative Zalaski and other members of the Committee. My name is Kia Murrell and I am Associate Counsel at the Connecticut Business and Industry Association (CBIA). CBIA represents more than 10,000 companies throughout the state of Connecticut, but most of our members are small businesses of 50 or fewer employees.

H.B. 5402 establishes a task force to examine unemployment compensation. We support it as a measure designed to enhance the unemployment benefit system by allowing individuals and group stakeholders to have a voice in evaluating and crafting public policy on this important economic issue.

With the recent release of national and statewide unemployment data, many Connecticut residents are concerned about our state unemployment benefits system and rightfully so. Connecticut's job market has been improving, but our state unemployment rate is still 8.0%, far from what is needed in net job growth to recover from the Great Recession of 2008.

At the height of the recession, more than 30 states had to borrow from the federal government to meet their unemployment benefit obligations. Connecticut has borrowed more than \$710 million to date, and employers will pay more than \$40 million in additional taxes because of it this year. After that, millions more are owed to start repaying the loan principal and ultimately restore solvency to the Fund.

The effect of these new taxes and payments has been swift and expensive for many Connecticut businesses still struggling to recover from the worst economic recession since the Great Depression. The state's unemployment rate is decreasing and hiring is improving, but we are not there yet.

Fix the system first

The efficacy of any major change to the state unemployment tax structure depends on accompanying reforms to the benefits administration system and benefit eligibility criteria in order to boost employers' confidence in hiring.

Specifically:

- Eligibility standards must ensure that benefits are awarded only to those claimants who have lost work through no fault of their own.
- Benefit eligibility criteria must reflect the realities of today's economy, so that individuals are encouraged to return to work as soon as possible.
- The distribution of benefits should be fair, balanced and appropriate for the current pool of available jobs.
- The benefits distribution system must be improved to make sure that people receiving benefits are actively seeking meaningful work.
- Safeguards must be implemented to secure the unemployment compensation trust fund from unrelated and unnecessary state spending.

In order to strike a balance between the impact of higher unemployment taxes on employers and the availability of benefits for employees, lawmakers must ensure that the burden of today's difficult economy is not shouldered by employers alone.

This is not the first, nor will it be the last, recession in Connecticut. However, it can be an opportunity for the business community and state government to work together to craft balanced, long-term solutions that will speed our economic recovery and improve job growth and creation in our state economy. We believe that HB 5402 is an important step in the right direction and that's why we support this legislation.

For these reasons, we urge the Committee to support H.B. 5402.