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Greater Hartford Legal Aid

Testimony of Attorney Susan Garten
Greater Hartford Legal Aid, Inc.
In Opposition to Proposed H.Bs 5686 and 5701,
And R.B. 909.

I am a managing attorney at Greater Hartford Legal Aid, Inc. I am submitting this testimony on behalf of the state's legal services programs. We often represent low-income workers, who depend on unemployment compensation ("UC") to pay for basic necessities for their families.

We are opposed to the principles underlying **Proposed House Bills 5686 and 5701**. P.B. 5686 would raise the minimum base period earnings to qualify for UC. That could prevent some of the lowest paid workers- and the neediest when they lose their jobs- from qualifying for UC at all. P.B. 5701 would gradually reduce a worker's weekly benefit, so that it would be only half of the full payment in the final month of eligibility. The focus on cutting benefits is misplaced. UC provides only partial wage replacement for workers who lose their job. The formula for establishing a weekly UC benefit is tied to the amount of the claimant's recent earnings and aims to approximate about half of the worker's average weekly wage. Yet, the average weekly unemployment payment is only about 30% of Connecticut's average wage. Given this fractional wage replacement, unemployed workers do not need the incentive of drastically reduced weekly benefits to vigorously continue searching for a new job. And it is patently unrealistic and unfair to assume that workers will find jobs if they are reduced to destitution, given the dearth of jobs in our still-stagnant economy.

Also, cutting benefits will hurt rather than help state businesses: unemployment dollars are not only a lifeline to jobless workers, but the benefits flow immediately back into Connecticut's economy through recipients' expenditures on basic necessities.

Legal services also has serious concerns about **Section 1 of R.B. 909**. That bill generally conforms Connecticut law to new federal requirements. But in Section 1, the bill goes significantly beyond federal requirements, without a sufficient explanation for the deviation. Recipients of UC benefits who are found to have misrepresented some aspect of their eligibility are required both to repay the benefits they received and are assessed a penalty. In legal services' experience, some of these "fraud" cases are

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actually workers who continued to collect UC while waiting for their first paycheck at their new job. They did not understand that UC entitlement ends when work begins, not when they have been paid by their new employer. Current law imposes penalty weeks in addition to the recoupment of the overpayment (C.G.S. Sec. 31-273(b)(2)). The federal government now requires states to impose a 15% monetary penalty in addition to the overpayment recoupment; but in R.B. 909, a whopping 50% additional monetary penalty (100% for subsequent misrepresentations) is proposed in lieu of penalty weeks. We are not opposed in principle to a monetary penalty scheme replacing the current penalty week scheme, but we do not understand the justification for so dramatically exceeding the federal requirement. This penalty is particularly harsh since the Department of Labor exacts its penalty after the first determination of fraud, before any appeals have been initiated or completed. That means that there could be a significant wage execution levied against a worker's paycheck or an income tax refund intercept while he or she is appealing the overpayment determination.

We hope that the Committee will closely question why Section 1 of R. B. 909 so significantly deviates from the federal requirement.