



## State of Connecticut

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### Testimony before the Labor Committee

March 11, 2014

#### Senate Bill 320 "An Act Concerning Unemployment Fraud"

Our state's unemployment rate continues to exceed the national average and as we seek to help as many unemployed persons as we can, we should examine how our state could do a better job at focusing and targeting our limited unemployment resources so those needing them most will be able to get them. SB 320 does this in three important ways:

1. Section 1 of the bill requires all folks to repay unemployment compensation they received but shouldn't have. Unemployment overpayments are a real problem in our state. As of last month, improper payments were estimated to total close to \$30 *million* dollars.<sup>1</sup> Under our current law, if a recipient of unemployment benefits receives an overpayment, and the Department of Labor notifies them of the overpayment within a year, they must pay it back. However, the DOL can also choose to allow them to keep the overpayment. We think it's wrong to allow some folks to keep unemployment resources they're not eligible for when we have to borrow federal dollars to keep our unemployment compensation trust fund afloat. We just can't afford it, so section 1 of this bill removes DOL's waiver ability.
2. While it's important that UIC overpayments be repaid, we should also be doing all we can as a state to make sure overpayments don't occur in the first place.

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<sup>1</sup> <http://www.dol.gov/dol/maps/state/CT.htm> accessed 2/21/2014.

One of the biggest reasons for overpayments is that our state DOL doesn't always know when a UIC beneficiary is actually employed in another state, and a big reason for that is that Connecticut is one of only of five states that doesn't participate in the State Information Data Exchange System (SIDES) for the exchange of employment separation information. The SIDES allows for the exchange of separation-from-work and earnings verification information among states and use of this system will go a long way toward preventing overpayments. Connecticut should join the 45 other states that are already are a part of SIDES. Section 2 of SB 320 does exactly that.

3. While participation in SIDES would go a long way toward addressing overpayment issues, at the end of the day, we really don't know what we don't know. So the last part of SB 320 requires the DOL to review the methods used to award UI benefits and implement an accounting to verify the accuracy of the benefits awarded. That review and accounting will take place by January 1<sup>st</sup> of next year and this committee will receive a report on the status of that review and accounting next summer. Based on what the DOL finds, we may discover additional ways we can do a better job of making sure our limited unemployment fund resources are going to the folks that need them most.

Thank you for this opportunity to submit testimony in support of this important initiative and I look forward to working with you to see that it becomes law.