



## CONNECTICUT

TESTIMONY OF  
ANDY MARKOWSKI, STATE DIRECTOR  
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)  
*SUPPORTING*

**HB-5968, AA REQUIRING FUNDS FROM THE BUDGET RESERVE FUND AND ANY EXCESS  
REVENUE TO BE USED TO PAY INTEREST RELATED TO STATE BORROWING FOR  
UNEMPLOYMENT COMPENSATION BENEFITS  
APPROPRIATIONS COMMITTEE  
MARCH 27, 2015**

*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. NFIB membership is scattered across the state and ranges from sophisticated high technology enterprises to "Main Street" small businesses 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, NFIB/Connecticut offers the following comments:*

**NFIB/Connecticut strongly supports HB-5968.** This bill, which would require the state to pay down the remaining interest owed to the federal government on the current outstanding debt of \$431 million as a result of borrowing to cover shortfalls in the state unemployment compensation system by utilizing a portion of the budget reserve fund and/or excess revenue, is an important bill that could immediately provide some much-needed financial relief to small businesses who have been struggling under the rising costs of unemployment compensation coverage for their employees. It must be noted, that Connecticut's small businesses have been straining under high unemployment taxes for some time now and have also suffered from recent (and often unexpected) surcharges and assessments.

In addition to the state surcharges and special assessments faced by employers, Connecticut employers' FUTA (federal) charge, due to the state being the only eligible state choosing not to seek a waiver from the U.S. DOL from the BCR (Benefit Cost Rate) add on charge is currently the highest in the nation, and is predicted to be among, if not the, highest again for next year if the BCR waiver is not requested by July 1<sup>st</sup>. This most recent charge was \$161 per employee, after previously being only \$42 per employee. That meant employers faced an unexpected 383% increase, per employee, at the start of this year. Again, *Connecticut was the only state in the nation that was penalized with this BCR add-on in 2014 (emphasis added).*

Utilizing a nominal portion of the \$519 million "Rainy Day Fund" (or excess revenue, if applicable) to pay off the *interest* to the federal government would have a widespread positive impact among all employers here in Connecticut. In addition, this bill has the potential to help change the perception of the state's attitude toward businesses by being a



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prime example of a positive piece of legislation that would provide a tangible benefit to all businesses.

NFIB/Connecticut welcomes any relief, but specifically the immediate relief that would come as a result of passing the proposal contained in HB-5968, to help ease the burden of our state's unemployment debt on our state's job creators. Furthermore, NFIB/Connecticut also recommends that in the future, significant changes need to be made to the eligibility and administration of the state's unemployment benefits system in order to maintain long-term solvency and to ensure the fiscal health of our state's small employers. Specifically, NFIB recommends that the reforms currently contained in House Bill 5851 be included, and that any attempt to increase the taxable wage base be excluded. Such modest reforms include instituting a nominal waiting period before benefits can be claimed; increasing the base wages to at least \$2,000 (currently at \$600 and has not been updated since the 1980's); a renewed focus on claimants' work search efforts – e.g. posting resumes online (as required in other states); and freezing the maximum rates, etc.

Thank you for your consideration of NFIB's comments in support of this important legislation, and NFIB urges passage of HB-5968.