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ASSOCIATION

Testimony of Eric W. Gjede
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Before the Committee on Labor and Public Employees
Hartford, CT
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Testifying in support (with modifications) of HB 5872 An Act Concerning Monthly Appearances At the Unemployment Office

Good afternoon Senator Winfield, Representative Tercyak, Senator Hwang, Representative Rutigliano and members of the Labor and Public Employees Committee. My name is Eric Gjede and I am assistant counsel at the Connecticut Business and Industry Association (CBIA), which represents more than 10,000 large and small companies throughout the state of Connecticut.

CBIA supports SB 5872.

To cover unemployment costs stemming from the recession, Connecticut borrowed \$1 billion in federal money—a debt that is solely the obligation of Connecticut businesses, and is not projected to be repaid until 2017.

For each year a state has not repaid its debt, the federal unemployment tax (FUTA) goes up by .3%. That means even businesses that never laid off a single employee during the recession have seen their unemployment taxes go up in the last five years. Connecticut pays the highest FUTA taxes in the nation - more than three times what the vast majority of states pay.

Increasing state unemployment taxes is not an option because it would put us at a further competitive disadvantage with our neighboring states. All of our neighboring states take in a similar amount of unemployment tax revenue as Connecticut, yet every one of these states either borrowed from the federal government later than Connecticut or already repaid their debt. In other words, their unemployment trust funds were in better shape than ours before the recession started.

We need to make the benefit reforms to our unemployment compensation system that other states have made in order to ensure the solvency of the unemployment trust fund.

SB 5872 requires a claimant to show up to the unemployment office at least once a month to maintain their unemployment eligibility. I would suggest there are other methods of encouraging a claimant in their work search effort rather than have them show up at the unemployment office each month. Why not require claimants to post their resume online as a condition to receiving benefits after six consecutive weeks? Rhode Island recently instituted this reform, which was already a requirement in Alaska, Hawaii, and Wisconsin. Studies show this type of requirement gets unemployed individuals back to work an average of one week faster.

We strongly support requiring claimants to post their resume online after 6 weeks as a condition of receiving unemployment benefits, and believe any unemployment compensation bill favorably reported from this committee should contain this reform.