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Testimony Regarding Prevailing Wage and Unemployment Compensation

February 24, 2015

By Senator Toni Boucher

Chairman Tercyak, Chairman Winfield, Ranking Member Hwang, Ranking Member Rutigliano, and other distinguished members of the Labor and Public Employees Committee. Thank you for the opportunity to testify on bills relating to prevailing wage and unemployment benefits, two issues with an enormous impact on our municipalities and businesses respectively. The bills I intend to speak on are:

- Proposed S.B. No. 180 An Act Concerning An Increase To The Prevailing Wage Laws For Both New Construction And Remodeling.
- Proposed S.B. No. 181 An Act Altering The Current Prevailing Wage Thresholds.
- Proposed S.B. No. 182 An Act Repealing The Prevailing Wage Laws.
- Proposed S.B. No. 434 An Act Concerning Unemployment Compensation Calculations.
- Proposed S.B. No. 436 An Act Concerning The Waiting Week And Unemployment Benefits.
- Proposed S.B. No. 437 An Act Concerning Minimum Earnings For Unemployment Benefits.

Connecticut's prevailing wage statutes comprise one of the many unfunded mandates with which our towns must comply. These laws require towns to pay a higher wage for public works projects, further constraining their budgets and leading to higher taxes for town residents. The current law sets the prevailing wage threshold at \$400,000 for new construction projects and \$100,000 for renovations.

The bills on which I am testifying would modify or revoke those thresholds. SB 180 and SB 181 would raise the prevailing wage threshold, for both new construction and renovation, to \$5 million and \$2 million respectively. This would substantially reduce the number of public projects that qualify for prevailing wage. SB 182 would remove the prevailing wage requirement entirely, allowing our towns to conserve funds for other public services, and easing the tax burden on their residents.

The second issue I will speak on is unemployment compensation. Our current system of unemployment compensation is onerous to businesses, many of which are struggling under state and federal unemployment taxes. Additionally, since 2011 Connecticut businesses have also faced annual special assessments to help the state pay off its loan from the Federal Unemployment Fund.

By making much needed changes to the way the state calculates and distributes unemployment benefits, we can substantially reduce the burden on businesses. SB 434 would modify the calculation of benefits by making them

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dependent on an employee's most recent annual salary. Under current law, unemployment benefits are calculated based on a worker's two highest quarters, a system which disproportionately benefits seasonal workers who may end up receiving as many benefits as someone who has worked throughout entire year.

SB 436 would institute a one week delay before workers can become eligible for unemployment benefits. This will encourage unemployed workers to begin searching for new jobs as soon as possible, reducing the burden on the Labor Department in scenarios where an individual is unemployed for a short time.

SB 437 raises the threshold at which an employer can be charged for unemployment benefits. Currently, unemployed workers must have earned at least \$600 dollars in order to claim benefits from their former employer. This bill would raise that amount to \$2000, bringing Connecticut in line with the majority of states, many of which impose a substantially higher threshold.

More than ever, the people who work in Connecticut and who call our state home find themselves caught between higher municipal taxes on the one hand and higher business costs on the other. In order to change this, we need to pursue solutions which will give our towns a freer hand in allocating funds, and which allow employers to create more opportunities for individuals seeking employment. I urge the committee to support these bills and thank you for your time and attention.