



# House of Representatives

General Assembly

**File No. 232**

February Session, 2016

Substitute House Bill No. 5369

*House of Representatives, March 29, 2016*

The Committee on Labor and Public Employees reported through REP. TERCYAK of the 26th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING AN ADJUSTMENT TO THE METHOD FOR DETERMINING THE MAXIMUM WEEKLY UNEMPLOYMENT BENEFIT RATE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 31-231a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2016*):

3 (a) For a construction worker identified pursuant to regulations  
4 adopted in accordance with subsection (c) of this section, the total  
5 unemployment benefit rate for the individual's benefit year  
6 commencing on or after April 1, 1996, shall be an amount equal to one  
7 twenty-sixth, rounded to the next lower dollar, of his total wages paid  
8 during that quarter of his current benefit year's base period in which  
9 wages were the highest but not less than fifteen dollars nor more than  
10 the maximum benefit rate as provided in subsection (b) of this section.

11 (b) For an individual not included in subsection (a) of this section,

12 the individual's total unemployment benefit rate for his benefit year  
13 commencing after September 30, 1967, shall be an amount equal to one  
14 twenty-sixth, rounded to the next lower dollar, of the average of his  
15 total wages, as defined in subdivision (1) of subsection (b) of section  
16 31-222, paid during the two quarters of his current benefit year's base  
17 period in which such wages were highest but not less than fifteen  
18 dollars nor more than one hundred fifty-six dollars in any benefit year  
19 commencing on or after the first Sunday in July, 1982, nor more than  
20 [sixty] fifty per cent rounded to the next lower dollar of the average  
21 wage of [production and related] workers in the state in any benefit  
22 year commencing on or after the first Sunday in October, 1983, and  
23 provided the maximum benefit rate in any benefit year commencing  
24 on or after the first Sunday in October, 1988, shall not increase more  
25 than eighteen dollars in any benefit year, such increase to be effective  
26 as of the first Sunday in October of such year. The average wage of  
27 [production and related] workers in the state shall be determined by  
28 the administrator, on or before August fifteenth annually, as of the  
29 year ended the previous [June thirtieth] March thirty-first to be  
30 effective during the benefit year commencing on or after the first  
31 Sunday of the following October and shall be so determined in  
32 accordance with the standards for the determination of the average  
33 [production wages established by the United States Department of  
34 Labor, Bureau of Labor Statistics] wage of workers in the state  
35 calculated pursuant to the Connecticut Quarterly Census of  
36 Employment and Wages or such other method that accurately reflects  
37 the average wage of workers in the state as prescribed by the  
38 administrator.

39 (c) The administrator shall adopt regulations pursuant to the  
40 provisions of chapter 54 to implement the provisions of this section.  
41 Such regulations shall specify the National Council on Compensation  
42 Insurance employee classification codes which identify construction  
43 workers covered by subsection (a) of this section and specify the  
44 manner and format in which employers shall report the identification  
45 of such workers to the administrator.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	31-231a

**LAB**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 17 \$</b>	<b>FY 18 \$</b>
Labor Dept.	UCF - Uncertain	See Below	See Below

Note: UCF=Unemployment Compensation Fund

**Municipal Impact:** None

**Explanation**

The bill alters the methodology by which the maximum unemployment benefit rate is determined. Specifically, the bill changes the formula for deriving the benefit cap from 60% of the average wage paid to the state's production workers to 50% of the average wage of all workers in the state or another method prescribed by the Labor Commissioner. The impact on the Unemployment Compensation Fund (UCF) is uncertain as the bill does not require a single methodology for determining the maximum benefit; thus, the bill may result in a cost, savings, or no impact to the UCF depending on the methodology actually employed.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to annual adjustments in the maximum unemployment benefit rate.

**OLR Bill Analysis****sHB 5369*****AN ACT CONCERNING AN ADJUSTMENT TO THE METHOD FOR DETERMINING THE MAXIMUM WEEKLY UNEMPLOYMENT BENEFIT RATE.*****SUMMARY:**

This bill changes how the maximum unemployment benefit cap is determined. Current law caps a claimant's unemployment benefits at 60% of the average wage paid to the state's production (i.e., manufacturing) workers, as determined under the U.S. Bureau of Labor Statistics' standards for determining average production wages. The bill instead requires the cap to be 50% of the average wage of all workers in the state, as calculated under the Connecticut Quarterly Census of Employment and Wages or another method prescribed by the commissioner that accurately reflects the average wage of workers in the state.

Under current law, the average wage is determined for each year ending June 30. The bill instead requires it to be determined for each year ending March 31. By law, unchanged by the bill, the commissioner must annually determine a new cap by August 15. It becomes effective on the first Sunday of October but cannot increase more than \$18 each year.

EFFECTIVE DATE: July 1, 2016

**BACKGROUND*****Related Bill***

sHB 5367, reported favorably by the Labor and Public Employees Committee, freezes the maximum benefit cap at its current value (\$598) for anyone who files for unemployment through 2018.

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 13 Nay 0 (03/10/2016)