



Testimony of Eric W. Gjede
Assistant Counsel, CBIA
Before the Committee on Labor and Public Employees
March 3, 2016

Testifying in opposition to HB 5369
AN ACT CONCERNING AN ADJUSTMENT TO THE METHOD FOR DETERMINING THE MAXIMUM WEEKLY
UNEMPLOMENT BENEFIT RATE

Good afternoon Senator Gomes, 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 opposes HB 5369.

As you know, the state had to borrow nearly \$1 billion from the federal government to maintain the solvency of the unemployment trust fund during the recession. The business community is solely responsible for paying this debt back. As a result of our remaining unpaid balance, the federal government has increased the interest businesses pay on these loans each year. Additionally, businesses have also been charged special assessments each summer in order to pay down the interest on the loan. Currently, Connecticut businesses pay four times the federal unemployment tax that businesses pay in Rhode Island, Massachusetts, or New York. The reason: our neighboring states have made reasonable unemployment benefit reforms, not pursued policies that will further increase these benefits.

Changing the way the maximum weekly unemployment benefit rate is calculated would only serve to create greater solvency issues for the unemployment trust fund. If wish for unemployment benefits being paid out to accurately reflect annual wages, they should consider basing unemployment benefits on an employee's annual salary rather than the two highest wage quarters. This change would stop inequitably rewarding seasonal workers. Sixteen states base employee's benefits on a full year's salary.

We urge the committee to take no action on HB 5369.