



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

Testifying in opposition to SB 314
AN ACT CONCERNING THE TEMPORARY FAMILY ASSISTANCE PROGRAM AND UNEMPLOYMENT
COMPENSATION BENEFITS

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 Section 2 of SB 314.

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 at the state level, not pursued policies that will further increase these benefits.

We understand that the goal of this proposal is to encourage people to return to the workforce – but please understand that this proposal places the cost of doing that on the backs of the business community. In addition to the likelihood that this proposal runs afoul of federal restrictions on the unemployment program, it will surely increase costs and make our state's unemployment compensation trust fund less likely to return to solvency.

We encourage the committee to take no action on SB 314, and instead pursue unemployment benefit reforms that will help reduce costs to the business community.