



Greater Hartford Legal Aid

**Testimony of Attorney Susan Garten  
Greater Hartford Legal Aid, Inc.  
In Opposition to SB 100, LCO #1661  
February 22, 2016**

I am a managing attorney at Greater Hartford Legal Aid, Inc. I am submitting this testimony on behalf of the state's legal services programs. We often represent low-income workers, who depend on unemployment insurance ("UI") to pay for basic necessities for their families.

I am also a member of the Employment Advisory Security Board. The legislature created the eight-member Board to advise the Labor Commissioner on policy matters related to UI (CGS §31-250a). The Board, with four labor and four employer representatives, worked hard last year to analyze various solutions to problems with Connecticut's UI system. Our balanced Board rejected the harsh proposal that is before you today, reducing benefits for workers whose earnings vary during the year.

Unemployment benefits are currently based on the highest two quarters of earnings in a base period. This bill would change that to **four quarters**. This change would significantly reduce the weekly UI benefit of seasonal workers and workers whose earnings vary week to week, month to month, because their employers don't give them full-time or steady hours. These low wage workers in our food, health care, and retail industries cannot afford a significant cut in their weekly unemployment benefit if they lose their jobs. Only five states (AK, IN, KY, LA, and WV) use four quarter averaging.

Such reductions undermine the purpose of the UI system. The fundamental objective of UI is to provide insurance in the form of temporary, partial wage replacement to workers experiencing involuntary unemployment through no fault of their own. Our UI trust fund, from which those benefits are paid, has been insolvent since 2008.

**The UI Trust Fund is not insolvent because unemployment benefits are too generous.** Forty states replace a higher percentage of workers' average wages than Connecticut does.

**The UI Trust Fund is insolvent because the amount of wages on which UI taxes are assessed has not increased in 17 years. Our taxable wage base has been frozen at \$15,000 since 1999.** If the taxable wage base had kept up with wage growth, it would currently be \$21,800. Our fund would have weathered the Great Recession without having to borrow millions of dollars from the federal government, and employers wouldn't have had extra assessments or higher tax rates to repay the interest on the borrowed funds.

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**The solution is to fix, once and for all, the financing structure of the UI tax fund.**

The taxable wage base should be increased to a sustainable level, and it should be indexed to wage growth so that our trust fund establishes a robust balance in economically vibrant years and can weather the next, inevitable, economic downturn.

SB100, LCO #1661 penalizes the most vulnerable workers instead of addressing the systemic flaws in the UI Trust Fund.