



Testimony of Eric W. Gjede  
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Before the Committee on Government Administration & Elections  
Hartford, CT  
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**Testifying on SB 100:  
AN ACT CONCERNING ELIGIBILITY FOR UNEMPLOYMENT COMPENSATION BENEFITS**

Good afternoon Senator Cassano, Representative Jutila, Senator McLachlan, Representative Smith, and members of the Government Administration & Election 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 believes SB 100 was incorrectly drafted, as the proposed changes to law do not match up with the title or the statement of purpose. We have attached a suggested alternative that will help you achieve the presumed intended purpose of the bill.

As drafted, SB 100 changes the unemployment "no-chargeback" threshold from \$500 to \$2,000. Under current law, an employer will not be charged for the cost of unemployment benefits for an employee that earns less than \$500 while in their employ. Instead, the cost of unemployment benefits are "charged back" to the business community as a whole. Raising this threshold to \$2,000 doesn't help the business community address the rising cost of unemployment, rather it just spreads the cost of claims amongst all businesses.

It is our belief this committee intended to address the rising cost of unemployment taxes that have impacted every business in the state. This is exactly the type of courageous and necessary action you should be taking to provide relief to your constituents. The best part is these reforms have ZERO cost to the state.

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. Businesses have also been charged a 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.

Why have businesses in these states been able to pay off their federal loans so quickly? States have a lot of discretion in the state unemployment tax rate (which is charged in addition to the federal tax) and the amount

<b>Employers' Federal Unemployment Tax Then and Now</b>	
Per employee costs, 2010 vs. 2016	
15 Employees	
2010	\$630
2016	<b>\$2,835</b>
.....	
55 Employees	
2010	\$2,310
2016	<b>\$10,395</b>
.....	
125 Employees	
2010	\$5,250
2016	<b>\$23,625</b>
Source: Department of Labor	

of benefits they pay out. Our neighboring states take in virtually identical, and in most cases less, state unemployment taxes as Connecticut. Despite bringing in the same amount of revenue, they were able to retire federal debt far quicker and restore solvency to their unemployment trust funds. The reason is that they have adopted unemployment benefit reforms that Connecticut has long refused to adopt. For example:

- **Raising the minimum earnings to qualify for unemployment benefits to \$2,000.** Claimants in Connecticut need only earn \$600 in a year to qualify for benefits—the third lowest earnings requirement in the U.S. For perspective, 32 states/territories require between \$2,000 and \$5,000 in earnings. The earnings requirement in Connecticut has not been raised since the statute went into effect in 1967.

I believe the above reform is the one the committee intended to adopt in this bill. Several other positive reforms the committee could also take up include:

- **Requiring claimants to post their resumes online** to receive benefits after six consecutive weeks of unemployment. Rhode Island recently instituted this reform which studies show gets the unemployed back to work faster.
- **Basing benefits on an employee’s annual salary** rather than two highest quarters, to avoid inequitably rewarding seasonal workers. Sixteen states base employees’ benefits on a full year’s salary.
- **Freezing the maximum weekly benefit rate** for three years. The maximum benefit rate is allowed to increase by \$18 every year. Freezing this for three years could save as much as \$10 million per year.

North Carolina	\$4,933.12
Ohio	\$4,740
Arizona	\$4,710
South Carolina	\$4,455
Maine	\$4,454.10
Michigan	\$4,306
Indiana	\$4,200
Nebraska	\$4,094.69
Wyoming	\$3,850
Massachusetts	\$3,600
Florida	\$3,400
Utah	\$3,400
Pennsylvania	\$3,391
Kansas	\$3,330
New Jersey	\$3,300
Vermont	\$3,236
Rhode Island	\$3,200
Virginia	\$3,000
Arkansas	\$2,835
New Hampshire	\$2,800
North Dakota	\$2,795
Minnesota	\$2,600
Montana	\$2,578
Alaska	\$2,500
Colorado	\$2,500
New York	\$2,400
Texas	\$2,388
Idaho	\$2,340
Alabama	\$2,314.02
Missouri	\$2,250
West Virginia	\$2,200
Iowa	\$2,100
New Mexico	\$1,871.03
Wisconsin	\$1,850
Maryland	\$1,800
Illinois	\$1,600
Tennessee	\$1,560.02
Kentucky	\$1,500
Oklahoma	\$1,500
South Dakota	\$1,288
Louisiana	\$1,200
Mississippi	\$1,200
Georgia	\$1,134
California	\$1,125
Oregon	\$1,000
Delaware	\$720
Nevada	\$600
Connecticut	\$600
Hawaii	\$500

**Minimum annual qualifying wages for unemployment benefits**

*Source: Highlights of State Unemployment Compensation Laws 2015*

I have attached suggested alternative language that incorporates these reforms.

Thank you for raising SB 100. Connecticut needs to follow other states' lead on unemployment benefit reform if we are serious about preserving our trust fund for future workers. The suggested reforms are not draconian cuts, they simply get Connecticut back on par with neighboring states. Adopting these measures will help return solvency to our unemployment trust fund and prevent heavy borrowing from the federal government during future recessionary periods.

Proposed Title:

AN ACT PROMOTING UNEMPLOYMENT COMPENSATION TRUST  
FUND SOLVENCY

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

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

(b) For an individual not included in subsection (a) of this section, the individual's total unemployment benefit rate for his or her benefit year commencing after September 30, 1967, shall be an amount equal to one twenty-sixth, rounded to the next lower dollar, of the average of his or her total wages, as defined in subdivision (1) of subsection (b) of section 31-222, paid during the two quarters of his or her current benefit year's base period in which such wages were highest but not less than fifteen dollars, and commencing after October 1, 2016, shall be an amount equal to one twenty-sixth, rounded to the next lower dollar, of the average of his or her total wages, as defined in subdivision (1) of subsection (b) of section 31-222, paid during the four quarters of his or her current benefit year's base period but not less than fifty dollars, and commencing after October 1, 2016, nor more than one hundred fifty-six dollars in any benefit year commencing on or after the first Sunday in July, 1982, nor more than sixty per cent rounded to the next lower dollar of the average wage of production and related workers in the state in any benefit year commencing on or after the first Sunday in October, 1983, and provided the maximum benefit rate in any benefit year commencing on or after the first Sunday in October, 1988, shall not increase more than eighteen dollars in any benefit year, such increase to be effective as of the first Sunday in October of such year, and further provided the maximum benefit rate shall not increase in benefit years 2016, 2017 and 2018. The average

**Comment [GE1]:** This modification achieves two things:  
1. It increases the earnings needed to qualify for unemployment benefits from \$600 in a year to \$2,000 in a year. CT has the third lowest earnings requirement in the country, with the vast majority of states between \$2,000 and \$5,000.  
2. Changes the way benefits are calculated to include a full year's earnings in order to stop unfairly rewarding seasonal workers vis a vis full time employees.

**Comment [GE2]:** Freezes the maximum benefit rate for three years.

wage of production and related workers in the state shall be determined by the administrator, on or before August fifteenth annually, as of the year ended the previous June thirtieth to be effective during the benefit year commencing on or after the first Sunday of the following October and shall be so determined in accordance with the standards for the determination of average production wages established by the United States Department of Labor, Bureau of Labor Statistics.

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

Sec. 2. Section 31-236 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2016*):

(a) An individual shall be ineligible for benefits:

(1) If the administrator finds that the individual has failed without sufficient cause either to apply for available, suitable work when directed so to do by the Public Employment Bureau or the administrator, or to accept suitable employment when offered by the Public Employment Bureau or by an employer, such ineligibility to continue until such individual has returned to work and has earned at least six times such individual's benefit rate. Suitable work means either employment in the individual's usual occupation or field or other work for which the individual is reasonably fitted, provided such work is within a reasonable distance of the individual's residence. In determining whether or not any work is suitable for an individual, the administrator may consider the degree of risk involved to such individual's health, safety and morals, such individual's physical fitness and prior training and experience, such individual's skills, such individual's previous wage level and such individual's length of unemployment, but, notwithstanding any other provision of this chapter, no work shall be deemed suitable nor shall benefits be denied under this chapter to any otherwise eligible individual for refusing to accept work under any of the following conditions: (A) If the position offered is vacant due directly to a strike, lockout or other labor dispute; (B) if the wages, hours or other conditions of work offered are

substantially less favorable to the individual than those prevailing for similar work in the locality; (C) if, as a condition of being employed, the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization; (D) if the position offered is for work which commences or ends between the hours of one and six o'clock in the morning if the administrator finds that such work would constitute a high degree of risk to the health, safety or morals of the individual, or would be beyond the physical capabilities or fitness of the individual or there is no suitable transportation available from the individual's home to or from the individual's place of employment; or (E) if, as a condition of being employed, the individual would be required to agree not to leave such position if recalled by the individual's former employer;

(2) (A) If, in the opinion of the administrator, the individual has left suitable work voluntarily and without good cause attributable to the employer, until such individual has earned at least ten times such individual's benefit rate, provided whenever an individual voluntarily leaves part-time employment under conditions that would render the individual ineligible for benefits, such individual's ineligibility shall be limited as provided in subsection (b) of this section, if applicable, and provided further, no individual shall be ineligible for benefits if the individual leaves suitable work (i) for good cause attributable to the employer, including leaving as a result of changes in conditions created by the individual's employer, (ii) to care for the individual's spouse, child, or parent with an illness or disability, as defined in subdivision [(16)] (17) of this subsection, (iii) due to the discontinuance of transportation, other than the individual's personally owned vehicle, used to get to and from work, provided no reasonable alternative transportation is available, (iv) to protect the individual, the individual's child, the individual's spouse or the individual's parent from becoming or remaining a victim of domestic violence, as defined in section 17b-112a, provided such individual has made reasonable efforts to preserve the employment, but the employer's account shall not at any time be charged with respect to any voluntary leaving that falls under subparagraph (A)(iv) of this subdivision, (v) for a separation from employment that occurs on or after July 1, 2007, to accompany a spouse who is on active duty with the armed forces of the United States and is required to relocate by the armed forces, but the employer's account shall not at any time be charged with respect to any voluntary leaving that falls under subparagraph (A)(v) of this subdivision, or (vi) to accompany such

individual's spouse to a place from which it is impractical for such individual to commute due to a change in location of the spouse's employment, but the employer's account shall not be charged with respect to any voluntary leaving under subparagraph (A)(vi) of this subdivision; or (B) if, in the opinion of the administrator, the individual has been discharged or suspended for felonious conduct, conduct constituting larceny of property or service, the value of which exceeds twenty-five dollars, or larceny of currency, regardless of the value of such currency, wilful misconduct in the course of the individual's employment, or participation in an illegal strike, as determined by state or federal laws or regulations, until such individual has earned at least ten times the individual's benefit rate; provided an individual who (i) while on layoff from regular work, accepts other employment and leaves such other employment when recalled by the individual's former employer, (ii) leaves work that is outside the individual's regular apprenticeable trade to return to work in the individual's regular apprenticeable trade, (iii) has left work solely by reason of governmental regulation or statute, or (iv) leaves part-time work to accept full-time work, shall not be ineligible on account of such leaving and the employer's account shall not at any time be charged with respect to such separation, unless such employer has elected payments in lieu of contributions;

(3) During any week in which the administrator finds that the individual's total or partial unemployment is due to the existence of a labor dispute other than a lockout at the factory, establishment or other premises at which the individual is or has been employed, provided the provisions of this subsection do not apply if it is shown to the satisfaction of the administrator that (A) the individual is not participating in or financing or directly interested in the labor dispute that caused the unemployment, and (B) the individual does not belong to a trade, class or organization of workers, members of which, immediately before the commencement of the labor dispute, were employed at the premises at which the labor dispute occurred, and are participating in or financing or directly interested in the dispute; or (C) the individual's unemployment is due to the existence of a lockout. A lockout exists whether or not such action is to obtain for the employer more advantageous terms when an employer (i) fails to provide employment to its employees with whom the employer is engaged in a labor dispute, either by physically closing its plant or informing its employees that there will be no work until the labor dispute has terminated, or (ii) makes an announcement that work will be

available after the expiration of the existing contract only under terms and conditions that are less favorable to the employees than those current immediately prior to such announcement; provided in either event the recognized or certified bargaining agent shall have advised the employer that the employees with whom the employer is engaged in the labor dispute are ready, able and willing to continue working pending the negotiation of a new contract under the terms and conditions current immediately prior to such announcement;

(4) During any week with respect to which the individual has received or is about to receive remuneration in the form of (A) wages in lieu of notice or dismissal payments, including severance or separation payment by an employer to an employee beyond the employee's wages upon termination of the employment relationship, unless the employee was required to waive or forfeit a right or claim independently established by statute or common law, against the employer as a condition of receiving the payment, or any payment by way of compensation for loss of wages, or any other state or federal unemployment benefits, except mustering out pay, terminal leave pay or any allowance or compensation granted by the United States under an Act of Congress to an ex-serviceperson in recognition of the ex-serviceperson's former military service, or any service-connected pay or compensation earned by an ex-serviceperson paid before or after separation or discharge from active military service, or (B) compensation for temporary disability under any workers' compensation law;

(5) Repealed by P. A. 73-140;

(6) If the administrator finds that the individual has left employment to attend a school, college or university as a regularly enrolled student, such ineligibility to continue during such attendance;

(7) Repealed by P. A. 74-70, S. 2, 4;

(8) If the administrator finds that, having received benefits in a prior benefit year, the individual has not again become employed and been paid wages since the commencement of said prior benefit year in an amount equal to the greater of three hundred dollars or five times the individual's weekly benefit rate by an employer subject to the provisions of this chapter or by an

employer subject to the provisions of any other state or federal unemployment compensation law;

(9) If the administrator finds that the individual has retired and that such retirement was voluntary, until the individual has again become employed and has been paid wages in an amount required as a condition of eligibility as set forth in subdivision (3) of section 31-235; except that the individual is not ineligible on account of such retirement if the administrator finds (A) that the individual has retired because (i) such individual's work has become unsuitable considering such individual's physical condition and the degree of risk to such individual's health and safety, and (ii) such individual has requested of such individual's employer other work that is suitable, and (iii) such individual's employer did not offer such individual such work, or (B) that the individual has been involuntarily retired;

(10) Repealed by P. A. 77-426, S. 6, 19;

(11) Repealed by P. A. 77-426, S. 6, 19;

(12) Repealed by P. A. 77-426, S. 17, 19;

(13) If the administrator finds that, having been sentenced to a term of imprisonment of thirty days or longer and having commenced serving such sentence, the individual has been discharged or suspended during such period of imprisonment, until such individual has earned at least ten times such individual's benefit rate;

(14) If the administrator finds that the individual has been discharged or suspended because the individual has been disqualified under state or federal law from performing the work for which such individual was hired as a result of a drug or alcohol testing program mandated by and conducted in accordance with such law, until such individual has earned at least ten times such individual's benefit rate;

(15) If the individual is a temporary employee of a temporary help service and the individual refuses to accept suitable employment when it is offered by such service upon completion of an assignment until such individual has earned at least six times such individual's benefit rate; [and]

(16) If the administrator finds that the individual, having commenced a claim for benefits on or after January 1, 2017, has failed to post his or her resume on an online employment exchange designated by the administrator and designed for employers and job seekers in the state after the sixth consecutive week of collecting benefits under this chapter. The administrator may adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of this subdivision; and

**Comment [GE3]:** Requires unemployed individuals receiving benefits to post their resume online after the 6th week of unemployment in order to continue to receive benefits for the 7th week and beyond.

[(16)] (17) For purposes of subparagraph (A)(ii) of subdivision (2) of this subsection, "illness or disability" means an illness or disability diagnosed by a health care provider that necessitates care for the ill or disabled person for a period of time longer than the employer is willing to grant leave, paid or otherwise, and "health care provider" means (A) a doctor of medicine or osteopathy who is authorized to practice medicine or surgery by the state in which the doctor practices; (B) a podiatrist, dentist, psychologist, optometrist or chiropractor authorized to practice by the state in which such person practices and performs within the scope of the authorized practice; (C) an advanced practice registered nurse, nurse practitioner, nurse midwife or clinical social worker authorized to practice by the state in which such person practices and performs within the scope of the authorized practice; (D) Christian Science practitioners listed with the First Church of Christ, Scientist in Boston, Massachusetts; (E) any medical practitioner from whom an employer or a group health plan's benefits manager will accept certification of the existence of a serious health condition to substantiate a claim for benefits; (F) a medical practitioner, in a practice enumerated in subparagraphs (A) to (E), inclusive, of this subdivision, who practices in a country other than the United States, who is licensed to practice in accordance with the laws and regulations of that country; or (G) such other health care provider as the Labor Commissioner approves, performing within the scope of the authorized practice. For purposes of subparagraph (B) of subdivision (2) of this subsection, "wilful misconduct" means deliberate misconduct in wilful disregard of the employer's interest, or a single knowing violation of a reasonable and uniformly enforced rule or policy of the employer, when reasonably applied, provided such violation is not a result of the employee's incompetence and provided further, in the case of absence from work, "wilful misconduct" means an employee must be absent without either good cause for the absence or notice to the employer which the employee could reasonably have provided under the circumstances for three separate instances within a twelve-month period. Except with respect to tardiness, for

purposes of subparagraph (B) of subdivision (2) of this subsection, each instance in which an employee is absent for one day or two consecutive days without either good cause for the absence or notice to the employer which the employee could reasonably have provided under the circumstances constitutes a "separate instance". For purposes of subdivision (15) of this subsection, "temporary help service" means any person conducting a business that consists of employing individuals directly for the purpose of furnishing part-time or temporary help to others; and "temporary employee" means an employee assigned to work for a client of a temporary help service.

(b) Any individual who has voluntarily left part-time employment under conditions which would otherwise render him or her ineligible for benefits pursuant to subparagraph (A) of subdivision (2) of subsection (a) of this section, who has not earned ten times his or her benefit rate since such separation and who is otherwise eligible for benefits shall be eligible to receive benefits only as follows: (1) If such separation from the individual's part-time employment precedes a compensable separation, under the provisions of this chapter, from his or her full-time employment, he or she shall be eligible to receive an amount equal to the benefits attributable solely to the wages paid to him or her for any employment during his or her base period other than such part-time employment; or (2) if such separation from the individual's part-time employment follows a compensable separation, under the provisions of this chapter, from his or her full-time employment, he or she shall be eligible to receive an amount equal to the lesser of the partial unemployment benefits he or she would have received under section 31-229 but for such separation from his or her part-time employment or the partial unemployment benefits for which he or she would be eligible under section 31-229 based on any subsequent part-time employment. In no event may the employer who provided such part-time employment for the individual be charged for any benefits paid pursuant to the subsection. For purposes of this subsection, "full-time employment" means any job normally requiring thirty-five hours or more of service each week, and "part-time employment" means any job normally requiring less than thirty-five hours of service each week.

Intended goals:

1. To change the way unemployment benefits are calculated to take into account a full year's earnings rather than the two highest quarters, which unfairly benefits seasonal workers.
2. To increase the minimum earnings needed to qualify for benefits
3. To put a three year freeze on the maximum unemployment benefit rate.
4. To require benefit recipients post their resume online after receiving 6 weeks of benefits in order to continue to receive benefits.