House Bill 6633, An Act Restructuring Unemployment Insurance Benefits and Improving Fund Solvency.
Finance, Revenue and Bonding Committee
March 21, 2021

Home Care Association of America Connecticut advocates for employer-based home care agencies that employ, train, monitor and supervise caregivers; create a plan of care for the client; and work toward a safe and secure environment for the person at home. HCAOA Connecticut members employ several thousand caregivers providing quality care to thousands of elderly consumers, persons who are disabled, and veterans across the state.

HCAOA Connecticut is **opposed** to provisions in House Bill 6633 that would increase the taxable wage base significantly and provide for automatic annual increases in the wages thereafter. Home care agencies support meaningful reform measures that would ensure the fund is solvent for future workers, but the bill is unreasonable, not balanced and wouldn't provide stability in the unemployment trust fund. The bill effectively amounts to a tax increase on small businesses.

Like many businesses in Connecticut, home care agencies paid substantial amounts following the 2008-09 recession to repay funds borrowed by the state from the federal government to maintain the solvency of the unemployment trust fund. As a result of Connecticut's unpaid balance, the federal government increased the interest businesses paid on the loan each year. Businesses were charged annual special assessments to pay down the interest on the loan. While the debt to the federal government was satisfied, insolvency in Connecticut's unemployment insurance fund remains.

Many home care agencies in Connecticut have suffered substantial hardship over the past year. Businesses have incurred massive federal debt in order to ensure unemployed workers receive benefits. Connecticut businesses already pay some of the highest unemployment taxes in the nation.

House Bill 6633 would not resolve the problems and puts a greater burden on small businesses at a time when many are still struggling due to the pandemic. The bill would increase the taxable wage base from $15,000 to over $70,000 and then index annual increases to the wage base thereafter. As a result, Connecticut would have the highest taxable wage base in the U.S and it would preclude any meaningful public policy discussion of reforming the benefit.

HCAOA Connecticut **supports** rate adjustments in House Bill 6633 that more equitably distribute the tax burden of the unemployment trust fund. Also, we support several benefit reform measures in the bill, including increasing from $600 to $1,200 the minimum earnings necessary to qualify for unemployment benefits, which helps motivate employees to remain committed to the workforce; prohibiting claimants from receiving unemployment benefits until they have exhausted their severance pay; and freezing the maximum weekly benefit rate for one year, which would result in savings to the unemployment fund without any reduction in individual benefit levels.

As an alternative to increasing the higher taxable wage base and providing for automatic annual increases in the wages, HCAOA Connecticut **supports** other reforms that would make the bill more balanced and fairer for small businesses and help return solvency to the unemployment trust fund. For example, the term "one instance" of unexcused employee absence from work should be redefined to mean a single day of no call, no show to work. Current law defines one instance as "one day or two consecutive days." Employers commonly misinterpret this rule and are responsible for unemployment benefits for employees who abandon their job or simply stop coming to work. Also, more general reforms could be undertaken, such as amending regulations to deny claims for unemployment when employers have more than adequate documentation to substantiate termination for cause.
These are relatively common occurrences in the home care industry.

HCAOA Connecticut also applauds the efforts of the Connecticut Department of Labor to address and continue to improve enforcement of unemployment compensation fraud. Unemployment compensation fraud is very expensive and costly for the unemployment trust fund and taxpayers. It takes money out of the system that should go to workers who need it, businesses ultimately have to pay back money to the fund, and it creates delays by pulling staff away from processing legitimate applications. This would not only help improve fund solvency, but it would also restore confidence in the system. In its recent year in review, DOL confirmed approximately 100,000 fraudulent applications for unemployment benefits, particularly within the Pandemic Unemployment Assistance program. Last fall, one out of four applications was identified as fraudulent and earlier this month, 20,000 applications were fraudulent.

Please contact Mark McGoldrick, Chairman, HCAOA Connecticut, (203) 924-4949, with any questions or for additional information, or visit www.hcaoa.org.