

**Employment Security Advisory Board Meeting
Connecticut Department of Labor
January 25, 2013
Minutes**

Members Present: Mark Sullivan, Eric Gjede, Shawn Coyne, Henry Zaccardi, John Toomey, Sue Garten

Absent: John Olsen, John Barrasso

Observer: John McCarthy, Lori Pelletier, Laura Cummings

Agency Staff: Deputy Commissioner Dennis Murphy, Carl Guzzardi, Anne Rugens, Stephen Lattanzio, Chris Gilly, Mark Stankiewicz, Marisa Morello, Bruce Berman, Christine Paquette, John Matteis, Amy Kulig, Ralph Dorsey, Maria Hagen, Sue Crabb, Celeste Valakos, David Ricciuti, Susan DeVito, Nancy Steffens.

1. Introduction

Chairman Mark Sullivan called the meeting to order at 9:30 a.m.

Chairman Sullivan introduced Eric Gjede as a new member of the Advisory Board, replacing Kia Murrell.

The Board approved the minutes of the October 26, 2012 meeting.

2. UI Program Update – EUC Extension

Chris Gilly provided an update on the recent Congressional extension of Emergency Unemployment Compensation (EUC) payments through 2013.

2. State Legislative Update

Marisa Morello provided an update on the legislative session that started early January. DOL will be introducing 10 pieces of legislation. Marisa noted that three of the bills pertain to the Tax Division. The first piece pertains to the introduction of electronic filing of the Quarterly Tax Returns. Any business with over 250 employees must electronically file. This bill will streamline the process for filing returns. At this time, over 40,000 employers file their returns by mail and the paper returns are costing this agency millions of dollars each year. Paper returns also cause delay of the paying unemployment benefits. In response to an inquiry from Shaun Coyne as to the benefit for employers with this process, Carl Guzzardi described the process for filing online and noted that it helps employers for the first quarter because many do not know the

contribution rate – accordingly, many end up either overpaying or underpaying. Almost 18,000 employers file online at this time. Small businesses will also be able to file. The system will be user-friendly. The second bill Marisa addressed relates to the Improvement of the Timeliness and Efficiency of Tax Operations, which reinforces the requirement that employers timely report their wage data. Employers of successor corporations must also notify CTDOL as soon as possible to enable CTDOL to provide USDOL with an accurate report. Wage reports filed untimely result in delays in claims processing. DOL conducted 9,700 field audit investigations last year. There are as many as 8,000 employers who do not file reports each quarter. Proposed penalties for failing to file a wage report is \$50.00 and failure to notify DOL of a new business will result in a penalty of \$100.00. Accurate and timely reports help UI claimants. The third bill pertains to an Increase in Penalties due to False or Misleading Declarations, Statements or Representations and concerns employers that knowingly violate the Unemployment Compensation law (repeat offenders). Marisa also spoke of the problem with worker misclassification – on a state and federal level. CTDOL has engaged in extensive conversations with businesses and employer representatives, including CBIA.

Marisa mentioned other DOL bills to be introduced in the session, including the Conformity bill discussed at the October 2012 Advisory Board meeting and a bill related to the Step-Up Program - extended the program to include more veterans. Additionally, Deputy Commissioner Murphy discussed DOL's bill covering Homemaker Companion Agencies - which renders the companion agency an employer for UC and Worker's Compensation purposes.

3. Unemployment Trust Fund Update

Carl Guzzardi provided an update regarding CTDOL's loans with USDOL. The interest rate for 2013 has been reduced to 2.5765%. This will reduce the 2013 assessment to \$17.25 per employee. Carl also stated that, because our unemployment rate is not going down, CTDOL will need to borrow \$150 million for the period January 1, 2013 to March 31, 2013. We do expect to pay this amount back interest free by September 30, 2013. The federal UI tax will be an additional \$42.00 per employee. CTDOL will not be able to make a voluntary repayment this year, however.

In response to an inquiry from Eric Gjede as to when it was expected that the loan would be paid back, Carl noted that the loan will be outstanding until at least 2015.

Sue Garten and John Toomey inquired as to any proposed Trust Fund legislation. John Toomey suggested a future agenda item to change the funding mechanism.

4. New Business/Future Agenda Items

Advisory Board meetings scheduled for the following dates: April 26, 2013 and October 18, 2013. The meeting was adjourned at 10:45 a.m.