



4/14/2021

To: House Committee on Commerce and Economic Development

RE: S.10 An act relating to extending certain unemployment insurance provisions related to COVID-19

The Associated General Contractors of Vermont (AGC/VT) is the trade organization for general contractors and construction workers in Vermont. Our members employ 15,000-20,000 in Vermont annually with careers offering incomes and benefits well above Vermont's livable wage. Due to seasonal unemployment, construction relies on a strong unemployment system and continues to be a major funding source for the program with the highest experience rating by no fault of their own. 2020 was unique in that construction was among the first industries to return to work.

AGC/VT opposes S.10 as passed out of the Senate. The bill makes efforts to ease the impact of a rate increase but fails to correct the most important issue which is known as the "**2020 problem**". Using 2020 as an index for the unemployment trust fund goal creates an unnecessary burden on Vermont employers who continue to deal with lower revenues, protocols that degrade efficiency and taking additional expensive steps to encourage the workforce to return. Additionally, AGC/VT members do not find a deferral of the premium increases as a benefit or relief because its extremely difficult to forecast an economy 5 or 10 years out. They would prefer to quickly pay back a reasonable trust fund than "mortgage out" a ridiculous target of \$1 billion.

AGC/VT testified on this issue during the special session in the fall of 2020. We testified that the formula that runs the program is based on natural economic shifts or employer behavior. 2020 was unique in two ways: a 100 year worldwide pandemic crippled the economy and government mandated shutdowns which were appropriate to combat COVID-19 but unprecedented in our lifetimes. The specific point we made was that people out of the job were more of a human services issue than employer funded unemployment issue and the COVID-19 relief funds should replenish the trust fund.

We ask that the committee remove existing language in the bill related to rate relief and replace it with language to remove 2020 from the unemployment trust fund calculation. AGC/VT also appreciates the efforts of the legislature to increase benefits for parents on unemployment but also believes that it may be more appropriate to direct funds from the American Rescue Plan to help both unemployed and WORKING parents who are dealing with additional challenges from COVID-19. This could be issued as a tax credit similarly to the new Federal child credit which begins being distributed monthly in July and would allow for appropriate administration from the tax department who already handles this type of service.