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Testimony of

Christopher Carlozzi, State Director, National Federation of Independent Business
House Bill No. 5448
Relating to Labor and Labor Relations – Employment Security
Before the House Committee on Labor
April 9, 2025

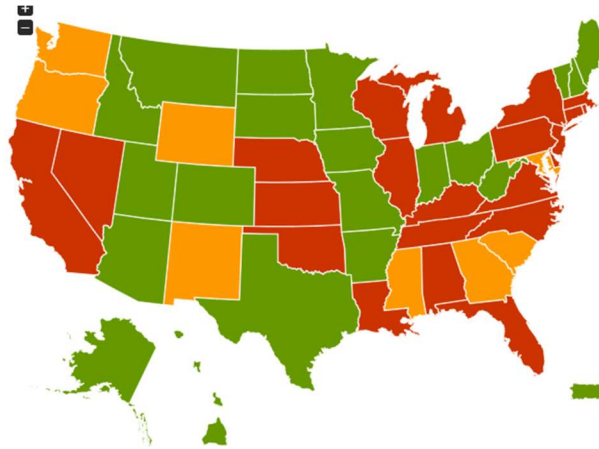
Chairman Corvese and Members of the House Committee on Labor:

My name is Christopher Carlozzi. I am the Rhode Island State Director of the National Federation of Independent Business (NFIB). A non-profit, non-partisan organization, NFIB is the nation's and Rhode Island's largest small business advocacy group. In Rhode Island, NFIB represents hundreds of small and independent business owners involved in all types of industry, including manufacturing, retail, wholesale, service, and agriculture. The average NFIB member has five employees and annual gross revenues of about \$450,000. In short, NFIB represents the small Main Street business owners from across the state. On behalf of those small and independent business employers in Rhode Island, we have concerns with House Bill No. 5448 eliminating the sunset provision on increased partial unemployment insurance benefits.

The National Federation of Independent Business' latest Jobs Report shows 40% of owners have job openings they cannot fill. Almost 87% of those trying to hire struggled to find qualified workers right now. Rhode Island's unemployment rate moved in the wrong direction to 4.7% in February. Rhode Island should be encouraging full employment in the current environment and eliminating the sunset date could have an impact on fully staffing businesses.

Additionally, now is not the time to encourage increased use of the unemployment trust fund. Rhode Island is ranked 3rd worst in the nation for unemployment insurance taxes, and employers are already paying taxes at one of the highest rate schedules (Schedule G).

According to the US Department of Labor, Rhode Island has the worst improper unemployment insurance payment accuracy in the nation by far at a whopping 45% or roughly \$330 million. The DOL urges states to aim for accuracy rates below 10%. The next closest state to Rhode Island's extreme outlier status is Virginia at 29%. Before expanding unemployment insurance benefits, Rhode Island should instead investigate why the state is more than four times the acceptable improper payment rate. To reiterate, employer tax dollars fill the UI trust fund's coffers and should be monitored in a more responsible manner.



Legend

- Improper Payment Rate: Greater than 13%
- Improper Payment Rate: 10-13%
- Improper Payment Rate: Less than 10%

Rhode Island

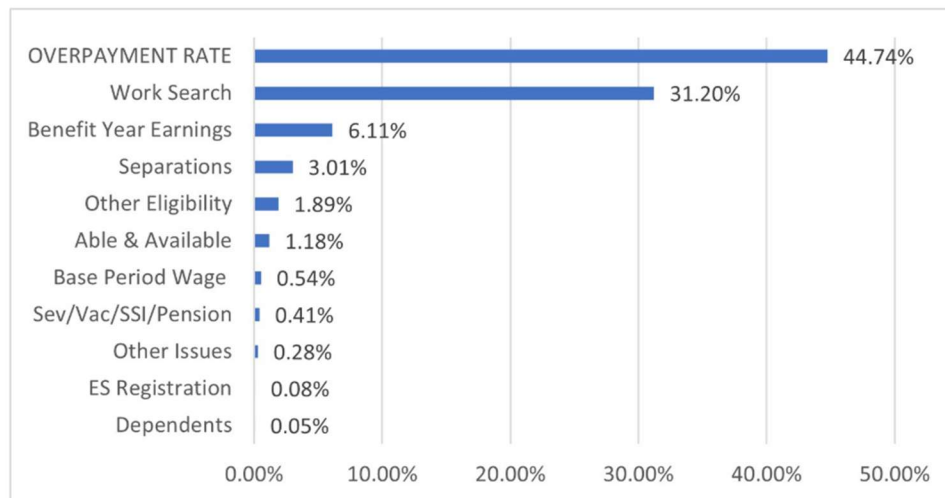
Estimated Improper Payment Rate* for the period from July 1, 2021 through June 30, 2024: 45.00%

Three-Year Improper Payments Estimate: \$227,898,818

Unemployment Insurance (UI) Improper Payment Root Causes as a Percent of Total UI Benefits Paid

The Payment Integrity Information Act (PIIA) of 2019, requires programs to report an annual improper payment rate below 10 percent, and the UI program established a performance measure for states to meet the 10 percent requirement.

This bar chart depicts the state's estimated overpayment and root cause rates as a percent of total UI benefits paid for the three-year period from July 1, 2021 through June 30, 2024:



NFIB has concerns with this legislation and feels it needs further study to determine the impact on employers and the unemployment trust fund. Thank you.