

MASSACHUSETTS
HIGHTECHNOLOGYCOUNCIL

Dedicated to Growth... Committed to Action

LEGISLATIVE MEMO

To: Members of the General Court

From: Christopher R. Anderson
President 

Date: March 12, 2014

Re: Council memo on unemployment insurance reform

On behalf of our member companies, which include many of the brightest names in our innovation economy, we applaud your interest in attempting to reform our state's unemployment insurance system, among the most burdensome and costly of any in the nation.

When we last wrote to you on this topic in November, 2013 (link to memo [here](#)), we noted that the state was tied with three other states on the metric of largest percentage of high tech workers in the nation. Last month, the National Science Foundation released new data that underscores the competitive challenges we face in Massachusetts. According to this new data, our tech workforce has stagnated while five other leading technology states have increased their share of tech workers, dropping Massachusetts' ranking from tied for first to sixth in the nation.

The current unemployment system places an undue strain on job creation at all levels of our economy. To spur job creation and allow our employers to become more competitive with employers in other states, we urge you to consider the following reforms that were missing from the Senate bill:

Address the system's two main cost drivers: Extending workforce attachment from 15 weeks to 20 weeks and shortening benefits duration from 30 weeks to 26 weeks will have a meaningful effect on lowering employers' costs. Making these changes, which would bring us in line with a majority of other states, would still leave us with one of the most generous and expensive wage replacement systems but would send an overdue and positive signal to the employer community from Beacon Hill.

Keep the taxable wage base at \$14,000: increasing the taxable wage base 50 percent from \$14,000 to \$21,000 will hurt job creation by increasing employer costs and is not needed to assure the financial health of the unemployment insurance system.

Boost the minimum wage to \$10 per hour only if the two UI reforms identified above are adopted, and establish a minimum wage for teen workers at \$8 per hour: A first job is a critical step in every career and teen workers should not be shut out of the job market because of a lack of skills. A two-tier structure with teens able to earn the current Massachusetts

minimum wage of \$8 per hour will allow them to build their skills through participation on the job market.

From our highly educated workforce to our world class educational institutions, Massachusetts has a broad range of strengths that have helped make us a competitive place to do business. But we also have a number of weaknesses – particularly in the area of cost competitiveness – that make it harder for us to attract and retain all of the talented individuals we need to grow our economic base and the state economy that depends on it.

We believe the reforms proposed above would bring an important part of the economic safety net up to date while also helping employers to grow and add jobs here in Massachusetts. We respectfully ask that you adopt them in your upcoming reform legislation.