MASS. HIGH TECH COUNCIL’S STATEMENT ON THE BAKER ADMINISTRATION’S PROPOSAL FOR PARTIAL UI REPLENISHMENT IN FY21 SUPPLEMENTAL BUDGET

We support and appreciate the Baker Administration’s proposal to dedicate $1 billion of the state’s $5 billion surplus to help offset the debt of COVID-19 Unemployment Insurance (UI) claims. The proposal is a step in the right direction to alleviate the significant UI Trust Fund debt that employers alone bear due to COVID-related public health restrictions and state orders that forced business closures. Nonetheless, there is still significant work to be done to alleviate the debt burden on the business community—a burden that is the result of circumstances completely beyond the control of businesses—and establish a more sustainable way forward for state unemployment insurance.

The Administration’s $1.6 billion supplemental budget for fiscal year 2021 reflects the availability of historic resources for the Commonwealth. A year ago, no one could have imagined Massachusetts would be awash in surplus state tax revenue collections and have approximately $5 billion in unspent federal aid on hand. The proposed $1 billion to partially offset debt from COVID-related unemployment claims, while helpful, still only covers 14% of the $7 billion deficiency resulting from state-ordered economic shutdowns. As we and other business organizations have done previously, we urge legislative leadership to dedicate some portion of the $5B in American Rescue Plan Act (ARPA) funds to accompany the injection of $1 billion in state surplus collection into the UI Trust Fund. Over thirty states have done the same with their own federal assistance in support of employers they rely on. Massachusetts should do the same.

The scale of the UI Trust Fund solvency deficit points to the importance of the 2021 Unemployment Insurance Trust Fund Study Commission’s work. As a member of the Commission, the Council continues to advocate for long-overdue reforms to modernize Massachusetts’ UI system—one of the costliest such programs in the nation. Investing $1 billion from last fiscal year’s revenue surplus is an important signal to employers that the state cherishes the private sector. But there is still significant work ahead to get the UI Trust Fund on solid financial footing without saddling Massachusetts’ businesses with the onus of paying off two decades of debt because of a public health emergency.

About the Massachusetts High Technology Council

The Massachusetts High Technology Council, Inc. is an organization of CEOs and senior executives representing technology companies, professional services firms, and research institutions who are dedicated to creating and sustaining conditions that support investment, job growth and improved quality of life in Massachusetts. Our members are growth-oriented, knowledge-intensive employers and institutions that develop, deliver and depend on technology products, services and innovations to advance their organizational objectives—a definition which covers just about all business enterprises in Massachusetts today.

Our mission is to help make Massachusetts the world’s most attractive place in which to live and work, and in which to create, operate, and grow high technology businesses.

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