

MASSACHUSETTS  
**HIGHTECHNOLOGYCOUNCIL**

*Dedicated to Growth... Committed to Action*

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## **STATEMENT ON THE HOUSE WAYS AND COMMITTEE PROPOSAL FOR PARTIAL UI REPLENISHMENT IN \$3.65B ARPA SPENDING BILL**

Earlier today, the House Ways and Means Committee released a \$3.65 billion spending bill for federal funds available through the American Rescue Plan Act (ARPA). The legislation includes a proposal to use \$500 million of the state's available ARPA funds to apply to the Unemployment Insurance (UI) Trust Fund's \$7 billion debt in the Solvency Account — a sum that Massachusetts' businesses are obligated to repay as a result of the government shutdown of most of the economy during the COVID-19 pandemic. Unfortunately, the \$500 million proposal falls short of what employers across the Commonwealth need as they continue to face economic uncertainty in disrupted supply chains, hiring challenges, and other obstacles to stable commerce.

The reality is that the \$7 billion UI Trust Fund deficit is a product of conditions that were out of employers' control. The pandemic prompted state-ordered economic shutdowns, which combined with concerns about public health risks paralyzed key sectors of the Massachusetts economy. The result was a significant spike in job losses and a historic explosion in unemployment claims. Massachusetts employers, though not responsible for the conditions resulting in surging unemployment, now must pay off \$7 billion in debt that the Commonwealth authorized to cover the cost of pandemic-related unemployment benefits. Keep in mind that, regardless of the number of claims each employer was responsible for during the pandemic, every single employer now bears the burden of an additional 10.5% tax on their UI contributions.

The \$500 million proposed would cover just 7% of the total UI debt that Massachusetts' businesses assume. To date, more than 30 other states have used their ARPA funds to offset UI debt—and a number of them, such as Ohio, Maryland, and Georgia, have committed over \$1 billion. The Legislature should be considering a minimum of \$2 billion from a combination of ARPA funds and FY21 surplus tax revenue, which is in line with what Governor Baker has proposed as a more equitable way to spend the excess funds available to the Legislature.

On October 21, the Mass. High Technology Council joined with other members of the Legislative UI Trust Fund Study Commission in submitting [a comprehensive set of recommendations](#) to remedy a broken UI system. These recommendations include making our benefits structure and eligibility policy in line with those in other states that we compete for the same employers and employees. While the Commission presents an opportunity to amplify those overdue reforms and continue to raise awareness, we urge the Legislature on the most urgent, immediate need: a meaningful contribution of available funds to offset the UI debt burden that the state has placed on employers.

### **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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