

MASSACHUSETTS
HIGHTECHNOLOGYCOUNCIL

Dedicated to Growth... Committed to Action

December 13, 2021

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STATEMENT ON GOV. BAKER SIGNING \$4B ARPA AND SURPLUS SPENDING PACKAGE WITH UNEMPLOYMENT INSURANCE TRUST FUND ALLOTMENT

Today, Governor Baker signed and approved a \$4 billion spending package directing approximately half of the \$5 billion from the federal American Rescue Plan Act (ARPA) and another \$1.5 billion in FY2021 surplus funding to a range of one-time investments. For many employers in the Commonwealth who continue to face hiring and supply chain challenges, a key consideration was how much the Legislature and Governor would dedicate to reducing the employer-born costs of the Unemployment Insurance (UI) Trust Fund deficit. Of the approximately \$1.6 billion designated for economic recovery and workforce development, the spending bill that the Governor signed today allots just \$500 million of the \$2 billion we recommended for replenishing the Trust Fund.

To put the \$500 million in UI relief into perspective, consider that the Massachusetts UI system has paid out more than \$24 billion since the start of the pandemic in the spring of 2020. As a result of these unprecedented outlays, the Commonwealth's private sector is still on the hook for billions in outstanding payments and obligations. Currently, employers alone are responsible for paying off any bonding required to pay off the resulting debt. The unfortunate situation was brought about almost entirely by the global pandemic and, as such, it is inconceivable that businesses alone should pay for this legislatively authorized debt. The \$500 million allotted for UI replenishment is inadequate to restore the Trust Fund to levels necessary to sustain solvency. It also does not support employers who were not responsible for the conditions resulting in surging unemployment claims but are still left to absorb the costs of state-ordered shutdowns through the pandemic.

Building towards financial stability in our state's UI Trust Fund will take a significant investment of federal resources and require overdue data-driven reform. Throughout the seven months of the Council's participation in the Legislatures' UI Trust Fund Study Commission, nothing presented to the Commission contradicts the fact that the problems with Trust Fund solvency are not just a revenue problem. Comprehensive reforms addressing the spending side, including benefits policy and changes to eligibility, must be a part of our long-term approach to stabilizing the costs to employers while ensuring changes are fair to workers. This includes getting on board with the eligibility standard of two-quarters of earnings as a basis for workforce attachment, which every other state uses.

The Council is committed to the Trust Fund's long-term solvency and has advocated for a practical roadmap to achieve it. In addition to these reforms, a sufficient increase in investment of available ARPA funding is necessary to offset the debt that employers now bear because of the 2020 state-ordered shutdowns.

About the Massachusetts High Technology Council

The [Massachusetts High Technology Council, Inc.](https://www.mhtc.org) 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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