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TESTIMONY

**Statement before the Joint Committee on Economic Development and
Emerging Technologies**

In Support of:

HOUSE BILL 4720

**An Act investing in future opportunities for resiliency, workforce, and
revitalized downtowns**

May 9, 2022

**Matt Blackburn, Director of Policy and Research
Massachusetts High Technology Council**

Thank you, Chairman Parisella and Chairman Lesser, and members of the Committee, for the opportunity to weigh in regarding House Bill 4720.

The Mass. High Tech Council is the Commonwealth's oldest and only cross-sector association of CEO-level leaders of technology-focused organizations. The Council has a 45-year history of non-partisan advocacy in support of one overarching mission: To 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.

The Council supports House Bill 4720 for three reasons:

1. It proposes prudent use of \$300 million of the remaining \$2.3 billion in American Rescue Plan Act (ARPA) funds to provide relief to employers on unemployment insurance (UI) overpayments.

As you are aware, the issue of UI overpayments is one of many issues related to pandemic impact on our unemployment system. What you need to know about overpayments can be summarized as follows:

- The Baker Administration is currently working to resolve \$2.3 billion in overpayments. A central part of that effort is waiving \$1.6 billion of the \$2.3 billion (~70%), with \$300 million representing the Commonwealth's share and \$1.3 billion through federal waivers. The \$1.6 billion total reflects cases of fraud and benefits to claimants who received overpayments in good faith but are unable to pay back.
- The \$300 million in state-funded overpayments all came from the UI Trust Fund, which is funded by employers. In other words, \$300 million that employers contributed into the system to fund legitimate unemployment claims ended up going to beneficiaries who received benefits either fraudulently or without knowing the amount exceeded what it should have been. **The goal of using ARPA funds to waive the \$300 million in state-funded overpayments is to replenish the funds that employers contributed to the system but went out as benefits due to fraud or error.**

- The added urgency to use \$300 million in ARPA funds for this purpose is that it would help to reduce the total amount that the state is already bonding for. Recall that Massachusetts borrowed \$2.3 billion through the Federal Advance program to cover the historic number of pandemic-related claims. Thanks to you and your colleagues' support, \$500 million in ARPA funds were used to pay off some of this in March, leaving a current balance of \$1.8 billion owed to the federal government. To cover this remaining \$1.8 billion, and to ensure that the UI Trust Fund is reasonably solvent after payback, the Administration plans to issue \$2.6 billion in bonds with a June/July target for closing. By law, employers will be responsible for paying off this total for approximately a decade. **With your prompt approval, the total bonding of \$2.6 billion could be reduced to \$2.3 billion, which would help alleviate the burden on employers.**

2. The legislation includes targeted investments that would boost Massachusetts' research initiatives and partnerships that position our innovation ecosystem, including universities, research and development centers, and others, to better compete with other states.

The legislation before you proposes \$200 million for a matching grant program that would enable universities, nonprofits, industry consortiums, federally funded Research and Development centers, and other organizations to compete for federal grants in emerging technology and innovation fields that will help shape the future of our state's science and technology workforce (line item 7002-8041). The Council has long supported matching grant programs to cultivate partnerships between industry and academia that produce high-paying STEM jobs and yield discovery from cutting-edge research for public benefit. This investment will help leverage additional federal funds to do so in areas critical to our future innovation economy, including Artificial Intelligence (AI), blockchain, and supply chain resilience.

The legislation also proposes \$50 million for a competitive and secure future innovation program (line item 7002-8046), which would promote partnerships between universities, knowledge industry firms and other groups to lead discovery of new technologies in areas such as defense and healthcare. Such discoveries will position Massachusetts to be a national leader in devising new approaches that ensure state and national systems' resilience and security.

3. It would encode in law two successful initiatives of the Massachusetts Technology Collaborative under the current Administration, the Cybersecurity Center and the Center for Advanced Manufacturing (CAM).

Both initiatives have contributed meaningfully to workforce development efforts in two areas that represent a growing share of our state's labor market. The Council supports the decision to encode these two entities as part of the Commonwealth's workforce infrastructure in serving two vital sectors where talent is increasingly in demand for our members and the broader innovation economy.

Thank you for your consideration.

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