

M A S S A C H U S E T T S
HIGHTECHNOLOGYCOUNCIL

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June 23, 2021

The Honorable Aaron Michlewitz
Chair, Joint Committee on Ways and Means
State House, Room 243
24 Beacon Street
Boston, MA 02133

Dear Chair Michlewitz,

I am writing as a follow up to our April letter urging further action to address the unresolved challenges with the solvency of the state's unemployment insurance trust fund.

The Massachusetts High Technology Council is grateful to be an appointee to the Unemployment Insurance Trust Fund Study Commission, contributing to discussions on potential reforms and what we can learn from other states' systems. Through the Commission's first two meetings we have learned about alternative unemployment insurance (UI) financing approaches and where Massachusetts could benefit from fresh ideas on UI management. What we have learned also reinforces what we already knew about the limits of legislative and executive measures to date: spreading the costs of unemployment claims over 20 years places the burden on Massachusetts' businesses when there is great uncertainty about their challenges in economic recovery.

One reason federal and state officials decided to socialize the unemployment claims costs was to avoid disproportionate impact on specific industries. While this ensured equal distribution of costs across all employers, without further, swift action the entire employer base of Massachusetts will assume large costs at no fault of their own. Our members made significant effort to retain their workforce through financial challenges and provide stability when specific industries were hard hit.

Our recommendation is to use some of the \$5.2B in federal funding to replenish the unemployment insurance trust fund. The American Rescue Plan Act enables states to use these funds for such a purpose, which would help minimize the long-term costs of borrowing. A majority of states have either decided to partly use their federal stimulus for this purpose or are currently considering it.

We are excited to produce recommendations on the Unemployment Insurance Trust Fund Study Commission that will position Massachusetts for long-term solvency. In the interim, we are grateful for you considering the prudence of using federal funds to resolve this issue, like other states confronting similar challenges.

Sincerely,



Christopher Anderson
President