

MASSACHUSETTS  
**HIGHTECHNOLOGYCOUNCIL**

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**WRITTEN TESTIMONY**

to

**The Joint Committee on Ways and Means and the House Committee on Federal Stimulus and Census Oversight**

**Regarding:**

**Use of American Rescue Plan Act (ARPA) funding focusing on labor and workforce development and housing**

**July 27, 2021**

**Christopher Anderson, President  
Massachusetts High Technology Council**

Thank you, Chairs Aaron Michlewitz, Michael Rodrigues, Daniel Hunt and members of the Joint Committee on Ways and Means and the House Committee on Federal Stimulus and Census Oversight for the opportunity to provide written testimony regarding potential uses of federal stimulus via the American Rescue Plan Act (ARPA).

The Mass. High Technology Council is the Commonwealth's oldest and only cross-sector association of CEO-level leaders of technology-focused organizations. The Council has a 44-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 was deeply engaged with our membership to help sustain the Commonwealth's innovation economy through the unprecedented public health emergency brought on by the pandemic. We continue to be engaged amidst a shifting federal and state policy context as organizations in many industries navigate the uncertainties of transition, including changes in consumer habits, adoption of new work norms and policies, and proposals for myriad new taxes on the state and federal level. There is, too, great uncertainty about the impact of new variants of COVID-19 on Massachusetts employers and their workers. We will continue producing recommendations and leading discussions with institutional leaders across the Commonwealth to help organizations manage unpredictable health conditions and direct federal resources effectively.

As you weigh different proposals for appropriate uses of what remains of the \$5.3B in federal assistance through the Coronavirus State Fiscal Recovery Fund (CSFRF), the Council encourages you to consider the following contextual factors and recommendations, which balance short- and long-term policy concerns:

- Massachusetts' extraordinary revenue situation positions the Commonwealth to use funds in areas where other states do not have as much flexibility. Though many states, like Massachusetts, exceeded month-to-month revenue projections in FY21, states reliant on hard-hit industries such as tourism and energy must prioritize use of their CSFRF resources for revenue replacement. The enormous resources made available to Massachusetts thus places us in a unique position to make significant investments in areas that will ensure our state is competitive with others for jobs and talent at a time when barriers to location are lower than ever before.
- The pandemic significantly disrupted attitudes and norms on the workplace and accelerated workforce trends already in motion. At a High Technology Council forum earlier this year, McKinsey pointed out that 17 million Americans will need to change jobs by 2030. In their Future of Work report, McKinsey projects that 300,000 – 400,000 Massachusetts residents will need to change occupations in the next decade to be able to find employment. As of May 2021, our workforce is approximately 3.7M. So, based on current figures approximately 10% of the Massachusetts population will be impacted. Now is the time to identify prudent investments in retooling the Commonwealth's workforce, and CSFRF resources should be used to that end. The focus should be on existing workforce training programs that (a) have a record of success; (b) are more easily scalable with new resources; and (c) would be most logical for one-time investments.
- The pandemic put considerable strain on state unemployment insurance systems across the country. Massachusetts is no exception, as discussions on the Unemployment Insurance Trust Fund Study Commission have further revealed. Thirty other states have already opted to use CSFRF resources to help cover the depletion of their own unemployment insurance trust funds. Washington, widely considered a peer state to Massachusetts in unemployment insurance comparative analysis, dedicated \$500 million to their Unemployment Insurance Relief Account earlier this year, according to the National Conference of State Legislatures. Massachusetts should follow the lead of other states that have prudently dedicated CSFRF assistance to replenishing their unemployment insurance accounts and reducing the misplaced burden on employers.

We are committed to working with policymakers to identify effective uses of federal assistance that will enhance Massachusetts' competitive strengths and address where we need to improve. The above recommendations are a starting place to leverage the significant resources we have through ARPA with a mind to both immediate needs and long-term vision for the Commonwealth.

We encourage you to consult the High Technology Council as a resource in those efforts and we offer our willingness to partner with you going forward. Thank you.