

UI Trust Fund Study Commission Meeting: 9/17

Participants

Representative Josh Cutler, Co-Chair
Senator Patricia Jehlen, Co-Chair
Secretary Rosalin Acosta
Richard Jeffers
Bob Luz
Chris Carlozzi
Carolyn Ryan
Chris Anderson
Evan Horowitz
Brooke Thompson
Hannah Tanabe
Stephanie Herron Rice
Daina Estime
Kelsey Cintolo
Jon Hurst
Dan Wolf
Karen Andreas
Rich Marlin
John Drinkwater
Doug Howgate in lieu of Eileen McAnneny (due to connectivity issues)

Staff members present:

Emily Reynolds
Rob Cohen
Matt Hartman
Cole Angley
Lilla Adams

Chair Cutler gavelled in at 1:03PM, took attendance by roll call.

Staff presented on the experience rating system in Massachusetts.

- Rob Cohen gave an overview of the experience rating system and discussed the reserve ratio and benefit ratio systems.
- Matt Hartman detailed some of the state-level updates and freezes in the experience ratings.
- Emily Reynolds presented on the incentives and impacts of experience rating systems, including comparisons between Massachusetts and similar states.

Question and Answer Period

Expert Presentations:

Rob Pavosevich and Michael Miller, both formerly of the United States Department of Labor

Rob Pavosevich presented on the history, context, and details on the Massachusetts UI rating system

- Reserve ratio does not fit well with a pooled system
- Trust fund no longer building up enough reserves counter-cyclically
- Experience rating system outdated and does not provide incentives for employment stability
- Tax rate does not raise above benefit level during recessions, so not very forward-funding
- Benefit ratio method is more effective for a pooled system.

Mike Miller presented on some alternative systems to consider.

- Discussed array systems for deciding how to distribute tax rates.
- Spoke about a number of different experience rating systems:
 - Benefit-Ratio
 - Employment Variation Methodology
 - Payroll variation (Similar to Alaska system)
 - Hours-worked variation

Brief question and answer period