

UI Trust Fund Study Commission Draft Chair Recommendations

- 1. Adjust Wage Base and Index.** The wage base used to set unemployment insurance rates is currently limited to \$15,000, which represents 18 percent of the state's average annual wage. The amount was last increased in 2015. To ensure the long-term solvency of the fund, the inflow of money to the trust fund must keep pace with the outflow of money. Accordingly, the wage limit should be adjusted in steps to catch up with inflation and then indexed to avoid future inflationary erosion.
- 2. Reduce Experience Table.** Massachusetts is outside the norm on ranges in an experience rate table with the highest being 18.55 percent. One of the reasons it is so high is because the taxable wage base has not increased at pace with the benefits that are paid out in a high wage state. The experience rate table should be reduced in concert with the increase in the taxable wage base to allow for moderate, manageable, and predictable revenue growth on a path toward long-term solvency measure of AHCM of 1.0.
- 3. Require Two Quarter Eligibility.** Most other states require two quarters of work in a base period to qualify for unemployment insurance. Requiring work in two quarters demonstrates an attachment to the workforce, and it allows the trust fund to receive more contributions before paying out benefits. Massachusetts should change eligibility standards to require work in two out of the previous four quarters in the base period.
- 4. Charge Temporary Replacement Workers to the Solvency Account.** Employers who have workers out on paid family or medical leave often need to hire replacement workers for a period of time. If the replacement work is long enough, the replacement worker may qualify for UI benefits. Those benefits could impact an employer's experience rating negatively even though the worker is temporary. Those benefits should be charged to the solvency account instead to allow employers to have the workforce they need, while also encouraging the employer to work with employees who need to take leave.
- 5. Create a Minimum Benefit and Allow Workers with Fluctuating Wages to Calculate Eligibility on One Quarter.** When calculating unemployment eligibility, the highest two quarters are used unless there are only two quarters, in which case a single quarter is used. Low-wage workers, especially those with fluctuating work schedules, qualify for extremely low benefits, as low as \$55 a week. To ensure that low wage workers are not disadvantaged by a change in work qualification, UI should include a minimum benefit

and calculate a benefit amount based upon the highest single quarter of work for low-wage workers with fluctuating schedules.

- 6. Promote and expedite the WorkShare Program.** The WorkShare program is underutilized because it is not a well-known program. It helps to keep a business open and running while also allowing employees to be paid when their hours are reduced, while also reducing the burden on the unemployment trust fund. EOLWD should create a strategy to promote and expedite applications in the WorkShare Program to industries that would benefit from the program.
- 7. Study Portable Benefits for Gig/1099 Workers.** There should be a further study of portable UI benefits for gig economy/1099 workers.