

HOUSE No. 4212

The Commonwealth of Massachusetts



CHARLES D. BAKER
GOVERNOR

OFFICE OF THE GOVERNOR
COMMONWEALTH OF MASSACHUSETTS
STATE HOUSE · BOSTON, MA 02133
(617) 725-4000

KARYN POLITO
LIEUTENANT GOVERNOR

October 20, 2021

To the Honorable Senate and House of Representatives,

I am filing for your consideration a bill entitled “An Act Transferring Funds to the Unemployment Compensation Fund.”

This bill renews the proposal I filed in August to dedicate \$1 billion of the Commonwealth’s extraordinary FY21 surplus to address the continued strain on the Unemployment Insurance (UI) Trust Fund. This transfer would reduce the need to borrow funds to address the extraordinary costs that the UI Trust Fund incurred in paying for COVID-related unemployment claims during 2020 and the first half of 2021 and thereby reduce the need for future employer assessments.

In response to my earlier filed bill, as with my proposed allocation of State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA), the Legislature has asserted it needs more time to assess priorities and needs. The Legislature therefore created a Transitional Escrow Fund to hold the fiscal year 2021 (FY21) surplus while allowing the fiscal year to close. That action preempts any further transfers during FY21, so the bill I am filing today formally proposes that \$1 billion be transferred instead from the new Transitional Escrow Fund to the Unemployment Compensation Fund.

I would respectfully suggest that mitigating the costs of unemployment insurance for employers, and thus reducing the cost of labor without impinging on wages, should be among our highest collective priorities as the Commonwealth’s economy emerges from the challenges of the COVID-19 pandemic.

Additionally, I renew my earlier requests for other funding filed in legislation that remains pending before the Legislature, including:

- \$40 million for supplemental payments in connection with in-person work by state employees during the COVID epidemic
- \$39 million for chapter 257 contracts, to support rate increases for the human service workforce
- \$1.6 million for organizational transformation, primarily to maintain and improve government services with a workforce that may not be in traditional office spaces
- \$213,000 to support an additional qualified tax clinic to help Massachusetts families access the increased Child Tax Credit in the American Rescue Plan Act

I also renew my request for various policy sections that I have previously filed in supplemental appropriations bills that likewise remain pending before the Legislature.

Sufficient revenues are estimated to be available for the transfer to the UI Trust Fund proposed in this bill and the other requested appropriations. I urge you to enact this legislation promptly to provide confidence to employers as they seek to attract and retain a qualified workforce.

Respectfully submitted

Charles D. Baker,
Governor

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Second General Court
(2021-2022)**

An Act transferring funds to the Unemployment Compensation Fund.

Whereas, The deferred operation of this act would tend to defeat its purposes, which are forthwith to make transfers to the Unemployment Compensation fund, which is immediately necessary to accomplish important public purposes, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Notwithstanding any general or special law to the contrary, upon the request of the
2 secretary of administration and finance, the comptroller shall transfer up to \$1,000,000,000 from
3 the Transitional Escrow Fund established under section 16 of chapter 66 of the acts of 2021 to
4 the Unemployment Compensation Fund established under section 48 of chapter 151A.