

Commissioners

- Representative Josh Cutler
- Senator Patricia Jehlen
- Secretary Rosalin Acosta
- Director Richard Jeffers
- Evan Horowitz - Tufts
- Brooke Thompson - AIM
- Karen Andreas - North Shore Chamber
- Eileen McAnneny - MTF
- Hannah Tanabe - GBLS
- Diana Estime - Union of Minority Neighborhoods
- Carolyn Ryan - Greater Boston Chamber
- Christopher Anderson - High Tech Council
- Kelsey Cintolo - Massachusetts Competitive Partnership
- Steve Clark - Mass High Tech Council
- Chris Carlozzi - NFIB
- Stephanie Herron Rice - MLAC
- Sam Gebru - BECMA
- Jon Hurst - RAM
- Dan Wolf - Representing Mass Business Alliance
- John Drinkwater - AFL-CIO
- Rich Marlin - Mass Building Trades Council

Presenters:

Doug Holmes - President UWC Strategies

Andrew Stettner - Century Foundation

Wayne Vroman - Urban Institute

Jared Walczek - Tax Foundation

Alexa Tapia – National Employment Law Project

Kevin Hennessy - Brabo Payroll

Josh Cutler: This meeting is being recorded and will be archived on the Massachusetts Legislature's web site. This is also streaming live on Facebook.

Approval of minutes and attendance - Roll call vote, unanimous

Our next hearing will be 7/16, followed by a public meeting on Thursday July 22nd at 5 pm.

Presentations:

Andrew Stettner - Senior Fellow at the Century Foundation

- Unemployment contributions are an investment in a skilled and talented workforce
- In Massachusetts, UI contributions were equal to 72 cents for every \$100 in payrolls paid
- Massachusetts has failed to meet Federal measures of solvency of a trust fund holding enough to pay out one year of recession benefits (AHCM)
- Massachusetts ranks 34th in country for taxable wage base as a percentage of average annual wage
- Taxable wage base indexing allows state to raise marginally more funds each year, helps states recover benefits paid during recovery

Q&A period

Presenter: Doug Holmes – President of UWC Strategies

- Recommendations
 - Secure funding through Federal government to restore trust fund to funding level prior to Jan 27th, 2020 level and credit those funds to employer accounts
 - Closely monitor status of special fund and UI trust fund, have option to pay off bonds early if possible.
- On tax side
 - Makes sense to cap solvency tax and review charging of benefits to solvency account
 - Taxable wage base should be reviewed in tandem with experience rating table to understand possible costs.
 - Consider reducing time before employers eligible for experience rating, many states have 1 year.
- Benefits
 - Require that beneficiaries have weekly, independent certification of work search instead of self-certification
 - Eliminate dependency allowance, freeze max weekly benefit amount, reduce amount of weeks available

Q&A period

Presenter: Wayne Vroman – Urban Institute

- Four options - States can raise taxes/reduce benefits, borrow money via Title XII, borrow money in municipal bonds, and deposit funds from Cares/ARPA
- Massachusetts taxable wage proportion has been shrinking since 2015.
- States can follow daily borrowing-repaying strategy to minimize average indebtedness through process called sweeping

Q&A period

Presenter: Jared Walczak – Tax Foundation

- A lot of states have disconnect between unemployment taxes and their benefits
- Massachusetts has the 6th highest effective tax rate on businesses, paying for the highest benefits in country
- Massachusetts has a lower barrier for eligibility than most states and charges employers for in a greater number of instances than many other states
- Inflation indexing of taxable wage base can make sense, but state needs to think about rates when doing it

Q&A period

Presenter: Alex Tapia - National Employment Law Project

- Current UI systems incentivize businesses to try to prevent individuals from receiving UI
- Opportunity for MA to increase taxable wage base and index to inflation
 - Could replicate states like Washington (\$52,000) or RI (\$24-25 thousand), with flexible wage bases that apply different wage bases depending on wages paid by employers
 - Alaska - changes to payroll are factored into charges, whether or not individuals are able to access UI
- Penalty on employers keeping at highest rate of unemployment experience rate

Q&A Period

Kevin Hennessy - Brabo Payroll

- Disproportionate impact of unemployment contributions on employers that higher mostly nonwhite workers and businesses in underserved communities
- Hardest hit industries by UI cost - Hospitality, child care, retail, transportation, security, health care. Taxable wage bases require those firms to face costs that are a higher percentage of their payroll on UI
- Taxable wage base should be dynamic and indexed to either state minimum wage or social security limit
- States should consider adding employee contribution

Q&A Period

End of meeting

