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**Report shows reforms to state's costly Unemployment Insurance system  
would create 10,000 new jobs, \$7.5B in economic growth**  
**High Tech Council, Pioneer Institute push reforms to nation's most expensive safety net**

**Boston, MA** - Reforming Massachusetts' costliest-in-the-nation Unemployment Insurance (UI) system would create 10,000 new jobs and pump \$7.5 billion into the state's economy over the next decade, according to a new study released today by the [Massachusetts High Technology Council \(MHTC\)](#) and [Pioneer Institute](#). The release of the report, which includes data and analysis from IHS Global Insight, comes as Massachusetts employers face a 40 percent increase in UI costs for 2011.

The report, [Creating Jobs: Reforming Unemployment Insurance in Massachusetts](#) ([http://www.pioneerinstitute.org/pdf/Unemployment\\_Insurance](http://www.pioneerinstitute.org/pdf/Unemployment_Insurance)) calls the state's UI system "the most generous in the nation by several measures, including eligibility and benefit duration." In 2010, the UI tax burden, borne exclusively by Massachusetts employers, was \$638 per job, or twice the U.S. average.

"The state's broken UI system has been a drag on job growth and innovation for too long," said MHTC President Christopher R. Anderson. "This report shows that by enacting common sense reforms, Massachusetts can help create a more stable and competitive business cost climate while creating new jobs and economic development."

The report recommends bringing the state's UI benefit duration – currently a national outlier at 30 weeks – to 26 weeks, the standard for 48 other states. In addition, it calls for tightening the state's lax eligibility requirements and a more modern method of setting the annual UI rates, among other key reforms.

"The Commonwealth needs to focus on leveraging the powerful resources of the private market," says Jim Stergios, Executive Director of Pioneer Institute. "And that means giving investors and employers here a level playing field with the rest of the country. This report shows that we have a chance to create 10,000 jobs without an additional dollar in state spending."

Anderson also called on the state Legislature to act to freeze UI rates at 2010 levels, which would protect Massachusetts employers from a 40 percent - or more than \$600 million - increase in UI costs for 2011. This rate hike would bring the per job tax burden to \$897, or nearly three times the national average. The Senate Committee on Ways and Means yesterday approved legislation to freeze the rates at 2010 levels. The measure is scheduled to be taken up by the full Senate today.

Specifically, the report calls for:

- resetting benefit duration to 26 weeks, the standard of 48 other states;
- requiring greater workforce attachment by moving to the national standard of 20 weeks of work and requiring employment over two quarters;

- charging employers more equitably by making heavy users of unemployment insurance pay more (by reforming the experience table ); and
- lengthening the payroll base for the calculation of unemployment taxes to smooth out short-term volatility.

Overall, according IHS Global Insight projections, reforming UI would result in 10,000 additional jobs, \$3.8 billion in new wages and \$7.5 billion in new economic activity over the next 10 years. Furthermore, since the UI system is funded solely by employers and is outside of the state budget, it has no direct impact on state revenues. However, the report shows that the economic impact generated by these reforms would actually generate \$30 million in new tax revenue over the next 10 years.

[The Massachusetts High Technology Council](#) is composed of CEOs from the state's top technology employers who work to make Massachusetts a more competitive place for technology growth. The nonpartisan Council has a 33-year record of working with state and federal leaders in a decisive and effective manner on issues of education, taxation, economic development, energy, defense technology and more. Council members run leading global companies from all sectors of the state's diverse innovation economy.

[Pioneer Institute](#) is an independent, non-partisan, privately funded research organization that seeks to improve the quality of life in Massachusetts through civil discourse and intellectually rigorous, data-driven public policy solutions based on free market principles, individual liberty and responsibility, and the ideal of effective, limited and accountable government.

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