

# GOVERNOR PATRICK FILES LEGISLATION TO REFORM UNEMPLOYMENT INSURANCE FOR MUNICIPALITIES

BOSTON – Wednesday, January 9, 2013 – Governor Deval Patrick today filed legislation that will close loopholes to Municipal Unemployment Insurance (UI) and create a fair and collaborative system that provides economic relief to cities and towns. Today’s announcement follows the November release of the Municipal UI Task Force Report, and is part of a series of reforms the Patrick-Murray Administration is proposing to make government work better.

The Governor’s legislation arises from the work and recommendations of the Task Force he convened to address the concerns raised during the spring of 2012 by a number of municipalities. After soliciting feedback from municipalities through letter, meetings and presentations, the Task Force issued its recommendation in November.

“I thank the members of the Municipal UI Task Force for their hard work and creativity in coming up with this series of balanced solutions,” said Governor Patrick.

“Through the work of the Unemployment Insurance Task Force and with the filing of this legislation, we are engaging with cities and towns to provide a more equitable system and relief for both municipalities and employees on the local level,” said Lieutenant Governor Timothy Murray.

“The Municipal Unemployment Insurance Task Force report, recommendations and proposed legislation represent a true partnership between government and stakeholders. The Governor convened the Task Force in order to address outstanding issues related to municipal UI, ensure that all relevant parties were represented and result in fair and meaningful reform,” said Joanne F. Goldstein, Secretary of the Executive Office of Labor and Workforce Development. “We are confident that the proposed changes will produce significant financial and administrative relief for municipalities while maintaining integrity of the UI system and respecting the rights of those unemployed workers with valid UI claims.”

## **Governor Patrick’s legislation will:**

Create a 65% UI offset to retirees collecting a defined benefit pension, thereby significantly limiting a returning retiree’s access to unemployment when laid off and collecting a pension.

Eliminate the disparity between those employed directly by a school department and those providing services to the school but paid directly by the municipality. All public employees providing services to a school who have “reasonable assurance” of continued employment are ineligible to receive UI benefits when school is not in session.

Prevent municipalities from being charged for wages earned by election workers who make less than \$1,000 a year. Currently, municipalities could be responsible for paying some portion of UI benefits to these employees, if they earn enough wages from other employment.

Allow the Department of Unemployment Assistance (DUA) to participate in the United States Treasury Offset Program so that the agency can intercept the federal tax returns of anyone who owes DUA funds as a result of an overpayment. As with the state program, the federal program will have procedures for notice and opportunity to present evidence as required by federal law and regulations.

The Governor’s proposed legislation will work in tandem with the Task Force’s recommended policy and administrative changes at the DUA and recommended best practices for cities and towns.

The Municipal Unemployment Insurance Task Force was convened by Governor Patrick in March 2012 to review UI issues raised by municipalities, determine which issues were systemic and broad-based, and reach conclusions including legislative, administrative, and procedural recommendations to address these issues. The Task Force was chaired by Secretary Goldstein and comprised of representatives from municipalities, public employee organizations, public advocates and legislative members. Over the past year, the Task Force met five times to review the issues and feedback presented by municipalities as well as the materials requested and produced by DUA. The issues clustered around several categories of public employees, which represent only .5% of all UI claims in the Commonwealth. The Task Force focused on those that had widespread applicability among municipalities and were frequently raised as challenges that affected the largest number of cities and towns.

**STATEMENTS OF SUPPORT:**

“As a Mayor, I know how important it is to control the costs of municipal unemployment insurance, and create a fairer system that will provide relief to cities and towns across the Commonwealth. The recommendations included in our report will improve communications, revise policies, and help municipalities manage the costs of unemployment insurance. I am grateful to Governor Patrick and Secretary Goldstein for the opportunity to serve on this important task force.”

- Mayor Setti Warren of Newton

"I am very thankful for the leadership the Patrick/Murray Administration has demonstrated on the issue of reforming unemployment insurance for cities and towns. The legislation the Governor has filed and the recommendations given by the Municipal Unemployment Insurance Task Force will restore the integrity of the system and help municipalities control unemployment insurance costs moving forward."

- Mayor Kimberley Driscoll of Salem

"As the co-chairman of the Committee on Labor and Workforce Development I am pleased to have been a part of this rewarding and engaged process and I look forward to continuing to improve our unemployment insurance system."

- Senator Dan Wolf

"I applaud the work done by the Task Force. The recommendations presented here are critical to ensuring the well-being of businesses and municipalities throughout the Commonwealth."

- Representative John W. Scibak

"The approach taken by the administration to this challenge was collaborative and inclusive, and the work of the task force has led to a proposal that will produce fairness in the way unemployment issues are handled."

- Paul Toner, president of the Massachusetts Teachers Association.

Partnering with the Governor and other members of the Task Force allowed us to review these issues in a thoughtful and meaningful way. We are pleased to have had represented the interest of our members through this effort and this legislation. This bill will allow the state to better serve our members as well as all of residents of the Commonwealth who interact with the Unemployment system."

- Jennifer Springer, Massachusetts AFL-CIO