



February 7, 2022

Minnesota House Workforce and Business Development Finance and Policy Committee
State Office Building
St. Paul, MN 55155

Dear Chair Noor and Members of the House Workforce and Business Development Finance and Policy Committee:

We are concerned about proposals to put billions in state general fund and/or ARP dollars into the UI Trust Fund, which would provide an untargeted benefit to employers and make it more difficult to address other priorities.

The projected general fund surplus and flexible ARP funds available in the 2022 session represent a historic opportunity to make transformational changes to build a future in which all Minnesotans are healthy, safe, and financially secure. We believe policy decisions should prioritize those who were hardest hit by the pandemic and economic downturn, and by the disparities and disinvestment that preceded it, including lower-income Minnesotans and people of color.

When COVID hit, state and federal policymakers acted so that the Unemployment Insurance system kept jobless workers, their families, and the economy afloat. This included ensuring that COVID did not impact the experience ratings used to determine Minnesota employers' UI taxes.

Minnesota has an existing process to gradually rebuild the UI Trust Fund and pay back the federal loan through increasing the base UI tax rate and implementing additional assessments until they are no longer needed.

Proposals to instead refill the UI Trust Fund using billions of state resources would provide an untargeted benefit to all employers who pay into the UI Trust Fund – whether they are struggling or thriving.

A better way forward would be to provide targeted support to those businesses and nonprofit employers that truly are struggling. This would leave more of the surplus and ARP dollars to strengthen the Minnesota individuals, workers, families, and communities that were severely harmed by the pandemic, and to build a stronger, more equitable recovery.

We urge you to act on the lessons learned during the pandemic and enact policies that support the economic security of everyday workers and their families, including expanding UI coverage to workers currently excluded (such as hourly school district employees), adding a dependent allowance to UI benefits, launching a Paid Family and Medical Leave system, supporting essential workers, improving sick leave standards, and fully funding our state's child care assistance program.

The issue of UI Trust Fund financing should not be made in isolation, but instead as part of a comprehensive approach to the pandemic and our future. The needs of everyday Minnesotans and their families are just as urgent as those of Minnesota employers.

Sincerely,

Nan Madden
Director
Minnesota Budget Project

The Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits, identifies and promotes public policies so that economic security is available to all Minnesotans, regardless of who they are or where they live.