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Minnesota House of Representatives

HOUSE DFL LEADER

March 7, 2016

Speaker Kurt Daudt
Minnesota House of Representatives
463 State Office Bldg.
St. Paul, MN 55155

Dear Speaker Daudt:

I have attempted to contact you to discuss the extension of unemployment benefits for individuals laid off on the Iron Range. There is broad and bipartisan support for providing immediate relief to those individuals and families to help get them through an exceedingly difficult time. Everyone agrees that is what we do as Minnesotans and I have been heartened by your words of support for that relief.

Passing a clean unemployment extension bill to provide relief to those families on the first day of session perfectly satisfies your recently oft-repeated maxim that the legislature ought to move forward on the items we can agree upon while leaving more controversial and divisive issues for further discussion and debate. In the circumstance of responding to an emergency like that faced by families in northeastern Minnesota that everyone agrees exists, that absolutely is a good maxim to follow. Indeed, I believe that motivation is precisely why you made a commitment several weeks ago to our members that you would bring up a clean unemployment extension bill on Tuesday, March 8. I take you at your word that that is what you plan to do.

It is also why the action of the House Jobs Committee last week confused me. The committee did not pass a clean bill and the bill that passed certainly does not satisfy your maxim.

The one-time credit of $272 million that would reduce the balance of the UI Trust Fund by 15%, approximately $100 million below U.S. Department of Labor's recommended solvency threshold, is controversial and not prudent. There is no surplus in the UI Trust Fund. Lowering the UI Trust Fund by $272 million means employers, especially those with frequent layoffs and high experience ratings, will pay higher premiums/taxes faster and for a longer period of time when there is an economic downturn which is of course the worst time for those businesses to face such a tax increase. As we both know from the forecast, the economic outlook is murky and job growth is less certain. Taking a longer view is particularly prudent right now. (As one example, the UI Trust Fund paid out $1.7 billion in payouts in 2009 alone. That is more than the Trust Fund's current balance even before the proposed $272 million reduction.)

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On the other hand, our caucus would support DEED's proposal to give employers on-going credits if the UI Trust Fund reaches 4% above the Average High Cost Multiple of 1.0 starting in 2017. It too is a proposal that has broad and bipartisan consensus made clear by the fact that Rep. Garofalo included the language in his bill. The proposal is likely to result in a reduction in UI premiums/taxes for businesses of $100-150 million in 2017 and will have ongoing effect. Unlike the proposed $272 million one-time reduction (but very much similar to the bill we passed on a bipartisan basis in 2013), the DEED proposal takes the long-view working within the structure of the UI Trust Fund. It is based on a solvency level; not just an arbitrary number.

There are a few other concerns with the bill that passed out of committee that I believe are easily remedied. First, the language that passed out of committee defines who qualifies for the UI benefit extension so narrowly that over a thousand laid-off workers on the Iron Range may not qualify, particularly members of the building and construction trades historically employed in the mines and vendors currently excluded from the bill. It should be expanded to make sure we're helping all families in need which I believe is everyone's intent. Second, the language includes totally gratuitous "legislative findings" that do nothing to either help laid-off workers and their families or improve economic conditions in northeastern Minnesota. It can be eliminated without any substantive impact whatsoever, particularly if we are interested in helping Iron Range families and not pursuing another agenda.

I look forward to hearing from you. I am confident that we can work together to pass an uncontroversial bill that extends UI benefits for workers and their families in northeastern Minnesota and work together to suspend the rules on Tuesday to immediately pass that relief.

Sincerely,

Paul Thissen
State Representative