



Ongoing Issues for Business

- **Potential use of the already stressed UI administrative system as vehicle for other federal program expansions**
- **Shifting of costs of expanded social safety net to employers**
- **Possible use of UI administration as vehicle for much more broadly based TAA and/or wage insurance programs supported by new payroll taxes**
- **Why disturb a mature federal/state partnership with broad public support that actually works???**



Impact of Federal Extensions

Insufficient administrative funding

Increases in regular state UI claims rates

Complicated coordination with regular Fed/State EB, TAA, and other programs

Lack of focus on integrity and re-employment

Expectation by claimants of long term subsidies

Increased error rates

Increasing regular claims duration



Exhausted Federal Accounts

- Increase FUTA taxes
- No Reed Act funds available
- Greater pressure on reducing federal administrative funding for UI
- Increased pressure on state general fund budgets and state taxes to make up for lack of Reed Act and regular federal administrative funding.
- Increased pressure on federal general fund budgets and taxes to make up for FUTA account deficits



What Congress Should Do

No further consideration of federal UI extensions , expansions or tax increases until there is a clear picture of deficits in the federal unemployment accounts

Additional spending for unemployment compensation above normal federal EB program should come from non-FUTA funded sources

Invest in Reemployment Services and UI Integrity

Fully Fund UI Administration

Encourage Collaboration with Business, Worker Representatives and Other Programs serving the Workforce



What We Can Do

Learn from History –(1970s, 1980s, 1990s and 2001 Recessions)

Educate Congress about the Federal/State UI System

Advocate for a properly funded, state administered, experience rated social insurance program

Clarify the role of the UI program to provide temporary wage replacement for individuals who become unemployed through no fault of their own in connection with their employment who are able, available and actively seeking suitable work

Focus on Jobs and Economic Recovery