



State of Illinois

September 28, 2020

Honorable [Name]
Illinois Congressional Delegation
[Address]
[Address]
[Address]

Dear Illinois Congressional Delegation Member:

We, the undersigned members of the bipartisan Illinois State Senate Unemployment Insurance Working Group, write to urge Congress to provide significant funding to stabilize states' unemployment insurance trust funds and continued relief for unemployed workers. The efforts to contain the COVID-19 pandemic have resulted in a recession with record high unemployment levels resulting in significant challenges to maintain the solvency of the unemployment insurance trust fund.

Normally, unemployment insurance trust fund deficits would be resolved over time through borrowing paid for by tax increases on employers, benefit cuts on workers, or a combination thereof. However, increased benefit costs, extended periods of claims, and declines in taxable payrolls have made taking such actions unrealistic. According to the National Association of State Workforce Agencies, during the great recession thirty-six states depleted their trust funds leading to cumulative borrowing of \$51.2 billion from the federal government to finance regular unemployment benefits. The dire situation now will surely be more than double that amount. The fact of the matter is, borrowing at this level is not a viable substitute for the substantial direct aid needed to offset the cost of unemployment benefits stemming from the COVID-19 pandemic.

The possibility of a second wave of Covid-19 could severely decrease business investments and revenue, causing more business closures and mass layoffs. The Illinois Department of Employment Security (IDES) has already reported that as of September 2020, Illinois has a \$1.8 billion deficit and projects the Illinois' trust fund deficit by the end of 2020 to be \$4 billion. The deficit could reach between \$8 billion and \$11 billion by the end of 2023. With a current unemployment rate at 11.3% and continued double digit unemployment through 2020 and beyond, federal assistance in order to continue to pay benefits is necessary.

IDES economists' most hopeful predictions related to the health and sustainability of the fund include a presumption that Congress will provide continued relief in the form of an extension of the Federal Pandemic Unemployment Compensation (FPUC) through the last quarter of 2020, an additional stimulus check sent directly to tax payers, and continued stimulus and relief for business owners. These efforts are predicted to provide the best path forward to a stable and orderly recovery. Without such immediate



State of Illinois

relief, additional individuals may become unemployed and businesses unable to sustain, thereby creating a larger drain on our trust fund. These additional layoffs and business closures may worsen the recession and disproportionately hurt low-income residents and people of color already particularly harmed by the pandemic.

The fact remains, no amount of business tax increases and benefit reductions can help Illinois get out of such a severe trust fund deficit. For these reasons, and on behalf of the bipartisan Illinois State Senate Unemployment Insurance Working Group, we respectfully seek your advocacy in securing additional relief for Illinois workers and businesses and a plan for federal stabilization of the unemployment insurance trust funds across the country to give the economy the best possible chance of recovering quickly.

Sincerely,

Sen. Linda Holmes,
Chairwoman

Sen. Omar Aquino

Sen. Cristina Castro

Sen. Jacqueline Y. Collins

Sen. Bill Cunningham

Sen. Donald P. DeWitte

Sen. Laura Ellman

Sen. Sara Feigenholtz

Sen. Napoleon Harris III

Sen. Sue Rezin

Sen. Brian W. Stewart

Sen. Jil Tracy

Sen. Patricia Van Pelt

Sen. Ram Villivalam

Sen. Chuck Weaver