

IDES Securing Unemployment Benefit Payment Funds for Coming Months

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SPRINGFIELD – The Illinois Department of Employment Security (IDES) today announced it will begin to borrow funds from the federal government to continue to meet unemployment benefit payment obligations to claimants who have lost work as the COVID-19 pandemic continues. Illinois joins eight other states who have either been approved to borrow or have begun to borrow money from the federal government to continue to fulfill unemployment benefit payments.

Through the end of June, IDES anticipates borrowing approximately \$300 million from the federal government through a long existing mechanism set up to enable states to continue to fund essential benefit payments when demand increases unexpectedly. IDES has been approved to borrow up to \$3.8 billion through September 2020. During the 2008 Great Recession, the department borrowed \$1.4 billion, and it was repaid in five years through a joint funding agreement with Illinois' business community.

The Unemployment Trust Fund is one hundred percent funded by employer taxes. While the ability to pay back what is borrowed has historically come in the form of an agreed rate change in employer taxes, IDES and the Pritzker administration are exploring federal legislative options, including a stimulus package specifically aimed at forgiving states' unemployment expenses and rebuilding unemployment trust funds.

More than \$7 billion has been paid in unemployment benefits to Illinois claimants from March 1 – June 18, 2020. \$2.5 billion has been paid out of the Illinois Unemployment Trust Fund in regular unemployment benefits, in addition to \$4.3 billion in Federal Pandemic Unemployment Compensation benefits and \$290 million in Pandemic Unemployment Assistance benefits, both of which are two new fully federally funded programs. IDES paid \$534 million in unemployment benefits during the same period last year, a 373% increase.