Governor Pritzker, Lt. Gov. Stratton Announce Historic Agreement To Eliminate Pandemic Unemployment Debt, Protect Benefits for Workers

November 29 2022 3:07 PM

SPRINGFIELD – Governor JB Pritzker and Lt. Governor Stratton announced today a historic agreement to pay off the remaining $1.36 billion unemployment insurance loan balance, replenish the fund for the future, and protect benefits for working families. The agreement will save taxpayers an estimated $20 million in interest costs that would be due next September and preserves hundreds of millions of dollars in future federal tax credits for Illinois employers.



The agreement between representatives from business, labor, bipartisan members of the General Assembly, and the state, will contribute more than $1.8 billion in state funds to the unemployment insurance trust fund, which includes the payment of the remaining federal loan balance borrowed under Title XII of the Social Security Act. The remaining $450 million will be placed into the trust fund from state funds as an interest-free loan. As the loan is repaid over the next ten years, funds will be deposited directly into the state's rainy-day fund.

"I'm proud to announce that together, we've reached a historic, bipartisan agreement to eliminate pandemic-induced UI Trust Fund debt, replenish the fund for the future, protect benefits for working families, and further fuel Illinois' strong economic trajectory," **said Governor JB Pritzker.** "Republicans and Democrats are delivering a historic state investment of $1.8 billion to the Unemployment Trust Fund. This bipartisan agreement eliminates the final portion of the $4.5 billion debt forced upon our state during the pandemic and saves Illinois businesses and taxpayers hundreds of millions of dollars over the next decade."

"The people of our state deserve a secure future, one that supports working families and continues to make Illinois a great place to live," **said Lt. Governor Juliana Stratton.** "Through collaboration and a shared vision among the stakeholders who came together in the work, this agreement is another example of our commitment to responsible, forward-thinking leadership that builds the groundwork for a strong economy for years to come."

"In my brief tenure as Senate President, what I'm most proud of is the work we've done to restore fiscal stability, **said Senate President Don Harmon (D- Oak Park).** This agreement is yet another step forward. I applaud everyone involved for coming to the table with workable ideas and the desire to be part of a solution."

"The pandemic created unprecedented challenges for unemployment insurance systems across the nation and without action, Illinois employers would have faced crushing tax increases in the midst of other challenges. This agreement will ease that pressure and provide greater stability for our system, while also ensuring employers pay over $900 million less in taxes over the next five years than they otherwise would have," **said Rob Karr, President and CEO of the Illinois Retail Merchants Association.** "On behalf of the Joint Employers, we extend our appreciation to our partners in organized labor, Gov. JB Pritzker and his staff, the Illinois Department of Employment Security, and the Democratic and Republican caucuses in the House and Senate for their dedication to working together to solve what we hope is a once-in-a-lifetime crisis."

"Responsible fiscal decisions and new lows in unemployment claims have put our state in an advantageous position," **said State Senator Bill Cunningham (D-Chicago).**

“Thanks to the collective work of so many, our budgets are balanced, and we have the opportunity to fully pay down our debt in a timely manner.”

“This action is just the latest building block in our efforts to improve the financial status of our state,” **said State Senator Linda Holmes (D-Aurora).** “By paying what we owe and continuing to pass responsible budgets, our state’s fiscal status only continues to improve.”

“I’m proud of the long hours negotiators on both sides have put into creating this agreement,” **said State Senator Sue Rezin (R-Morris).** “It’s good to know we’re working together to pay off debt and even better to know that the funds previously allocated to paying down that debt will now go to shoring up the state’s Rainy Day Fund.”

“Paying off the unemployment insurance trust fund debt is a crucial step in our state’s continued recovery from the fiscal crisis brought on by the COVID-19 pandemic,” **said State Representative Marcus Evans (D-Chicago).** “Thanks to the hard work of my colleagues in the legislature, Governor Pritzker, and numerous stakeholders in the business community and organized labor, we can now proudly say we are on the path toward fiscal security in the state of Illinois.”

“This monumental agreement is an example of what is possible when sound financial choices are made,” **said State Representative Jay Hoffman (D-Swansea).** “Through these actions, we’re saving taxpayer and employer dollars while maintaining unemployment benefits and building on the state’s record of success in meeting our obligations.”

“This has been a long and tough process, but everyone stuck with it even when there were disagreements,” **said State Representative Mike Marron (R-Fithian).** “As a result, Business, Labor, Republicans, Democrats, the Governor, the Legislature, and IDES came together to get this deal done that will help both small business owners and Illinois workers.”

"This is a good agreement for both employees and the business community in the State of Illinois," **said State Representative Dan Ugaste (R-St. Charles).** "Across-the-aisle cooperation of this type is what provides the best results for everyone in the State."

“The Illinois Department of Employment Security has been proud to work alongside the partners of the agreed bill process and is pleased the outcome is beneficial to the state, workers, and employers,” **said IDES Director Kristin Richards**. “The state’s Trust Fund is a critical resource, and ensuring its healthy future is in the best interest of our state’s economy.”

The agreement strengthens the state’s trust fund, alleviates a burden looming over businesses, and ensures there are no reductions in both the standard number of weeks of unemployment benefits and the amount a person can claim. The agreement is expected to pass via bipartisan legislation during upcoming legislative sessions.

The unemployment trust was forced to borrow $4.5 billion in federal funds to provide economic relief to the unprecedented number of unemployed workers throughout the Covid-19 pandemic.

This is the third significant contribution to the outstanding loan balance. In March of 2022, Governor Pritzker signed legislation which provided an historic $2.7 billion contribution to assist the state’s unemployment trust fund via one-time federal ARPA dollars; in September of 2022, another $450 million payment was made toward the loan balance from the fund itself due to months-long historically low unemployment claims.

In addition to months of historically low unemployment claims, the state has created 770,000 more jobs since the bottom of the pandemic recession and surpassed one trillion dollars in GDP for the first time in history.