



Governor Pritzker Signs Historic Unemployment Insurance Agreement

December 9 2022 10:23 AM

CHICAGO – Today Governor JB Pritzker signed the historic Unemployment Insurance (UI) Agreement, finalizing a bipartisan plan to pay down \$1.36 billion in UI loan debt remaining from the COVID-19 pandemic. 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, without decreasing benefits for employees.

“Today, I signed historic, bipartisan legislation 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. “We are delivering an investment of \$1.8 billion—\$1.36 billion of which will pay off the remaining balance of federal advances and \$450 million of which will serve as an interest-free loan 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. It will save Illinois businesses hundreds of millions of dollars over the next decade, and it will save taxpayers \$20 million in interest costs that would otherwise have been due next September.”

The bill, negotiated by 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 \$1.3 billion 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, also known as the Budget Stabilization Fund.

“This agreement makes history and makes financial sense,” said Lt. Governor Juliana Stratton. “It is a collaborative effort by stakeholders and members of both sides of the aisle to save taxpayers’ money while protecting the rights of workers. Illinois continues

to make fiscally responsible decisions that strengthen our economy and puts families first.”

“With this measure, we continue our work of rebuilding Illinois’ fiscal house and laying the foundation for a stronger future,” said House Speaker Emanuel “Chris” Welch (D-Chicago). “This was a difficult process, but is an example of how good policy gets made. I want to thank those who pulled up a seat at the negotiating table and made a true effort to find common ground and reach a solution.”

“In my time as leader of the Senate, what I’m most proud of is the work we’ve done to restore fiscal stability to the state after years of mismanagement,” said Senate President Don Harmon (D-Oak Park). “This agreement is yet another step forward. I applaud everyone involved for coming to the table and working together to find practical solutions and keep our state moving forward.”

“We thank Gov. JB Pritzker for swiftly signing this historic agreement into law. While the problems facing Illinois’ unemployment system were not unique in the wake of the pandemic, how we went about solving these challenges was. Through careful and deliberate negotiations via the tried and true ‘agreed bill’ process, we have chartered a path forward that will resolve this debt, save businesses more than \$900 million in taxes they would otherwise have paid, and secure benefits for laid off workers,” said Rob Karr, President and CEO of the Illinois Retail Merchants Association. “We extend our gratitude to our partners in organized labor, Governor Pritzker and his team led by Deputy Governor Andy Manar, as well as the bi-partisan legislative negotiators including Senators Bill Cunningham, Linda Holmes, Sue Rezin, and Win Stoller, and Representatives Marcus Evans, Jay Hoffman, Mike Marron, and Dan Ugaste. We also appreciate the hard work of Illinois Department of Employment Security Director Kristin Richards and her staff for their valuable assistance through the agreed bill process, as well as their vital services every day.”

“Every day, more Illinoisans are finding quality employment opportunities, but it’s still vital that we work together to ensure that if workers fall on tough times there’s a strong safety net for them,” said Pat Devaney, Illinois AFL-CIO Secretary Treasurer. “We have a historic opportunity to protect the benefits of workers while also repaying a debt and continuing to keep Illinois on the right financial path. I’m thankful to Governor Pritzker for his continued commitment to the success of working families in Illinois.”

"As we approach another month of low unemployment claims and continue our pattern of responsible bill-paying and financial prudence, we find ourselves in a position to once again make an investment in Illinois’s future," said State Senator Bill Cunningham

(D-Chicago). "Thanks to the collective work of so many on both sides of the aisle, our budgets are balanced and we have the opportunity to fully pay down our debt in a timely manner, saving real taxpayer dollars."

"This signing, and the agreement it ratifies, is just the latest building block in our efforts to improve the financial status of our state," said State Senator Linda Holmes (D-Aurora). "It's why we've received these credit upgrades and why Illinois continues to grow to a bright financial future."

"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."

"The UI system helps the people who I care about in my community and are struggling daily to make ends meet," said State Representative Marcus Evans (D-Chicago). "Together, we did what we were obligated to do for those in need by creating a safety net for these challenging times. Thank you, Governor Pritzker, for prioritizing fiscal responsibility today, thus; creating the opportunity to help the people I care about and serve tomorrow."

"This bipartisan measure represents real action to support working families and underscores the significant value of putting aside differences to work together," said Assistant Majority Leader Jay Hoffman (D-Swansea). "This plan protects benefits, saves employers money, improves our state's financial outlook and provides long-term security for workers across Illinois. I am appreciative of those who negotiated on behalf of labor and business, and am optimistic that we can continue to work together in good faith to prioritize working families."

"A deal was reached by the bi-partisan Unemployment Insurance working group that will reduce taxes on job creators protecting all our Illinois workers by maintaining benefits and avoiding unnecessary taxes," State Representative Mike Marron (R-Fithian) said. "This successful negotiation brought all levels of government, business, and labor to the table to achieve a good deal for the people of Illinois. I am always willing to work across the aisle to collaborate in good faith on the real issues facing our constituents and I would like to thank everyone involved in this process for their candor and leadership."

"Under the leadership of Governor Pritzker, this historic bipartisan agreement will fund a vital state resource benefiting both employers and workers," said IDES Director Kristin Richards. "IDES is proud to have taken part in the agreed bill process that has led to SB1698, and thanks the four legislative caucuses for their support."

This is the third significant contribution to the outstanding loan balance, which increased significantly after the fund was forced to borrow \$4.5 billion in federal funds to provide relief to workers unemployed due to COVID-19. 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.

Governor Pritzker has also previously invested over \$1 billion in the state's Rainy-Day Fund during his first term. The fund had previously dipped as low as \$60,000. Major investments in the Fund are a key reason for Illinois's six recent credit upgrades. S&P Global Ratings and Fitch Ratings both cited the fund's improvement in their decision to increase its rating, as well as responsible payments to pension funds and up-to-date bill payments.