



*“The Voice of Business on Unemployment & Workers’ Compensation”*

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**FOR IMMEDIATE RELEASE**

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**BUSINESS GROUP URGES \$6 BILLION TRANSFER OF EMPLOYER PAID FEDERAL UNEMPLOYMENT TAX REVENUE TO BOLSTER STATE UNEMPLOYMENT TRUST FUNDS**

WASHINGTON, D.C., November 10, 2009 – The national organization representing business in unemployment insurance policy development today announced its support for a \$6 billion federal transfer of unemployment trust funds to state unemployment accounts to bolster account balances that have been depleted by increasing unemployment claims levels.

The announcement comes after October, 2008 unemployment claims numbers showing significantly increasing unemployment claims numbers and a call from the National Association of State Workforce Agencies for additional funds for state accounts.

Employers pay a federal unemployment tax primarily to fund administration of the Federal/State Unemployment System and a state unemployment tax primarily to fund state unemployment benefits. “It just makes sense to move the excess federal unemployment tax dollars paid by employers to support the unemployment insurance system to the state accounts where they are needed. This transfer of funds from the federal unemployment account to the state unemployment accounts is needed now to improve solvency” said Douglas J. Holmes, President of UWC – Strategic Services on Unemployment & Workers’ Compensation.

In a letter to Congressional leadership, Holmes noted that state unemployment trust fund balances in total had fallen by \$4 billion in the year ending September and that balances would continue to fall with increasing claims levels. Ten states, including California, Florida, Idaho, Indiana, Kentucky, Michigan, Ohio, Rhode Island, South Carolina and Wisconsin have seen their unemployment trust fund balances fall by more than 25% over the last year.

“This \$6 billion transfer is a temporary, timely, and targeted measure that will stimulate the economy not only by providing the funds needed to pay state unemployment compensation to unemployed workers but also by avoiding tax increases on employment during an economic downturn that would otherwise discourage job creation”, said Holmes.