# EMPLOYERS HAVE TO PAYBACK BORROWED FUNDS

A number of employers from about 20 different states, including the Virgin Islands, have until January 31st to start paying back the money that they borrowed from the federal government as a means of covering the cost for the growing number of insurance claims that were made because of the recession which has left the United States economy in turmoil. The recession began in 2007 and ended in 2009. While three years have passed since the ending of the recession, most people do not even realize it ended because the recovery for the economy has been such a long and tough process. Many employers and states had to borrow money because there simply was no other option. The executive director for the National Employment Law Project, Christine Owens, has said, "Corporate lobbyists complain about paying back these federal loans, but they conveniently ignore their own central role in causing the crisis. Years of incessant lobbying for ever-lower tax rates left their states' rainy-day funds completely unprepared for the recession." She also says, "Now that the inevitable bill has come due, the corporate lobby is trying to avoid responsibility and pin the blame on unemployed Americans and the federal government." Many of the states that had to borrow money from the federal government have passed a legislation to roll back the unemployment coverage, which would include making cuts on how long benefits would be available and make the eligibility requirements for benefits stricter and tighter. Owens has said, "This is a question of fairness. Who should pay for the irresponsibility that created this problem—jobless workers who played no role in the decision to under-fund state programs, or corporations and politicians who made a conscious decision to be irresponsible?" She also says, "It's shameful that the hired guns and state lawmakers who now trumpet the need for fiscal responsibility and living within our means were the ones whose irresponsibility created the problem we're facing." FUTA, the Federal Unemployment Tax Act, taxes that are paid by the employers will increase by about $21 for each employee in the states that were unable to pay off the federal loan in the month of November in 2011. The penalty of $21 will continue to increase until the debt is finally paid off. Both Indiana and Michigan owe more than $21 per employee because one of the states is in their second year and the other state is actually in its third year. The United States Department of Labor has also estimated that the employers located in states that are long-term borrowers will end up paying nearly $2 billion toward the federal loans during the month of January because of the FUTA tax. The Senator of Illinois, Richard Durbin tried to waive the federal loan interest payment but unfortunately, it did not work out well. Owens says, "The effort was opposed by business groups and stalled in Congress. The fact that corporate interests walked away from a deal that would have saved employers and states billions is a clear indication that not everyone is interested in the long-term stability of the nation's unemployment insurance system."