



DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

News Release

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HAWAII UNEMPLOYMENT TRUST FUND IN DEBT

HONOLULU – The Department of Labor & Industrial Relations (DLIR) began using federal funds to pay for unemployment benefits today due to the insolvency of the state's Unemployment Trust Fund. The department estimates borrowing \$17 million by the end of the year through the U.S. Secretary of Labor, in accordance with the requirements under Title XII of the Social Security Act, to continue to issue unemployment benefits checks. Unemployment benefits help individuals who have lost their job through no fault of their own to provide for their families and further aid Hawaii's economic recovery.

Hawaii joins the 32 other states who already have borrowed money from the federal government to pay unemployment benefits during the current economic downturn. DLIR anticipated the insolvency and proactively took the steps to request advances from U.S. Department of Labor last September. Currently, Hawaii pays out \$25 million in regular unemployment benefits a month through the trust fund.

The DLIR projects borrowing from the federal government all through 2011 and into the first quarter of 2012. Interest payments on the loan are due in September of every year, which may require a very small additional assessment on employers in 2011. The department's current projections include a \$1 million interest payment due next September.

Most employers will also see a tax increase in 2011 to replenish the trust fund. Legislation in 2010 mitigated a steep rise in unemployment taxes for employers by fixing the Contribution Tax Schedule in 2010 to D and increasing to F in 2011. However, the amount of wages subject to unemployment taxes will decrease from \$34,900 to \$34,200.

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For more information, go to www.hawaii.gov/labor or contact:

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