



## DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

### News Release

**NEIL ABERCROMBIE**  
GOVERNOR

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For Immediate Release: October 28, 2011

### **HAWAII'S UNEMPLOYMENT TRUST FUND OUT OF DEBT**

**State Moves Proactively to Save Employers \$1,200,000**

**HONOLULU**—"We are pleased to announce that the Unemployment Trust Fund (UTF), which is used to pay unemployment benefits, entered the new federal fiscal year in the black," said Department of Labor and Industrial Relations Director Dwight Takamine. The state had borrowed funds from the federal government beginning in December 2010 and anticipated owing \$1 million in interest on September 30. Instead, the state only paid \$211,000 for interest on loans made in December 2010. "The fact that the UTF currently has a positive balance alone is encouraging news. Furthermore, the additional \$1.2 million savings is significant for the business community and Hawai'i's economy," said The Chamber of Commerce of Hawai'i President, Jim Tollefson.

However, the State and Hawai'i employers were potentially facing additional interest payments this year. For loans taken during calendar year 2011, the accrued interest of \$371,000 would be waived as long as the state took no further federal loans between October 1 and December 31, 2011. The DLIR, however, projected needing to borrow again during the last quarter of 2011,

which would require the immediate payment of \$371,000 in interest that had accrued on federal loans taken since January 1, 2011.

To avoid having to borrow from the federal government again, Governor Abercrombie approved an agreement between the DLIR and the Department of Budget & Finance that temporarily allows the DLIR to replenish the Unemployment Trust Fund from the State treasury, thus avoiding having to pay the \$371,000 in accrued interest. Hawai'i employers' will save \$1,200,000 because the law providing the mechanism for the assessment for the interest payment allows the DLIR to forego charging an Employment & Training Fund Assessment next year. DLIR projects paying off any short-term loan by the end of 2011.

“The legislature deserves much credit for crafting a temporary mechanism in our law to pay interest that both met federal requirements and provided tax savings for businesses during these challenging economic times,” said Governor Neil Abercrombie. “DLIR and B&F also deserve recognition by working together to exercise prudent fiscal management, especially the staff of the Unemployment Insurance Division that generated this creative solution.”

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