

## COVID-19 UNEMPLOYMENT INSURANCE – GEORGIA STATE UPDATE



NOTICE DATE 16 OCTOBER 2020

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*NOTE: As you know each state administers a separate unemployment insurance program, but all states follow the same guidelines established by federal law. [Check with your state's unemployment insurance program](#) regarding the rules in your state.*

On October 14, 2020 Georgia Governor Brian Kemp announced that Georgia will allocate \$1.5 billion in Coronavirus Relief Funds to the state unemployment trust fund to save Georgia employers millions of dollars in state and federal unemployment taxes, prevent significant layoffs, and save the state millions of dollars in interest payments. According to the Georgia Department of Labor,

- By allocating up to \$1.5 billion in Coronavirus Relief Funds for this purpose, Georgia will save the average Georgia employer approximately \$350 per year for each employed worker.
- With benefit payments projected to outpace tax revenue, Georgia would otherwise have to continue to borrow federal funds to pay benefits. After the Great Recession of 2008-2009, it took three years until tax revenue outpaced benefit payments on an annual basis. By 2023, without raising employers' tax rates for unemployment insurance and without a capital injection, the GDOL estimates the state could borrow another \$1 billion to pay benefits. With a substantial loan balance for three years, Georgia employers would also lose Federal Unemployment Tax Act (FUTA) tax credits, resulting in a cost of \$85 million per year, compounded annually. By 2025, FUTA tax credit losses would have cost Georgia employers \$500 million. Although economic forecasters predict that tax revenue will outpace benefit payments by this time, the difference would not be enough to repay the debt.
- Without the transfer of funds, the state would have to increase unemployment tax rates for employers between 300% and 400% to make headway on paying off the loan
- **This reallocation of federal funds will allow more employers across the state to focus on the growth and success of their businesses without having the additional pressure of a rising unemployment tax.**

For questions about this notice, please contact your account manager (not your claims analyst).

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