Letter of Support for Congressman Davis' Interest Waiver for UI Trust Funds Proposal

January 20, 2022

The Honorable Danny K. Davis
2159 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Davis,

We are writing on behalf of the National Association of State Workforce Agencies (NASWA) to endorse your legislative proposal to waive interest payments and the accrual of interest on unemployment insurance trust fund loans through the end of this federal fiscal year.

NASWA is the national organization for the workforce agencies in all states, the District of Columbia, and the U.S. Territories. Throughout the pandemic recession, our members have been, and continue to be, on the frontlines, administering the nations' unemployment insurance (UI) programs.

The Families First Coronavirus Act, as originally passed on March 18, 2021, waived trust fund loan interest through December of 2020. Recognizing the potential impact to employers and the general economy, Congress extended the waiver twice – first through the Continued Assistance for Unemployed Workers Act of 2020 and again in the American Rescue Plan Act of 2021 (ARPA). The waiver expired on September 6, 2021.

As included in NASWA's 2021 legislative priorities, NASWA supports an interest waiver through 2022. With extreme claim loads in the last two years, many states either have or are actively borrowing to make UI payments. According to information from our members, at least 21 borrowed funds from the federal government to replenish depleted UI trust funds. In order to avoid costly interest payments, many of the borrowing states have used state relief funds to pay down loan balances.

A continued moratorium on interest accrual and payments would provide critical support to our continued economic recovery. If required to pay interest, states will have no choice but to either increase employer unemployment insurance taxes or otherwise divert state funds that could have been used in the recovery effort.

Thank you for your work on this important issue.

Sincerely,

Robert Asaro-Angelo
NASWA Board Chair
Commissioner,
New Jersey Department of Labor & Workforce Development

Dr. Tamika L. Ledbetter
NASWA Board Chair-Elect
Commissioner,
Alaska Department of Labor & Workforce Development

Scott B. Sanders
NASWA President and CEO

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