

Georgia's Unemployment Trust Fund

A Plan Urgently Needed to Restore Solvency

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Georgia was unprepared for a recession and long-term unemployment. Years of employer tax cuts left Georgia's unemployment trust fund insolvent, and left the state borrowing \$721 million from the federal government to meet its obligations. Georgia's first interest payment of \$21 million is due on September 30, 2011.

Today the Georgia Budget & Policy Institute released its policy brief, [Georgia's Unemployment Trust Fund: A Plan Urgently Needed to Restore Solvency](#). The policy brief provides an update on Georgia's insolvent unemployment trust fund and recommendations for how the state can rebuild its reserve and avoid future insolvency.

Highlights:

- The financing of Georgia's unemployment trust fund is broken. A decade of tax cuts drained the reserves prior to the recent recession, the system relies unrealistically on tax increases when unemployment is high, the taxable wage base hasn't been increased since 1990, and too many employers pay the minimum tax.
- Georgia's insolvency is a revenue problem not a spending problem. Georgia has some of the lowest unemployment tax rates and offers some of the least generous unemployment payments in the U.S.
- Georgia's best option is to support the Unemployment Insurance Solvency Act of 2011 (U.S. Senate Bill 386) that provides states with short-term relief and a path to future solvency. With or without S. 386, Georgia should convene a diverse task force to develop a plan to repay the loan and rebuild reserves before the next down-cycle. The state's plan should enable employers' ability to recover and create jobs while protecting unemployment benefits for jobless workers.

[Click here to download the full policy brief.](#)

About Georgia Budget & Policy Institute

GBPI is the state's leading independent, nonpartisan nonprofit engaged in research and education about the fiscal and economic health of the state of Georgia. GBPI provides reliable, timely analysis of Georgia's budget and tax policies, and promotes greater state government fiscal accountability, improved services and an enhanced quality of life for all Georgians.