Gov. Kemp Announces $1.5 Billion in CARES Act Funding to Unemployment Insurance Trust Fund

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Atlanta, GA – Governor Brian P. Kemp today announced that as much as $1.5 billion in Coronavirus Relief Funds from the CARES Act would be allocated to repay borrowing for the Georgia Unemployment Insurance Trust Fund to prevent increases in state and federal unemployment taxes. By year's end, the Georgia Department of Labor (GDOL) estimates that the state Unemployment Insurance Trust Fund will have borrowed a total of $1.5 billion in response to the COVID-19 pandemic's impact on Georgia's labor force.

"COVID-19 has brought unprecedented challenges to nearly every business - large and small - and upended the lives of millions of Georgians," **said Governor Kemp**. "Through no fault of their own, thousands of people became unemployed overnight, businesses were shut down, and countless families suffered. Today's announcement will 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.

"By directing these Coronavirus Relief Funds to the Trust Fund, we will ensure we're prepared to meet the needs of struggling Georgians in the months to come and support businesses across the Peach State who are putting people back to work and serving their local communities."

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 will 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 will have to increase unemployment tax rates for employers between 300% and 400% to make headway on paying off the loan," **said Georgia Department of Labor Commissioner Mark Butler**. "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."

"As the top state for business for a seventh straight year, the allocation of these CARES Act dollars to the Unemployment Insurance Trust Fund highlights our state's commitment to protecting Georgia jobs and saving businesses thousands of dollars per employee," **said Lt. Governor Geoff Duncan**. "Governor Kemp has continued to prioritize both people's health and their paychecks throughout the COVID-19 pandemic, and today's action will only strengthen our state's incredible economic momentum in the months and years to come."

Governor Kemp is also committing up to an additional $400 million of the Coronavirus Relief Funds for the state share of matching funds for FEMA grants, Georgia National Guard expenses, continued hospital staffing augmentation, and state COVID-19 response expenses.

Governor Kemp has previously announced $113 million of CARES Act funds to Georgia **nursing homes**

(https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fsable.madmimi.com%2Fc%2F226400%3Fid%3D1196088.12256.1.47231f14d8acd2c4a702db462ee7deb4&data=04%7C01%7Cwilliam.matney%40georgia.gov%7C360ab63db3be4b2f455d08d8707be748%7C512da10d071b4b948abc9ec4044d1516%7C0%7C0%7C637383024755630768%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=O%2BScAYqcZhvZGjvpK6Lh1aIJ1PlaVQECwygy1i05AzM%3D&reserved=0), $105 million in GEERS funds to support **student connectivity and education** (https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fsable.madmimi.com%2Fc%2F226400%3Fid%3D1196088.12257.1.49fd4397dd670e64dc1cf52a840054ab&data=04%7C01%7Cwilliam.matney%40georgia.gov%7C360ab63db3be4b2f455d08d8707be748%7C512da10d071b4b948abc9ec4044d1516%7C0%7C0%7C637383024755640723%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=x8x7Xi2KyHNOSU1dj8PLj7A5sNdvfTC6Fq%2BkCB1udpg%3D&reserved=0), and $371 million in direct support to **local governments** (https://gcc01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fsable.madmimi.com%2Fc%2F226400%3Fid%3D1196088.12258.1.013d94e6d2fc864ea0d3a52a72ac1e5a&data=04%7C01%7Cwilliam.matney%40georgia.gov%7C360ab63db3be4b2f455d08d8707be748%7C512da10d071b4b948abc9ec4044d1516%7C0%7C0%7C637383024755640723%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=kv%2BSUeXVtLsWIC1tba6tK%2FpZom1po55%2BqGQNA7rRtoQ%3D&reserved=0) for COVID-19 related expenses.

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