

**Office of the Governor**  
**State of Louisiana**

**JOHN BEL EDWARDS**  
GOVERNOR



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July 23, 2020

Senator Bill Cassidy  
703 Hart Senate Office Building B11  
Washington, DC 20510

Congressman Steve Scalise  
2338 Rayburn House Office Building  
Washington, DC 20515

Congressman Clay Higgins  
1711 Longworth House Office Building  
Washington, DC 20515

Congressman Ralph Abraham  
417 Cannon House Office Building  
Washington, DC 20515

Senator John Kennedy  
Russell Senate Office Building  
Washington, DC 20510

Congressman Cedric Richmond  
420 Cannon House Office Building  
Washington, DC 20515

Congressman Mike Johnson  
327 Cannon House Office Building  
Washington, DC 20515

Congressman Garret Graves  
430 Cannon House Office Building  
Washington, DC 20515

Dear Members of the Louisiana Congressional Delegation:

As you consider the current proposals for COVID-19 relief legislation, I write to you today to bring to your attention the serious concerns I have about the solvency of the Louisiana Unemployment Insurance Trust Fund and the need for federal assistance to assure that Louisiana can continue to pay out unemployment benefits without undue burdens on Louisiana businesses.

Before the COVID-19 pandemic, Louisiana's Unemployment Trust Fund was the 17<sup>th</sup> strongest in the nation. However, rising unemployment levels stemming from the effects COVID-19 has had on our economy are threatening the stability of Louisiana's Unemployment Insurance Trust Fund. At our current trajectory, Louisiana will have to borrow from the federal government as early as September to replenish the fund to continue paying state unemployment benefits to Louisiana workers.

When Louisiana exhausts its trust fund reserves, we will be forced to borrow sufficient funds from the federal government to maintain solvency of the fund through December 31, 2020. However, loans taken out to continue payments are required to be repaid by November 2022. To

repay these borrowed funds, Louisiana businesses will have to pay additional taxes and assessments. I know that we can all agree that now is not the time to put increased burdens on Louisiana businesses with additional taxes or assessments. Therefore, I am requesting that Congress include in this legislation either loan forgiveness or additional funding that can be used to adequately shore up our trust fund so that this obligation does not fall on Louisiana businesses.

When the Revenue Estimating Conference (REC) certified the state's unemployment trust fund balance on September 1, 2019, the adopted balance was \$1,072,775,884.28. The balance of the trust fund, which determines the maximum benefit payable to a claimant, has been consistent since 2008. However, with the enormous changes in unemployment resulting from COVID-19, the fund balance has dropped significantly. The chart below shows just how significant of a threat is faced by the pressures on the trust fund.



Weekly Trust Fund Update					
Week ending	UI Benefit Payments	Increase/Decrease from Prior Week	UI Trust Fund Balance	New Claims	Increase / Decrease from Prior Week
5/1/2020	\$ 52,760,304.22		\$ 877,326,260.13	68,818	
5/8/2020	\$ 54,746,951.35	3.77%	\$ 888,753,081.32	54,531	-20.76%
5/15/2020	\$ 55,164,755.66	0.76%	\$ 834,275,367.25	35,498	-34.90%
5/22/2020	\$ 54,386,842.74	-1.41%	\$ 785,993,011.12	47,127	32.76%
5/29/2020	\$ 47,389,018.17	-12.87%	\$ 739,964,340.25	25,801	-45.68%
6/5/2020	\$ 53,678,847.96	13.27%	\$ 687,424,759.82	30,061	17.42%
6/12/2020	\$ 50,717,601.74	-5.52%	\$ 643,066,644.19	33,558	11.63%
6/19/2020	\$ 50,046,382.19	-1.32%	\$ 597,096,945.93	27,930	-16.77%
6/26/2020	\$ 51,379,307.50	2.66%	\$ 546,640,220.31	28,671	2.65%
7/3/2020	\$ 50,451,254.33	-1.81%	\$ 503,683,996.59	36,769	28.24%
7/10/2020	\$ 52,989,664.28	5.03%	\$ 454,412,870.48	35,390	-3.75%
7/17/2020	\$ 52,195,046.58	-1.50%	\$ 402,694,258.68	32,332	-8.64%

Since the time this chart was prepared, and in just the past four days, Louisiana has paid out \$51.5 million in state benefits. As of today, the trust fund balance stands at \$352 million. At the current rate of payments, Louisiana is less than seven weeks away from having an insolvent trust fund.

By statute, if Louisiana's trust fund balance is projected to be below \$750 million at the time of the REC meeting in September, the amount of a company's taxable wages increases from \$7,000 to \$8,500, weekly benefits will decrease from \$247 to \$221, and the Louisiana Workforce Commission will lose funding for the Incumbent Worker Training Program (IWTP) beginning

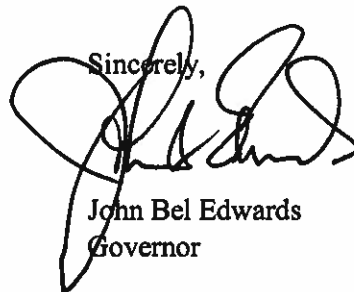
January 1, 2021. Since the trust fund balance is nearing being at half of that threshold at this moment, these significant consequences are almost surely to occur.

Just as importantly, if the trust fund falls below a balance of \$100 million, Louisiana law provides for the Administrator of the Louisiana Workforce Commission to impose a surtax, wherein employers pay up to 30% on taxable payroll. While imposition of a surtax or assessment in any amount would be a last resort, without congressional intervention, it will almost certainly be necessary to ensure the trust fund stays solvent.

I can assure you that Louisiana is not alone in this concern, as governors all across the country are sounding the alarm about the solvency of unemployment programs. On behalf of the people and businesses of Louisiana, I ask that you give consideration to including funding for the Unemployment Insurance Trust Fund in this relief package. By providing this assistance, Congress will be ensuring that our workers can be given the bridge needed for them to return to work, while ensuring that Louisiana businesses are able to focus their efforts on recovering safely from the COVID-19 pandemic.

As always, I truly appreciate the cooperation we have had as we confront this historic emergency. I appreciate the efforts that all of you have made in Washington D.C. as advocates for the people of Louisiana. If I can provide any additional information for you about this important request, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "John Bel Edwards", written over the word "Sincerely,".

John Bel Edwards  
Governor