



## **Illinois passes \$2.4 billion bond authority to address UI solvency**

On November 10<sup>th</sup>, the Illinois legislature enacted legislation (SB 72) to address UI solvency principally by increasing bond authority in the state from \$1.4 billion to \$2.4 billion and planning to use the authority as necessary to avoid FUTA offset credit penalty increases and interest on Title XII debt. The bill was the product of negotiations that included representatives of business and labor as well as legislative leadership.

The \$2.4 billion in bonds is expected to be sufficient to cover the outstanding Title XII debt balance of approximately \$1.8 billion as well as the difference between tax revenue and benefit payout on an annual basis. The bill also provides for additional solvency changes to kick in that will prompt the parties to continuously review the status of solvency and renegotiate if necessary. Other items addressed in the bill include experience factors, number of weeks, WBA, MBA, Social Security Task Force, electronic filings, contribution rates, payment in lieu of contributions, penalties and interest. However the major part of the bill clearly is the use of bonds to address the outstanding debt and to avoid federal penalties.

Summaries from the Illinois business community and the Illinois agency are attached for reference. The bill has the support of Illinois Governor Pat Quinn. See

<http://www.illinois.gov/PressReleases/ShowPressRelease.cfm?SubjectID=2&RecNum=9853>

SB 72, as passed by both houses is available at

<http://www.ilga.gov/legislation/fulltext.asp?DocName=09700SB0072enr&GA=97&SessionId=84&DocTypeId=SB&LegID=54663&DocNum=0072&GAID=11&Session>.