

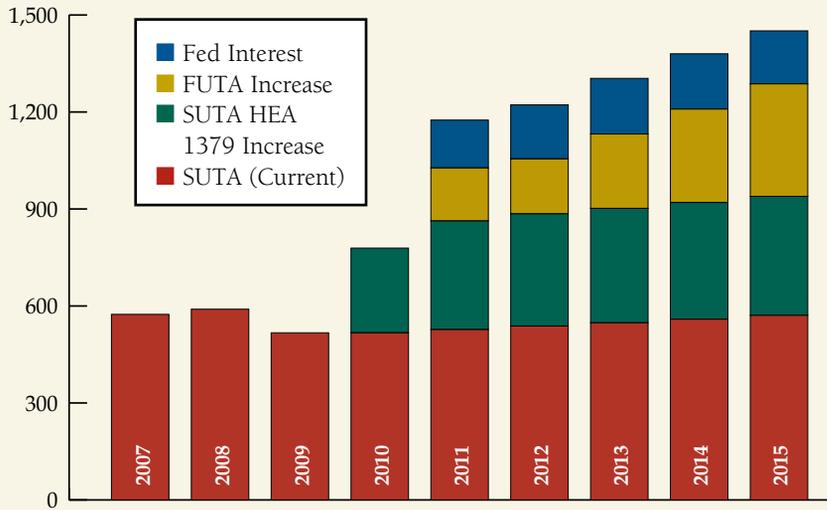
Unemployment Quandary

Higher Employer Taxes ...

Projected Unemployment Insurance Tax Receipts Under HEA 1379

Total State UI Tax (SUTA) and Federal UI Tax (FUTA) Increases and Federal Interest Combined

Millions



Since the end of the regular legislative session and the passage of HEA 1379, the Indiana Department of Workforce Development has compiled data and produced longer range projections that show that the intended fix of the unemployment insurance (UI) trust fund will unfortunately not be achieved. This new information is based on updated unemployment rate projections and the combined impacts of the state and federal tax increases.

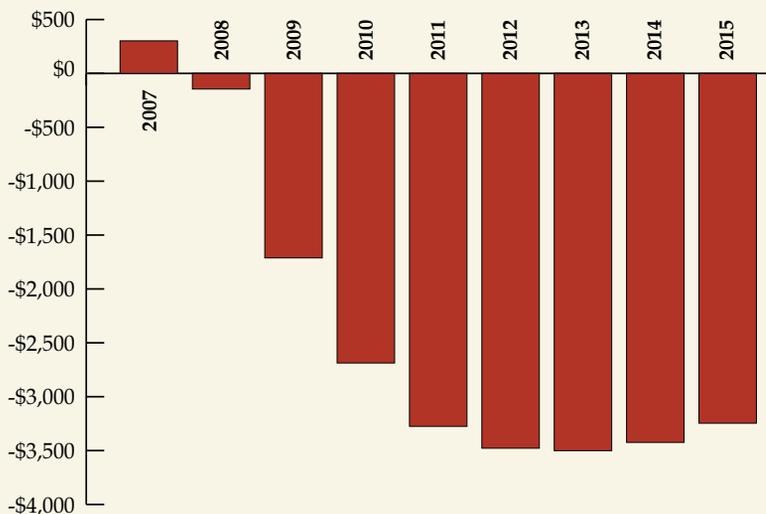
Chart 1 shows that while Indiana employers paid more than \$500 million in unemployment insurance taxes each year from 2007 to 2009, that annual amount will more than double by 2011 and continue to increase over the next four years.

Chart 2 reveals that Indiana is expected to have borrowed more than \$1.5 billion from the federal government by the end of this year and despite UI tax increases of more than 100% on Hoosier business, that imbalance in the trust fund will also more than double – to \$3.5 billion by 2012.

... But No Solution to Trust Fund Shortfall

Projected Unemployment Insurance Trust Fund Balances Under HEA 1379

Millions



Source: Indiana Department of Workforce Development (June 8, 2009)

Delaying the implementation of HEA 1379 for two years will:

- Save employers \$491 million in increased taxes and save Hoosier jobs. Many businesses, in these difficult economic times, have clearly stated that the only way to pay these increased taxes would be to reduce their number of employees.
- Put Indiana in the same position as more than 40 other states – in need of a federal answer to a UI trust fund situation that has reached critical levels due to the depths of the current recession. This will be a congressional solution, not a takeover of any state's unemployment system.

Learn more, share your thoughts with legislators at www.indianaprosperty.org