

Reply to Common Council File No. 110479  
From DOA-Budget and Management Division

October 24, 2011

Ref: 11007

Common Council File No. 110479 is a resolution appropriating up to \$100,000 from the 2011 Common Council Contingent Fund to the Unemployment Compensation Special Purpose Account.

This account, funded at \$1,065,000 for 2011 is being charged a one time, unanticipated special assessment fee of \$149,558 for interest on outstanding federal loans. The assessment is the result of interest fees that were incurred when Wisconsin's Unemployment Fund exhausted its reserves and had to borrow from the Federal Unemployment Trust Fund to continue paying benefits. Federal law requires states to pay interest on these loans. While the interest was waived for states in 2009 and 2010, it was not waived in 2011. State law requires Wisconsin to assess employers separately for the payment of interest due on these loans based on the employer's taxable payroll.

The special assessment fee along with current expenditures for the Unemployment Special Purpose Account will cause a budget shortfall of approximately \$100,000. The transfer will allow the account to meet remaining obligations and make year end payments.

**RECOMMENDATION: ADOPT COMMON COUNCIL RESOLUTION 110479 THAT AUTHORIZES AN APPROPRIATION NOT TO EXCEED \$100,000 FROM THE 2011 COMMON COUNCIL CONTINGENT FUND TO THE UNEMPLOYMENT COMPENSATION SPECIAL PURPOSE ACCOUNT.**

  
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RJ:dmr

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