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States Seek Waiver for \$380M in Unemployment Loan Interest.

The push for a break from the federal government on the borrowing costs comes as Republicans in Congress are increasingly scrutinizing aid for states

With 10 states and the Virgin Islands on the hook for about \$380 million in interest payments on loans from the federal government to keep their unemployment systems funded, and the amount growing every week, state officials are trying to rally support for a bill in Congress that would wipe away the borrowing costs.

But the push comes as Senate Republicans argue that Democrats went overboard passing the \$1.9 trillion American Rescue Plan Act, and want to claw back money from states instead of giving them more. And the states with so-called “Title XII advance” loan balances outstanding are largely Democratic leaning, which calls deeper into question whether a proposal to cancel the interest could ever gain serious traction in the narrowly divided Senate.

An emergency request by the Biden administration for more pandemic funding is stalled after Senate Republicans wanted about half of the \$15 billion requested to come from taking back \$7 billion in ARPA dollars from states.

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Route Fifty

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