

Missouri asks to borrow money from federal government to pay unemployment benefits

Missouri unemployment

Missouri has asked to borrow as much as \$100 million from the federal government to pay unemployment benefits, because the state's trust fund has gone broke.

The money will be drawn on an as-needed basis, probably starting Monday, said Gracia Backer, director of the Division of Employment Security. The federal loans will help pay benefits for this month and next.

Missouri is required by federal law to borrow money to ensure there is no disruption in benefits. Gov. Bob Holden sent a letter to U.S. Secretary of Labor Elaine Chao two weeks ago requesting the loan. State officials had known for more than a year that the unemployment trust fund would probably run out of money.

Employers will end up repaying the loan, because they pay taxes that support the fund. The last time the fund went broke -- in 1992 -- employers repaid \$81.5 million, plus \$3.4 million in interest.

Some lawmakers are pushing legislation that would set up a commission to sell bonds to cover the latest deficit.

-- The Associated Press