

Minnesota Department of Economic Security

390 North Robert Street, St. Paul, MN 55101

850570

January 24, 1985

Honorable David Jennings
House Majority Leader
390 State Office Building
St. Paul, MN 55155

Dear Mr. Jennings:

As required by Minn. Stat. 268.061, I am providing you with information on the status of outstanding funds advanced pursuant to Section 1202 of the Social Security Act and the status of the Emergency Interest Repayment Fund created for the purpose of paying interest on advances pursuant to Section 1202 of the Social Security Act.

As of December 31, 1984, the State of Minnesota's total obligation under Section 1202 was \$204,062,533.40. This amount includes \$117,883,416.58 which were advanced prior to April 1, 1983, and which do not accrue interest. The total obligation does not include any interest accrual for this fiscal year as the interest rate has not as yet been determined by the federal government.

Attached is an accounting of the contributions to, payments from and investments of the Emergency Interest Repayment Fund. As indicated, the collections through September 30, 1984, equalled \$24,958,959.54. Our Section 1202 interest obligation through September 30, 1984, equalled \$17,008,701.67.

The balance of 1983 and 1984 surtax receipts plus interest accruals will likely be adequate to pay interest obligations for fiscal year ending September 30, 1985. However, the surtax which generates the interest paying revenue has expired and unless action is taken we will not have funds necessary to pay interest for the fiscal year ending September 30, 1986. Should we fail to meet this obligation with payment from a source other than the regular unemployment insurance funds, we would be held out of conformity with the federal standards and employers would lose credits which permit reduced federal unemployment taxes.

Sincerely,

Barbara Beerhalter
Commissioner

cc: Representative Steve Sviggum

Emergency Repayment Fund
SWA APID 18020:01-20
12/31/84

Statewide Account APID 18020:01-20

| | | |
|---|----------------------|------------------------|
| Surtax Collections FY'84 | \$19,896,096.28 | |
| FY'85 | <u>24,958,959.54</u> | |
| | | <u>\$44,855,055.82</u> |
| Add: Interest Earnings Posted to Date | | |
| FY'84 | \$ 217,750.61 | |
| FY'85 | <u>977,707.87</u> | |
| | | <u>\$ 1,195,458.48</u> |
| Total Proceeds to 12/31/84 | | <u>\$46,050,514.30</u> |
| Less: Interest Payments on Title XII Advances | | |
| FY'84 on 09/30/83 | \$14,885,426.46 | |
| FY'85 on 09/28/84 | <u>17,008,701.67</u> | |
| | | <u>\$31,894,128.13</u> |
| Balance Available for Investment | | \$14,156,386.17 |
| Cash Invested to Date | | <u>(14,094,385.79)</u> |
| Cash Balance on 12/31/84 | | <u>\$ 62,000.38</u> |