

<b>EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210</b>	CLASSIFICATION UI
	CORRESPONDENCE SYMBOL OWS
	DATE February 14, 2006

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 13-06

**TO:** STATE WORKFORCE AGENCIES

**FROM:** CHERYL ATKINSON  
Administrator  
Office of Workforce Security

*Cheryl Atkinson*

**SUBJECT:** Interest Rate on Title XII Advances During Calendar Year (CY) 2006

1. Purpose. To announce the rate of interest the U.S. Treasury Department will charge on Title XII advances (loans) during CY 2006.
2. References. Sections 303 and 1202 of the Social Security Act (SSA); Section 3304 of the Federal Unemployment Tax Act (FUTA); 20 CFR Part 606.
3. Background. The criteria for establishing the rate of interest to be charged on Title XII advances during any calendar year are described in Section 1202(b)(4) of the SSA. In brief, the interest rate charged for a given calendar year is the earnings yield on the Unemployment Trust Fund for the quarter ending December 31 of the previous calendar year.
4. Calendar Year 2006 Interest Rate. The U. S. Treasury Department has established the rate of interest for CY 2006 at 4.6256 percent.
5. Action Required. States expecting to request a Title XII advance should take necessary action to establish a mechanism to provide funds for the payment of interest on those advances in accordance with the provisions of Section 1202(b) of the SSA, and subject to the limitations in Section 303(c)(3) and 1202(b)(5) of the SSA and Section 3304(a)(17) of the FUTA.

In summary, interest is due and payable each September 30 and may not be paid from the state unemployment fund or from Federal funds. There are exceptions for Cash Flow Loans and for May/September Delays.

To qualify for a cash flow loan, a state must repay in full all advances taken between January 1 through September 30 in a given calendar year on or before September 30 of that year *and* not take any additional loans from October 1 through December 31 of that year.

RESCISSIONS None	EXPIRATION DATE February 28, 2007
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A state may delay the payment of interest accrued on advances taken in May, June, July, August, and September of a given year until December 31 of the following calendar year. Interest on the delayed amounts still accrues until the interest is paid in full.

For further information see 20 CFR Part 606.

6. Inquiries. Questions should be directed to the appropriate Regional Office.