Final Report

North Carolina's Unemployment Insurance System: A Simulation and Policy Analysis

An Analysis of Options for Tax and Financial Management Strategies to Achieve and Maintain Solvency of the North Carolina Unemployment Insurance Trust Fund Account
and
To Service Debt Obligations to the Federal Government under Title XII of the United States Social Security Act.

Prepared for:

North Carolina Department of Commerce
Division of Employment Security

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I. Project Requirements

A. Research Team

The W.E. Upjohn Institute for Employment Research (Upjohn) in partnership with the Center for Employment Security Education and Research (CESER) in the National Association of State Workforce Agencies (NASWA) has been contracted by the North Carolina Department of Commerce (Department) to develop options for improving the North Carolina unemployment insurance (UI) benefit financing system. The work will also review alternative financial management strategies to regain and maintain solvency of the North Carolina account in the Unemployment Trust Fund (UTF) and to service debt to the federal government under Title XII of the US Social Security Act.

Upjohn Institute Team:
Dr. Christopher J. O'Leary: Project Director and Principal Investigator.
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Dr. James Van Erden: Principal Investigator, CESER/NASWA.
Brian Langley MBA: Unemployment Insurance Subject Matter Expert.
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B. Scope of Work

The work undertaken in this project includes the following:

- Analyze the current tax structure and other contributory factors that lead to the current level of North Carolina's Title XII debt and the insolvency of the state's UI Trust Fund.

- Research the status of other state's UI Trust Funds and Title XII debt and strategies that led to solvency in their UI Trust Funds and/or strategies that they are employing to service current debt.

- Develop detailed options for tax structure changes and other financial options and the methodology for servicing the state's Title XII debt and regaining and retaining solvency in its UI Trust Fund.

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II. Report Overview

A. Structure of the Report

This report, prepared for the North Carolina Department of Commerce, is designed to provide decision makers in the state with options to consider for modifying the states' Unemployment Insurance (UI) system to reduce or eliminate the current level of insolvency in the State's Unemployment Trust Fund (UTF). The report presents information on the current status of the North Carolina UI Financing system, options to consider to change the current UI Tax and/or Benefit structure, comparisons with other state systems on both a national and regional basis, and options to issue Bonds to repay all or a portion of the current UTF debt.

The report is divided into eleven sections:

1) *Section I* covers the project requirements as laid out in the contract between the State and CESER-UPJOHN.

2) *Section II* provides a high level overview of the Report.

3) *Section III* presents a brief overview of the historical and current status of the State's UTF balance, benefits paid, and contributions collected.

4) *Section IV* describes a series of options for North Carolina to consider to modify the State's current tax structure, benefit determination formulas under differing economic scenarios in order to achieve long term balance between revenues and expenditures. In the section we discuss:

    a. The use of the U.S. Department of Labor's Benefit Financing Model (BFM). A computer simulation model adapted to the specific program parameters in North Carolina's UI system. All simulation results presented in this report were generated using the BFM. The BFM requires the input of forecast values for three exogenous variables: (1) Total unemployment rate, (2) Wage growth rate, and (3) Labor force growth rate. The forecasts used for these three variables were provided by the North Carolina Assistant State Budget Officer, Office of State Budget and Management.

    b. We examine trust fund balances overtime given a baseline economic scenario and three alternatives. The baseline economic forecast is used in conjunction with current state law to generate a "do-nothing" (DN) scenario, which is then displayed against a series of bundled options in four tables in this section. Summary results include:

        i. DN only: **debt paid off in 2017; reserves are $675 million (m) in 2020.**
        ii. Relative to DN, increase the new employer rate to 1.8 percent, min rate to 1 percent, max rate to 6 percent, reduce weekly benefit amount (WBA) to 60 percent of average annual wage: **debt paid off in 2017; reserves are $1.4 billion (b) in 2020.**

iii. Relative to (ii), decrease max rate to 5.8 percent, raise min for negative balance employers to 3.0 percent, raise maximum for positive balance employers to 2.8 percent, base WBA on two high quarters: **debt paid off in 2016; reserves are $469m in 2020.**
iv. Relative to (ii), raise new employer rate to 2.7 percent, base WBA on two high quarters: **debt paid off in 2017; reserves are $1.7b in 2020.**
v. Relative to (iv), raise maximum rate to 7.0 percent, base WBA on two high quarters; **debt paid off in 2016; reserves are $1.0b in 2020**.
vi. Relative to DN, add solvency tax with $1b target, (0.1 to 1.0 percent), new employer rate 1.8 percent, minimum tax rate 0.1 percent, maximum tax rate 6.0 percent, and maximum WBA set at 60 percent of average weekly wage; **debt paid off in 2015, reserves are $1.8b in 2020.**
vii. Relative to (vi), add solvency tax with $2b target (0.1 to1.0) percent; **debt paid off in 2015, reserves are $2.2b in 2020.**
viii. Relative to (vi), base WBA based on two high quarters; **debt paid off in 2015, reserves are $1.0b in 2020.**
ix. Relative to DN, pay off current debt with Bonds; zero current debt then some new loans but; **debt paid off in 2016, reserves are $372m in 2020**.
x. Relative to DN, pay off debt in 2013, zero debt then some loans; **debt paid off in 2016, reserves are $259m in 2020.**
xi. Relative to DN, pay off debt in 2012, add solvency tax with $1b target; some additional loans; **debt paid off in 2016, reserves are $2.5b in 2020.**
xii. Relative to DN, pay off debt in 2012, add solvency tax with $2.2b target; some additional loans; **debt paid off in 2016, reserves are $1.8b in 2020.**
xiii. Relative to DN, restore system to 1992 parameters, increase new employer rate to 2.25 percent, raise relative taxable wage base to 60 percent and base AWB on two high quarters; **debt paid off in 2016, reserves are $767m in 2020.**
xiv. Relative to (xiii), pay off debt in 2012, then additional loans; **debt paid off in 2016, reserves are $767m in 2020.**
xv. Relative to (xiv), add a solvency tax with $1b target, **system meets the reserve criteria for zero cost borrowing from 2014 to 2019, and reserves are $3.0b in 2020.**
xvi. Relative to (xv), add a solvency tax with$2.2b target; **system meets the reserve criteria for zero cost borrowing from 2014 to 2019, and reserves are $2.6b in 2020.**

c. This Section also presents detailed results from simulations of single changes in policy parameters relative to the DN scenario. These one-way simulations include:

i. **New employer rates range (1.2 to 3.7 percent):** The simulations relative to the DN option suggest that a 0.3 percentage point increase in the new employer rate increases the terminal reserve balance in 2020 by $73 million (Table 4.6). Additional incremental increases of 0.3 have an additive effect on tax contributions.

ii. **Minimum rates for positive balance employers:** These simulations start at the current rate of 0.0 and increase in 12 increments of 0.1 percentage points to 1.1. Simulations suggest that increasing the minimum rate in increments of 0.1 from zero to 0.9 has an exponential effect on tax contributions, but increases to 1.0 and 1.1 lower the 2020 year end value of reserves because the trigger moves to tax schedule B.

iii. **Middle range tax rates:** In addition to raising the top and bottom rates, we simulated raising the tax rates on employers in the reserve range from -0.5 to 0.7. Reserve balance changes resulting from these changes were very modest.

iv. **Taxable Wage Base**: The North Carolina UI taxable wage base is indexed to reset annually at fifty percent of annualized average weekly wages (AWW) in UI covered employment. This study reports on a range of proportions starting at forty percent and increasing by 2.5 percentage points in eight steps to sixty percent. The effects of lowering and raising the taxable wage base are nearly symmetric. Neither a 10 percentage point cut, nor 10 point increase changes the payoff year from 2017.

v. **Shifting Up the Tax Schedule**: Upward shifts in tax schedule A were simulated in six increments of 0.1 percentage points to 0.6 and to 1.0. Raising A by 0.1 point generated about $268 million more than the do-nothing scenario by year end 2020, but did not change the payoff year from 2017 or change the tax schedule in effect from A.

vi. **From Tax Schedule to Formula**: We simulated replacing the current tax schedule A with algebraic approximations that would permit employer tax rates to adjust more smoothly year to year. Simulations included: do-nothing, a piecewise-linear formula to mimic schedule A with slopes (-2/3, -1, -1/2), a piece-wise formula with a slightly higher negative balance slope (-4/5, -1, -1/2) and intercept and a cubic approximation to schedule A. Changing the tax schedule from a stepped system to a smoother function does not change the payoff year of 2017, but yields $98 million more in reserves by 2020 compared to A.

vii. **Solvency Taxes:** We reexamined three scenarios considered by the TPRC (2011) with levies of 0.5, 1.0, and 2.0 depending on accumulated reserves ranging up to $800 million. We also simulated two more gradual systems with rates ranging from 0.1 to 1.0 rising in one-tenth increments with target reserve balances of either $1.0 billion or $2.0 billion. All five sets of simulation results for solvency tax plans suggest the trust fund would be paid off in 2015.

viii. **Maximum Duration and Waiting Week:** Currently up to 26 weeks of regular compensation are available to every UI beneficiary in North Carolina. Simulations were run reducing the maximum potential weeks incrementally by one week down to 20. Simulations suggest that shortening entitled duration by one to five weeks will pay off the outstanding debt in 2017, with the year-end reserve balance higher for each additional week removed from potential duration.

ix. **Maximum Weekly Benefit Amount and Replacement Rate:** The WBA in North Carolina is currently indexed to the average weekly wage (AWW) of all UI covered workers in the state. The index formula annually sets the max WBA at two-thirds (66.7 percent) of the AWW. We simulated lowering the maximum rate from 66.7 to 60 percent in one percentage point increments. The debt payoff year does not change in any of the simulations; neither does the 2020 tax schedule in effect.

x. **Economic Conditions:** Some of the UI reform bundles were subjected to the "IUR severe" economic scenario listed in the introduction. In that scenario the insured unemployment rate (IUR) jumps up in 2014 to the 2010 level and decreases following the same pattern as 2011 through 2013. The simulation results suggest that the do-nothing scenario actually reaches 2020 with a higher yearend balance, by nearly $700 million, due to federal offsets and increased taxes from employers not moving to higher experience rates. Other outcomes are also shown.

5) *Section V* provides a series of Fact Sheets on:

a. **North Carolina UI Solvency Status**: North Carolina faces the challenge of providing a benefit structure for unemployed individuals, developing financing systems that can provide adequate funding for current benefits and repay significant debt to the federal government.

b. **The Economic Cycle and UI Financing:** The UI system has been characterized as a "countercyclical' program. Designing a system that is countercyclical requires knowledge of the nature of U.S. and state economic cycles. Forecasting the length and depth of future economic cycles is a difficult science.

c. **North Carolina's Benefits Compared to Neighboring States**: Key UI program factors are compared with other states in the regions (AL, FL, GA, KY, MI, SC, TN, and VA).

d. **North Carolina's Taxes Compared to Neighboring States**: Comparing North Carolina with other states in the region (AL, FL, GA, KY, MI, SC, TN, and VA) reveals one major difference; the new employer tax rate is about 55 percent lower than the average of the other eight states

e. **Status of UI Trust Funds:** State UI Trust Funds receive funds from employer taxes and federal interest on reserves and distribute funds to pay benefits for UI claimants. If sufficient funds are not available to pay benefits when due a state may borrow from Federal UI Accounts to cover shortfalls.

f. **Issuing Bonds to Repay Outstanding Title XII Loans:** Analysis of an option for North Carolina to issue five year bonds to repay the state's current outstanding Title XII loans.

6) *Section VI* provides a more detailed discussions of economic and systems structure parameters that need to be considered when addressing UI solvency issues including:

   a. **The impact of changing economic cycles on UI Financing systems**: The UI system is designed to be "countercyclical." The demand for UI benefit payments increase as the economy slows, and even more dramatically during more severe recessions and their aftermath. With higher levels of unemployment, more individuals file for UI and receive payments for longer periods, thereby increasing the need to pay more benefits from the UI system. The duration and amplitude of U.S. economic cycles have varied significantly. Understanding how cycles change is important when developing alternative UI benefit and financing systems.

   b. **The impact of changing economic conditions on UI Benefits**: State laws determine when an individual is eligible for benefit payments and based on factors in state law, the level of the weekly benefit amount, the duration of benefits usually up to 26 weeks, (seven states now have a maximum UI benefit duration of less than 26 weeks) whether to allow partial earnings, how to treat the claimant's action with respect to work search requirements and other ongoing eligibility issues, etc. Changing any of these factors can impact the amount of benefits paid, and thereby the impact on a state's trust fund and the level of taxes necessary to assess on employers to cover UI benefit outlays.

   c. **Considerations of the status of Unemployment Trust Funds**: A state faces three tasks if its state unemployment trust fund is insolvent: 1) reviewing its current UI tax structure to determine if changes are required, 2) managing political pressure to reduce benefit eligibility and amounts; and 3) managing political pressure in mapping the most effective way for state employers to repay loan balance and interest on the loan balance. Some options for states when seeking to regain unemployment trust fund solvency include: 1) increasing the taxable wage base for employers; 2) increasing the tax rate schedules or indexing method; 3) Reduce benefit amounts; 4) reducing benefit duration; 5) tightening benefit eligibility and participation requirements; and/or 6) a combination of the above.

      In the early 1990s, the Federal Advisory Council on Unemployment Compensation (FACUC) developed the term of the Average High Cost Multiple (AHCM). The AHCM is defined as how long a state could sustain payments equal to the average of the three highest benefit cost rates in the 20-year period ending with the preceding year, without additional tax revenue coming into the unemployment trust fund.

   d. **Structures of the UI financing system**: There are two primary approaches for UI financing models: pay as you go financing and forward financing. Pay as you go financing assumes a state maintains a low trust fund balance and a relatively low level of UI taxes, and relies on the state's ability to automatically increase UI taxes during economic downturns in order to finance the increased level of benefit

outlays. Forward financing assumes a state maintains a higher level of reserves in its UI trust fund through the use of higher UI taxes during economic expansions. State governments and policymakers can, however, attempt to increase the flexibility or responsiveness of their unemployment compensation financial model in order to impose the least substantial burden on their state economies during economic contractions – periods of time when individuals and businesses in a state can least afford economic shocks, such as reduced benefits and increased taxes. In some sense, by stabilizing the financial model of a state's unemployment compensation system, the state allows for the full countercyclical benefits intended by the UI system to occur,

e. **Solvency status since 2007**: the Federal Unemployment Account (FUA) provides for a loan fund for state unemployment programs to ensure a continued flow of benefits during times of economic downturn. As of April 18, 2012, there are 30 states (AL, AZ, AR, CA, CO, CT, DE, FL, GA, HI, IL, IN, KS, KY, MA, MI, MN, MO, NV, NJ, NY, NC, OH, PA, RI, SC, VA, VI, VT, and WI) currently borrowing from the federal government to cover unemployment benefits. Combined there are $41.5 billion in outstanding loans and $736.1 million in accrued interest for 2012. Employers in 21 states with outstanding UI loans had a reduction in FUTA credit for 2011 (3 states had a reduction for 2010). The 2011 credit reduction applies to the 2012 payroll for employers in those 21 states.

f. **Reducing Benefit Outlays:** Adequate benefit amounts and the duration of those UI benefits are left to a state to determine based on local economic conditions and the will of state leadership. In looking at the fourth quarter 2011 national UI information, the average weekly benefit amount was $275 with a range of $16 minimum to a maximum of $625. When looking a North Carolina's weekly benefit amounts over the last few years and comparing the numbers against her sister states, one anomaly stands out – North Carolina's maximum weekly benefit amount is over 70 percent higher than the average of the other eight states. When looking at the average weekly benefit amount as a percentage of the average weekly wage and exhaustion rate, North Carolina is within a normal range of the other surrounding states.

7) Section VII provides information on two significant provision of federal law affecting UI financing:

a. **FUTA Tax Requirements**: UI is a federal-state program jointly financed by federal taxes under the FUTA and by state payroll taxes under the State Unemployment Tax Act. FUTA covers the costs of administering the UI and Job Service programs in all states. In addition, FUTA pays one-half of the cost of extended unemployment benefits (during periods of high unemployment) and provides for a fund from which states may borrow. Employers in states with programs approved by the federal government and with no delinquent federal loans may credit 5.4 percentage points against the 6.0 percent FUTA tax rate,

making the minimum net federal unemployment tax rate 0.6 percent, regardless of the rate of tax paid to the state.

b. **Title XII of SSA: Borrowing for States to Finance UI Benefit Payments:** States are required by federal law to pay UI benefits to eligible workers; regardless of the solvency status of a state unemployment trust fund. Thus, if a state's fund is insolvent, the state will be forced to borrow money from the dedicated federal UI loan account, the FUA, other state revenues, or from the private market.

8) *Section VIII* in this section further analysis of the different financing, benefit and economic scenarios are presented. The objective of the simulation analysis is to provide the North Carolina Department of Commerce a menu of balanced options for reforming UI. We start by enumerating the features of the North Carolina UI system that are subject to change. We then inventory the current values of these variables and run the baseline simulation on current values of all program parameters and various forecast values of exogenous economic variables. For each category of program parameter we then simulate the effect of changes in the parameter value relative to the baseline scenario. For example, for the new employer tax rate we separately simulate each value in the range of possible tax rates and compare these singly to the baseline. We proceed with sensitivity testing for eight categories of tax parameters and four categories of benefit parameters. After considering a full range of one-way contrasts to the baseline, we then examine bundles of program changes that balance tax and benefit changes in the same simulation.

   Specific UI system features examined include the:

   a. **New employer rate:** starts at the current value of 1.2 percent then increases in nine increments of 0.3 percentage points
   b. **Minimum rate for positive balance employers:** starts at the current rate of 0.0 and increases in 12 increments of 0.1 percentage points to 1.1.
   c. **Minimum rate for negative balance employers and maximum rate for positive balance employers:** The current system maintains a gap of 0.2 percentage points between positive and negative balance employers with 2.7 and 2.9 being the current respective rates around the zero reserve balance level.
   d. **Taxable wage base:** the North Carolina UI taxable wage base is indexed to reset annually at fifty percent of average weekly wages (AWW) in UI covered employment.
   e. **Upward shift of the tax schedule:** Starting from the current tax schedule A, the TPRC (2011) examined the effects of shifting the schedule up by 0.2 and by 1.0 percentage points. This study starts at the current schedule A and increases in six increments of 0.1 percentage points to 0.6.
   f. **Tax schedules to formulas:** We simulated replacing the current tax schedule A with algebraic approximations that would permit employer rates to adjust more smoothly year to year.

g. **Solvency Taxes:** We reexamined three scenarios considered by the TPRC (2011) with levies of 0.5, 1.0, and 2.0 depending on accumulated reserves ranging up to $800 million (see Table 5.2). We also simulated two more gradual systems with rates ranging from 0.1 to 1.0 rising in one-tenth increments with target reserve balances of either $1.0 billion or $2.0 billion.
h. **Maximum potential duration of benefits:** North Carolina currently has a uniform eligibility of 26 weeks. Relative to the baseline of 26 we consider six incremental one week declines to 20 weeks.
i. **Maximum weekly benefit amount (WBA):** North Carolina currently sets the maximum at two-thirds of the AWW. The baseline simulation starts at the current rate of 0.67 and decreases in one percentage point increments to 0.60.
j. **Waiting weeks**: one week is common, and North Carolina has one week. We simulate the first order effects of adding a second waiting week that is the savings of one week for all who exhaust.
k. **Replacement rate:** North Carolina replaces fifty percent of high quarter wages below the maximum WBA. We simulated the effect of the sum of two highest quarters).
l. **Employment Security Reserve Fund (ESRF):** Simulating the effect of the ESRF tax with the BFM required some creativity. The BFM does not allow proportional tax rates, rather only additional points. To model the Special Reserve tax correctly we had to simulate taxes under schedule A scaled up by 1.2. The simulation suggested debts would be paid off in 2017.
m. **Balanced elements of system reform:** After reviewing results of simulations on individual changes to tax and benefit features of the North Carolina UI system, bundles of changes were combined for analysis. A total of 15 bundles were chosen with the components of each bundle listed in Table 5.17 and 5.18.

9) *Section IX* provides an overview of other options for the state to access capital to repay all of a portion of outstanding Title XII loans to impact federal loan and interest payment requirements. This section specifically covers:

   a. **Municipal Bond Basics:** Municipal bonds (munis) are debt securities issued by states, municipalities, counties, or agencies or commissions that act as agents of a state or local government to finance capital and operating expenditures. Two varieties of munis exist in practice, general obligation bonds (GO bonds) or revenue bonds (although many sub-categories of revenue bonds are classified as separate varieties) specifically:

      i. **GO bonds** are only issued by states, counties and municipalities to provide short term – usually stop-gap – capital financing to cover the costs of a specific, finite liability or budget obligation.

      ii. **Revenue bonds** can be issued by states, municipalities, counties, or agencies or commissions that act as agents of a state or local government to finance infrastructure projects or projects unique to the agency or commission issuing the bonds.

b. **Credit Ratings and Nationally Recognized Statistical Rating Organizations:** Most bond issuers maintain up-to-date credit ratings from at least one (and up to three) credit rating agencies, officially titled Nationally Recognized Statistical Rating Organizations (NRSROs). Three NRSROs are eligible to rate issuers of municipal securities: Moody's Investors Service, Inc., Standard & Poor's Ratings Services, or Fitch, Inc.

c. **Historical UI Bond Issues and Outlook for the Municipal Market**: Since 1987, a total of eight states have secured financing from the capital markets in eleven different bond issues. Today, the municipal marketplace is a relatively attractive place for issuers; as record low interest rates help to ensure easy access to cheap capital.

d. **Reasons to Issue Bonds: Potential Cost Savings and Program Benefits:** Before a state decides to issue debt in the municipal market, it should compare the cost of borrowing in the private sector verses obtaining a Title XII advance.

e. **Achieving a Credit Spread**: Title XII loans have recently maintained higher rates of interest than the coupon rate available to states seeking to borrow from the private market. If the difference (or the spread) between the rate of interest on a Title XII loan and the coupon rate a state could access borrowing in the private market results in a substantial net positive (or credit), the cost savings to the state would be classified as a "credit spread," and the state might examine issuing bonds more closely to borrow for its UTF.

f. **Avoiding a FUTA Credit Reduction**: Title XII of the SSA has provisions to ensure automatic repayment of outstanding debts known as the FUTA credit reduction. To avoid the credit reduction a state must repay all loans for the most recent one-year period ending on November 9, plus the potential additional taxes that would have been imposed for the tax year. In addition, the state must have sufficient amounts in the state unemployment trust fund to pay all compensation for the last quarter of that calendar year without receiving a loan. Finally, the state must also have altered its state law to increase the net solvency of its fund.

g. **Avoiding the Accrual of Interest on Title XII Loans**: States might also issue bonds in the private market in order to avoid being charged interest on Title XII loans accessed from January 1 to September 30 of the current taxable year.

h. **Borrowing to Avoid the Imposition of a State Tax**: A state might issue debt into the private market in order to avoid a specific state assessment that would otherwise be imposed on a state's employers.

i. **Borrowing to Qualify for Cash-Flow Loans under New Eligibility Criteria**: A state could issue bonds in order to meet the new eligibility standards required to

access interest-free cash-flow loans that will begin a five-year phased implementation process starting in 2014.

10) *Section X* covers the prospect of North Carolina issuing Bonds, North Carolina might consider issuing bonds in order to avoid the imposition of an additional FUTA credit reduction on employers in the state, cap the level of the FUTA credit reduction, repay its outstanding title XII loans, or qualify for cash-flow loans when new regulations begin restricting their eligibility to do so in 2014. Specific items discussed in further detail include:

    a. **Bonds Authorizing Legislation:** The enactment of state legislation would be required to authorize a bond issue in North Carolina.

    b. **Loan Authorization Level:** The loan authorization level establishes the maximum dollar value a state is allowed to issue in a bond offering, and details the allowable uses of a bond issue's proceeds in a state's bond authorizing legislation.

    c. **Special Obligation Fund**: Most state bond authorizing legislation includes language that establishes a supplemental fund outside of the state unemployment trust fund, to act as a repository and clearing house for either the bond proceeds or the contributions collected by the state UI agency to pay the debt service on the bonds.

    d. **Special Assessments:** All bond authorizing legislation includes provisions addressing the mechanisms or methods a state will use in order collect the funds necessary to pay the debt service on the outstanding bonds.

11) *Section XI* includes several appendices:

    a. **Supporting Simulation Tables**: This appendix presents detailed results from simulations summarized in tables appearing in the body of this report.

    b. **Title XII Advances Activities Schedule**: this Table provides state specific information related to Title XII advances s of April 18, 2012, including Outstanding Advance, Advanced Authorizations, Gross Draws, Interest FY 2012, and Deferred Interest for states.

    c. **UI State Trust Fund Loans: Date of First Loan.**

    d. **Important Dates for Title XII Advances and Repayments:** Displays information on when interest is due and payable, defines a cash flow loan, defines a May/September delay in payment of interest, defines a high unemployment deferral, defines a high unemployment delay, defines a avoidance of credit delay, defines a cap on credit reduction, and a fifth year waiver.

e. **Significant State Metrics:** this table presents a variety of significant data on UI system in all states.

f. **State Legislation Affecting UI Program Features that Impact Solvency 2009 – 2012:** in this appendix a compilation of state legislation is presented including:

   i. Introduction of a Flexible Taxable Wage Base or an Increased Taxable Wage Base,
   ii. Modification of New Employer Tax Rate,
   iii. Implementation/Authorization of a Special Assessment/Surtax/Solvency Tax/UTF Adjustment Factor,
   iv. Modification of Employer Tax Schedule,
   v. Modification of Formulas for Tax Schedule Triggers,
   vi. Increase of Employer Tax Rates,
   vii. Elimination of Zero-Rated Options for Employers,
   viii. Modification of Experience Rating Formula,
   ix. Modification of Benefit Charging Methodology,
   x. Modification of Experience Rating Formula: Moving from a Reserve Ratio Experience Rating Formula to a Benefit Ratio Experience Rating Formula or a Payroll Decline Experience Rating Formula,
   xi. Modification of Minimum/Maximum Weekly Benefit Amounts and/or Modification of Requirements for Base Period Wages (Monetary Eligibility),
   xii. Modifying Wage Replacement Ratio,
   xiii. Modification of Minimum/Maximum Weekly Benefit Amounts (Non-Monetary Eligibility),
   xiv. Introduction or Extension of a Wait-Period (a Waiting Week),
   xv. Targeting resources for Reemployment Services to Claimants or Implementing a Work-Share Program,
   xvi. Introduction of Enhanced Integrity Efforts or Overpayment Recovery Efforts,
   xvii. Reducing the Eligible Duration of Unemployment Compensation for Claimants,
   xviii. Introduction of Alternate Base Period,
   xix. Introduction or Modification of a Special Set-Aside Obligation Fund (for Training, Benefit Payments, Bond Debt Service, Repayment of Title XII Loans, or Repayment of Interest on Title XII Loans),and
   xx. Authorization/Reauthorization of Bond Issuance or Means of Alternative Financing.

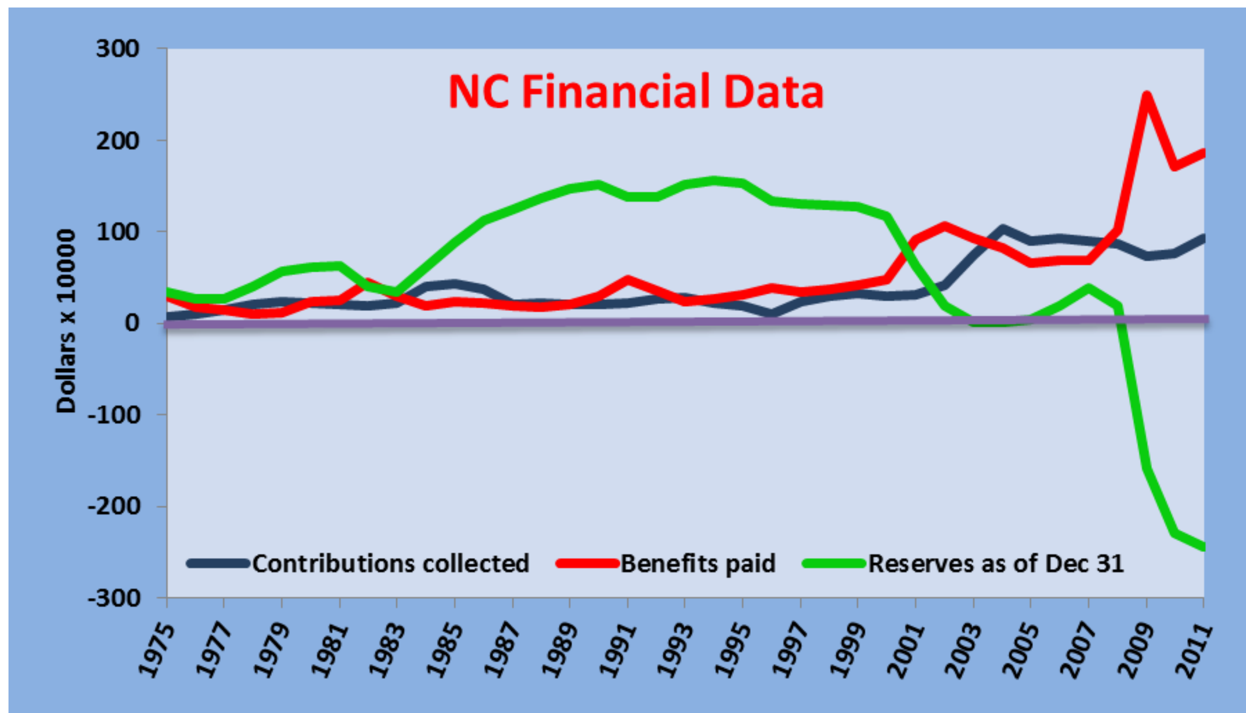
g. **January 2012 UI Significant Provisions:** a compilation of recent changes in State UI laws.

h. **Comparisons of State UI Taxing Laws:** a detailed comparison of the provisions of state UI tax legislation.

i. **Comparisons of State UI Benefit Laws**: a detailed comparison of the provisions of state UI benefits legislation.

III. Overview of North Carolina's Current Law

North Carolina's Financial Data chart shows after the early 1980s recessions, that North Carolina's was able to build a fairly high level of UI trust fund reserves to pay benefits during an economic downturn. During the 1990s, North Carolina undertook a series of tax reductions and holidays, and the level of the trust fund began to decline which is indicated by the steady decline in the green line as unemployment rose in the 2001 downturn. The 2002 Reed Act distribution of $240.9 million also delayed the necessity of North Carolina of having to borrow to cover UI benefits paid. The 2007-2009 recession caused reserves to dip further and finally become negative leading to a current (May 1, 2012) unemployment trust fund outstanding loan balance of $2.84 billion with $55.0 million in interest due. Subsequent borrowing after May might result in a higher indebtedness and additional interest will continue to accrue through September 2012.



IV. Options for NC to Consider Moving Forward

A. *Simulating Reserve Effects of North Carolina Unemployment Insurance Reforms*

Background

Unemployment insurance (UI) is intended to provide adequate partial income replacement to workers during temporary periods of involuntary joblessness. The North Carolina UI system meets the accepted standard of benefit adequacy by providing 50 percent wage replacement for approximately 80 percent of beneficiaries (ACUC 1996, p. 22). The latter is assured by having the maximum weekly benefit amount (WBA) annually adjusted to two-thirds of the average weekly wage (AWW) in UI covered employment.

To have a UI system that is balanced and sustainable for the long-run, revenues should match expenditures on average over business cycles. The accepted standard for UI benefit financing is based on the principle of forward funding. To meet this standard, state accounts in the federal Unemployment Trust Fund (UTF) should maintain balances "sufficient to pay at least one year of unemployment insurance benefits at levels comparable to its previous "high cost." (ACUC 1996, p. 11) The ACUC rule was put into place as a federal requirement for interest free loans. The final regulation on this matter was published by the USDOL in the Federal Register on September 17, 2010 as 20 CFR Part 606.

To maintain privileges for interest free short-term borrowing, the new regulation requires that states hold one year of reserves in the UTF equal to the average of the three highest cost rates experienced in the prior twenty years. This rate is known as the average high cost rate (AHCR). For North Carolina the current AHCR is 1.54 (USDOL, 2012). The federal regulation requires reserve balances to have a high cost multiple (HCM) of 0.5 in 2014 increasing by ten percentage points per year to reach 1.0 in 2019 and thereafter. Based on 2011 total payrolls of taxable employers in UI covered employment, the target level of North Carolina UI reserves was $1.9 billion for 2011. At the end of 2011 the North Carolina fund was in debt to the U.S. Treasury by the amount of $2.67 billion. Based on projected total payrolls for UI taxable employers, the new zero interest borrowing rules set the required year end reserve balances for North Carolina in the upcoming years as follows:

Year	HCM	Required Reserves ($ millions)
2012	0.0	$0
2013	0.0	$0
2014	0.5	$990
2015	0.6	$1,217
2016	0.7	$1,453
2017	0.8	$1,695
2018	0.9	$1,946
2019	1.0	$2,204
2020	1.0	$2,245

Methodology

This report presents strategies for achieving long term balance between revenues and expenditures in the North Carolina UI system. Simulation analyses rely on the Benefit Financing Model developed by the U.S. Department of Labor (USDOL). "The Benefit Financing Model (BFM) is an econometric forecasting model designed to help analysts project the condition of their Unemployment Insurance (UI) trust funds several years into the future, and quickly assess the financial impact of various economic scenarios and possible law changes."(USDOL 2010, p. 1).

The BFM is maintained by the Division of Fiscal and Actuarial Services, Office of Unemployment Insurance, Employment and Training Administration, USDOL in Washington, DC. Professional staff at USDOL have initialized the BFM with data for North Carolina through 2010, and made the BFM available to the Upjohn Institute for use in preparing estimates for this report. All simulation results presented in this report were generated using the BFM. The Benefit Finance Model (BFM) requires users to input forecast values for three exogenous variables: (1) Total unemployment rate, (2) Wage growth rate, and (3) Labor force growth rate.

The forecasts used for these three variables were provided by the Assistant State Budget Officer, Office of State Budget and Management. These estimates were provided to North Carolina through a contract with Global Insight. We examine trust fund balances overtime given the baseline economic scenario and three alternatives. The UI benefit cost estimates directly rely on the insured unemployment rate (IUR) forecasts. The alternative economic scenarios are summarized by severe, moderate, and mild IUR patterns as follows:

Year	LF	Wage	TUR	IUR Baseline	IUR Severe	IUR Moderate	IUR Mild
2011	0.83	0.91	10.51	3.79	3.79	3.79	3.79
2012	1.03	0.92	10.14	4.06	4.06	4.06	4.06
2013	1.05	0.89	9.32	3.54	3.54	3.54	3.54
2014	1.21	0.88	8.70	3.31	5.15	4.00	4.00
2015	1.22	0.87	7.76	2.95	3.79	3.50	2.95
2016	1.15	0.87	7.11	2.70	4.06	2.70	2.70
2017	1.11	0.86	6.75	2.57	3.54	2.57	2.57
2018	1.09	0.85	6.53	2.48	3.31	2.48	2.48
2019	0.91	0.84	6.35	2.41	2.95	2.41	2.41
2020	0.93	0.84	6.14	2.33	2.70	2.33	2.33

Plan for Simulations

We start by enumerating the features of the North Carolina UI system that are changeable within a reserve ratio tax system. Below we list the features and the range of changes tried for each feature. We then specify the current value of these variable features and run the "do nothing" simulation on these parameters and baseline forecast values of exogenous economic variables. Next we present simulation results for several different bundles of program reforms relative to the do-nothing scenario. The key outcomes examined for each simulation are: the year in which debt is paid off, the fund balance at the end of the payoff year, the fund balance at year end 2020, the fund balance difference in 2020 from the do nothing scenario, and the tax schedule in effect in year 2020. For simulations that yield year end reserves in the neighborhood of $2.0 billion we also report year end forecast trust fund balances for 2014 and 2019, since scenarios these might meet the new federal standards for zero interest borrowing.

Tax Features Examined:

New employer rate
Minimum rate for positive balance employers
Maximum rate for negative balance employers
Min for negative balance and Max for positive balance
Taxable wage base
Upward shift of the tax schedule
Tax schedules to formulas
Solvency taxes
Bond issuance

Benefit Features Examined

Maximum potential duration of benefits
Max weekly benefit amount (WBA)
Waiting weeks
Replacement rate

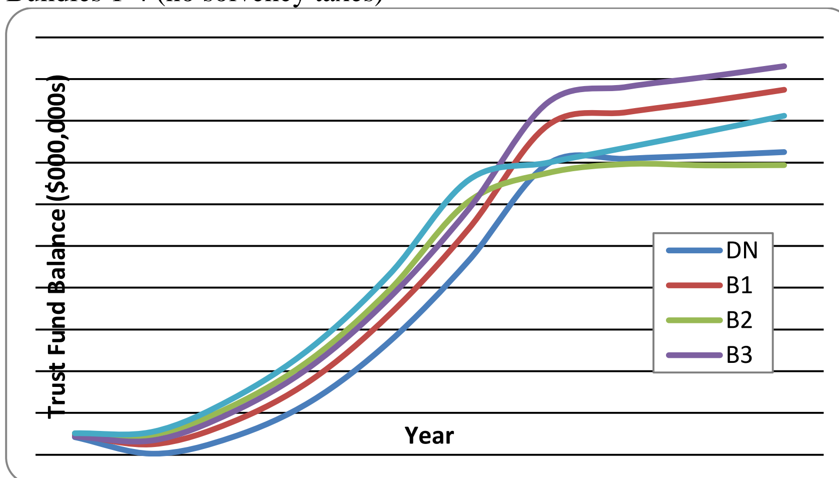
Economic Scenarios Examined

Baseline
Severe
Moderate
Mild

The impact on reserve balances of bundles of changes are summarized on the next four pages. Each page presents a table listing the features of the reform bundles with any changes relative to the do-nothing scenario indicated. The one page summaries that follow the bundles summary pages present one-way contrasts of single parameter changes relative to the do-nothing scenario.

Do-nothing Compared to Bundles 1 through 4					
		No Solvency Taxes			
Factors	DN	B1	B2	B3	B4
New employer rate	1.2	1.8	1.8	2.7	2.7
Min rate for pos bal employers	0.0	0.1	0.1	0.1	0.1
Max rate for neg bal employers	5.7	6.0	5.8	6.0	7.0
Min rate for neg bal employers	2.9		3.0		
Max rate for pos bal employers	2.7		2.8		
Taxable wage base	50%				
Upward shift of tax schedule	No		0.1		
Tax schedules to formulas	No				
Solvency taxes	No				
Bond issuance	No				
Maximum duration of benefits	26			25	
Maximum WBA % of AWW	66.7	60.0	60.0	60.0	60.0
Waiting weeks	1				
Replacement rate	HQ		2HQ	2HQ	2HQ
Economic scenarios	Base				
Year debt paid down to zero	2017	2017	2016	2017	2016
Reserve balance in 2020 ($)	625m	1.4b	469m	1.7b	1.0b
Reserve 2020 diff from DN	0	746m	-156m	1.0b	435m
Meets DOL Targets	No	No	No	No	No

Bundles 1-4 (no solvency taxes)



Overview

This table lists the features of the "do-nothing" (DN) scenario, and contrasts that mix of UI tax and benefit rules to four different bundles of program parameter values labeled B1 to B4. All five of the simulations were run under the baseline economic scenario. The bottom four table rows summarize the essential results from the simulations.

Do-nothing (DN)
Program parameters remain at 2012 values throughout simulation. Debt is paid to zero in 2017 mainly through FUTA tax offset. Reserves at year end 2020 stand at $675 million which is below zero interest loan requirement of $2.4 billion in 2020.

Bundle 1 (B1)
Relative to DN, increase: new employer rate (1.8), minimum rate (0.1), maximum rate (6.0). Reduce max WBA (60%). Debt reaches zero in 2017. Reserves in 2020 are $1.4b, or below zero interest standard.

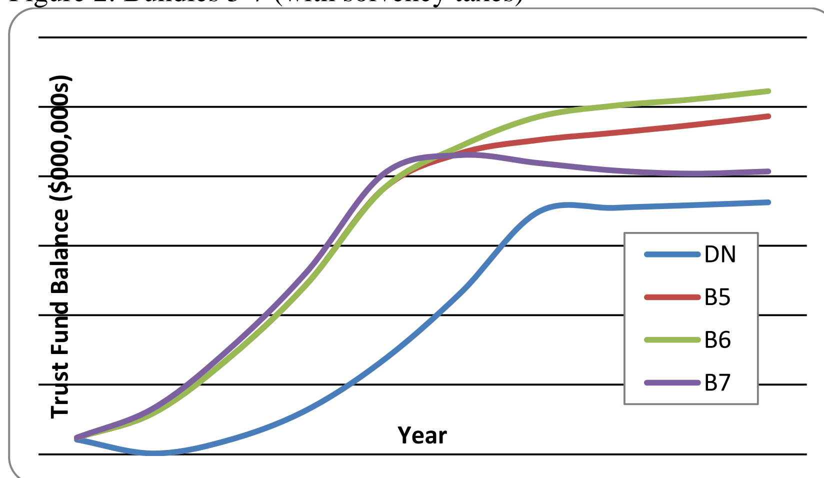
Bundle 2 (B2)
Relative to B1, decrease max rate (5.8), raise min for negative balance (3.0), raise max for positive balance (2.8), base WBA on two high quarters. Debt is zero in 2016. Reserves in 2020 are $ 469 million which is below the new zero interest reserve standard.

Bundle 3 (B3)
Relative to B1, raise new employer rate (2.7), base WBA on two high quarters. Debt is zero in 2017. Reserves in 2020 are $ 1.6 billion or below the standard.

Bundle 4 (B4)
Relative to B3, raise max rate (7.0), base WBA on two high quarters. Debt is zero in 2016. Reserves in 2020 are $ 1.0 billion below the new standard.

Do-nothing Compared to Adding Solvency Taxes				
		With Solvency Taxes		
Factors	DN	B5	B6	B7
New employer rate	1.2	1.8	1.8	1.8
Min rate for pos bal employers	0.0	0.1	0.1	0.1
Max rate for pos bal employers	5.7	6.0	6.0	6.0
Min rate for neg bal employers	2.9			
Max rate for neg bal employers	2.7			
Taxable wage base	50%			
Upward shift of tax schedule	No			
Tax schedules to formulas	No			
Solvency taxes	No	ST3	ST4	ST3
Bond issuance	No			
Maximum duration of benefits	26			
Maximum WBA	66.7	60.0	60.0	60.0
Waiting weeks	1			
Replacement rate	HQ			2HQ
Economic scenarios	Base			
Year debt paid down to zero	2017	2015	2015	2015
Reserve balance in 2020 ($)	625m	1.8b	2.2b	1.0b
Reserve 2020 diff from DN	0	1.2b	1.6b	445 m
Meets DOL Targets	No	No	No	No

Figure 2: Bundles 5-7 (with solvency taxes)



Adding Solvency Taxes

This compares features and simulation results from "do-nothing" (DN) against three different bundles of program parameter values along with two different systems for solvency taxes (ST). ST3 targets a reserve of $1b with rates ranging from 0.1 to 1.0 rising in one-tenth increments; ST4 does the same while targeting a reserve balance of $2.b. Relative to DN, all three bundles increase: new employer rate (1.8), minimum rate (0.1), and maximum rate (6.0). Reduce max WBA (60%).

Bundle 5 (B5)

With solvency tax scheme ST3 targeting $1.0 billion, debt reaches zero in 2015 and reserves in 2020 are $1.8b, somewhat below the zero interest standard of $2.4 billion for that year.

Bundle 6 (B6)

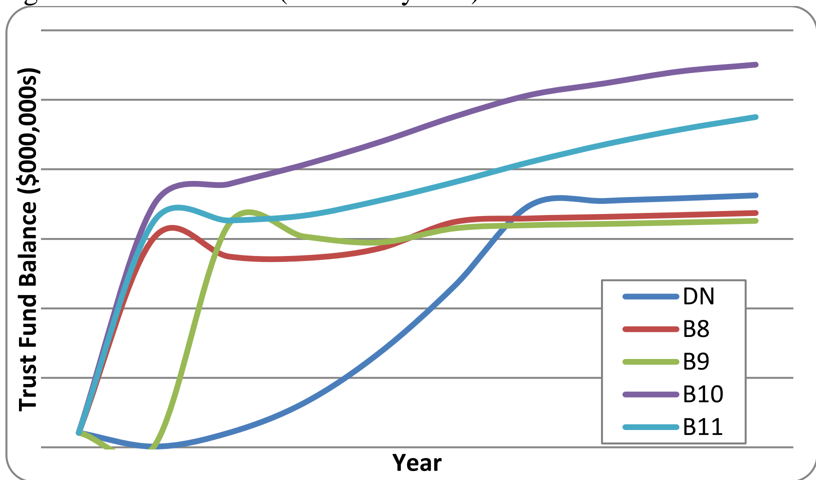
With solvency tax scheme ST4 targeting $2.0 billion, debt reaches zero in 2015 and reserves in 2020 are $2.2 b slightly below the zero interest standard of $2.4 billion for that year.

Bundle 7 (B7)

Relative to B5, base WBA on two high quarters. Debt is zero in 2015. Reserves in 2020 are $ 1.0 billion or far below the new standard for forward funding of UI benefits.

Table 3: Bundles 8-11					
		Current Tax and Benefit System			
Factors	DN	B8	B9	B10	B11
New employer rate	1.2				
Min rate for pos bal employers	0.0				
Max rate for pos bal employers	5.7				
Min rate for neg bal employers	2.9				
Max rate for neg bal employers	2.7				
Taxable wage base	50%				
Upward shift of tax schedule	No				
Tax schedules to formulas	No				
Solvency taxes	No			ST1	ST2
Bond issuance	No	2012	2013	2012	2012
Maximum duration of benefits	26				
Maximum WBA	66.7				
Waiting weeks	1				
Replacement rate	HQ				
Economic scenarios	Base				
Year debt paid down to zero	2017	2016	2016	2016	2016
Reserve balance in 2020 ($)	625m	372m	259m	2.5b	1.8b
Reserve 2020 diff from DN	0	-253m	-336m	1.9b	1.1b
Meets DOL Targets	No	No	No	Yes	No

Figure 3: Bundles 8-11 (Current System)



Bonding and Solvency Taxes

This table lists the features of the "do-nothing" (DN) scenario, and contrasts that mix of UI tax and benefit rules to four different bundles which change only solvency taxes and introduce bonding. B8 bonds to pay-off debt in 2012, B9 bonds to pay-off debt in 2013. B10 bonds in 2012 and adds ST1 targeting $2.2b with rates up to 1.0. B11 bonds in 2012 and adds ST2 targeting $2.2b in reserves with rates up to 0.5.

Bundle 8 (B8)
Relative to DN, bonding in 2012 reduces debt to zero immediately with the existing system reaching zero again in 2016. Reserves in 2020 are $372m or about half the 2020 balance for DN.

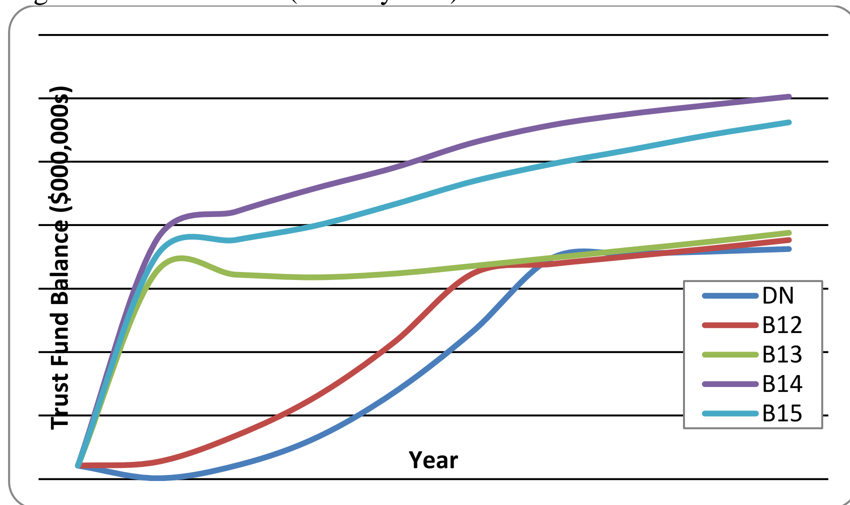
Bundle 9 (B9)
Relative to DN, bonding in 2013 reduces debt to zero immediately with the existing system reaching zero again in 2016. Reserves in 2020 are $259m or less than half the 2020 balance for DN which relies on FUTA offset.

Bundle 10 (B10)
Like B8, bonding in 2012 reduces debt to zero immediately adding the solvency tax ST1, the system reaches zero again in 2016. Reserves in 2020 are $2.5b or above the 2020 balance needed to qualify for interest free loans.

Bundle 11 (B11)
Like B8, bonding in 2012 reduces debt to zero immediately adding the solvency tax ST2, the system reaches zero again in 2016. Reserves in 2020 are $1.8b, and therefore below the 2020 balance needed to qualify for interest free loans.

Table 4: Bundles 12-15					
		1992 Tax and Benefit System			
Factors	DN	B12	B13	B14	B15
New employer rate	1.2	2.25	2.25	2.25	2.25
Min rate for pos bal employers	0.0	0.01	0.01	0.01	0.01
Max rate for pos bal employers	5.7				
Min rate for neg bal employers	2.9				
Max rate for neg bal employers	2.7				
Taxable wage base	50%	60%	60%	60%	60%
Upward shift of tax schedule	No				
Tax schedules to formulas	No				
Solvency taxes	No			ST1	ST2
Bond issuance	No		2012	2012	2012
Maximum duration of benefits	26				
Maximum WBA	66.7				
Waiting weeks	1				
Replacement rate	HQ	2HQ	2HQ	2HQ	2HQ
Economic scenarios	Base				
Year debt paid down to zero	2017	2016	2012	2012	2012
Reserve balance in 2020 ($)	625m	767m	880m	3.0b	2.6b
Reserve 2020 diff from DN	0	142m	255m	2.4b	2.0b
Meets DOL Targets	No	No	No	Yes	Yes

Figure 3: Bundles 8-11 (1992 System)



Restore 1992 System

This table lists the features of the “do-nothing” (DN) scenario, and contrasts that mix of UI tax and benefit rules to those in effect in 1992. Relative to DN, increase: new employer rate (2.25), raise taxable wage base factor (60%), replacement rate base on two high quarters of base period earnings (1/52).

Bundle 12 (B12)
Relative to DN, the 1992 system would pay down debt to zero a year earlier in 2016, and leave a reserve balance of $767m in 2020 or about $142m more than the do-nothing scenario.

Bundle 13 (B13)
Relative to B12, selling bonds in 2012 pays debt to zero that year, but the system returns to deficit until 2016. Reserves recover to reach $767 million in 2020. That level is $142m above the DN 2020 scenario, but remains below the average high cost multiple (AHCM) standards to maintain zero interest short term borrowing privileges from the unemployment trust fund.

Bundle 14 (B14)
Relative to B13, adding a solvency tax targeting $1b in reserves yields a system that remains in positive balance after the 2012 issuance of bonds. The system achieves the reserve criteria set for zero cost borrowing from 2014 through 2019. Yearend reserves in 2020 are estimated to stand at $3.0 billion.

Bundle 15 (B15)
Relative to B14 with 2012 bonding and a solvency tax that targets $2b, like B14 reserves remain positive yearly after 2012 and the system reaches the annual zero cost borrowing AHCM criteria. Yearend reserves are $2.6 billion in 2020.

Following are one page summaries of program feature simulations:

Tax Features Examined:

New employer rate:
    From 1.2 to 3.7 in steps of 0.3
Minimum rate for positive balance employers:
    From 0.0 to 1.1 in steps of 0.1
Maximum rate for negative balance employers:
    From 5.5 to 10.0 in steps of 0.5
Min for negative balance and Max for positive balance:
    (2.7, 2.9), (2.8, 3.0), (2.9 and 3.1)
Taxable wage base:
    From 40 to 60 percent of AWW*52 in steps of 2.5 percentage points
Upward shift of the tax schedule:
    Shift A up from 0.2 to 1.0 in steps of 0.1 percentage points
Tax schedules to formulas:
    Formulas on the reserve ratio interval [-3.5, 3.5]
Solvency taxes:
    From 0.1 to 2.0 percentage points and targets of $1 billion and $2 billion
Bond issuance: to pay off debt balance in 2012

Benefit Features Examined

Maximum potential duration of benefits:
    From 26 to 20 in steps of -1 week
Max weekly benefit amount (WBA):
    0.67*AWW to 0.60*AWW in steps of -0.01 percentage points
Waiting weeks:
    From 1 week to 2 weeks
Replacement rate:
    From (1/26)(HQW) to (1/52)(HQW1+HQW2)

Economic Scenarios Examined

Baseline:
    Based on Global Insight forecast
Severe:
    In 2014 a 2008 style recession begins again
Moderate:
    2014, 2015 unemployment above Global Insight forecast
Mild:
    2014 unemployment above Global Insight forecast

B. New Employer Rate

The new employer rate simulations start at the current value of 1.2 percent then increase in nine increments of 0.3 percentage points. The terminal value is set at 3.7 which was considered by TPRC (2011).

The simulations relative to the Do-nothing suggest that a 0.3 percentage point increase in the new employer rate increases the terminal reserve balance in 2020 by $73 million (Table 4.6). Additional incremental increases of 0.3 have an additive effect on tax contributions. That is each 0.3 increase adds another $73 million or so to the 2020 year-end balance. This results from a relatively fixed amount of new employers in the state every year. Regardless of the new employer rate examined, the payoff year remains 2017 for every level of new employer rate tried between 1.2 and 3.7, and the tax schedule in effect is always A for any of the new employer rates tried.

Table 4.6 New Employer Rate Simulations Summary

New Employer Rate	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
1.2*	2017	483	625	0	A
1.5	2017	525	699	73	A
1.8	2017	567	772	147	A
2.1	2017	610	846	220	A
2.4	2017	652	919	294	A
2.7†	2017	694	993	367	A
3	2017	737	1,066	441	A
3.3	2017	779	1,140	514	A
3.7†	2017	835	1,238	612	A

*Do-nothing scenario
†Used in Tax Policy Review Committee Models

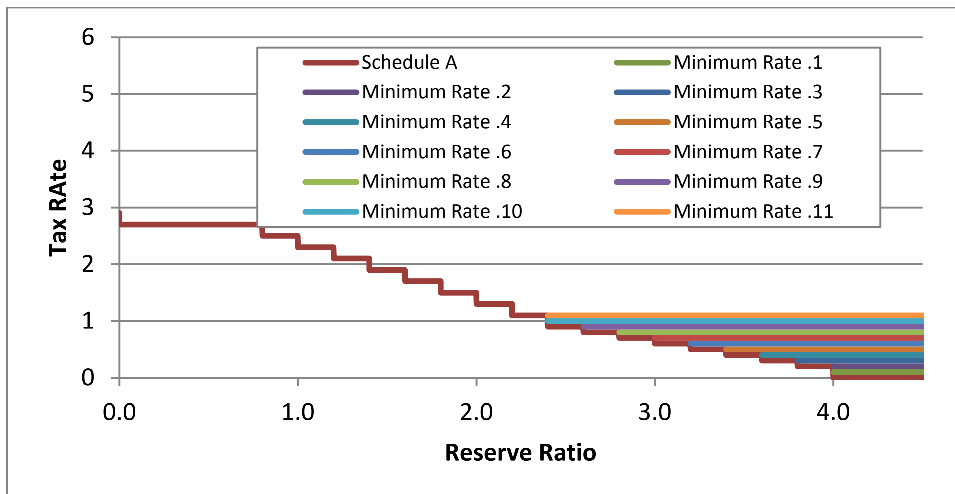
C. Minimum Tax Rate for Positive Balance Employers

These simulations start at the current rate of 0.0 and increase in 12 increments of 0.1 percentage points to 1.1, as considered by TPRC (2011). These changes are shown graphically against tax schedule A in Figure 4.3. Currently employers with a reserve ratio of 4.2 and over pay no UI taxes. The North Carolina finance committee previously simulated minimum tax rates of 0.2 and 1.1 percent. Simulations suggest that increasing the minimum rate in increments of 0.1 from zero to 0.9 has an exponential effect on tax contributions, but increases to 1.0 and 1.1 lower the 2020 year end value of reserves because the trigger moves to tax schedule B (see Table 4.7). The biggest marginal revenue effects occur for minimum tax rates between 0.5 and 0.9.

Table 4.7 Minimum Tax Rate Simulations Summary

Minimum Tax Rate	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
0.0*	2017	483	625	0	A
0.1	2017	490	636	11	A
0.2†	2017	498	649	24	A
0.3	2017	510	674	49	A
0.4	2017	534	719	94	A
0.5	2017	565	780	155	A
0.6	2017	610	868	243	A
0.7	2017	672	990	365	A
0.8	2017	752	1,143	518	A
0.9	2017	853	1,330	705	A
1.0	2017	973	1,347	722	B
1.1†	2017	1,094	1,282	657	B

*Do-nothing scenario
†Used in Tax Policy Review Committee Models



D. Middle Range Tax Rates

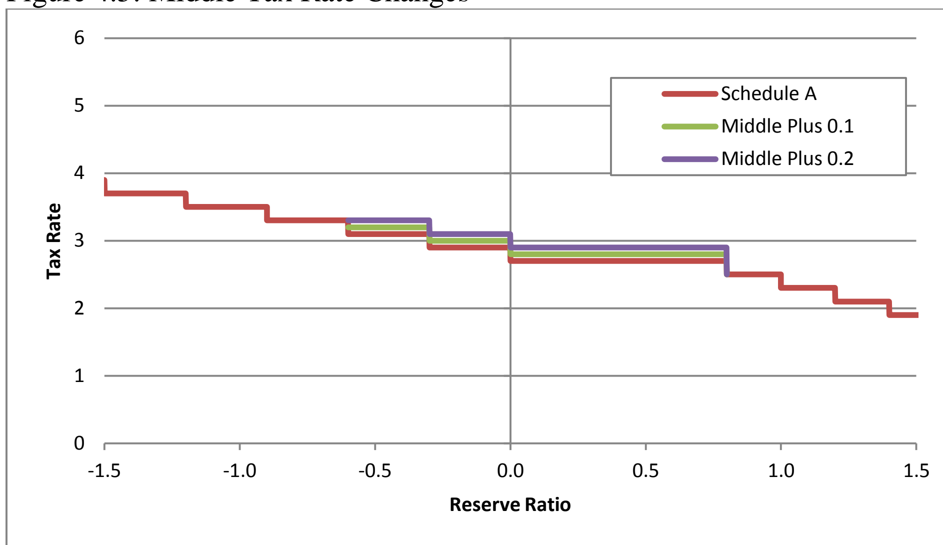
In addition to raising the top and bottom rates, we simulated raising the tax rates on employers in the reserve range from -0.5 to 0.7. Reserve balance changes resulting from these changes were very modest. Raising these rates alone by 0.1 or 0.2 points generated little additional revenue relative to the baseline scenario. Results are reported in Table 4.9. The payoff year remains 2017. The 0.1 increase raises 2020 reserves by $7 million and the 0.2 increases raises them by $31 million. Like the baseline both of these alternatives end on rate schedule A in 2020.

Table 4.9 Middle Tax Rate Simulations Summary

(Min Neg, Max Pos)	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
(2.9, 2.7)*	2017	483	625	0	A
(3.0, 2.8)	2017	387	632	7	A
(3.1, 2.9)	2017	514	656	31	A

*Do-nothing scenario

Figure 4.5: Middle Tax Rate Changes



E. Taxable Wage Base

The North Carolina UI taxable wage base is indexed to reset annually at fifty percent of annualized average weekly wages (AWW) in UI covered employment. That is, 0.5*(52)*AWW. A proportion of sixty percent was simulated for the TPRC (2011) report. This study reports on a range of proportions starting at forty percent and increasing by 2.5 percentage points in eight steps to sixty percent. As can be seen in Table 4.10, the effects of lowering and raising the taxable wage base are nearly symmetric. Neither a 10 percentage point cut, nor 10 point increase changes the payoff year from 2017. A cut of 10 points lowers the 2020 yearend balance by $351 million, while a 10 percentage point increase raises the balance by $309. The gains or losses are in arithmetic proportion to the change in the taxable wage base.

Table 4.10 Taxable Wage Base Formula Change Simulations Summary

Minimum Tax Rate	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Diff from Do-nothing ($ millions)	2020 Schedule
40.0%	2017	227	274	-351	A
42.5%	2017	287	358	-267	A
45.0%	2017	348	444	-181	A
47.5%	2017	419	539	-86	A
50.0%*	2017	483	625	0	A
52.5%	2017	532	699	74	A
55.0%	2017	584	769	143	A
57.5%	2017	650	855	230	A
60.0%†	2017	706	934	309	A

*Do-nothing scenario

†Used in Tax Policy Review Committee Models

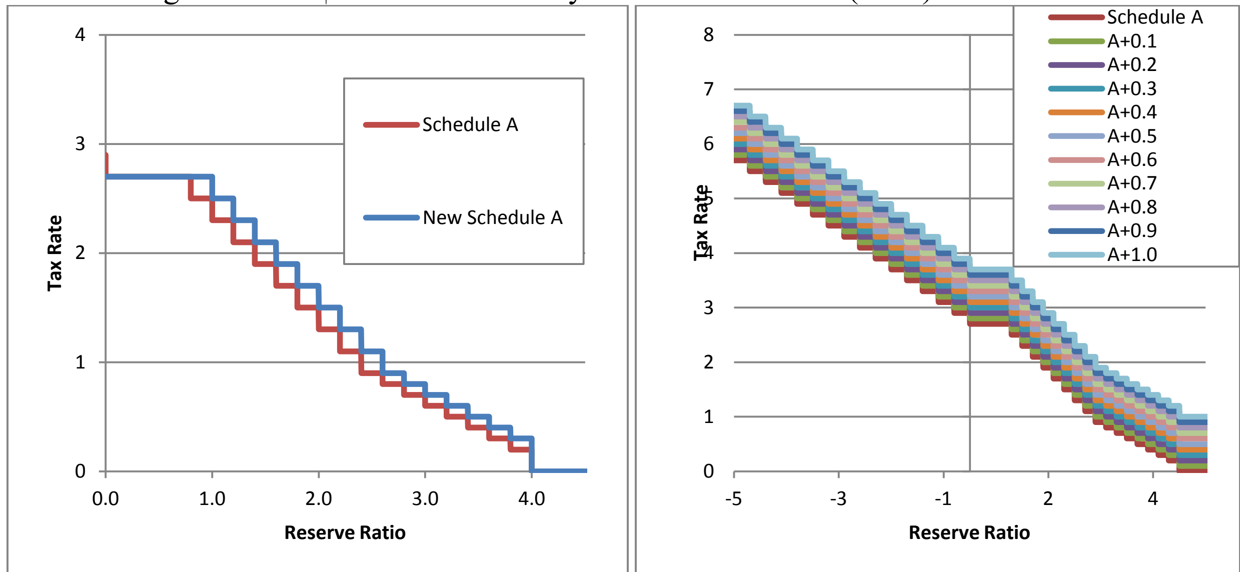
F. Shifting Up the Tax Schedule

Upward shifts in tax schedule A were simulated in six increments of 0.1 percentage points to 0.6 and to 1.0 as in TPRC (2011). These changes are shown graphically below against schedule A. We also examine the effect of using shorter triggers (0.25) to shift between tax schedules. Raising A by 0.1 point generated about $268 million more than the do-nothing scenario by year end 2020, but did not change the payoff year from 2017 or change the tax schedule in effect from A. Raising tax schedule A by 0.4 percentage points yielded an additional $1 billion in 2020 with payoff in 2017, and the tax schedule drops down to B. Raising the schedule by 1.0 yielded $2.27 billion in 2020 with tax schedule C in effect that year. Shifting up the positive balance part of schedule A by one step in proportion to the relationship between other schedules increases reserves by $209 million relative to the baseline at year end 2020, the system remains on that tax schedule from 2012 through 2020.

Table 4.11 Changes in Tax Schedule and Triggers Simulations Summary

Schedule Change	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
A*	2017	483	625	0	A
A+.1†	2017	672	893	268	A
A+.2	2017	865	1,166	541	A
A+.3	2017	1,058	1,444	818	B
A+.4	2017	1,253	1,648	1,023	B
A+.5	2016	188	679	54	A
A+.6	2017	548	1,000	374	A
A+1.0†	2016	1,109	2,274	1,649	C
Change Triggers	2016	483	309	-316	C
New A, Positive only	2017	648	834	209	A

*Do-nothing scenario. †Tried in Tax Policy Review Committee (2011) simulations.



G. *From Tax Schedule to Formula*

We simulated replacing the current tax schedule A with algebraic approximations that would permit employer tax rates to adjust more smoothly year to year. Simulations included: do-nothing, a piecewise-linear formula to mimic schedule A with slopes (-2/3, -1, -1/2), a piece-wise formula with a slightly higher negative balance slope (-4/5, -1, -1/2) and intercept and a cubic approximation to schedule A. These tax formulae are shown graphically below. Changing the tax schedule from a stepped system to a smoother function does not change the payoff year of 2017, but yields $98 million more in reserves by 2020 compared to A. Raising the intercept and pivoting the linear rate system upward raises 2020 year end reserves by an estimated $390 million. The cubic approximation fits the negative balance employers well, but poorly fits the positive range, and yields $104 million less revenue at year end 2020.

Figure 4.7: Schedule to Slope

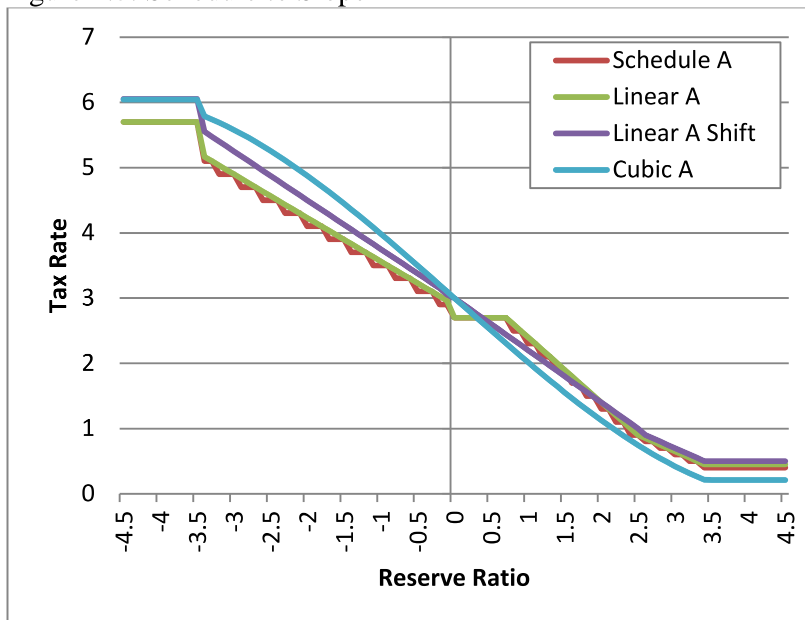


Table 4.13 Tax Formula Simulations

Bundle	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)
Do-nothing*	2017	483	625	0
Schedule A**	2017	435	586	-39
Linear A	2017	526	723	98
Linear A Shift	2017	707	1,015	390
Cubic A	2017	403	521	-104

*Do-nothing scenario.

**The do-nothing tax schedule A truncated to [-3.5, 3.5] range of reserve ratios.

H. Solvency taxes

Revenues from solvency tax assessments flow into the state reserve account, but do not improve reserve balances for individual employers. As such they affect tax triggers, but do not affect individual employer experience rates. We reexamined three scenarios considered by the TPRC (2011) with levies of 0.5, 1.0, and 2.0 depending on accumulated reserves ranging up to $800 million. We also simulated two more gradual systems with rates ranging from 0.1 to 1.0 rising in one-tenth increments with target reserve balances of either $1.0 billion or $2.0 billion. With a three year average high-cost rate of 1.54, the target level of North Carolina UI reserves should be about $2.3 billion in 2020.

All five sets of simulation results for solvency tax plans suggest the trust fund would be paid off in 2015. The 2015 year-end balance is identical for four of the scenarios examined since they all start with a solvency tax rate of 1.0 percent. For the three schemes considered by TPRC (2011) the 2020 year end trust fund balances are projected to be higher when the solvency tax triggers off at a higher level. Aggressive tax rates when the fund balance is low in the TPRC (2011) scenarios build up reserves early, and the system maintains high balances given the assumed steady labor market recovery over the period. The two other scenarios gradually reduce the solvency tax and target fund reserve levels at $1 billion and $2 billion.

Table 4.12 Solvency Tax Simulations Summary

Change	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
No Solvency Tax*	2017	483	625	0	A
North Carolina 1†	2015	497	797	172	A
North Carolina 2†	2015	497	1,154	529	A
North Carolina 3†	2015	1,403	1,728	1,103	B
Solvency Tax 3	2015	497	1,302	677	B
Solvency Tax 4	2015	497	2,124	1,499	C

*Do-nothing scenario. †Used in Tax Policy Review Committee (2011) simulations

Summary of Solvency Tax Plans Analyzed in UI Financing Simulations

Solvency Tax (NC1)		Solvency Tax (NC2)		Solvency Tax (NC3)	
0.0	$100m<B	0.0	$500m<B	0.0	$800m<B
0.5	$25<B<$100	0.5	$100<B<$500	1.0	$100<B<$800
1.0	B< $25m	1.0	B< $100m	2.0	B < $100m

	ST1 (Target $2.2b)		ST2 (Target $2.2b)		ST3 (Target $1b)		ST4 (Target $2b)	
Minimum solvency tax	0.0	$2.2b	0.0	$2.2b	0.0	$1.0b	0.0	$2.0b
		-		-		-		-
Increment	+0.2	$0.4b	+0.1	$0.4b	+0.1	$0.1b	+0.1	$0.2b
Maximum solvency tax	1.0	$0.0b	0.5	$0.0b	1.0	$0.0b	1.0	$0.0b

I. Maximum Duration and Waiting Week

Currently up to 26 weeks of regular compensation are available to every UI beneficiary in North Carolina. Simulations were run reducing the maximum potential weeks incrementally by one week down to 20. Simulation results are shown in Table 4.14. The BFM does not permit changing North Carolina rules regarding the maximum potential duration. However, the model does allow for reducing the total amount of weeks paid each year. Data published by the USDOL (2012) report an average of 43 percent of people between 2006 and 2011 exhausted their maximum eligibility of 26 weeks. That is, shortening potential duration to 25 weeks means actual durations will be one full week shorter for 43 percent of beneficiaries. Shortening the maximum entitled duration by one week translates into a decline in weeks compensated of 2.05 percent, additional weeks of shortening were considered up to 20 weeks which cut weeks compensated by 14.6 percent. Simulations suggest that shortening entitled duration by one to five weeks will pay off the outstanding debt in 2017, with the year-end reserve balance higher for each additional week removed from potential duration.

Of the 53 state UI programs 41 have one waiting week including North Carolina. The remaining states do not require a waiting week, and no states require more than one. We simulate the first order effects of adding a second waiting week by computing the reduced benefits to for all who exhaust. We ignore the likely second order effect from reduced entry into the system by those who expect to have very short durations of joblessness. Given that the average UI exhaustion rate was 43 percent between 2006 and 2011, therefore 57 percent of beneficiaries did not exhaust. Assuming average benefits are paid regardless of duration, an added waiting week will reduce benefit payments by about 2.73 percent. The effect on 2020 year end reserve balance is $175 million or about $50 million more than shortening maximum potential duration by one week.

Table 4.14 Maximum Duration of Benefits Simulations

Maximum Benefit Weeks	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
26*	2017	483	625	0	A
25	2017	593	784	159	A
24	2017	718	963	338	A
23	2017	859	1,146	520	A
22	2017	995	1,346	721	A
21	2017	1,154	1,469	843	B
20	2016	52	700	75	A
Waiting Week	2017	636	844	219	A

* Do-nothing scenario

J. Maximum Weekly Benefit Amount and Replacement Rate

The maximum weekly benefit amount (WBA) in North Carolina is currently indexed to the average weekly wage (AWW) of all UI covered workers in the state. The index formula annually sets the max WBA at two-thirds (66.7%) of the AWW. The max WBA for 2012 is $524. We simulated lowering the maximum rate from 66.7 to 60 percent in one percentage point increments. The debt payoff year does not change in any of the simulations; neither does the 2020 tax schedule in effect. When the maximum benefit is set to 60 percent of the AWW, the 2020 year end trust fund balance is just over $1 billion. According to 2010 American Community Survey data, about one third of employees in North Carolina earned $52,000 per year or more. That is, about one-third of North Carolina workers would qualify for the maximum WBA if involuntarily jobless.

Rather than changing the North Carolina rule to replace fifty percent of the prior wage rate below the maximum WBA, since it is the ideal standard of UI benefit adequacy, we simulated the effect of changing the formula from (1/26) times (high quarter earnings) to (1/52) times (sum of two highest quarters). Computations based on administrative data from a state neighboring North Carolina suggested this change would lower system-wide benefit charges about five percent per year. The main impacts will be on persons with uneven earnings patterns over the course of the year. This change pays off system debt by 2017 leaving a year end reserve balance of $765 that year and a system balance by year end 2020 that is $402 million higher than the baseline scenario suggests.

Table 4.15 Maximum WBA Simulations Summary

Change	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
66.7% of AWW*	2017	483	625	0	A
65.0% of AWW	2017	553	731	106	A
64.0% of AWW	2017	609	812	186	A
63.0% of AWW	2017	651	868	243	A
62.0% of AWW	2017	681	920	294	A
61.0% of AWW	2017	702	970	345	A
60.0% of AWW	2017	726	1,008	383	A
Average 2HQ	2017	765	1,028	402	A

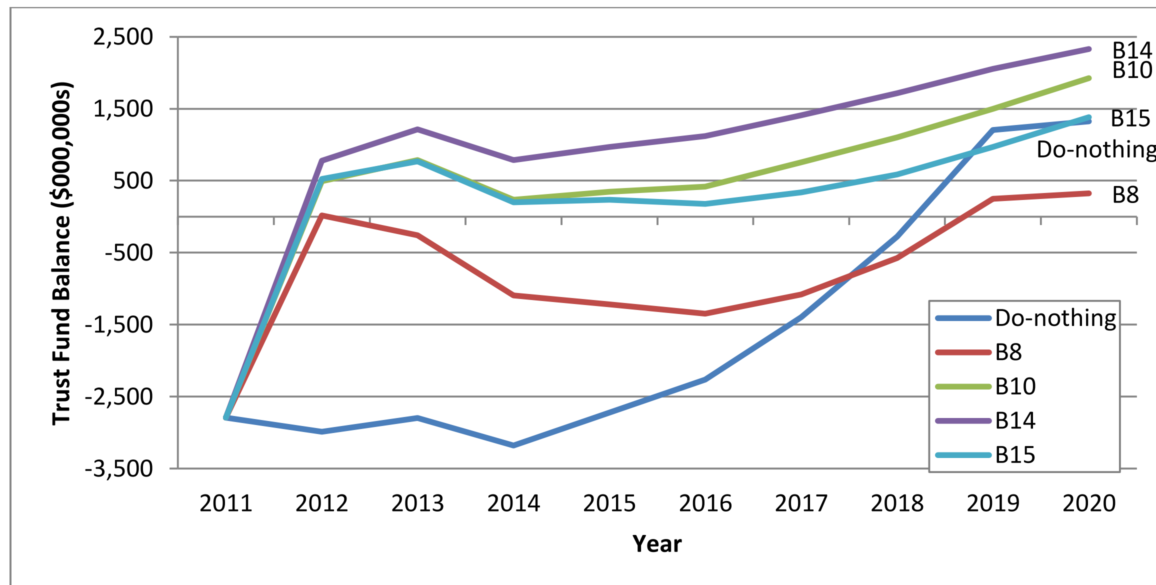
*Do-nothing scenario

K. Economic Conditions

Some of the UI reform bundles were subjected to the "IUR severe" economic scenario listed in the introduction. In that scenario the insured unemployment rate (IUR) jumps up in 2014 to the 2010 level and decreases following the same pattern as 2011 through 2013. The simulation results below suggest that the do-nothing scenario actually reaches 2020 with a higher yearend balance, by nearly $700 million, due to federal offsets and increased taxes from employers not moving to higher experience rates. Bundles 8 and 10 start from the current system, both add a $3 billion bond in 2012, and B10 also adds a solvency tax scheme. Notice that B8 yields a negative balance in 2013, and remains negative until 2019. With the solvency tax targeting $2.2 billion, B10 provides the second highest pattern of reserves. Bundles 14 and 15 restore the 1992 tax system as well as bonding and solvency tax. Both use a targeted tax of $2.2 billion, but B15 has a tax rate of 0.5 as the maximum. Bundle 14 is the only scenario that reaches the DOL target of $2.2 billion in reserve in 2019, although the target is not met in any prior year.

Bundles under severe economic conditions

Bundles	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Diff from Do-nothing ($ millions)	2020 Schedule
Do-nothing	2019	1,202	1,324	699	A
B8	2019	251	323	-302	A
B10	2012	492	1,925	1,300	B
B14	2012	776	2,327	1,702	C (1992)
B15	2012	526	1,384	759	B (1992)

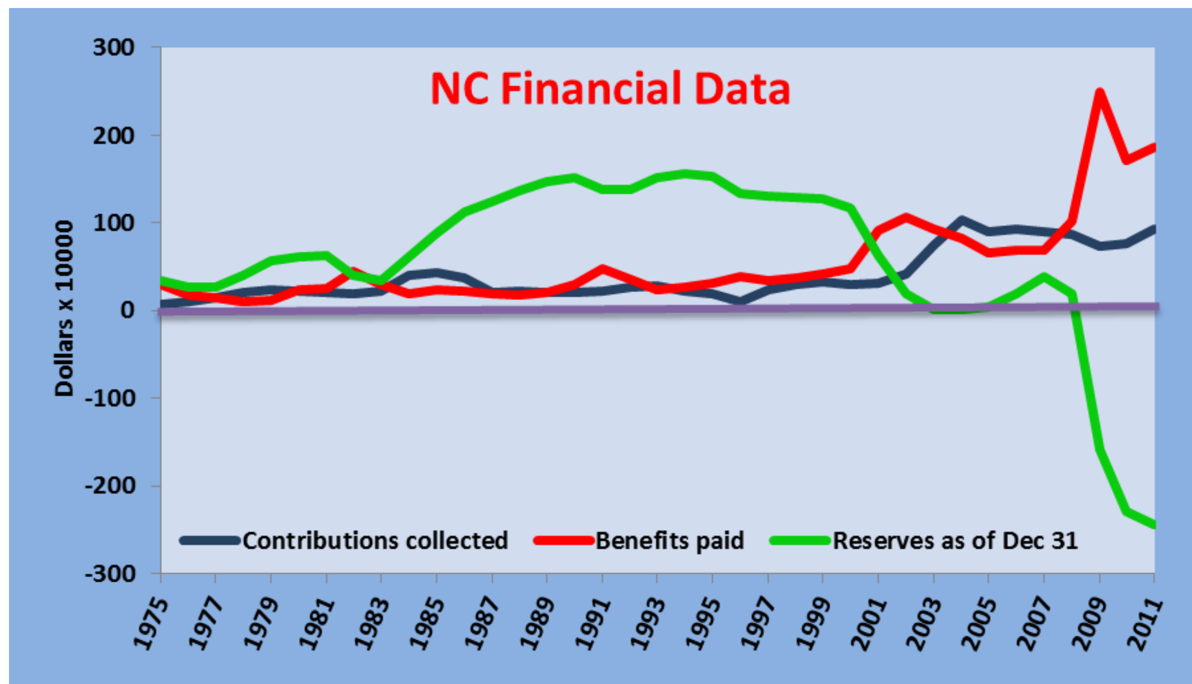


V. Fact Sheets—Final Report

A. Fact Sheet: North Carolina UI Solvency Status

North Carolina faces the challenge of providing a benefit structure for unemployed individuals, developing financing systems that can provide adequate funding for current benefits and repay significant debt to the federal government.

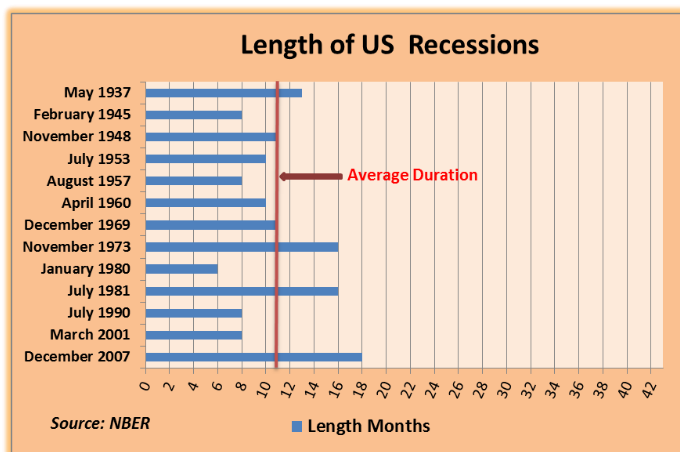
North Carolina's Financial Data chart shows after the early 1980s recessions it was able to build a relatively high level of UI trust fund reserves to pay benefits during an economic downturn. During the 1990s, North Carolina enacted a series of tax reductions and holidays, and the level of the trust fund began to decline, which is indicated by the steady decline in the green line as unemployment rose in the 2001 downturn. The 2002 Reed Act distribution of $240.9 million delayed the necessity of North Carolina having to borrow to cover UI benefits paid. The 2007-2009 recession caused reserves to dip further and finally become negative leading to a current (May 1, 2012) unemployment trust fund outstanding loan balance of $2.84 billion with $55.0 million in interest due. Subsequent borrowing after May might result in a higher indebtedness and additional interest will continue to accrue through September 2012.



B. Fact Sheet: The Economic Cycle and UI Financing

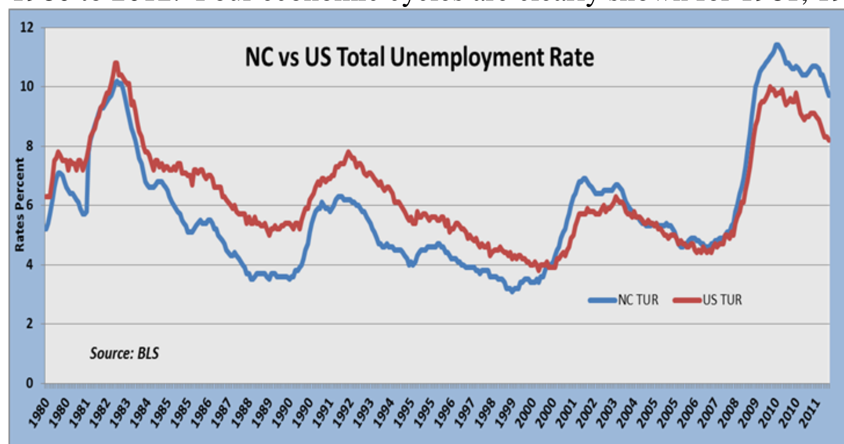
The UI system has been characterized as a "countercyclical' program. Designing a system that is countercyclical requires knowledge of the nature of U.S. and state economic cycles. Forecasting the length and depth of future economic cycles is a difficult science.

The UI system is designed to be "countercyclical." The demand for UI benefit payments increase as the economy slows, and even more dramatically during more severe recessions and their aftermath. With higher levels of unemployment, more individuals file for UI and receive payments for longer periods, thereby increasing the need to pay more benefits from the UI system.



Most UI financing systems also are countercyclical. Employer taxes are usually low shortly before recessions and they do not increase substantially during the downturn or shortly thereafter. Tax revenues begin to increase as the economy improves. Individual employers who lay off more workers face increased tax rates based on their experience with increased unemployment. All employers might face increases in taxes too if a state has a general solvency tax that activates when trust fund balances are relatively low. The duration and amplitude of U.S. economic cycles have varied significantly. Understanding how cycles change is important when developing alternative UI benefit and financing systems. Changing formulas on how an employer's experience with benefits paid from their respective accounts, changing the number of tax schedules and the trigger mechanism to determine which schedule is in effect as a function of the level of the UI trust fund are just a few ways to affect the timing of the changes in employers taxes. In the figure above, a comparison for the lengths of U.S. recessions since 1937 are shown, the average length (peak to trough) is 11 months. Three recent recessions 1973, 1981, and 2007, exceeded the average and placed increased pressure on state UI benefit and tax systems.

Anticipating the length of the "next recession' is important to the designers of a state's UI financing system, but so is determining the amplitude of the downturn, and the length of the recovery. In the next figure, the total unemployment rates for the U.S. and North Carolina are compared for the years 1980 to 2012. Four economic cycles are clearly shown for 1981, 1990, 2001, and 2007. The peaks appear to be at close to 10 year intervals and the severity varies with 1981 and 2007 of similar amplitudes but very different recovery periods. Even though the 1991 and 2001 cycles have a longer recovery and expansion period, the levels of unemployment reached was clearly less resulting in less pressure for UI financing systems.



C. Fact Sheet: North Carolina's Benefits Compared to Neighboring States

States often compare their UI program parameters with each other to gain an understating of how different systems work and how employers and workers see the various advantages and disadvantages among them.

Comparing North Carolina with other states in the regions (AL, FL, GA, KY, MI, SC, TN, and VA) reveals the following. When looking a North Carolina's weekly benefit amounts over the last few years and comparing the numbers against her sister states, one anomaly stands out – maximum weekly benefit amount is over 70 percent higher than the average of the other eight states. When looking at the average weekly benefit amount as a percentage of the average weekly wage and exhaustion rate, North Carolina is within a normal range of the other surrounding states.

Comparative Benefit Statistics

	2010 Min WBA	2010 Max WBA	2010.4 AWBA	2010.4 Exhaust Rate	2011 Min WBA	2011 Max WBA	2011.4 AWBA	2011.4 Exhaust Rate	2011.4 Avg. Wkly. Wage	2011.4 AWBA as % of AWW
US			$295	53.4 %			$297	48.8%		
AL	$45	$265	204	44.2	$45	$265	204	39.9	$766	26.7%
FL	32	275	229	67.0	32	275	232	55.9	803	28.7
GA	44	330	268	54.0	44	330	268	50.9	848	31.7
KY	39	415	285	41.9	39	415	287	35.6	746	38.5
MS	30	235	188	47.9	30	235	191	45.2	655	29.1
NC	43	506	292	60.7	43	525	291	55.3	797	36.6
SC	20	326	233	55.8	42	326	238	54.6	726	32.6
TN	30	275	233	53.0	30	275	238	49.8	800	29.3
VA	54	378	285	50.1	60	378	288	49.2	935	30.4

D. Fact Sheet: North Carolina's Taxes Compared to Neighboring States

States often compare their UI program parameters with each other to gain an understating of how different systems work and how employers and workers see the various advantages and disadvantages among them.

Comparing North Carolina with other states in the region (AL, FL, GA, KY, MI, SC, TN, and VA) reveals the following. When looking at North Carolina's tax statistics for 2011 and comparing the numbers against her sister states, one difference stands out – new employer tax rate is about 55 percent lower than the average of the other eight states. North Carolina's new employer tax rate allows new employers to come into North Carolina's UI tax system as if they have already been experienced rated for three to five years. Also, North Carolina's percentage in 2011 for relieving charges to employers is slightly higher than some of her sister states.

Mississippi was the only state out of the nine with enough reserves to continue benefits without borrowing. Mississippi's average high-cost multiple (AHCM) in December 2007 was 1.70 compared to North Carolina's AHCM of 0.23. Tennessee had to borrow, but has since repaid its loans with a 0.6 percent surcharge. The remaining seven states as of May 1, 2012, have combined loans of $6.8 billion with $0.3 billion in interest due in September 2012. North Carolina's debt is $2.84 billion with $0.055 billion in interest due. Subsequent borrowing after May might result in a higher indebtedness and additional interest will continue to accrue through September 2012 in September 2012.

Comparative Tax Statistics

	2012 Taxable Wage Base	2011 Minimum Tax Rate	2011 Maximum Tax Rate	2011 New Employer Tax Rate	Percent of Employers at Max Tax Rate	Percent of Employers at Min Tax Rate	Non-charged Benefits
AL	8,000	2.19%	8.34%	2.7%	7%	67%	N/A
FL	8,500	1.03	5.40	2.7	22	63	11%
GA	8,500	0.03	5.40	2.6	11	41	11
KY	9,000	1.00	10.00	2.7	10	19	5
MS	14,000	0.85	5.40	2.7	12	62	17
NC	20,400	0.24	6.84	1.2	10	20	16
SC	12,000	0.10	11.28	2.9	6	56	18
TN	9,000	0.50	10.00	2.7	6	15	9
VA	8,000	.77	6.87	3.2	10	69	7

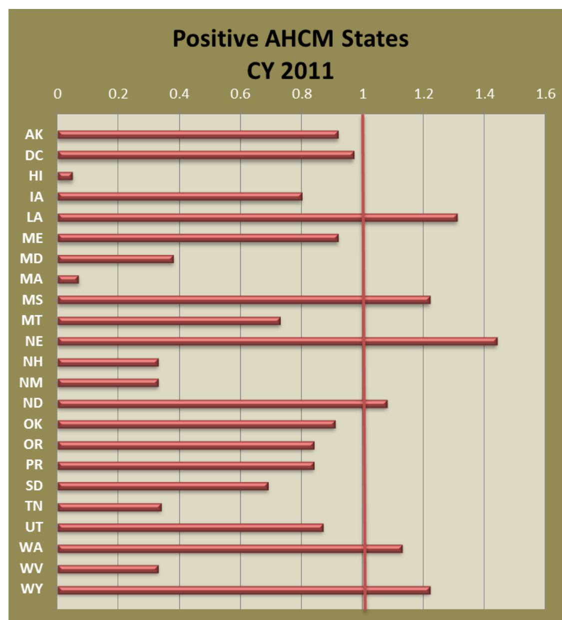
E. Fact Sheet: Status of UI Trust Funds

State UI Trust Funds receive funds from employer taxes and federal interest on reserves and distribute funds to pay benefits for UI Claimants. If sufficient funds are not available to pay benefits when due a state may borrow from Federal UI Accounts to cover shortfalls.

The federal-state UI trust fund system has always been intended to be countercyclical to lessen the impact of the economic business cycle in a state and the nation. The "rainy-day fund" allows reserves to build during a strong economy so benefits can continue to be paid when a state's economy shrinks. This structure also reduces tax increases on employers during a recession that might further constrict businesses and a state's economy.

There is no federal requirement for what a state's reserve level must be for their unemployment trust fund at a given state in the economic cycle. Federal law generally limits the use of a state's unemployment trust fund only for the purposes of paying benefits. Over the years, the U.S. Department of Labor (USDOL) and others have suggested a commonly used measure of the adequacy of financial reserves known as the high-cost multiple. The high-cost multiple compares current reserves with a state's past peak benefit payout.

In the early 1990s, the Federal Advisory Council on Unemployment Compensation developed the concept of the Average High Cost Multiple (AHCM). The AHCM is defined as how long a state could sustain payments equal to the average of the three highest benefit cost rates in the 20-year period ending with the preceding year, without additional tax revenue coming into the unemployment trust fund. The AHCM is used as a watermark for states in reviewing the health of their unemployment trust fund. For example, a state with an AHCM of 1.0 could support 12 months of historically high benefits. The 23 States with positive AHCM's as of December 2011 are shown in the figure to the right. AHCM's are not determined for borrowing states because their balances are negative.)



Recent NC AHCM	
1998	1.17
1999	1.06
2000	0.89
2001	0.47
2002	0.14
2003*	0.14
*3rd Qtr 2003	

During the 1990s decade, the General Assembly voted to cut taxes five different times and it authorized a one-year tax holiday.[1] The 2002 Reed Act distribution of $8 billion delayed addressing solvency issues in many states; the $240.9 million NC received helped improve their trust fund reserve balance. By the fall of 2003, NC was anticipating borrowing since their trust fund balance was below $11 million and NC had an AHCM of 0.14. To be completed for final report.

[1] Karin Schill Rives, *Higher Payroll Taxes on Way*, http://www.newsobserver.com (February 8, 2002).

F. *Fact Sheet: Issuing Bonds to Repay Outstanding Title XII Loans*

Analysis of an option for North Carolina to issue five year bonds to repay the state's current outstanding Title XII loan.

Decision to Issue Bonds

North Carolina might consider issuing bonds in order to repay its outstanding Title XII loans and avoid the higher interest rates and Federal Unemployment Tax Act (FUTA) credit reductions associated with the federal loans. At this time, employers in the state face a uniform FUTA tax increase of 0.6 percent in 2012, for a total FUTA tax rate of 1.2 percent. In 2013 this FUTA tax rate will increase by another 0.3 percent to 1.5 percent. This tax increase is not stratified amongst employers according to their relevant experience rating; rather, it is imposed equally on each employer that would otherwise pay the normal FUTA tax of 0.6 percent. North Carolina might seek to avoid the FUTA tax increase in whole by repaying the state's outstanding Title XII loans and maintaining a zero positive balance in the state's unemployment trust fund on January 1. North Carolina would have to decide how to service this debt through state revenue or other source. North Carolina also could, as some states have, impose an additional surtax or special assessment on employers in order to pay the debt service associated with the bond issue. The incidence of who pays would depend on the source of funds, if an employer tax was used; the assessment could be structures in such a manner that employers would be assessed according to employers' respective experience ratings.

North Carolina might decide to issue bonds because doing so might result in a credit spread or cost savings to the State due to the lower cost of capital associated with borrowing in the private market. The rate of interest North Carolina currently pays on the State's outstanding Title XII loans is approximately 3.0 percent annually. If North Carolina could receive a lower rate of interest by issuing bonds in the private market, the proceeds of which would be used to repay the outstanding Title XII loans, the difference in annual interest payments would result in a net credit to the state in the form of interest rate savings and additional FUTA tax increases for all employers.

Description of Bond Issue

North Carolina could seek to issue bonds with a maximum maturity of no longer than five years. While the State might select any number of bond types (taxable or tax-exempt issues, with fixed or variable rates of interest, and optional redemption and enhancement features) in our analysis we will assume North Carolina would issue fixed-rate serial bonds in which an equal portion of the bond's outstanding principal is repaid each year, while coupon payments are made on a semi-annual basis (for a total of 10 payments). From a cursory review of recent bond issues of similar maximum maturities and credit qualities, we can assume North Carolina would pay a rate of interest of approximately 2.0 percent on five year serial bonds issued at par with a total principal value of $3,000,000,000. Finally, we will assume that the bonds are issued by September 30 of 2012 in order for the State to avoid the interest charges associated with its outstanding Title XII loans (charged on loans outstanding as of October 1, 2012), with the first coupon payment

commencing on January 15, 2013. Coupon payments will then be payable twice annually, on January 15 and July 15, with an equal portion of the principal due (one-fifth of the par value of the principal at issuance) also due on July 15.

Simulation of Bond Issue

As *Table 1* shows, assuming all other variables are held constant, a benefit finance model (BFM) simulation of a $3.0 billion bond issue by September 30, 2012 results in the unemployment trust fund maintaining a surplus of nearly $16 million by December 31, 2012 (assuming the bond proceeds are used to repay outstanding Title XII loans, and the remaining funds are used to capitalize the trust fund). However, due to the fact that no tax modifications or benefit reforms are included in this simulation, the simulation projects the trust fund will fall into negative territory again in 2013. As a result, North Carolina would be required to borrow funds to pay unemployment insurance (UI) benefits, either from the private market (which is unlikely to occur), or from the federal government in the form of Title XII loans. The simulation projects that the trust fund would fail to maintain a zero positive balance until 2016, after three years of additional borrowing in the form of Title XII loans.

Table 1

Year	Interest (000)	Ending balance (000)	Benefits (000)	Contributions (000)
2011	$0	($2,789,756)	$1,484,619	$1,203,467
2012	2,653	14,272	1,670,683	1,335,119
2013	165	(256,708)	1,444,674	1,173,528
2014	0	(279,340)	1,375,379	1,352,747
2015	0	(138,149)	1,234,773	1,375,964
2016	5,072	242,037	1,139,212	1,366,782
2017	12,436	291,767	1,097,975	1,135,270
2018	14,114	314,930	1,073,998	1,083,047
2019	15,367	341,002	1,056,521	1,067,227
2020	16,781	369,700	1,033,525	1,045,442

The simulation projects that North Carolina would face interest charges and a FUTA credit reduction as a result of the state's Title XII borrowing from 2013 to 2015. As *Table 2* illustrates below, interest would be charged against outstanding Title XII loans and owed to the federal government in 2013, 2014, and 2015; while the State's employers would face a FUTA credit reduction equal to 0.3 percent in 2016.

Table 2

Year	Outstanding Loan as of December 31	Interest Due	FUTA Credit Reduction	Additional FUTA Credit Reduction	Amt Paid on January 1 as a result of FUTA Reduction
2011	$2,789,756,000	$109,596,383	0.3%	0.0%	$0
2012	0	0	0.0%	0.0%	136,938,813
2013	256,708,248	3,709,516	0.0%	0.0%	0
2014	279,340,076	14,577,908	0.0%	0.0%	0
2015	138,148,829	12,436,430	0.3%	0.0%	0
2016	0	0	0.0%	0.0%	147,542,673
2017	0	0	0.0%	0.0%	0
2018	0	0	0.0%	0.0%	0
2019	0	0	0.0%	0.0%	0
2020	0	0	0.0%	0.0%	0

Debt Service or Total Costs of Bonding

In order to calculate the total debt service associated with the bond issuance we need to add the debt service payable as a result of outstanding Title XII loans to the debt service payable under the bond. *Table 3* below shows the outstanding principal owed by

Table 3

Year	Coupon Rate	Outstanding Principal on January 1	Interest Due	Principal Due	Annual Debt Service on Bond Issue	Title XII Debt Service	Total Debt Service
2011	-	$0	$0	$0	$0	$0	$0
2012	-	0	0	0	0	0	0
2013	2.00%	3,000,000,000	60,000,000	600,000,000	660,000,000	0	660,000,000
2014	2.00%	2,400,000,000	48,000,000	600,000,000	648,000,000	0	648,000,000
2015	2.00%	1,800,000,000	36,000,000	600,000,000	636,000,000	0	636,000,000
2016	2.00%	1,200,000,000	24,000,000	600,000,000	624,000,000	0	624,000,000
2017	2.00%	600,000,000	12,000,000	600,000,000	612,000,000	0	612,000,000
2018	-	0	0	0	0	0	0
2019	-	0	0	0	0	0	0
2020	-	0	0	0	0	0	0

the State under the bond issue on January 1. Because the bond indentures stipulate that an equal portion of the principal due (one-fifth of the par value of the principal at issuance) is due on July 15 each year, the chart below assumes $600 million in principal will be paid annually. As the bond's principal is reduced, the interest payments are reduced by approximately $12 million each year. The column to the far right in table below shows the annual debt service associated with the bond, calculated by adding each year's principal and interest payments. The far right column in *Table 3* adds the total interest payments and the total level of funds owed as a result of FUTA credit reductions to calculate the total debt service associated with maintaining outstanding Title XII loans under the bond issuing scenario.

Adding the annual debt service payments for the bond issue with the debt service owed on Title XII loans accessed by the State over the life of the bond issuing scenario results in a total cost of slightly more than $3.6 billion, as *Table 4* shows.

Table 4

Total Interest Due Under Bonding Scenario	Total Debt Service Under Bonding Scenario
$320,320,237	$3,604,801,723

Cost Savings

In order to determine whether issuing bonds would result in any cost savings for North Carolina, we need to compare the debt service associated with the bond issue to the debt service payable as a result of maintaining outstanding Title XII loans under the "Do Nothing" scenario. The total debt service payable under the Do Nothing scenario is slightly less than $3.7 billion, as illustrated by *Table 5* below.

Table 5

Year	Outstanding Loan as of December 31	Interest Due	FUTA Credit Reduction	Additional FUTA Credit Reduction	Amt Paid on January 1 as a result of FUTA reduction	Title XII Debt Service
2011	$2,789,756,000	$109,596,383	0.3%	0.0%	$0	$109,596,383
2012	2,988,381,000	134,307,004	0.6%	0.0%	136,938,813	271,245,817
2013	2,789,463,000	133,604,196	0.9%	0.0%	279,085,494	412,689,690
2014	2,359,072,000	116,113,256	1.2%	0.3%	426,492,972	542,606,228
2015	1,638,193,341	90,243,345	1.5%	0.3%	579,687,876	669,931,221
2016	672,909,475	50,573,485	1.8%	0.3%	737,713,365	788,286,850
2017	0	0	0.0%	0.0%	900,756,666	900,756,666
2018	0	0	0.0%	0.0%	0	0
2019	0	0	0.0%	0.0%	0	0
2020	0	0	0.0%	0.0%	0	0

As a result, the total savings the State would realize by issuing bonds to repay its outstanding Title XII debt (under this specific bond issue) would equal approximately $90 million. It is also worth noting that the total savings in interest payments between the two scenarios is substantial, as the interest the State would owe the federal government under the Do Nothing scenario is more than $300 million higher than the interest payable under the bonding scenario, as illustrated by *Table 6*. This analysis is based on assumptions and variables that North Carolina may not be able to duplicate in the actual bond market depending on the state's rating and available coupon rates at the time of underwriting the notes.

Table 6

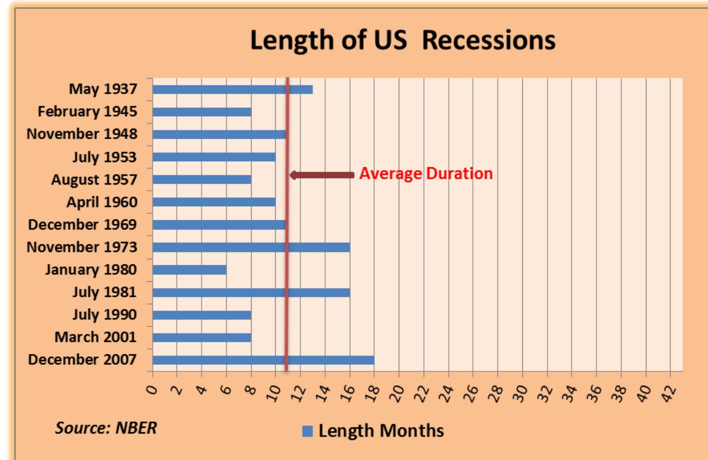
Total Interest Due Under 'Do Nothing' Scenario	Total Debt Service Under 'Do Nothing" Scenario
$634,437,669	$3,695,112,855

VI. Comparative Analysis of State UI Trust Funds

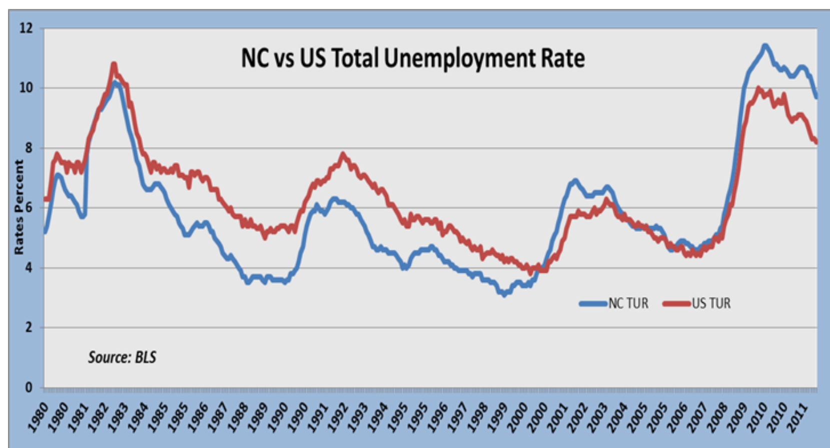
A. Cyclical Economic Conditions & UI Financing

The UI system is designed to be "countercyclical." The demand for UI benefit payments increase as the economy slows, and even more dramatically during more severe recessions and their aftermath. With higher levels of unemployment, more individuals file for UI and receive payments for longer periods, thereby increasing the need to pay more benefits from the UI system.

Most UI financing systems also are countercyclical. Employer taxes are usually low shortly before recessions and they do not increase substantially during the downturn or shortly thereafter. Tax revenues begin to increase as the economy improves. Individual employers who lay off more workers face increased tax rates based on their experience with increased unemployment. All employers might face increases in taxes too if a state has a general solvency tax that activates when trust fund balances are relatively low. The duration and amplitude of U.S. economic cycles have varied significantly. Understanding how cycles change is important when developing alternative UI benefit and financing systems. Changing formulas on how an employer's experience with benefits paid from their respective accounts, changing the number of tax schedules and the trigger mechanism to determine which schedule is in effect as a function of the level of the UI trust fund are just a few ways to affect the timing of the changes in employers taxes. In the accompanying figure, a comparison for the lengths of U.S. recessions since 1937 are shown, the average length (peak to trough) is 11 months. Three recent recessions 1973, 1981, and 2007, exceeded the average and placed increased pressure on state UI benefit and tax systems.



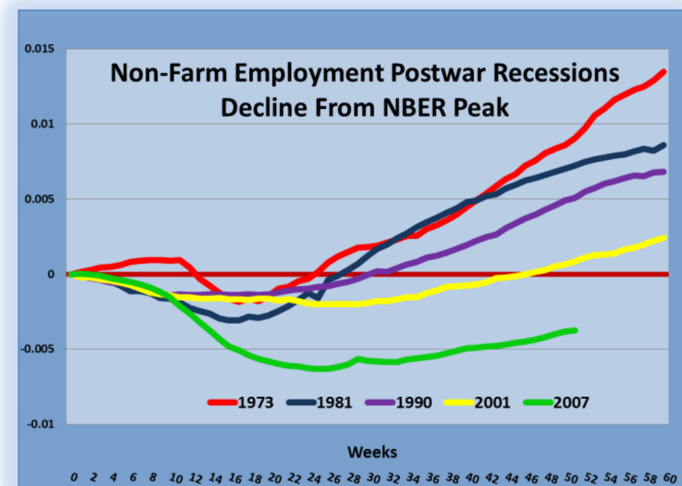
Anticipating the length of the "next recession' is important to the designers of a state's UI financing system; but so is determining the amplitude of the downturn, and the length of the recovery. In the next figure, the total unemployment rates for the U.S. and North Carolina are compared for the years 1980 to 2012. Four economic cycles are clearly shown for 1981, 1990, 2001, and 2007. The peaks appear to be at



close to 10 year intervals and the severity varies with 1981 and 2007 of similar amplitudes but very different recovery periods. Even though the 1991 and 2001 cycles have a longer recovery and expansion period, the levels of unemployment reached was clearly less resulting in less pressure for UI financing systems.

The UI state benefit financing systems are complex, dynamic systems: The basic components of a state taxing system consist of a set of tax schedules. The particular tax schedule in effect in a given year is generally determined by a formula which ties the trust fund level to some scale that further links to a set of tax schedules. As the trust fund balance declines, tax schedules with higher rate should come into play. Employers are assigned a tax rate based on their own experience rating ratio, the more their workers file for, and receive unemployment the lower their ratio and the higher their tax rate. States have many provisions as to what "employment" is charged to an employer and the formula used to compute their experience rating. Once an employer's tax rate is determined, the rate applies to the wages paid to each employee each year up to the states maximum taxable wage base.

The 2007-2009 Great Recession has been often characterized as a recovery without corresponding growth in the level of employment. A comparison of respective employment recovery times in recent recessions is shown in the accompanying figure. In the recessions of 1973, 1981, and 1990, employment returned to pre- recession level within six months. In the 2001 downturn it took almost eleven months. In the current recession, employment levels while slowly recovering are still well below pre-recession level 14 months out.



This slow recovery can further impact the timing mechanisms in a state's UI financing system. Many systems assume a gradual recovery over 18 to 36 months and they are designed to slowly increase employer tax rates to build trust fund balances as benefit payments decline. In the current recovery period neither of these is true.

Changing any of the variables in a state financing system can have short term, and/or longer term impacts on the solvency UI trust fund. For example, (GAO 2006), a state's maximum tax rate limits the size of an employer's tax payment, regardless of the costs an employer may have imposed on the system. Similarly, minimum tax rates ensure that an employer's tax rate will not drop below a specified floor, no matter how much its experience rating improves. Other aspects of state systems cause significant portions of total benefit payments to become "shared"—that is, to become a common cost of all firms. Under some conditions, states pay benefits but do not attribute those benefits to a specific employer. One type of such a "non-charge" is a benefit payment made that is finally reversed, but not recovered. Such shared benefit costs reduce experience rating and impose additional costs on all employers. State legislatures will often freeze tax rates, or eliminate or reduce other experience rating charges. While these actions

directly affect the employers who receive such actions they also impact other employers who must make up the difference through higher individual taxes or paying a higher rate for an extended period of time.

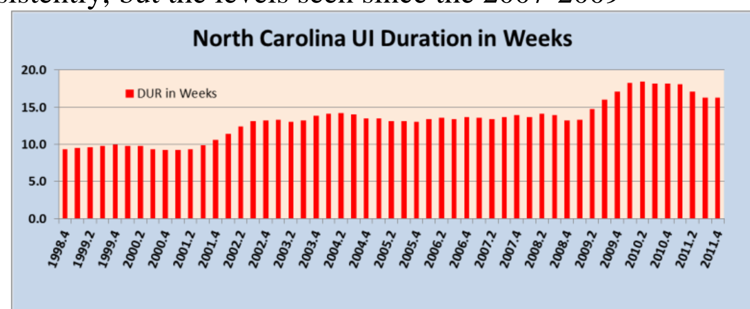
All state unemployment insurance programs adjust the tax rates of individual firms on the basis of their experience with unemployment, and 50 of the 53 systems do so based on one of two basic systems—the reserve ratio system or the benefit ratio system. Under both systems, benefit payments charged to a firm over a defined period of time become a key basis for an employer's experience rating, however the "memory" of these systems can be long and slower to change, or short leading to more rapid changes in the employer's tax rate.

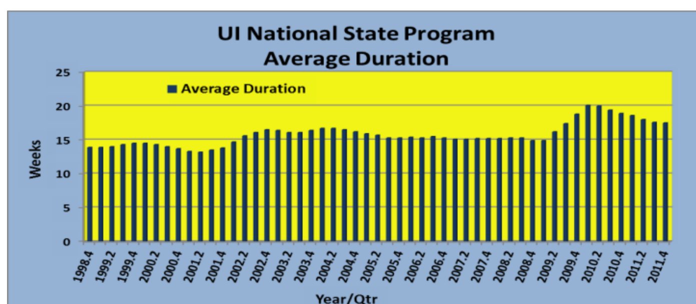
Reserve Ratio systems tend to have longer memories than Benefit Ratio systems. The experience-rating aspect of the unemployment insurance systems is unique in the world—the United States is the only nation that finances its UI system though an experience-rated tax. Estimating the length of future recessions is a critical component for setting the parameters of state financing systems.

B. Cyclical Economic Conditions and UI Benefits

With respect to UI benefit payments, as more eligible workers lose their jobs during recessions, they typically apply for UI benefits to access income to replace the wages they would otherwise receive. State laws determine when an individual is eligible for benefit payments and based on factors in state law, the level of the weekly benefit amount, the duration of benefits usually up to 26 weeks, (Seven states now have a maximum UI benefit duration of less than 26 weeks) whether to allow partial earnings, how to treat the claimant's action with respect to work search requirements and other ongoing eligibility issues, etc. Changing any of these factors can impact the amount of benefits paid, and thereby the impact on the states trust fund and the level of taxes to assess on employers to cover benefit outlays.

The duration of state benefits is an indicator of changes in the extent of benefits paid. In recent recessions this figure has been rising consistently, but the levels seen since the 2007-2009 recession have been unprecedented. In the next two figures, the average duration of regular state UI programs for North Carolina and the U.S are displayed. Extended durations of unemployment place increasing stress on the financing mechanisms to pay for these benefits.





The UI system plays an important role in stabilizing the macro economy during economic contractions by supporting consumption of goods by unemployed workers who would otherwise have less income. Providing adequate benefits, timely to the unemployed is a critical aspect of the UI system but determining

the proper wage replacement rate, the eligibility requirements and extent of payments ultimately affects the financing capabilities of the UI system. Finding the proper balance in a dynamic and changing economic environment remains a difficult challenge.

C. Current Economic Climate

In their most recent minutes, the Federal Open Market Committee (FOMC) of the Federal Reserve indicated that labor market conditions continue to improve and the unemployment rate declined further, although it remains elevated. Private nonfarm employment rose at an appreciably faster average pace in January and February than in the fourth quarter of last year, and declines in total government employment slowed in recent months. The unemployment rate decreased to 8.2 percent in March. In April 2012, the unemployment rate dropped another tenth of a percentage point to 8.1 percent. Both the rate of long-duration unemployment and the share of workers employed part-time for economic reasons continued to be high. Initial claims for unemployment insurance trended lower over the intermeeting period and were at a level consistent with further moderate job gains. Furthermore, the FOMC minutes explained that measures of labor compensation generally indicated that nominal wage gains continued to be subdued. Increases in compensation per hour in the nonfarm business sector picked up somewhat over the four quarters of 2011.

D. Status of State Unemployment Trust Funds

A state faces three tasks if their state unemployment trust fund is insolvent: 1) reviewing their current UI tax structure to determine if changes are required, 2) managing political pressure to reduce benefit eligibility and amounts; and 3) managing political pressure in mapping the most effective way for state employers to repay loan balance and interest on the loan balance.

A state may also need to revisit the fundamental core values of the federal-state UI system goal of having a safety net for unemployed workers and to stabilize the economy in periods of unemployment. Some options for States when looking to their unemployment trust fund solvency issue include:

1. Increase the taxable wage base for employers;
2. Increase the tax rate schedules or indexing method;
3. Reduce benefit amounts;
4. Reduce benefit duration;
5. Tighten eligibility and participation requirements; and/or
6. A combination of the above.

The federal-state UI system is a cooperative arrangement between the Federal government and the individual states to provide UI to unemployed individuals who meet the requirements of the specific state's law. Federal laws pertaining to UI provide broad requirements that state UI laws must contain. Otherwise, states are free to enact provisions that serve the needs of the unemployed within their jurisdiction, including the establishment of eligibility requirements for receiving UI and taxes on their employers. There are 53 jurisdictions that operate under the federal-state UI system - all 50 states plus the DC, Puerto Rico, and the Virgin Islands.

Since the federal-state UI system was established in 1935, a state's unemployment trust fund is built from state UI taxes collected from employers hiring workers in their state. The federal UI

taxes on employers are under the authority of the Federal Unemployment Tax Act (FUTA). State UI taxes are under the authority of the State Unemployment Tax Acts (SUTA). The collected payroll taxes are deposited in the applicable Unemployment Trust Fund (UTF) accounts. The federal UI accounts in the U.S. Treasury includes among its accounts: the administration account (Employment Security Administration Account (ESAA)), the extended benefits account (Extended Unemployment Compensation Account (EUCA)), the loan account (Federal Unemployment Account (FUA)), 53 state accounts, and the Federal Employees Compensation Account (FECA). The federal loan account was established in 1954 to provide advances to state programs that otherwise do not have enough funds to cover UI benefit payments.

Employers receive a 5.4 percent credit on their FUTA tax if the state's UI program is in compliance with all the federal rules and broad guidelines for UI benefit eligibility. The FUTA tax rate for employers is 6.0 percent for a net rate of 0.6 percent on the first $7,000 of each workers gross earnings, thus equating to a $42 annual tax per worker. Administration of the federal-state UI system is appropriated by Congress from the FUTA revenue. State UI payroll taxes fund benefit payments to unemployed individuals who meet the requirements of the specific state's law. Individual states set the state taxable wage base at a level at or above the federal wage base. State taxable wages range from the federal level of $7,000 to $38,800 for 2012. Thirty-seven states have taxable wage bases below $20,000. Twenty-one states have not adjusted their taxable wage base over the last six years. For 2012, twenty-five states increased their taxable wage bases. North Carolina increased from $20,400. All states base UI tax rates on an "experienced rated" structure. The essence of an experienced rated system involves linking tax rates levied on employers to the layoff history. As with any insurance program, the rate for a member will increase if usage increases. The more employers use the state UI program by terminating workers who file for benefits; the annual tax cost for that employer will increase. The minimum state UI tax rates range from zero percent to 2.68 percent. Maximum rates range from 5.4 percent to 13.5 percent. North Carolina's 2012 tax range for employers is 0.24 to 6.84 percent.

Federal law limits the use of a state's unemployment trust fund only for the purposes of paying benefits. The federal-state UI system is designed to operate on a forward-funding basis, under which the program in each state is supposed to accumulate sufficient reserves during periods of economic growth to pay UI benefits during periods of economic decline. UI Trust fund solvency is not a new issue and the federal-state UI system has struggled with balancing this issue since its inception. Over the last forty years, many states have not maintained sufficient balances to sustain their UI program during recessions including the latest great recession.

As discussed above, the federal-state UI trust fund system has always been intended to be countercyclical to lessen the impact of the economic business cycle in a state. This means, when a state's economy is strong, reserves build up to help pay benefits when a state's economy shrinks. This structure rescues employers from shouldering enormous tax increases that would further constrict a state's economy in hard economic times.

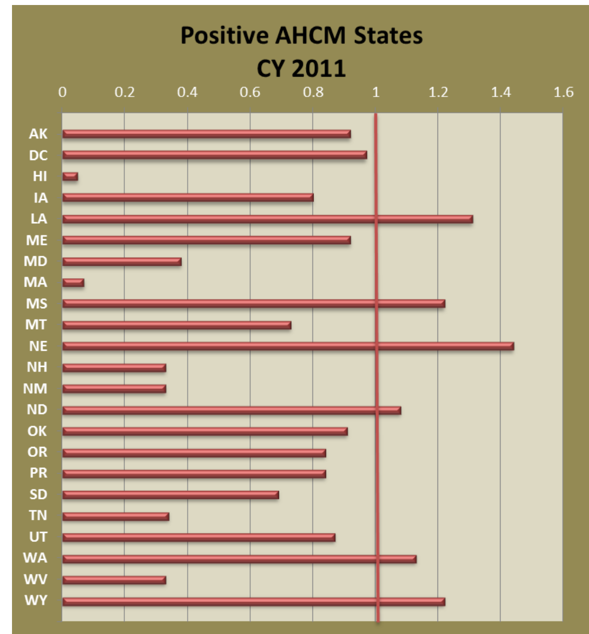
Title III of the Social Security Act authorizes grants to states for the administration of state UI laws, Title IX authorizes the various components of the federal UTF, and Title XII authorizes advances or loans to insolvent state UI programs. Loans to states during the 1970s and early

1980s were interest free and "federal UI loan policy allowed insolvent state trust funds to repay their federal loans slowly or not at all." (GAO/HRD-88-55, page 67) In the early 1980s, Congress provided motivations for states to replay unemployment trust fund loans quicker and in some instances, avoid interest assessments.

The U.S. Government Accountability Office (GAO), which is the investigative arm of Congress, charged with examining matters relating to the receipt and payment of public funds, pointed out in different reports over the last thirty years that states have not been diligent in having adequate reserves in place for hard economic times. GAO in its reports over the years highlights the tendency for states to ignore increases in extra revenues. So when states are forced to borrow funds to replenish their unemployment trust fund, they have a tendency to reduce benefit eligibility, or payments, as a method of reducing program costs.

There is no federal requirement for what a state's reserve level must be for their unemployment trust fund. Section 1202(b)(2)(c) of the Social Security Act says states meet funding goals relating to its account in the UTF, established under regulations by the Secretary of Labor. Over the program's history, the U.S. Department of Labor (USDOL) and Congress have suggested a commonly used measure of the adequacy of financial reserves known as the high-cost multiple. The high-cost multiple compares current reserves with a state's past peak benefit payout. Some analysts thought the 1.5 standard as being too difficult to achieve. In 1986, only 11 states had a high-cost multiple of 1.0 compared to 1969 when 51 state trust funds could achieve that mark.

In the early 1990s, the Federal Advisory Council on Unemployment Compensation (FACUC) developed the term of the Average High Cost Multiple (AHCM). The AHCM is defined as how long a state could sustain payments equal to the average of the three highest benefit cost rates in the 20-year period ending with the preceding year, without additional tax revenue coming into the unemployment trust fund. The "benefit cost rate" is the total annual benefits paid, including the state's share of extended benefits but excluding the federal share of extended benefits and cost reimbursable benefits, divided by the total annual covered wages excluding cost reimbursable wages. The resulting average high cost ratio is multiplied by the desired fund size multiple and the result is referred to as the AHCM. The Balanced Budget Act of 1997 (P.L. 105-33, section 5404) encourages States to improve their level of "forward funding." Forward funding as a method of financing a state's unemployment trust fund began deteriorating in the early 1990s. Since then, the AHCM has been used as a water mark for states in reviewing the health of their unemployment trust fund. For example, a state with an AHCM of 1 could support 12 months of historically high benefits.

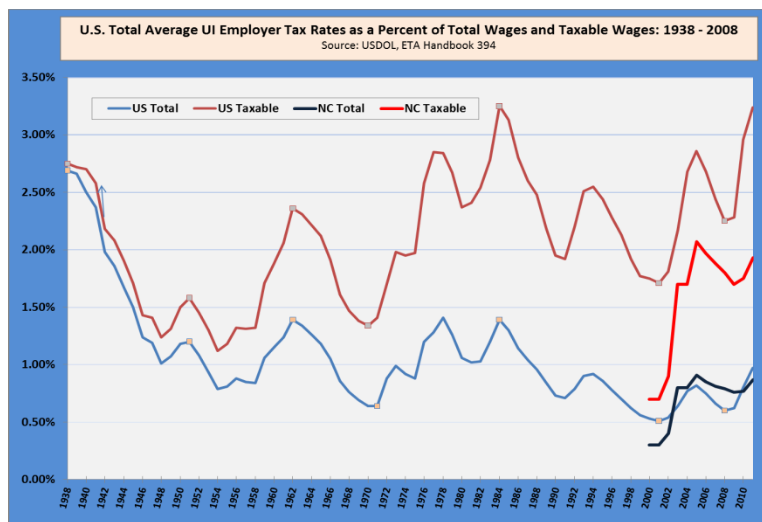


The GAO-10-440 report (April 2010) stressed, “An AHCM of 1.0 is the target level of solvency recommended by the ACUC and is inherent in USDOL’s draft regulations on cash-flow loans.” The GAO report made the following recommendations to Congress:

- Provide incentives for states to build up and maintain stronger UI trust fund reserves;
- Consider raising the FUTA taxable wage base from its current level of $7,000;
- Consider indexing the FUTA taxable wage base to the average annual wages; and/or
- Consider measures to ameliorate the potential increase in the tax burden on employers of increases in taxable wages, such as lowering the FUTA statutory tax rate or increasing the FUTA tax credit.

Over the last 20 years, States have struggled to meet the funding goals and keep adequate reserves on hand. NASWA’s recent UI tax survey indicated a 64 percent decline of average national UI tax rate on total wages since 1938. Over the past 75 years, unemployment insurance tax rates, as a percentage of total wages, have been declining steadily from a high of 2.5 percent in 1940 to about 0.38 percent last year.

The figure shows this decline for the US for the period 1938 to 2011 and comparable data for North Carolina for 2000 to 2011.



While the percentage increases in UI taxes for some employers in 2011 is substantial, the average tax rate on total wages paid by employers is relatively low by historical standards. Since 1938, the average national UI tax rate on employers as a percent of total wages ranged from 0.5 percent to 2.7 percent, while the average national UI tax rate on employers as a percent of taxable wages has varied between 1.25 percent and 3.25 percent. The average national employer tax rate as a percent of total wages in 2008 was 0.6 percent. Among the states in 2008, the average state UI tax rate on employers as a percent of total wages ranged from 0.09 percent to 1.29 percent, while the average state UI tax rate on employers as a percent of taxable wages varied between 0.15 percent and 4.72 percent.

USDOL in the early 1940s suggested a reserve balance of 7.5 percent of one year's total wages, derived from the Federal standard for reduced rates under reserve-account laws in section 1602(a) (3)(C) of the Internal Revenue Code (2.5 percent of three years’ pay rolls). Their research later in the decade suggested a reserve requirement of 6 percent of taxable payrolls because this level approximates three times the estimated long-range benefit costs for the country as a whole. The reserve percentage required for any reduced rates under a state law should have a definite relationship also to benefit costs in the state, averaged over a period of years. USDOL also suggested in states in which benefit costs in relation to taxable pay rolls have been low, a

safe reserve requirement might be even lower than 6 percent while in high-cost states, 8 percent or more might be more realistic.

State unemployment taxable wage bases have been relatively low compared to other social insurance programs. In 2012 state unemployment insurance taxable wage bases will range from $7,000 in Arizona, California, and Puerto Rico to $38,800 in Hawaii. In contrast, the taxable wage base under the social security old age, survivors and disability insurance program will be $110,100 in 2012.

Since 1969, states' unemployment trust fund reserve levels have continued to shrink. During the 1990s decade, the General Assembly voted to cut taxes five different times and it authorized a one-year tax holiday.[2] The 2002 Reed Act distribution of $8 billion delayed addressing solvency issues in many states. Half of the states used the funds to allow cuts in UI taxes on employers. The $240.9 million NC received were devoted to improve their trust fund solvency. By the fall of 2003, NC was anticipating borrowing since their trust fund balance was below $11 million.

Recent NC AHCM	
1998	1.17
1999	1.06
2000	0.89
2001	0.47
2002	0.14
2003*	0.14
*3rd Qtr 2003	

If the AHCM is accepted as a reasonable measure for unemployment trust fund solvency, then some finding of facts can be said. The national AHCM for 2007 was 0.52. For 2007, there were 20 states under an AHCM of 0.50 and 19 states had an AHCM of 1.0 or higher. Only 17 states have weathered the current recession storm by not having to borrow to replenish their unemployment trust fund. Alaska, District of Columbia, Iowa, Louisiana, Maine, Mississippi, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, Oregon, Puerto Rico, Utah, Washington, West Virginia, and Wyoming. See Appendix D for additional state specific metrics.

Common themes of these 17 states include:

- Taxable wages for the state UI tax indexed to a state's average wage variable; either average weekly wage or average annual wage total. Most recent academic studies on trust fund deficits suggest one option is to increase and index the taxable wage base;
- Each of the 17 state's AHCM was way above the national average at the start of the Great Recession. Eleven out of the 17 states had an AHCM of 1.20 or higher;
- A new employer tax rate averaging 2.30 percent with 5 states indexing their new employer's rate to the state's industry average of that employer group. Alaska had the highest new employer rate at 3.40 percent for 2011; and
- A broader tax range. Their maximum rate for high-use employers was higher than the traditional 5.4 percent. Twelve states had a maximum rate above 5.4 percent with 5 states (IA, NE, ND, UT, and WY) above 8.0 percent. North Dakota and Wyoming have the highest maximum tax rate at 10.0 percent for 2011.

UI tax schedules, or arrays, are designed to respond slowly in economic downturns due to the experience rating lag and also to avoid further negative impact on businesses. Because of the experience rating lag, states are unable to expeditiously respond to rapidly worsening economic

[2] Karin Schill Rives, *Higher Payroll Taxes on Way*, http://www.newsobserver.com (February 8, 2002).

conditions and accelerating job loss cycles. There were a few states that could not weather their austere economic conditions over the last five years. In December 2007, Arizona (AHCM of 1.10), Florida (AHCM of 1.04), Hawaii (AHCM of 1.88), Nevada (AHCM of 1.02), New Hampshire (AHCM of 1.16) and Vermont (AHCM of 1.21) have had to borrow to cover UI benefits being paid. Florida and Nevada trust fund reserves could not sustain the high level of claims and benefit payments over an extremely extended period of time. New Hampshire has since paid back its loan.

E. Structure of States' UI Financing Systems

There are two primary approaches for UI financing models: pay as you go financing and forward financing. Pay as you go financing assumes a state maintains a low trust fund balance and a relatively low level of UI taxes, and relies on the state's ability to automatically increase UI taxes during economic downturns in order to finance the increased level of benefit outlays. Forward financing assumes a state maintains a higher level of reserves in its UI trust fund through the use of higher UI taxes during economic expansions. The primary reason a state might decide to utilize a pay as you go financing model is based on the theory that trust fund balances represent a lost "opportunity cost" that is better employed by keeping the "reserve" funds in the local economy, keeping state UI taxes lower.

The ability of pay-as-you-go states to automatically increase their level of UI contributions during an economic downturn is based on a UI funding mechanism which has a high degree of flexibility. Flexible financing allows the UI financing system to automatically and expeditiously increase the level of UI contributions as the level of UI reserves falls below certain "target" or "trigger" levels in the state's UI trust fund. The various triggers associated with UI trust fund targets might raise tax rates by moving to a new higher tax schedule, introducing a flexible taxable wage base, or implementing solvency taxes or other special assessments on employers. These measures typically allow for relatively rapid increases in UI taxes (in some cases combined with benefit cuts) in an attempt to finance UI benefit outlays when trust fund reserves are low. This model tends to be less countercyclical than the forward financing model, depending on the extent of the business downturn.

Because unemployment compensation is a mandatory entitlement, the benefit outlays that are associated with an increase in UI outlays will occur regardless of a state's desire to affect those outlays. While a state can reduce the eligibility of an eligible worker's duration and amount of unemployment compensation, during times of economic contraction, state governments still will see a substantial increase in the level of unemployment compensation paid out; and in a recession that is as severe and extensive as the most recent recession, the breadth or the volume of individuals receiving unemployment compensation will likely exceed or outpace the contributions collected by most state unemployment compensation systems.

State governments and policymakers can, however, attempt to increase the flexibility or responsiveness of their unemployment compensation financial model in order to impose the least substantial burden on their state economies during economic contractions – periods of time when individuals and businesses in a state can least afford economic shocks, such as reduced benefits and increased taxes. In some sense, by stabilizing the financial model of a state's unemployment compensation system, the state allows for the full countercyclical benefits intended by the UI system to occur. This is because, as we can see, whatever countercyclical benefits the

unemployment compensation system brings to the table could be considered negligible if, in order to finance those increased benefits, state governments are forced to increase taxes on employers or reduce the level of benefit outlays to eligible unemployed workers in order to finance those benefits. In the ideal model, benefit outlays will stabilize the economic environment without the introduction of substantial increased burdens on the state's businesses.

When looking at North Carolina's tax statistics for 2011 and comparing the numbers against her sister states, one difference stands out – new employer tax rate for North Carolina is about 55 percent lower than the average of the other eight states. North Carolina's new employer tax rate allows new employers to come into North Carolina's UI tax system as if they have already been experienced rated for three to five years. Also, North Carolina's percentage in 2011 for relieving charges to employers is slightly higher than some of her sister states.

Mississippi was the only state of the nine with enough reserves to continue benefits without borrowing. Mississippi's average high-cost multiple (AHCM) in December 2007 was 1.70 compared to North Carolina's AHCM of 0.23. Tennessee had to borrow, but has since repaid its loans with a 0.6 percent surcharge. The remaining seven states as of May 1, 2012, have combined loans of $6.8 billion with $0.3 billion in interest due in September 2012. North Carolina's debt is $2.84 billion with $55.0 million in interest due. Subsequent borrowing after May might result in a higher indebtedness; and additional interest will continue to accrue through September 2012.

Comparative Tax Statistics

	2012 Taxable Wage Base	2011 Minimum Tax Rate	2011 Maximum Tax Rate	2011 New Employer Tax Rate	Percent of Employers at Max Tax Rate	Percent of Employers at Min Tax Rate	Non-charged Benefits
AL	8,000	2.19%	8.34%	2.7%	7%	67%	N/A
FL	8,500	1.03	5.40	2.7	22	63	11%
GA	8,500	0.03	5.40	2.6	11	41	11
KY	9,000	1.00	10.00	2.7	10	19	5
MS	14,000	0.85	5.40	2.7	12	62	17
NC	20,400	0.24	6.84	1.2	10	20	16
SC	12,000	0.10	11.28	2.9	6	56	18
TN	9,000	0.50	10.00	2.7	6	15	9
VA	8,000	.77	6.87	3.2	10	69	7

F. Solvency Status since 4th Quarter 2007

As mentioned earlier, the FUA provides for a loan fund for state unemployment programs to ensure a continued flow of benefits during times of economic downturn. As of April 18, 2012, there are 30 states (AL, AZ, AR, CA, CO, CT, DE, FL, GA, HI, IL, IN, KS, KY, MA, MI, MN, MO, NV, NJ, NY, NC, OH, PA, RI, SC, VA, VI, VT, and WI) currently borrowing to cover

unemployment benefits. Combined there are $41.5 billion in outstanding loans and $736.1 million in accrued interest.

In November 2011 states that borrowed from the federal unemployment trust fund account in 2009 were required to pay off the outstanding balances on those loans. States that did not make this payment or did not qualify for credit reduction avoidance received a 0.3 percentage point reduction to the credit applied to their FUTA tax rate for 2011. The credit reduction is 0.3 percentage points for the year beginning with the calendar year in which the state misses the repayment deadline and increases by 0.3 percentage points for each year there is an outstanding loan. In order to qualify for credit reduction avoidance, a state must pay the amount that the credit reduction would produce prior to November 10 of the year for which avoidance is to apply, repay all FUA loans received during the one-year period prior to November 10, increase solvency for the taxable year through legislative action by an amount equal to or greater than the amount of the FUTA credit reduction, and not borrow from the fund for the three-month period from (November 1 through-January 31 of the next year).

Employers in 21 states with outstanding UI loans had a reduction in FUTA credit for 2011 (3 states had a reduction for 2010). The 2011 credit reduction applies to the 2012 payroll for employers in those 21 states:

- Michigan will have a credit reduction of 0.9 percent (0.6 percent in 2010)
- Indiana will have a credit reduction of 0.6 percent (0.3 percent in 2010)
- Nineteen states will have a credit reduction of 0.3 percent. These states are: Arkansas, California, Connecticut, Florida, Georgia, Illinois, Kentucky, Minnesota, Missouri, North Carolina, New Jersey, Nevada, New York, Ohio, Pennsylvania, Rhode Island, Virginia, Virgin Islands and Wisconsin.
- South Carolina qualified for credit reduction avoidance, so it will not have a credit reduction for 2011. SC had a 0.3 percent reduction in 2010.

G. Reducing Benefit Outlays

Adequate benefit amounts and the duration of those UI benefits are left to a state to determine based on local economic conditions and the will of state leadership. USDOL in its 1962 UI legislative policy guidelines reminded states of the fundamentals behind adequate benefits.

Different requirements as to filing claims and registration for work are necessary in cases of claimant's partially unemployed, totally un-employed, or totally unemployed except for odd jobs. These, however, are matters of administrative detail, in which discretion and flexibility are desirable, and they can be handled more readily by regulation than by statute. The weekly benefit amount for total unemployment under all State laws varies with the claimant's prior wages. It is generally accepted that weekly benefits should be less than weekly wages--in fact less than take-home pay--to give claimants an incentive to return to work. On the other hand, benefits should be adequate to enable claimants to maintain themselves between jobs."

"What is an adequate benefit? If the program is to accomplish its purpose, to provide real security against the hazard of unemployment, the weekly benefits should be sufficient to cover the basic necessities of most claimants and their families without requiring them to resort to

relief or to reduce substantially their level of living while drawing benefits. Items, which must be met, whether or not a worker is employed, are food and rent, heat and utilities, and medical care. Over short periods, purchase of clothing may be deferred, but claimants cannot be expected to reduce substantially the amount they spend for food, or to move to less expensive quarters, or to neglect an illness or injury requiring medical care, while they are temporarily out of work. The proportion of wages spent for these items is, of course, higher for workers with low earnings and for workers with dependents than for high-paid workers and for workers without dependents. Some benefit formulas reflect these facts by giving low-paid workers a higher proportion of their wages as weekly benefits and by giving claimants with dependents and allowance for the dependents in addition to the basic weekly benefit." "There is general agreement that weekly benefits, exclusive of dependents' allowances, should replace at least 50 percent of wages."

In the U.S. Supreme Court decision (California Human Resources Department vs. Java, 402 U.S. 121, (1971)), the court noted that the Social Security Act received its impetus from the Report of the Committee on Economic Security. In its report to Congress, the Committee recommended a program of UI compensation as a first line of defense for unemployed workers for a limited period during which there is an expectation that he or she will soon be reemployed. The Committee also concluded that UI benefits "should be a contractual right not dependent on any means test" and it should "carry workers over most, if not all, periods of unemployment in normal times without resort to any other form of assistance."

In looking at the fourth quarter 2011 national UI information, the average weekly was $275 with a range of $16 minimum to a maximum of $625. When looking a North Carolina's weekly benefit amounts over the last few years and comparing the numbers against her sister states, one anomaly stands out – maximum weekly benefit amount is over 70 percent higher than the average of the other eight states. When looking at the average weekly benefit amount as a percentage of the average weekly wage and exhaustion rate, North Carolina is within a normal range of the other surrounding states.

Comparative Benefit Statistics

	2010 Min WBA	2010 Max WBA	2010.4 AWBA	2010.4 Exhaust Rate	2011 Min WBA	2011 Max WBA	2011.4 AWBA	2011.4 Exhaust Rate	2011.4 Avg. Wkly. Wage	2011.4 AWBA as % of AWW
US			$295	53.4 %			$297	48.8%		
AL	$45	$265	204	44.2	$45	$265	204	39.9	$766	26.7%
FL	32	275	229	67.0	32	275	232	55.9	803	28.7
GA	44	330	268	54.0	44	330	268	50.9	848	31.7
KY	39	415	285	41.9	39	415	287	35.6	746	38.5
MS	30	235	188	47.9	30	235	191	45.2	655	29.1
NC	43	506	292	60.7	43	525	291	55.3	797	36.6
SC	20	326	233	55.8	42	326	238	54.6	726	32.6
TN	30	275	233	53.0	30	275	238	49.8	800	29.3
VA	54	378	285	50.1	60	378	288	49.2	935	30.4

The 1972 Java U.S. Supreme Court case also referenced the Report of the Committee on Economic Security for "estimates of possible amounts and duration of unemployment benefits were made by the actuarial staff of the Committee. On the basis of 1922-1933 statistics, it was estimated that 12 weeks of benefits could be paid with a two-week waiting period at a 4% employer contribution rate. The longest waiting period entering into the estimates was four weeks, indicating an intent that payments should begin promptly after the expiration of a short waiting period." While there is no federal requirement concerning the maximum duration a state has to pay for their regular UI program, in 1962, the USDOL recommended states provide at least 26 weeks of benefits if using a uniform-duration formula, or 30 weeks of benefits if using a variable-duration formula.

Duration History Chart of UI Benefits

Maximum Duration of Regular UI Benefits (in weeks)					
	Number of States With:				
	12-15 Weeks	16-20 Weeks	21-25 Weeks	26 Weeks	27-39 Weeks
1940	13	35	2	1	0
1950	1	28	9	13	0
1960	0	2	8	32	9
1970	1	0	0	42	9
1980	0	1	0	43	9
1990	0	1	0	50	2
2000	0	0	0	51	2
2010	0	0	0	51	2
2011	0	2	1	48	2
2012*	0	4	3	44	2

Source: USDOL; Only Montana (28 weeks) and Massachusetts (30 weeks) have greater maximum duration weeks. * as of April 2012

As borrowing states tackle budgetary deficit and decreased revenue problems in a sluggish economy, many legislatures have taken to curtailing the number of weeks of allowable UI benefits for unemployed workers in an effort to save money. Seven states currently have reduced maximum duration over the last eighteen months. Georgia became the recent state to cut duration for UI benefits. The seven states are:

1. Arkansas – 25 weeks (July 2011).
2. Florida – 23 weeks (January 2012). First state to tie duration to TUR; average 2011 3rd quarter was 10.7 percent. Depending on TUR, duration range is 12 to 23 weeks. If TUR is 5 percent or less, UI benefit duration is12 weeks.
3. Georgia – 20 weeks (July 2012). Second state to tie duration to TUR; Depending on TUR, duration range is 14 to 23 weeks. As the TUR increases or decrease by a half percentage point between 6.5 percent and 9.0 percent, the duration adjusts by 1 week.
4. Illinois – 25 weeks.
5. Michigan – 20 weeks (January 2012). MI is the first state to start the discussion about reducing duration.

6. Missouri – 20 weeks (April 2011). The state legislators compromised when enacting the three-year look back for the EB program and cut duration to 20 weeks. and
7. South Carolina – 20 weeks (June 2011).

VII. Federal Laws Regarding State UI Financing Models

A. FUTA Tax Requirements

UI is a federal-state program jointly financed by federal taxes under the FUTA and by state payroll taxes under the SUTA. Generally, employers must pay both state and Federal unemployment taxes if: they pay wages to employees totaling $1,500, or more, in any quarter of a calendar year; or, they had at least one employee during any day of a week during 20 weeks in a calendar year, regardless of whether or not the weeks were consecutive.

The FUTA is the original legislation that allows the federal government to tax businesses with employees for the purpose of collecting revenue that is then allocated to state unemployment agencies and paid to unemployed workers who are eligible to claim unemployment insurance. FUTA covers the costs of administering the UI and Job Service programs in all states. In addition, FUTA pays one-half of the cost of extended unemployment benefits (during periods of high unemployment) and provides for a fund from which states may borrow, if necessary, to pay benefits. Since the 0.2 percent FUTA surtax expired on June 30, 2011, FUTA taxes for calendar year 2012 will be calculated using 6.0 percent of taxable wages paid in a calendar year. The taxable wage base, or the maximum level of wages on which FUTA taxes can be charged, is the first $7,000 paid in wages to each employee during 2012. Employers in states with programs approved by the federal government and with no delinquent federal loans may credit 5.4 percentage points against the 6.0 percent tax rate, making the minimum net federal unemployment tax rate 0.6 percent, regardless of the rate of tax paid to the state. Therefore, the net FUTA tax rate for wages paid in 2012 is generally 0.6 percent (6.0 percent - 5.4 percent), for a maximum FUTA tax of $42.00 per employee, per year (.006% X $7,000. = $42.00).

In an effort to ensure an equitable distribution of state UI taxes and to deter employers from engaging in the practice of seasonal lay-offs, state UI tax rates are levied against employers in a staggered distribution according to each employers relative "experience-rating." Employers are experience-rated according the level of claimants they are responsible for separating from the workforce; in most states, the more UI benefits paid to its former employees, the higher the tax rate of an employer, up to a ceiling established by state law.

B. Title XII of SSA: Borrowing for States to Finance UI Benefit Payments

States are required by federal law to pay UI benefits to eligible workers; regardless of the solvency status of a state unemployment trust fund. Thus, if a state's fund is insolvent, the state will be forced to borrow money from the dedicated federal UI loan account, the FUA, other state revenues, or from the private market. If the state chooses to borrow funds from the FUA, not only will the state be required to continue paying benefits, it will also be required to repay the funds (plus any interest due) it has borrowed from the federal loan account.

Since 1982, states are charged interest on new loans that are not repaid by the end of the fiscal year in which they were obtained. The interest is the same rate as that paid by the federal

government on state unemployment trust fund reserves in the unemployment trust fund for the fourth calendar quarter of the preceding year, but not higher than 10 percent annually charged against the average daily outstanding balance owed by a state in a calendar year. States are restricted from paying the interest owed on federal loans using funds obtained directly or indirectly from their state fund. States may borrow without interest from the FUA during the year if they meet a number of pre-determined conditions. Note: USDOL Title XII options attachment D.

Finally, states with outstanding loans from the FUA must repay them fully by November 10 following the second consecutive January 1 on which the state has an outstanding loan. If the outstanding loan is not repaid by that time, the state will face a reduction in the federal unemployment tax credit applied to employers in their state, or an effective FUTA tax increase. Thus, the FUTA tax increase ignores the state's experience rating financing model and uniformly applies the tax increase to every employer in the state.

VIII. Simulation Analysis of North Carolina Benefit Financing

Unemployment insurance is intended to provide adequate partial income replacement to workers during temporary periods of involuntary joblessness. The North Carolina UI system meets the accepted standard of benefit adequacy by providing 50 percent wage replacement for approximately 80 percent of beneficiaries (ACUC 1996, p. 22). The latter is assured by having the maximum weekly benefit amount (WBA) annually adjusted to two-thirds of the average weekly wage (AWW) in UI covered employment.

To have a UI system that is balanced and sustainable for the long-run, revenues should match expenditures on average over business cycles. The accepted standard for UI benefit financing is based on the principle of forward funding. To meet this standard, state accounts in the Unemployment Trust Fund (UTF) should maintain balances "sufficient to pay at least one year of unemployment insurance benefits at levels comparable to its previous "high cost." (ACUC 1996, p. 11). The previous high cost is defined as benefits paid over a 12 month period in proportion to total payrolls. The historical high cost rate for North Carolina was 2.46 in 1975. The USDOL has not objected to the ACUC rule that states should hold one year of reserves in the UTF at a high cost rate equal to the average of the three highest cost rates experienced in the prior twenty years.[3] For North Carolina that rate is 1.54 (USDOL, 2012). Based on 2011 total payrolls in UI covered employment, the target level of North Carolina UI reserves should be $2.42 billion. At the end of 2011 the North Carolina fund was in debt to the U.S. Treasury by the amount of $2.67 billion.

This report examines alternative strategies for achieving long term balance in the North Carolina UI system. Analysis is conducted by simulation analysis using the Benefit Financing Model developed by the U.S. Department of Labor (USDOL). "The Benefit Financing Model (BFM) is an econometric forecasting model designed to help analysts project the condition of their

[3]This rule replaces the prior reserve adequacy criterion of a 1.5 high cost multiple, or 18 months of recession level benefits at the highest historic benefit charge rate on gross payrolls (Vroman 1990, p. 44). The North Carolina historic high was 2.46 in 1975 multiplied by 1.5 implies required reserves of $5.7 billion in 2011. The ACUC (1996) criterion suggests $2.4 billion.

Unemployment Insurance (UI) trust funds several years into the future, and quickly assess the financial impact of various economic scenarios and possible law changes" (USDOL 2010, p. 1). The BFM is maintained by the Division of Fiscal and Actuarial Services, Office of Unemployment Insurance, in the Employment and Training Administration of the USDOL in Washington, DC. Professional staff at USDOL have initialized the BFM with data for North Carolina through 2010, and made the BFM available to the Upjohn Institute for use in preparing estimates for this report. All simulation results reported in this chapter were generated using the BFM.

The Benefit Finance Model (BFM) requires users to input forecast values for three exogenous variables: unemployment rate, wage growth rate, and labor force growth rate. The forecasts used for these three variables were provided by the chief financial officer in the Division of Employment Security (DES) of the North Carolina Department of Commerce. These estimates were provided to DES by the Assistant State Budget Officer, Office of State Budget and Management, through a contract with Global Insight.

A. *Strategy for analysis*

The objective of our simulation analysis is to provide the North Carolina Department of Commerce a menu of balanced options for reforming UI. We start by enumerating the features of the North Carolina UI system that are subject to change. We then inventory the current values of these variables and run the baseline simulation on current values of all program parameters and Global Insight forecast values of exogenous economic variables. For each category of program parameter we then simulate the effect of changes in the parameter value relative to the baseline scenario. For example, for the new employer tax rate we separately simulate each value in the range of possible tax rates and compare these singly to the baseline.

We proceed with sensitivity testing for eight categories of tax parameters and four categories of benefit parameters. After considering a full range of one-way contrasts to the baseline, we then examine bundles of program changes that balance tax and benefit changes in the same simulation. The BFM was initialized by USDOL at calendar year-end 2010. We were able to add three calendar quarters of updated baseline data. All simulations produce forecast results for years ending 2012 through 2020. The key outcomes examined for each simulation are: the year in which debt is paid off, the fund balance at the end of the payoff year, the fund balance at year-end 2020, the fund balance difference in 2020 from the baseline scenario, and the tax schedule in effect in year 2020.

Overview of UI system features examined

Variations in parameter values for the eight categories of the North Carolina UI tax system features analyzed by simulation are summarized in tables 4.1 and 4.2. Table 5.1 lists seven of these tax features. Following is an enumeration of the parameter variations for each of these features. Parameter values for all program features were chosen to include the values considered by TPRC (2011).

New employer rate: starts at the current value of 1.2 percent then increases in nine increments of 0.3 percentage points. The terminal value is set at 3.7 which was considered by TPRC (2011).

Minimum rate for positive balance employers: starts at the current rate of 0.0 and increases in 12 increments of 0.1 percentage points to 1.1, as considered by TPRC (2011). These changes are shown graphically against tax schedule A in Figure 5.3.

Maximum rate for negative balance employers: starts at the current rate of 5.7 steps to 6.0 then increases in 8 increments of 0.5 percentage points to 10.0. These changes are shown graphically against tax schedule A in Figure 5.4.

Minimum rate for negative balance employers and maximum rate for positive balance employers: The current system maintains a gap of 0.2 percentage points between positive and negative balance employers with 2.7 and 2.9 being the current respective rates around the zero reserve balance level. This 0.2 point spread is maintained in two alternative simulations which increase the rates in two increments of 0.1 percentage points each to the pairs (2.8 and 3.0) and (2.9 and 3.1). These changes are shown graphically against tax schedule A in Figure 5.5.

Taxable wage base: the North Carolina UI taxable wage base is indexed to reset annually at fifty percent of average weekly wages (AWW) in UI covered employment. A proportion of sixty percent was simulated for the TPRC (2011) report. This study reports on a range of proportions starting at forty percent and increasing by 2.5 percentage points in eight steps to sixty percent.

Upward shift of the tax schedule: Starting from the current tax schedule A, the TPRC (2011) examined the effects of shifting the schedule up by 0.2 and by 1.0 percentage points. This study starts at the current schedule A and increases in six increments of 0.1 percentage points to 0.6.[4] These changes are shown graphically against tax schedule A in Figure 5.6. An upward shift of 1.0 is also considered, as is an upward shift in schedule A for positive balance employers that maintain the implicit slopes in the current tax function step schedule. Finally under this heading we also examine the effect of redefining the triggers to shift between tax schedules. The North Carolina tax system has nine rate schedules for positive balance employers labeled A through I. However, due to tax override legislation about two-thirds of these schedules are irrelevant. We simulated a scheme that circumvents the 1.95 rule to make the full matrix of tax schedules A to I relevant. Starting from schedule A with a fund ratio less than 0.25, each quarter point increase in the fund ratio drops the system to a new schedule with schedule I in effect with a fund ratio of 2.0 or greater.

Tax schedules to formulas: We simulated replacing the current tax schedule A with algebraic approximations that would permit employer rates to adjust more smoothly year to year. Relative to the baseline, all the simulations in this section present conservative estimates of the schedule changes because the BFM limits tax schedules to 70 steps at most. Therefore, we limit our range of variable rates to reserve ratios on the interval [-3.5, 3.5] and assign rates for every 0.1 increase in reserve ratio. To calibrate simulations we start by simulating a truncated A schedule on the [-3.5, 3.5] interval.[5] Next we simulated a piecewise-linear formula to mimic schedule A. Tax schedule A has negative slopes of two-thirds for negative balance employers, one for mildly positive balance employers (up to a reserve ratio of 2.4), and one-half for high positive balance employers. Thirdly, we simulated a shift in the formula to three-quarters for negative balance

[4]We do not report on upward shifts of 0.7, 0.8, and 0.9, because other features of the current system override the intended effects of such shifts. This is explained more fully below.
[5]In this scheme those at -3.5 or lower pay the maximum tax, and those at 3.5 or higher pay the tax rate set for 3.5.

employers with an intercept of 3.0. That intercept was shared with positive balance employers (eliminating the positive negative spread) who were given slopes of four-fifths and one-half for moderate and high balances respectively. Finally a cubic approximation to schedule A was tried.[6] These changes are shown graphically against the truncated tax schedule A in Figure 5.7.

Under the current system with step schedules, a given employer can have reserve balances rise or fall somewhat while staying at the same rate. In such a case the employer would be sliding along the tread of a single step. At the same time other employers with reserve ratios near the edge of step could experience discrete drops or rises in rates given minor changes in their reserve ratios.

Note that the reserve ratio can change even if there is no change in UI benefit charges. This can happen if the denominator changes. For example, a rise in payrolls due to expansion of employment or wage inflation will reduce the reserve ratio, and may move an employer to a higher tax step on the schedule. The current UI tax schedules in North Carolina effectively have three sloped ranges between the minimum and maximum. Employers with reserve ratios 4.0 percent or higher pay zero tax. From 4.0, for every 0.2 drop in the reserve ratio the rate rises by 0.1 percentage points yielding an effective slope of -0.5 or one-half until the reserve ratio reaches 2.4 percent. From 2.4 to zero for every drop of 0.2 in the reserve ratio, the rate rises 0.2 percentage points for an effective slope of -1.0 or one. For negative reserve balances, for every 0.3 drop in the reserve ratio the tax rate rises by 0.2 percentage points yielding an effective slope of the tax schedule at -0.67 or two-thirds.

Ideal tax formulas would round the employer's rate to the nearest basis point. That is, one hundredth of a rate point. For example, rather than dropping the tax rate 0.2 points when a decline in the reserve ratio reaches 0.2 points, the tax code could have a formula be changed so that the tax rate drops 0.1 points for every 0.1 points in the reserve ratio. There are several reasons for this change. One reason is that an employer whose reserve ratio drops in a year may not drop far enough to receive a new tax rate. Likewise an employer who raises their reserve ratio might not see any benefit if the ratio is not raised enough.

Solvency taxes: these assessments flow into the state reserve account, but do not improve reserve balances for individual employers. As such they affect tax triggers, but do not affect individual employer experience rates. We reexamined three scenarios considered by the TPRC (2011) with levies of 0.5, 1.0, and 2.0 depending on accumulated reserves ranging up to $800 million (see Table 5.2). We also simulated two more gradual systems with rates ranging from 0.1 to 1.0 rising in one-tenth increments with target reserve balances of either $1.0 billion or $2.0 billion. With a three year high-cost rate of 1.54, the target level of North Carolina UI reserves should be about $2.4 billion. Therefore, the $2.0 billion is about 82 percent fully funded while $1.0 billion is half that much. Variations in parameter values for four categories of the North Carolina UI benefits system are summarized in tables 4.3.

Maximum potential duration of benefits: North Carolina currently has a uniform eligibility of 26 weeks. The standard of 26 potential weeks of UI benefits is a longstanding accepted feature of an adequate benefit system. In recent months, a handful of states have reduced the potential maximum duration of benefits to something less than 26 weeks. This is a draconian curtailment of benefit adequacy, but this feature is amenable to simulation. Relative to the baseline of 26 we

[6]The cubic form is: Tax rate = $(0.25*(\text{reserve ratio}))^3$ - (reserve ratio) + 3.

consider six incremental one week declines to 20 weeks. Many states have a variable entitled duration. That is a more moderate strategy for sharing in sacrifice to balance the system. Such simulations could be tried at a later date. Furthermore it should be noted that the available duration of federally funded emergency extended benefits is normally tied to the available duration of state regular benefits.

Maximum weekly benefit amount (WBA): North Carolina currently sets the maximum at two-thirds of the AWW. The baseline simulation starts at the current rate of 0.67 and decreases in one percentage point increments to 0.60.

Waiting weeks: one week is common, and North Carolina has one week. Many states do not require a waiting week, and no states require more than one. We simulate the first order effects of adding a second waiting week that is the savings of one week for all who exhaust. There is a likely second order effect to reduce entry into the system by those who expect to have very short durations of joblessness. Any change in waiting week provisions will expend significant political capital.

Replacement rate: North Carolina replaces fifty percent of high quarter wages below the maximum WBA. This is the widely accepted standard of weekly benefit adequacy. Indeed many states replace more than fifty percent below the maximum, and virtually none replace less. However, rather than applying a high quarter rule, many states use a multi-quarter rule. We examined administrative records for a state neighboring North Carolina and found average wages in the second highest earning quarter of the base period to be significantly percent lower than the high quarter over the most recent fifteen years. Applying the North Carolina WBA formula to these data we found that for those below the maximum WBA, (1/52) times (sum of two highest quarters) was five percent lower than (1/26) times (high quarter earnings). We simulated the effect of this change on reserves.

Potential for UI financing reform

Up until the early 1990s the North Carolina UI benefit financing system was in cyclical balance with the adequate UI benefit structure provided to involuntarily jobless workers in the state. A series of system changes starting about 20 years ago set the system on a path to borrowing after the start of the Great Recession. The tax changes included: lowering the new employer rate, instituting a zero rate for positive balance employers with a relatively high reserve ratio, and introducing system reserve balance triggers to slash all employer contribution rates by fifty or sixty percent across the board. The latter feature rendered the majority of the rate matrix irrelevant leading up to the recession, and it a limiting factor in rebuilding system balance going forward.

Figure 5.1 provides a graphical view of areas in the tax system where reform will contribute most significantly to system reserves. The figure presents a graphical view of tax schedule operating most recently and for the foreseeable future. The step function for negative balance employers with a slope of negative two-thirds, and schedule A for positive balance employers with a slope of negative one for mildly positive balance and a slope of negative one-half for highly positive balance employers. This blue line tax schedule is superimposed on a red histogram showing the frequency distribution of taxable payrolls plotted against reserve ratios for North Carolina UI contributing employers. The figure illuminates revenue opportunities at

the maximum rate, the minimum rate, and among modestly positive balance employers. Naturally, any changes to the financing system must part of balanced reform that is publicly acceptable. This graph provides some insight into areas where compromise may yield significant returns.

Special elements of North Carolina UI financing

A graphical display of the UI tax schedules for North Carolina is given in Figure 5.2. As can be seen in this graph, there is a single schedule for negative balance employers and a set of nine possible schedules for positive balance employers. The right most schedule A is now in effect for North Carolina employers. We have described the slopes of these schedules left to right as having negative slopes of two-thirds, one, and one-half. This means, the marginal tax cost of UI benefit charges against an employer differs over the range of the schedule. Alternatively we can say that for employers away from the maximum and minimum rates, the degree of UI tax experience rating differs. For a particular employer, the degree of experience rating depends on the length of the tread where they are in the schedule and the size of the drop or rise at the edge of the tread.

The North Carolina Employment Security Law (Chapter 96 Section 9) governs which rate schedule shall be in effect. It is either A, B, C, D, E, F, G, H, or I depending on the level of reserves available. The fund ratio determines the effective tax schedule according to the following list:

When the fund ratio is:

As much as	But less than	Schedule
–	2.0%	A
2.0%	3.0%	B
3.0%	4.0%	C
4.0%	5.0%	D
5.0%	6.0%	E
6.0%	7.0%	F
7.0%	8.0%	G
8.0%	9.0%	H
9.0%	or more	I

Old

Fund Ratio is As much As	But less Than	Schedule
	2.00%	A
2.00%	3.00%	B
3.00%	4.00%	C
4.00%	5.00%	D
5.00%	6.00%	E
6.00%	7.00%	F
7.00%	8.00%	G
8.00%	9.00%	H
9.0+		I

New

Fund Ratio is As much As	But less Than	If TFB/TAXW	Schedule
	2.00%		A
2.00%	3.00%	> 1.95%	B-50%
3.00%	4.00%	and	C-50%
4.00%	5.00%	FR < 5%	D-50%
5.00%	6.00%	> 1.95%	E-60%
6.00%	7.00%	and	F-60%
7.00%	8.00%	FR > 5%	G-60%
8.00%	9.00%		H-60%
9.0+			I-60%

However, "(t)he contribution rate of an employer whose contribution rate is determined by this Experience Rating Formula table shall be reduced by fifty percent (50 percent) for any year in which the balance in the Unemployment Insurance Fund on computation date equals or exceeds one and ninety-five hundredths percent (1.95 percent) of the gross taxable wages reported to the Division in the previous calendar year, and the fund ratio determined on that date is less than five percent (5 percent) and shall be reduced by sixty percent (60 percent) for any year in which the balance in the Unemployment Insurance Fund on computation date equals or exceeds one and ninety-five hundredths percent (1.95 percent) of the gross taxable wages as reported to the Division in the previous calendar year, and the fund ratio determined on that date is five percent (5 percent) or more." The fund ratio is the total amount available for benefits in the Unemployment Insurance Fund on the computation date divided by the total amount of the taxable payroll of all subject employers for the 12-month period ending June 30 preceding the computation date." (NCRS Chapter 96 Section 9) This rule short-circuits operation of the

shifting positive balance tax schedules. Rarely will schedule B be in effect, and never will D through I. These provisions require serious reconsideration.

While the schedule governor stated in the previous paragraph limits the financing flexibility of the North Carolina system, the Employment Security Reserve Fund (ESRF) increases the possibilities. North Carolina's Special Reserve Fund is funded by a 20 percent tax on top of the tax schedule in effect at any time. The tax is proportional, so the highest tax rate of 5.7 is scaled up to 6.84 and the lowest positive rate of 0.2 is raised to 0.24. Modeling this tax in the BFM is slightly problematic. Changing schedule A to reflect this tax causes inaccurate results as the BFM counts additional payments toward employers reserve accounts. Such credits would move employers to lower tax tiers over time. The BFM can simulate the effects of special solvency taxes that are not counted toward individual reserve, but are simply added fund total.

The ESRF tax is in effect any time the fund balance is below $168 million. If the state reserve fund balance is negative, every dollar from the ESRF goes to pay down debt. If the state reserve fund is between $0 and $168 million, every dollar from the ESRF is deposited into the ES Reserve Fund. Spending from the ES Reserve Fund may be for a variety of state employment and training uses as governed by NCRS Chapter 96 Section 5(f).

Simulating the effect of the ESRF tax with the BFM required some creativity. The BFM does not allow proportional tax rates, rather only additional points. To model the Special Reserve tax correctly we had to simulate taxes under schedule A scaled up by 1.2. The simulation suggested debts would be paid off in 2017. In the BFM a uniform “solvency type” tax of 0.4 points yielded the same 2017 year-end balance, and the BFM could be set to turn off the tax after 2017 and continue the simulation through 2020. Results from these simulations are reported in this paper.

Labor market assumptions for analysis

The BFM requires users to input current and expected future values of three labor market variables: unemployment rate, wage growth rate, and labor force growth rate. Projections must be provided over the ten year period that the model simulates. The values for these three variables used in this study were provided by the Chief Financial Officer of the North Carolina Department of Commerce (NCDC). These projections were prepared for NCDC by Global Insight. Table 5.4 lists percentage growth rates for the years 2011 through 2020. These values were used to initialize the BFM for baseline economic scenario simulations presented in this report.

While Global Insight projected the total unemployment rate, it was not entirely the basis for our projections of the insured unemployment rate. The BFM model runs off the insured unemployment rate (IUR) rather than the total unemployment rate (TUR). Inputting TUR values into the model automatically generate the IUR through 2020. However, discussions with the Department of Labor led us to believe that the relationship between TUR and IUR have changed from historic patterns. The share of the unemployed who are long-term jobless has risen above previous levels. While the unemployment rate may remain high and drop slowly in the near future, the long-term unemployed are not eligible for UI benefits and so we believe the IUR will drop and level off more swiftly than the TUR. Therefore our benefit payment projections are slightly lower than the total unemployment rate might suggest. Our projected insured unemployment rates are also shown in Table 5.4.

Baseline simulation

The baseline results presented in Table 5.5 show the trust fund being paid off in 2017. By 2020 the trust fund is projected to have a positive balance of $625.2 million. Employers will still be paying taxes on schedule A in 2020. The system's fund ratio will be 1.01 in 2020, almost one full percentage point below the threshold to drop the tax system to Schedule B.[7]

B. Analysis of UI tax features

New employer rates

The simulations relative to the baseline suggest that a 0.3 percentage point increase in the new employer rate increases the terminal reserve balance in 2020 by $73 million (Table 5.6). Additional incremental increases of 0.3 have an additive effect on tax contributions. That is each 0.3 increase adds another $73 million or so to the 2020 year-end balance. This results from a relatively fixed amount of new employers in the state every year. Regardless of the new employer rate examined, the payoff year remains 2017 for every level of new employer rate tried between 1.2 and 3.7, and the tax schedule in effect is always A for any of the new employer rates tried.

Minimum and maximum rates

Minimum rate: Currently employers with a reserve ratio of 4.2 and over pay no UI taxes. The North Carolina finance committee previously simulated adding a minimum tax rate of 0.2 or 1.1 percent. Simulations suggest that increasing the minimum rate in increments of 0.1 from zero to 0.9 has an exponential effect on tax contributions, but increases to 1.0 and 1.1 lower the 2020 year-end value of reserves because the trigger moves to tax schedule B (see Table 5.7). The biggest marginal revenue effects occur for minimum rates between 0.5 and 0.9.

Maximum Rate: Raising the maximum tax rate yields diminishing returns as the tax goes higher. Notice in Table 5.8 that when the maximum rate is raised slightly there are significant returns. However, once the rate is raised beyond 7.0 percent rate of increased revenue falls. Furthermore, beyond a rate of 9.0 total reserves in 2020 fall, but debt payoff occurs one year earlier in 2016 for rates 9.0 and above. The higher maximum rate on negative balance employers also shifts the rate schedule in effect.

Middle Rates: In addition to raising the top and bottom rates, we simulated raising the tax rates on employers in the reserve range from -0.5 to 0.7. Results of these changes were very modest. Raising these rates alone by 0.1 or 0.2 points generated little additional revenue relative to the baseline scenario. Results are reported in Table 5.9. The payoff year remains 2017. The 0.1 increase raises 2020 reserves by $7 million and the 0.2 increases raises them by $31 million. Like the baseline both these alternatives end on rate schedule A in 2020.

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[7]The fund ratio is total reserves divided by taxable payroll. This is distinct from the reserve ratio which is total reserves divided by total payroll.

Taxable wage base

The taxable wage base in North Carolina is set at 50 percent of the AWW. This study reports on a range of proportions starting at forty percent and increasing by 2.5 percentage points in eight steps to sixty percent. As can be seen in Table 5.10, the effects of lowering and raising the taxable wage base are nearly symmetric. Neither a 10 percentage point cut, nor increases changes the payoff year from 2017. A cut of 10 points lowers the 2020 year-end balance by $351 million while a 10 percentage point increase raises the balance by $309. The gains or losses are in arithmetic proportion to the change in the taxable wage base.

Shift in tax schedules

Several different options were simulated. Similar to the finance committee report the schedule was raised by 0.1 and 1.0 points on every rate. However, we also simulated several options in between. Results are summarized in Table 5.11. Raising the 0.1 points generated about $268 million more than the baseline by year-end 2020, but did not change the payoff year or change the tax schedule in effect from A. Raising tax schedule A by 0.4 percentage points yielded an additional $1 billion in 2020, and although the payoff year is 2017 as in the baseline, the tax schedule drops down to B. Raising the schedule by 0.5 percentage points produced results similar to raising the maximum tax rate too far. That is, the trust fund is paid off a year sooner, but the trust fund balance would be only $54 million above the baseline at year-end in 2020. Raising the schedule by 0.6 percentage points yielded a higher year-end reserve balance than 0.5, but still not as high as 0.4. This is because of the switching between schedules that occurs as reserves are built up. We also simulated raising the schedule by one whole point as in TPRC (2011). This yielded the largest gains, with the trust fund holding $2.27 billion in 2020, and tax schedule C in effect.

Also simulated was an upward shift in only the positive balance part of schedule A that maintains the pattern of rates in all schedules. In this scenario, as shown in Figure 5.5, the top tread of the positive balance employers is lengthened at the 2.7 rate to extend to reserve ratios up to 0.9, for ratios 0.9 to 2.5 the schedule shifts up by 0.2 points, and for ratios above 2.5 the tax rate shifts up by 0.1 point. This change increases reserves by $209 million relative to the baseline at year-end 2020, and the system remains on that shifted positive balance tax schedule throughout the simulation time period from 2012 through 2020.

Triggers for tax schedules

Simulation results from circumventing the 1.95 fund ratio rule to make the full matrix of tax schedules A to I relevant are summarized in Table 5.11. The simulated triggers assign schedule A when the fund ratio less than 0.25, and switch to a lower schedule with each quarter point increase in the fund ratio with schedule I in effect with a fund ratio of 2.0 or greater. This simulation pays off the fund deficit by 2017 with a fund balance of $483 million that year, but ends in 2020 with a fund deficit of $316 million at year-end 2020. The value of this simulation is not from relevance of the tax system tried, but rather from the interaction of the series of tax schedules available. The BFM does not permit removal of the 1.95 override rule. A richer simulation model could examine the results of eliminating the override and instituting a practical set of schedule triggers.

Solvency tax plans

All five sets of simulation results for solvency tax plans presented in Table 5.12 show the trust fund being paid off in 2015. The 2015 year-end balance is identical for four of the scenarios examined since they all start with a solvency tax rate of 1.0 percent. For the three schemes considered by TPRC (2011) the 2020 year-end trust fund balances are projected to be higher when the solvency tax triggers off at a higher level. Aggressive tax rates when the fund balance is low in the TPRC (2011) scenarios build up reserves early, and the system maintains high balances given the assumed steady labor market recovery over the period. The two Upjohn scenarios gradually reduce the solvency tax and target fund reserve levels at $1 billion and $2 billion. These are modest targets being respectively about 41 and 82 percent of the twenty year average high cost rate as of 2011.

From tax schedules to formulas

Four simulations were run to examine the difference in revenue that would result from changing the tax system from schedules to equations. These simulations transform the tax systems, from discrete steps to smoothly adjusting functions of the reserve ratio. Results of the simulations are summarized in Table 5.13. Changing the tax schedule from a stepped system to a smoother function does not change the payoff year of 2017, but does yield more revenue than the steps. Shifting the slope up slightly generates even greater revenue.

The truncated A simulation sets the new baseline for equation simulations with a 2020 year-end reserve balance $39 million below the original baseline. Relative to this mark the $98 million rise in 2020 reserves represents a nearly $140 million gain over the baseline by doing nothing more than smoothing the steps of the tax schedule. Revenue rises by lifting schedule to lay on top of the outside corners of the step function. The change also improves the responsiveness of the system, and therefore the degree of experience rating. Raising the intercept and pivoting the linear rate system upward raises 2020 year-end reserves to an estimated $390 million. The cubic approximation fits the negative balance employers well, but poorly fits the positive range, and yields $104 million less revenue at year-end 2020.

C. Analysis of UI benefit features

Changing benefits to recipients was also simulated, although there were fewer options to try than on the tax side. We simulated lowering the maximum potential week's duration of benefits, lowering the maximum weekly benefit amount (WBA), adding another waiting week before benefit receipt, and lowering the wage replacement rate below the maximum.

Maximum potential duration of benefits

Currently up to 26 weeks of regular compensation are available to every UI beneficiary in North Carolina. Simulations were run reducing the maximum potential weeks incrementally by one week down to 20. Simulation results are shown in Table 5.14. Reducing the maximum potential duration of UI required creativity in the BFM. The BFM does not permit changing North Carolina rules regarding the maximum potential duration. However, the model does allow for reducing the total amount of weeks paid each year. Data published by the USDOL (2012) report an average of 43 percent of people between 2006 and 2011 exhausted their maximum eligibility

of 26 weeks. Shortening the maximum entitled duration by one week translates into a decline in weeks compensated of 2.05 percent, additional weeks of shortening were considered up to 20 weeks which cut weeks compensated by 14.6 percent. Simulations suggest that shortening entitled duration by one to five weeks will pay off the outstanding debt in 2017, but the year-end reserve balances are higher for each week removed from potential duration. The reduction to 21 results in a shift to a lower tax schedule by 2020. The reduction to 20 weeks, results in payoff one year earlier in 2016, but a negative year-end balance in 2020 because of a drop to a lower schedule in intervening years.

Maximum weekly benefit amount

The maximum weekly benefit amount (WBA) in North Carolina is currently indexed to the average weekly wage (AWW) of all UI covered workers in the state. The index formula annually sets the max WBA at two-thirds (66.7%) of the AWW. With the AWW at $787, the max WBA for 2012 is $522. We simulated lowering the maximum rate from 66.7 to 60 percent in one percentage point increments. Results are shown in Table 5.15. None of the simulations changes the debt payoff year or lowers the tax schedule. When the maximum benefit is set to 60 percent of the AWW, the 2020 year-end trust fund balance is just over $1 billion. According to 2010 American Community Survey data, about one third of employees in North Carolina earned $52,000 per year or more. That is, about one-third of North Carolina workers would qualify for the maximum WBA if involuntarily jobless.

Waiting weeks

Of the 53 state UI programs 41 have one waiting week including North Carolina. The remaining states do not require a waiting week, and no states require more than one. We simulate the first order effects of adding a second waiting week, that is the savings of one week for all who exhaust. We ignore the likely second order effect from reduced entry into the system by those who expect to have very short durations of joblessness. Given that the average UI exhaustion rate was 43 percent between 2006 and 2011, therefore 57 percent of beneficiaries did not exhaust. An added waiting week will shorten non-exhaustee durations with the average effect over the whole sample a reduction of about 2.05 percent. We introduce this percentage reduction in benefit payments to simulations in the BFM with a summary of the simulation presented in Table 5.16. Adding a second waiting week is estimated to pay off the debt in 2017 leaving a reserve of $636 million that year and an increase in the 2020 year-end balance of $219 million above the baseline scenario with tax schedule A remaining in effect.

Wage replacement rate below the maximum WBA

Rather than changing the North Carolina rule to replace fifty percent of the prior wage rate below the maximum WBA, since it is the ideal standard of UI benefit adequacy, we simulated the effect of changing the formula from (1/26) times (high quarter earnings) to (1/52) times (sum of two highest quarters). Computations based on administrative data from a state neighboring North Carolina suggested this change would lower system-wide benefit charges about five percent per year. The main impacts will be on persons with uneven earnings patterns over the course of the year. Table 5.16 summarizes results of the simulation. This change pays off system debt by 2017 leaving a year-end reserve balance of $765 that year and a system balance by year-end

2020 that is $402 million higher than the baseline scenario suggests. The 2020 year-end balance for this change is more than double that for adding a second waiting week.

D. Alternative plans for improving UI system financial integrity

Balancing elements of system reform

After reviewing results of simulations on individual changes to tax and benefit features of the North Carolina UI system, bundles of changes were combined for analysis. A total of 15 bundles were chosen with the components of each bundle listed in Table 5.17 and 5.18. Table 5.17 contains seven bundles of changes without any bonding provisions. Each of the seven bundles contains common elements. The bundles were designed to present balanced approaches to improving the financial integrity of the North Carolina UI system. All seven bundles involve modestly raising the minimum and maximum tax rates, as well as the new employer tax rate. All of the bundles also include some sort of reduction in the benefit side of the system. Finally, all seven bundles assume that additional funds are recovered from overpayments at the rate of about $5 million per year.[8] Table 5.18 presents the parameter values for bundles 8 through 15. These bundles contain bonding simulations, solvency taxes, and bundles 12 to 15 restore the 1992 North Carolina UI tax and benefit structure.

Bundles one through four, listed in Table 5.17, introduce changes to existing tax and benefit systems, but do not add new tax features. Taxes are raised either at the maximum and minimum only, or uniformly across rates. None of these four bundles allow high positive balance employers to pay zero rates. As noted in the TPRC (2011) report, taxing these employers does not generate large amount of revenue. However, a modest positive tax improves equity, since all North Carolina workers and employers derive benefit from the stability maintained by the system. Six of the seven bundles reduce the maximum WBA to 60 percent of AWW. This reduction affects only the people at the highest end of earnings. Most bundles assume the weekly benefit is computed as an average of the two high quarters of earnings. Neither the additional waiting week, nor lowering the replacement rate are tried in these bundles of simulations. Averaging earnings rather than using the high quarter is used in many other states and is projected to save significant amounts--about 5 percent per year on benefit payments. Most state UI systems actually provide higher than 50 percent wage replacement for low wage workers and less than 50 percent for high wage workers. Bundles five through seven add solvency taxes to the system, either targeting $1 or $2 billion dollars in reserve balances. Bundle seven also changes the tax schedule triggers to the previously discussed system.

Results of the no-bonding bundle simulations are shown in Table 5.19 and Figure 5.8. Results vary significantly across the trials. Bundles five and six, with their solvency taxes, generated the most revenue. However, bundle seven's solvency taxes were paired with the quickly decreasing rate schedule, and so while it gives the trust fund the most aggressive growth, it also levels off quickly and ends in 2020 essentially tied for fifth place. Because of the different elements at play, some of the bundles behaved differently than expected in the simulations. Bundle two, with both a uniform tax increase along with faster tax reductions generated an earlier payoff year

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[8]The Benefit Accuracy Measurement (BAM) system for UI in USDOL identified about $33 million in North Carolina benefit over payments in 2010. About half of these have been recovered to date. Raising the recovery rate to the national average two-thirds would reduce system costs by about $5 million per year.

than the baseline, but ended 2020 with less total reserve than the baseline, and with tax schedule D operating in 2020. Among those without solvency taxes, bundle four yields the highest balance in the payoff year, but the balance levels off quickly. It is likely that both the higher maximum tax rate and the higher new employer rate along with benefit reductions cause the employers to move into higher reserve ratios and lower taxes.

Results of the bonding simulations are show in Table 5.20 and Figure 5.9. Bundles eight and nine include bonding alone, $3 billion dollars in 2012 or 2013 respectively. Both simulations show the trust fund going negative in 2013 and not going positive again until 2016. Bundles 10 and 11 contain solvency taxes and yield greater revenue in 2020, with Bundle 10 reaching the DOL targeted reserve for interest-free borrowing. Bundles 12 through 15 use the tax and benefit system in place in 1992. The 1992 tax system generates higher revenue due to increase taxes and lower benefit charges due to averaging two high quarter wages. However, only with additional solvency taxes and bonding in 2012 are DOL reserve targets met in 2020 in bundles 14 and 15.

In addition to simulating the bundles of changes on the baseline economic scenarios, four of the bundles were subjected to alternate economic projections. Shown in Table 5.21, in 2014 the insured unemployment rate was raised in the BFM. Under the situation called "severe" the insured unemployment rate in 2014 was set to 5.14, the level in 2010. The IUR then declines as it has since then, with 2015 matching 2011 and so on. The "moderate" scenario has a two-year jump in unemployment, 4.0 in 2014 and 3.5 in 2015, followed by returning to the previous projection. The "mild" scenario has only a single unemployment spike to 4.0 percent in 2014.

The alternate projections were applied first to the do-nothing scenario, shown in Table 5.22 and Figure 5.10. The severe scenario shows an interesting pattern. The trust fund balance is not repaid until 2019, two years later than the baseline scenario. However, the resulting balance is higher than the baseline by $771 million dollars. It is likely that the combination of low reserve ratios and their resulting high tax rates, along with additional federal tax offset credits cause a massive influx of money into the system in 2020. Unfortunately, we cannot model further than 2020 to see how the system rights itself after that. The modest and mild scenarios both yield more conventional results, with smaller balances in the trust fund than the baseline.

Several of the bundles were not selected for the alternate economic scenarios. Bundles two and four had relatively low reserve balances in 2020. Bundle five had the second highest balance at year-end 2020, but was not selected in favor of bundle seven for economic sensitivity analysis. While bundle seven also had a relatively low year-end balance in 2020, it seemed to be the most responsive approach with its decreasing solvency tax targeted at $1billion and the adjusted triggers set to lower the schedule more quickly. Bundle nine is not included in the group for further analysis since it is similar to bundle eight. Bundles 11, 12 and 13 did not generate enough net reserves so these were not selected. Although bundle eight had a lower 2020 balance than the others, with the exception of the do-nothing scenario, it was select to see the effect of bonding alone under varying economic conditions.

The results of the severe scenario on the four bundles and do-nothing scenario are shown in Table 5.23 and Figure 5.11. Notice the bends in the lines at 2014. The bundles without solvency taxes perform better than the do-nothing scenario initially, but end with lower balances. Bundle seven generates quickest payoff, but the rapidly expiring solvency tax and downward shifting tax

schedule (F in 2020) mean that it ends 2020 with just over $1 billion, less than the current law scenario.

Since the moderate and mild economic scenario simulation results did not differ much from the baseline, to check sensitivity of results to economic conditions, bundles eight through 15 were only simulated under the severe economic scenario. Results are shown in Table 5.23 and Figure 5.12. The simulation results suggest that the do-nothing scenario actually reaches 2020 with a higher year-end balance, by nearly $700 million, due to federal offsets and increased taxes from employers not moving to higher experience rates. Relative to the do-nothing system bundles 8 and 10 both add a $3 billion bond in 2012, and B10 also adds a solvency tax scheme. Notice that bundle eight yields a negative balance in 2013, and remains negative until 2019. With the solvency tax targeting $2.2 billion, B10 provides the second highest pattern of reserves. Bundles 14 and 15 restore the 1992 tax system as well as bonding and solvency tax. Both use a solvency tax that declines to zero when reserves reach $2.2 billion (AHCM = 1.0), but B15 has a tax rate of 0.5 as the maximum, while B14 has a maximum of 1.0. Bundle 14 is the only scenario that reaches the DOL target of $2.2 billion in reserve in 2019, although the target is not met in any prior year.

The moderate unemployment scenario is shown in Table 5.22 and Figure 5.13. Under this projection, bundle six generates the highest reserves by 2020, and bundle three has the second most in 2020. Bundle three has no solvency tax, but still does quite well. Also, bundle seven ends 2020 on schedule H, the second lowest tax burden for employers. The mild recession scenario is shown in Table 5.23 and Figure 5.14. This scenario changes very little from the modest scenario, but yields higher balances in their payoff years (2017 for bundles with no solvency taxes and 2015 for those with solvency taxes) and in 2020.

F. Presentation of simulation results

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G. *Presentation of Simulation Results*

Table 5.1 Summary of Tax Changes Analyzed in UI Financing Simulations

New Employer Rate	Positive Balance Min Rate	Negative Balance Max Rate	Middle Range Reserve Balance Rates (Min Negative, Max Positive)		Taxable Wage Base (share of AWW*52)	Shift up tax schedule	Tax Formulas
			(-0.5 to 0.0)	(0.0 to 0.7)			
1.2*	0.00*	5.7*	2.9*	2.7*	0.500*	A*	A*
1.5	0.10	6.00	3.0	2.8	0.400	A+0.1	A**
1.8	0.20†	6.50	3.1	2.9	0.425	A+0.2†	Linear A
2.1	0.30	7.00			0.450	A+0.3	Linear A shift
2.4	0.40	7.50			0.475	A+0.4	Cubic A
2.7†	0.50	8.00			0.500	A+0.5	
3.0	0.60	8.50			0.525	A+0.6	
3.3	0.70	9.00			0.550	A+1.0†	
3.7†	0.80	9.50			0.575	A’	
	0.90	10.00			0.600†	Δ Triggers	
	1.00						
	1.10†						

Notes: *Parameter values in Do-nothing simulation. †Parameter values examined in TPRC (2011) report. A’ shifts schedule A up in the same relation as A is to B. Change in triggers (Δ Triggers) moved rates from schedules A thorough I in 0.25 point changes in reserves to taxable payrolls ratio from 2.0 down to 0.0 to undercut the tax rate override at the 1.95 ratio. A** caps rate schedule A at the 70 steps which is the maximum number of steps that BFM accepts for simulations.

Table 5.2 Summary of Solvency Tax Plans Analyzed in UI Financing Simulations

Solvency Tax (NC1)		Solvency Tax (NC2)		Solvency Tax (NC3)	
0.0	$100m<B	0.0	$500m<B	0.0	$800m<B
0.5	$25<B<$100	0.5	$100<B<$500	1.0	$100<B<$800
1.0	B< $25m	1.0	B< $100m	2.0	B < $100m

Solvency Tax (ST3) (Target $1b = 0.41*HCM)		Solvency Tax (ST4) (Target $2b = 0.82*HCM)	
0.0	$1.0b	0.0	$2.0b
0.1	$0.9b	0.1	$1.8b
0.2	$0.8b	0.2	$1.6b
0.3	$0.7b	0.3	$1.4b
0.4	$0.6b	0.4	$1.2b
0.5	$0.5b	0.5	$1.0b
0.6	$0.4b	0.6	$0.8b
0.7	$0.3b	0.7	$0.6b
0.8	$0.2b	0.8	$0.4b
0.9	$0.1b	0.9	$0.2b
1.0	$0.0b	1.0	$0.0b

Notes: The high cost multiple (HCM) is the average over the past 20 years of the highest rates of regular UI payments as a proportion of total payrolls over a twelve month period. That HCM for North Carolina is 1.56 or $2.42 billion for 2011.

Table 5.3 Summary of Benefit Features Analyzed in UI Financing Simulations

Maximum potential duration of benefits	Maximum WBA Factor on AWW (AWW = $756 for 2011)		Waiting weeks	Replacement rate (factor on HQW)
*26	*0.667	*$504	*1	*(1/26)*HQW
25	0.650	$491	2	(1/26)*(HQ1+HQ2)/2
24	0.640	$484		
23	0.630	$476		
22	0.620	$469		
21	0.610	$461		
20	0.600	$454		

*Parameter values in Do-nothing simulation.
†Parameter values examined in TPRC (2011) report.

Table 5.4 Labor Market Assumptions through 2020

	Labor Force Growth Rate (%)	Wage Growth Rate (%)	Total Unemployment Rate (%)	Insured Unemployment Rate (%)
2011	0.83	0.91	10.51	3.79
2012	1.03	0.92	10.14	4.06
2013	1.05	0.89	9.32	3.54
2014	1.21	0.88	8.70	3.31
2015	1.22	0.87	7.76	2.95
2016	1.15	0.87	7.11	2.70
2017	1.11	0.86	6.75	2.57
2018	1.09	0.85	6.53	2.48
2019	0.91	0.84	6.35	2.41
2020	0.93	0.84	6.14	2.33

Source: Assistant State Budget Officer, Office of State Budget and Management, North Carolina Department of Commerce, Division of Employment Security, Chief Financial Officer, projections from Global Insight.

Table 5.5 Do-nothing Simulation Results ($ millions)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.6 New Employer Rate Simulations Summary

New Employer Rate	'ayoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
1.2*	2017	483	625	0	A
1.5	2017	525	699	73	A
1.8	2017	567	772	147	A
2.1	2017	610	846	220	A
2.4	2017	652	919	294	A
2.7†	2017	694	993	367	A
3	2017	737	1,066	441	A
3.3	2017	779	1,140	514	A
3.7†	2017	835	1,238	612	A

*Do-nothing

†Used in Tax Policy Review Committee Models

Table 5.7 Minimum Tax Rate Simulations Summary

Minimum Tax Rate	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
0.0*	2017	483	625	0	A
0.1	2017	490	636	11	A
0.2†	2017	498	649	24	A
0.3	2017	510	674	49	A
0.4	2017	534	719	94	A
0.5	2017	565	780	155	A
0.6	2017	610	868	243	A
0.7	2017	672	990	365	A
0.8	2017	752	1,143	518	A
0.9	2017	853	1,330	705	A
1.0	2017	973	1,347	722	B
1.1†	2017	1,094	1,282	657	B

*Do-nothing

†Used in Tax Policy Review Committee Models

Table 5.8 Maximum Tax Rate Simulations Summary

Maximum Tax Rate	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Diff from Do-nothing($ millions)	2020 Schedule
5.5	2017	413	515	-110	A
5.7*	2017	483	625	0	A
6.0	2017	583	782	157	A
6.5	2017	741	1,032	407	A
7.0	2017	888	1,263	638	A
7.5	2017	1,030	1,357	732	B
8.0	2017	1,157	1,393	768	B
8.5	2017	1,277	1,549	924	B
9.0	2016	91	918	293	A
9.5	2016	181	801	176	A
10.0	2016	271	959	334	A

*Do-nothing

Table 5.9 Middle Tax Rate Simulations Summary

Change	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Diff from Do-nothing ($ millions)	2020 Schedule
Schedule A*	2017	483	625	0	A
-0.5 to 0.7 raised by 0.1	2017	387	632	7	A
-0.5 to 0.7 raised by 0.2	2017	514	656	31	A

*Do-nothing

Table 5.10 Taxable Wage Base Formula Change Simulations Summary

Minimum Tax Rate	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
40.0%	2017	227	274	-351	A
42.5%	2017	287	358	-267	A
45.0%	2017	348	444	-181	A
47.5%	2017	419	539	-86	A
50.0%*	2017	483	625	0	A
52.5%	2017	532	699	74	A
55.0%	2017	584	769	143	A
57.5%	2017	650	855	230	A
60.0%†	2017	706	934	309	A

*Do-nothing

†Used in Tax Policy Review Committee Models

Table 5.11 Changes in Tax Schedule and Triggers Simulations Summary

Schedule Change	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Diff from Do-nothing ($ millions)	2020 Schedule
A*	2017	483	625	0	A
A+.1†	2017	672	893	268	A
A+.2	2017	865	1,166	541	A
A+.3	2017	1,058	1,444	818	B
A+.4	2017	1,253	1,648	1,023	B
A+.5	2016	188	679	54	A
A+.6	2017	548	1,000	374	A
A+1.0†	2016	1,109	2,274	1,649	C
Positive A+(.2,.1),	2017	648	834	209	A
Change Triggers	2016	483	309	-316	C

*Do-nothing

†Used in Tax Policy Review Committee Models

Table 5.12 Solvency Tax Simulations Summary

Change	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
No Solvency Tax*	2017	483	625	0	A
North Carolina 1†	2015	497	797	172	A
North Carolina 2†	2015	497	1,154	529	A
North Carolina 3†	2015	1,403	1,728	1,103	B
$1 Billion Target	2015	497	1,302	677	B
$2 Billion Target	2015	497	2,124	1,499	C

*Do-nothing

†Used in Tax Policy Review Committee Models

Table 5.13 Tax Formula Simulations

Bundle	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)
Do-nothing*	2017	483	625	0
Truncated A**	2017	435	586	-39
Linear A	2017	526	723	98
Linear A Shift	2017	707	1,015	390
Cubic A	2017	403	521	-104

*Do-nothing

**Approximating Do-nothing

Table 5.14 Maximum Duration of Benefits Simulations

Maximum Benefit Weeks	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
26*	2017	483	625	0	A
25	2017	567	747	122	A
24	2017	679	901	275	A
23	2017	802	1,074	449	A
22	2017	937	1,271	646	A
21	2017	1,088	1,385	759	B
20	2016	2	621	-4	A

*Do-nothing

Table 5.15 Maximum WBA Simulations Summary

Maximum WBA	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
66.7% of AWW*	2017	483	625	0	A
65.0% of AWW	2017	553	731	106	A
64.0% of AWW	2017	609	812	186	A
63.0% of AWW	2017	651	868	243	A
62.0% of AWW	2017	681	920	294	A
61.0% of AWW	2017	702	970	345	A
60.0% of AWW	2017	726	1,008	383	A

*Do-nothing

Table 5.16 Waiting Week and Replacement Rate Simulations Summary

Maximum Benefit Weeks	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
Do-nothing*	2017	483	625	0	A
Average 2HQ	2017	765	1,028	402	A
Additional Waiting Week	2017	604	801	175	A

Table 5.17 Bundles of Reform Elements for Simulation, no Bonding

Simulation Bundle:	B1	B2	B3	B4	B5	B6	B7
Tax rate changes							
Uniform rate increase		0.1					
Raise max and min rates	6.0, 0.1		6.0, 0.1	7.0, 0.1	6.0, 0.1	6.0, 0.1	6.0, 0.1
Solvency taxes					ST3	ST4	ST3
Change schedule triggers		Yes					Yes
Benefit changes							
Reduce Max WBA from 0.67 to 0.60*AWW	0.6	0.6		0.6	0.6	0.6	0.6
Reduce max potential duration			25				
Change WBA from (1/26)HQ to (1/52)(HQ1+HQ2)		2HQ	2HQ	2HQ			2HQ
New employer rate changes							
Raise new employer rate	1.8	1.8	2.7	2.7	1.8	1.8	1.8
Other changes							
Boost overpayment recovery 0.50 to 0.67	$5m	$5m	$5m	$5m	$5m	$5m	$5m

Table 5.18 Bundles of Reform Elements for Simulation, with Bonding

	Current Tax and Benefit System				1992 Tax And Benefit System			
Simulation Bundle:	B8	B9	B10	B11	B12	B13	B14	B15
Tax rate changes								
Uniform rate increase								
Raise max and min rates					5.7, 0.01	5.7, 0.01	5.7, 0.01	5.7, 0.01
Solvency taxes			ST1	ST2			ST1	ST2
Change schedule triggers								
Benefit changes								
Reduce Max WBA from 0.67 to 0.60*AWW								
Reduce max potential duration								
Change WBA from (1/26)HQ to (1/52)(HQ1+HQ2)					2HQ	2HQ	2HQ	2HQ
New employer rate changes								
Raise new employer rate					2.25	2.25	2.25	2.25
Other changes								
Bond Issuance	$3b, 2012	$3b, 2013	$3b, 2012	$3b, 2012		$3b, 2012	$3b, 2012	$3b, 2012

Table 5.19 System Reform Simulation Results, No Bonding

Bundle	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
Do-nothing	2017	483	625	0	A
B1	2017	945	1,371	746	A
B2	2016	35	469	-156	D
B3	2017	1,204	1,633	1,008	B
B4	2016	292	1,060	435	A
B5	2015	828	1,863	1,238	B
B6	2015	828	2,226	1,600	C
B7	2015	1,040	1,070	445	G

Table 5.20 System Reform Simulation Results, with Bonding

Bundle	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Do-nothing ($ millions)	2020 Schedule
Do-nothing	2017	483	625	0	A
B8	2016**	244	372	-253	A
B9	2016**	151	259	-366	A
B10	2012	492	2,506	1,881	C
B11	2012	254	1,753	1,127	B
B12	2016	239	767	142	A (1992)
B13	2012	276	880	255	A (1992)
B14	2012	776	3,026	2,401	C (1992)
B15	2012	526	2,621	1,996	C (1992)

** Year balance remains positive. Bonding alone does not prevent negative balances in the following year

Table 5.21 Labor Market Conditions under Alternate Economic Scenarios

	Insured Unemployment Rate			
Year	Do-nothing	Severe	Moderate	Mild
2010	5.14	5.14	5.14	5.14
2011	3.79	3.79	3.79	3.79
2012	4.06	4.06	4.06	4.06
2013	3.54	3.54	3.54	3.54
2014	3.31	5.14	4.00	4.00
2015	2.95	3.79	3.50	2.95
2016	2.70	4.06	2.70	2.70
2017	2.57	3.54	2.57	2.57
2018	2.48	3.31	2.48	2.48
2019	2.41	2.95	2.41	2.41
2020	2.33	2.70	2.33	2.33

Table 5.22 Do-nothing Scenarios Alternate Economic Scenarios

Bundle	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Current ($ millions)	2020 Schedule
Do-nothing	2017	483	625	0	A
Severe	2019	1,202	1,324	699	A
Moderate	2017	64	510	-115	A
Mild	2017	252	408	-217	A

Table 5.23 System Reform Simulation Results under Severe Economic Impact

Bundle	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Current ($ millions)	2020 Schedule
Current Law	2019	1,202	1,324	0	A
B1	2018	363	557	-767	A
B3	2018	699	980	-344	A
B6	2016	911	1,993	668	B
B7	2015	16	918	-406	F
B8	2019	251	323	-302	A
B10	2012	492	1,925	1,300	B
B14	2012	776	2,327	1,702	C (1992)
B15	2012	526	1,384	759	B (1992)

Table 5.24 System Reform Simulation Results under Moderate Economic Impact

Bundle	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Current ($ millions)	2020 Schedule
Current Law	2017	64	510	0	A
B1	2017	554	1,013	504	A
B3	2017	814	1,377	867	A
B6	2015	326	2,132	1,622	C
B7	2015	563	1,061	551	H

Table 5.25 System Reform Simulation Results under Mild Economic Impact

Bundle	Payoff Year	Payoff Year Balance ($ millions)	2020 Balance ($ millions)	2020 Difference from Current ($ millions)	2020 Schedule
Current Law	2017	252	408	0	A
B1	2017	744	1,179	771	A
B3	2017	1,002	1,498	1,090	B
B6	2015	564	2,256	1,848	C
B7	2015	789	1,073	665	H

Figure 5.1 North Carolina UI Tax Schedule A and Distribution of Taxable Payrolls

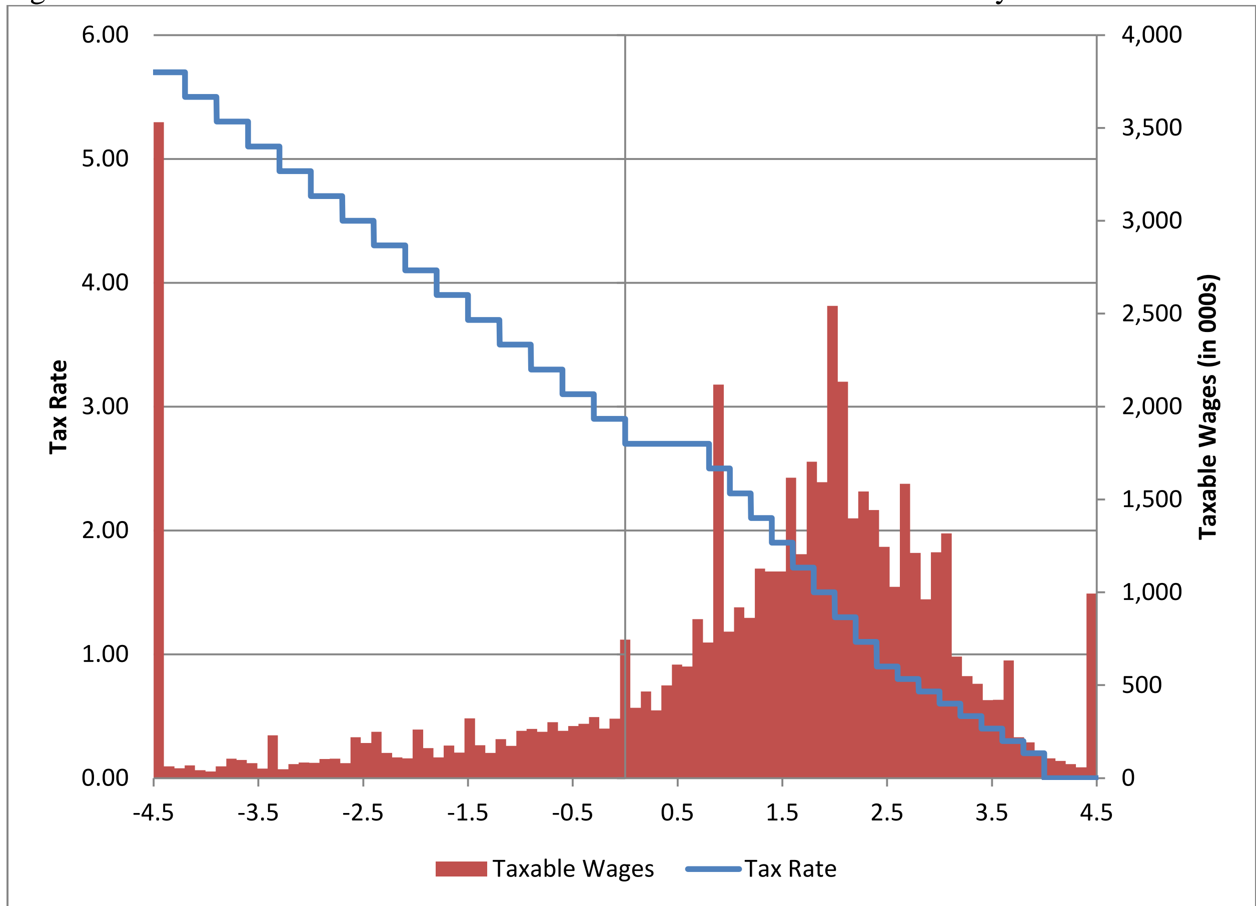


Figure 5.2 North Carolina UI Tax Schedules A through I

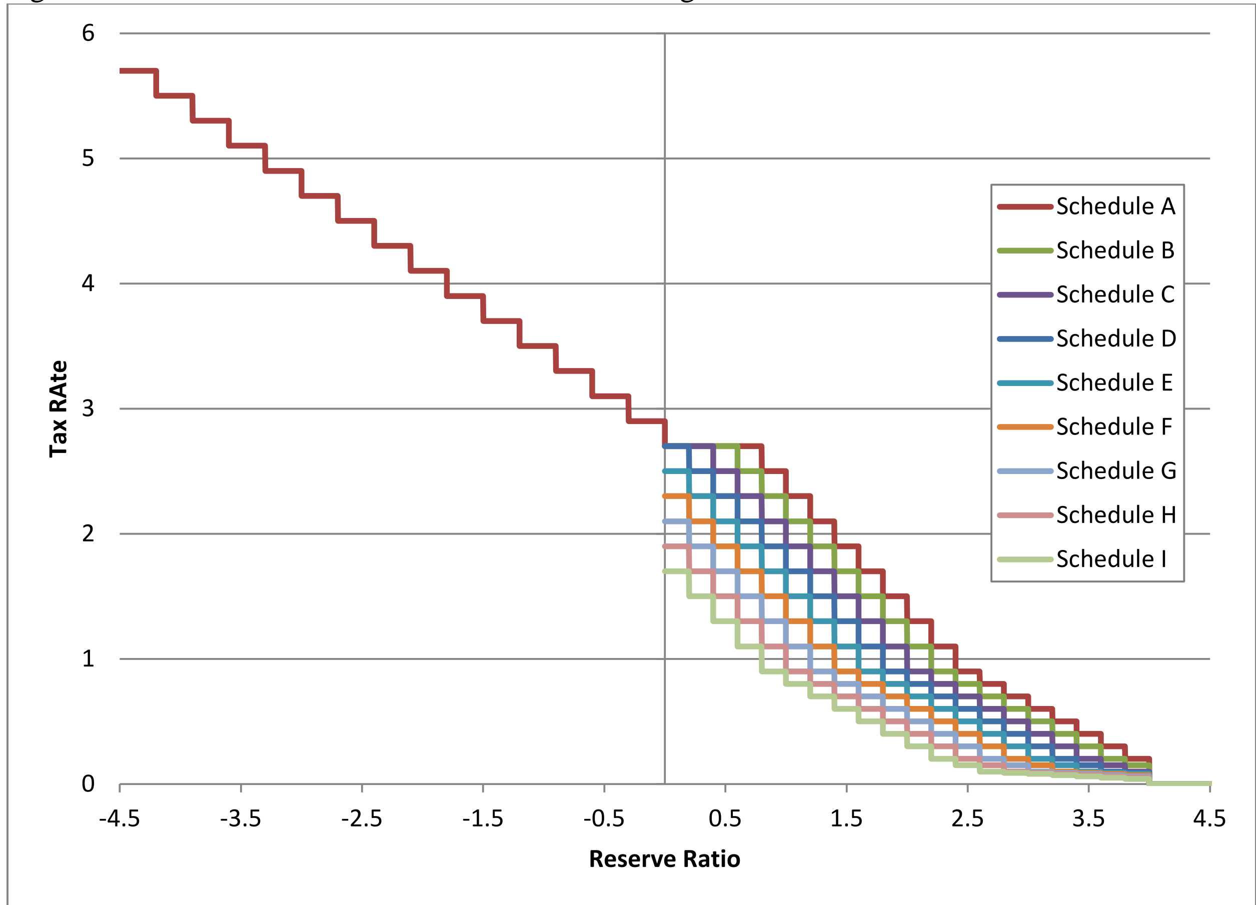


Figure 5.3 Potential Increases in the Minimum Tax Rate under Schedule A

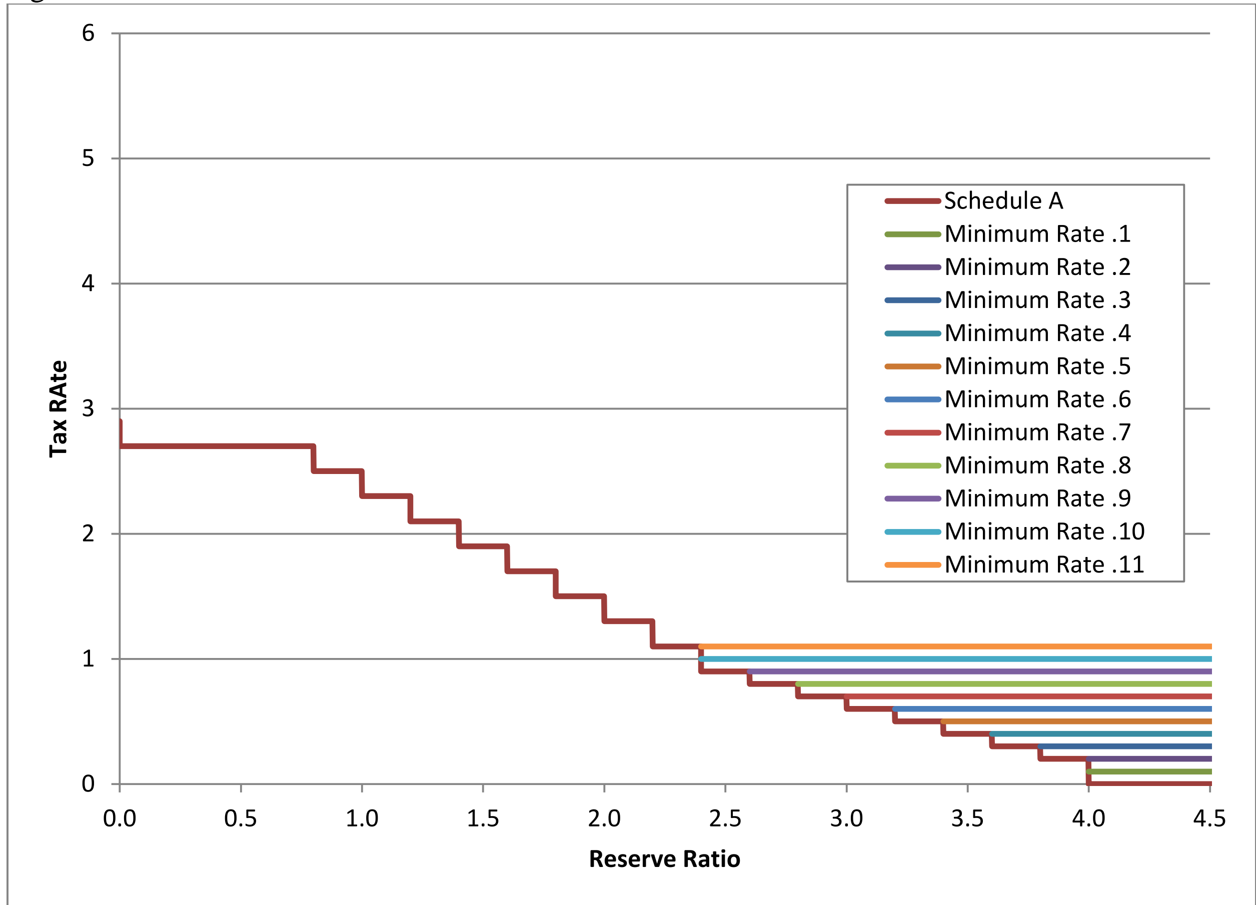


Figure 5.4 Potential Increases in the Maximum Tax Rate under Schedule A

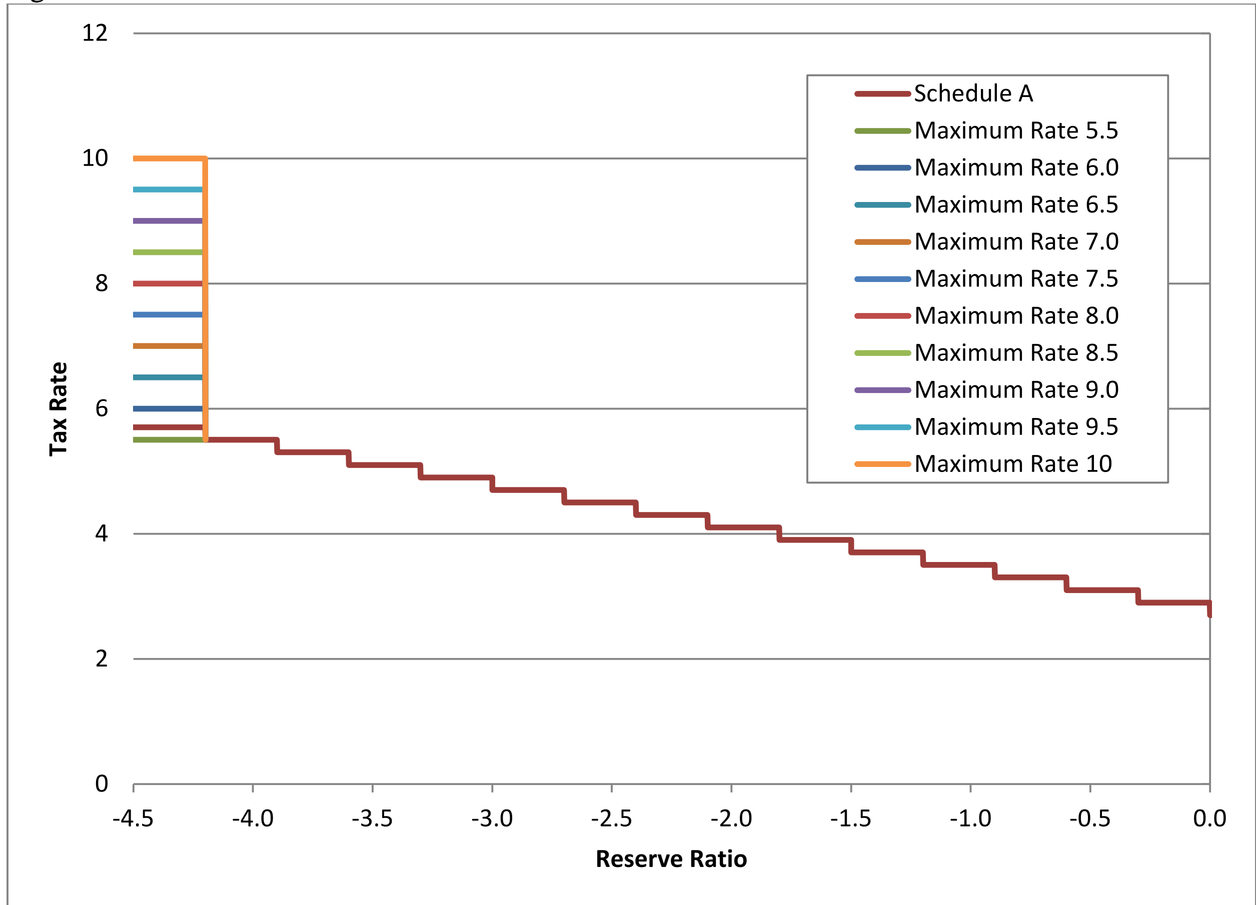


Figure 5.5 Potential Increases in Tax Rates for Slightly Negative and Positive Rated Employers

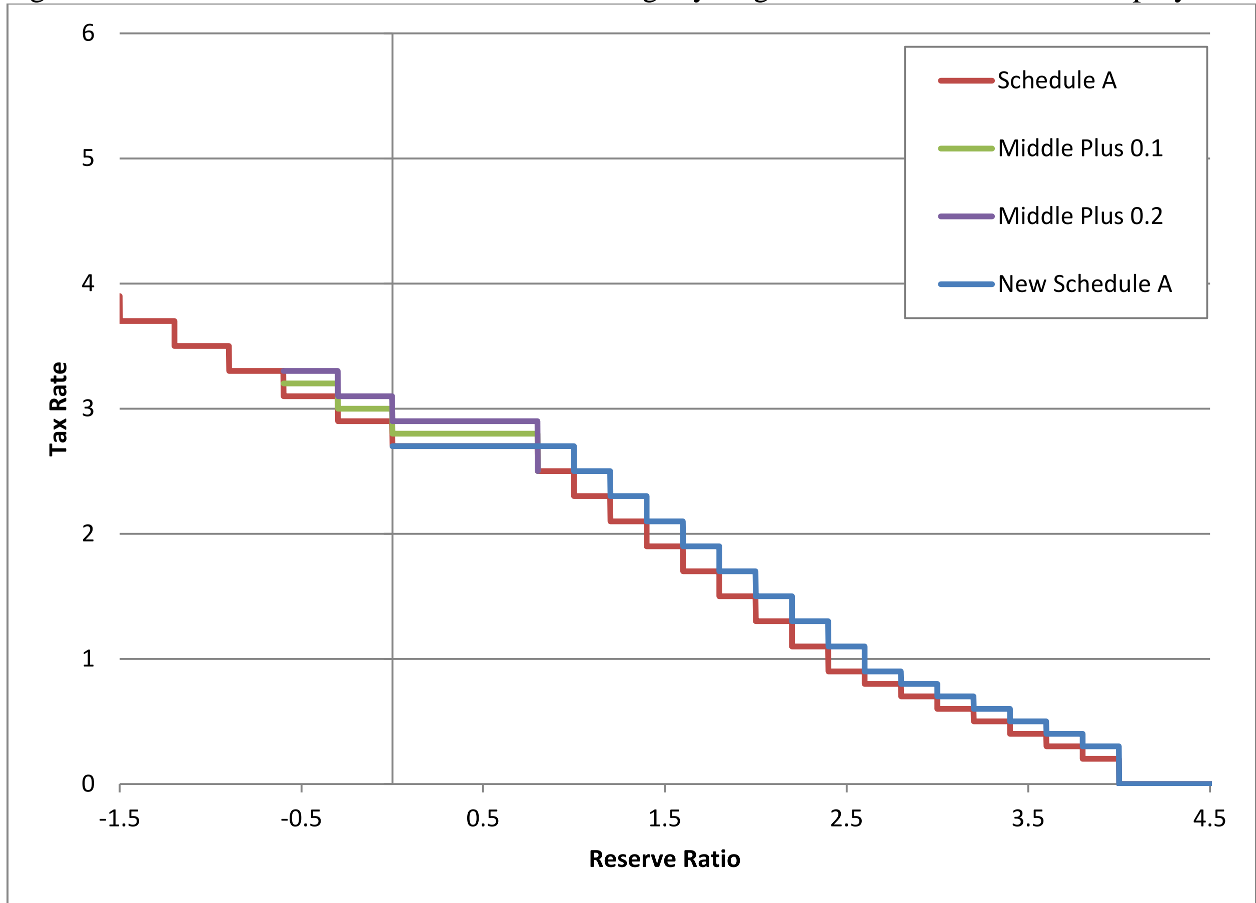


Figure 5.6 Potential Uniform Increases in Tax Rates for All Employers

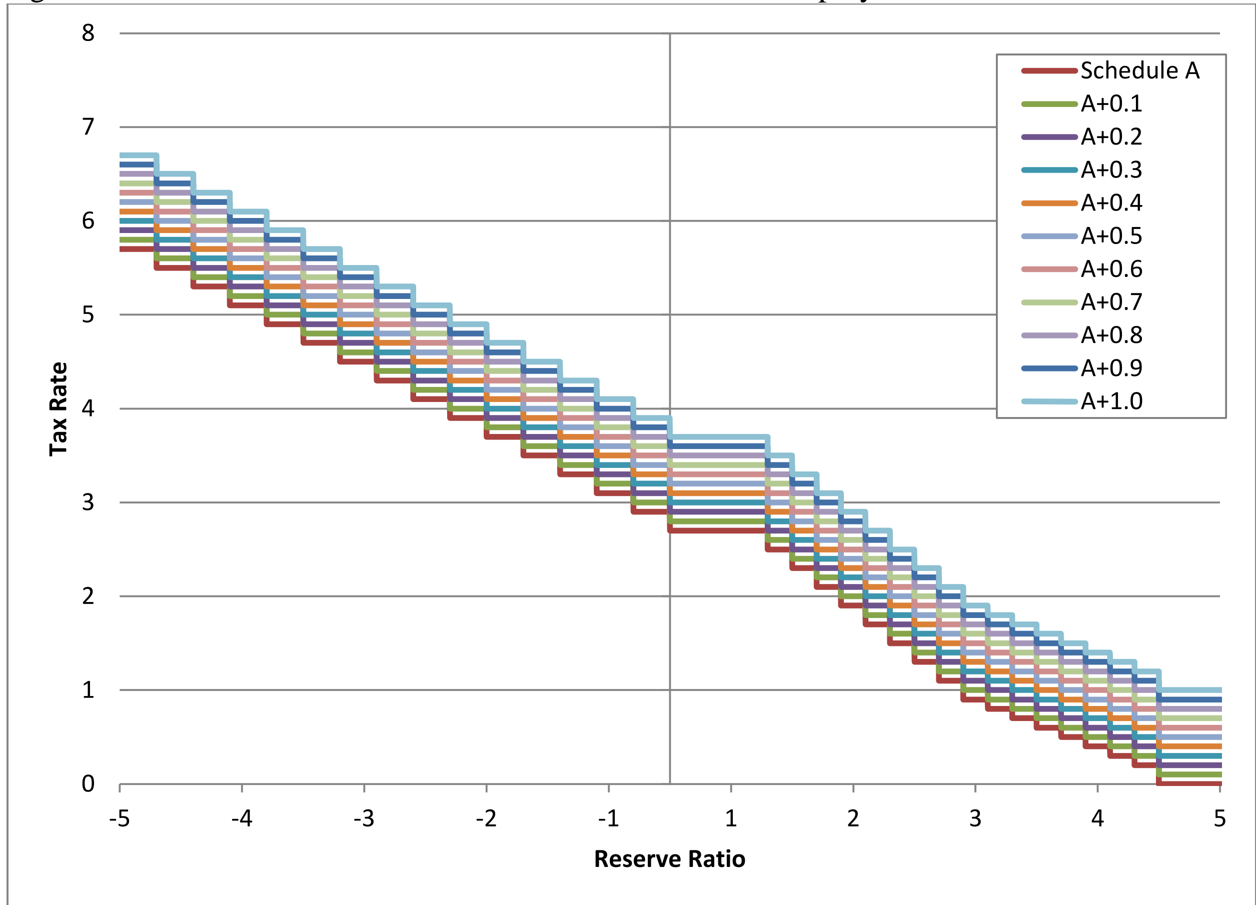


Figure 5.7 Potential Changes from Schedule to Slope

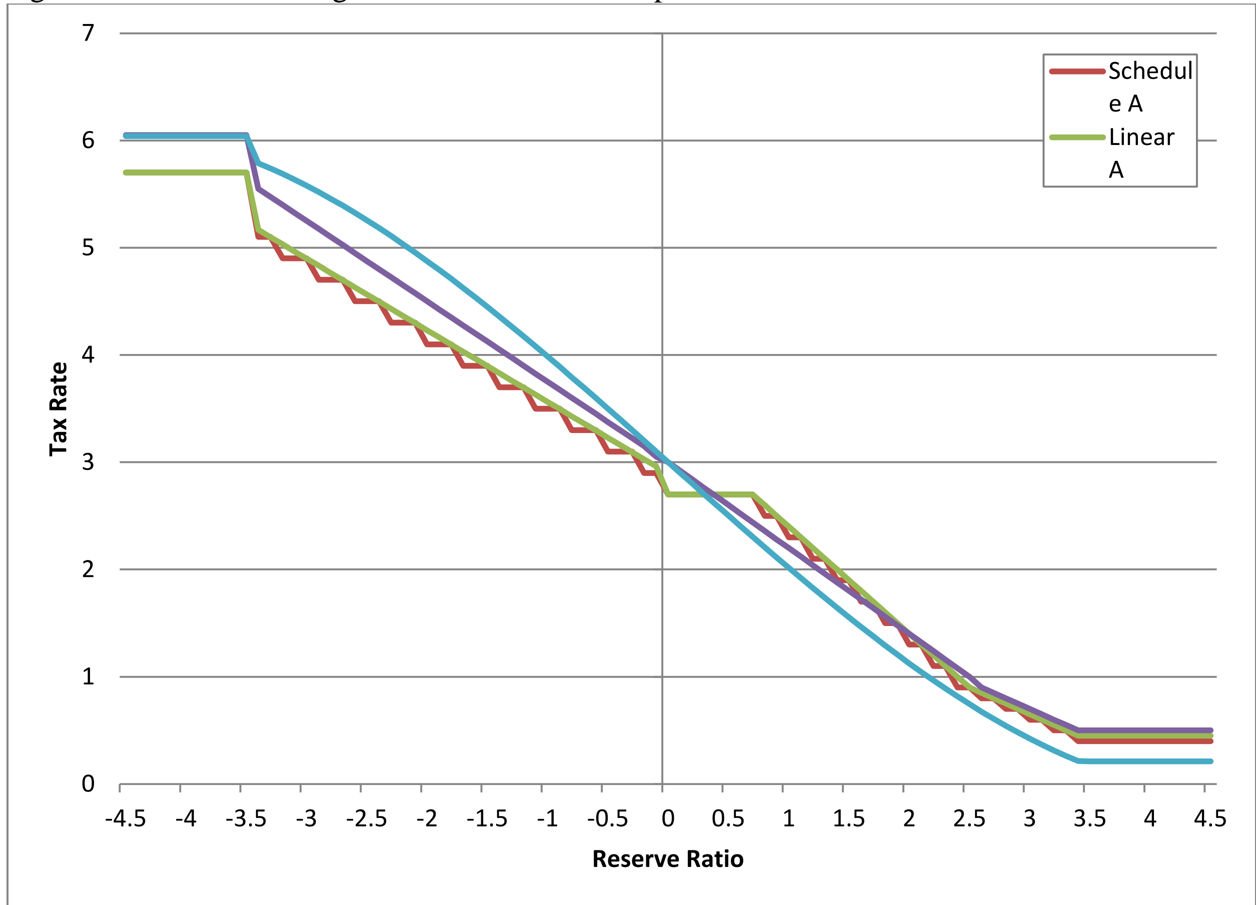


Figure 5.8 System Reform Results on Trust Fund Through 2020, no Bonding

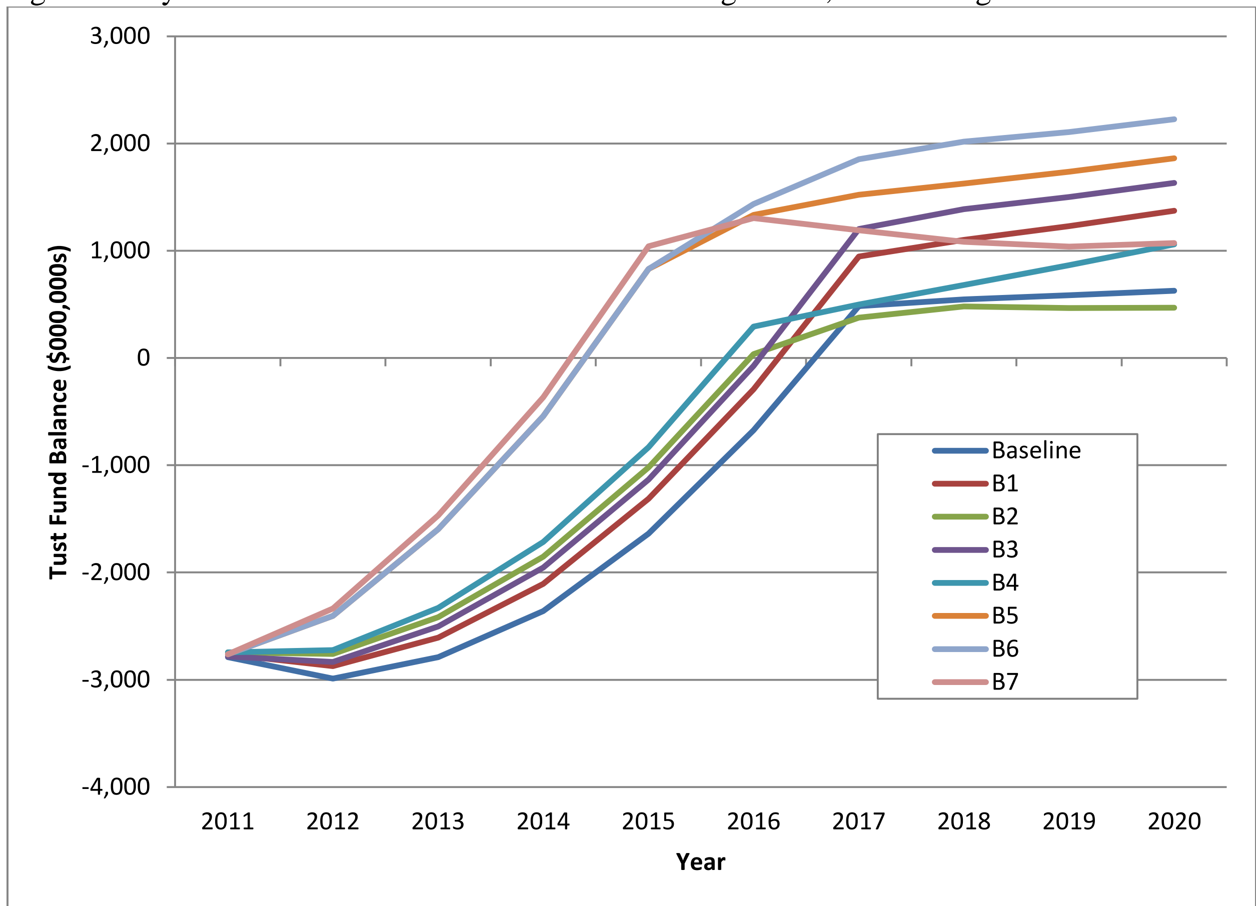


Figure 5.9 System Reform Results on Trust Fund through 2020, with Bonding

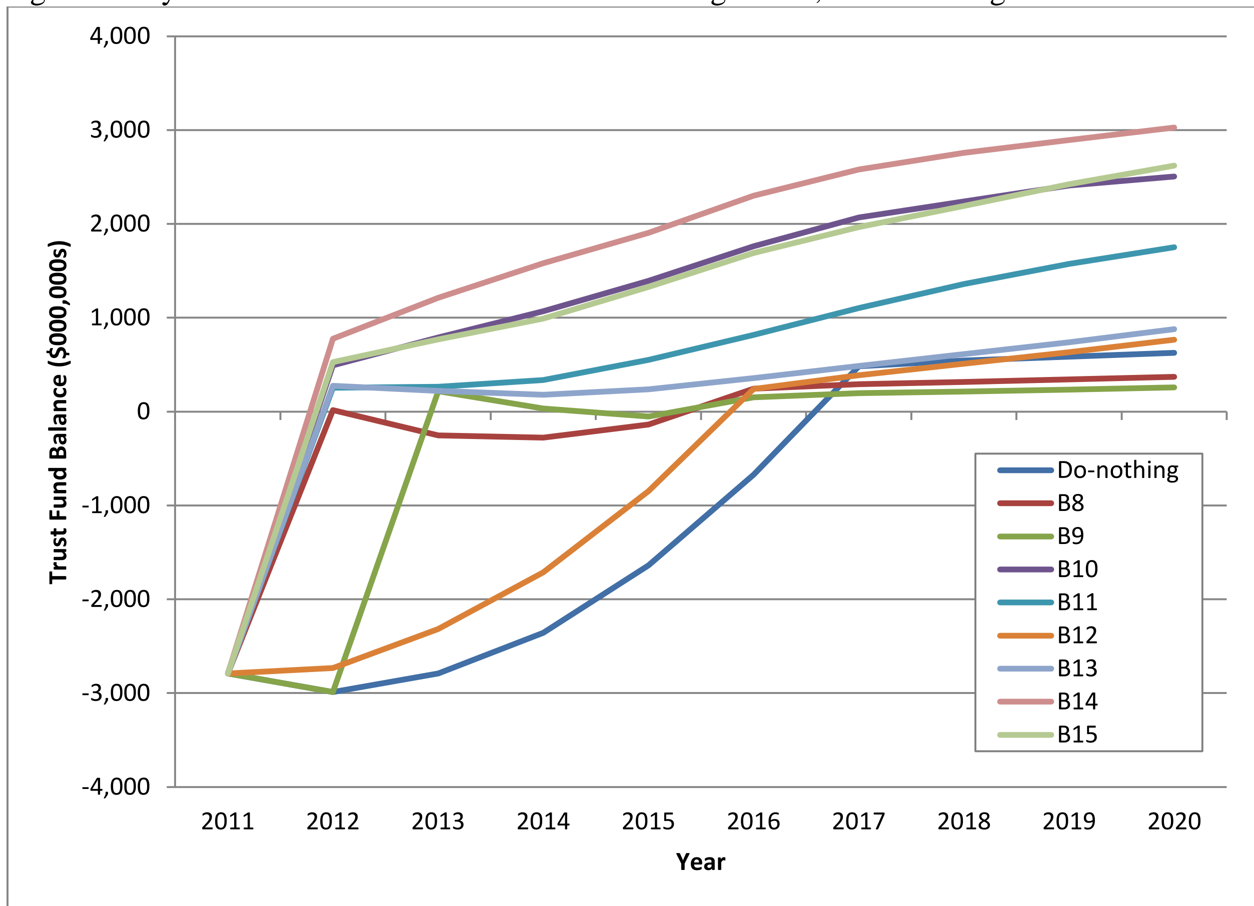


Figure 5.10 Trust Fund Reserves under Alternate Economic Scenarios

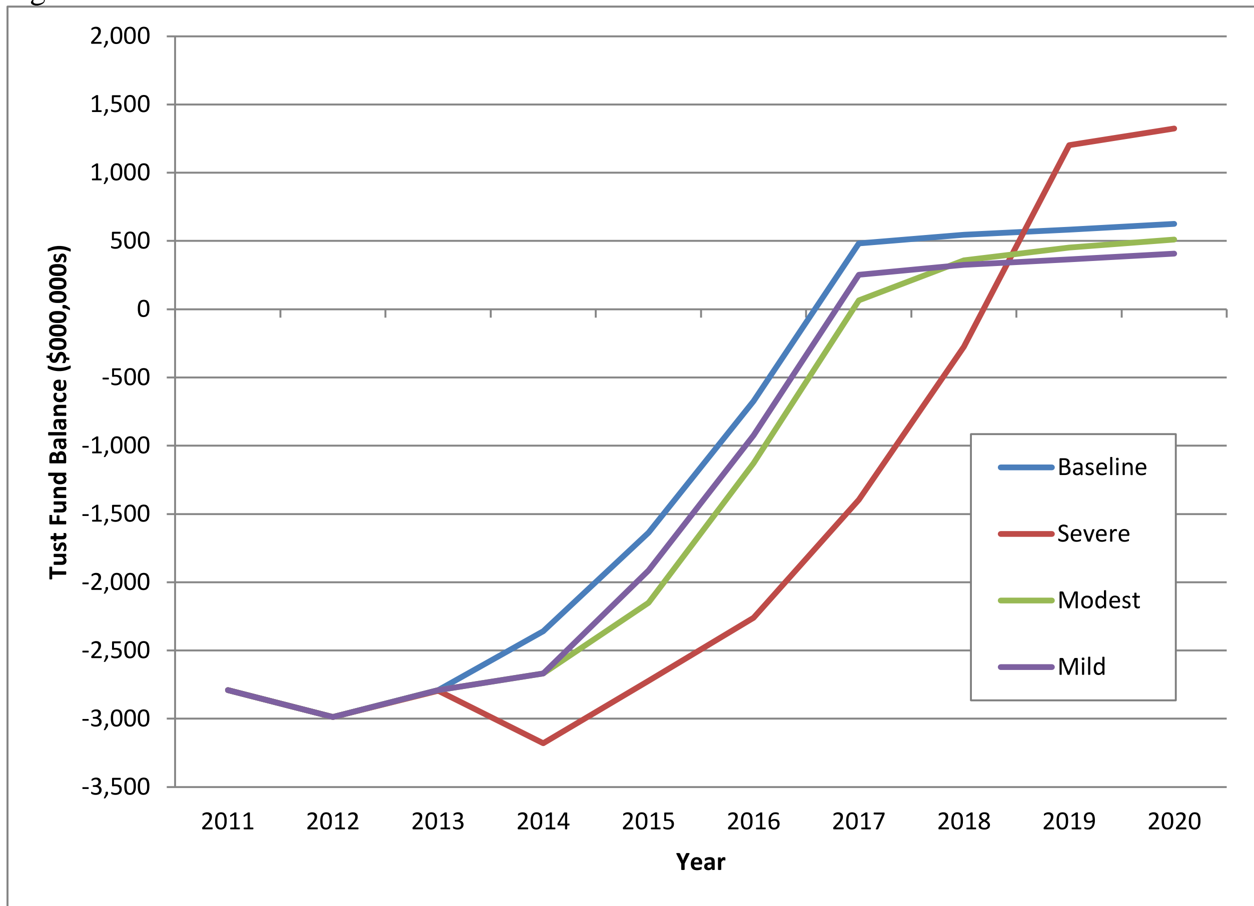


Figure 5.11 Simulation Results for Reform Alternatives under Severe Economic Stress, no Bonding

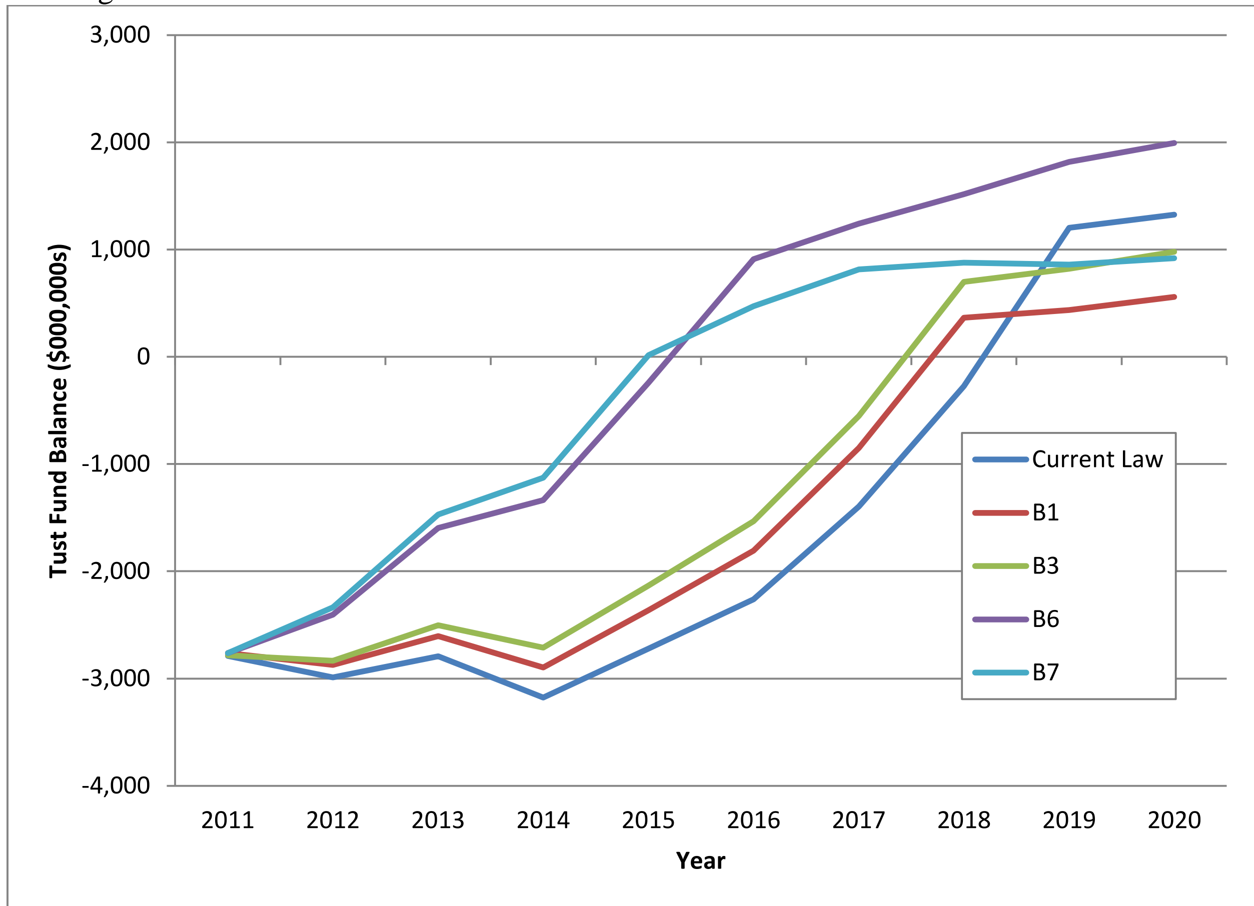


Figure 5.12 Simulation Results for Reform Alternatives under Severe Economic Stress, with Bonding

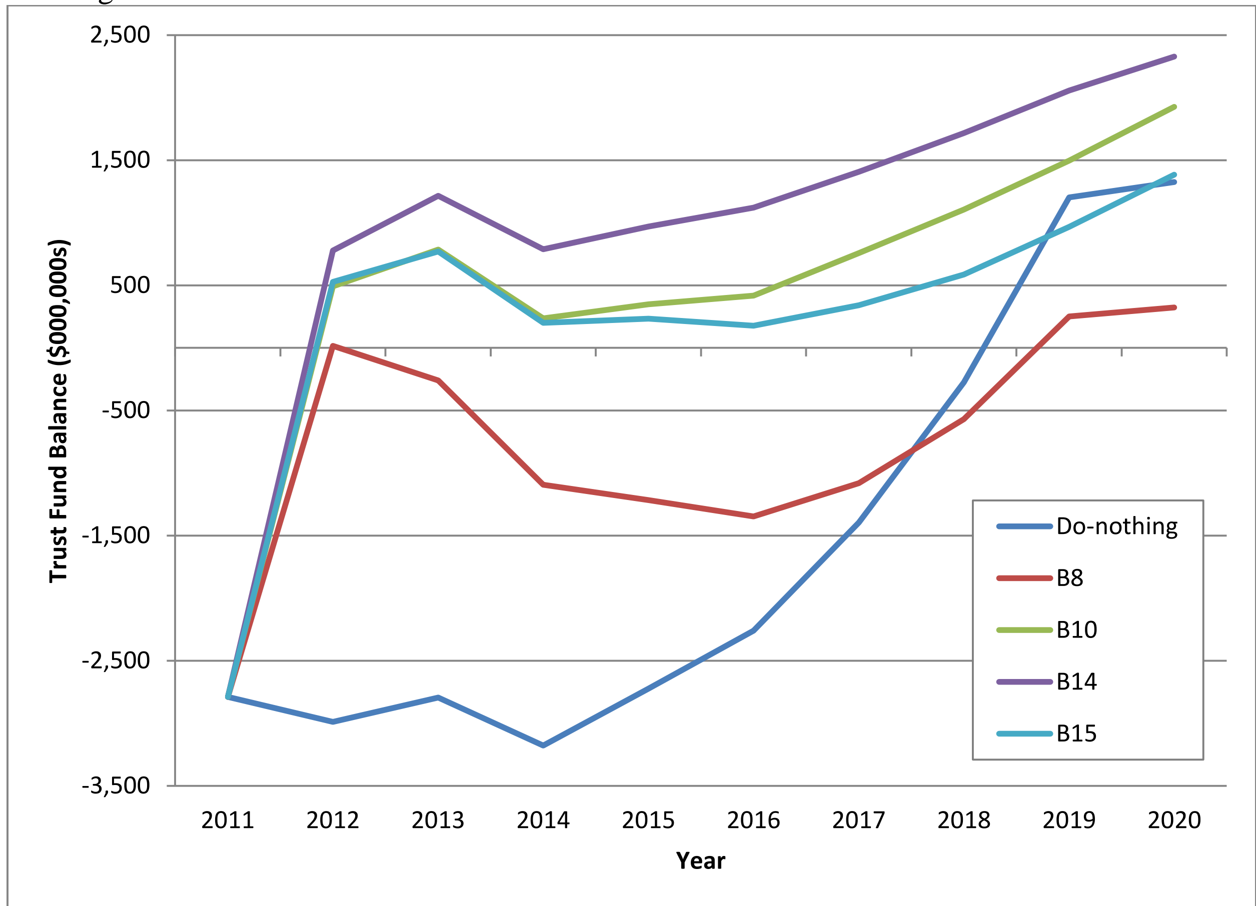


Figure 5.13 Simulation Results for Reform Alternatives under Moderate Economic Stress, no Bonding

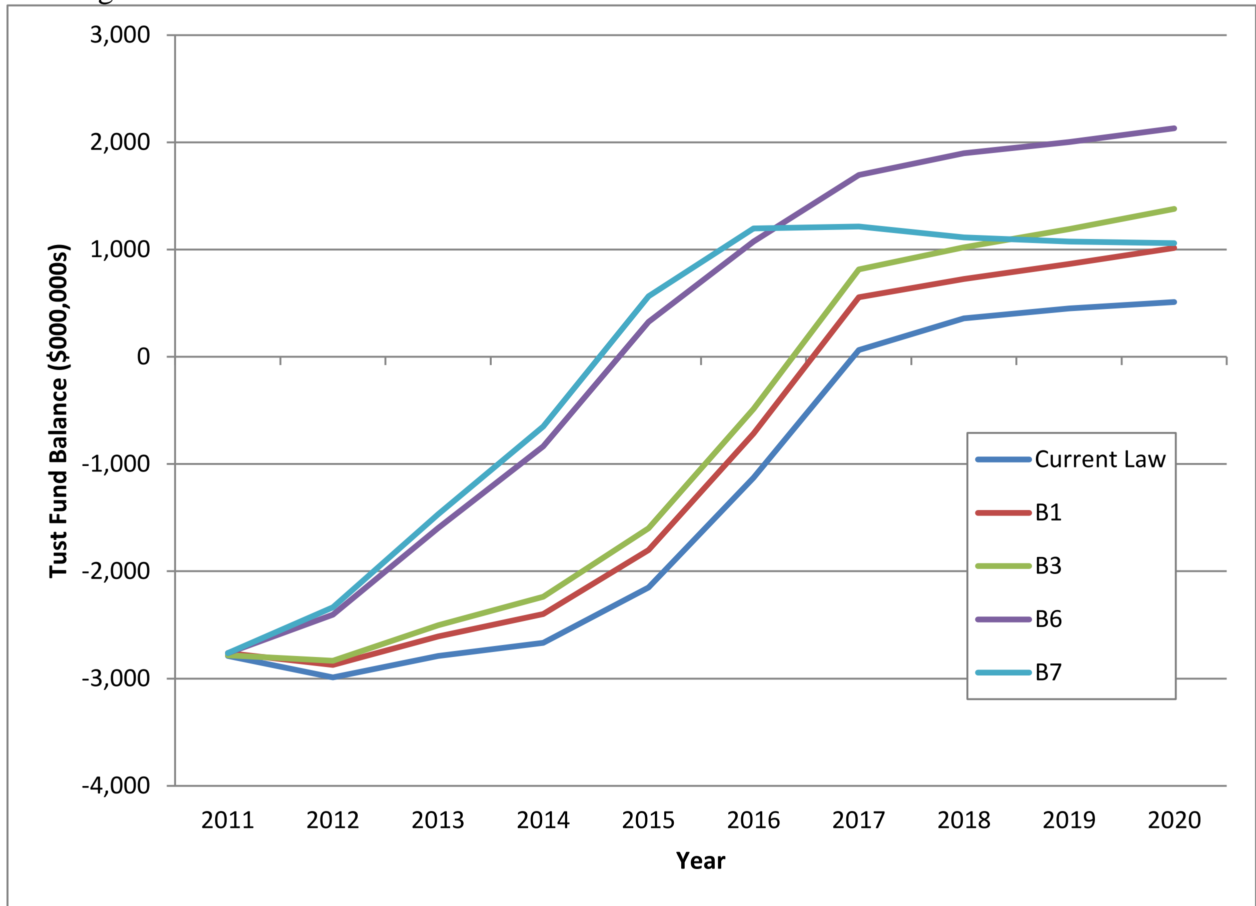
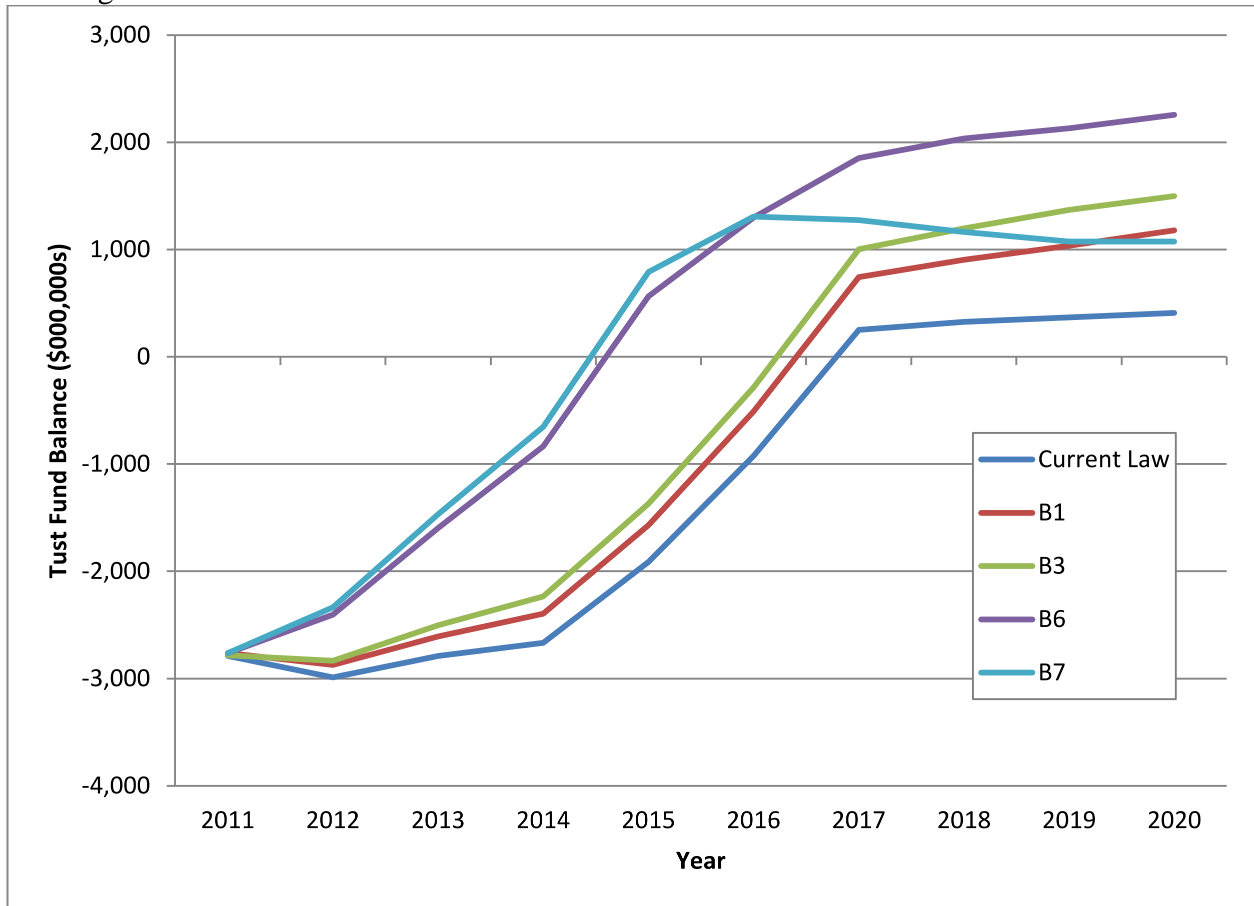


Figure 5.14 Simulation Results for Reform Alternatives under Mild Economic Stress, no Bonding



IX. Explanation of Other Options Available to States to Access Capital

A. Municipal Bond Basics

Municipal bonds (munis) are debt securities issued by states, municipalities, counties, or agencies or commissions that act as agents of a state or local government to finance capital and operating expenditures. While the investment income from municipal bonds – as well as the proceeds of the bond issue received by the issuing entity – are typically exempt from federal taxes and from most state and local taxes, any bond issued by a municipal entity is considered a municipal bond; even in the rare instances in which municipal entities issue taxable bonds (or 'market' bonds). Two varieties of munis exist in practice, general obligation bonds (GO bonds) or revenue bonds (although many sub-categories of revenue bonds are classified as separate varieties). These varieties serve as classifications by which the municipal market is organized and define the type of expenditures a particular bond can be used to finance.

GO Bonds

GO bonds are only issued by states, counties and municipalities to provide short term – usually stop-gap – capital financing to cover the costs of a specific, finite liability or budget obligation. For example, a state might issue GO bonds to meet its obligation to pay the pensions of a specific criteria of retired state workers. GO bonds could also be issued to fund the completion of a specified project that had potentially exhausted its capital financing from an alternative source (such as a federal grant or a private trust). The primary feature of GO bonds, however, is the method by which they are backed – or the mechanism supporting the payment of interest and repayment of principal (referred to as "debt service") owed to the bond's investors. Also referred to as the 'security' a bond issue affords its investors, GO bonds are backed by the full faith and credit of the issuing state, county, or municipality. As such, issuing entities of GO bonds are obligated to make debt service payments using any and all streams of revenue at their disposal. Thus, debt service payments on state GO bonds can be funded by the full taxing authority of the issuer (or by contributions of any taxation mechanism in the relevant state's tax code). Should the issuer of a GO bond fail to make the obligated debt service payments in a timely and complete fashion (or "default" on the bond issue), the issuer would be assumed insolvent.

Revenue Bonds

Revenue bonds can be issued by states, municipalities, counties, or agencies or commissions that act as agents of a state or local government to finance infrastructure projects or projects unique to the agency or commission issuing the bonds. The majority of muni revenue bonds issued, as well as the majority of outstanding revenue bonds being traded in the secondary market provide financing for the construction of state or local facilities (like schools, hospitals, roads, highways and bridges), affordable housing to low-income individuals, or student loans; however, some state unemployment insurance agencies seeking an alternative means of UI financing have issued revenue bonds in order regain trust fund solvency or to avoid federal penalties as a result of maintaining outstanding Title XII loans. Revenue bonds do not carry the same security as GO bonds in terms of the number of revenue sources available to the issuing entity to pay the debt service on the bonds. Specifically, they do not have the backing of the full faith and credit of the issuing entity; rather, they are secured by a specific revenue stream collected by a special mechanism typically established by the issuer for the sole purpose of paying the relevant debt

service. As such, revenue bonds often assume a higher cost of capital for the issuing entity than GO bonds; meaning that the rate of interest an issuing entity is required to pay investors on a revenue bond issue is often higher than the rate the entity (or an entity with similar credit characteristics) would be required to pay on a GO bond.

B. Credit Ratings and Nationally Recognized Statistical Rating Organizations

Most bond issuers maintain up-to-date credit ratings from at least one (and up to three) credit rating agencies, officially titled Nationally Recognized Statistical Rating Organizations (NRSROs). There are ten NRSRO's recognized by and registered with the Securities and Exchange Commission (SEC), although municipal market participants only recognize and utilize the three NRSROs that are eligible to rate issuers of municipal securities, those are: Moody's Investors Service, Inc., Standard & Poor's Ratings Services, or Fitch, Inc. These organizations play a central role in the bond issuing process and are integral to maintaining the functionality of the secondary market for munis (in which outstanding municipal bond issues are traded among investors as debt securities). The firms provide opinions (expressed as ratings) on the creditworthiness of an issuing entity as well as each of the entity's proposed and outstanding bond issues. These ratings provide investors with a documented statistical projection of an issuing entity's likelihood of default on any or all of its outstanding bond issues; thereby distinguishing an entity or an individual issue as investment grade or non-investment grade.

By acting as a barometer with which investors can measure the level of risk associated with individual debt securities, credit ratings have the effect of influencing investor appetite for a bond issue. By stimulating or depressing market demand for an issuer, bond issue, or broad class of bond issues, credit ratings can adversely impact an issuer's cost of capital (or borrowing costs) and disrupt the flow of available capital in the general market (thereby hindering the ability of future issuers to access cheap capital or issue bonds at all). Credit ratings are also used by investment bankers during the bond structuring process to calculate the overall coupon rate of rate of interest the bonds will pay and the level of funds they will yield as a return on investment.

C. Historical UI Bond Issues and Outlook for the Municipal Market

Since 1987, a total of eight states have secured financing from the capital markets in eleven different bond issues. Louisiana and West Virginia issued bonds in 1987, followed by a bond issue by the State of Connecticut in 1993. In the years following the 2001 recession, from 2003-2005, Illinois, North Carolina, and Texas each issued debt in the private market. And thus far in the years following the 2007-2009 recession, three states, Michigan, Idaho, and Texas, have issued bonds in order to repay their outstanding Title XII loans from the federal government; in addition, several states (Arkansas, Illinois, and Pennsylvania) have indicated interest or expressed an intent to issue bonds to address UI solvency concerns in 2012 or 2013.

The financial crisis upended the municipal market and rendered near-obsolete many of the financial products being used by market participants to inject liquidity into the capital markets. The collapse of Lehman Brothers investment bank resulted in a decreased investor demand for auction-rate securities (ARS) and variable rate demand obligations (VRDOs) in the municipal market vanishing. As a result the municipal markets were overloaded with an available supply of bond issues in which to invest, and issuers faced substantial obstacles in their efforts to bring new bond issues to market.

Today, the municipal marketplace is a relatively attractive place for issuers; as record low interest rates help to ensure easy access to cheap capital. Stock market volatility combined with monetary policies that attempt to maintain low rates of interest have both pushed investors seeking higher investment returns to the municipal market. Specifically, the Federal Reserve's pledge to maintain incredibly low short-term interest rates through 2014, coupled with increased investor demand in the municipal market both afford eligible entities the opportunity to access short- and intermediate-term capital at a remarkably low cost**.**

However, uncertainty associated with the Dodd-Frank Financial Reform Act's mandate to further regulate municipal issuers, combined with fears that a federal tax reform proposal might eliminate the tax-free federal subsidy afforded to municipal issues, casts a shadow on the overall health of the municipal market. While these fears have been mitigated in recent months, it is fair to say that uncertainty will likely remain a concern of municipal issuers and investors for the long term.

D. Reasons to Issue Bonds: Potential Cost Savings and Program Benefits

Before a state decides to issue debt in the municipal market, it should compare the cost of borrowing in the private sector verses that of obtaining a Title XII advance. A state could decide to issue bonds if some substantial savings could occur compared to costs associated with obtaining (or maintaining outstanding) Title XII advances.

When calculating the costs associated with a bond issue a state should review not only the interest paid for the bonds but also the liabilities associated with the issuance (not limited to prepayment penalties, interest rate protection fees, enhancement fees, hedging costs, bond counsel fees, underwriter's counsel fees, bond rating fees, official statement printing fees, blue sky filing fees, and financial advisor fees) and maintenance (debt service costs) of the bond. In addition to direct costs, a state should consider the political costs associated with a particular bond issue, including accumulating the political will necessary to pass a piece of legislation authorizing a bond issue (if applicable), as well as the adverse impact that a bond issue could have on a state agency if the costs to the state, as a result of the issue, are significantly greater than originally projected.

In terms of benefits, a state agency should determine whether, and to what quantifiable extent the issuance of bonds is reasonably expected to result in a savings to the state as compared to the cost of borrowing or obtaining a Title XII loan, or whether it will allow the state to avoid an anticipated deficiency in its unemployment trust fund. The following sections explain the potential benefits or cost savings associated with the issuance of unemployment insurance bonds and provide summaries of historical bond issues by states attempting to realize such savings or benefits.

E. Achieving a Credit Spread

Title XII loans have recently maintained higher rates of interest than the coupon rate available to states seeking to borrow from the private market. If the difference (or the spread) between the rate of interest on a Title XII loan and the coupon rate a state could access borrowing in the private market results in a substantial net positive (or credit), the cost savings to the state would be classified as a "credit spread," and the state might examine issuing bonds more closely to borrow for its UTF. The current rate of interest for a Title XII loan is 2.94 percent. Two states,

Louisiana and West Virginia, have attempted to issue bonds in order to achieve a credit spread and avoid borrowing funds from the federal government in the form of Title XII loans; neither state was particularly successful. Louisiana's attempt at cost savings through bond issuance failed, with the state likely paying more money in interest on the funds it acquired through bonding than it would have owed by accessing and maintaining Title XII loans. West Virginia's bond issue resulted in minimal cost savings.

In 1987, Louisiana issued $1.315 billion in fixed rate bonds with a maximum potential maturity of 15 years. The state repaid the principle on the bonds in 2002, seven years ahead of schedule. The decision to issue bonds did not result in the state achieving a cost savings compared to Title XII loans; in fact, the total costs associated with the bond issue resulted in a net debt to the state of $47.6 million compared to the costs the state would have otherwise faced accessing a Title XII loan.

In 1987, West Virginia issued $259 million of fixed rate bonds with a maximum maturity of six years. The state redeemed the full bond issue two years prior to maturity and resulted in a total cost savings or credit spread of approximately $700,000 when compared to the costs the state would have otherwise faced borrowing accessing a Title XII loan.

F. Avoiding a FUTA Credit Reduction

As previously described, Title XII of the SSA has provisions to ensure automatic repayment of outstanding debts known as the FUTA credit reduction. The FUTA credit reduction is significant because it imposes a single, uniform tax rate on all employers in a state regardless of their individual experience rating. This uniform tax increase is viewed by some states as inequitable, and a few have issued bonds in order to avoid the introduction or further imposition of a FUTA credit reduction on their corresponding employer base.

To avoid the credit reduction a state must repay all loans for the most recent one-year period ending on November 9, plus the potential additional taxes that would have been imposed for the tax year. In addition, the state must have sufficient amounts in the state unemployment trust fund to pay all compensation for the last quarter of that calendar year without receiving a loan. Finally, the state must also have altered its state law to increase the net solvency of its fund. No state has avoided a FUTA credit reduction using this provision coupled with an influx of capital from the private market.

States can also avoid the introduction or further imposition of the FUTA credit reduction by repaying the total amount of outstanding Title XII loans before the credit reduction is applied to the applicable state's employers. All three of the bond issuing states that have gone to market since the 2007-2009 recession have done so with the explicit intention of repaying their respective outstanding title XII loans to avoid FUTA tax increases.

In late December 2011, Michigan issued $3.32 billion in variable rate demand obligations (VRDOs) with a maximum maturity of 30-months. The state directed the bulk of the bond proceeds to repay outstanding title XII loans. The deal was expedited in order for the State to avoid the further imposition of a FUTA tax increase on Michigan employers.

In 1993, Connecticut issued $1.021 billion in fixed ($450 million) and variable ($571 million) rate bonds in order to repay outstanding title XII advances and the accrued interest on the advances. The bond issue was less than the total $1.142 billion authorized in the corresponding bonding legislation and the state repaid the principle in 2001, in line with the maximum maturity period originally planned.

In 2011, the Idaho Department of Labor issued $188 million fixed-rate tax-exempt bonds with interest rates ranging from 2.0 percent to 5.0 percent and maturities between one and four years in order to repay its outstanding title XII advances.

G. Avoiding the Accrual of Interest on Title XII Loans

States might also issue bonds in the private market in order to avoid being charged interest on Title XII loans accessed from January 1 to September 30 of the current taxable year. The SSA requires the payment of interest on Title XII advances; due before the first day of the Federal fiscal year (October 1). No interest is due on advances made January 1 through September 30 and repaid in full prior to October 1 in the same calendar year provided no additional advances are obtained before the end of the calendar year.

From 2003 to 2005 North Carolina issued $519 million in tax anticipation notes (TANs). All three of the individual TAN offerings, in 2003 ($172 million), 2004 ($270 million), and 2005 ($77 million) had a maximum potential maturity of one year, though the state never required the full year to repay the principal on the TANs. The offerings were authorized by administrative action and were utilized by the state in order to repay its outstanding cash flow loans obtained from January to September of the corresponding year(s). The TAN offerings allowed North Carolina to repay their outstanding cash flow loans, avoid interest payments on the outstanding loans, and finance the administrative expenses associated with the offerings. In addition, the offerings allowed the state to set some of the proceeds aside to cover future benefit outlays.

H. Borrowing to Avoid the Imposition of a State Tax

A state might issue debt into the private market in order to avoid a specific state assessment that would otherwise be imposed on a state's employers. Texas law requires the imposition of a solvency tax whenever its trust fund balance falls below one percent of taxable payrolls on October 1st. Any shortfall below this threshold requires the introduction of the solvency tax on the State's employers the following year. The solvency taxes due in 2004 would have totaled about $1.0 billion if the tax would have gone into effect. In 2003, the state decided to issue a mixture of tax-exempt and taxable bonds; the proceeds of the taxable issue ($1.12 billion) were transferred into the state UTF to avoid the imposition of the solvency tax.

I. Borrowing to Qualify for Cash-Flow Loans under New Eligibility Criteria

Finally, a state could issue bonds in order to meet the new eligibility standards required to access interest-free cash-flow loans that will begin a five-year phased implementation process starting in 2014. As previously described, states may borrow without interest from the FUA from January to September in a given calendar year if they meet a number of pre-determined conditions. These interest-free loans have been available since the inception of the UI program, as seasonal patterns of revenue inflows and benefit outlays have historically required that some states receive temporary assistance in the form of a stop-gap loan. Since 1982, in order to qualify for a cash-flow loan, a state was required to repay, by September 30, any outstanding

loans made to the state during the prior nine months and not seek additional Title XII loans for the remaining three months of the corresponding calendar year.

On September 17, 2010, USDOL issued a final rule to implement additional federal requirements to restrict states' abilities to access cash-flow loans. These new requirements conditioned a state's receipt of interest-free loans upon the state meeting solvency goals and maintenance requirements established by the Secretary of Labor. The rule will begin a five-year phased implementation beginning in 2014. At that time, in order for a state to obtain an interest-free advance, it must have an AHCM of at least 0.5 in one of the five prior years. Each subsequent year, the required AHCM will increase by 0.1 until 2019, at which point it will remain 1.0 indefinitely. It is likely that a majority of states will be unable to meet these eligibility requirements by 2014 and will thereby be restricted from accessing interest-free loans.

States that currently maintain outstanding Title XII loans will need time to repay their loans and begin to build up their trust fund in concert with the economic recovery in their state. The states heavily hit by the recession are most likely to be the ones with the longer recovery times and most strapped for cash. For many of these states, the level of funds required to repay their current outstanding loans and capitalize their state trust funds to the degree required by the new regulations is prohibitively high. It is politically infeasible for many states to implement the degree of benefit reforms or tax increases that would be required to obtain the mandated AHCM by 2014. When such states finally reach the stage where they maintain zero positive trust fund balances, short-term cash flow loans may be all that they require in order to maintain solvency in the years following.

States need all of the financing tools possible to regain financial stability after a recession. Many will likely need cash-flow loans to maintain benefit payments in the early months of the year when monthly outlays are highest but revenues are lowest. A state might decide to issue bonds to obtain an AHCM of 0.5 by December 31, 2014. Because the solvency requirements for cash-flow loans have yet-to-be implemented, no states have issued bonds in the past to meet an AHCM standard; however, the bonding process would not differ drastically in practice to the bonding process in which a state might engage in order to repay outstanding title XII loans.

X. Issuing Bonds in North Carolina

North Carolina might consider issuing bonds in order to avoid the imposition of an additional FUTA credit reduction on employers in the state, cap the level of the FUTA credit reduction, repay its outstanding title XII loans, or qualify for cash-flow loans when new regulations begin restricting their eligibility to do so in 2014.

North Carolina State law provides eligible entities with the authority to issue short term tax-exempt bonds or tax anticipation notes (TANs) using a special administrative capacity. As a result, North Carolina would not be required to seek additional legislative authority to issuing bonds of some sort. Issuing TANs offers North Carolina the ability to issue shorter-term debt directly through their state treasurers or comptrollers, similar to corporate commercial paper. By using state staff, without relying upon more costly outside underwriters and financial advisors, North Carolina can avoid substantially higher fees and costs they might otherwise incur when

bonding with the assistance of a national banking association, bank, trust company, investment banker or other financial institution in the private market.

Unfortunately, State law prohibits the issuance of TANs that would exceed fifty percent (50 percent) of the amount of the tax stream used by the state to repay outstanding TANs. North Carolina's UI agency has one revenue stream that can act as security for the issuance of TANs: the total level of UI contributions received by the State. As a result, the North Carolina UI agency can only issue approximately $500 million in TANs at any point in time due to the fact that the revenue stream on which the Agency would rely to secure the TAN issuance would be the state UI taxes on employers, which total approximately $1 billion annually. While the ability to access $500 million in short-term, low-cost credit is available to the State, even the full allowable TAN issuance would fail to provide the State with a level of capital adequate to cap or avoid the imposition of an additional FUTA credit reduction, repay its outstanding Title XII loans, or qualify for cash-flow loans under the new regulations beginning a staggered implementation in 2014. As a result, if North Carolina is considering issuing bonds to help address its UI trust fund solvency concerns, the enactment of state bond authorizing legislation would be required.

A. Bonds Authorizing Legislation

The enactment of state legislation would be required to authorize a bond issue in North Carolina. The legislation would likely spell out the type of bond include language establishing a special assessment mechanism on which the State would rely to secure the bond financing and pay the debt service on the bond. It is important that bond authorizing legislation afford flexibility to the issuer; including language which addresses virtually every scenario, cost, and variable associated with the issuance, administration, and maintenance of a bond issue, as well as the allowable use(s) of the proceeds resulting from the issuance. And, while it is difficult for a piece of legislation to do all of these things in practice, the statutory language should, at a minimum provide guidance and procedural directions that are broad enough to allow for adjustments by the issuing entities. The following sections review important aspects of state laws that have been enacted in the past to authorize bond issues.

B. Loan Authorization Level

The loan authorization level establishes the maximum dollar value a state is allowed to issue in a bond offering, and details the allowable uses of a bond issue's proceeds in a state's bond authorizing legislation. Nearly every state that has issued bonds to finance some aspect of UI has used some of the proceeds from the bond issue to pay for the costs associated with the issuance and maintenance of the corresponding bonds. It is important then that a state UI agency attempt to calculate any and all potential costs it might face during the administration of a bond issue, and communicate these calculations to the state legislature in order to ensure an adequate provision of funds.

This section of bond authorization legislation often establishes the duration during which a state UI agency may issue the authorized bonds, and whether the authority to do so is revolving or renewable in nature. Connecticut Public Act No. 93-243 authorized the State Bond Commission to issue bonds to repay outstanding Federal Advances and accrued interest, refinance such obligations, and meet current Connecticut UI benefit obligations.

House Bill 810, the Illinois Unemployment Insurance Trust Fund Financing Act, authorized a bond issuance with the goal of reducing its reliance on Federal Advances, repay or refinance outstanding Federal Advances, refinance or purchase bonds issued under the authorizing legislation, or fund an UTF surplus. Additionally, the state intended for the bond issue to ensure employers remained eligible for full credit against the FUTA tax.

Article 6 of Senate Bill 280 authorized the Texas Finance Authority to issue bonds, subsequent to a resolution approved by the Authority's governing board, on behalf of the Texas Workforce Commission (TWC) to bring the state's UI trust fund level to between one and two percent of taxable payrolls as required by the Texas Unemployment Compensation Act. Because of the renewable features and broad direction provided in this legislation, TWC was able to issue $1.4 billion in bonds in 2003 to repay its Title XII loans and avoid a state solvency tax, and, under the same bond authorization, issue $1.96 billion in 2010 to repay its Title XII loans.

The North Carolina Division of Employment Security would be able to access upfront funding to finance their bond issuance costs. State law includes a provision that allows for short term borrowing, in the form of Bond Anticipation Notes (BANs), prior to an authorized bond issue, in anticipation of the receipt of the bond proceeds [§ 159-161].

C. Special Obligation Fund

Most state bond authorizing legislation includes language that establishes a supplemental fund outside of the state unemployment trust fund, to act as a repository and clearing house for either the bond proceeds or the contributions collected by the state UI agency to pay the debt service on the bonds. The unique organization of obligation assessment funds are critical features of bond authorization legislation, and can adversely affect the cost savings capacity of a bond issue.

Connecticut's 1993 bonding legislation (Public Act No. 93-243) created a separate "Unemployment Compensation Advance Fund" to hold special assessment revenues and pay the debt service on the bonds. Within the Unemployment Compensation Advance Fund, the legislation established the Debt Service and Reserves Account, which made interest and principal payments on the bonds, and the Special Pledged Account, which collected any assessment revenues.

Illinois' 2003 bond authorizing legislation (H.B. 810) established a separate fund, the "Master Bond Fund," to make bond principle and interest payments as well as, cover the bond issue's administrative expenses, and act as the contribution repository for the Fund Building Receipts that were collected as surtax on the State's employers from 2004-2009 to capitalize the Fund. The Master Bond Fund contains four main subaccounts, the Bond Proceeds Account, the Revenue Account, the Bond Administration Account, and the Debt Service Account.

The 2003 Texas bonding legislation (S.B. 280) created a separate "Obligation Assessment Fund" that authorizes the receipt of contributions from an experience-rated assessment on State employers established by the state agency. The assessment fund acts as the source of funding to pay the interest on the bonds, insurance, administrative expenses, and any interest due on future Title XII loans. The Fund contains three separate accounts in which to distribute the assessment funds: a Debt Service Account, a Bond Administration Expenses Account, and a Redemption Account. The legislation authorized the transfer of any surplus funds collected in the assessment

fund – in sequence and as available – to make interest payments due on Title XII loans, redeem or purchase outstanding bonds, or reserve funds to be used to pay future interest on federal advances.

Michigan's 2011 bond authorization legislation (Public Act 268 of 2011) established an obligation fund, the "Obligation Trust Fund" to house the proceeds of the bond issue as well as any special contributions. The Fund is managed by the State Treasurer and is considered a separate fund in the State Treasury, the assets of which shall not be comingled with any other fund and cannot be considered part of the general fund of the State. The fund is capitalized through transfers of special obligation assessments established by the legislation.

Idaho's 2011 bond authorizing legislation (House Bill 108) did not require the establishment of a special obligation fund; instead, debt service on the bond is made through the Bond Principal Account in the Employment Security Reserve Fund. The State ES Law establishes in the State Treasury a separate trust fund known as the Employment Security Reserve Fund, the moneys in which may be used by the Director for loans to the employment security fund, as security for loans from the federal unemployment trust fund, and for the repayment of any interest bearing advances, including advances made under Title XII of the Social Security Act as well as outstanding bond issues.

North Carolina already has a special reserve fund in state law that could serve in a function similar to that of an obligation assessment fund. The "Employment Security Commission Reserve Fund" is capitalized with a portion of the contributions collected under the State's special reserve tax (if the tax is in effect) [96.5 (f)]. The moneys in the reserve fund may be used for loans to the state UTF, as security for loans from the federal UTF, and to pay any outstanding interest on title XII advances.

D. Special Assessments

All bond authorizing legislation includes provisions addressing the mechanisms or methods a state will use in order collect the funds necessary to pay the debt service on the outstanding bonds. Most bonding legislation establishes a special tax or assessment, to be assessed against a state's employers and collected by the state UI agency in order to repay the bonds. These special assessments are structured in different ways, but they are often similar in their rate calculations and activation triggers to a state solvency or reserve tax.

Connecticut's 1993 bonding legislation (Public Act No. 93-243) required the State Treasurer to annually impose 'Special Assessments' and 'Additional Special Assessments' on the State's employers. These assessments were calculated in order to provide 100percent of the administrative costs and 120 percent of the interest and principle payments necessary to fund an outstanding bond issue for a specified duration. Revenues collected from the Assessments went into the Fund's Special Pledged Account and were then transferred – in sequence and as available – to sub accounts to pay administrative expenses associated with the bond issue, debt service on the outstanding bond issue, meet reserve requirements in the state Unemployment Trust Fund in order to avoid a State solvency tax or other solvency assessment, or redeem outstanding bonds from the debt issuance.

Illinois' 2003 bond authorizing legislation (H.B. 810) established a surtax (to provide for the Master Bond Fund's 'Fund Building Receipts'); the surtax was calculated by adding between .4 and 0.9 percent every year (but not cumulatively) to the contribution rates on employers that would otherwise be in effect, from 2004 to 2009. Additionally, the authorizing legislation established 'Requisitioned Receipts,' a special tool to ensure that the State would have the cash flows necessary to make its biennial debt service payment. In the event that Illinois did not have access to the necessary capital to make the bond interest payments to investors, the Receipts acted as a mechanism to withdraw money from the State Unemployment Trust Fund (provided the money could legally be withdrawn) and transfer said funds to the Master Bond Fund to pay the associated debt service costs.

The 2003 Texas bonding legislation (S.B. 280) authorized the Texas Finance Authority to establish an "Obligation Assessment" to be charged against a State's employers as long as a bond issue remained outstanding. The contribution rates on the annual assessment were calculated to be greater than or equal to the sum of: 150 percent of the total debt service owed on any outstanding bond issues due within the next calendar year, the outstanding interest owed on Title XII advances (due within the next calendar year), and the projected administrative expenses associated with the authorized bond issue in the next calendar year.

Michigan's 2011 bond authorization legislation (Public Act 268 of 2011) established a special obligation assessment to go into effect each year in which any bond obligation is outstanding. The contribution rate associated with the obligation assessment is to be determined by the State Treasurer, and is based on the sum of the 2011 bond issue's issuance, remarketing, and credit enhancement costs. The assessment is collected from all contributing employers, but it is not uniform due to the fact that it can take into account an employer's experience rating from the previous year to determine said employer's obligation assessment rate.

Idaho's 2011 bond authorizing legislation (House Bill 108) established a reserve tax, due and payable at the same time and in the same manner as the state's regular UI contributions. The reserve tax will go into effect if the funding level in the Employment Security Reserve Fund is less than one percent (1 percent) of state taxable wages in the year as of September 30 of the preceding calendar year. If it is in effect, the contribution rate assessed through the reserve tax is equal to the tax rate assigned to an employer (on the date the special assessment is computed), minus the assigned contribution rate and training tax rate assigned to the employer on the computation date.

North Carolina state law currently includes a reserve tax that is similar in form and structure to the type of special assessment the issuance of revenue bonds might require.

E. References

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The respective Official Statements regarding the individual state bonds are available at the website of the Municipal Securities Rulemaking Board's (MSRB) Electronic Municipal Market Access database (EMMA). < www.emma.msrb.org/>

XI. Appendices

A. Supporting Tables

This appendix presents detailed results from simulations summarized in tables appearing in the body of this report. There is one table in this appendix for each simulation scenario run. The numbering of tables in this appendix is linked to the numbering of tables summarizing results in the body of this report. The first set of appendix tables are numbered 4.6.1 to 4.6.9. These are the nine tables supporting each of the nine rows appearing in the text as summary Table 5.6. The numbering of remaining tables in this appendix proceeds in the same way.

Table 5.6: New Employer Rate

Table 5.6.1: New Employer Rate 1.2 ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.6.2: New Employer Rate 1.5

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,983	1,671	1,127	214	1,341	53,360	122,541
2013	0	-2,777	1,445	1,154	217	1,371	54,377	125,604
2014	0	-2,340	1,375	1,165	221	1,386	55,425	128,550
2015	0	-1,612	1,235	1,157	225	1,383	56,535	131,738
2016	0	-639	1,139	1,144	230	1,374	57,579	134,757
2017	13,463	525	1,098	1,114	234	1,348	58,587	137,608
2018	27,523	598	1,074	1,090	29	1,119	59,592	140,420
2019	30,246	646	1,057	1,075	0	1,075	60,550	143,118
2020	32,829	699	1,034	1,053	0	1,053	61,418	145,753

Table 5.6.3: New Employer Rate 1.8 ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,977	1,671	1,133	214	1,347	53,360	122,541
2013	0	-2,764	1,445	1,161	217	1,378	54,377	125,604
2014	0	-2,320	1,375	1,172	221	1,393	55,425	128,550
2015	0	-1,585	1,235	1,165	225	1,390	56,535	131,738
2016	0	-606	1,139	1,151	230	1,381	57,579	134,757
2017	14,893	567	1,098	1,121	234	1,355	58,587	137,608
2018	29,869	650	1,074	1,098	29	1,127	59,592	140,420
2019	33,103	709	1,057	1,082	0	1,082	60,550	143,118
2020	36,228	772	1,034	1,061	0	1,061	61,418	145,753

Table 5.6.4: New Employer Rate 2.1 ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,971	1,671	1,138	214	1,353	53,360	122,541
2013	0	-2,752	1,445	1,168	217	1,385	54,377	125,604
2014	0	-2,301	1,375	1,179	221	1,400	55,425	128,550
2015	0	-1,559	1,235	1,172	225	1,397	56,535	131,738
2016	0	-572	1,139	1,159	230	1,388	57,579	134,757
2017	16,323	610	1,098	1,129	234	1,362	58,587	137,608
2018	32,216	702	1,074	1,105	29	1,134	59,592	140,420
2019	35,959	771	1,057	1,090	0	1,090	60,550	143,118
2020	39,627	846	1,034	1,068	0	1,068	61,418	145,753

Table 5.6.5: New Employer Rate 2.4 ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,965	1,671	1,144	214	1,358	53,360	122,541
2013	0	-2,739	1,445	1,175	217	1,392	54,377	125,604
2014	0	-2,281	1,375	1,186	221	1,407	55,425	128,550
2015	0	-1,532	1,235	1,179	225	1,404	56,535	131,738
2016	0	-538	1,139	1,166	230	1,395	57,579	134,757
2017	17,753	652	1,098	1,136	234	1,370	58,587	137,608
2018	34,562	754	1,074	1,113	29	1,142	59,592	140,420
2019	38,816	834	1,057	1,097	0	1,097	60,550	143,118
2020	43,026	919	1,034	1,076	0	1,076	61,418	145,753

Table 5.6.6: New Employer Rate 2.7 ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,959	1,671	1,150	214	1,364	53,360	122,541
2013	0	-2,727	1,445	1,181	217	1,398	54,377	125,604
2014	0	-2,262	1,375	1,193	221	1,414	55,425	128,550
2015	0	-1,506	1,235	1,186	225	1,411	56,535	131,738
2016	0	-505	1,139	1,173	230	1,403	57,579	134,757
2017	19,183	694	1,098	1,143	234	1,377	58,587	137,608
2018	36,909	806	1,074	1,120	29	1,149	59,592	140,420
2019	41,672	896	1,057	1,105	0	1,105	60,550	143,118
2020	46,425	993	1,034	1,084	0	1,084	61,418	145,753

Table 5.6.7: New Employer Rate 3.0 ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,953	1,671	1,156	214	1,370	53,360	122,541
2013	0	-2,714	1,445	1,188	217	1,405	54,377	125,604
2014	0	-2,242	1,375	1,199	221	1,421	55,425	128,550
2015	0	-1,479	1,235	1,193	225	1,418	56,535	131,738
2016	0	-471	1,139	1,180	230	1,410	57,579	134,757
2017	20,613	737	1,098	1,151	234	1,384	58,587	137,608
2018	39,255	858	1,074	1,127	29	1,156	59,592	140,420
2019	44,528	959	1,057	1,112	0	1,112	60,550	143,118
2020	49,824	1,066	1,034	1,091	0	1,091	61,418	145,753

Table 5.6.8: New Employer Rate 3.3 ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,948	1,671	1,162	214	1,376	53,360	122,541
2013	0	-2,701	1,445	1,195	217	1,412	54,377	125,604
2014	0	-2,223	1,375	1,206	221	1,427	55,425	128,550
2015	0	-1,453	1,235	1,200	225	1,425	56,535	131,738
2016	0	-437	1,139	1,187	230	1,417	57,579	134,757
2017	22,043	779	1,098	1,158	234	1,392	58,587	137,608
2018	41,602	910	1,074	1,135	29	1,164	59,592	140,420
2019	47,385	1,021	1,057	1,120	0	1,120	60,550	143,118
2020	53,223	1,140	1,034	1,099	0	1,099	61,418	145,753

Table 5.6.9: New Employer Rate 3.7 ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,940	1,671	1,169	214	1,384	53,360	122,541
2013	0	-2,685	1,445	1,204	217	1,421	54,377	125,604
2014	0	-2,197	1,375	1,216	221	1,437	55,425	128,550
2015	0	-1,417	1,235	1,209	225	1,434	56,535	131,738
2016	0	-393	1,139	1,197	230	1,426	57,579	134,757
2017	23,950	835	1,098	1,168	234	1,401	58,587	137,608
2018	44,731	980	1,074	1,145	29	1,174	59,592	140,420
2019	51,194	1,104	1,057	1,130	0	1,130	60,550	143,118
2020	57,755	1,238	1,034	1,109	0	1,109	61,418	145,753

Table 5.7: Minimum Tax Rate

Table 5.7.1: Minimum Rate 0.0, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.7.2: Minimum Rate 0.1, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,789	1,485	1,105	100	1,204	53,646	123,991
2012	0	-2,986	1,671	1,122	214	1,337	53,360	122,541
2013	0	-2,787	1,445	1,149	217	1,365	54,377	125,604
2014	0	-2,355	1,375	1,159	221	1,380	55,425	128,550
2015	0	-1,633	1,235	1,151	225	1,377	56,535	131,738
2016	0	-667	1,139	1,138	230	1,368	57,579	134,757
2017	12,272	490	1,098	1,108	234	1,342	58,587	137,608
2018	25,556	554	1,074	1,084	29	1,113	59,592	140,420
2019	27,833	593	1,057	1,068	0	1,068	60,550	143,118
2020	29,942	636	1,034	1,046	0	1,046	61,418	145,753

Table 5.7.3: Minimum Rate 0.2, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,788	1,485	1,105	100	1,205	53,646	123,991
2012	0	-2,984	1,671	1,124	214	1,338	53,360	122,541
2013	0	-2,783	1,445	1,150	217	1,367	54,377	125,604
2014	0	-2,351	1,375	1,160	221	1,381	55,425	128,550
2015	0	-1,628	1,235	1,152	225	1,378	56,535	131,738
2016	0	-661	1,139	1,139	230	1,369	57,579	134,757
2017	12,548	498	1,098	1,109	234	1,343	58,587	137,608
2018	25,997	564	1,074	1,085	29	1,114	59,592	140,420
2019	28,356	605	1,057	1,069	0	1,069	60,550	143,118
2020	30,551	649	1,034	1,048	0	1,048	61,418	145,753

Table 5.7.4: Minimum Rate 0.3, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,788	1,485	1,106	100	1,206	53,646	123,991
2012	0	-2,982	1,671	1,125	214	1,340	53,360	122,541
2013	0	-2,778	1,445	1,152	217	1,369	54,377	125,604
2014	0	-2,344	1,375	1,162	221	1,383	55,425	128,550
2015	0	-1,620	1,235	1,154	225	1,380	56,535	131,738
2016	0	-650	1,139	1,141	230	1,371	57,579	134,757
2017	12,980	510	1,098	1,111	234	1,345	58,587	137,608
2018	26,706	580	1,074	1,088	29	1,117	59,592	140,420
2019	29,251	625	1,057	1,073	0	1,073	60,550	143,118
2020	31,681	674	1,034	1,051	0	1,051	61,418	145,753

Table 5.6.5: Minimum Rate 0.4, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,786	1,485	1,107	100	1,207	53,646	123,991
2012	0	-2,977	1,671	1,128	214	1,343	53,360	122,541
2013	0	-2,771	1,445	1,155	217	1,372	54,377	125,604
2014	0	-2,333	1,375	1,165	221	1,387	55,425	128,550
2015	0	-1,605	1,235	1,158	225	1,383	56,535	131,738
2016	0	-632	1,139	1,145	230	1,375	57,579	134,757
2017	13,771	534	1,098	1,116	234	1,350	58,587	137,608
2018	28,038	609	1,074	1,092	29	1,121	59,592	140,420
2019	30,915	662	1,057	1,078	0	1,078	60,550	143,118
2020	33,729	719	1,034	1,057	0	1,057	61,418	145,753

Table 5.7.6: Minimum Rate 0.5, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,784	1,485	1,109	100	1,209	53,646	123,991
2012	0	-2,972	1,671	1,132	214	1,347	53,360	122,541
2013	0	-2,761	1,445	1,159	217	1,376	54,377	125,604
2014	0	-2,319	1,375	1,170	221	1,391	55,425	128,550
2015	0	-1,586	1,235	1,162	225	1,388	56,535	131,738
2016	0	-607	1,139	1,150	230	1,380	57,579	134,757
2017	14,826	565	1,098	1,121	234	1,355	58,587	137,608
2018	29,788	649	1,074	1,099	29	1,128	59,592	140,420
2019	33,122	712	1,057	1,086	0	1,086	60,550	143,118
2020	36,478	780	1,034	1,065	0	1,065	61,418	145,753

Table 5.7.7: Minimum Rate 0.6, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,782	1,485	1,111	100	1,211	53,646	123,991
2012	0	-2,964	1,671	1,137	214	1,352	53,360	122,541
2013	0	-2,748	1,445	1,165	217	1,381	54,377	125,604
2014	0	-2,301	1,375	1,175	221	1,396	55,425	128,550
2015	0	-1,561	1,235	1,169	225	1,395	56,535	131,738
2016	0	-575	1,139	1,158	230	1,388	57,579	134,757
2017	16,260	610	1,098	1,132	234	1,365	58,587	137,608
2018	32,293	706	1,074	1,110	29	1,139	59,592	140,420
2019	36,319	783	1,057	1,097	0	1,097	60,550	143,118
2020	40,436	868	1,034	1,078	0	1,078	61,418	145,753

Table 5.7.8: Minimum Rate 0.7, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,779	1,485	1,115	100	1,214	53,646	123,991
2012	0	-2,954	1,671	1,144	214	1,358	53,360	122,541
2013	0	-2,730	1,445	1,173	217	1,390	54,377	125,604
2014	0	-2,273	1,375	1,184	221	1,405	55,425	128,550
2015	0	-1,524	1,235	1,179	225	1,405	56,535	131,738
2016	0	-527	1,139	1,169	230	1,398	57,579	134,757
2017	18,339	672	1,098	1,144	234	1,378	58,587	137,608
2018	35,805	786	1,074	1,123	29	1,152	59,592	140,420
2019	40,753	883	1,057	1,112	0	1,112	60,550	143,118
2020	45,925	990	1,034	1,095	0	1,095	61,418	145,753

Table 5.7.9: Minimum Rate 0.8, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,774	1,485	1,119	100	1,219	53,646	123,991
2012	0	-2,940	1,671	1,154	214	1,368	53,360	122,541
2013	0	-2,706	1,445	1,183	217	1,400	54,377	125,604
2014	0	-2,238	1,375	1,196	221	1,417	55,425	128,550
2015	0	-1,476	1,235	1,191	225	1,417	56,535	131,738
2016	0	-465	1,139	1,183	230	1,413	57,579	134,757
2017	21,001	752	1,098	1,159	234	1,392	58,587	137,608
2018	40,278	888	1,074	1,141	29	1,170	59,592	140,420
2019	46,412	1,009	1,057	1,131	0	1,131	60,550	143,118
2020	52,873	1,143	1,034	1,115	0	1,115	61,418	145,753

Table 5.7.10: Minimum Rate 0.9, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,769	1,485	1,125	100	1,224	53,646	123,991
2012	0	-2,922	1,671	1,166	214	1,380	53,360	122,541
2013	0	-2,674	1,445	1,197	217	1,413	54,377	125,604
2014	0	-2,192	1,375	1,210	221	1,431	55,425	128,550
2015	0	-1,415	1,235	1,207	225	1,432	56,535	131,738
2016	0	-386	1,139	1,201	230	1,430	57,579	134,757
2017	24,385	853	1,098	1,178	234	1,412	58,587	137,608
2018	45,933	1,015	1,074	1,161	29	1,190	59,592	140,420
2019	53,431	1,165	1,057	1,153	0	1,153	60,550	143,118
2020	61,428	1,330	1,034	1,138	0	1,138	61,418	145,753

Table 5.7.11: Minimum Rate 1.0, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,762	1,485	1,131	100	1,231	53,646	123,991
2012	0	-2,901	1,671	1,181	214	1,395	53,360	122,541
2013	0	-2,636	1,445	1,213	217	1,430	54,377	125,604
2014	0	-2,137	1,375	1,227	221	1,448	55,425	128,550
2015	0	-1,341	1,235	1,226	225	1,451	56,535	131,738
2016	0	-291	1,139	1,222	230	1,451	57,579	134,757
2017	28,433	973	1,098	1,200	234	1,433	58,587	137,608
2018	52,690	1,168	1,074	1,187	29	1,216	59,592	140,420
2019	61,923	1,353	1,057	1,180	0	1,180	60,550	143,118
2020	68,419	1,347	1,034	959	0	959	61,418	145,753

Table 5.7.12: Minimum Rate 1.1, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,756	1,485	1,138	100	1,238	53,646	123,991
2012	0	-2,879	1,671	1,196	214	1,410	53,360	122,541
2013	0	-2,598	1,445	1,230	217	1,446	54,377	125,604
2014	0	-2,082	1,375	1,244	221	1,465	55,425	128,550
2015	0	-1,267	1,235	1,244	225	1,470	56,535	131,738
2016	0	-197	1,139	1,243	230	1,472	57,579	134,757
2017	32,481	1,094	1,098	1,221	234	1,455	58,587	137,608
2018	59,447	1,321	1,074	1,213	29	1,242	59,592	140,420
2019	66,695	1,310	1,057	978	0	978	60,550	143,118
2020	65,204	1,282	1,034	941	0	941	61,418	145,753

Table 5.8 Maximum Tax Rate Simulations Summary

Table 5.8.1: Maximum Rate 5.7, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.8.2: Maximum Rate 5.5, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,793	1,485	1,100	100	1,200	53,646	123,991
2012	0	-3,002	1,671	1,111	214	1,326	53,360	122,541
2013	0	-2,813	1,445	1,137	217	1,354	54,377	125,604
2014	0	-2,394	1,375	1,147	221	1,368	55,425	128,550
2015	0	-1,684	1,235	1,139	225	1,365	56,535	131,738
2016	0	-729	1,139	1,126	230	1,356	57,579	134,757
2017	9,661	413	1,098	1,096	234	1,330	58,587	137,608
2018	21,364	462	1,074	1,073	29	1,102	59,592	140,420
2019	22,875	487	1,057	1,058	0	1,058	60,550	143,118
2020	24,239	515	1,034	1,037	0	1,037	61,418	145,753

Table 5.8.3: Maximum Rate 6, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,784	1,485	1,109	100	1,209	53,646	123,991
2012	0	-2,969	1,671	1,135	214	1,349	53,360	122,541
2013	0	-2,754	1,445	1,163	217	1,380	54,377	125,604
2014	0	-2,307	1,375	1,175	221	1,396	55,425	128,550
2015	0	-1,570	1,235	1,167	225	1,392	56,535	131,738
2016	0	-589	1,139	1,153	230	1,382	57,579	134,757
2017	15,509	583	1,098	1,121	234	1,354	58,587	137,608
2018	30,662	664	1,074	1,095	29	1,124	59,592	140,420
2019	33,801	721	1,057	1,080	0	1,080	60,550	143,118
2020	36,819	782	1,034	1,058	0	1,058	61,418	145,753

Table 5.8.4: Maximum Rate 6.5, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,775	1,485	1,118	100	1,218	53,646	123,991
2012	0	-2,936	1,671	1,159	214	1,373	53,360	122,541
2013	0	-2,695	1,445	1,190	217	1,406	54,377	125,604
2014	0	-2,221	1,375	1,201	221	1,422	55,425	128,550
2015	0	-1,459	1,235	1,192	225	1,417	56,535	131,738
2016	0	-458	1,139	1,173	230	1,403	57,579	134,757
2017	20,937	741	1,098	1,141	234	1,375	58,587	137,608
2018	39,247	851	1,074	1,116	29	1,145	59,592	140,420
2019	43,904	939	1,057	1,100	0	1,100	60,550	143,118
2020	48,542	1,032	1,034	1,079	0	1,079	61,418	145,753

Table 5.5.x: Maximum Rate 7, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,766	1,485	1,128	100	1,227	53,646	123,991
2012	0	-2,902	1,671	1,183	214	1,397	53,360	122,541
2013	0	-2,635	1,445	1,216	217	1,433	54,377	125,604
2014	0	-2,141	1,375	1,222	221	1,443	55,425	128,550
2015	0	-1,358	1,235	1,212	225	1,437	56,535	131,738
2016	0	-336	1,139	1,194	230	1,424	57,579	134,757
2017	26,012	888	1,098	1,161	234	1,395	58,587	137,608
2018	47,309	1,027	1,074	1,137	29	1,166	59,592	140,420
2019	53,449	1,143	1,057	1,119	0	1,119	60,550	143,118
2020	59,493	1,263	1,034	1,095	0	1,095	61,418	145,753

Table 5.8.6: Maximum Rate 7.5, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,757	1,485	1,137	100	1,236	53,646	123,991
2012	0	-2,869	1,671	1,207	214	1,421	53,360	122,541
2013	0	-2,582	1,445	1,236	217	1,453	54,377	125,604
2014	0	-2,063	1,375	1,247	221	1,468	55,425	128,550
2015	0	-1,260	1,235	1,233	225	1,458	56,535	131,738
2016	0	-218	1,139	1,213	230	1,443	57,579	134,757
2017	30,907	1,030	1,098	1,180	234	1,414	58,587	137,608
2018	54,979	1,191	1,074	1,151	29	1,180	59,592	140,420
2019	62,189	1,326	1,057	1,130	0	1,130	60,550	143,118
2020	67,490	1,357	1,034	997	0	997	61,418	145,753

Table 5.8.7: Maximum Rate 8, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,748	1,485	1,146	100	1,245	53,646	123,991
2012	0	-2,836	1,671	1,231	214	1,445	53,360	122,541
2013	0	-2,529	1,445	1,256	217	1,473	54,377	125,604
2014	0	-1,986	1,375	1,271	221	1,492	55,425	128,550
2015	0	-1,165	1,235	1,251	225	1,476	56,535	131,738
2016	0	-109	1,139	1,228	230	1,457	57,579	134,757
2017	35,360	1,157	1,098	1,193	234	1,427	58,587	137,608
2018	61,835	1,337	1,074	1,164	29	1,193	59,592	140,420
2019	68,022	1,367	1,057	1,018	0	1,018	60,550	143,118
2020	69,122	1,393	1,034	991	0	991	61,418	145,753

Table 5.8.8: Maximum Rate 8.5, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,739	1,485	1,155	100	1,255	53,646	123,991
2012	0	-2,805	1,671	1,253	214	1,467	53,360	122,541
2013	0	-2,475	1,445	1,279	217	1,496	54,377	125,604
2014	0	-1,910	1,375	1,293	221	1,514	55,425	128,550
2015	0	-1,075	1,235	1,264	225	1,489	56,535	131,738
2016	59	-4	1,139	1,243	230	1,472	57,579	134,757
2017	39,610	1,277	1,098	1,206	234	1,439	58,587	137,608
2018	68,396	1,479	1,074	1,178	29	1,207	59,592	140,420
2019	75,451	1,516	1,057	1,018	0	1,018	60,550	143,118
2020	76,879	1,549	1,034	990	0	990	61,418	145,753

Table 5.8.9: Maximum Rate 9, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,730	1,485	1,164	100	1,264	53,646	123,991
2012	0	-2,775	1,671	1,274	214	1,488	53,360	122,541
2013	0	-2,419	1,445	1,305	217	1,522	54,377	125,604
2014	0	-1,850	1,375	1,296	221	1,517	55,425	128,550
2015	0	-994	1,235	1,285	225	1,511	56,535	131,738
2016	1,214	91	1,139	1,256	230	1,486	57,579	134,757
2017	10,689	457	1,098	1,219	234	1,453	58,587	137,608
2018	25,843	624	1,074	1,185	29	1,214	59,592	140,420
2019	33,345	767	1,057	1,167	0	1,167	60,550	143,118
2020	40,850	918	1,034	1,144	0	1,144	61,418	145,753

Table 5.8.10: Maximum Rate 9.5, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,720	1,485	1,173	100	1,273	53,646	123,991
2012	0	-2,745	1,671	1,295	214	1,510	53,360	122,541
2013	0	-2,370	1,445	1,323	217	1,540	54,377	125,604
2014	0	-1,781	1,375	1,317	221	1,538	55,425	128,550
2015	0	-923	1,235	1,288	225	1,514	56,535	131,738
2016	2,508	181	1,139	1,273	230	1,502	57,579	134,757
2017	11,650	353	1,098	1,230	28	1,259	58,587	137,608
2018	19,554	498	1,074	1,199	0	1,199	59,592	140,420
2019	27,057	648	1,057	1,180	0	1,180	60,550	143,118
2020	34,820	801	1,034	1,151	0	1,151	61,418	145,753

Table 5.8.11: Maximum Rate 10, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,711	1,485	1,182	100	1,282	53,646	123,991
2012	0	-2,716	1,671	1,315	214	1,529	53,360	122,541
2013	0	-2,320	1,445	1,344	217	1,561	54,377	125,604
2014	0	-1,716	1,375	1,333	221	1,554	55,425	128,550
2015	0	-836	1,235	1,310	225	1,535	56,535	131,738
2016	4,745	271	1,139	1,274	230	1,504	57,579	134,757
2017	16,463	458	1,098	1,239	28	1,268	58,587	137,608
2018	25,168	617	1,074	1,208	0	1,208	59,592	140,420
2019	33,490	786	1,057	1,192	0	1,192	60,550	143,118
2020	42,243	959	1,034	1,165	0	1,165	61,418	145,753

Table 5.9 Middle Tax Rate Simulations Summary

Table 5.9.1: Middle Tax Rates 0, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.9.2: Middle Tax Rates 0.1, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	50	-2,630	1,962	1,027	0	1,027	53,882	123,051
2012	0	-2,822	1,641	1,095	217	1,312	53,065	122,189
2013	0	-2,747	1,557	1,138	215	1,352	53,986	124,037
2014	0	-2,350	1,401	1,153	219	1,372	55,058	127,074
2015	0	-1,691	1,299	1,155	223	1,378	56,133	130,129
2016	0	-757	1,176	1,145	227	1,372	57,203	133,249
2017	1,164	387	1,112	1,123	232	1,354	58,230	136,175
2018	22,432	557	1,083	1,093	137	1,230	59,237	138,996
2019	27,265	592	1,063	1,071	0	1,071	60,209	141,747
2020	29,167	632	1,044	1,055	0	1,055	61,085	144,413

Table 5.9.3: Middle Tax Rates 0.2, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,784	1,485	1,109	100	1,209	53,646	123,991
2012	0	-2,972	1,671	1,132	214	1,346	53,360	122,541
2013	0	-2,769	1,445	1,152	217	1,369	54,377	125,604
2014	0	-2,334	1,375	1,162	221	1,383	55,425	128,550
2015	0	-1,609	1,235	1,155	225	1,380	56,535	131,738
2016	0	-643	1,139	1,138	230	1,367	57,579	134,757
2017	13,185	514	1,098	1,108	234	1,342	58,587	137,608
2018	26,799	577	1,074	1,081	29	1,110	59,592	140,420
2019	28,987	615	1,057	1,065	0	1,065	60,550	143,118
2020	31,004	656	1,034	1,044	0	1,044	61,418	145,753

Table 5.10 Taxable Wage Base Formula Change Simulations Summary

Table 5.10.1: Taxable Wage Base 50.0%, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.10.2: Taxable Wage Base 40.0%, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	54,182	123,991
2012	0	-3,041	1,671	1,077	206	1,283	51,303	122,541
2013	0	-2,892	1,445	1,106	208	1,315	52,295	125,604
2014	0	-2,503	1,375	1,125	213	1,337	53,330	128,550
2015	0	-1,819	1,235	1,123	217	1,340	54,368	131,738
2016	0	-892	1,139	1,107	221	1,328	55,401	134,757
2017	5,426	227	1,098	1,086	225	1,310	56,350	137,608
2018	12,206	259	1,074	1,063	31	1,094	57,353	140,420
2019	12,785	266	1,057	1,051	0	1,051	58,259	143,118
2020	13,200	274	1,034	1,028	0	1,028	59,126	145,753

Table 5.10.3: Taxable Wage Base 0.425, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	54,053	123,991
2012	0	-3,027	1,671	1,088	208	1,296	51,826	122,541
2013	0	-2,863	1,445	1,119	211	1,330	52,876	125,604
2014	0	-2,463	1,375	1,134	215	1,349	53,862	128,550
2015	0	-1,769	1,235	1,130	219	1,349	54,959	131,738
2016	0	-838	1,139	1,109	223	1,332	55,941	134,757
2017	6,750	287	1,098	1,088	227	1,315	56,946	137,608
2018	15,294	330	1,074	1,071	31	1,102	57,896	140,420
2019	16,369	342	1,057	1,052	0	1,052	58,856	143,118
2020	17,057	358	1,034	1,032	0	1,032	59,723	145,753

Table 5.10.4: Taxable Wage Base 45.0%, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,909	123,991
2012	0	-3,015	1,671	1,099	210	1,309	52,335	122,541
2013	0	-2,838	1,445	1,129	213	1,342	53,390	125,604
2014	0	-2,427	1,375	1,143	217	1,360	54,380	128,550
2015	0	-1,726	1,235	1,135	221	1,356	55,481	131,738
2016	0	-782	1,139	1,120	225	1,345	56,520	134,757
2017	8,124	348	1,098	1,090	229	1,320	57,473	137,608
2018	18,401	400	1,074	1,077	30	1,107	58,477	140,420
2019	19,916	420	1,057	1,056	0	1,056	59,436	143,118
2020	21,019	444	1,034	1,037	0	1,037	60,303	145,753

Table 5.10.5: Taxable Wage Base 47.5%, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,778	123,991
2012	0	-3,002	1,671	1,109	212	1,321	52,830	122,541
2013	0	-2,815	1,445	1,138	215	1,353	53,890	125,604
2014	0	-2,392	1,375	1,153	219	1,372	54,934	128,550
2015	0	-1,681	1,235	1,143	224	1,366	56,040	131,738
2016	0	-726	1,139	1,129	227	1,356	57,031	134,757
2017	10,020	419	1,098	1,100	232	1,332	58,038	137,608
2018	22,002	479	1,074	1,083	30	1,112	59,042	140,420
2019	23,948	506	1,057	1,060	0	1,060	60,001	143,118
2020	25,451	539	1,034	1,041	0	1,041	60,868	145,753

Table 5.10.6: Taxable Wage Base 52.5%, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,513	123,991
2012	0	-2,977	1,671	1,131	216	1,347	53,828	122,541
2013	0	-2,765	1,445	1,159	219	1,378	54,898	125,604
2014	0	-2,323	1,375	1,167	223	1,390	55,949	128,550
2015	0	-1,598	1,235	1,153	228	1,381	57,064	131,738
2016	0	-632	1,139	1,136	232	1,368	58,111	134,757
2017	13,524	532	1,098	1,111	236	1,347	59,121	137,608
2018	27,680	604	1,074	1,090	28	1,118	60,079	140,420
2019	30,311	646	1,057	1,069	0	1,069	61,036	143,118
2020	32,663	699	1,034	1,054	0	1,054	61,953	145,753

Table 5.10.7: Taxable Wage Base 55.0%, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,380	123,991
2012	0	-2,965	1,671	1,141	218	1,359	54,283	122,541
2013	0	-2,743	1,445	1,167	221	1,388	55,358	125,604
2014	0	-2,294	1,375	1,173	225	1,398	56,413	128,550
2015	0	-1,560	1,235	1,159	229	1,389	57,532	131,738
2016	0	-587	1,139	1,140	234	1,374	58,582	134,757
2017	15,182	584	1,098	1,116	238	1,354	59,594	137,608
2018	30,362	664	1,074	1,096	28	1,124	60,600	140,420
2019	33,341	711	1,057	1,070	0	1,070	61,557	143,118
2020	35,909	769	1,034	1,056	0	1,056	62,473	145,753

Table 5.10.8: Taxable Wage Base 57.5%, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,246	123,991
2012	0	-2,954	1,671	1,150	220	1,370	54,726	122,541
2013	0	-2,724	1,445	1,172	223	1,395	55,806	125,604
2014	0	-2,262	1,375	1,184	227	1,411	56,909	128,550
2015	0	-1,515	1,235	1,171	232	1,402	58,032	131,738
2016	0	-532	1,139	1,149	236	1,384	59,086	134,757
2017	17,277	650	1,098	1,123	240	1,362	60,099	137,608
2018	33,633	733	1,074	1,096	27	1,123	61,106	140,420
2019	36,830	787	1,057	1,074	0	1,074	62,064	143,118
2020	39,867	855	1,034	1,061	0	1,061	62,978	145,753

Table 5.10.9: Taxable Wage Base 60%, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,111	123,991
2012	0	-2,941	1,671	1,161	222	1,382	55,200	122,541
2013	0	-2,700	1,445	1,182	225	1,407	56,285	125,604
2014	0	-2,233	1,375	1,188	229	1,417	57,347	128,550
2015	0	-1,477	1,235	1,177	233	1,411	58,475	131,738
2016	0	-487	1,139	1,154	238	1,392	59,532	134,757
2017	19,005	706	1,098	1,130	242	1,371	60,591	137,608
2018	36,478	796	1,074	1,101	26	1,127	61,599	140,420
2019	40,082	859	1,057	1,080	0	1,080	62,556	143,118
2020	43,537	934	1,034	1,064	0	1,064	63,470	145,753

Table 5.11 Changes in Tax Schedules and Triggers Simulations Summary

Table 5.11.1: Schedule A, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.11.2: Schedule A+0.1, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,767	1,485	1,127	100	1,226	53,646	123,991
2012	0	-2,927	1,671	1,159	214	1,374	53,360	122,541
2013	0	-2,696	1,445	1,180	217	1,397	54,377	125,604
2014	0	-2,240	1,375	1,184	221	1,405	55,425	128,550
2015	0	-1,496	1,235	1,173	225	1,399	56,535	131,738
2016	0	-511	1,139	1,157	230	1,386	57,579	134,757
2017	18,651	672	1,098	1,128	234	1,362	58,587	137,608
2018	35,393	763	1,074	1,100	29	1,129	59,592	140,420
2019	38,947	825	1,057	1,080	0	1,080	60,550	143,118
2020	42,252	893	1,034	1,059	0	1,059	61,418	145,753

Table 5.11.3: Schedule A+0.2, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,744	1,485	1,149	100	1,249	53,646	123,991
2012	0	-2,864	1,671	1,200	214	1,414	53,360	122,541
2013	0	-2,597	1,445	1,216	217	1,433	54,377	125,604
2014	0	-2,109	1,375	1,216	221	1,437	55,425	128,550
2015	0	-1,343	1,235	1,196	225	1,422	56,535	131,738
2016	0	-342	1,139	1,173	230	1,402	57,579	134,757
2017	25,451	865	1,098	1,145	234	1,379	58,587	137,608
2018	45,710	981	1,074	1,115	29	1,144	59,592	140,420
2019	50,568	1,069	1,057	1,094	0	1,094	60,550	143,118
2020	55,259	1,166	1,034	1,075	0	1,075	61,418	145,753

Table 5.11.4: Schedule A+0.3, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,722	1,485	1,172	100	1,272	53,646	123,991
2012	0	-2,800	1,671	1,241	214	1,455	53,360	122,541
2013	0	-2,496	1,445	1,253	217	1,470	54,377	125,604
2014	0	-1,979	1,375	1,244	221	1,465	55,425	128,550
2015	0	-1,188	1,235	1,221	225	1,447	56,535	131,738
2016	0	-170	1,139	1,190	230	1,420	57,579	134,757
2017	32,362	1,058	1,098	1,159	234	1,393	58,587	137,608
2018	56,121	1,202	1,074	1,132	29	1,161	59,592	140,420
2019	62,390	1,318	1,057	1,110	0	1,110	60,550	143,118
2020	68,512	1,444	1,034	1,091	0	1,091	61,418	145,753

Table 5.11.5: Schedule A+0.4, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,699	1,485	1,195	100	1,294	53,646	123,991
2012	0	-2,731	1,671	1,287	214	1,502	53,360	122,541
2013	0	-2,399	1,445	1,281	217	1,497	54,377	125,604
2014	0	-1,855	1,375	1,272	221	1,493	55,425	128,550
2015	0	-1,045	1,235	1,239	225	1,465	56,535	131,738
2016	134	-4	1,139	1,213	230	1,443	57,579	134,757
2017	39,165	1,253	1,098	1,181	234	1,415	58,587	137,608
2018	66,676	1,428	1,074	1,153	29	1,182	59,592	140,420
2019	73,939	1,537	1,057	1,091	0	1,091	60,550	143,118
2020	79,439	1,648	1,034	1,065	0	1,065	61,418	145,753

Table 5.11.6: Schedule A+0.5, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,676	1,485	1,218	100	1,317	53,646	123,991
2012	0	-2,670	1,671	1,326	214	1,540	53,360	122,541
2013	0	-2,297	1,445	1,322	217	1,538	54,377	125,604
2014	0	-1,725	1,375	1,299	221	1,520	55,425	128,550
2015	0	-879	1,235	1,276	225	1,501	56,535	131,738
2016	3,004	188	1,139	1,236	230	1,466	57,579	134,757
2017	11,483	333	1,098	1,203	28	1,232	58,587	137,608
2018	17,987	448	1,074	1,171	0	1,171	59,592	140,420
2019	23,808	560	1,057	1,144	0	1,144	60,550	143,118
2020	29,655	679	1,034	1,123	0	1,123	61,418	145,753

Table 5.11.7: Schedule A+0.6, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,653	1,485	1,240	100	1,340	53,646	123,991
2012	0	-2,606	1,671	1,367	214	1,582	53,360	122,541
2013	0	-2,199	1,445	1,355	217	1,572	54,377	125,604
2014	0	-1,604	1,375	1,322	221	1,543	55,425	128,550
2015	0	-733	1,235	1,301	225	1,527	56,535	131,738
2016	7,211	370	1,139	1,267	230	1,496	57,579	134,757
2017	21,303	548	1,098	1,227	28	1,255	58,587	137,608
2018	29,661	701	1,074	1,197	0	1,197	59,592	140,420
2019	37,355	845	1,057	1,163	0	1,163	60,550	143,118
2020	44,880	1,000	1,034	1,143	0	1,143	61,418	145,753

Table 5.11.9: Schedule A+1.0, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,562	1,485	1,332	100	1,431	53,646	123,991
2012	0	-2,342	1,671	1,539	214	1,753	53,360	122,541
2013	0	-1,800	1,445	1,491	217	1,708	54,377	125,604
2014	0	-1,084	1,375	1,444	221	1,665	55,425	128,550
2015	0	-113	1,235	1,401	225	1,626	56,535	131,738
2016	30,710	1,109	1,139	1,363	230	1,593	57,579	134,757
2017	61,345	1,430	1,098	1,330	28	1,358	58,587	137,608
2018	77,108	1,705	1,074	1,271	0	1,271	59,592	140,420
2019	91,228	1,989	1,057	1,249	0	1,249	60,550	143,118
2020	105,841	2,274	1,034	1,213	0	1,213	61,418	145,753

Table 5.11.10: Schedule Change Triggers, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12,033	483	1,098	1,107	234	1,341	58,587	137,608
2018	23,635	450	1,074	989	29	1,017	59,592	140,420
2019	19,881	345	1,057	932	0	932	60,550	143,118
2020	15,571	309	1,034	982	0	982	61,418	145,753

Table 5.11.11: Middle Tax Rates New Schedule A, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,764	1,485	1,129	100	1,229	53,646	123,991
2012	0	-2,925	1,671	1,159	214	1,373	53,360	122,541
2013	0	-2,692	1,445	1,181	217	1,398	54,377	125,604
2014	0	-2,238	1,375	1,182	221	1,403	55,425	128,550
2015	0	-1,503	1,235	1,164	225	1,390	56,535	131,738
2016	0	-528	1,139	1,146	230	1,376	57,579	134,757
2017	17,854	648	1,098	1,121	234	1,355	58,587	137,608
2018	33,898	725	1,074	1,088	29	1,117	59,592	140,420
2019	36,811	778	1,057	1,073	0	1,073	60,550	143,118
2020	39,635	834	1,034	1,050	0	1,050	61,418	145,753

Table 5.12 Solvency Tax Simulations Summary

Table 5.12.1: None, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.12.2: NC1, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,519	1,671	1,121	683	1,804	53,360	122,541
2013	0	-1,778	1,445	1,148	759	1,907	54,377	125,604
2014	0	-795	1,375	1,158	774	1,932	55,425	128,550
2015	7,410	497	1,235	1,150	789	1,940	56,535	131,738
2016	27,424	619	1,139	1,137	97	1,234	57,579	134,757
2017	30,797	659	1,098	1,107	0	1,107	58,587	137,608
2018	33,240	701	1,074	1,083	0	1,083	59,592	140,420
2019	35,489	747	1,057	1,067	0	1,067	60,550	143,118
2020	37,951	797	1,034	1,045	0	1,045	61,418	145,753

Table 5.12.3: NC2, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,519	1,671	1,121	683	1,804	53,360	122,541
2013	0	-1,778	1,445	1,148	759	1,907	54,377	125,604
2014	0	-795	1,375	1,158	774	1,932	55,425	128,550
2015	7,410	497	1,235	1,150	789	1,940	56,535	131,738
2016	31,464	876	1,139	1,137	350	1,487	57,579	134,757
2017	45,385	965	1,098	1,107	35	1,142	58,587	137,608
2018	49,206	1,024	1,074	1,083	0	1,083	59,592	140,420
2019	52,286	1,087	1,057	1,067	0	1,067	60,550	143,118
2020	55,624	1,154	1,034	1,045	0	1,045	61,418	145,753

Table 5.12.4: NC3, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,050	1,671	1,121	1,152	2,273	53,360	122,541
2013	0	-767	1,445	1,148	1,301	2,449	54,377	125,604
2014	10,839	779	1,375	1,158	1,327	2,485	55,425	128,550
2015	49,479	1,403	1,235	1,150	659	1,809	56,535	131,738
2016	71,763	1,493	1,139	1,088	69	1,157	57,579	134,757
2017	75,047	1,536	1,098	1,066	0	1,066	58,587	137,608
2018	78,236	1,588	1,074	1,047	0	1,047	59,592	140,420
2019	81,071	1,650	1,057	1,038	0	1,038	60,550	143,118
2020	84,573	1,728	1,034	1,027	0	1,027	61,418	145,753

Table 5.12.5: $1 Billion Target, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,519	1,671	1,121	683	1,804	53,360	122,541
2013	0	-1,778	1,445	1,148	759	1,907	54,377	125,604
2014	0	-795	1,375	1,158	774	1,932	55,425	128,550
2015	7,410	497	1,235	1,150	789	1,940	56,535	131,738
2016	34,697	1,081	1,139	1,137	552	1,689	57,579	134,757
2017	57,056	1,211	1,098	1,107	64	1,171	58,587	137,608
2018	61,166	1,231	1,074	1,033	0	1,033	59,592	140,420
2019	62,170	1,257	1,057	1,021	0	1,021	60,550	143,118
2020	63,883	1,302	1,034	1,014	0	1,014	61,418	145,753

Table 5.12.6: $2 Billion Target, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,519	1,671	1,121	683	1,804	53,360	122,541
2013	0	-1,778	1,445	1,148	759	1,907	54,377	125,604
2014	0	-795	1,375	1,158	774	1,932	55,425	128,550
2015	7,410	497	1,235	1,150	789	1,940	56,535	131,738
2016	35,505	1,132	1,139	1,137	602	1,739	57,579	134,757
2017	64,956	1,585	1,098	1,107	379	1,486	58,587	137,608
2018	85,757	1,882	1,074	1,033	252	1,285	59,592	140,420
2019	98,101	2,027	1,057	1,021	83	1,103	60,550	143,118
2020	104,336	2,124	1,034	965	61	1,026	61,418	145,753

Table 5.13 Tax Formula Simulations

Table 5.13.1: Baseline, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.13.2: No Slope, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,800	1,485	1,094	100	1,193	53,646	123,991
2012	0	-3,010	1,671	1,109	214	1,323	53,360	122,541
2013	0	-2,818	1,445	1,141	217	1,358	54,377	125,604
2014	0	-2,392	1,375	1,154	221	1,375	55,425	128,550
2015	0	-1,679	1,235	1,143	225	1,368	56,535	131,738
2016	0	-720	1,139	1,131	230	1,360	57,579	134,757
2017	10,232	435	1,098	1,108	234	1,342	58,587	137,608
2018	22,833	503	1,074	1,090	29	1,119	59,592	140,420
2019	25,210	540	1,057	1,068	0	1,068	60,550	143,118
2020	27,253	586	1,034	1,053	0	1,053	61,418	145,753

Table 5.13.3: Linear A, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,800	1,485	1,094	100	1,193	53,646	123,991
2012	0	-2,994	1,671	1,126	214	1,340	53,360	122,541
2013	0	-2,783	1,445	1,160	217	1,376	54,377	125,604
2014	0	-2,344	1,375	1,167	221	1,388	55,425	128,550
2015	0	-1,615	1,235	1,159	225	1,384	56,535	131,738
2016	0	-645	1,139	1,142	230	1,372	57,579	134,757
2017	13,352	526	1,098	1,121	234	1,354	58,587	137,608
2018	27,721	607	1,074	1,098	29	1,127	59,592	140,420
2019	30,836	662	1,057	1,081	0	1,081	60,550	143,118
2020	33,784	723	1,034	1,061	0	1,061	61,418	145,753

Table 5.13.4: Linear A Shift, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,800	1,485	1,094	100	1,193	53,646	123,991
2012	0	-2,973	1,671	1,147	214	1,361	53,360	122,541
2013	0	-2,731	1,445	1,191	217	1,407	54,377	125,604
2014	0	-2,261	1,375	1,198	221	1,419	55,425	128,550
2015	0	-1,498	1,235	1,193	225	1,418	56,535	131,738
2016	0	-498	1,139	1,171	230	1,401	57,579	134,757
2017	19,525	707	1,098	1,150	234	1,383	58,587	137,608
2018	37,719	827	1,074	1,127	29	1,156	59,592	140,420
2019	42,730	916	1,057	1,103	0	1,103	60,550	143,118
2020	47,483	1,015	1,034	1,085	0	1,085	61,418	145,753

Table 5.13.5: Cubic, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,800	1,485	1,094	100	1,193	53,646	123,991
2012	0	-3,034	1,671	1,085	214	1,299	53,360	122,541
2013	0	-2,852	1,445	1,131	217	1,348	54,377	125,604
2014	0	-2,428	1,375	1,152	221	1,373	55,425	128,550
2015	0	-1,707	1,235	1,150	225	1,376	56,535	131,738
2016	0	-748	1,139	1,131	230	1,360	57,579	134,757
2017	9,101	403	1,098	1,106	234	1,340	58,587	137,608
2018	21,026	461	1,074	1,082	29	1,111	59,592	140,420
2019	22,886	489	1,057	1,062	0	1,062	60,550	143,118
2020	24,411	521	1,034	1,041	0	1,041	61,418	145,753

Table 5.14 Maximum Duration of Benefits Simulations

Table 5.14.1: Weeks Allowed 26, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.14.2: Weeks Allowed 25, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,956	1,636	1,119	214	1,333	53,360	122,541
2013	0	-2,736	1,415	1,139	217	1,356	54,377	125,604
2014	0	-2,286	1,347	1,149	221	1,371	55,425	128,550
2015	0	-1,550	1,209	1,140	225	1,366	56,535	131,738
2016	0	-578	1,116	1,120	230	1,350	57,579	134,757
2017	15,898	593	1,075	1,096	234	1,330	58,587	137,608
2018	31,172	674	1,052	1,073	29	1,102	59,592	140,420
2019	34,191	723	1,035	1,050	0	1,050	60,550	143,118
2020	36,913	784	1,012	1,037	0	1,037	61,418	145,753

Table 5.14.3: Weeks Allowed 24, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,921	1,600	1,117	214	1,332	53,360	122,541
2013	0	-2,674	1,383	1,134	217	1,351	54,377	125,604
2014	0	-2,207	1,317	1,137	221	1,358	55,425	128,550
2015	0	-1,455	1,182	1,128	225	1,354	56,535	131,738
2016	0	-470	1,091	1,108	230	1,338	57,579	134,757
2017	20,316	718	1,051	1,084	234	1,318	58,587	137,608
2018	37,936	818	1,028	1,062	29	1,091	59,592	140,420
2019	41,927	886	1,012	1,038	0	1,038	60,550	143,118
2020	45,579	963	990	1,022	0	1,022	61,418	145,753

Table 5.14.4: Weeks Allowed 23, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,888	1,560	1,110	214	1,325	53,360	122,541
2013	0	-2,611	1,349	1,130	217	1,347	54,377	125,604
2014	0	-2,119	1,284	1,130	221	1,351	55,425	128,550
2015	0	-1,354	1,153	1,113	225	1,338	56,535	131,738
2016	0	-349	1,064	1,101	230	1,331	57,579	134,757
2017	25,310	859	1,025	1,074	234	1,308	58,587	137,608
2018	45,417	968	1,003	1,037	29	1,066	59,592	140,420
2019	49,961	1,055	987	1,023	0	1,023	60,550	143,118
2020	54,501	1,146	965	1,002	0	1,002	61,418	145,753

Table 5.14.5: Weeks Allowed 22, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,851	1,518	1,106	214	1,321	53,360	122,541
2013	0	-2,545	1,313	1,122	217	1,339	54,377	125,604
2014	0	-2,025	1,250	1,123	221	1,344	55,425	128,550
2015	0	-1,240	1,122	1,102	225	1,328	56,535	131,738
2016	0	-227	1,035	1,081	230	1,311	57,579	134,757
2017	30,207	995	998	1,055	234	1,289	58,587	137,608
2018	52,830	1,129	976	1,028	29	1,057	59,592	140,420
2019	58,610	1,236	960	1,009	0	1,009	60,550	143,118
2020	64,182	1,346	939	985	0	985	61,418	145,753

Table 5.16: Weeks Allowed 21, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,808	1,474	1,105	214	1,319	53,360	122,541
2013	0	-2,472	1,275	1,114	217	1,331	54,377	125,604
2014	0	-1,924	1,213	1,114	221	1,335	55,425	128,550
2015	0	-1,114	1,089	1,094	225	1,319	56,535	131,738
2016	0	-86	1,005	1,066	230	1,296	57,579	134,757
2017	35,901	1,154	969	1,038	234	1,272	58,587	137,608
2018	61,364	1,308	948	1,010	29	1,039	59,592	140,420
2019	67,353	1,385	932	942	0	942	60,550	143,118
2020	71,291	1,469	912	924	0	924	61,418	145,753

Table 5.14.7: Weeks Allowed 20, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,765	1,427	1,101	214	1,316	53,360	122,541
2013	0	-2,397	1,234	1,107	217	1,323	54,377	125,604
2014	0	-1,818	1,175	1,106	221	1,327	55,425	128,550
2015	0	-992	1,055	1,076	225	1,301	56,535	131,738
2016	696	52	973	1,049	230	1,279	57,579	134,757
2017	8,308	374	938	1,018	234	1,252	58,587	137,608
2018	21,037	503	918	996	29	1,025	59,592	140,420
2019	26,430	596	903	970	0	970	60,550	143,118
2020	31,379	700	883	956	0	956	61,418	145,753

Table 5.15 Maximum WBA Simulations Summary

Table 5.15.1: Maximum WBA 66.7% AWW, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.15.2 Maximum WBA 65% AWW, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,784	1,479	1,104	100	1,203	53,646	123,991
2012	0	-2,964	1,650	1,120	214	1,334	53,360	122,541
2013	0	-2,752	1,426	1,141	217	1,358	54,377	125,604
2014	0	-2,307	1,356	1,154	221	1,375	55,425	128,550
2015	0	-1,578	1,217	1,141	225	1,367	56,535	131,738
2016	0	-612	1,122	1,121	230	1,351	57,579	134,757
2017	14,521	553	1,082	1,097	234	1,331	58,587	137,608
2018	29,071	631	1,058	1,078	29	1,107	59,592	140,420
2019	31,901	675	1,041	1,052	0	1,052	60,550	143,118
2020	34,341	731	1,018	1,040	0	1,040	61,418	145,753

Table 5.15.3: Maximum WBA 64% AWW, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,781	1,476	1,104	100	1,203	53,646	123,991
2012	0	-2,948	1,637	1,119	214	1,333	53,360	122,541
2013	0	-2,735	1,418	1,136	217	1,352	54,377	125,604
2014	0	-2,280	1,345	1,152	221	1,373	55,425	128,550
2015	0	-1,541	1,207	1,141	225	1,366	56,535	131,738
2016	0	-566	1,113	1,120	230	1,350	57,579	134,757
2017	16,440	609	1,072	1,096	234	1,329	58,587	137,608
2018	32,087	695	1,047	1,073	29	1,102	59,592	140,420
2019	35,319	746	1,031	1,048	0	1,048	60,550	143,118
2020	38,193	812	1,008	1,035	0	1,035	61,418	145,753

Table 5.15.4: Maximum WBA 63% AWW, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,778	1,473	1,104	100	1,203	53,646	123,991
2012	0	-2,938	1,630	1,118	214	1,333	53,360	122,541
2013	0	-2,719	1,413	1,136	217	1,353	54,377	125,604
2014	0	-2,260	1,336	1,148	221	1,369	55,425	128,550
2015	0	-1,515	1,196	1,135	225	1,361	56,535	131,738
2016	0	-533	1,103	1,118	230	1,348	57,579	134,757
2017	17,872	651	1,063	1,094	234	1,328	58,587	137,608
2018	34,331	740	1,038	1,064	29	1,093	59,592	140,420
2019	37,754	798	1,022	1,043	0	1,043	60,550	143,118
2020	40,948	868	999	1,027	0	1,027	61,418	145,753

Table 5.15.5: Maximum WBA 62% AWW, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,775	1,470	1,104	100	1,203	53,646	123,991
2012	0	-2,930	1,624	1,117	214	1,332	53,360	122,541
2013	0	-2,707	1,409	1,136	217	1,353	54,377	125,604
2014	0	-2,245	1,331	1,146	221	1,367	55,425	128,550
2015	0	-1,495	1,190	1,135	225	1,360	56,535	131,738
2016	0	-509	1,094	1,113	230	1,343	57,579	134,757
2017	18,892	681	1,052	1,088	234	1,322	58,587	137,608
2018	36,025	778	1,029	1,062	29	1,091	59,592	140,420
2019	39,899	845	1,012	1,039	0	1,039	60,550	143,118
2020	43,457	920	990	1,021	0	1,021	61,418	145,753

Table 5.15.6: Maximum WBA 61% AWW, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,771	1,466	1,104	100	1,203	53,646	123,991
2012	0	-2,921	1,619	1,117	214	1,332	53,360	122,541
2013	0	-2,694	1,404	1,135	217	1,352	54,377	125,604
2014	0	-2,228	1,326	1,145	221	1,366	55,425	128,550
2015	0	-1,475	1,186	1,133	225	1,359	56,535	131,738
2016	0	-488	1,090	1,110	230	1,340	57,579	134,757
2017	19,673	702	1,046	1,082	234	1,316	58,587	137,608
2018	37,248	806	1,020	1,058	29	1,087	59,592	140,420
2019	41,496	882	1,003	1,037	0	1,037	60,550	143,118
2020	45,585	970	980	1,022	0	1,022	61,418	145,753

Table 5.15.7: Maximum WBA 60% AWW, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,768	1,463	1,104	100	1,203	53,646	123,991
2012	0	-2,912	1,613	1,117	214	1,332	53,360	122,541
2013	0	-2,680	1,399	1,135	217	1,352	54,377	125,604
2014	0	-2,215	1,321	1,139	221	1,361	55,425	128,550
2015	0	-1,458	1,181	1,132	225	1,358	56,535	131,738
2016	0	-471	1,086	1,106	230	1,336	57,579	134,757
2017	20,359	726	1,042	1,084	234	1,317	58,587	137,608
2018	38,509	837	1,015	1,059	29	1,088	59,592	140,420
2019	43,108	915	997	1,032	0	1,032	60,550	143,118
2020	47,394	1,008	971	1,016	0	1,016	61,418	145,753

Table 5.16 Waiting Week and Replacement Rate Simulations Summary

Table 5.16.1: No Change, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.16.2: Waiting Week, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,953	1,634	1,119	214	1,333	53,360	122,541
2013	0	-2,731	1,413	1,139	217	1,356	54,377	125,604
2014	0	-2,280	1,345	1,149	221	1,370	55,425	128,550
2015	0	-1,542	1,208	1,140	225	1,366	56,535	131,738
2016	0	-569	1,114	1,120	230	1,350	57,579	134,757
2017	16,287	604	1,074	1,096	234	1,329	58,587	137,608
2018	31,770	687	1,050	1,073	29	1,102	59,592	140,420
2019	34,890	738	1,033	1,050	0	1,050	60,550	143,118
2020	37,713	801	1,011	1,035	0	1,035	61,418	145,753

Table 5.16.3: Maximum WBA Average to 2HQ, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,908	1,587	1,117	214	1,332	53,360	122,541
2013	0	-2,651	1,372	1,134	217	1,350	54,377	125,604
2014	0	-2,177	1,307	1,134	221	1,355	55,425	128,550
2015	0	-1,420	1,173	1,124	225	1,350	56,535	131,738
2016	0	-430	1,082	1,105	230	1,335	57,579	134,757
2017	21,969	765	1,043	1,081	234	1,315	58,587	137,608
2018	40,453	870	1,020	1,056	29	1,085	59,592	140,420
2019	44,684	942	1,004	1,030	0	1,030	60,550	143,118
2020	48,581	1,028	982	1,019	0	1,019	61,418	145,753

Table 5.19 System Reform Simulation Results under Economic Baseline

Table 5.19.1: Bundle 1, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,762	1,463	1,110	100	1,210	53,646	123,991
2012	0	-2,874	1,613	1,144	214	1,359	53,360	122,541
2013	0	-2,607	1,399	1,164	217	1,381	54,377	125,604
2014	0	-2,106	1,321	1,170	221	1,391	55,425	128,550
2015	0	-1,314	1,181	1,163	225	1,389	56,535	131,738
2016	0	-291	1,086	1,136	230	1,366	57,579	134,757
2017	27,969	945	1,042	1,112	234	1,345	58,587	137,608
2018	50,691	1,102	1,015	1,088	29	1,117	59,592	140,420
2019	57,665	1,229	997	1,060	0	1,060	60,550	143,118
2020	64,446	1,371	971	1,044	0	1,044	61,418	145,753

Table 5.19.2: Bundle 2, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,745	1,463	1,127	100	1,226	53,646	123,991
2012	0	-2,761	1,532	1,160	214	1,374	53,360	122,541
2013	0	-2,416	1,329	1,173	217	1,390	54,377	125,604
2014	0	-1,854	1,255	1,165	221	1,386	55,425	128,550
2015	0	-1,020	1,122	1,146	225	1,371	56,535	131,738
2016	439	35	1,032	1,114	230	1,344	57,579	134,757
2017	7,953	375	990	1,083	234	1,317	58,587	137,608
2018	20,758	482	965	1,017	29	1,046	59,592	140,420
2019	23,561	466	947	902	0	902	60,550	143,118
2020	22,827	469	923	898	0	898	61,418	145,753

Table 5.19.3: Bundle 3, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,784	1,485	1,110	100	1,210	53,646	123,991
2012	0	-2,827	1,555	1,155	214	1,369	53,360	122,541
2013	0	-2,491	1,344	1,180	217	1,397	54,377	125,604
2014	0	-1,938	1,280	1,180	221	1,401	55,425	128,550
2015	0	-1,113	1,149	1,163	225	1,389	56,535	131,738
2016	0	-55	1,060	1,146	230	1,375	57,579	134,757
2017	37,700	1,218	1,022	1,118	234	1,351	58,587	137,608
2018	65,301	1,406	999	1,088	29	1,117	59,592	140,420
2019	73,160	1,524	983	1,023	0	1,023	60,550	143,118
2020	79,290	1,654	962	1,008	0	1,008	61,418	145,753

Table 5.19.4: Bundle 4, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,743	1,463	1,128	100	1,228	53,646	123,991
2012	0	-2,723	1,532	1,196	214	1,410	53,360	122,541
2013	0	-2,330	1,329	1,222	217	1,439	54,377	125,604
2014	0	-1,716	1,255	1,216	221	1,437	55,425	128,550
2015	0	-832	1,122	1,196	225	1,421	56,535	131,738
2016	4,936	292	1,032	1,179	230	1,409	57,579	134,757
2017	18,009	498	990	1,144	28	1,172	58,587	137,608
2018	27,785	680	965	1,114	0	1,114	59,592	140,420
2019	37,229	866	947	1,092	0	1,092	60,550	143,118
2020	46,969	1,060	923	1,064	0	1,064	61,418	145,753

Table 5.19.5: Bundle 5, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,762	1,463	1,110	100	1,210	53,646	123,991
2012	0	-2,405	1,613	1,144	683	1,828	53,360	122,541
2013	0	-1,596	1,399	1,164	759	1,923	54,377	125,604
2014	0	-542	1,321	1,170	774	1,944	55,425	128,550
2015	14,702	828	1,181	1,163	789	1,952	56,535	131,738
2016	50,292	1,334	1,086	1,136	400	1,536	57,579	134,757
2017	70,555	1,521	1,042	1,112	43	1,154	58,587	137,608
2018	78,725	1,626	1,015	1,037	0	1,037	59,592	140,420
2019	84,083	1,736	997	1,018	0	1,018	60,550	143,118
2020	90,093	1,863	971	1,003	0	1,003	61,418	145,753

Table 5.19.6: Bundle 6, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,762	1,463	1,110	100	1,210	53,646	123,991
2012	0	-2,405	1,613	1,144	683	1,828	53,360	122,541
2013	0	-1,596	1,399	1,164	759	1,923	54,377	125,604
2014	0	-542	1,321	1,170	774	1,944	55,425	128,550
2015	14,702	828	1,181	1,163	789	1,952	56,535	131,738
2016	51,908	1,436	1,086	1,136	501	1,637	57,579	134,757
2017	79,740	1,854	1,042	1,062	314	1,375	58,587	137,608
2018	97,362	2,016	1,015	1,039	36	1,075	59,592	140,420
2019	103,784	2,106	997	977	0	977	60,550	143,118
2020	108,777	2,226	971	977	0	977	61,418	145,753

Table 5.19.7: Bundle 7, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,762	1,463	1,110	100	1,210	53,646	123,991
2012	0	-2,336	1,532	1,133	683	1,816	53,360	122,541
2013	0	-1,469	1,329	1,153	759	1,912	54,377	125,604
2014	0	-366	1,255	1,153	774	1,927	55,425	128,550
2015	21,021	1,040	1,122	1,133	789	1,923	56,535	131,738
2016	57,270	1,305	1,032	935	299	1,235	57,579	134,757
2017	63,611	1,191	990	779	28	808	58,587	137,608
2018	57,644	1,083	965	793	0	793	59,592	140,420
2019	53,329	1,039	947	845	0	845	60,550	143,118
2020	52,539	1,070	923	896	0	896	61,418	145,753

Table 5.20 System Reform Simulation Results, with Bonding

Table 5.20.1: Baseline, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,789	1,445	1,148	217	1,365	54,377	125,604
2014	0	-2,359	1,375	1,158	221	1,379	55,425	128,550
2015	0	-1,638	1,235	1,150	225	1,376	56,535	131,738
2016	0	-673	1,139	1,137	230	1,367	57,579	134,757
2017	12	483	1,098	1,107	234	1,341	58,587	137,608
2018	25	546	1,074	1,083	29	1,112	59,592	140,420
2019	27	584	1,057	1,067	0	1,067	60,550	143,118
2020	29	625	1,034	1,045	0	1,045	61,418	145,753

Table 5.20.2: Bundle 8, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	4,235	16	1,671	1,121	214	1,335	53,360	122,541
2013	184	-255	1,445	1,148	26	1,174	54,377	125,604
2014	0	-278	1,375	1,158	195	1,353	55,425	128,550
2015	0	-137	1,235	1,150	225	1,376	56,535	131,738
2016	5,113	244	1,139	1,137	230	1,367	57,579	134,757
2017	12,520	293	1,098	1,107	28	1,135	58,587	137,608
2018	14,204	317	1,074	1,083	0	1,083	59,592	140,420
2019	15,461	343	1,057	1,067	0	1,067	60,550	143,118
2020	16,881	372	1,034	1,045	0	1,045	61,418	145,753

Table 5.20.3: Bundle 9, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	6,627	217	1,445	1,148	217	1,365	54,377	125,604
2014	5,826	32	1,375	1,158	27	1,185	55,425	128,550
2015	783	-51	1,235	1,150	0	1,150	56,535	131,738
2016	2,849	151	1,139	1,137	202	1,339	57,579	134,757
2017	7,764	197	1,098	1,107	28	1,135	58,587	137,608
2018	9,152	215	1,074	1,083	0	1,083	59,592	140,420
2019	10,146	236	1,057	1,067	0	1,067	60,550	143,118
2020	11,289	259	1,034	1,045	0	1,045	61,418	145,753

Table 5.20.4: Bundle 10, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	11,327	492	1,671	1,121	683	1,804	53,360	122,541
2013	26,134	789	1,445	1,148	568	1,716	54,377	125,604
2014	40,500	1,068	1,375	1,158	455	1,614	55,425	128,550
2015	56,731	1,392	1,235	1,150	352	1,502	56,535	131,738
2016	74,985	1,760	1,139	1,088	345	1,433	57,579	134,757
2017	93,779	2,070	1,098	1,066	248	1,314	58,587	137,608
2018	108,115	2,238	1,074	1,001	133	1,134	59,592	140,420
2019	116,368	2,410	1,057	991	121	1,112	60,550	143,118
2020	124,025	2,506	1,034	990	15	1,005	61,418	145,753

Table 5.20.5: Bundle 11, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	7,781	254	1,671	1,121	449	1,570	53,360	122,541
2013	10,224	264	1,445	1,148	297	1,445	54,377	125,604
2014	11,813	335	1,375	1,158	276	1,435	55,425	128,550
2015	18,545	551	1,235	1,150	282	1,432	56,535	131,738
2016	31,053	817	1,139	1,137	237	1,374	57,579	134,757
2017	45,390	1,105	1,098	1,107	234	1,341	58,587	137,608
2018	60,138	1,359	1,074	1,083	186	1,269	59,592	140,420
2019	72,398	1,573	1,057	1,016	181	1,198	60,550	143,118
2020	82,680	1,753	1,034	1,000	130	1,130	61,418	145,753

Table 5.20.6: Bundle 12, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,111	123,991
2012	0	-2,732	1,587	1,287	222	1,508	55,200	122,541
2013	0	-2,317	1,372	1,284	225	1,508	56,285	125,604
2014	0	-1,711	1,307	1,257	229	1,485	57,347	128,550
2015	0	-848	1,173	1,224	233	1,457	58,475	131,738
2016	3,578	239	1,082	1,190	238	1,428	59,532	134,757
2017	13,569	388	1,043	1,153	26	1,179	60,591	137,608
2018	20,388	511	1,020	1,122	0	1,122	61,599	140,420
2019	26,661	633	1,004	1,099	0	1,099	62,556	143,118
2020	33,120	767	982	1,083	0	1,083	63,470	145,753

Table 5.20.7: Bundle 13, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,111	123,991
2012	7,860	276	1,587	1,287	222	1,508	55,200	122,541
2013	9,708	221	1,372	1,284	24	1,307	56,285	125,604
2014	7,623	178	1,307	1,257	0	1,257	57,347	128,550
2015	7,947	237	1,173	1,224	0	1,224	58,475	131,738
2016	12,068	357	1,082	1,190	0	1,190	59,532	134,757
2017	18,660	486	1,043	1,153	0	1,153	60,591	137,608
2018	25,450	613	1,020	1,122	0	1,122	61,599	140,420
2019	31,986	740	1,004	1,099	0	1,099	62,556	143,118
2020	38,723	880	982	1,083	0	1,083	63,470	145,753

Table 5.20.8: Bundle 14, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,111	123,991
2012	15,206	776	1,587	1,287	715	2,001	55,200	122,541
2013	41,257	1,214	1,372	1,284	485	1,768	56,285	125,604
2014	61,490	1,580	1,307	1,257	355	1,612	57,347	128,550
2015	81,452	1,905	1,173	1,171	246	1,417	58,475	131,738
2016	100,404	2,300	1,082	1,139	238	1,376	59,532	134,757
2017	120,065	2,578	1,043	1,068	134	1,202	60,591	137,608
2018	133,611	2,756	1,020	1,051	13	1,065	61,599	140,420
2019	142,494	2,895	1,004	1,000	0	1,000	62,556	143,118
2020	149,029	3,026	982	964	0	964	63,470	145,753

Table 5.20.89: Bundle 15, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,111	123,991
2012	11,533	526	1,587	1,287	468	1,755	55,200	122,541
2013	26,221	768	1,372	1,284	304	1,588	56,285	125,604
2014	37,860	991	1,307	1,257	235	1,491	57,347	128,550
2015	52,332	1,327	1,173	1,224	233	1,457	58,475	131,738
2016	71,078	1,691	1,082	1,190	185	1,375	59,532	134,757
2017	89,078	1,965	1,043	1,101	127	1,228	60,591	137,608
2018	103,019	2,191	1,020	1,075	68	1,143	61,599	140,420
2019	114,597	2,424	1,004	1,060	62	1,122	62,556	143,118
2020	126,010	2,621	982	1,046	7	1,053	63,470	145,753

Table 5.23 System Reform Simulation Results under Severe Economic Impact

Table 5.23.1: Current Law, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,794	1,443	1,142	217	1,359	54,364	125,593
2014	0	-3,179	2,231	1,203	219	1,422	54,934	126,125
2015	0	-2,722	1,625	1,276	225	1,501	56,426	130,594
2016	0	-2,262	1,782	1,278	229	1,506	57,293	132,877
2017	0	-1,397	1,560	1,292	233	1,525	58,447	136,239
2018	0	-275	1,475	1,290	237	1,528	59,469	139,227
2019	39,225	1,202	1,320	1,274	241	1,515	60,493	142,328
2020	62,412	1,324	1,216	1,245	30	1,275	61,386	145,204

Table 5.23.2: Bundle 1, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,762	1,463	1,110	100	1,210	53,646	123,991
2012	0	-2,874	1,613	1,144	214	1,359	53,360	122,541
2013	0	-2,606	1,396	1,164	217	1,380	54,364	125,593
2014	0	-2,896	2,154	1,216	219	1,435	54,934	126,125
2015	0	-2,364	1,560	1,282	225	1,507	56,426	130,594
2016	0	-1,807	1,710	1,297	229	1,526	57,293	132,877
2017	0	-851	1,490	1,307	233	1,540	58,447	136,239
2018	8,937	363	1,402	1,295	237	1,533	59,469	139,227
2019	18,616	435	1,251	1,270	29	1,299	60,493	142,328
2020	22,808	557	1,147	1,241	0	1,241	61,386	145,204

Table 5.23.3: Bundle 3, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,784	1,485	1,110	100	1,210	53,646	123,991
2012	0	-2,827	1,555	1,155	214	1,369	53,360	122,541
2013	0	-2,496	1,343	1,173	217	1,390	54,364	125,593
2014	0	-2,703	2,076	1,220	219	1,440	54,934	126,125
2015	0	-2,114	1,512	1,291	225	1,516	56,426	130,594
2016	0	-1,505	1,659	1,297	229	1,526	57,293	132,877
2017	0	-517	1,452	1,301	233	1,534	58,447	136,239
2018	22,616	742	1,372	1,297	237	1,534	59,469	139,227
2019	39,043	867	1,228	1,279	29	1,309	60,493	142,328
2020	45,655	1,027	1,131	1,241	0	1,241	61,386	145,204

Table 5.23.4: Bundle 6, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,762	1,463	1,110	100	1,210	53,646	123,991
2012	0	-2,336	1,532	1,133	683	1,816	53,360	122,541
2013	0	-1,471	1,326	1,148	759	1,907	54,364	125,593
2014	0	-1,129	2,047	1,192	768	1,960	54,934	126,125
2015	0	16	1,482	1,255	787	2,042	56,426	130,594
2016	9,420	470	1,624	1,263	800	2,064	57,293	132,877
2017	28,806	816	1,415	1,219	508	1,727	58,447	136,239
2018	41,761	879	1,332	1,082	266	1,348	59,469	139,227
2019	43,238	860	1,188	1,039	82	1,121	60,493	142,328
2020	43,347	918	1,089	1,038	61	1,100	61,386	145,204

Table 5.23.5: Bundle 7, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,784	1,485	1,110	100	1,210	53,646	123,991
2012	0	-2,834	1,561	1,155	214	1,369	53,360	122,541
2013	0	-2,504	1,348	1,177	217	1,394	54,364	125,593
2014	0	-2,713	2,085	1,227	219	1,447	54,934	126,125
2015	0	-2,134	1,518	1,287	225	1,512	56,426	130,594
2016	0	-1,532	1,665	1,297	229	1,526	57,293	132,877
2017	0	-552	1,458	1,299	233	1,532	58,447	136,239
2018	21,122	699	1,378	1,297	237	1,534	59,469	139,227
2019	36,766	820	1,233	1,283	29	1,312	60,493	142,328
2020	43,241	980	1,136	1,248	0	1,248	61,386	145,204

Appendix 5.23.6 Bundle B8, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	4,235	16	1,671	1,121	214	1,335	53,360	122,541
2013	184	-259	1,443	1,142	26	1,168	54,364	125,593
2014	0	-1,095	2,231	1,203	193	1,396	54,934	126,125
2015	0	-1,218	1,625	1,276	225	1,501	56,426	130,594
2016	0	-1,347	1,782	1,278	229	1,506	57,293	132,877
2017	0	-1,082	1,560	1,292	233	1,525	58,447	136,239
2018	0	-571	1,475	1,290	237	1,528	59,469	139,227
2019	5,610	251	1,320	1,274	241	1,515	60,493	142,328
2020	12,849	323	1,216	1,245	30	1,275	61,386	145,204

Table 5.23.7: Bundle B10, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	11,327	492	1,671	1,121	683	1,804	53,360	122,541
2013	27,172	786	1,443	1,142	568	1,710	54,364	125,593
2014	25,607	235	2,231	1,203	452	1,655	54,934	126,125
2015	11,312	348	1,625	1,276	450	1,726	56,426	130,594
2016	16,201	417	1,782	1,278	558	1,836	57,293	132,877
2017	24,849	756	1,560	1,292	583	1,874	58,447	136,239
2018	43,212	1,104	1,475	1,290	489	1,779	59,469	139,227
2019	62,020	1,496	1,320	1,274	377	1,650	60,493	142,328
2020	82,734	1,925	1,216	1,194	367	1,562	61,386	145,204

Table 5.23.8: Bundle B14, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,111	123,991
2012	15,206	776	1,587	1,287	715	2,001	55,200	122,541
2013	42,313	1,215	1,371	1,283	485	1,768	56,280	125,593
2014	47,488	788	2,120	1,293	352	1,645	56,793	126,125
2015	38,239	969	1,543	1,337	349	1,685	58,335	130,594
2016	47,965	1,121	1,693	1,338	460	1,798	59,198	132,877
2017	59,032	1,407	1,482	1,335	374	1,709	60,413	136,239
2018	74,878	1,716	1,401	1,267	368	1,635	61,445	139,227
2019	91,613	2,056	1,254	1,239	263	1,502	62,479	142,328
2020	107,975	2,327	1,155	1,178	140	1,318	63,424	145,204

Table 5.23.9: Bundle B15, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,111	123,991
2012	11,533	526	1,587	1,287	468	1,755	55,200	122,541
2013	27,277	770	1,371	1,283	304	1,587	56,280	125,593
2014	23,861	200	2,120	1,293	233	1,526	56,793	126,125
2015	8,174	234	1,543	1,337	232	1,569	58,335	130,594
2016	8,467	176	1,693	1,338	289	1,627	59,198	132,877
2017	9,816	340	1,482	1,335	301	1,636	60,413	136,239
2018	19,007	586	1,401	1,322	306	1,628	61,445	139,227
2019	34,337	968	1,254	1,290	312	1,602	62,479	142,328
2020	54,775	1,384	1,155	1,257	260	1,517	63,424	145,204

Table 5.22 System Reform Simulation Results under Moderate Economic Impact

Table 5.24.1: Current Law, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,790	1,444	1,147	217	1,364	54,372	125,600
2014	0	-2,669	1,693	1,168	221	1,388	55,246	127,634
2015	0	-2,151	1,490	1,203	225	1,428	56,445	130,995
2016	0	-1,129	1,139	1,193	230	1,423	57,618	134,757
2017	1,007	64	1,098	1,155	234	1,389	58,587	137,608
2018	8,521	359	1,074	1,123	238	1,361	59,592	140,420
2019	19,447	452	1,057	1,100	30	1,130	60,550	143,118
2020	23,009	510	1,034	1,069	0	1,069	61,418	145,753

Table 5.24.2: Bundle 1, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,762	1,463	1,110	100	1,210	53,646	123,991
2012	0	-2,874	1,613	1,144	214	1,359	53,360	122,541
2013	0	-2,608	1,398	1,163	217	1,380	54,372	125,600
2014	0	-2,399	1,630	1,187	221	1,408	55,246	127,634
2015	0	-1,803	1,429	1,215	225	1,440	56,445	130,995
2016	0	-716	1,086	1,200	230	1,430	57,618	134,757
2017	12,610	554	1,042	1,160	234	1,394	58,587	137,608
2018	30,986	726	1,015	1,123	29	1,152	59,592	140,420
2019	38,649	864	997	1,091	0	1,091	60,550	143,118
2020	45,947	1,013	971	1,070	0	1,070	61,418	145,753

Table 5.24.3: Bundle 3, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,784	1,485	1,110	100	1,210	53,646	123,991
2012	0	-2,827	1,555	1,155	214	1,369	53,360	122,541
2013	0	-2,490	1,344	1,180	217	1,396	54,372	125,600
2014	0	-2,220	1,575	1,194	221	1,415	55,246	127,634
2015	0	-1,581	1,386	1,216	225	1,441	56,445	130,995
2016	0	-469	1,060	1,198	230	1,428	57,618	134,757
2017	22,684	836	1,022	1,165	234	1,398	58,587	137,608
2018	46,231	1,048	999	1,131	29	1,160	59,592	140,420
2019	55,812	1,221	983	1,095	0	1,095	60,550	143,118
2020	64,812	1,404	962	1,076	0	1,076	61,418	145,753

Table 5.24.4: Bundle 6, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,762	1,463	1,110	100	1,210	53,646	123,991
2012	0	-2,336	1,532	1,133	683	1,816	53,360	122,541
2013	0	-1,469	1,328	1,152	759	1,911	54,372	125,600
2014	0	-652	1,549	1,163	772	1,935	55,246	127,634
2015	9,206	563	1,358	1,191	788	1,979	56,445	130,995
2016	38,843	1,197	1,032	1,120	501	1,621	57,618	134,757
2017	61,374	1,215	990	885	57	942	58,587	137,608
2018	59,230	1,113	965	799	0	799	59,592	140,420
2019	54,973	1,075	947	848	0	848	60,550	143,118
2020	53,677	1,061	923	850	0	850	61,418	145,753

Table 5.24.5: Bundle 7, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,784	1,485	1,110	100	1,210	53,646	123,991
2012	0	-2,834	1,561	1,155	214	1,369	53,360	122,541
2013	0	-2,502	1,349	1,180	217	1,397	54,372	125,600
2014	0	-2,236	1,582	1,196	221	1,416	55,246	127,634
2015	0	-1,600	1,392	1,219	225	1,444	56,445	130,995
2016	0	-487	1,064	1,204	230	1,434	57,618	134,757
2017	21,945	814	1,026	1,165	234	1,399	58,587	137,608
2018	44,975	1,019	1,003	1,130	29	1,159	59,592	140,420
2019	54,325	1,192	987	1,100	0	1,100	60,550	143,118
2020	63,352	1,377	966	1,083	0	1,083	61,418	145,753

Table 5.25 System Reform Simulation Results under Mild Economic Impact

Table 5.25.1: Current Law, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,790	1,485	1,104	100	1,203	53,646	123,991
2012	0	-2,988	1,671	1,121	214	1,335	53,360	122,541
2013	0	-2,790	1,444	1,147	217	1,364	54,372	125,600
2014	0	-2,668	1,694	1,169	221	1,390	55,249	127,638
2015	0	-1,913	1,235	1,183	225	1,409	56,579	131,737
2016	0	-925	1,139	1,160	230	1,390	57,579	134,757
2017	5,090	252	1,098	1,135	234	1,369	58,587	137,608
2018	13,607	326	1,074	1,106	29	1,135	59,592	140,420
2019	16,217	366	1,057	1,080	0	1,080	60,550	143,118
2020	18,299	408	1,034	1,057	0	1,057	61,418	145,753

Table 5.25.2: Bundle 1, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,762	1,463	1,110	100	1,210	53,646	123,991
2012	0	-2,874	1,613	1,144	214	1,359	53,360	122,541
2013	0	-2,608	1,398	1,163	217	1,380	54,372	125,600
2014	0	-2,397	1,631	1,190	221	1,411	55,249	127,638
2015	0	-1,570	1,181	1,198	225	1,423	56,579	131,737
2016	0	-511	1,086	1,172	230	1,401	57,579	134,757
2017	20,048	744	1,042	1,138	234	1,372	58,587	137,608
2018	40,486	903	1,015	1,100	29	1,129	59,592	140,420
2019	47,574	1,035	997	1,075	0	1,075	60,550	143,118
2020	54,558	1,179	971	1,056	0	1,056	61,418	145,753

Table 5.25.3: Bundle 3, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,784	1,485	1,110	100	1,210	53,646	123,991
2012	0	-2,827	1,555	1,155	214	1,369	53,360	122,541
2013	0	-2,490	1,344	1,180	217	1,396	54,372	125,600
2014	0	-2,219	1,576	1,196	221	1,416	55,249	127,638
2015	0	-1,352	1,149	1,205	225	1,430	56,579	131,737
2016	0	-264	1,060	1,176	230	1,405	57,579	134,757
2017	30,132	1,026	1,022	1,142	234	1,376	58,587	137,608
2018	55,683	1,224	999	1,108	29	1,137	59,592	140,420
2019	64,770	1,396	983	1,085	0	1,085	60,550	143,118
2020	72,910	1,525	962	1,013	0	1,013	61,418	145,753

Table 5.25.4: Bundle 6, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,762	1,463	1,110	100	1,210	53,646	123,991
2012	0	-2,336	1,532	1,133	683	1,816	53,360	122,541
2013	0	-1,469	1,328	1,152	759	1,911	54,372	125,600
2014	0	-652	1,550	1,164	772	1,936	55,249	127,638
2015	12,847	789	1,122	1,176	789	1,965	56,579	131,737
2016	48,822	1,308	1,032	1,046	451	1,497	57,579	134,757
2017	65,825	1,274	990	836	50	885	58,587	137,608
2018	62,017	1,165	965	788	0	788	59,592	140,420
2019	56,785	1,075	947	796	0	796	60,550	143,118
2020	53,746	1,073	923	862	0	862	61,418	145,753

Table 5.25.5: Bundle 7, ($ thousands)

	Trust Fund		Benefits	Contributions			Aggregate Payroll	
Year	Interest	Ending Balance	Total	Regular	Additional	Total	Taxable	Total
2011	0	-2,784	1,485	1,110	100	1,210	53,646	123,991
2012	0	-2,834	1,561	1,155	214	1,369	53,360	122,541
2013	0	-2,502	1,349	1,180	217	1,397	54,372	125,600
2014	0	-2,235	1,582	1,198	221	1,418	55,249	127,638
2015	0	-1,369	1,154	1,209	225	1,434	56,579	131,737
2016	0	-287	1,064	1,174	230	1,404	57,579	134,757
2017	29,242	1,002	1,026	1,145	234	1,379	58,587	137,608
2018	54,403	1,198	1,003	1,111	29	1,140	59,592	140,420
2019	63,383	1,368	987	1,090	0	1,090	60,550	143,118
2020	71,501	1,498	966	1,019	0	1,019	61,418	145,753

B. *Title XII Advance Activities Schedule*

As of: April 18, 2012: Interest Rate: 2.94299868 percent

State	Outstanding Advance Balance	Advance Authorization Current Month	Gross Advance Draws Current Month	Interest for FY2012	Deferred Interest for States
Alabama	$99,117,632	$50,000,000	$5,685,648	$877,181	
Arizona	435,411,499	60,000,000	28,138,424	6,966,888	
Arkansas	317,049,781	20,000,000	0	6,287,294	
California	10,835,807,121	800,000,000	453,000,000	186,272,506	
Colorado	435,207,616	60,000,000	15,911,731	6,573,027	
Connecticut	797,015,992	40,000,000	19,715,746	14,709,444	
Delaware	76,168,758	10,000,000	4,957,390	1,240,740	
Florida	1,808,627,401	200,000,000	28,400,000	33,615,605	
Georgia	760,781,100	35,000,000	27,400,000	13,889,179	
Hawaii	7,827,653	30,000,000	12,363,546	8,642	
Idaho	0	0	0	0	
Illinois	2,583,728,665	280,000,000	91,836,503	41,322,606	
Indiana	2,069,251,554	75,000,000	40,019,612	37,658,863	
Kansas	141,714,190	35,000,000	11,146,181	1,400,342	
Kentucky	958,379,155	48,000,000	10,000,000	18,109,587	
Maryland	0	0	0	0	
Massachusetts	231,786,560	300,000,000	106,189,115	450,559	
Michigan	201,209,803	150,000,000	66,156,902	32,975,124	
Minnesota	325,365,966	300,000,000	53,135,468	3,895,529	
Missouri	796,023,422	40,000,000	17,891,556	14,249,832	
Nevada	839,773,531	55,000,000	23,543,476	14,606,952	22,552,947
New Hampshire	0	0	0	0	
New Jersey	1,828,464,594	260,000,000	141,159,489	28,180,939	
New York	4,048,576,467	200,000,000	127,733,156	65,452,412	
North Carolina	2,860,726,640	175,000,000	75,385,842	50,687,997	
Ohio	2,282,770,339	100,000,000	52,313,000	42,489,604	
Pennsylvania	3,856,609,653	250,000,000	142,591,744	63,230,175	
Rhode Island	286,227,510	30,000,000	17,384,749	4,475,757	
South Carolina	782,283,237	0	0	15,211,639	
South Dakota	0	0	0	0	
Tennessee	0	0	0	0	
Texas	0	0	0	0	
Vermont	77,731,861	10,000,000	0	1,482,028	
Virginia	350,454,000	28,500,000	16,971,952	5,343,090	
Virgin Islands	33,559,394	1,500,000	0	579,975	
Wisconsin	1,412,709,630	200,000,000	63,127,762	23,823,831	
Totals	41,540,360,721	3,843,000,000	1,652,158,992	736,067,347	22,552,947

C. UI State Trust Fund Loans: Date of First Loan

Updated April 18, 2012

State	Began Borrowing
Alabama	November 2011
Arizona	March 2010
Arkansas	March 2009
California	January 2009
Colorado	January 2010
Connecticut	October 2009
Delaware	March 2010
Florida	August 2009
Georgia	December 2009
Hawaii	April 2012
Illinois	July 2009
Indiana	December 2008
Kansas	March 2010
Kentucky	January 2009
Massachusetts	March 2012
Michigan	September 2006
Minnesota	July 2009
Missouri	February 2009
Nevada	October 2009
New Jersey	March 2009
New York	January 2009
North Carolina	February 2009
Ohio	January 2009
Pennsylvania	March 2009
Rhode Island	March 2009
South Carolina	December 2008
Vermont	March 2010
Virgin Islands	August 2009
Virginia	October 2009
Wisconsin	February 2009

Source: U.S. Dept. of Labor, Employment and Training Administration

D. Important Dates for Title XII Advances and Repayments

Interest Due and Payable (see 20 CFR 606.30)

For funds borrowed from the Federal Unemployment Account to pay Unemployment Insurance benefits interest is due and payable on September 30th with exceptions:

Cash Flow loans
May/September Delay
High Unemployment Deferral
High Unemployment Delay

Cash Flow Loans (see 20 CFR 606.32(b))

Applies to funds borrowed from January 1st through September 30th to pay Unemployment Insurance benefits. No interest will be assessed if the state:

1. The administrator of the State agency must notify the Secretary of Labor no later than September 10th which loans will be deemed Cash Flow Loans
2. Repays all outstanding loan amounts by September 30th and
3. Does not borrow between October 1st and December 31st of the same year.

May/September Delay (see 20 CFR 606.40)

Payment of interest accrued on loans taken in May through September may be delayed until December 31st of the following calendar year.

Governor of the state must notify the Secretary of Labor by September 1st that the state will utilize this delay.

High Unemployment Deferral (see 20 CFR 606.41)

A state may defer interest payments if it's IUR equals or exceeds 7.5 percent for the first six months of the previous calendar year. The state must pay one-fourth of the interest due on September 30th and one-third of the remaining interest balance on September 30th in each of the 3 years following the 1st payment.

The governor must request deferral no later than July 1st of the year for which deferral is requested.

High Unemployment Delay (see 20 CFR 606.42)

A state may request delay of interest payment for nine months after September 30th if the TUR averaged 13.5 percent or higher for the most recent 12 months. The state must pay interest in full by July 1st of following year. No interest accrues on delayed interest.

The state must apply no later than July 1st of the year for which the delay is requested.

Avoidance of Credit Delay (see 20 CFR 606.24)

To avoid a Federal Unemployment Tax Act (FUTA) credit reduction for a taxable year, a State must submit an application to the Secretary of Labor prior to July 1st of the year for which avoidance is sought. To obtain avoidance the state must: pay the amount that the credit reduction would produce prior to November 10th of the year for which avoidance is to apply; repay all FUA loans received during the one-year period ending November 9th prior to November 10th; increase solvency for the taxable year through legislative action by an amount equal to or greater than the amount of the FUTA credit reduction; and not borrow before the next January 31st.

Cap on Credit Reduction (see 20 CFR 606.22)

To qualify for a cap on credit reductions, beginning with the second taxable year a credit reduction is applicable, a state must: submit an application to the Secretary of Labor prior to July 1st of the year for which a cap is sought; take no action (legislative, judicial, or administrative) during the 12-month period ending September 30th of the year for which a cap is requested that would reduce taxes or solvency for the period ending September 30th; have an average tax rate on total wages for the taxable year that equals or exceeds the average benefit cost ratio for the five years ending with the preceding calendar year; and have a loan balance on September 30th of the taxable year that is less than or equal to the loan balance on September 30th of the third preceding year.

Fifth Year Waiver (see 20 CFR 606.25)

The additional tax credit reduction under FUTA, section 3302(c) (2)(C), beginning in the fifth consecutive year of a balance of outstanding advances shall be waived and the additional tax credit reduction under FUTA, section 3302(c)(2)(B), shall be substituted, if a state submits an application to the Secretary of Labor prior to July 1st of the year for which the waiver is requested; and the state takes no action (legislative, judicial, or administrative) during the 12-month period ending September 30th of the year for which the waiver is requested that would reduce solvency for the period ending September 30th

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E. Significant State Metrics:

As of April 4, 2012

States That Did Not Receive Title XII Advances in Yellow

Current Interest Rate: 2.94299868 percent

	Outstanding Advance Balance	Interest for FY2012	March 2010 AHCM	March 2010 TF % TW	December 2007 AHCM	December 2007 TF % TW	TUR Feb 2012	TUR Mar 2010	TUR OCT 2009	TUR Dec 2007	New Tax 2011	Min Tax 2011	Max Tax 2011	Taxable Wage Base 2011	Maximum Per/Employee Taxes 2011
AL	97,813,234	766,230	-		0.52	0.72	7.6	11.0	10.9	4.0	2.70%	0.59%	6.74%	8,000	$ 539
AK			0.89	2.39	1.07	3.36	7.1	8.6	8.9	6.5	3.40%	1.00%	5.40%	34,600	$ 1,868
AZ	428,910,130	6,482,248	0.18	0.01	1.10	1.10	8.7	9.6	9.3	4.7	2.00%	0.02%	5.86%	7,000	$ 410
AR	323,340,207	5,926,134	-		0.32	0.49	7.6	7.8	7.6	5.9	3.80%	1.00%	6.90%	12,000	$ 828
CA	10,821,293,733	174,160,762	-		0.27	0.40	10.9	12.6	12.5	6.1	3.40%	1.50%	6.20%	7,000	$ 434
CO	428,634,421	6,085,980	0.07	0.01	0.67	0.74	7.8	7.9	6.9	4.5	1.70%	1.00%	5.40%	10,000	$ 540
CT	786,840,063	13,824,271	-		0.54	0.76	7.8	9.2	8.8	5.0	3.70%	1.90%	6.80%	15,000	$ 1,020
DE	72,460,868	1,157,595	0.20	0.01	0.91	1.10	7.0	9.2	8.7	3.8	2.60%	0.10%	8.00%	10,500	$ 840
DC			0.91	1.09	1.11	1.47	9.9	11.6	11.9	6.1	2.70%	1.60%	7.00%	9,000	$ 630
FL	1,832,805,994	31,561,540	-		1.04	0.85	9.4	12.3	11.2	4.7	2.70%	1.03%	5.40%	7,000	$ 378
GA	761,600,000	13,030,007	-		0.96	0.90	9.1	10.6	10.2	4.8	2.62%	0.03%	5.40%	8,500	$ 459
HI	5,651,288	1,187	0.42	0.32	1.88	3.17	6.4	6.9	7.2	3.2	4.00%	1.20%	5.40%	34,200	$ 1,847
ID	0	0	-		0.46	1.10	8.0	9.4	9.0	3.0	3.36%	0.96%	6.80%	33,300	$ 2,264
IL	2,573,448,778	38,412,941	-		0.34	0.79	9.1	11.5	11.0	5.5	3.80%	0.70%	8.40%	12,740	$ 1,070
IN	2,090,662,499	35,313,834	-		0.29	0.35	8.4	9.9	9.8	4.5	2.50%	0.70%	9.50%	9,500	$ 903
IA			0.43	0.55	0.89	1.81	5.3	6.8	6.7	4.0	1.90%	0.00%	9.00%	24,700	$ 2,223
KS	137,328,462	1,242,925	0.17	0.08	0.96	1.40	6.1	6.5	6.8	4.4	4.00%	0.11%	7.40%	8,000	$ 592

KY	957,950,391	17,028,256	-		0.21	0.45	8.7	10.7	11.2	5.7	2.70%	1.00%	10.00%	8,000	$ 800
LA			0.71	1.77	0.93	2.54	7.0	6.9	7.4	4.2	In Avg	0.11%	6.20%	7,700	$ 477
ME			1.20	1.94	1.64	3.19	7.1	8.2	8.2	5.1	3.02%	0.86%	7.95%	12,000	$ 954
MD	0	0	0.11	0.01	0.78	1.14	6.5	7.7	7.3	3.8	2. 0%	2.20%	13.50%	8,500	$ 1,148
MA	186,380,678	225,225	0.09	0.01	0.50	0.90	6.9	9.3	8.9	4.5	2.83%	1.26%	12.27%	14,000	$ 1,718
MI	236,930,246	32,717,023	-		-		8.8	14.1	15.1	7.6	2.70%	0.06%	10.30%	9,000	$ 927
MN	316,573,268	3,536,148	-		0.38	0.59	5.7	7.4	7.6	4.9	2.91%	0.50%	9.40%	27,000	$ 2,538
MS			1.11	1.57	1.70	2.60	9.5	11.5	9.8	6.8	2.70%	0.85%	5.40%	14,000	$ 756
MO	798,478,356	13,351,254	-		0.12	0.14	7.4	9.5	9.7	5.5	3.51%	0.00%	9.75%	13,000	$ 1,268
MT			0.82	1.05	1.45	2.47	6.2	7.1	6.4	3.6	In Avg	0.82%	6.12%	26,300	$ 1,610
NE			0.71	0.48	1.21	1.16	4.0	5.0	4.9	3.2	2.50%	0.00%	8.66%	9,000	$ 779
NV	831,772,046	13,666,938	-		1.02	1.73	12.3	13.4	13.0	5.8	2.95%	0.25%	5.40%	26,600	$ 1,436
NH	0	0	0.08	0.02	1.16	1.08	5.2	7.0	6.8	3.6	3.70%	0.01%	7.00%	12,000	$ 840
NJ	1,772,388,380	26,159,582	-		0.21	0.38	9.0	9.8	9.7	4.2	2.80%	0.50%	5.80%	29,600	$ 1,717
NM			0.87	0.98	1.85	2.59	7.2	8.8	7.9	3.7	2.00%	0.05%	5.40%	21,900	$ 1,183
NY	3,999,088,897	60,921,261	-		0.09	0.11	8.5	8.6	9.0	4.7	4.10%	1.50%	9.90%	8,500	$ 842
NC	2,842,030,261	47,481,189	-		0.23	0.31	9.9	11.3	11.0	4.9	1.20%	0.24%	6.84%	19,700	$ 1,347
ND			0.52	0.81	0.80	1.68	3.1	4.0	4.2	3.3	1.37%	0.20%	10.00%	25,500	$ 2,550
OH	2,280,194,111	39,920,385	-		0.12	0.27	7.6	11.0	10.5	6.0	2.70%	0.70%	9.60%	9,000	$ 864
OK			0.82	0.88	1.54	1.94	6.0	6.6	7.1	4.1	1.00%	0.30%	7.50%	18,600	$ 1,395
OR			0.75	1.74	1.46	3.67	8.8	10.9	11.0	5.2	3.30%	2.20%	5.40%	32,300	$ 1,744
PA	3,786,166,952	58,939,726	-		0.30	0.83	7.6	12.6	8.8	4.7	3.70%	2.68%	10.82%	8,000	$ 866
PR			0.77	2.20	1.00	3.22	15.0	15.9	15.7	11.0	3.30%	2.40%	5.40%	7,000	$ 378
RI	280,625,950	4,157,153	-		0.37	1.08	11.0	12.6	12.9	4.5	2.46%	1.69%	9.79%	19,000	$ 1,860
SC	782,352,168	14,330,947	-		0.26	0.38	9.1	12.2	12.1	6.6	2.24%	0.10%	11.28%	10,000	$ 1,128
SD	0	0	-		0.33	0.27	4.3	4.8	5.0	3.0	1.20%	0.00%	9.50%	11,000	$ 1,045
TN	0	0	0.15	0.02	0.48	0.65	8.0	10.2	10.6	5.4	2.70%	0.50%	10.00%	9,000	$ 900

TX	0	0	-		0.44	0.46	7.1	8.2	8.3	4.5	2.70%	0.78%	8.25%	9,000	$ 743
UT			0.87	1.18	1.44	2.32	5.7	7.2	6.5	3.2	In Avg	0.40%	9.40%	28,600	$ 2,688
VT	77,731,861	1,394,522	0.14	0.02	1.21	2.28	4.9	6.5	6.5	4.0	1.00%	1.30%	8.40%	13,000	$ 1,092
VI	33,693,187	542,106	-		0.78	1.96	-	-	-	-	3.00%	0.10%	9.00%	22,600	$ 2,034
VA	358,861,000	4,942,231	-		0.70	0.58	5.7	7.4	6.6	3.5	3.17%	0.77%	6.87%	8,000	$ 550
WA			1.00	2.13	1.54	3.76	8.2	9.5	9.3	4.6	In Avg	0.49%	6.00%	37,300	$ 2,238
WV			0.22	0.34	0.45	1.40	7.2	8.5	8.4	4.1	2.70%	1.50%	7.50%	12,000	$ 900
WI	1,400,275,867	22,243,140	-		0.29	0.72	6.9	8.8	8.4	4.8	3.60%	0.27%	9.80%	13,000	$ 1,274
WY			0.71	1.45	1.13	2.89	5.4	7.3	7.4	3.1	In Avg	0.67%	10.00%	22,300	$ 2,230
US	41,302,283,293	689,522,741	-	0.19	0.52	0.80	8.2	9.7	10.2	5.0	In Avg -				
In Avg.: Industry Average															

F. State Legislation Affecting UI Program Features that Impact Solvency 2009 – 2011

G. January 2012 UI Significant Provisions

Document available in PDF Version

H. Comparisons of State UI Taxing Laws

Document available in PDF Version

I. *Comparisons of State UI Benefit Laws*

Document available in PDF Version

Attachment F

State Legislation Affecting UI Program Features that Impact Solvency, 2009-2011

A. **Introduction of a Flexible Taxable Wage Base or an Increased Taxable Wage Base**
B. **Modification of New Employer Tax Rate**
C. **Implementation/Authorization of a Special Assessment/Surtax/Solvency Tax/UTF Adjustment Factor**
D. **Modification of Employer Tax Schedule**
E. **Modification of Formulas for Tax Schedule Triggers**
F. **Increase of Employer Tax Rates**
G. **Elimination of Zero-Rated Options for Employers**
H. **Modification of Experience Rating Formula**
I. **Modification of Benefit Charging Methodology**
J. **Modification of Experience Rating Formula: Moving from a Reserve Ratio Experience Rating Formula to a Benefit Ratio Experience Rating Formula or a Payroll Decline Experience Rating Formula**
K. **Modification of Minimum/Maximum Weekly Benefit Amounts and/or Modification of Requirements for Base Period Wages (Monetary Eligibility)**
L. **Modifying Wage Replacement Ratio**
M. **Modification of Minimum/Maximum Weekly Benefit Amounts**
N. **Introduction or Extension of a Wait-Period (a Waiting Week)**
O. **Targeting resources for Reemployment Services to Claimants or Implementing a Work-Share Program**
P. **Introduction of Enhanced Integrity Efforts or Overpayment Recovery Efforts**
Q. **Reducing the Eligible Duration of Unemployment Compensation for Claimants**
R. **Introduction of Alternate Base Period**
S. **Introduction or Modification of a Special Set-Aside Obligation Fund (for Training, Benefit Payments, Bond Debt Service, Repayment of Title XII Loans, or Repayment of Interest on Title XII Loans)**
T. **Authorization/Reauthorization of Bond Issuance or Means of Alternative Financing**

Source: U.S. Department of Labor's reports on State Legislation, 2009 to 2011

A. Introduction of a Flexible Taxable Wage Base or an Increased Taxable Wage Base

ARKANSAS SB 429ENACTED and EFFECTIVE April 3, 2009 (Act No. 802)
Increases the taxable wage base from $10,000 to $12,000 for any calendar year beginning after December 31, 2009.

VERMONT HB 442 ENACTED AND EFFECTIVE June 9, 2009
Increases the taxable wage base from $8,000 to $10,000 from January 1, 2010, through December 31, 2010.

FLORIDA SB 810 ENACTED June 1, 2009 EFFECTIVE June 1, 2009, or as noted
Increases the taxable wage base from $7,000 to $8,500 effective January 1, 2010. Decreases the taxable wage base from $8,500 to $7,000 effective January 1, 2015.

NEBRASKA L 631 ENACTED and EFFECTIVE May 26, 2009
Increases the taxable wage base to $9,500 during a calendar year beginning after December 31, 2009 (previously $7,000).

WEST VIRGINIA SB 246 ENACTED and EFFECTIVE May 11, 2009
Defines the term "threshold wage" (also referred to as the taxable wage base) to mean the wage amount the employer pays unemployment taxes on for each person in his or her employ during a calendar year. Effective May 11, 2009, increases the threshold wage from $8,000 to $12,000; provided that when the moneys in the unemployment fund reach $220 million on February 15 of any year, the taxable wage base, thereafter, will be reduced to $9,000; provided however, that each year thereafter the taxable wage base will increase or decrease by the same percentage that the state's average wage increases or decreases.

NEW HAMPSHIRE SB 129 ENACTED August 7, 2009 EFFECTIVE January 1, 2010
Raises the taxable wage base as follows: $10,000, effective January 1, 2010 (previously $8,000); $12,000, effective January 1, 2011; and $14,000, effective January 1, 2012.

TENNESSEE HB 2324 ENACTED and EFFECTIVE June 25, 2009
Establishes a flexible taxable wage base based on the balance in the state's unemployment trust fund on June 30 and December 31 of each year as follows: When the balance is greater than $1,000,000,000, the wage base shall be $7,000; When the balance is greater than $900,000,000 but less than or equal to $1,000,000,000 the wage base shall be $8,000; and when the balance is less than or equal to $900,000,000 the wage base shall be $9,000.

FLORIDA HB 7033 ENACTED and EFFECTIVE March 2, 2010 (Retroactive to June 29, 2009)
Maintains the taxable wage base at $7,000 for calendar years 2010 and 2011 (supersedes previous legislation increasing it to $8,500). Increases the taxable wage base to $8,500 for calendar years 2012, 2013, and 2014. Decreases the taxable wage base from $8,500 to $7,000 for calendar year 2015 and each year thereafter. Increases the taxable wage base to $8,500 in

any calendar year in which repayment of the principal amount of a Title XII advance is due to the Federal government.

SOUTH DAKOTA SB 186 ENACTED and EFFECTIVE March 10, 2010
Increases the taxable wage base from $9,500 to $10,000 for calendar year 2010; $11,000 for calendar year 2011; $12,000 for calendar year 2012; $13,000 for calendar year 2013; $14,000 for calendar year 2014; and $15,000 on or after January 1, 2015.
INDIANA SB 23 ENACTED and EFFECTIVE March 25, 2010
Reduces the taxable wage base for calendar year 2010 to $7,000 (previously $9,500). Beginning with calendar year 2011, increases the taxable wage base to $9,500.

KENTUCKY HB 5a ENACTED June 4, 2010 EFFECTIVE July 15, 2010, or as noted
Increases, effective for calendar year 2012, the taxable wage base from $8,000 to $9,000 which shall increase by an additional $300 on January 1 of each subsequent year to 2022, not to exceed $12,000.

MISSISSIPPI HB 1718 ENACTED and EFFECTIVE April 8, 2010
Increases the taxable wage base from $7,000 to $14,000, beginning January 1, 2011, and thereafter.

SOUTH CAROLINA SB 391ENACTED June 3, 2010 EFFECTIVE January 1, 2011, or as noted
Changes the taxable wage base from $7,000 to $10,000 for calendar year 2011 and for calendar years 2012-2014, the wage base will be $12,000. Beginning with calendar year 2015, the wage base will be $14,000.

VERMONT SB 290 ENACTED and EFFECTIVE May 24, 2010,or as noted
Increases the taxable wage base from $10,000 to $13,000 for calendar year 2011 and to $16,000 for calendar year 2012. After January 1, 2012, whenever the unemployment compensation fund has a positive balance and all Title XII advances to the state unemployment compensation fund have been repaid as of June 1, the taxable wage base shall be adjusted on January 1 of the following year by the same percentage as any increase in the state annual average wage. When contribution rate schedule I or III is in effect, the taxable wage base shall be reduced by $2,000 the following January 1 and shall be adjusted annually thereafter on January 1 of the following year by the same percentage as any increase in the state annual average wage. (Effective July 1, 2010.)

HAWAII HB 2169 ENACTED and EFFECTIVE March 11, 2010
Changes the calculation of the taxable wage base for calendar years 2010 and 2011 only. “Wages” do not include remuneration in excess of the wages paid with respect to employment to an individual by an employer during the calendar year that exceeds 90 percent (previously 100 percent) of the average annual wage (retroactive to January 1, 2010), thereby, increasing the 2009 taxable wage base from $13,000 to $34,900 in 2010 and decreasing it to $34,200 in 2011.

B. Modification of New Employer Tax Rate

NORTH DAKOTA SB 2101 ENACTED and EFFECTIVE April 22, 2009
Adds that calculations of unemployment compensation contribution rates for the following employers must be rounded to the nearest one-hundredth of one percent: new employers assigned a rate that is 90 percent of the positive employer maximum rate or a rate of 1 percent, whichever is greater, unless classified in construction services; and employers assigned rates according to the positive employer rate group schedule or the negative employer rate group schedule.

NEBRASKA L 631 ENACTED and EFFECTIVE May 26, 2009
Establishes new employer rate of 2.5 percent for each CY after December 31, 2009. For state or political subdivisions of the state, employer contribution rate is raised to 1.6 percent (from 1 percent) after December 31, 2009.

MISSISSIPPI SB 2027 ENACTED January 12, 2010 EFFECTIVE January 1, 2010
Provides that during years that the Workforce Enhancement Training contribution is in effect, instead of paying a 2.7 percent tax rate, each newly subject employer shall be assigned a tax rate of 2.4 percent to which will be added the 0.3 percent Workforce Enhancement Training contribution. Requires the deposit of Workforce Enhancement Training contributions into the Mississippi Department of Employment Security clearing account, and requires the transfer of such contributions within 2 business days to the Workforce Enhancement Training Fund holding account. Any Workforce Enhancement Training contribution transactions not honored by a financial institution will be transferred back to the clearing account out of funds in the Workforce Enhancement Training contribution holding account.

INDIANA SB 23 ENACTED and EFFECTIVE March 25, 2010
Increases the new employer rate to 2.7% (previously 2.5%) for calendar year 2010. Beginning with calendar year 2011, the new employer rate decreases to 2.5%. (Effective January 1, 2010.) Requires employers, during calendar year 2010, to pay a rate of not less than 5.6 percent if: (1) the required contribution and wage reports are not filed within 31 days following the computation date and (2) all contributions, penalties and interest due have not been paid within the specified time frame. Beginning with calendar year 2011, an employer's rate shall be increased by 2 percent if the required contribution and wage reports are not filed within 31 days following the computation date and all contributions, penalties and interest due have not been paid within the specified time frame. (Effective January 2, 2010.)

MINNESOTA SB 2510 ENACTED May 15, 2010 EFFECTIVE May 16, 2010, or as noted
Changes the computation of the tax rate for new taxpaying employers in a high experience rating industry who do not qualify for an experience rating from 8.0 percent plus the applicable base tax rate and any additional assessments to the higher of that provided for new taxpaying employers not in a high experience rating industry or the tax rate computed to the nearest one hundredth of a percent plus the applicable base tax rate and any additional assessments.

C. Implementation/Authorization of a Special Assessment/Surtax/Solvency Tax/UTF Adjustment Factor

COLORADO SB 76 ENACTED June 2, 2009 EFFECTIVE July 1, 2009
Deletes the paragraph which: annually establishes a surcharge based on benefits paid and not chargeable to any employer's account; calculates the surcharge tax rate by dividing the benefits not changed by the total taxable payroll; allocates 50 percent to the unemployment compensation fund (UCF) and 50 percent to the employment support fund; and adds the surcharge tax rate to employer's standard or computed tax rate with 80 percent of the surcharge tax revenues considered as revenues for calculating the tax surcharge and which will be the employer's tax rate for the ensuing calendar year. Provides that the surcharge tax established must be segregated and deposited in the employment support fund. (Formerly only 50 percent was deposited in such fund.) Provides that, effective calendar year 2009, allocates 30 percent (previously 50 percent) of the annual surcharge tax rate to the UCF (previously general fund), 50 percent to the employment support fund, and 20 percent to the employment and training technology fund. Provides that, effective January 1, 2017, allocates 50 percent of the surcharge tax rate to the UCF and 50 percent to the employment support fund. Provides, notwithstanding any provision to the contrary, beginning July 1, 2009, through December 31, 2016, 20 percent of the surcharge tax must be credited to the employment and training technology fund, which is hereby created in the State treasury. Moneys in such fund must: be used for employment and training automation initiatives, be subject to annual appropriation, must not revert to the general fund or any other fund at the end of any fiscal year, and be exempt from limitations on uncommitted reserves. If the balance of the UCF falls below $25 million, the moneys in the employment and training technology fund must be allocated to the UCF. At any other time, the moneys in the employment and training technology fund may be allocated to the UCF at the discretion of the Executive Director of the Department of Labor and Employment.

FLORIDA SB 810 ENACTED June 1, 2009 EFFECTIVE June 1, 2009, or as noted
Provides that, effective January 1, 2010, if the balance of the Unemployment Compensation Trust Fund on June 30 of the calendar year immediately preceding the calendar year for which the contribution rate is being computed is less than 4 (previously 3.7) percent of the taxable payrolls for the year ending June 30, a positive adjustment factor must be computed by dividing the sum of the total taxable payrolls for the year ending June 30 of the current calendar year into a sum equal to one-third (previously one-fourth) of the difference between the balance of the fund as of June 30 of that calendar year and the sum of 5 (previously 4.7) percent of the total taxable payrolls for that year. The positive adjustment factor remains in effect for subsequent years until the balance of the Unemployment Compensation Trust Fund as of June 30 of the year immediately preceding the effective date of the contribution rate equals or exceeds 5 (previously 3.7) percent of the taxable payrolls for the year ending June 30. Beginning January 1, 2015, and for each year thereafter, the positive adjustment authorized must be computed by dividing the sum of the total taxable payrolls for the year ending June 30 of the current calendar year into a sum equal to one-fourth of the difference between the balance of the fund as of June 30 of that calendar year and the sum of 5 percent of the total taxable payrolls for that year. The positive adjustment factor remains in effect for subsequent years until the balance of the Unemployment Compensation Trust Fund as of June 30 of the year immediately preceding the effective date of

the contribution rate equals or exceeds 4 percent of the taxable payrolls for the year ending June 30 of the current calendar year. Provides that if, beginning January 1, 2015, and each year thereafter, the balance of the Unemployment Compensation Trust Fund as of June 30 of the year immediately preceding the calendar year for which the contribution rate is being computed exceeds 5 (previously 4.7) percent of the taxable payrolls for the year ending June 30 of the current calendar year, a negative adjustment factor must be computed. The negative adjustment factor must be computed annually beginning on January 1, 2015, and each year thereafter, by dividing the sum of the total taxable payrolls for the year ending June 30 of the current calendar year into a sum equal to one- fourth of the difference between the balance of the fund as of June 30 of the current calendar year and 5 (previously 4.7) percent of the total taxable payrolls of that year. The negative adjustment factor remains in effect for subsequent years until the balance of the Unemployment Compensation Trust Fund as of June 30 of the year immediately preceding the effective date of the contribution rate is less than 5 (previously 4.7) percent, but more than 4 (previously 3.7) percent of the taxable payrolls for the year ending June 30 of the current calendar year. This authorized negative adjustment is suspended in any calendar year in which repayment of the principal amount of an advance received from the Federal Unemployment Compensation Trust Fund is due to the Federal government.

NEW HAMPSHIRE SB 129 ENACTED August 7, 2009 EFFECTIVE January 1, 2010 unless otherwise specified
Provides for a 0.5 percent emergency surcharge when the trust fund fails to equal or exceed $150 million. Establishes a deduction in any calendar quarter from every employer’s contribution rate, based on the trust fund balance, throughout the next preceding calendar quarter, to be: 0.5 percent when the fund equals or exceeds $250 million; 1.0 percent when the fund equals or exceeds $275 million; and 1.5 percent when the fund equals or exceeds $300 million.
FLORIDA HB 7033 ENACTED and EFFECTIVE March 2, 2010 (Retroactive to June 29, 2009)
Assesses an additional rate on contributing employers to pay for interest due on Title XII advances. The additional rate shall be assessed no later than February 1 in each calendar year in which an interest payment is due. The amount of such interest shall be estimated no later than December 1 of the calendar year preceding the calendar year in which an interest payment is due. The basis for the estimate include at a minimum: The amounts actually advanced to the trust fund; amounts expected to be advanced to the trust fund based on current and projected unemployment patterns and employer contributions; the interest payment due date; and, the interest rate that will be applied by the Federal Government to any accrued outstanding balances.

RHODE ISLAND HB 7397 ENACTED June 12, 2010 EFFECTIVE July 1, 2010
Removes the provision requiring a surtax of 0.3 percent of taxable wages be levied during years when the amount in the employment security fund available for benefits, net of obligations owed to the Federal government, is less than zero at the end of the second month of any calendar quarter. Increases the Job Development Assessment from 0.21 percent to 0.51 percent beginning with the 2011 tax year. Provides that beginning on January 1, 2011, 0.02 percent of the Job Development Assessment shall be used to support necessary core services in the unemployment insurance and employment services programs, and further provides that 0.3 percent of the Job Development Assessment shall be deposited in a restricted receipt account to be used solely to

pay the principal and/or interest due on Title XII advances; however, if the Title XII advances are repaid through a state revenue bond or other financial mechanism, the funds in the account may be used to pay the principal and/or interest that accrues on the debt.

MISSISSIPPI SB 2027 ENACTED January 12, 2010 EFFECTIVE January 1, 2010
Provides that during years that the Workforce Enhancement Training contribution is in effect, instead of paying a 2.7 percent tax rate, each newly subject employer shall be assigned a tax rate of 2.4 percent to which will be added the 0.3 percent Workforce Enhancement Training contribution. Requires the deposit of Workforce Enhancement Training contributions into the Mississippi Department of Employment Security clearing account, and requires the transfer of such contributions within 2 business days to the Workforce Enhancement Training Fund holding account. Any Workforce Enhancement Training contribution transactions not honored by a financial institution will be transferred back to the clearing account out of funds in the Workforce Enhancement Training contribution holding account.

MISSISSIPPI HB 1718 ENACTED and EFFECTIVE April 8, 2010
Provides that the Workforce Enhancement Training Contribution shall be assessed at a rate of 0.3 percent through December 31, 2010. In calendar year 2011, and each year thereafter, the Workforce Enhancement Training Contribution shall be assessed at a rate of 0.15 percent. Training contributions shall be reduced as necessary to prevent any employer from having a combined rate greater than 5.4 percent. Suspends for rate years beginningJanuary1,2010,theWorkforce Enhancement Training Contributions if the insured unemployment rate (IUR) exceeds an average of 5.5 percent for 3 consecutive months immediately preceding the effective date of the new rate year and shall remain suspended throughout the duration of that rate year. The suspension continues until the 3 consecutive months immediately preceding the effective date of any subsequent rate year has an IUR of less than an average of 4.5 percent. Provides that beginning January 1, 2010, the target "size of fund index" (SOFI) will be fixed at 1.0. If the IUR exceeds a 4.5 percent average for the most recent completed July to June period, the target SOFI will be 0.8 and remains at 0.8 until the computed SOFI equals 1.0 or the average IUR falls to 4.5 percent or less for any July to June period. If the IUR falls below 2.5 percent for any July to June period, the target SOFI shall be 1.2 until the computed SOFI is equal to or greater than 1.0, or the IUR is equal to or greater than 2.5 percent at which point the target SOFI returns to 1.0.

SOUTH CAROLINA SB 391ENACTED June 3, 2010 EFFECTIVE January 1, 2011, or as noted
Requires a surcharge on all employers when the Trust Fund is insolvent to pay interest on the outstanding debt calculated by dividing the estimated interest by the taxable payroll rounded to the next higher one hundredth of one percent.
HAWAII HB 2169 ENACTED and EFFECTIVE March 11, 2010
Provides that whenever the State requests a Title XII advance to pay expected benefit claims during a specified period of time, the Director, Hawaii Department of Labor and Industrial Relations, may assess all employers the amounts that are sufficient to pay the principal and interest costs on the advance, provided that the Director develops a mechanism of distributing these payments among employers in a fair and equitable manner.

HAWAII HB 1077 ENACTED February 23, 2011 EFFECTIVE January 1, 2011
Adds that monies in the employment and training fund may be used also for funding the payment of interest due on Title XII advances. Amends the law to provide that every employer, except reimbursable employers, shall be subject to an employment and training fund assessment at a rate of 0.01 percent of taxable wages. (Previously employers assigned a minimum rate of 0.0 percent or the maximum rate of 5.4 percent were not required to pay this assessment). Adds that if interest is due on a Title XII advance, the employment and training fund assessment shall be increased to pay the interest due. The director shall have the discretion to determine the amount of the increase in the employment and training assessment rate for the calendar year 2011. The increase in the employment and training assessment rate shall be in increments of .01 percent. Notwithstanding any provisions to the contrary, if interest payments on a Title XII advance are subsequently waived by federal law, the aggregate amount of interest payments collected shall constitute the total employment and training assessments payable by employers for the calendar year 2012 only, and no employment and training assessment shall be collected from any employer in that year and no refund shall be paid retroactively to any employer based on the federal waiver of interest payments.

ARKANSAS HB 1909 ENACTED and EFFECTIVE March 24, 2011
Extends the period from July 1, 2007, through June 30, 2011, to July 1, 2007, through June 30, 2015, for the proceeds of the stabilization tax in the amount of 0.025% of taxable wages collected to be deposited and credited to the Department of Workforce Services Training Trust Fund, there to be used for worker training. Extends, however, the period from July 1, 2007, through June 30, 2011, to July 1, 2007, through June 30, 2015, for the proceeds of the stabilization tax in the amount of 0.025% of taxable wages collected to be deposited and credited to the Department of Workforce Services Unemployment Insurance Administration Fund, there to be used for operating expenses of the unemployment insurance program necessary for the proper administration of the Department of Workforce Services Law as determined by the Director of the Department of Workforce Services.

ARIZONA HB 2619 ENACTED and EFFECTIVE April 25, 2011
Requires each employer to pay a special assessment in 2011 and 2012 at a rate determined by the Director, Arizona Department of Economic Security (Department). Provides that for calendar year 2011 the determined rate shall not exceed 0.4 percent of the taxable wages paid for the tax year and, for calendar year 2012, shall not exceed 0.6 percent of the taxable wages paid for the tax year. Waives the assessment for the quarter if the amount of an employer’s assessment in any one quarter is less than $10. Provides that the special assessment will be reported and collected in accordance with the unemployment insurance law and payable on or before the date the quarterly contribution and wage reports are due, except that the assessment for taxable wages paid for the first 3 calendar quarters of tax year 2011 is payable with the employer’s quarterly state unemployment insurance contributions on or before October 31, 2011. The assessment for all other calendar quarters in tax years 2011 and 2012 is payable with the employer’s quarterly state unemployment insurance contributions.

INDIANA HB 1450 ENACTED February 24, 2011 EFFECTIVE February 24, 2011, Provides that for a calendar year beginning January 1, 2011, an experience rated employer who paid wages during the calendar year, and whose contribution rate for the calendar year was determined, and has had a payroll in each of the 3 preceding 12-month periods must pay an unemployment insurance surcharge equal to 13 percent of the employer's contribution for calendar year 2011 if, during the calendar year, the state is required to pay interest on the Title XII advances made to the state from the federal unemployment account in the federal unemployment trust fund. Federal law; and (2) the state's outstanding loan balance to the federal unemployment account on January 1 of the year. Requires that the unemployment insurance surcharge be paid quarterly at the same time as employer contributions are paid, and failure to make such payments is a delinquency. Allows the Indiana Department of Workforce Development to use amounts from the surcharge to pay interest on the Title XII advances and requires the deposit of any amounts received and not used to pay interest on Title XII advances into the unemployment insurance benefit fund. Provides that amounts paid and used to pay interest on Title XII advances do not affect and may not be charged to the experience account of any employer. Amounts paid and used for purposes other than to pay interest on Title XII advances must be credited to each employer's experience account in proportion to the amount the employer paid during the preceding 4 calendar quarters. Establishes the unemployment insurance solvency fund for the purpose of paying interest on Title XII advances, to be administered by the department. Requires that money received from the unemployment insurance surcharge that the Indiana Department of Workforce Development elects to use to pay interest on Title XII advances shall be deposited in the fund for the purposes of the fund. Requires the Treasurer of State to invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited at least quarterly in the fund. Provides that money in the fund at the end of a state fiscal year does not revert to the state general fund.

D. Modification of Employer Tax Schedule

INDIANA HB 1379 ENACTED May 13, 2009 EFFECTIVE May 13, 2009, except as otherwise indicated
Establishes a new fund ratio schedule and new rate schedules (which include additional schedules and different ranges of rates for accounts with credit or debit balances for calendar years after December 31, 2009. Rates range from .75 percent to 10.2 percent for Schedule A (previously 1.2 to 5.7 percent) and 0 percent to 5.4 percent for Schedule I (new). For calendar year 2010, Schedule B will be used to assign each employer's contribution rate.

NEW HAMPSHIRE SB 129 ENACTED August 7, 2009 EFFECTIVE January 1, 2010 unless otherwise specified
Adds a new rate schedule to determine employer contributions and increases the contribution rate for employers in Schedule I.

TENNESSEE HB 2324 ENACTED and EFFECTIVE June 25, 2009
Revises the Premium Rate Chart by removing table 6b and table 6a of the previously enacted chart becomes table 6. However, under the new table 6, if the reserve ratio percent is 20 and over, then the premium amount is "0.01" instead of "0.00". Most favorable table - trust fund balance of $850,000,000 or more with minimum rate of 0.01 percent and a maximum rate of 10.0 percent. Least favorable table - trust fund balance of less than $450,000,000 with a minimum rate of 0.50 percent and a maximum rate of 10.0 percent. Imposes an additional premium of 0.6 percent on all rates in Tables 1, 2, and 3, until the unemployment trust fund balance equals or exceeds $650,000,000.

MISSISSIPPI SB 2027 ENACTED January 12, 2010 EFFECTIVE January 1, 2010
Provides for the computation of the "cost rate criterion" which shall be adjusted only through annual computations and additions of future economic cycles. Modifies the definition of "size of fund index" and, beginning January 1, 2010, the target fund size will be fixed at 1.0 percent. Provides that beginning on and after January 1, 2010, no employer's unemployment contribution rate shall be less than 0.4 percent (previously 0.1 percent).

SOUTH DAKOTA SB 186 ENACTED and EFFECTIVE March 10, 2010
Increases, for calendar year 2010 and thereafter, the maximum contribution rate from 8.50 percent to 9.50 percent. The minimum contribution rate remains at 0.00 percent. The increased contribution rates apply to and are retroactive to taxable wages paid on and after January 1, 2010. Provides for incremental increases in employer's rates if on the last day of any calendar quarter the amount in the unemployment compensation fund, including amounts receivable as federal reimbursements due the state for shareable benefit payments, is less than $11 million. The rate increases range from 0.1 percent when the balance is greater than or equal to $10.5 million and less than $11 million to 1.5 percent when the balance is less than $5.5 million. Provides that when tax rates increase due to a reduction in the unemployment compensation fund the maximum contribution rate payable by any employer, including the adjustment percentage, is 12 percent (previously, 10.5 percent.) The increased contribution rates shall not exceed 1.0 percent for taxable wages paid for calendar year 2010 and may not exceed 0.75 percent for taxable

wages for calendar year 2011. Effective January 1, 2012, any rate increase based on the reduction of the unemployment compensation fund will remain in effect for 4 consecutive calendar quarters. The rate for the second, third and fourth quarters may increase based on the fund balance on the last day of the immediately prior quarter, but may not decrease from the prior quarter during the 4 consecutive quarters. The contribution rates apply to and are retroactive to taxable wages paid on and after January 1, 2010.

INDIANA SB 23 ENACTED and EFFECTIVE March 25, 2010
Provides for the calculation of 2010 employer contribution rates using one of four schedules (A, B, C, or D) with rates ranging from 1.1 percent to 5.6 percent under schedule A to 0.1 percent to 5.4 percent under schedule D. Establishes new fund ratio schedules and new rate schedules (which include additional schedules and different ranges of rates for accounts with credit or debit balances) for calendar years after December 31, 2010. Rates for new schedules range from 0.75 percent to 10.2 percent for schedule A and 0.0 percent to 5.4 percent for schedule I. Requires schedule B will be used for calendar year 2011 to assign each employer's contribution rate.

KENTUCKY HB 5a ENACTED June 4, 2010 EFFECTIVE July 15, 2010, or as noted

E. Modification of Formulas for Tax Schedule Triggers

NEW HAMPSHIRE SB 129 ENACTED August 7, 2009 EFFECTIVE January 1, 2010
The minimum contribution rate shall not be less than 0.10 percent. Establishes an inverse minimum rate to adjust certain employer's contribution rates when the preceding calendar quarter trust fund balance falls below certain levels: 1.5 percent when the fund fails to equal or exceed $250 million; 1.0 percent when the fund fails to equal or exceed $275 million; and 0.5 percent when the fund fails to equal or exceed $300 million.

TENNESSEE HB 2324 ENACTED and EFFECTIVE June 25, 2009
Revises the Premium Rate Chart by removing table 6b and table 6a of the previously enacted chart becomes table 6. However, under the new table 6, if the reserve ratio percent is 20 and over, then the premium amount is "0.01" instead of "0.00". Most favorable table - trust fund balance of $850,000,000 or more with minimum rate of 0.01 percent and a maximum rate of 10.0 percent. Least favorable table - trust fund balance of less than $450,000,000 with a minimum rate of 0.50 percent and a maximum rate of 10.0 percent. Imposes an additional premium of 0.6 percent on all rates in Tables 1, 2, and 3, until the unemployment trust fund balance equals or exceeds $650,000,000.

FLORIDA SB 1736 ENACTED and EFFECTIVE May 17, 2010
Establishes that September 30 (previously June 30) is the date the Unemployment Compensation Trust Fund balance is determined for purposes of computing a positive adjustment factor, beginning January 1, 2012.

SOUTH DAKOTA SB 186 ENACTED and EFFECTIVE March 10, 2010
Increases, for calendar year 2010 and thereafter, the maximum contribution rate from 8.50 percent to 9.50 percent. The minimum contribution rate remains at 0.00 percent. The increased contribution rates apply to and are retroactive to taxable wages paid on and after January 1, 2010. Provides for incremental increases in employer's rates if on the last day of any calendar quarter the amount in the unemployment compensation fund, including amounts receivable as federal reimbursements due the state for shareable benefit payments, is less than $11 million. The rate increases range from 0.1 percent when the balance is greater than or equal to $10.5 million and less than $11 million to 1.5 percent when the balance is less than $5.5 million. Provides that when tax rates increase due to a reduction in the unemployment compensation fund the maximum contribution rate payable by any employer, including the adjustment percentage, is 12 percent (previously, 10.5 percent.) The increased contribution rates shall not exceed 1.0 percent for taxable wages paid for calendar year 2010 and may not exceed 0.75 percent for taxable wages for calendar year 2011. Effective January 1, 2012, any rate increase based on the reduction of the unemployment compensation fund will remain in effect for 4 consecutive calendar quarters. The rate for the second, third and fourth quarters may increase based on the fund balance on the last day of the immediately prior quarter, but may not decrease from the prior quarter during the 4 consecutive quarters. The contribution rates apply to and are retroactive to taxable wages paid on and after January 1, 2010.

INDIANA SB 23 ENACTED and EFFECTIVE March 25, 2010
Provides for the calculation of 2010 employer contribution rates using one of four schedules (A, B, C, or D) with rates ranging from 1.1 percent to 5.6 percent under schedule A to 0.1 percent to 5.4 percent under schedule D. Establishes new fund ratio schedules and new rate schedules (which include additional schedules and different ranges of rates for accounts with credit or debit balances) for calendar years after December 31, 2010. Rates for new schedules range from 0.75 percent to 10.2 percent for schedule A and 0.0 percent to 5.4 percent for schedule I. Requires schedule B will be used for calendar year 2011 to assign each employer's contribution rate.

KENTUCKY HB 5a ENACTED June 4, 2010 EFFECTIVE July 15, 2010, or as noted
Changes the trust fund trigger date (the date the funds balance is determined) from December 31 to September 30. Changes the computation date (the end of the period used to determine the employer's experience) from October 31 to July 31. Provides that the applicable rate schedule for the year is based on the trust fund balance as of September 30 (previously December 31). Changes the amount of money required in the trust fund to effectuate Schedules A, B, and C of Table A as follows. If the trust fund balance: equals or exceeds $500,000,000 (previously $350,000,000) but is less than the amount required to trigger the Trust Fund Adequacy Rates, the rates in Schedule A shall be in effect; equals or exceeds $350,000,000 (previously $275,000,000) but is less than $500,000,000 (previously $350,000,000), the rates listed in Schedule B shall be in effect; and equals or exceeds $250,000,000 but is less than $350,000,000 (previously $275,000,000), the rates listed in Schedule C shall be in effect.
MINNESOTA SB 2510 ENACTED May 15, 2010 EFFECTIVE May 16, 2010, or as noted
Amends the tax rate provisions by providing that the base tax rate of 0.4 of one percent will be applicable if the trust fund is less than 0.55 percent, but has a positive balance. Additionally, a new base tax rate of 0.5 of one percent will be applicable if the trust fund has a negative balance and is borrowing from the federal unemployment trust fund in order to pay unemployment benefits.

MISSISSIPPI HB 1718 ENACTED and EFFECTIVE April 8, 2010
Provides that the Workforce Enhancement Training Contribution shall be assessed at a rate of 0.3 percent through December 31, 2010. In calendar year 2011, and each year thereafter, the Workforce Enhancement Training Contribution shall be assessed at a rate of 0.15 percent. Training contributions shall be reduced as necessary to prevent any employer from having a combined rate greater than 5.4 percent. Suspends for rate years beginningJanuary1,2010,theWorkforce Enhancement Training Contributions if the insured unemployment rate (IUR) exceeds an average of 5.5 percent for 3 consecutive months immediately preceding the effective date of the new rate year and shall remain suspended throughout the duration of that rate year. The suspension continues until the 3 consecutive months immediately preceding the effective date of any subsequent rate year has an IUR of less than an average of 4.5 percent. Provides that beginning January 1, 2010, the target "size of fund index" (SOFI) will be fixed at 1.0. If the IUR exceeds a 4.5 percent average for the most recent completed July to June period, the target SOFI will be 0.8 and remains at 0.8 until the computed SOFI equals 1.0 or the average IUR falls to 4.5 percent or less for any July to June period. If the IUR falls below 2.5 percent for any July to June period, the target SOFI shall be 1.2 until the

computed SOFI is equal to or greater than 1.0, or the IUR is equal to or greater than 2.5 percent at which point the target SOFI returns to 1.0.

HAWAII HB 2169 ENACTED and EFFECTIVE March 11, 2010
Provides that for calendar year 2011 (previously from calendar 2011 and thereafter) “adequate reserve fund” means an amount equal to the amount derived (previously, equal to 1½ the amount derived) by multiplying the benefit cost rate by the total remuneration paid by all employers. Provides that notwithstanding the ratio of the current reserve fund to the adequate reserve fund, contribution rate schedule D shall apply for calendar year 2010 and contribution rate schedule F shall apply for calendar year 2011. For schedule D the minimum rate is 0.20 percent and the maximum rate is 5.4 percent, and for schedule F the minimum rate is 1.20 percent and the maximum is 5.4 percent. (Retroactive to January 1, 2010.)

NEW MEXICO HB 144 ENACTED March 8, 2010 EFFECTIVE July 1, 2010 (or as indicated).

Requires the use of Contribution Schedule 0 (zero) for assigning each employer’s contribution rate from July 1, 2010, through December 31, 2010. Requires the use of Contribution Schedule 1 for assigning each employer’s contribution rate from January 1, 2011, through December 31, 2011. Requires the use of one of the following Contribution Schedules 0 - 6 for each calendar year after 2011, except as otherwise provided, to assign each employer’s rate: Contribution Schedule 0 if the fund equals at least 2.3 percent of the total payrolls (most favorable schedule with rates ranging from 0.03 percent to 5.40 percent); Contribution Schedule 1 if the fund equals less than 2.3 percent but not less than 1.7 percent of the total payrolls; Contribution Schedule 2 if the fund equals less than 1.7 percent but not less than 1.3 percent of the total payrolls; Contribution Schedule 3 if the fund equals less than 1.3 percent but not less than 1.0 percent of the total payrolls; Contribution Schedule 4 if the fund equals less than 1.0 percent but not less than 0.7 percent of the total payrolls; Contribution Schedule 5 if the fund equals less than 0.7 percent but not less than 0.3 percent of the total payrolls; or, Contribution Schedule 6 if the fund equals less than 0.3 percent of the total payrolls; (least favorable schedule with rates ranging from 2.7 percent to 5.40 percent).

F. Increase of Employer Tax Rates

NEBRASKA L 631 ENACTED and EFFECTIVE May 26, 2009
After December 31, 2009, in addition to other conditions and requirements, raises the rate to 12 percent (previously 5.6 percent) for employers who fail to file required contribution and wage reports within 31 days following the computation date, and who fail to pay all contributions, penalties, and interest due and owing by the employer or predecessor before and including the computation date within 31 days following the computation date, or within 10 days after written notice of delinquency or failure to file, whichever is the later date. Rate may be waived if the employer's failure to meet deadlines was for excusable cause. Requires written notice to the employer before the additional condition or requirement will apply.

NEW HAMPSHIRE SB 129 ENACTED August 7, 2009 EFFECTIVE January 1, 2010 unless otherwise specified The minimum contribution rate shall not be less than 0.10 percent. Establishes an inverse minimum rate to adjust certain employer's contribution rates when the preceding calendar quarter trust fund balance falls below certain levels: 1.5 percent when the fund fails to equal or exceed $250 million; 1.0 percent when the fund fails to equal or exceed $275 million; and 0.5 percent when the fund fails to equal or exceed $300 million.

INDIANA SB 23 ENACTED and EFFECTIVE March 25, 2010
Reduces the standard contribution rate to 5.6 percent for calendar year 2010 (previously 12.0 percent). Beginning with calendar year 2011, increases the standard contribution rate to 12.0 percent. (Effective January 1, 2010.)

INDIANA SB 23 ENACTED and EFFECTIVE March 25, 2010
Provides for the calculation of 2010 employer contribution rates using one of four schedules (A, B, C, or D) with rates ranging from 1.1 percent to 5.6 percent under schedule A to 0.1 percent to 5.4 percent under schedule D. Establishes new fund ratio schedules and new rate schedules (which include additional schedules and different ranges of rates for accounts with credit or debit balances) for calendar years after December 31, 2010. Rates for new schedules range from 0.75 percent to 10.2 percent for schedule A and 0.0 percent to 5.4 percent for schedule I. Requires schedule B will be used for calendar year 2011 to assign each employer's contribution rate.

MISSISSIPPI HB 1718 ENACTED and EFFECTIVE April 8, 2010
Eliminates, beginning on and after January 1, 2010, the 0.3 percent reduction in contribution rates for employers whose assigned contribution rate equals or is less than 5.4 percent. Removes the table used to reduce contribution rates. Provides that beginning on and after January 1, 2010, no employer's unemployment contribution rate shall be less than 0.4 percent (previously 0.1 percent).

NEW JERSEY SB 1813 ENACTED AND EFFECTIVE July 2, 2010
Provides that notwithstanding any other provisions of law and notwithstanding the actual fund reserve ratio, for fiscal year 2011, requires the use of Column C of the Experience Rating Tax Table to determine the contribution rate for employers liable to pay contributions. Column C provides that rates range from 0.5 percent to 3.6 percent for positive-reserve employers and from

5.1 percent to 5.8 percent for deficit-reserve employers. During fiscal year 2011, the tax rate for new employers shall be 2.8 percent.

NEW MEXICO HB 144 ENACTED March 8, 2010 EFFECTIVE July 1, 2010, or as indicated Requires the use of Contribution Schedule 0 (zero) for assigning each employer's contribution rate from July 1, 2010, through December 31, 2010. Requires the use of Contribution Schedule 1 for assigning each employer's contribution rate from January 1, 2011, through December 31, 2011. Requires the use of one of the following Contribution Schedules 0 - 6 for each calendar year after 2011, except as otherwise provided, to assign each employer's rate: Contribution Schedule 0 if the fund equals at least 2.3 percent of the total payrolls (most favorable schedule with rates ranging from 0.03 percent to 5.40 percent); Contribution Schedule 1 if the fund equals less than 2.3 percent but not less than 1.7 percent of the total payrolls; Contribution Schedule 2 if the fund equals less than 1.7 percent but not less than 1.3 percent of the total payrolls; Contribution Schedule 3 if the fund equals less than 1.3 percent but not less than 1.0 percent of the total payrolls; Contribution Schedule 4 if the fund equals less than 1.0 percent but not less than 0.7 percent of the total payrolls; Contribution Schedule 5 if the fund equals less than 0.7 percent but not less than 0.3 percent of the total payrolls; or, Contribution Schedule 6 if the fund equals less than 0.3 percent of the total payrolls; (least favorable schedule with rates ranging from 2.7 percent to 5.40 percent).

MASSACHUSETTS SB 8 ENACTED February 17, 2011 EFFECTIVE January 1, 2011 Assigns for calendar year 2011 contribution rate schedule E with tax rates for negative balance employers ranging from 7.24 percent to 12.27 percent and from 1.26 percent to 6.14 percent for positive balance employers.

INDIANA HB 1450 ENACTED February 24, 2011 EFFECTIVE February 24, 2011 Provides that for calendar years 2011 through 2020, Schedule E applies in determining and assigning each employer's contribution rate.

G. <u>Elimination of Zero-Rated Options for Employers</u>

TENNESSEE HB 2324 ENACTED and EFFECTIVE June 25, 2009
Revises the Premium Rate Chart by removing table 6b and table 6a of the previously enacted chart becomes table 6. However, under the new table 6, if the reserve ratio percent is 20 and over, then the premium amount is "0.01" instead of "0.00". Most favorable table - trust fund balance of $850,000,000 or more with minimum rate of 0.01 percent and a maximum rate of 10.0 percent. Least favorable table - trust fund balance of less than $450,000,000 with a minimum rate of 0.50 percent and a maximum rate of 10.0 percent. Imposes an additional premium of 0.6 percent on all rates in Tables 1, 2, and 3, until the unemployment trust fund balance equals or exceeds $650,000,000.

MISSISSIPPI HB 1718 ENACTED and EFFECTIVE April 8, 2010
Provides that beginning on and after January 1, 2010, no employer's unemployment contribution rate shall be less than 0.4 percent (previously 0.1 percent).

H. Modification of Experience Rating Formula

KENTUCKY HB 5a ENACTED June 4, 2010 EFFECTIVE July 15, 2010, or as noted
Changes the date the reserve ratio will be determined from September 30 to June 30 immediately preceding the computation date.

MISSISSIPPI HB 1718 ENACTED and EFFECTIVE April 8, 2010
Provides that after calendar year 2010, the general experience rate in no event shall be less than 0.2 percent. For any year the general experience rate is computed as an amount less than 0.2 percent, such rate shall be established at 0.2 percent.

OKLAHOMA HB 2704 ENACTED May 6, 2010 EFFECTIVE July 1, 2010
Modifies the experience rate table, and the contribution rate for employers for each calendar quarter after July 1, 1010, shall be calculated using the modified table based on the state experience factor and the employer's benefit wage ratio.

SOUTH DAKOTA SB 125 ENACTED and EFFECTIVE March 15, 2011
Changes the period for computing an employer's contribution rate from at the beginning of any calendar year to June 30 of the preceding year beginning calendar year 2012 and each year thereafter. Provides that the employer's reserve ratio for calendar year 2010 and 2011 shall be the result obtained by dividing the balance of credits existing in the employer's experience rating account by the total taxable payroll of the employer for the preceding 3 calendar years. For calendar year 2012 and thereafter, the employer's reserve ratio is the result obtained by dividing the balance of credits existing in the employer's experience-rating account as of June 30 preceding the year for which the rate is to be computed by the total taxable payroll of the employer for the preceding 3 fiscal years. The employer's experience-rating account balance for 2012 and thereafter is the balance on July 31 of the year preceding the year for which rates are computed and is the difference between the contributions paid through July 31 and the benefits paid through the preceding June 30.

I. Modification of Benefit Charging Methodology

NEW JERSEY AB 3457 ENACTED and EFFECTIVE January 27, 2009
Eliminates the noncharging provision that provided that if the total amount of benefits paid to a claimant and charged to the account of the appropriate employer exceeds 50 percent of the total base year, base week wages paid to the claimant by that employer, then such employer will have canceled from his account such excess benefit charges.

WASHINGTON SB 5963 ENACTED and EFFECTIVE May 14, 2009
Provides that unemployment insurance benefit payments are charged to the experience rating accounts of employers in the same amount that benefits are paid out.

TEXAS SB 638ENACTED April 28, 2011 EFFECTIVE September 1, 2011
Provides that if all or part of the experience of the predecessor employer is transferred to the successor, any surplus credit applicable to the predecessor employer is also transferred to the successor, and the predecessor employer is not entitled to receive any portion of the surplus credit that is based on the experience transfer. Prohibits the transfer of the surplus credit if the experience transfer was accomplished solely or primarily for the purpose of obtaining a lower contribution rate.

J. Modification of Experience Rating Formula: Moving from a Reserve Ratio experience Rating Formula to a Benefit Ratio Experience Rating Formula or a Payroll Decline Experience Rating Formula

SOUTH CAROLINA SB 391ENACTED June 3, 2010 EFFECTIVE January 1, 2011, or as noted Changes employer experience rating system from a reserve ratio to a benefit ratio system. For the period of January 1, 2011 through December 31, 2013, provides that the benefit ratio is calculated annually to the sixth decimal place on July 1 by dividing the average of all benefits charged during the 40 calendar quarters (10 years) preceding the calculation date by the employer's average taxable payroll during the same period. Beginning with calendar year 2014, the benefit ratio will be determined using 12 calendar quarters (3 years) or using available data if employer has fewer than 12 quarters. (Previously all prior benefits and wages were used.) Provides that the average required rate will be determined by dividing the income needed to pay benefits and reach the solvency target by the estimated taxable wages for the calendar year. For each calendar year the trust fund is in debt status, requires the department to estimate, with specified procedures, the amount of income needed to pay benefits for that year, the amount necessary to avoid automatic FUTA credit reductions and an amount necessary to repay all outstanding federal loans within 5 years; requires interest costs to be determined concurrently. After the trust fund returns to solvency, requires the department to promulgate regulations regarding the income needed to pay benefits each year and to return the trust fund to an adequate target level (fund adequacy target means an average high-cost multiple of one). Establishes a system to group employers in a 20 class array system based on their benefit ratio, with lowest to highest, to determine their contribution rate. Requires each class must have 5 percent of the total taxable wages (excluding reimbursable wages) paid in covered employment during the 4 completed calendar quarters preceding the computation date. The rate for class one must be zero and the class 20 rate must be at least 5.4 percent. If the benefit rate for class 20 exceeds 5.4 percent, the rate for each preceding class shall be equal to 90 percent of the rate calculated for the succeeding class, except that class 12 shall be set at 25 percent of the rate calculated for class 20. If the computed rate for class 20 is less than 5.4 percent, the rate for class 20 shall be 5.4 percent and: the rate for class 12 must be calculated by multiplying the average tax rate needed to achieve solvency by 20, subtracting by 5.4 percent and then dividing by 19; class 11 through 1 must be equal to 90 percent of the rate for the succeeding class, provided the rate for class 1 shall be 0; the rate for class 13 must be equal to 120 percent of the rate calculated for class 12; and the rate for class 19 must be set at an amount that allows for average contributions, beginning at class 18 and ending with class 14, that are equal to 90 percent of the preceding class. If an employer qualifies for two classes, he will be afforded the lower rate. Employers with identical ratios will be assigned the same class. Employers with less than 12 consecutive months of coverage must have a base rate of at least class 13.

K. Modification of Minimum/Maximum Weekly Benefit Amounts and/or Modification of Requirements for Base Period Wages (Monetary Eligibility)

MARYLAND HB 740 SB 576ENACTED May 7, 2009EFFECTIVE October 1, 2009, or as noted Increases, effective October 1, 2009, the maximum weekly benefit amount from $380 to $410; the minimum qualifying wages needed in the base period to qualify for the maximum weekly benefit amount from $13,680 to $14,760; and the high quarter wages needed in the base period to qualify for the maximum weekly benefit amount from $9,096.01 to $9,816.01. Applicable to claims filed establishing a new benefit year on or after October 4, 2009. Increases, effective October 1, 2010, the maximum weekly benefit amount from $410 to $430; the minimum qualifying wages needed in the base period to qualify for the maximum weekly benefit amount from $14,760 to $15,480; and the high quarter wages needed in the base period to qualify for the maximum weekly benefit amount from $9,816.01 to $10,296.01. Applicable to claims filed establishing a new benefit year on or after October 3, 2010.

INDIANA HB 1379 ENACTED May 13, 2009 EFFECTIVE May 13, 2009, except as otherwise indicated
Effective on and after January 1, 2010, increases the wage credits required for an individual to qualify for benefits to 1.5 (previously 1.25) times the wages in the highest quarter, wage credits of $2,500 in the last 2 quarters (previously $1,650), and total base period wages of $4,200 (previously $2,750).

VIRGINIA HB 535 ENACTED April 11, 2010 EFFECTIVE July 1, 2010 or as indicated
Provides that for claims effective on or after July 6, 2008, but before July 3, 2011, (previously July 4, 2010) the minimum weekly benefit amount remains at $54 and the maximum weekly benefit amount remains at $378; a total of $2,700 in the 2 high quarters of the base period remains the amount needed to monetarily qualify, and a minimum of $18,900.01 remains as the amount required for the maximum weekly benefit amount. Provides that for claims effective on or after July 3, 2011, the minimum weekly benefit amount increases from $54 to $60 and the maximum weekly benefit amount remains at $378; a total of $3,000 (previously $2,700) in the 2 high quarters of the base period is need to monetarily qualify, and a minimum of $18,900.01 remains as the amount required for the maximum weekly benefit amount.

MARYLAND SB 107ENACTED AND EFFECTIVE March 25, 2010
Increases the minimum weekly benefit amount from $25 to $50; the minimum qualifying wages needed in the base period to qualify for the minimum weekly benefit amount from $900 to $1,800; and the high quarter wages needed in the base period to qualify for the minimum weekly benefit amount from $576.01 to $1,176.01. Increases the maximum weekly benefit amount from $410 to $430; the minimum qualifying wages needed in the base period to qualify for the maximum weekly benefit amount from $14,760 to $15,480; and the high quarter wages needed in the base period to qualify for the maximum weekly benefit amount from $9,816.01 to $10,296.01. (Effective March 1, 2012, applicable to claims filed establishing a new benefit year on or after March 4, 2012.)

SOUTH CAROLINA SB 391ENACTED June 3, 2010 EFFECTIVE January 1, 2011, or as noted Changes the qualifying requirement for monetary eligibility (definition of insured worker) to $4,455 in the base period and $1,092 in the high quarter (from $900 in the base period and $540 in the high quarter). Changes the minimum weekly benefit amount from $20 to $42.

UTAH HB 43 ENACTED MARCH 29, 2010 EFFECTIVE May 9, 2010, or as noted
Changes the formula calculating the weekly benefit amount from 1/26th, disregarding any fraction of $1, of insured wages paid in the base period's highest quarter to 1/26th minus $5, disregarding any fraction of $1 of insured wages paid in the base period's highest quarter. (Applicable to benefit years beginning on or after December 12, 2010.) Changes the formula calculating the maximum weekly benefit amount payable from 62.5 percent of the insured average fiscal year weekly wage during the preceding fiscal year, disregarding any fraction of $1 to 62.5 percent of the insured average fiscal year weekly wage during the preceding fiscal year minus $5, disregarding any fraction of $1. (Applicable to benefit years beginning on or after December 12, 2010.)

VERMONT SB 290 ENACTED and EFFECTIVE May 24, 2010,or as noted
Adjusts the $425 maximum weekly benefit amount on the first day of the first calendar week of July by a percentage equal to the percentage change during the preceding calendar year in the state average weekly wage when the state unemployment compensation fund has a positive balance and all Title XII advances to such fund have been repaid as of December 31, of the last completed calendar year. When contribution rate schedule III is in effect, the maximum weekly benefit amount shall be adjusted on the first day of the first calendar week of July to an amount equal to 57 percent of the state annual average wage. The maximum weekly benefit amount shall not increase in any year that Title XII advances remain unpaid. (Effective July 1, 2011.) Changes the maximum total amount of benefits payable (benefit entitlement) from 26 times an individual's weekly benefit amount to the lesser of 26 times an individual's weekly benefit amount or 46 percent of the total base period wages paid. Limits the benefit entitlement when discharged by the last employing unit for misconduct connected with the work to the lesser of the amount computed in the previous sentence or 23 times an individual's weekly benefit amount, provided that the individual has not already received more than 23 weeks in the benefit year. (Effective July 1, 2011.)

HAWAII HB 2169 ENACTED and EFFECTIVE March 11, 2010
Provides that the maximum weekly benefit amount (MWBA) for calendar years 2010 and 2011 shall be calculated at 75 percent of the average weekly wage. (For 2010, the MWBA is $559 and in 2011 it will decrease to $549.) Beginning with calendar year 2012, the MWBA shall be calculated at 70 percent. (Previously the reduction to 70 percent was to begin with calendar year 2011.)

VIRGINIA SB 1010 ENACTED March 1, 2011 EFFECTIVE July 1, 2011,
Provides that for claims effective on or after July 6, 2008, but before July 1, 2012, (previously July 3, 2011) the minimum weekly benefit amount remains at $54 and the maximum weekly benefit amount remains at $378; a total of $2,700 in the 2 high quarters of the base period remains the amount needed to monetarily qualify, and a minimum of $18,900.01 remains as the

amount required for the maximum weekly benefit amount. Provides that beginning July 1, 2012, (previously July 3, 2011) for claims effective on or after July 1, 2012, (previously July 3, 2011) the minimum weekly benefit amount increases from $54 to $60 and the maximum weekly benefit amount remains at $378; a total of $3,000 (previously $2,700) in the 2 high quarters of the base period is needed to monetarily qualify, and a minimum of $18,900.01 remains as the amount required for the maximum weekly benefit amount.

PENNSYLVANIA SB 1030ENACTED June 20, 2011 EFFECTIVE June 20, 2011,
Provides that notwithstanding any other provisions, for calendar year 2012, the maximum weekly benefit rate shall be frozen at the rate calculated for calendar year 2011 ($573). Thereafter, the maximum weekly benefit rate established: For calendar year 2013, shall be no greater than a 1 percent increase above the calendar year 2012 rate. For calendar year 2014, shall be no greater than a 1.1 percent increase above the calendar year 2013 rate. For calendar year 2015, shall be no greater than a 1.2 percent increase above the calendar year 2014 rate. For calendar year 2016, shall be no greater than a 1.3 percent increase above the calendar year 2015 rate. For calendar year 2017, shall be no greater than a 1.4 percent increase above the calendar year 2016 rate. For calendar year 2018, shall be no greater increase than 1.5 percent increase above the calendar year 2017 rate.

MISSISSIPPI SB 2238 ENACTED March 30, 2011 EFFECTIVE July 1, 2011
Provides that notwithstanding any other provision of law, if an employee's weekly benefit rate as calculated is less than $70, the employee shall be ineligible to receive any amount of compensation. If the employee's weekly benefit rate is not a multiple of $1, it shall be rounded to the next lower multiple of $1. (Effective January 1, 2013.)

ARKANSAS SB 593 ENACTED March 31, 2011 EFFECTIVE March 31, 2011,
Decreases the minimum weekly benefit amount from $82 to $81 and the maximum weekly benefit amount from $457 to $451, effective July 1, 2012. Changes the qualifying wages needed in the base period to monetarily qualify from 37 times the weekly benefit amount to 35 times the weekly benefit amount. Provides that to requalify for a succeeding benefit year, individuals must have been paid wages in insured work equal to at least 35 (previously 37) times their weekly benefit amount in at least 2 base period calendar quarters and subsequent to filing the claim which established the previous benefit year, they had insured work and were paid wages for work equal to 8 (previously 3) times their weekly benefit amount.

INDIANA HB 1450 ENACTED February 24, 2011 EFFECTIVE February 24, 2011
Changes the computation of the weekly benefit amount beginning July 1, 2012, from 5 percent of the first $2,000 of the individual's wage credits in the highest quarter of the base period; and 4 percent of the individual's remaining wage credits in the highest quarter; to 47 percent of the individual's prior average weekly wage, rounded, if not already a multiple of $1, to the next lower dollar. The maximum weekly benefit amount may not exceed $390.

L. Modifying Wage Replacement Ratio

NEW MEXICO HB 144 ENACTED March 8, 2010 EFFECTIVE July 1, 2010, or as indicated

Changes the calculation of the weekly benefit amount to 53½ percent of the average weekly wage for insured work in the base period quarter in which total wages were highest (previously 60 percent through June 30, 2011). The weekly benefit amount may not be more than 53½ percent of the state's average weekly wage for all insured work (previously 10 percent through June 30, 2011).

MISSISSIPPI SB 2238 ENACTED March 30, 2011 EFFECTIVE July 1, 2011

Provides that the Table Specified for the Determination of Rate and Amount of Benefits shall be extended or contracted annually, automatically by regulations to a point where the maximum weekly benefit rate shall equal 66 2/3 percent of the average weekly wage for the 36-month (previously 12-month) period ending June 30 preceding each calendar year. If the maximum weekly benefit rate is not a multiple of $1, it shall be rounded to the next lower multiple of $1. (Previously, increased by $1 and then rounded to the next lower multiple of $1.) Provides that for the purpose of determining the maximum weekly benefit rate, the Pennsylvania average weekly wage in covered employment shall be computed on the basis of the average annual total wages reported (irrespective of the limit on the amount of wages subject to contributions) for the 36-month (previously, 12-month) period ending June 30.

M. Modification of Minimum/Maximum Weekly Benefit Amounts

INDIANA HB 1379 ENACTED May 13, 2009 EFFECTIVE May 13, 2009
Provides for a reduced maximum benefit amount for individuals separated from employment under disqualifying conditions or who fail to apply for suitable work (amounts rounded to the next higher dollar): 75 percent - first separation/failure to apply; 85 percent of the amount in 1 - second separation/failure to apply; 90 percent of the amount in 2 - third and subsequent separation/failure to apply. Modifies the definition of "discharge for just cause" to include violation of an employer rule regarding attendance or unsatisfactory attendance if the employer does not have an attendance rule and the individual cannot show good cause for absences or tardiness.

KENTUCKY HB 5a ENACTED June 4, 2010 EFFECTIVE July 15, 2010, or as noted
Changes the amount required in the trust fund to determine the maximum weekly benefit rate (MWBR) as follows. If the trust fund balance as of September 30 immediately preceding the benefit year: equals or exceeds $120,000,000, but is less than $200,000,000 (previously $150,000,000), the MWBR shall not exceed the prior year's MWBR by more than 6 percent; equals or exceeds $200,000,000 (previously $150,000,000) but is less than $300,000,000, (previously $250,000,000), the MWBR shall not exceed the prior year's MWBR by more than 8 percent. equals or exceeds $300,000,000 (previously $250,000,000), but is less than $400,000,000 (previously $275,000,000), the MWBR shall not exceed the prior year's MWBR by more than 10 percent; equals or exceeds $400,000,000 (previously $275,000,000), but is less than $500,000,000 (previously $350,000,000), the MWBR shall not exceed the prior year's MWBR by more than 12 percent; equals or exceeds $500,000,000, the MWBR shall not exceed the prior year's MWBR by more than 15 percent.

N. Introduction or Extension of a Wait-Period (a Waiting Week)

NEW HAMPSHIRE SB 129 ENACTED August 7, 2009 EFFECTIVE January 1, 2010 unless otherwise specified
Adds a waiting week, with no reduction in the individual's maximum benefit amount, for benefit years commencing on or after January 3, 2010.

KENTUCKY HB 5a ENACTED June 4, 2010 EFFECTIVE July 15, 2010, or as noted
Establishes a waiting week, applicable to initial claims made on or after January 1, 2012, and which is required for each benefit year whether or not consecutive. The waiting week becomes compensable once the remaining balance on the claim is equal to or less than the compensable amount for the waiting week.

VERMONT SB 290 ENACTED and EFFECTIVE May 24, 2010,or as noted
Provides that to be eligible to receive benefits (including short-time compensation benefits) a totally or partially unemployed individual must serve a 1-week waiting period during the benefit year and any extended eligibility period, effective July 1, 2012. Repeals the 1-week waiting period, effective July 1, 2017, or when the balance of the unemployment compensation fund has a positive balance, whichever is later.

O. Targeting Resources for Reemployment Services to Claimants or Implementing a Work-Share Program

FLORIDA SB 1736 ENACTED and EFFECTIVE May 17, 2010
Requires individuals (except non-Florida residents, persons on a temporary layoff, union members hired through a union hiring hall, or persons claiming benefits under an approved short-time compensation plan) to be eligible to receive benefits to register with the agency for work and subsequently report to the one-stop career center as directed for reemployment services.

COLORADO SB 28 ENACTED and EFFECTIVE June 9, 2010
Requires the Director to establish a voluntary work share program allowing the payment of unemployment compensation benefits to employees whose wages and hours have been reduced by at least 10 percent and not more than 40 percent. The maximum number of weeks payable is 18 weeks. A negative excess employer is not eligible to participate in the work share program. Work share benefits paid shall be charged to the account of the participating employer in the same manner as regular benefits. Requires continuation of health insurance, retirement benefits received under a pension plan, paid vacation and holidays, sick leave, or any other similar employee benefits provided immediately prior to submitting the work share plan, if the employer provides benefits to his/her employees. The period of an approved plan is for 12 months. Allows modifications to the work share plan to meet changed conditions, if the modification meets certain requirements. If the Director finds that the work share program causes insolvency of the unemployment insurance cash fund to accelerate, the work share provisions shall be repealed effective July 1, 2013.

VERMONT SB 290 ENACTED and EFFECTIVE May 24, 2010
Requires the Department to implement reemployment services and a policy that prioritizes claimants for such services, effective July 1, 2010. Provides that in determining if available for work during any week, an individual may be required to participate in reemployment services.

DISTRICT OF COLUMBIA B 731 ENACTED July 2, 2010 EFFECTIVE September 24, 2010 - Eliminates the $4 million cap on the annual amount that may be deposited in the Unemployment Compensation Administrative Assessment Account beginning fiscal year 2014. Renames the “Administrative Assessment Account” as “Unemployment and Workforce Development Administrative Fund” and expands the purpose of the fund to include reemployment services.

P. Introduction of Enhanced Integrity Efforts or Overpayment Recovery Efforts

ARKANSAS SB 429ENACTED and EFFECTIVE April 3, 2009
Removes the provision (concerning the recovery of an overpayment resulting from a false statement, misrepresentation or omission that was knowingly made by a claimant) which provided that beginning July 1, 2001, a person will not be liable to repay such amount to the fund, except through the deduction of future benefits after 10 years from the date the determination of the amount of the overpayment becomes final. Provides that the amount of the final overpayment will accrue interest at the rate of 10 percent per annum (formerly 11/2 percent per month) beginning 30 days after the date of the first billing statement. Removes the provision which provided that any person held liable to repay an amount to the fund or to have the amount deducted from any future benefits payable will not be liable to repay the amount nor will recovery be made from any future benefits after 4 years from the date the determination of the amount of the overpayment becomes final. Provides for intercept of Federal income tax refunds for benefits obtained as a result of fraud as provided by Federal law and regulations.

MONTANA SB 150 ENACTED March 25, 2009 EFFECTIVE March 25, 2009, or as noted
Establishes repayment methods for the department to collect a benefit overpayment and any penalty by: having the claimant pay the amount owed directly to the department by check, money order, credit card, debit card, or electronic funds transfer; or, offsetting the amount of the overpaid benefits owed against future unemployment benefits to be received by the claimant. (Effective January 1, 2010.) Provides that the claimant is responsible for any penalty established and costs or processing fees associated with using the repayment methods. (Effective January 1, 2010.) Allows the department to enter into an agreement with a claimant for the repayment of any benefit overpayment and penalty provided the repayment in full is made within 5 years of the date establishing that an overpayment occurred. (Effective January 1, 2010.) Allows the department to collect any benefit overpayment and penalty by directing the offset of any funds due the claimant from the state, except future unemployment benefits and retirement benefits. The department through the department of revenue must provide the claimant with notice of the right to request a hearing on the offset action which must be made within 30 days of the date of the notice. (Effective January 1, 2010.) Establishes that the debt can be transferred for offset prior to being determined uncollectible. (Effective January 1, 2010.) Allows the department to direct the offset of funds owed a person under 26 U.S.C. 6402 if the person owes a covered unemployment compensation debt. (Effective January 1, 2010.)

NEBRASKA L 631 ENACTED and EFFECTIVE May 26, 2009
Allows the agency to intercept Federal income tax refunds to repay fraudulent overpayments and contribution delinquencies consistent with the requirements of Federal law and regulation. Provides that the employer's experience account must be charged 50 percent of the benefits paid if the employer did not provide information and the individual was later determined to be ineligible. If the employee repays all or part of the benefits on which determination is based, the employer must receive a credit equal to the amount of the repayment. If the employee repays benefits, the employer must receive a credit equal to the amount repaid by the employee up to the amount charged to the employer's experience account.

COLORADO HB 1310 ENACTED and EFFECTIVE June 2, 2009
Creates the Office of Employee Misclassification to investigate the misclassification of employees as independent contractors. This office will be responsible for enforcing the requirements of the law regarding classification of employees and payment of obligated employment taxes for covered employment. Employers found engaged in the misclassification of employees will be ordered to pay back taxes owed and interest.

MINNESOTA HB 2088 ENACTED May 14, 2009 EFFECTIVE May 14, 2009 or as noted
Permits an employer to be assessed a $100 administrative penalty for failing to provide a weekly breakdown of money earned by an applicant if the information is necessary to detect applicant fraud. The breakdown notice must state that this penalty may be assessed. This $100 penalty and the existing $500 penalty for refusing to allow record audits or for failing to make all records available must be credited to the trust fund. (Previously penalties were credited to the administration account for use to ensure integrity in unemployment insurance program administration.) (Effective August 2, 2009, and applicable to determinations and decisions issued on or after that date.) Includes under the definition of construction/independent contractor that for purposes of this chapter, section 181.723 determines whether a worker is an independent contractor or an employee when performing public or private sector commercial or residential building construction or improvement services. (Effective August 2, 2009, and applicable to determinations and decisions issued on or after that date.) Defines the meaning of and establishes procedures for “continued request for unemployment benefits.” Each applicant must file such request either by electronic transmission or by mail by the time period required. The application is not accepted and the applicant is ineligible for benefits for failing to meet the required time period, unless good cause is shown for such failure. (Effective August 2, 2009, and applicable to determinations and decisions issued on or after that date.) Provides that if the Internal Revenue Service assesses a fee for offsetting from a federal tax refund the amount of any fraud overpayment, including penalties and interest, the amount of the fee may be added to the total amount due. The offset amount must be put in the trust fund and credited to the total amount due from the applicant. (Effective August 2, 2009, and applicable to determinations and decisions issued on or after that date.) Provides that nonfraud and fraud overpayments, penalties, and interest assessed may also be collected by the methods allowed under state and Federal law. (Previous law allowed collections by the same methods as delinquent payments from an employer.) (Effective August 2, 2009, and applicable to determinations and decisions issued on or after that date.)

WISCONSIN AB 884 ENACTED May 12, 2010 EFFECTIVE July 4, 2010
Allows fees and expenses assessed by the U.S. Secretary of the Treasury for use of the Treasury Offset Program to be withdrawn from the Unemployment Reserve Fund. Increases the maximum fine from $500 to $1,000 for anyone who: Makes a deduction from the wages of an employee because of liability for contributions or payments in lieu of contributions; Refuses or fails to furnish an employee any notice, report or information required by the statute; Promises to reemploy, threatens not to employ, or to terminate or induces employees to refrain from claiming benefits, participating in an audit or investigation by the Department, or testifying at a hearing;

or Discriminates or retaliates against an individual because the individual claims benefits, participates in an audit or investigation by the Department, or testifies at a hearing. Allows offsetting overpayments resulting from fraud by intercepting the individual's Federal income tax refund.

MICHIGAN HB 4408 ENACTED and EFFECTIVE March 29, 2011
Creates in the Department of Treasury contingent fund a separate, special fraud control fund. The special fraud control fund shall consist of money collected or received by the unemployment agency as follows: All interest and penalties collected under specific provisions of law. All gifts to, interest on, or profits earned by the special fraud control fund. Amounts credited under specific provisions of law. Specifies that the money in the special fraud control fund is continuously appropriated only to the unemployment agency and may not be transferred or otherwise made available to any other state agency. Specifies that all amounts in the special fraud control fund are to be used first for the acquisition of packaged software that has a proven record of success with the detection and collection of unemployment benefit overpayments and then for administrative costs associated with the prevention, discovery, and collection of unemployment benefit overpayments, as included in the biennial budget of the Michigan unemployment agency and approved by the legislature. Requires the Michigan unemployment agency to submit a report to the clerk of the House of Representatives and the Secretary of the Senate at the close of the 2-year period beginning on March 29, 2011, to show how the money from the special fraud control fund was used and the results obtained from the special fraud control fund. Requires the Department of Licensing and Regulatory Affairs to implement the initial detection and collection software package by September 1, 2011. Provides for the recovery of interest in addition to any recovery of penalties.

Q. Reducing the Eligible Duration of Unemployment Compensation for Claimants

MICHIGAN HB 4408 ENACTED and EFFECTIVE March 29, 2011
Decreases the number of benefit weeks payable to an individual in a benefit year from not more than 26 weeks of benefits or less than 14 weeks of benefits to not more than 20 weeks of benefits or less than 14 weeks of benefits. (Effective on or after January 15, 2012.) Provides that the 20-week limitation of total benefits set forth in this paragraph does not apply to claimants declared eligible for training benefits in accordance with the State unemployment insurance law.

TEXAS SB 638ENACTED April 28, 2011 EFFECTIVE September 1, 2011
Provides that otherwise eligible employees are entitled to up to a maximum of 26 weeks of benefits provided they had 18 or more credit weeks during their base year. Removes language that employees are entitled to 16 or 26 weeks provided they had 16 or 17 credit weeks during the base year. Provides that notwithstanding any other provision, employees with less than 18 credit weeks (previously 16 credit weeks) during their base year shall be ineligible to receive any amount of compensation. (Effective January 1, 2015.)

ARKANSAS SB 593 ENACTED March 31, 2011 EFFECTIVE March 31, 2011
Changes the formula for calculating the number of benefit weeks from the lesser of 26 times the weekly benefit amount or 1/3 times the base period wages to the lesser of 25 times the weekly benefit amount or 1/3 times the base period wages.

FLORIDA HB 7005 ENACTED June 27, 2011 EFFECTIVE June 27, 2011,
Provides that, effective January 1, 2012, each otherwise eligible individual is entitled during any benefit year to a total amount of benefits equal to 25 percent of the total wages in his or her base period, not to exceed $6,325 or the product arrived at by multiplying the weekly benefit amount by the number of weeks determined in the next paragraph, whichever is less. (Under prior law, entitlement was limited to $7,150.) Provides that for claims submitted during a calendar year, the duration of benefits is limited to: Twelve weeks if this state's average unemployment rate is at or below 5 percent. An additional week in addition to the 12 weeks for each 0.5 percent increment in this state's average unemployment rate above 5 percent. Up to a maximum of 23 weeks if this state's average unemployment rate equals or exceeds 10.5 percent.

R. Introduction of Alternate Base Period

CALIFORNIA AB 29c ENACTED and EFFECTIVE March 27, 2009
Establishes an alternative base period for any new claim filed on or after April 3, 2011, or earlier consisting of the last 4 completed calendar quarters to use if a valid claim or benefit year cannot be established using the regular base period. Requires the quarter with the highest wages to be used to determine the individual's weekly benefit amount. Provides that wages used in determining benefits payable may not be used again in any subsequent benefit year.

MINNESOTA SB 4 ENACTED January 29, 2009 EFFECTIVE for unemployment benefits filed effective on or after July 1, 2009
Modifies the term "base period" as follows:
Base Period: The base period, unless otherwise provided, means the last 4 completed calendar quarters before the effective date of an individual's application for unemployment benefits if the application has an effective date occurring after the month following the last completed calendar quarter.

S. Introduction or Modification of a Special Set-Aside Obligation Fund (for Training, Benefit Payments, Bond Debt Service, Repayment of Title XII Loans, or Repayment of Interest on Title XII Loans)

COLORADO SB 76 ENACTED June 2, 2009 EFFECTIVE July 1, 2009
Deletes the paragraph which: annually establishes a surcharge based on benefits paid and not chargeable to any employer's account; calculates the surcharge tax rate by dividing the benefits not changed by the total taxable payroll; allocates 50 percent to the unemployment compensation fund (UCF) and 50 percent to the employment support fund; and adds the surcharge tax rate to employer's standard or computed tax rate with 80 percent of the surcharge tax revenues considered as revenues for calculating the tax surcharge and which will be the employer's tax rate for the ensuing calendar year. Provides that the surcharge tax established must be segregated and deposited in the employment support fund. (Formerly only 50 percent was deposited in such fund.) Provides that, effective calendar year 2009, allocates 30 percent (previously 50 percent) of the annual surcharge tax rate to the UCF (previously general fund), 50 percent to the employment support fund, and 20 percent to the employment and training technology fund. Provides that, effective January 1, 2017, allocates 50 percent of the surcharge tax rate to the UCF and 50 percent to the employment support fund. Provides, notwithstanding any provision to the contrary, beginning July 1, 2009, through December 31, 2016, 20 percent of the surcharge tax must be credited to the employment and training technology fund, which is hereby created in the State treasury. Moneys in such fund must: be used for employment and training automation initiatives, be subject to annual appropriation, must not revert to the general fund or any other fund at the end of any fiscal year, and be exempt from limitations on uncommitted reserves. If the balance of the UCF falls below $25 million, the moneys in the employment and training technology fund must be allocated to the UCF. At any other time, the moneys in the employment and training technology fund may be allocated to the UCF at the discretion of the Executive Director of the Department of Labor and Employment.

DISTRICT OF COLUMBIA B 731 ENACTED July 2, 2010 EFFECTIVE September 24, 2010
Eliminates the $4 million cap on the annual amount that may be deposited in the Unemployment Compensation Administrative Assessment Account beginning fiscal year 2014. Renames the "Administrative Assessment Account" as "Unemployment and Workforce Development Administrative Fund" and expands the purpose of the fund to include reemployment services.

MISSISSIPPI SB 2027 ENACTED January 12, 2010 EFFECTIVE January 1, 2010
Provides that during years that the Workforce Enhancement Training contribution is in effect, instead of paying a 2.7 percent tax rate, each newly subject employer shall be assigned a tax rate of 2.4 percent to which will be added the 0.3 percent Workforce Enhancement Training contribution. Requires the deposit of Workforce Enhancement Training contributions into the Mississippi Department of Employment Security clearing account, and requires the transfer of such contributions within 2 business days to the Workforce Enhancement Training Fund holding account. Any Workforce Enhancement Training contribution transactions not honored by a financial institution will be transferred back to the clearing account out of funds in the Workforce Enhancement Training contribution holding account.

HAWAII HB 1077 ENACTED February 23, 2011 EFFECTIVE January 1, 2011
Adds that monies in the employment and training fund may be used also for funding the payment of interest due on Title XII advances. Amends the law to provide that every employer, except reimbursable employers, shall be subject to an employment and training fund assessment at a rate of 0.01 percent of taxable wages. (Previously employers assigned a minimum rate of 0.0 percent or the maximum rate of 5.4 percent were not required to pay this assessment).

ARIZONA HB 2619 ENACTED and EFFECTIVE April 25, 2011
Establishes an unemployment special assessment fund which consists of the monies collected from the special assessment. Provides that notwithstanding any other law, if the state has an outstanding loan to pay unemployment insurance benefits, fund monies will be used to pay the costs of the loan as follows: Fund monies shall first be used to pay interest charges incurred on the loan. If the state is granted a waiver of interest charges in either 2011 or 2012, the amount of the assessment will be reduced by 0.1 percent in each calendar year in which the interest charge is waived. Fund monies shall then be used to retire the loan principal on or before November 10, 2012. Provides that if the Department determines that the fund monies will not be sufficient to pay the interest charges and retire the principal on or before November 10, 2012, the Department may increase the assessment for 2012 at a rate determined by the Director which shall not exceed 0.2 percent of the taxable wages paid for the tax year. Requires any monies remaining in the fund after payment of all principal and interest on the loan to be transferred to the unemployment compensation fund.

ARKANSAS SB 305 ENACTED April 4, 2011 EFFECTIVE April 4, 2011,
Establishes a special restricted fund to be known as the "Bond Financing Trust Fund", to be maintained and administered by the Department of Workforce Services into which shall be deposited collections of the unemployment obligation assessment and any penalties and interest with respect to the unemployment obligation assessment. Provides that moneys in the Bond Financing Trust Fund may be used, among other things, to make refunds of the unemployment obligation assessment, and interest and penalty payments that were erroneously paid, and to return moneys to the Unemployment Compensation Fund Clearing Account which may have been incorrectly identified and erroneously transferred to the Bond Financing Trust Fund.

INDIANA HB 1450 ENACTED February 24, 2011 EFFECTIVE February 24, 2011,
Provides that for a calendar year beginning January 1, 2011, an experience rated employer who paid wages during the calendar year, and whose contribution rate for the calendar year was determined, and has had a payroll in each of the 3 preceding 12-month periods must pay an unemployment insurance surcharge equal to 13 percent of the employer’s contribution for calendar year 2011 if, during the calendar year, the state is required to pay interest on the Title XII advances made to the state from the federal unemployment account in the federal unemployment trust fund. Federal law; and (2) the state's outstanding loan balance to the federal unemployment account on January 1 of the year. Requires that the unemployment insurance surcharge be paid quarterly at the same time as employer contributions are paid, and failure to make such payments is a delinquency. Allows the Indiana Department of Workforce Development to use amounts from the surcharge to pay interest on the Title XII advances and

requires the deposit of any amounts received and not used to pay interest on Title XII advances into the unemployment insurance benefit fund. Provides that amounts paid and used to pay interest on Title XII advances do not affect and may not be charged to the experience account of any employer. Amounts paid and used for purposes other than to pay interest on Title XII advances must be credited to each employer's experience account in proportion to the amount the employer paid during the preceding 4 calendar quarters. Establishes the unemployment insurance solvency fund for the purpose of paying interest on Title XII advances, to be administered by the department. Requires that money received from the unemployment insurance surcharge that the Indiana Department of Workforce Development elects to use to pay interest on Title XII advances shall be deposited in the fund for the purposes of the fund. Requires the Treasurer of State to invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited at least quarterly in the fund. Provides that money in the fund at the end of a state fiscal year does not revert to the state general fund.

T. Authorization/Reauthorization of Bond Issuance or Means of Alternative Financing

MISSOURI HB 1075 ENACTED June 12, 2009 EFFECTIVE June 12, 2009 or as noted
Removes the language providing that the unpaid principal amount of any outstanding credit instruments, combined with the unpaid principal amount of any financing agreement entered into will not exceed $450 million at any time. Removes all other language referring to the $450 million limit on borrowing from credit instruments including interest.

WEST VIRGINIA SB 219 ENACTED and EFFECTIVE April 5, 2011
Authorizes the Governor by executive order, after first notifying appropriate officials in writing, to borrow funds from the Revenue Center Construction Fund for deposit into the Unemployment Compensation Fund (UCF), to be expended accordingly. The amount of funds borrowed and outstanding may not exceed $20 million at any one time, or the amount the Governor determines is necessary to adequately sustain the balance in the UCF at a minimum of $20 million, whichever is less. Restricts the Governor borrowing funds from the Revenue Center Construction Fund unless the Executive Director of Workforce West Virginia has projected that the balance in the state's UCF will be less than $20 million at any time during the next 30 days Provides that any funds borrowed shall be repaid from funds on deposit in the Unemployment Trust Fund in excess of $20 million or from other funds legally available for such purpose, without interest, and redeposited to the credit of the Revenue Center Construction Fund within 180 days of their withdrawal. Provides that no amounts may be borrowed after September 1, 2011.

ARKANSAS SB 305 ENACTED April 4, 2011 EFFECTIVE April 4, 2011,
Creates the Unemployment Trust Fund Financing Act of 2011 (the Bond Act).
Authorizes the Arkansas Development Finance Authority, subject to the approval of the voters in a statewide election, to issue Arkansas Unemployment Trust Fund Bonds in the amount of $500,000,000, repaid/payable from revenues raised by an unemployment obligation assessment imposed on employers. Provides that the unemployment obligation assessment shall be based on the aggregate principal amount of bonds issued for nonrefunding purposes and shall be determined by multiplying the employer’s contribution rate in effect on the date that the Governor issues a proclamation calling an election on the issuance of the bonds for employers with accounts as of such date and the employer's contribution rate as of the employer's liability date for employers establishing
accounts after the date of the proclamation by: 25% if the aggregate principal amount of bonds issued is $350,000,000 or less; 30% if the aggregate principal amount of bonds issued is $350,000,001 to $400,000,000; 33.5% if the aggregate principal amount of bonds issued is $400,000,001 to $450,000,000; And 37.5% if the aggregate principal amount of bonds issued is $450,000,001 to $500,000,000. Provides that, among other things, the purpose of the bond issuance shall be to: (1) repay the principal and interest on Title XII advances from the federal trust fund; (2) pay the costs of issuance of the bonds; and (3) pay unemployment benefits by depositing bond proceeds into the Unemployment Compensation Fund. Provides that the unemployment obligation assessment shall not be collected until the qualified voters of the state approve the issuance of bonds and shall be collected until the end of the quarter immediately

following the repayment of all bonds authorized under the Bond Act. Provides that the Arkansas Development Finance Authority may issue the Arkansas Unemployment Trust Fund Bonds for the purpose of refunding bonds previously issued if the total amount of bonds outstanding after the refunding is completed does not exceed the total amount authorized. Provides that to the extent that refunding bonds are issued and the principal amount of the refunding bonds is not in a greater principal amount than the outstanding principal amount of the bonds being refunded, the principal amount of the refunding bonds shall not be subject to the $500,000,000 limit. Provides that, if the refunding bonds are issued in a greater principal amount than the bonds being refunded, the principal amount of the refunding bonds shall not count against the $500,000,000 limit so long as the aggregate debt service on the refunding bonds is less than the aggregate debt service on the bonds being refunded. Requires each contributing employer to pay a separate and additional assessment, to be known as the unemployment obligation assessment, on wages paid by that employer with respect to employment in addition to the contributions, stabilization and extended benefits taxes, and advance interest taxes levied. Provides that the effective date of the unemployment obligation assessment shall be the first day of the calendar quarter immediately following the month in which the Secretary of State certifies the vote of the voters approving the unemployment obligation assessment and the issuance of the bonds, and the assessment is effective until the end of the quarter immediately following the repayment of all bonds. Provides that this unemployment obligation assessment shall not be credited to the separate account of any employer. Provides that the unemployment obligation assessment shall be levied and collected in the same manner as contributions and shall be subject to the same penalty and interest, collection, impoundment, priority, lien, certificate of assessment, and assessment provisions and procedures under the Arkansas Employment Security Law. Provides that receipts from the unemployment obligation assessment and any penalty and interest on the unemployment obligation assessment shall be deposited into the Unemployment Compensation Fund Clearing Account. Provides that at least once each month, deposits of the unemployment obligation assessment payment and any interest and penalty payments applicable to the unemployment obligation assessment shall be deposited into the Department of Workforce Services Bond Financing Trust Fund. Provides that debt service on the bonds shall be paid in a timely manner and shall not be paid directly or indirectly by an equivalent reduction in unemployment contributions or taxes imposed. Provides that upon retirement of all bonds, the following shall be transferred to the Unemployment Compensation Fund: Surplus unemployment obligation assessment collections; and Delinquent taxes, penalties, or interest due under the unemployment obligation assessment.

MICHIGAN SB 484ENACTED and EFFECTIVE December 19, 2011
Creates the "Obligation Trust Fund" (Fund) as a separate fund in the State Treasury not to be considered part of the General Fund; money in the Fund would remain at the close of the fiscal year, and would not lapse into the General Fund. The State Treasurer may receive and deposit money or other assets from any source into the Fund and shall direct the investment of money within the Fund, crediting to the Fund earnings from investments of money for the Fund. Requires the deposit of all "obligation" assessments (assessments) collected into the Fund. All interest, penalties, and damages derived from the assessments along with portions of the proceeds from any obligations specified by the Michigan Finance Authority (MFA) shall be deposited into the Fund. Requires the Michigan Department of Licensing and Regulatory Affairs

(LARA) to administer the Fund for auditing purposes and expend money from the Fund only: To pay obligations, including administrative and associated expenses; • To refund erroneously collected assessments; and For any other purpose for which the MFA could issue obligations. Permits the Director of LARA to request the MFA to issue obligations in order to repay Federal Title XII advances with interest on those advances, fund unemployment benefits, and fund capitalized interest, debt service reserve funds, and payment of costs of, and administrative expenses connected with, issuing "obligations." Defines "obligation" as a note, bond, financial instrument, or other evidences of indebtedness issued. Stipulates that in 2011 and in each year thereafter in which any obligation is outstanding, employers are subject to, and shall be assessed, and shall pay an obligation assessment. The assessment shall be collected quarterly in addition to required contributions, is not subject to the limiting provisions for required contributions, is in addition to and separate from the solvency tax imposed, is due at the same time, collected in the same manner, and subject to the same penalties and interest as contributions assessed, and shall be deposited into the Fund. The rate of the assessment shall be determined by the State Treasurer in consultation with the Director of LARA. The assessment rate shall be applied to all contributing employers on the taxable wage base limit, and may take into account the employer's experience rating from the previous year. The assessment shall be sufficient to ensure timely payment of: The principal, interest, and redemption premiums on obligations; Administrative expenses, credit enhancement and termination fees, and any other fees derived from issuing obligations; All other amounts required to be maintained and paid under the terms of a MFA resolution, indenture, or authorizing statute under which obligations are issued; Amounts necessary to maintain ratings assigned by nationally recognized rating services on obligations at a level determined by the State Treasurer. The yearly revenue generated by the assessment is irrevocably pledged to the payment of obligations and administrative expenses, and is subject to the pledge and lien described in the MFA resolution, indenture, and authorizing statue under which the obligation is issued.

SIGNIFICANT PROVISIONS OF STATE UNEMPLOYMENT INSURANCE LAWS
EFFECTIVE JANUARY 2012

	BENEFITS							COVERAGE	TAXES	
	Earnings/ Employment Needed in Base Period to Qualify[1]	Computation of Weekly Benefit Amount	Weekly Benefit Amount[2] Mini-mum	Weekly Benefit Amount[2] Maxi-Mum	Weekly Earnings Disregarded[3]	Calculation of Number of Benefit Weeks[4]	Number of Benefit Weeks[5]	Size of Payroll (Length of Employment/ Wages Paid)[6]	2012 Wages Subject to Tax	2011 Minimum & Maximum Rates[7] New Employer Rate[8]
AL	1½ x HQW; qualify for at least minimum WBA	1/26 avg of 2 highest qtrs	$45	$265	$15	Lesser of 1/3 BPW or 26 x WBA	15-26	20 weeks or $1,500 in any qtr	$8,000	0.59% 6.74% 2.70%
AK	$2,500; wages in 2 qtrs	0.9-4.4% of annual wages + $24 per dep up to $72	$56-128	$370-442	$50 and ¼ wages over $50	Weighted schedule of BPW to HQW	16-26	Any size	$34,600	1.00% 5.40% 3.40%
AZ	1½ x HQW and $1,500 in 1 qtr; or wages in 2 qtrs with wages in 1 qtr sufficient to qualify for maximum WBA, and total BPW ≥ taxable wage base	1/25 HQW	$60	$240	$30	Lesser of 1/3 BPW or 26 WBA	12-26	20 weeks or $1,500 in any qtr	$7,000	0.02% 5.86% 2.00%
AR	35 x WBA; wages in 2 qtrs	1/26 HQW	$82	$457	40% WBA	Lesser of 25 x WBA or 1/3 BPW	9-25	One employee for 10 or more days in a CY	$12,000	1.00% 6.90% 3.80%
CA	$1,300 in HQ, or $900 in HQ with BPW = 1¼ x HQ	1/23 to 1/26 HQW	$40	$450	Greater of $25 or 1/4 wages	Lesser of 26 x WBA or ½ BPW	14-26	Over $100 in any qtr	$7,000	1.50% 6.20% 3.40%
CO	40 x WBA or $2,500, whichever is greater	Higher of 60% of 1/26 of 2 consecu-tive HQW, capped by 50% of State avg weekly earn-ings or 50% of 1/52 BP earnings capped by 55% of State avg weekly earnings	$25	$454 or $500	¼ WBA	Lesser of 26 x WBA or 1/3 BPW	13-26	20 weeks or $1,500 in any qtr	$11,000	1.00% 5.40% 1.70%
CT	40 x WBA	1/26 avg of 2 highest qtrs + $15 per dep, up to 5; DA capped at WBA (For construction workers, 1/26 HQ)	$15-30	$573-648 Eff. 10/2/11	1/3 wages	Uniform duration	26	20 weeks or $1,500 in any qtr	$15,000	1.90% 6.80% 3.70%
DE	36 x WBA	1/46 total wages in 2 highest qtrs	$20	$330	Greater of $10 or 50% WBA	½ BPW	24-26	20 weeks or $1,500 in any qtr	$10,500	0.10% 8.00% 2.60%
DC	1½ x HQW or within $70; not less than $1,950 in 2 qtrs; $1,300 in 1 qtr	1/26 HQW	$50	$359	1/5 of wages plus $20	Lesser of 26 x WBA or ½ BPW	19-26	Any size	$9,000	1.60% 7.00% 2.70%
FL	1½ x HQW; minimum $3,400; wages in 2 qtrs	1/26 HQW	$32	$275	8 x federal hourly mini-mum wage	25% BPW	9-23	20 weeks or $1,500 in any qtr	$8,500	1.03% 5.40% 2.70%
GA	Wages in 2 qtrs & 150% x HQW <u>or</u> HQW divided by 21 for WBA w/ total earnings at least 40 x WBA	1/42 of wages in highest 2 qtrs or 1/21 HQW	$44	$330	$50	Lesser of 26 x WBA or ¼ BPW	6-26	20 weeks or $1,500 in any qtr	$8,500	0.025% 5.40% 2.62%
HI	26 x WBA; wages in 2 qtrs	1/21 HQW	$5	$523	$150	Uniform duration	26	Any size	$38,800	1.20% 5.40% 4.00%

	BENEFITS							COVERAGE	TAXES	
	Earnings/ Employment Needed in Base Period to Qualify[1]	Computation of Weekly Benefit Amount	Weekly Benefit Amount[2]		Weekly Earnings Disregarded[3]	Calculation of Number of Benefit Weeks[4]	Number of Benefit Weeks[5]	Size of Payroll (Length of Employment/ Wages Paid)[6]	2012 Wages Subject to Tax	2011 Minimum & Maximum Rates[7] New Employer Rate[8]
			Mini-mum	Maxi-Mum						
ID	1¼ x HQW; not less than the minimum qualifying wages in 1 qtr $1,872	1/26 HQW	$72	$343	½ WBA	Weighted schedule of BPW to HQW	10-26	20 weeks or $1,500 in any qtr	$34,100	0.96% 6.80% 3.36%
IL	$1,600; $440 outside HQ	47% of claimant's AWW in 2 highest qtrs	$51-77	$403-549	½ WBA	Uniform duration	25	20 weeks or $1,500 in any qtr	$13,560	0.70% 8.40% 3.80%
IN	1½ x HQW totaling at least $2,500 in last 2 qtrs; not less than $4,200 in BP	5% of 1st $2,000 of wage credits in HQ, 4% of remaining HQW credits; wage credits limited to $9,250	$50	$390	Greater of $3 or 20% WBA from other than BP employers	Lesser of 28% BPW or 26 x WBA	8-26	20 weeks or $1,500 in any qtr	$9,500	0.70% 9.50% 2.50%
IA	1¼ x HQW; 3.5% of the statewide AAW in HQ; ½ HQW in qtr not the HQ	1/23 HQW or 1/19 – 1/22 HQW for claimants with deps	$57-70	$385-473	¼ WBA	1/3 BPW	7-26	20 weeks or $1,500 in any qtr	$25,300	0.00% 9.00% 1.90%
KS	30 x WBA; wages in 2 qtrs	4.25% HQW	$111	$444	25% WBA	1/3 BPW	10-26	20 weeks or $1,500 in any qtr	$8,000	0.11% 7.40% 4.00%
KY	1½ x HQW; 8 x WBA in last 2 qtrs; $750 outside HQ	1.923% BPW	$39	$415	1/5 wages	1/3 BPW	15-26	20 weeks or $1,500 in any qtr	$9,000	1.00% 10.00% 2.70%
LA	$1,200 total BPW; wages in 2 qtrs; 1½ x HQW	1/25 of the avg of wages in 4 qtrs of BP x 1.05 x 1.15	$10	$247	Lesser of ½ WBA or $50	Uniform duration	26	20 weeks or $1,500 in any qtr	$7,700	0.11% 6.20% InAvg%
ME	2 x AWW in 2 different BP qtrs; total BPW = 6 x AWW	1/22 avg wages paid in 2 highest qtrs of BP + $10 per dep up to ½ WBA	$64-96	$366-549	$25	1/3 BPW	22-26	20 weeks or $1,500 in any qtr	$12,000	0.86% 7.95% 3.02%
MD	1½ x HQW; $576.01 in HQ; $1,776.01 in HQ Eff. 3/4/12	1/24 HQW + $8 per dep up to 5 deps	$25-65 $50-90 Eff. 3/4/12	$430	≤ $50	Uniform duration	26	Any size	$8,500	2.20% 13.50% 2.60%
MA	30 x WBA; $3,500 minimum	50% AWW + $25 per dep up to ½ WBA	$33-49	$653-979	1/3 WBA	36% BPW	10-30	13 weeks or $1,500 in any qtr	$14,000	1.26% 12.27% 2.83%
MI	1½ x HQW; at least $2,871 in HQ; or wages in 2 or more BP qtrs totaling at least $17,206.80 (20 x State AWW of $860.34)	4.1% HQW + $6 for each dep up to 5	$117-147	$362	WBA reduced by 40¢ for every $1 earned. Earnings and benefits limited to 1.6 x WBA	43% BP wages	14-20	20 weeks or $1,000 in CY	$9,500	0.06% 10.30% 2.70%
MN	At least $1,000 in HQ; $250 outside HQ	Higher of 50% of 1/13 HQW up to 43% of State AWW or 50% of 1/52 BPW up to 66⅔% of State AWW	$38	$385-597	WBA reduced by 55¢ for every $1 earned	Lesser of 1/3 BPW or 26 x WBA	11-26	Any size	$28,000	0.50% 9.40% 2.91%
MS	40 x WBA; $780 in HQ; wages in 2 qtrs	1/26 HQW	$30	$235	$40	Lesser of 1/3 BPW or 26 x WBA	13-26	20 weeks or $1,500 in any qtr	$14,000	0.85% 5.40% 2.70%

	BENEFITS							COVERAGE	TAXES	
	Earnings/ Employment Needed in Base Period to Qualify[1]	Computation of Weekly Benefit Amount	Weekly Benefit Amount[2]		Weekly Earnings Disregarded[3]	Calculation of Number of Benefit Weeks[4]	Number of Benefit Weeks[5]	Size of Payroll (Length of Employment/ Wages Paid)[6]	2012 Wages Subject to Tax	2011 Minimum & Maximum Rates[7] New Employer Rate[8]
			Mini-mum	Maxi-Mum						
MO	1½ x HQW; $1,500 in 1 qtr; or wages in 2 qtrs of BP = 1½ maximum taxable wage base	4% of the avg of the 2 HQWs	$35	$320	Greater of 20% WBA or $20	Lesser of 20 x WBA or 1/3 BPW	8-20	20 weeks or $1,500 in any qtr	$13,000	0.00% 9.75% 3.51%
MT	BPW = 1½ x HQW and total wages ≥ 7% of AAW or BPW ≥ 50% of AAW	1% BPW or 1.9% wages in 2 HQs	$123	$431	½ wages in excess of ¼ WBA	Weighted schedule of BPW to HQW	8-28	$1,000 in current or preceding year	$27,000	0.82% 6.12% InAvg%
NE	$3,868 in BP; $1,850 in HQW and wages in at least 1 other qtr of $800	½ AWW	$70	$354	¼ WBA	Lesser of 26 x WBA or 1/3 BPW	14-26	20 weeks or $1,500 in any qtr	$9,000	0.00% 8.66% 2.50%
NV	1½ x HQW in BP and $400 in HQ; or wages in 3 of 4 qtrs in BP and $400 in HQ	1/25 HQW	$16	$396	¼ wages	Lesser of 26 x WBA or 1/3 BPW	12-26	$225 in any qtr	$26,400	0.25% 5.40% 2.95%
NH	$2,800; $1,400 in each of 2 qtrs	1%-1.1% annual wages	$32	$427	30% WBA	Uniform duration	26	20 weeks or $1,500 in any qtr	$14,000	0.01% 7.00% 3.70%
NJ	20 weeks employment at 20 x State hourly minimum wage or 1,000 x State hourly minimum wage	60% of claimant's AWW + DA	$87-100	$611	Greater of 20% WBA or $5	100% base weeks worked in base year up to 26	1-26	$1,000 in any year	$30,300	0.50% 5.80% 2.80%
NM	$1,749.54 in HQW and wages in at least 1 other qtr	53.5% of AWW paid in BP qtr in which wages were highest	$74-111	$397-447	1/5 WBA	Lesser of 26 x WBA or 60% BPW	16-26	20 weeks or $450 in any qtr	$22,400	0.05% 5.40% 2.00%
NY	1½ x HQW; $1,600 in HQ	1/26 HQW unless HQW ≤ $3,575 then, 1/25 HQW	$64	$405	None. All employment affects WBA	Uniform duration	26	$300 in any qtr	$8,500	1.50% 9.90% 4.10%
NC	6 x AWW; wages in 2 qtrs of BP	1/26 HQW	$45	$522	10% AWW in HQ	(BPW / HQW) x 8 2/3	13-26	20 weeks or $1,500 in any qtr	$20,400	0.24% 6.84% 1.20%
ND	1½ x HQW; wages in 2 qtrs	1/65 of wages in 2 HQs + ½ wages in 3rd HQ	$43	$470	60% WBA	Weighted schedule of BPW to HQW	12-26	20 weeks or $1,500 in any qtr	$27,900	0.20% 10.00% 1.37%
OH	20 weeks employment with wages averaging 27.5% of State AWW; wages in 2 qtrs	½ claimant's AWW + DA of $1-$139 based on claimant's AWW and number of dep	$111	$400-539	1/5 WBA	20 x WBA + 1 x WBA for each quali-fying week in excess of 20	20-26	20 weeks or $1,500 in any qtr	$9,000	0.70% 9.60% 2.70%
OK	$1,500 and 1½ x HQW	1/23 HQW	$16	$368	$100	Weighted schedule of BPW to HQW	18-26	20 weeks or $1,500 in any qtr	$19,100	0.30% 7.50% 1.00%
OR	BPW ≥ $1,000 and BPW ≥ 1½ x HQW; or 500 hours of employment in BP	1.25% BPW	$118	$507	1/3 WBA or 10 x $8.50 (i.e., the State minimum wage)	Lesser of 26 x WBA or 1/3 BPW	3-26	18 weeks or $1,000 in any qtr	$33,000	2.20% 5.40% 3.30%

	BENEFITS							COVERAGE	TAXES	
	Earnings/ Employment Needed in Base Period to Qualify[1]	Computation of Weekly Benefit Amount	Weekly Benefit Amount[2]		Weekly Earnings Disregarded[3]	Calculation of Number of Benefit Weeks[4]	Number of Benefit Weeks[5]	Size of Payroll (Length of Employment/ Wages Paid)[6]	2012 Wages Subject to Tax	2011 Minimum & Maximum Rates[7] New Employer Rate[8]
			Mini-mum	Maxi-Mum						
PA	$800 in HQ; $1,320 in BP; at least 20% of BPW outside HQ; 16 credit weeks in BP	1/23-1/25 HQW + $5 for 1 dep; $3 for 2nd dep	$35-43	$573-581	Greater of $6 or 40% WBA	At least 16 credit weeks for minimum, 18 for maximum	16 or 26	Any size	$8,000	2.68% 10.82% 3.70%
PR	40 x WBA; $280 minimum; $77 in 1 qtr; wages in 2 qtrs	1/11- 1/26 HQW	$7	$133	WBA	Uniform duration	26	Any size	$7,000	2.40% 5.40% 3.30%
RI	1½ x HQW. 200 x minimum hourly wage in 1 qtr and 400 x minimum hourly wage in BP; or 1,200 x minimum hourly wage in BP	4.62% HQW + greater of $15 or 5% of the benefit rate per dep, capped at the greater of $50 or 25% of WBA	$68-118	$566-707	1/5 WBA	36% BPW	8-26	Any size	$19,600 or $21,100 for high tax group em-poyers	1.69% 9.79% 2.46%
SC	1½ x HQW; $4,455 minimum; $1,092 in HQ	1/20 HQW	$42	$326	¼ WBA	1/3 BPW	13-20	20 weeks or $1,500 in any qtr	$12,000	0.10% 11.28% 2.24%
SD	$728 in HQ; 20 x WBA outside HQ	1/26 HQW	$28	$323	¼ wages over $25	1/3 BPW	15-26	20 weeks or $1,500 in any qtr	$12,000	0.00% 9.50% 1.20%
TN	40 x WBA; $780.01 avg wages in highest 2 qtrs; BPW outside HQW ≥ the lesser of 6 x WBA or $900	1/26 of avg 2 highest qtrs	$30-80	$275-325	Greater of $50 or ¼ WBA	Lesser of 26 x WBA or ¼ BPW	13-26	20 weeks or $1,500 in any qtr	$9,000	0.50% 10.00% 2.70%
TX	37 x WBA; wages in at least 2 qtrs	1/25 HQW	$61	$426	Greater of $5 or ¼ WBA	27% BPW	10-26	20 weeks or $1,500 in any qtr	$9,000	0.78% 8.25% 2.70%
UT	$3,200 in BP and 1½ x HQW	1/26 HQW - $5	$25	$467	30% WBA	27% BPW/WBA	10-26	Any size	$29,500	0.40% 9.40% InAvg%
VT	$2,203 HQW + BPW ≥ 40% HQW	Wages in the 2 highest qtrs divided by 45	$68	$425	Greater of 30% WBA or $40	Lesser of 26 x WBA or 46% BPW	21-26	20 weeks or $1,500 in any qtr	$16,000	1.30% 8.40% 1.00%
VA	$2,700 in highest 2 qtrs of BP	1/50 of the 2 highest qtrs	$54	$378	$50	See table in law	12-26	20 weeks or $1,500 in any qtr	$8,000	0.77% 6.87% 3.17%
VI	1½ x HQW and $858 in HQ; or $858 in HQ and 39 x WBA in BP	1/26 HQW	$33	$495	25% in excess of $15	1/3 BPW	13-26	Any size	$23,700	0.10% 9.00% 3.00%
WA	680 hours; wages in BP or alternate BP	3.85% of avg of high 2 qtrs in BP	$138	$583	¼ of wages over $5	Lesser of 26 x WBA or 1/3 BPW	1-26	Any size	$38,200	0.49% 6.00% InAvg%
WV	$2,200 and wages in 2 qtrs	55% of 1/52 of median wages in worker's wage class	$24	$424	$60	Uniform duration	26	20 weeks or $1,500 in any qtr	$12,000	1.50% 7.50% 2.70%
WI	35 x WBA and 4 x WBA outside HQ	4% HQW up to maximum WBA	$54	$363	$30 plus 33% of wages in excess of $30	Lesser of 40 X BPW or 26 X WBR	4-26	20 weeks or $1,500 in any qtr	$13,000	0.27% 9.80% 3.60%

	BENEFITS							COVERAGE	TAXES	
	Earnings/ Employment Needed in Base Period to Qualify[1]	Computation of Weekly Benefit Amount	Weekly Benefit Amount[2]		Weekly Earnings Disregarded[3]	Calculation of Number of Benefit Weeks[4]	Number of Benefit Weeks[5]	Size of Payroll (Length of Employment/ Wages Paid)[6]	2012 Wages Subject to Tax	2011 Minimum & Maximum Rates[7] New Employer Rate[8]
			Mini-mum	Maxi-Mum						
WY	1.4 x HQW; at least 8% of statewide AAW	4% HQW	$32	$444	50% WBA	Lesser of 26 x WBA or 30% BPW	11-26	Any size	$23,000	0.67% 10.00% InAvg%

This document is prepared for general reference and may not reflect all the details of a State's law. It is posted on the Web site below. Consult the State agency or the State law for authoritative information. More detailed information may be found in the *Comparison of State Unemployment Insurance Laws*, which also includes information on Temporary Disability Insurance Programs, at http://www.oui.doleta.gov/unemploy/statelaws.asp.

KEY:

Avg – Average	AAW - Average Annual Wage	AWW - Average Weekly Wage	BP - Base Period
BPW - Base Period Wages	CQ - Calendar Quarter	CY- Calendar Year	Dep – Dependent
DA - Dependents Allowance	HQ - High Quarter	HQW - High Quarter Wages	InAvg - Industry Average
MBA - Maximum Benefit Amount	WBA - Weekly Benefit Amount	"=" - Equal To	">" - Greater Than
"≥" - Greater Than or Equal To	"≤" - Less Than or Equal To	"%" - Percent	"+" – Plus
Qtrs - Quarters	"x" - Times		

OTHER PROVISIONS OF LAW:

Waiting Week – Most States require a 1-week waiting period where the claimant must meet all eligibility conditions before benefits are payable. The following States do not require a waiting week: CT, DE, GA, IA, MD, MI, NV, NJ, VT (until 7/1/12), and WY. The waiting week may be paid after a specified period of unemployment in AL, MO, TN, and TX. In some States, it may be suspended under certain conditions.

Base Periods – Almost all qualifying earnings are determined using a BP consisting of the first 4 of the last 5 completed CQs. A few States use a different BP. In the following States, more recent earnings may be used in an alternative BP under certain conditions: AK, AR, CA (effective 04/01/12) CO, CT, DE, DC, GA, HI, ID, IL, IA, KS, ME, MD, MA, MI, MN, MT, NE, NV, NH, NJ, NM, NY, NC, OH, OK, OR, RI, SC, SD, TN, UT, VT, VA, VI, WA, WV, and WI.

FOOTNOTES:

[1] Reflects basic qualifying formula. Some States have alternative qualifying formulas.

[2] When two amounts given, higher includes DA; the higher figure for both the minimum and maximum WBAs includes DA for the maximum number of deps. If state has a DA and only one amount is given, the maximum is the same with or without the allowance. The total amount of DA payable in any week is limited by a cap. CO and MN do not pay DA. The lower amount is based on HQWs, and the higher amount is based on total BPWs.

[3] This column lists the amount of weekly earnings that are disregarded (will not reduce the WBA). However, earnings in excess of those listed will be deducted from the WBA, resulting in a reduced payment.

[4] For States that use earnings, further calculation is needed to derive the number of benefit weeks--take the amount obtained from the formula listed (which is the claimant's MBA) and divide it by the claimant's WBA. States with uniform duration do not have to calculate the number of benefit weeks since it is fixed at 25 or 26 weeks. In MO, when calculating 1/3 BPW, BPW are limited to 26 x WBA for each quarter.

[5] Lists number of benefit weeks for only the regular program for total unemployment. In States with uniform duration, all eligible claimants receive the same number of benefit weeks (in IL the maximum amount payable cannot exceed one's BPW, resulting in some claimants being paid less than 26 weeks). For FL the maximum number of weeks annually decreases from 23 with each half percent decline in the avg unemployment rate below 10.5% during the 3rd CQ of the preceding year; however, the maximum number of weeks cannot fall below 12 when the avg unemployment rate is less than 5%. For WA the maximum number of benefit weeks decreases from 30 to the lesser of 26 or 1/3 BPW if the State unemployment rate falls to 6.8% or below. When MA is paying extended benefits and/or emergency unemployment compensation, the maximum number of weeks of regular benefits is 26. For WI, with some limited exceptions, individuals with significant ownership interest in family partnerships, LLCs and corporations, and certain of their family members, are limited to 4 weeks of regular UI benefits. In some States, additional weeks of benefits are payable under limited circumstances such as high unemployment, continuation of approved training, or workforce dislocations.

[6] Coverage is determined by the size of the employing unit's payroll or the number of days or weeks worked during a CY and applies to employing units who, during any CQ in the current or immediately preceding CY, paid wages of $1,500 or more, or to employing units who employ one or more workers on at least 1 day in each of 20 weeks during the current or immediately preceding CY; such employing units are liable for taxes, and the workers accrue benefit rights. For those States with "Any size," all workers are covered regardless of payroll size or weeks worked. States may have different thresholds for agricultural, domestic, and nonprofit employing units.

[7] Rates apply only to experience rated employers and do not include applicable non UI taxes, surtaxes, penalties, or surcharges. In most States, rate year 2011 begins on January 1, 2011, and ends on December 31, 2011. In NH, NJ, TN, and VT rate year 2011 begins on July 1, 2011, and ends on June 30, 2012. Tax rates for 2012 will be posted in the July 2012 issue. For ME there is an additional 0.06% for the Competitive Skills Scholarship Fund on all employer rates. The rates for IL include the fund building surcharge.

[8] New employer rate shown is the basic rate. Higher rates may apply depending on industry classification and/or other factors: AR (employers can elect to receive rate based on rate schedule), CO, DE (construction employers pay an avg industry rate), DC, IA (9.0% construction employers), IL (4.1% construction employers which includes the fund building surcharge), KS (6.0% construction employers), KY (foreign & domestic construction firms receive maximum rate), MA (8.62% new construction employers), ME (predetermined yield), MD (foreign contractors assigned avg industry rate, and in 2011 new construction employers headquartered in another state pay a 13.3% avg industry rate), MI (construction employers receive industry rate), MN (high experience rating industries are assigned a rate of 9.69% plus base rate, assessments, and fees), MT, MO (greater of 3.51% or InAvg), NE, NJ, NY (highest rate assigned to employers with positive account balances or 3.4%, whichever is less), ND, OH (new construction employers pay InAvg), PA (new construction employers pay 9.7%), SD (6.0% construction employers), TN, TX, UT, VT (construction employers pay InAvg), WA (90% of InAvg), WV (construction & foreign entities pay 8.5%), WI (larger employers & new construction employers pay higher rate), and WY (InAvg, but not less than 1.0%). NJ and LA rates depend on rate schedule in effect. In RI new employers pay an additional 0.21% Job Development Fund.

If you have any questions, please contact **Loryn Lancaster** at **202-693-2994** or **Agnes Wells** at **202-693-2996.**

CHAPTER 2

FINANCING

IN GENERAL

This chapter discusses the financing of UI benefits and UI administration. Generally, a Federal tax finances the administrative costs and some benefit payments. State payroll taxes finance the costs of most benefits. Federal law also considerably influences the financing provisions of state law.

THE FEDERAL TAX AND THE FEDERAL UNEMPLOYMENT TRUST FUND (UTF)

AMOUNT OF TAX–Under the provisions of the Federal Unemployment Tax Act (FUTA), a Federal tax is levied on covered employers at a current rate of 6.2% on wages up to $7,000 per year paid to a worker in covered employment. The law, however, provides a credit against Federal tax liability of up to 5.4% to employers who pay state taxes timely under an approved state UI program. This credit is allowed regardless of the amount of the tax paid to the state by the employer. Accordingly, in states meeting the specified requirements, employers pay an effective Federal tax of 0.8%, or a maximum of $56 per covered worker, per year. This 6.2% tax includes a 0.2% tax increase scheduled to terminate at the end of June 2011. The Federal tax is not levied on workers.

Historical Note: Initially, the Federal tax was 1.0% (0.1% effective tax) of the total wages of a worker. By 1940, it had increased to 3.0% (0.3% effective tax) on wages up to $3,000. Since then, the rate has increased a number of times, occasionally, on a temporary basis. In 1985, the Federal tax reached its current level of 6.2% (0.8% effective tax) on taxable wages. The taxable wage base increased to $4,200 in 1972; $6,000 in 1978; and $7,000 in 1983.

The credit against the Federal tax may be reduced if the state has an outstanding advance (commonly called a "loan"). When states lack the funds to pay UI benefits, they may obtain loans from the Federal government. To assure that these loans are repaid, Federal law provides that when a state has an outstanding loan balance on January 1 for two consecutive years, the full amount of the loan must be repaid before November 10 of the second year or the credit available to employers will be reduced until the loan is repaid. Section 3302(c), FUTA, provides for certain limits on this credit reduction. Except for cash flow loans (loans obtained from January through September and repaid by September 30 of the same calendar year), interest is charged on all loans made on or after April 1, 1982 under permanent law. The rate is the lesser of 10 percent or the rate of interest paid on the state reserve balance in the Federal UTF for the last quarter of the preceding calendar year. Interest payments may not be made from the state's unemployment fund.

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USE OF FEDERAL REVENUES–The Federal tax funds the following costs:

- Federal and state administrative costs for the UI program;
- The Federal share of benefits paid under the Federal-State Extended Unemployment Compensation Act of 1970 (this program "triggers on" during periods of high and rising unemployment);
- The loan fund from which an individual state may obtain advances (or "loans") whenever it lacks funds to pay UI due; and
- Labor exchange services under the Wagner-Peyser Act, employment and training services for veterans and disabled veterans under Chapter 41 of Title 38 of the U.S. Code, and some labor market information program activities.

THE UTF—The Federal UTF in the U.S. Treasury consists of 59 accounts:

- One account for each state. Each state account consists of the contributions and reimbursements collected by the state. Interest earned on these amounts is credited to the state accounts. Money is withdrawn from state accounts for benefits, refunds of contributions erroneously paid, and purposes authorized by Federal law.
- The employment security administration account. Each year, Congress appropriates from this account the funds necessary for administering the federal-state UI program, labor exchange services under the Wagner-Peyser Act, employment and training services for veterans and disabled veterans under Chapter 41 of Title 38 of the U.S. Code, and some labor market information program activities.
- The extended unemployment compensation account reimburses the states for the Federal share of extended benefits.
- The Federal unemployment account provides states with repayable advances for paying benefits.
- The Federal employees compensation account finances benefit payments to former Federal and military employees.
- Two accounts related to the Railroad Retirement Board.

All Federal payroll taxes are deposited into the employment security administration account. Amounts equal to one-tenth of net monthly collections are automatically transferred to the extended unemployment compensation account.

On September 30 of each year, the net balance in the employment security administration account is determined. If the amount in this account exceeds 40 percent of the prior year's appropriation by Congress, then an "excess" exists. This excess is transferred to the extended unemployment compensation account and/or the Federal unemployment account as provided by the Social Security Act unless the balance of each of these accounts exceeds its statutory ceiling. The net balances of the extended unemployment compensation account and the Federal unemployment account are also determined on September 30 of each year. The statutory ceiling in the extended unemployment compensation account equals 0.5 percent of total wages in covered employment for the preceding calendar year. For the Federal unemployment account, the statutory ceiling equals 0.5 percent of total wages in covered employment for the calendar year. Excess balances are transferred between these accounts or to the administration account as required by the Social Security Act. If all three accounts are at their statutory limits, then the excess amounts are distributed to the state accounts in the UTF in the same proportion that their covered payrolls bear to the aggregate covered payrolls of all states. These are commonly called "Reed Act" distributions.

> *Technical Note:* The Social Security Act provides that the maximum balance in the extended unemployment compensation account is the *greater* of $750 million or 0.5 percent of total wages in covered employment. Due to the growth in covered employment, the $750 million figure is effectively obsolete. A similar provision relating to the Federal unemployment account ($550 million) is also effectively obsolete.

With certain exceptions authorized by Federal law, Reed Act moneys may only be used for benefit payments. A state may, through an appropriation of its legislature, use Reed Act moneys under certain conditions to supplement Federal administration grants in financing its UI program and system of public employment offices.

Most states' UI laws contain permanent provisions regarding the use of moneys transferred under Section 903 of the Social Security Act. These provisions usually mirror the requirements of Federal law pertaining to "traditional" Reed Act distributions, including a provision that the moneys be used for the payment of UI benefits unless appropriated by the legislative body of the state for the administration of the state's UI law or the state's system of public employment offices.

STATE TAXES AND OTHER STATE REVENUES

To enable employers to obtain credit against the Federal tax, all states finance the costs of UI benefits by imposing payroll taxes, commonly called "contributions," on employers. In addition, three states require employee contributions under certain conditions. Federal law requires that nonprofit organizations, state and local governmental entities, and federally recognized Indian tribes be given the option of making "payments in lieu of contributions" (commonly called "reimbursements").

EMPLOYER TAXES—The amount of tax an employer pays depends on the number of its employees, the state's taxable wages, and the contribution rate assigned the employer.

Since employers wish to receive the maximum credit of 5.4 percent against the Federal payroll tax, state laws provide for assignment of a contribution rate of 5.4 percent or higher. In all states, an employer pays a contribution rate based on its "experience." In all states, new and newly covered employers pay a "new employer rate" until they meet the requirements for experience rating. In some states, additional contributions are required when fund levels drop to specified points or to restore amounts expended for noncharged or ineffectively charged benefits. Noncharged benefits are those charged to a general account rather than to an individual employer account. Ineffectively charged benefits include those charged to inactive and terminated accounts, and those charged to an employer's experience rating account after the previously charged benefits to the account were sufficient to qualify the employer for the maximum contribution rate. In some states, the state UI agency collects additional taxes imposed on the employer's payroll. Although the revenues from these additional taxes are not deposited in the state's unemployment fund, they sometimes serve UI or employment and training purposes.

In every state, an employer who has overpaid contributions is entitled to a refund. These refunds may be made within time limits ranging from 1 to 6 years; in a few states, no limit is specified.

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> *Technical Note:* Federal and state laws provide for a "standard rate" of contributions. At one time, the standard rate for Federal and state law purposes was identical; now this is not always the case. For Federal purposes, a state must have a standard rate of at least 5.4 percent if its employers are to obtain the full credit against the Federal tax. As a result, the Department of Labor accepts a 5.4 percent rate (or in its absence, the highest rate assigned based on experience) as being the standard rate for Federal law purposes. Many state laws use the term standard rate in this sense. Other state laws use the term differently; it may, for example, be the new employer rate.

EMPLOYEE TAXES—Only Alaska, New Jersey, and Pennsylvania levy UI taxes on workers. The tax base is that applicable to employers except in Pennsylvania, where employee contributions are calculated on total gross covered wages paid for employment. Worker taxes are deducted by the employer from the worker's pay and forwarded with the employer's taxes to the state agency. In Alaska, the tax rate is equal to 27% of the average benefit cost rate, but not less than 0.5% or more than 1.0%. In New Jersey, the tax rate is 0.3825% effective July 1, 2004 and thereafter. Depending on the adequacy of the fund balance in a given year, Pennsylvania employees pay contributions ranging from 0.0% to 0.2% of total gross covered wages paid for employment.

INTEREST AND PENALTY FUNDS—In every state, an employer is subject to certain interest or penalty payments for delay or default in payment of contributions, and usually incurs penalties for failure or delinquency in filing required reports. All states except Minnesota have set up special administrative funds, made up of such interest and penalties, to meet special needs. The most usual statement of purpose includes one or more of these three items:

- To cover expenditures for which Federal funds have been requested but not yet received, subject to repayment to the fund;
- To pay costs of administration found not to be properly chargeable against funds obtained from Federal sources; or
- To replace funds lost or improperly expended for purposes other than, or in amounts in excess of, those found necessary for proper administration.

A few of these states provide for the use of such funds for the purchase of land and erection of buildings for agency use or for the payment of interest on Federal advances. In some states, the fund is capped; when it exceeds a specified sum, the excess is transferred to the unemployment fund or, in one state, to the general fund.

TAXABLE WAGES—More than half of the states have adopted a higher tax base than that applicable under FUTA. In these states, an employer pays a tax on wages paid to (or earned by) each worker within a calendar year up to the specified amount. In addition, most of the states provide an automatic adjustment of the wage base if the FUTA is amended to apply to a higher taxable wage base than that specified under state law.

Some states have established flexible tax bases, i.e., bases that are automatically adjusted, generally on an annual basis. Most of these states key the adjustment to some measure of previous wages.

Table 2-1: TAXABLE WAGE BASES								
State	Taxable Wage Base	Wages Include Remuneration Over $7,000 if Subject to FUTA	State	Taxable Wage Base	Wages Include Remuneration Over $7,000 if Subject to FUTA	State	Taxable Wage Base	Wages Include Remuneration Over $7,000 if Subject to FUTA
AL	$8,000	X	AK*	$34,600		AZ	$7,000	X
AR	$12,000	X	CO	$10,000	X	CT	$15,000	X
DE	$10,500	X	DC	$9,000	X	FL	$7,000[1]	X
GA	$8,500	X	HI*	$34,200	X	ID*	$33,300	
IL*	$12,740	X	IN	$9,500	X	IA*	$24,700	X
KS	$8,000	X	KY	$8,000[2]	X	LA*	$7,700	X
ME	$12,000	X	MD	$8,500	X	MA	$14,000	X
MI	$9,000	X	MN*	$27,000		MS	$14,000	X
MO*	$13,000	X	MT *	$26,300	X	NE	$9,000	X
NV*	$26,600	X	NH	$12,000[3]		NJ*	$29,600	X
NM*	$21,900	X	NY	$8,500	X	NC*	$19,700	X
ND *	$25,500	X	OH	$9,000		OK*	$18,600	
OR*	$32,300	X	PA	$8,000	X	RI	$19,000	X
SC	$10,000[4]	X	SD	$11,000[5]	X	TN*	$9,000	X
TX	$9,000		UT*	$28,600	X	VT	$13,000[6]	X
VA	$8,000		VI*	$22,600		WA*	$37,300	
WV*	$12,000	X	WI	$13,000[7]	X	WY *	$22,300	X

NOTE: California and Puerto Rico are not included in this table since they neither have a taxable wage base above $7,000 nor a provision in their law that automatically adjusts the taxable wage base if FUTA is amended to apply to a higher amount than that specified under state law.

[1] The taxable wage base is $7,000 for 2011, and $8,500 for 2012, 2013, and 2014. Beginning in 2015, taxable wage base is $7,000 but increases to $8,500 any year principal is due on Title XII advances.
[2] The taxable wage base is $8,000 for 2011, $9,000 for 2012, and increases $300 annually until 2022, up to a maximum of $12,000.
[3] The taxable wage base is $12,000 for 2011, 2012, and 2013, and $14,000 for 2014.
[4] The taxable wage base is $10,000 for 2011, $12,000 for 2012, 2013, and 2014, and $14,000 for 2015.
[5] The taxable wage base is $11,000 for 2011, $12,000 for 2012, $13,000 for 2013, $14,000 for 2014, and $15,000 for 2015.
[6] The taxable wage base is $13,000 for 2011, $16,000 in 2012; beginning in 2013 when the trust fund has a positive balance and the state have no outstanding Title XII advances the taxable wage base increases by the same percentage as the increases in the state's average annual wage. Additionally, beginning in 2013 the taxable wage base shall decrease by $2,000 if rates schedules I or III are in effect.
[7] The taxable wage base is $13,000 for 2011 and 2012, and $14,000 for 2013 and beyond.

* Flexible taxable wage base, see following table.

Table 2-2: COMPUTATION OF FLEXIBLE TAXABLE WAGE BASES

State	Indexed Taxable Wage Base					Variable Taxable Wage Base Based on Trust Fund Balance (6 States)
	Computed As --		Period of Time Used --			
	% of State Average Annual Wage (13 States)	Other (4 States)	Preceding CY (7 States)	12 Months Ending June 30 (6 States)	Second Preceding CY (4 States)	
AK	75 rounded to nearest $100			X		N/A
HI	100 rounded to nearest $100[1]			X		N/A
ID	100 rounded to nearest $100				X	N/A
IL	N/A					X
IA		66 ⅔% of the state AWW, multiplied by 52, or the Federal taxable wage base; rounded to higher $100.	X			N/A
LA	N/A					X
MN	60 rounded to nearest $1,000		X			N/A
MO	N/A					X
MT	80 rounded to nearest $100		X			N/A
NV	66 ⅔ rounded to nearest $100		X			N/A
NJ		28 x state AWW rounded to higher $100			X	N/A
NM	60 rounded to higher $100			X		N/A
NC	50 rounded to nearest $100		X			N/A
ND	70 rounded to nearest $100			X		N/A
OK	50 rounded to nearest $100				X	X
OR	80 rounded to nearest $100				X	N/A
RI	N/A					X
TN	N/A					X
UT		75% of the prior average fiscal year wage rounded to the higher $100		X		N/A
VI	60 rounded to nearest $100			X		N/A
WA		115% of previous year's taxable wage base rounded to the lower $100, but not to exceed 80% of AAW for the 2nd preceding CY rounded to the lower $100	X			N/A
WV	N/A					X
WY	55 rounded to lower $100		X			N/A

[1] For 2010 and 2011, the taxable wage base is set at 90% of the annual wage base.

FINANCING

EXPERIENCE RATING

All state laws use a system of experience rating by which individual employers' contribution rates are varied on the basis of their experience with the risk of unemployment.

Experience rating systems are designed to encourage employers to stabilize employment, equitably allocate the costs of unemployment, and encourage employers to participate in the system by providing eligibility information.

FEDERAL REQUIREMENTS FOR EXPERIENCE RATING—State experience rating provisions have developed on the basis of the additional credit provisions of Section 3303(a), FUTA. Federal law allows employers additional credit for a lowered rate of contribution if the rates were based on not less than 3 years of "experience with respect to unemployment or other factors bearing a direct relation to unemployment risk." FUTA allows the states to extend experience rating tax reductions to new and newly covered employers after they have had at least 1 year of such experience. Further, states allow new and newly covered employers a reduced rate (but not less than one percent) on a reasonable basis.

STATE REQUIREMENTS FOR EXPERIENCE RATING—In most states, 3 years of experience with unemployment means more than 3 years of coverage and contribution experience. Factors affecting the time required to become a "qualified" employer include:

- The coverage provisions of the state law ("at any time" vs. "20 weeks");
- In states using benefits or benefit derivatives in the experience-rating formula, the type of base period and benefit year, and the lag between these two periods, which determine how soon a new employer may be charged for benefits;
- The type of formula used for rate determination; and
- The length of the period between the date as of which rate computations are made and the effective date for rates.

> *Historical Note:* The first state UI system in this country (Wisconsin) set up a separate reserve for each employer. Employer contributions were credited to this reserve and benefits paid to former employees were charged to it as long as the account had a credit balance. Most of the states enacted "pooled-fund" laws on the theory that the risk of unemployment should be spread among all employers and that workers should receive benefits regardless of the balance of the contributions paid by the individual employer and the benefits paid to such workers. All states now have pooled unemployment funds.

EXPERIENCE RATING FORMULAS—Within the broad Federal requirements, the experience rating provisions of state laws vary greatly. The most significant variations grow out of differences in the formulas used for rate determinations. The factor used to measure experience with unemployment is the basic variable which makes it possible to establish the relative incidence of unemployment among the workers of different employers. At present there are four distinct systems, usually identified as reserve-ratio, benefit-ratio, benefit-wage ratio, and payroll variation formulas. A few states have combinations of the systems.

FINANCING

All systems have certain common characteristics. All formulas are devised to establish the relative experience of individual employers with unemployment or with benefit costs. To this end, all have factors for measuring each employer's experience with unemployment or benefit expenditures, and all compare this experience with a measure of exposure - usually payrolls - to establish the relative experience of large and small employers. However, the four systems differ greatly in the construction of the formulas, in the factors used to measure experience and the methods of measurement, in the number of years over which the experience is recorded, in the presence or absence of other factors, and in the relative weight given the various factors in the final assignment of rates.

RESERVE-RATIO FORMULA—The reserve-ratio [(contributions minus benefits charged) divided by payroll] was the earliest of the experience rating formulas and continues to be the most popular. The system is essentially cost accounting. On each employer's record are entered the amount of payroll, contributions, and the benefits paid to workers. The benefits are subtracted from the contributions, and the resulting balance is divided by the payroll to determine the size of the balance in terms of the potential liability for benefits. The balance carried forward each year under the reserve-ratio plan is ordinarily the difference between the employer's total contributions and the total benefits received by workers since the employer became subject to the UI law.

Rates are assigned according to a schedule of rates for specified ranges of reserve ratios – the higher the ratio, the lower the rate. Also, fluctuations in the state fund balance affect the rate that an employer will pay; an increase in the fund may trigger a tax rate schedule in which a lower rate is assigned and, conversely, a decrease in the fund balance may trigger a tax schedule requiring a higher rate.

Table 2-3: RESERVE-RATIO FORMULA STATES

State	Years of Benefits and Contributions Used	Years of Payrolls Used[1]	State	Years of Benefits and Contributions Used	Years of Payrolls Used[1]
AZ	All past years	Average of 3 years, ending 6 months before computation date	AR	All past years	Average last 3 or 5 years, whichever is lower[2]
CA	All past years	Average of 3 years, ending 6 months before computation date	CO	All past years	Average 3 years
DC	All since July 1, 1939	Average of 3 years, ending 3 months before computation date	GA	All past years	Average 3 years
HI	All past years	Average 3 years	ID	All since Jan.1, 1940	Average 4 years
IN	All past years	Aggregate 3 years	KS	All past years	Average 3 years
KY	All past years	Aggregate 3 years	LA	All since Oct.1, 1941	Average 3 years
ME	All past years	Average 3 years	MA	All past years	Last year
MO	All past years	Average 3 years	MT	All years since Oct. 1, 1981	Average 3 years
NE	All past years	Average 4 years	NV	All past years	Average 3 years
NH	All past years. Last 5 years under specified conditions.	Average 3 years	NJ	All past years	Average last 3 or 5 years, whichever is higher
NM	All past years	Average 3 years	NY	All past years	Average of 5 years, ending 3 months before computation date
NC	All past years	Aggregate 3 years	ND	Last 6 years	Average 3 years
OH	All past years	Average 3 years	PR	Last 3 years	Last 3 years
RI	All since Oct. 1, 1958	Average 3 years	SD	All past years	Aggregate 3 years
TN	All past years	Average 3 years	VI	Last 3 years	Last 3 years
WV	All past years	Average 3 years	WI	All past years	Last year

[1] Years immediately preceding or ending on computation date, unless noted.
[2] Experience rated employers may elect to be rated on the basis of total taxable wages paid during the preceding CY.

FINANCING

BENEFIT-RATIO FORMULA—The benefit-ratio formula (benefits charged divided by employer's payroll) also uses benefits as the measure of experience, but eliminates contributions from the formula and relates benefits directly to payrolls. The theory is that, if each employer pays a rate which approximates his benefit ratio, the program will be adequately financed. Rates are further varied by the inclusion in the formulas of schedules (effective at specified levels of the state fund in terms of dollar amounts), proportion of payrolls, or fund adequacy percentage.

Unlike the reserve-ratio, the benefit-ratio system is geared to short-term experience. The following table shows the number of years used for each state in determining benefit ratios.

Table 2-4: BENEFIT-RATIO FORMULA STATES

State	Years of Benefits Used	Years of Payrolls Used (Years Immediately Preceding or Ending on Computation Date, Unless Noted)	State	Years of Benefits Used	Years of Payrolls Used (Years Immediately Preceding or Ending on Computation Date, Unless Noted)
AL	Last 3 fiscal years	Last 3 fiscal years	CT	Last 3 years	Last 3 years, ending 6 months before computation date
FL	Last 3 years	Last 3 years, ending 3 months before computation date	IL	Last 3 years	Last 3 years
IA	Last 5 years	Last 5 years	MD	Last 3 years	Last 3 years
MI[1]	Last 5 years	Last 5 years	MN	Last 4 years	Last 4 years
MS	Last 3 years	Last 3 years	OR	Last 3 years	Last 3 years
PA[1]	All past years	Average 3 years	SC[2]	Last 10 years	Last 10 years
TX	Last 3 years	Last 3 years	UT	Last 4 years. If 4 years not available, will use up to 1 year minimum.	Last 4 years. If 4 years not available, will use up to 1 year minimum.
VT	Last 3 years	Last 3 years	VA	Last 4 years	Last 4 years
WA	Last 4 years	Last 4 years	WY	Last 3 years	Last 3 years

[1] Benefit-ratio predominates. State also has a reserve ratio component.
[2] Beginning CY 2014, 3 years will be used. State also uses an array system.

BENEFIT-WAGE-RATIO FORMULA—The benefit-wage formula is radically different. The formula is designed to assess variable rates which will raise the equivalent of the total amount paid out as benefits. The percentage relationship between total benefit payments and total benefit wages in the state during 3 years is determined. This ratio, known as the state experience factor, means that, on the average, the workers who drew benefits received a certain amount of benefits for each dollar of benefit wages paid and the same amount of taxes per dollar of benefit wages is needed to replenish the fund. The total amount to be raised is distributed among employers in accordance with their benefit-wage ratios; the higher the ratio, the higher the rate.

Individual employers' rates are determined by multiplying the employer's experience factor by the state experience factor. The multiplication is facilitated by a table which assigns rates that are the same as, or slightly more than, the product of the employer's benefit-wage ratio and the state factor. The range of the rates is, however, limited by a minimum and maximum. The minimum and the rounding upward of some rates tend to increase the amount which would be raised if the plan were effected without the table; the maximum, however, decreases the income from employers who would otherwise have paid higher rates.

Table 2-5: BENEFIT-WAGE-RATIO FORMULA STATES		
State	Years of Benefits Used	Years of Payrolls Used (Years Immediately Preceding or Ending on Computation Date)
DE	Last 3 years	Last 3 years
OK	Last 3 years	Last 3 years

PAYROLL VARIATION PLAN—The payroll variation plan is independent of benefit payments to individual workers; neither benefits nor any benefit derivatives are used to measure unemployment. Experience with unemployment is measured by the decline in an employer's payroll from quarter to quarter. The declines are expressed as a percentage of payrolls in the preceding period, so that experience of employers with large and small payrolls may be compared. If the payroll shows no decrease or only a small percentage decrease over a given period, the employer will be eligible for the largest proportional reductions.

Alaska measures the stability of payrolls from quarter to quarter over a 3 year period; the changes reflect changes in general business activity and also seasonal or irregular declines in employment. Also, Alaska arrays employers according to their average quarterly decline quotients and groups them on the basis of cumulative payrolls in 20 classes for which rates are specified in a schedule.

CHARGING METHODS

Since various methods are used to identify the employer(s) who will be charged with benefits when a worker becomes unemployed and receives benefits, the laws address this issue in some detail. In the reserve-ratio and benefit-ratio states, it is the worker's benefit payments that are charged; in the benefit-wage ratio states, the benefit wages. There is no charging of benefits in the payroll-decline systems.

In most states, the maximum amount of benefits to be charged is the maximum amount for which any worker is eligible under the state law.

In the states with benefit-wage-ratio formulas, the maximum amount of benefit wages charged is usually the amount of wages required for maximum annual benefits.

CHARGING MOST RECENT OR PRINCIPAL EMPLOYER—Some states charge the most recent employer on the theory that this employer has primary responsibility for the unemployment. All of the states that charge benefits to the last employer relieve the employer of these charges if only casual or short-time employment is involved. Charging the most recent base period employer assumes that liability for benefits is inherent in wage payments.

Table 2-6: STATES THAT CHARGE MOST RECENT OR PRINCIPAL EMPLOYER			
State	Employer Specified	State	Employer Specified
GA	Most recent.	ID	ER who paid largest amount of BPW. Charges omitted if worker continues to perform services for the ER.
IL	Most recent. Charges omitted for ERs who employed claimant less than 30 days, except if the earnings from the ER allow the claimant to requalify following a disqualification.	KY	Most recent. Charges omitted for ERs who employed claimant less than 10 weeks.
ME	Most recent. Charges omitted for ERs who employed claimant less than 5 weeks.	MI	Most recent ER charged for first 2 weeks of benefits. Thereafter, BP employers charged proportionately (with respect to wages).

Table 2-6: STATES THAT CHARGE MOST RECENT OR PRINCIPAL EMPLOYER			
State	**State**	**State**	**State**
NV	ER who paid 75% of a claimant's BPW, except if a reimbursing ER is liable.	NH	Most recent. Charges omitted for ERs who paid claimant less than 4 consecutive weeks. Benefits paid following disqualifications for voluntary leaving, discharge for misconduct and refusal of suitable work will be charged to the ER's account who furnished the employment.
NY	Most recent ER charged 7 x claimant's WBA; thereafter, BP ERs charged proportionately (with respect to wages).	PR	Most recent ER charged 50% of benefits paid and the remaining 50% charged proportionately to all BP employers.
RI	Most recent BP employer.	SC	Most recent. Charges omitted for ERs who employed claimant less than 8 x WBA.
VA	Most recent. Charges omitted for ERs who employed claimant less than 30 days or 240 hours.	KEY: ER = Employer	

CHARGING BASE-PERIOD EMPLOYERS IN INVERSE CHRONOLOGICAL ORDER—Some states limit charges to base-period employers but charge them in inverse order of employment. This method combines the theory that liability for benefits results from wage payments with the theory of employer responsibility for unemployment; responsibility for the unemployment is assumed to lessen with time, and the more remote the employment from the period of compensable unemployment, the less the probability of an employer being charged. A maximum limit is placed on the amount that may be charged any one employer; when the limit is reached, the next previous employer is charged. The limit is usually fixed as a fraction of the wages paid by the employer or as a specified amount in the base period or in the quarter, or as a combination of the two. Usually the limit is the same as the limit on the duration of benefits in terms of quarterly or base-period wages.

If a worker's unemployment is short, or if the last employer in the base period employed the worker for a considerable part of the base period, charging employers in inverse chronological order gives the same results as charging the last employer in the base period. If a worker's unemployment is long, such charging gives much the same results as charging all base-period employers proportionately.

All the states that provide for charging in inverse order of employment have determined, by regulation, the order of charging in case of simultaneous employment by two or more employers.

Table 2-7: STATES THAT CHARGE BASE-PERIOD EMPLOYERS IN INVERSE CHRONOLOGICAL ORDER			
State	**Inverse Order of Employment up to Amount Specified**	**State**	**Inverse Order of Employment up to Amount Specified**
CO	⅓ wages up to ⅓ of 26 x current WBA	IA	In proportion to BPW
MA	36% of BPW	NE	⅓ BPW
SD	In proportion to BPW. Charges omitted for employers who paid worker less than $100.		

CHARGING IN PROPORTION TO BASE-PERIOD WAGES—On the theory that unemployment results from general conditions of the labor market more than from a given employer's separations, the largest number of states charge benefits against all base-period employers in proportion to the wages earned by the worker with each employer. Their charging methods assume that liability for benefits is inherent in the wage payments creating the worker's eligibility. (Note that states combining this method with charging the most recent employer are listed on the "Charging Most Recent or Principal Employer" table.)

Table 2-8: STATES THAT CHARGE IN PROPORTION TO BASE-PERIOD WAGES			
State	Special Provisions	State	Special Provisions
AL	X	AZ	X
AR	X	CA	X
CT	Charges omitted for ERs who paid claimant less than $500.	DE	X
DC	X	FL	Charges omitted for ERs who paid worker less than $100.
HI	X	IN	Law also provides for charges to BP employers in inverse order.
KS	X	LA	X
MD	Principal ER will be charged for shut downs for convenience. ERs participating in shared work will bear all charges.	MN	X
MS	X	MO	Charges omitted for ERs who employed claimant less than 28 days or paid him less than $400.
MT	X	NJ	X
NM	X	NC	Amount charged to a BP employer's account is the benefit allocated to such ER multiplied by 120%.
ND	X	OH	X
OK	If ER recalls a laid-off or separated EE and the EE continues to be employed, or voluntarily terminates employment or is discharged for misconduct within the BY, benefit charges may be reduced by the ratio of remaining weeks of eligibility to the total weeks of entitlement.	OR	X
PA	X	TN	X
TX	X	UT	X
VT	X	VI	X
WA	Charged to separating ER for certain quits with good cause.	WV	X
WI	Benefits are not charged to an ER constituting less than 5% of a claimant's BPW.	WY	X
KEY: ER = Employer; EE = Employee			

NONCHARGING OF BENEFITS

Many states recognize that certain benefit costs should not be charged to individual employers. This has resulted in "noncharging" provisions in practically all state laws using benefits in their formulas. In the states which charge benefits, certain benefits are omitted from charging as indicated in the following information; in the states which charge benefit wages, certain wages are not counted as benefit wages.

The postponement of charges until a certain amount of benefits has been paid results in noncharging of benefits for workers whose unemployment was of very short duration. In many states, charges are omitted when benefits are paid on the basis of an early determination in an appealed case and the determination is eventually reversed. In many states, charges are omitted in the case of benefits paid under a combined wage claim. In Connecticut, the District of Columbia, Massachusetts and Rhode Island, dependents' allowances are not charged to employers' accounts.

Another type of noncharging is for benefits paid following a period of disqualification for a voluntary quit, misconduct, a refusal of suitable work, or for benefits paid following a separation for which no disqualification was imposed; e.g., because the worker had good personal cause for leaving voluntarily, or because of a job which lasted throughout the normal disqualification period and then was laid off for lack of work. The intent is to relieve the employer of charges for unemployment caused by circumstances beyond the employer's control. The provisions differ with variations in the employer to be charged and with the disqualification provisions, particularly with respect to the cancellation and reduction of benefit rights. In this summary, no attempt is made to distinguish between noncharging following a period of disqualification and noncharging where no disqualification is imposed. Most states provide for noncharging where voluntary leaving or discharge for misconduct is involved and, in some states, refusal of suitable work. A few of these states limit noncharging to cases where a worker refuses reemployment in suitable work.

The following table provides information on which benefits are excluded from charging in the states. Alaska, a payroll variation state, is excluded because benefit charges are not a factor in determining experience rates.

Table 2-9: BENEFITS EXCLUDED FROM CHARGING

State	Federal-State Extended Benefits	Benefit Award Finally Reversed	Reimburse-ments on Combined Wage Claims[1]	Voluntary Leaving	Discharge for Misconduct	Refusal of Suitable Work	Continues to Work for Employer on Same Part-Time Basis
AL		X		X	X		X
AZ		X	X	limited to compelling personal reasons not attributable to employer and not warranting disqualification, and to leaving work due to mutually-agreed-upon mandatory retirement age[2]	X		X
AR	X			X	X		X
CA		X		limited to quits to take other jobs, accompanying spouse and irresistible impulse to use intoxicant[2]	X		X
CO		X	X	X[2,3]	X		
CT				X, including quits to accompany spouse due to change in location of spouse's employment	X	X	
DE		X	X	X, including quits to accompany spouse or to care for ill or disabled family member	X		X
DC				X	X		X
FL		X		X	X	limited to refusal of reemployment	

Table 2-9: BENEFITS EXCLUDED FROM CHARGING							
State	Federal-State Extended Benefits	Benefit Award Finally Reversed	Reimbursements on Combined Wage Claims[1]	Voluntary Leaving	Discharge for Misconduct	Refusal of Suitable Work	Continues to Work for Employer on Same Part-Time Basis
GA		X	X	X, includes claimants who quit to follow military spouse or quit to accept a better job	X	limited to refusal of reemployment in suitable work	
HI	X		X	X	X		X
ID	X	X	X	X	X		
IL			X	X, including quits to accept another job, or to accompany a spouse who has been reassigned by the military[2]	X	X	X
IN			X	X	X		X
IA	X	X	X	X	X	X	
KS	X			X	X		X
KY			X	X	X		
LA		X		X, including quits from part-time or interim job in order to protect full-time or regular job	X	X	X
ME	X	X	X	X	X	limited to refusal of reemployment in suitable work	X
MD		X		X, including quits without good cause attributable to work, to accept a better job, or to enter approved training	only for gross and aggravated misconduct		X
MA		X		X[2]	for claimant convicted of felony or misdemeanor		
MI				X, including quits to accompany military spouse to new duty location	X		X
MN			X	X	X		
MS				X, including quits to accompany military spouse to new duty location	X	X	X
MO		X	X	X[4]	X	X	
MT	X	X		X[2]	X[2]		X

Table 2-9: BENEFITS EXCLUDED FROM CHARGING							
State	Federal-State Extended Benefits	Benefit Award Finally Reversed	Reimburse-ments on Combined Wage Claims[1]	Voluntary Leaving	Discharge for Misconduct	Refusal of Suitable Work	Continues to Work for Employer on Same Part-Time Basis
NE		X	X	X, including accompanying spouse to spouse's employment in a different city, new military duty station, or for accepting insured work in construction industry	X		X
NV	X		X	X, including quits to accompany military spouse and to take other employment	X		
NH			X	separations resulting from physician-certified inability to perform job duties due to pregnancy, illness or non-work related injury			X
NJ		X		X, including BY employer if worker left that job by a disqualifying separation[2]	X, including BY employer if worker left that job by a disqualifying separation[2]	X, including BY employer if separation due to failure to accept suitable work without good cause.	
NM	X	X		X[2]	X[2]		
NY	X			X	X		X
NC		X		X, including quits to accompany spouse	X		X
ND		X		X	X		
OH		X	X	X, including quits from interim or part-time job to protect full-time job	X	X, only if due to participation in approved training.	X
OK		X		X, including quits due to compelling family circumstances[2]	X		X
OR	X	X	X	X	X		X
PA		X		X	X		X
PR	X						
RI		X		X	X		
SC	X	X		X[2]	X[2]	X, limited to refusal of reemployment in suitable work.	
SD	X	X		X	X		
TN		X		X	X		X

Table 2-9: BENEFITS EXCLUDED FROM CHARGING							
State	Federal-State Extended Benefits	Benefit Award Finally Reversed	Reimburse-ments on Combined Wage Claims[1]	Voluntary Leaving	Discharge for Misconduct	Refusal of Suitable Work	Continues to Work for Employer on Same Part-Time Basis
TX		X		X[2]	X[2]		
UT	X	X	X	X	X		X
VT			X	X	X	X	X
VA			X	X[5]	Separation due to violation of law leading to jail time.	Refusal of rehire due to participation in approved training.	
VI							
WA	X	X		X[2]	X		X
WV		X		X	X		
WI		X		X, including quits due to illness, disability, domestic abuse and to accompany spouse[2]			
WY	X	X		X, including quits to follow military spouse[2]	X		X

[1] Most states limit noncharging to specific situations such as benefits paid in excess of amount payable under state law or if claimant would have been ineligible using only the in-state wages.
[2] Includes separations due to domestic violence.
[3] If quit one construction job to take a better construction job when conditions of law are met. Also, does not charge employer if claimant separates due to compelling family reasons, or to relocate to a new residence from which it is impractical to commute due to death of military spouse who was an active duty member of the US. Armed Forces, stationed in Colorado, and who was killed in combat.
[4] For claimants leaving to accept more remunerative job or quit unsuitable work within 28 days.
[5] For quits to accept other employment, to enter approved training, because of a non-job related injury or medical condition, or required in work release programs as a condition of release/parole. Also for quits to accompany active duty military spouse to new assignment if relocation is due to permanent change of station order, new location is not readily accessible from individual's place of employment, and spouse's new duty assignment is located in a state that does not consider a person accompanying a military spouse to be leaving work voluntarily without good cause.

Four states (Arkansas, Colorado, Maine, and North Carolina) have special provisions or regulations for identifying the employer to be charged in the case of benefits paid to seasonal workers. In general, seasonal employers are charged only with benefits paid for unemployment occurring during the season, and nonseasonal employers with benefits paid for unemployment at other times. In Maine, the claimant must also have seasonal base period wages for the seasonal employer to be charged benefits during the season.

A few states, including Arizona, Colorado, Massachusetts, Montana, New Mexico, New Jersey, Oklahoma, Texas, Washington, Wisconsin and Wyoming, provide that an employer's account will not be charged for benefits paid to an employee who quit to escape domestic violence. Several states noncharge benefits for reasons other than those listed in Table 2-9, or in addition to those reasons listed in Table 2-9. For example, some states noncharge benefits paid to individuals who—

- Were unable to work due to a disaster;
- Quit for personal reasons such as lack of adequate child care, to relocate with a military spouse, or to care for a sick or disabled family member;
- Were in training with the approval of the UI agency;
- Were laid off when a permanent who was called to military duty returned and claimed his/her job; or
- Were laid off when the employer was called to active military duty.

FINANCING

TAXES PAYABLE TO UNEMPLOYMENT FUND

The requirements for rate assignments vary greatly among the states. Each state law incorporates at least the Federal requirements for assigning reduced rates. Many states require that all necessary contribution reports must have been filed and all contributions due must have been paid.

Taxes not paid into the state's unemployment fund are listed later in this chapter under the heading "Additional Taxes."

RATES AND RATE SCHEDULES—Schedules are used to convert the results of the formula used (that is, the reserve-ratio, benefit-ratio, benefit-wage-ratio or payroll variation) into a tax rate. In a few benefit ratio states, the benefit ratio is itself the employer's rate. Several states use an "array" system where employers are annually ranked against each other, rather than through a schedule using predetermined experience levels. Rate classes in array systems are determined by segregating wages paid by all state employers. For example, the highest rate class will consist of employers with the highest costs. A new rate class will be triggered when employers in the highest class represent a certain percentage of the wages paid under state law. The following states use array systems: Alaska, Idaho, Kansas, Maine, Montana, Nebraska, North Dakota, Oregon, South Carolina, Utah, and Vermont.

MINIMUM AND MAXIMUM RATES—Tax rates depend on the state's fund balance. In most states, low balances trigger schedules with higher rates and higher balances trigger schedules with lower rates. However, under Federal law, the maximum rate must always be at least 5.4%.

> *Note:* The following table indicates the range of base contribution rates provided for in state law. It **does not** indicate what rates are in effect for the current year. For that information, the appropriate state UI agency should be contacted.

In some states, the state law establishes an overall contribution rate that is the sum of various components, such as a basic contribution rate, a solvency rate, and social cost add-on. Solvency taxes and social cost taxes that are treated by state law as distinctly separate taxes and that are added-on after the contribution rate has been calculated are listed in Table 2-11.

Table 2-10: FUND REQUIREMENTS AND RANGE OF RATES
(Payroll used is that for last year except as indicated)

State	Most Favorable Schedule			Least Favorable Schedule		
	When Fund Balance	Range of Rates		When Fund Balance	Range of Rates	
		Minimum	Maximum		Minimum	Maximum
AL[1]	≥125% of desired level	0.14%	5.4%	<70% of desired level	0.59%	6.74%
AK[2]	Law authorizes agency to set rates	≥1%	≥5.4%	Law authorizes agency to set rates	≥1%	≥5.4%
AZ	≥12% of taxable payrolls	0.02%	5.4%	<3% of taxable payrolls	0.02%	≥5.4%
AR[3]	>5% of payrolls	0.0%	5.9%	<0.4% of payrolls	0.9%	6.8%
CA[4]	>1.8% of taxable payrolls	0.1%	5.4%	<0.6% of taxable payrolls	1.5%	6.2%
CO	≥$450 million	0.0%	5.4%	≤$0	1.0%	5.4%
CT	Based on Benefit Ratio	0.5%	5.4%	Based on Benefit Ratio	0.5%[5]	5.4%[5]

Table 2-10: FUND REQUIREMENTS AND RANGE OF RATES (Payroll used is that for last year except as indicated)

State	Most Favorable Schedule			Least Favorable Schedule		
	When Fund Balance	Range of Rates		When Fund Balance	Range of Rates	
		Minimum	Maximum		Minimum	Maximum
DE	Dependent upon the state experience factor	0.1%	8.0%	Dependent upon the state experience factor	0.1%	8.0%
DC	>3.0% of payrolls	0.1%	5.4%	≤0.8% of payrolls	1.9%	7.4%
FL[4]	Current adjusted benefit ratio	0.1%	5.4%	Current adjusted benefit ratio	0.1%	5.4%
GA	≥State-wide reserve ratio of 2.7%	0.01%	5.4%	<State-wide reserve ratio of 1.25%	0.03%	7.29%
HI[1]	Ratio of the current reserve fund to the adequate reserve fund is > 1.69	0.0%	5.4%	Ratio of the current reserve fund to the adequate reserve fund is < 0.2	2.4%	5.4%
ID	State calculated average high cost multiple	0.18%	5.4%	State calculated average high cost multiple	0.96%	6.8%
IL	Dependent upon the adjusted state experience factor	0.2%	6.4%, except “small” employers capped at 5.4%	Dependent upon the adjusted state experience factor	0.3%	9.6% except “small” employers capped at 5.4%
IN[4]	≥1.6% of payrolls	0.0%	5.4%	<.2% of payrolls	.75%	10.2%
IA	Current reserve fund ratio/highest benefit cost ratio ≥ 1.3	0.0%	7.0%	Current reserve fund ratio/ highest benefit cost ratio < 0.3	0.0%	9.0%
KS	Dependent upon state adjustment factor	Not Specified	7.4%	Dependent upon state adjustment factor	Not Specified	7.4%
KY	≥1.18% of payrolls	0.0%	9.0%	<$150 million	1.0%	10.0%
LA	$>1.4 billion	0.07%	4.86%	<$400 million	0.09%	6.0%
ME[6]	Reserve multiple of > 1.58	Varies	≥5.4%	Reserve multiple of < 0.25	Varies	≥5.4%
MD	>5% of taxable payrolls	0.30%	7.5%	≤3.0% of taxable payrolls	2.2%	13.5%
MA	≥1.75% of taxable payrolls	0.8%	7.8%	<0.5% of taxable payrolls	1.58%	15.4%
MI[4]	Based on benefit ratio[7]	0.06%	10.3%	Based on benefit ratio[7]	0.06%	10.3%
MN	≥0.75% of payrolls	0.1%	9.0%	<$0	0.5%	9.4%
MS[4]	Depends on statutory variables that comprise the general experience rate	0.2%	5.4%	Depends on statutory variables that comprise the general experience rate	0.2%	5.4%
MO[8]	>$750 million	0.0%	5.4%	<$350 million	0.0%	7.8%
MT	≥2.6% of payrolls	0.0%	6.12%	<0.25% of payrolls	1.62%	6.12%
NE	No requirements for fund balance in law	Not Specified	≥5.4%	No requirements for fund balance in law	Not Specified	≥5.4%
NV	Rates set by agency in accordance with authorization in law	0.25%	5.4%	Rates set by agency in accordance with authorization in law	0.25%	5.4%
NH[9]	≥$300 million	0.1%	5.5%	<$250 million	0.1%	8.5%
NJ[10, 11]	≥1.4% of taxable wages in prior year	0.3%	5.4%	≤ 0.49% of taxable wages in prior year	1.2%	7.0%
NM	≥2.3% of payrolls	0.03%	5.4%	<0.3% of payrolls	2.7%	5.4%
NY	≥5% of payrolls	0.0%	5.9%	<0% of payrolls	0.9%	8.9%
NC	>9% of taxable payrolls	0.0%	5.7%	<2.0% of taxable payrolls	0.0%	5.7%

Table 2-10: FUND REQUIREMENTS AND RANGE OF RATES (Payroll used is that for last year except as indicated)						
State	Most Favorable Schedule			Least Favorable Schedule		
	When Fund Balance	Range of Rates		When Fund Balance	Range of Rates	
		Minimum	Maximum		Minimum	Maximum
ND	Rates set by agency in accordance with authorization in law	0.01%	≥5.4%	Rates set by agency in accordance with authorization in law	0.01%	≥5.4%
OH[1]	≥30% above minimum safe level	0.0%	6.3%	≤60% below minimum safe level	0.3%	Not Specified[12]
OK	≥3.5 x 5-year average of benefits	0.1%	5.5%	<2 x 5-year average of benefits	0.3%	9.2%
OR[13]	≥200% of fund adequacy % ratio	0.41%	5.4%	<100% of fund adequacy % ratio	2.11%	5.4%
PA	Law authorizes agency to set rates	0.3%	7.7%	Law authorizes agency to set rates	0.3%	7.7%
PR	>$589 million	1.0%	5.4%	<$370 million	2.5%	5.4%
RI[4, 14]	≥6.4% of payrolls	0.6%	7.0%	<2.75% of payrolls	1.9%	10.0%
SC	Based on benefit ratio	0.0%	≥5.4%	Based on benefit ratio	0.00%	≥5.4%
SD[4]	≥$11 million	0.0%	9.5%	<$5.5 million	0.0%	9.5%
TN	≥$850 million	0.01%	10.0%	<$450 million	0.5%	10.0%
TX	Based on benefit ratio	0.0%	6.0%	Based on benefit ratio	0.0%	6.0%
UT[~~16~~ 15]	Based on reserve factor calculation	0.0%	9.0%	Based on reserve factor calculation	0.0%	9.0%
VT[1]	≥2.5 x highest benefit cost rate	0.4%	5.4%	<1.0 x highest benefit cost rate	1.3%	8.4%
VA	Fund balance factor is ≥120%	0.0%	5.4%	Fund balance factor is ≤50%	0.1%	6.2%
VI	Ratio of current balance to adequate balance is ≥ 2	0.0%	6.0%	Ratio of current balance to adequate balance is <0.2	0.0%	6.0%
WA	No requirements for fund balance in law	0.0%	5.4%	No requirements for fund balance in law	0.0%	5.4%
WV	>3.0% of gross covered wages	0.0%	8.5%[16]	<1.75% of gross covered wages	1.5%	8.5%[16]
WI	≥$1.2 billion	0.0%	8.5%	<$300 million	0.07%	8.5%
WY[4]	Based on benefit ratio	0.0%	8.5%	Based on benefit ratio	0.0%	8.5%

GENERAL NOTE: Table 2-10 incorporates the various methods of determining the minimum and maximum rates under the least and most favorable circumstances. In some states, these calculations include adjustments for solvency and social cost after the rate. The rates above only reflect those tax rate ranges for contributions to be deposited into the Unemployment Trust Fund.

[1] Desired level in AL is 1.4 x the product of the highest payrolls of any 1 of the most recent preceding 3 FYs multiplied by the highest benefits payroll ratio for any 1 of the 10 most recent FYs; temporary adjustment in the rate schedule expires 9/30/11. In HI, adequate reserve fund defined as the highest benefit cost rate during past 10 years multiplied by total taxable remuneration paid by employers in same year. In OH, minimum safe level defined as an amount equal to 2 standard deviations above the average of the adjusted annual average weekly unemployment benefit payment from 1970 to the most recent CY prior to the computation date. In VT, highest benefit cost rate determined by dividing the highest amount of benefits paid during any consecutive 12-month period in the past 10 years by total wages during the 4 CQs ending within that period.

[2] The employer's rate is calculated by multiplying 80% of the average benefit cost rate by the employer's experience factor; however, employers in the maximum rate class may not have a rate lower than 5.4%.

[3] The rates shown above do not include the additional contribution assessments (applicable to certain maximum rated deficit employers) of up to an additional 4.0%, and they do not include additional contribution assessments that may be applied under State Unemployment Tax Act (SUTA) dumping statutes. The solvency adjustment (stabilization tax) is included in calculation shown in this table. Through June 30, 2011 0.25% of taxable wages collected are deposited in both the Training Trust Fund and the Unemployment Insurance Administrative Fund. See Table 2-17.

[4] Social costs and/or solvency adjustments included in calculation of basic tax rate shown in this table. See Table 2-11 for states with other adjustments.

[5] If the fund balance calculations result in a less than 0.8%, a fund balance tax rate of up to 1.4% is levied.

State	Most Favorable Schedule			Least Favorable Schedule		
	When Fund Balance	Range of Rates		When Fund Balance	Range of Rates	
		Minimum	Maximum		Minimum	Maximum

Table 2-10: FUND REQUIREMENTS AND RANGE OF RATES (Payroll used is that for last year except as indicated)

[6] All rates reduced by .02% for Competitive Skills Scholarship Fund assessment; contribution category 20 may not be reduced below 5.4%.
[7] The rate is made up of three components: chargeable benefit component (CBC), account building component (ABC), and the nonchargeable benefits component.
[8] The maximum rates do not include the surcharge (applicable to certain maximum rated deficit employers) of up to 1.0%. In 2011, this surcharge could total 1.5%. Additionally all rates are reduced by 0.05% to offset the unemployment automation surcharge.
[9] The rates in this table are reduced by .2% to offset the Administrative Contribution.
[10] Fund reserve ratio defined as fund balance as of 3/31 as a percentage of taxable wages in prior year.
[11] If the fund reserve ratio is ≥5% but <7.5%, contributions, except for those at the maximum rate, are reduced by 25%; if the fund reserve ratio is ≥7.5% but <10%, contributions, except for those at the maximum rate, are reduced by 50%.
[12] Once the trust fund is more than 15% below the minimum safe level, the minimum and maximum rates change from year to year because there is a formula for determining the Minimum Safe Level rates that includes a flat tax rate and a variable factor in the calculation. The flat tax rate and factor may change from year to year which will change the minimum and maximum rates from year to year. The formula for the Minimum Safe Level rate when the trust fund is 60% or more below the minimum safe level includes the flat 0.2% rate increase. The flat rate increase is then multiplied by three and the product divided by the average experience rated contribution rate for all employers as determined by the director for the most recent calendar year. The resulting quotient shall be multiplied by an individual employer's contribution rate. The resulting product shall be rounded to the nearest tenth of one per cent, added to the flat rate increase. The total shall be rounded to the nearest tenth of one percent. This becomes the Minimum Safe Level rate used in the rate table.
[13] The rates in this table are reduced by 0.3% for all employers except those assigned a 5.4% rate, during the first quarter of each odd-numbered year.
[14] Rates are reduced by 0.21% to offset the job development assessment.
[15] Employer's benefit ratio is multiplied by the annual reserve factor (based upon fund solvency) to determine his/her base tax rate.
[16] Includes 1.0% surtax for debit balance employers.

LIMITATION ON RATE INCREASES—Wisconsin prevents sudden increases of rates for individual employers by limiting an employer's rate increase in any year to no more than 2 percent higher than the previous rate. In Oklahoma, for employers with rates of 3.4 percent or more, the limitation on the rate increase is 2 percent in any year. For employers with rates below 3.4 percent, their rate may not be increased to more than 5.4 percent in any year.

ADJUSTMENTS— Table 2-10 does not include solvency taxes and social cost taxes that are treated by state law as distinctly separate taxes from the employer's contribution rate. The following table lists taxes that are either:

- Based on the balance in a state's unemployment fund (commonly called a solvency tax), or
- Based on unrecovered benefit costs, such as noncharged benefits or ineffectively charged benefits (commonly called a socialized cost).

These adjustments may be in the form of a direct modification of the employer's tax rate (for example, by adding 0.1% to the employer's tax rate) or by taking these costs into account when calculating the employer's experience rate (for example, charging a prorated portion of socialized costs to the employer's account in a reserve ratio state). Reimbursing employers are exempted from solvency adjustments since they may already reimburse the state's unemployment fund for 100% of their benefit costs. Please note that depending upon the solvency of a state's fund, and other factors in state law, not all the following adjustments are levied in a given year.

Table 2-11: ADJUSTMENTS FOR SOLVENCY OR SOCIAL COST RECOUPMENT

State	Name	Amount	Purpose
AL	Shared Cost Assessment[1, 2, 3]	Varies	Social Cost
AK	Solvency Adjustment[1]	-0.4% - 1.1%	Solvency

Table 2-11: ADJUSTMENTS FOR SOLVENCY OR SOCIAL COST RECOUPMENT			
State	**Name**	**Amount**	**Purpose**
CO	Solvency Tax Surcharge	Varies	Solvency
	Surcharge Tax Rate[4]	0.22%	Social Cost
CT	Fund Balance Tax Rate	Up to 1.4%	Solvency
DE	Supplemental Assessment Rate	0.2% - 2.5%	Solvency
IL	Fund Building Factor[5]	0.4% - 0.55%	Solvency
LA	Social Charge Tax[6]	Varies[7]	Social Cost
	Solvency Tax	Up to 30% of contributions due	Solvency
MA	Secondary Adjustment	When in effect from 0.3% - 0.9%	Solvency
MN	Additional Assessment Rate	0.0% - 14.0%	Solvency
NH	Emergency Power Surcharge[8]	0.5%	Solvency
NJ	Solvency Addition	0.0% or 10% of rate	Solvency
NY	Subsidiary Contribution	0.0% - 0.925%	Solvency
OH	Mutualized Contributions	0.0% - 0.5%	Social Cost
OK	Temporary Surcharge	0.0% - 33⅓%	Solvency
PA	State Adjustment Factor[1]	0.0% - 1.5%	Social Cost
	Solvency Measures[9]	Surcharge adjustment from -1.1% - 5.8% and additional contributions from 0.0% - 0.65%	Solvency
SD	Adjustment Percentage	.1% - 1.5%	Solvency
TN	Premium Rate[10]	0.6%	Solvency
TX	Replenishment Rate	Varies	Social Cost
	Deficit Assessment	Up to 2.0%	Solvency
	Surplus Credit Ratio[11]	Varies	Solvency
UT	Social Tax Rate	Varies	Social Cost
VA	Fund Balance Factor	0.0% or 0.2%	Solvency
	Pool Charge Rate	Varies	Social Cost
WA	Social Cost Factor	Varies	Social Cost
	Solvency Surcharge	0.0% - 0.2%	Solvency
WI	Solvency Rate	0.0% - 1.35%	Solvency
WY	Adjustment Factor[12]	Up to 1.5%	Social Cost & Solvency

GENERAL NOTE: Social cost recoupments are generally payable each year. Solvency adjustments are triggered by fund balances.

[1] Excludes new employers.
[2] For states with benefit-ratio systems, a social charge/solvency ratio is calculated by dividing total social charges/solvency charges by total taxable wages. This ratio is added to the individual employer's benefit ratio to determine the experience rate.
[3] During years when schedule A is in effect, employers at the minimum rate are excluded; during years when schedule B is in effect, employers at the minimum rate who have not had any benefit charges in the last 3 fiscal years are excluded.
[4] The proceeds from the surcharge are split: 50% to the employment support fund; 30% - unemployment fund; and 20% - employment and training technology fund (see Table 2-17).
[5] Not applicable during 1st quarter 2011.
[6] Depending upon the procedure in place in a given year, the formula for calculating the social charge rate varies. One of these variables includes a provision for a portion of the proceeds to be treated as payable to the Incumbent Worker Training Account when the fund balance equals or exceeds $750 million (see Table 2-17).
[7] The social charge rate is calculated to the nearest .01% and may not raise an employer's total rate above 6.2%.
[8] During any year when the unemployment trust fund fails to be ≥$150 million throughout the next preceding calendar quarter and should the Commission determine that the surcharge is necessary to preserve the solvency of the fund.
[9] The surcharge adjustment is applicable to all contributory employers; new employers are excluded from the additional contributions.
[10] In effect until trust fund ≥$650 million.
[11] Reduces the general and replenishment rates, but in no case can the rates be reduced below 0.0%.
[12] Proceeds are split: 60% - social cost to the unemployment fund; 40% - Employment support fund (see Table 2-17).

COMPUTATION, FUND TRIGGER, AND EFFECTIVE DATES AND NEW EMPLOYERS—The computation date is the end of the period used to determine the employer's experience. For example, a benefit-ratio state may compute an employer's experience rate using the benefits paid in the 3 years immediately preceding the computation date. If a new or newly-covered employer has accrued sufficient experience as required under state law as of the computation date, the employer will henceforth be assigned a rate based on experience. Under FUTA, experience rates must be effective within 27 weeks of the computation date.

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The fund trigger date is the date the fund's balance is determined for purposes of determining which rate schedule is used for the following tax year.

All state laws contain provisions describing the treatment of employers who are not eligible for experience rates. To conform to Federal law, all states assign employers with 3 years of experience a rate based on experience. Federal law allows states to reduce the experience period to no less than one year before assigning rates based on experience and allows states to assign new employer rates on a "reasonable basis," but not less than 1%. Typically, states assign either a flat rate to all new employers or a rate based on the new employer's industry type. In some states, these two methods are combined. Most new employers receive a flat rate, while some high-cost industries, such as construction, receive the higher industry rate. In some cases, the flat rate varies from year to year, depending on such factors as the fund balance.

Table 2-12: COMPUTATION, FUND TRIGGER, EFFECTIVE DATES, AND NEW EMPLOYERS

State	Computation Date	Fund Trigger Date	Effective Date for New Rates	Years Needed to Qualify for Experience Rating[1]	Reduced Rate for New Employers[2]
AL	June 30	Sept. 30	Jan. 1	1	2.7%
AK	June 30	Sept. 30	Jan. 1	1[1]	1.96%
AZ	July 1	July 31	Jan. 1	1	2.0%
AR	June 30	June 30	Jan. 1	3	2.9%[3]
CA	June 30	Sept. 30	Jan. 1	1	3.4%
CO	July 1	July 1	Jan. 1	1	Greater of 1.7%, actual rate, or, for construction industry, average industry rate
CT	June 30	June 30	Jan. 1	1[1]	2.9%
DE	Oct. 1	Sept. 30	Jan. 1	2	2.1%
DC	June 30	Sept. 30	Jan. 1	3	2.7% or average rate for all ERs if higher
FL	June 30	June 30	Jan. 1	2 ½	2.7%
GA	June 30	June 30	Jan. 1	3	2.62%
HI	Dec. 31	Nov. 30	Jan. 1	1	3.0%
ID	June 30	Sept. 30	Jan. 1	1	1.0%
IL	June 30	June 30	Jan. 1	3[1]	3.35% or average industry rate if greater
IN	June 30	Sept. 30	Jan. 1	3[1]	2.5%; 1.6% for government employers
IA	July 1	July 1	Jan. 1	3	1.0%
KS	June 30	June 30	Jan. 1	2	4.0%; construction ERs receive 6.0%
KY	July 31	Sept. 30	Jan. 1	3	2.7%; foreign and domestic construction firms receive maximum rate
LA	June 30	Sept. 1	Jan. 1	3	Up to 6.2% based on average industry rate
ME	June 30	Sept. 30	Jan. 1	2	Greater of predetermined yield or 1%
MD	July 1	Sept. 30	Jan. 1	2	2.3%; foreign contractors assigned average industry rate

Table 2-12: COMPUTATION, FUND TRIGGER, EFFECTIVE DATES, AND NEW EMPLOYERS					
State	**Computation Date**	**Fund Trigger Date**	**Effective Date for New Rates**	**Years Needed to Qualify for Experience Rating[1]**	**Reduced Rate for New Employers[2]**
MA	Sept. 30	Sept. 30	Jan. 1	1	2.83%
MI	June 30	June 30	Jan. 1	2[4]	2.7%; construction ERs receive average industry rate
MN	June 30	March 31	Jan. 1	1	2.7474%
MS	June 30	Nov. 1	Jan. 1	1	1.0% - 1.2% depending on years of liability
MO	June 30	Oct 1[5]	Jan. 1	1	Greater of 3.51% or rate assigned to ER's industrial classification
MT	Sept. 30	Oct. 31	Jan. 1	3	Average industry rate
NE	Dec. 31	May 31[5]	Jan. 1	1[1]	1.29%
NV	June 30	June 30	Jan. 1	2½	2.95%
NH	Jan. 31	Jan. 31[5]	July 1	1	1.7%
NJ	Dec. 31	March 31	July 1	3	2.8%
NM	June 30	June 30	Jan. 1	3	2.0%
NY	Dec. 31	Dec. 31	Jan. 1	1	Highest rate assigned to ERs with positive account balances or 3.4%, whichever is less
NC	Aug. 1	July 31	Jan. 1	2	1.2%
ND	Sept. 30	Sept. 30	Jan. 1	3	1.6%
OH	July 1	July 1	Jan. 1	1	2.7%, except construction ERs pay industry average rate
OK	July 31	Dec. 31[6]	Jan. 1	1	1.0%
OR	June 30	Aug. 31	Jan. 1	1	3.1%
PA	June 30	June 30	Jan. 1	1½[1]	3.7030%; construction employers pay 9.2%
PR	June 30	Dec. 31	Jan. 1	1	2.7% - 3.4% depending upon the tax schedule in effect
RI	Sept. 30	Sept. 30	Jan. 1	3	Higher of 1.0% or the 5-year benefit cost rate for non-rateable ERs up to a max. of 4.2%
SC	July 1	June 30[5]	Jan. 1	1[1]	Rate applicable to rate class 13
SD	Dec. 31	Dec. 31	Jan. 1	2	1.2% for first year; 1.0% for second if positive balance
TN	Dec. 31	Dec. 31[5]	July 1	3	2.7%, except average industry rate when industry reserve ratio is 0.0% or less
TX	Oct. 1[7]	Oct. 1	Jan. 1[7]	1	Greater of 2.7% or industry rate
UT	July 1	June 30	Jan. 1	1	Average industry rate up to 9.5%
VT	Dec. 31	Dec. 31	July 1	1	Lower of average industry rate or rate class eleven, but not less than 1%[8]
VA	June 30	June 30	Jan. 1	1	2.52%
VI	Dec. 31	June 30	Jan. 1	3	1.0%

Table 2-12: COMPUTATION, FUND TRIGGER, EFFECTIVE DATES, AND NEW EMPLOYERS					
State	Computation Date	Fund Trigger Date	Effective Date for New Rates	Years Needed to Qualify for Experience Rating[1]	Reduced Rate for New Employers[2]
WA	July 1	Sept. 30	Jan. 1	2[1]	90, 100, or 115% of industry average rate depending upon benefits charged and taxes collected from new employers during the previous three years.
WV	June 30	Jan. 1	Jan. 1	3	2.7%, construction and foreign entities pay 7.5%
WI	June 30	Sept. 30	Jan. 1	1½	3.25% or 3.4%
WY	June 30	Oct. 31	Jan. 1	3	Average industry rate

[1] Period shown is period throughout which employer's account was chargeable or during which payroll declines were measurable. AK, CT, IN, and WA: in states noted, requirements for experience rating are stated in the law in terms of subjectivity; IL and PA: in which contributions are payable; NE: in addition to the specified period of chargeability, contributions payable in the 2 preceding CYs; SC: coverage.
[2] When rate varies, it must be no less than 1%.
[3] New employers who have been experience rated in another state are given the option of using their previous experience, or the new employer rate. The new employer rate must be at least 1.0% plus the stabilization tax rate in effect.
[4] An employer's rate will not include a nonchargeable benefits component for the first 4 years of subjectivity.
[5] MO uses a calculation based on the average balance of the 4 CQs. In NE, May 30 is the last day the administrator decides the next year's tax rate based on quarterly trust fund balances of preceding year. NH can also use quarterly trust fund levels to activate quarterly changes in tax rates. TN can also use June 30 trust fund balance to activate a 6-month tax schedule.
[6] In some circumstances, the trust fund trigger date can be July 1.
[7] For newly qualified employers, computation date is end of quarter in which employer meets experience requirements and effective date is immediately following quarter.
[8] Exception: Foreign corporations classified in 236, 237, or 238 North American Industry Classification System code shall pay the average rate as of most recent computation date paid by all employers so classified.

RATE REDUCTION THROUGH VOLUNTARY CONTRIBUTIONS—In about half of the states, employers may obtain lower rates by making voluntary contributions. In reserve ratio states, a voluntary contribution increases the balance in the employer's reserve so that a lower rate is assigned which will save more than the amount of the voluntary contribution. In benefit-ratio states, an employer pays voluntary contributions to cancel benefit charges to its account, thereby reducing its benefit ratio.

Table 2-13: STATES PERMITTING RATE REDUCTION THROUGH VOLUNTARY CONTRIBUTIONS		
State	Due Date[1]	Additional Information[2]
AZ	On or before January 31.	No additional information.
AR	On or before March 31.	Not permitted if rate increased because of knowingly violating/attempting to violate state law regarding transfers of experience and assignment of rates.
CA[3]	By last working day in March in CY to which reduced rate would apply.	Cannot reduce by more than 3 rates. ER must not have negative account balance or not have any unpaid amounts owed. Not allowed for any year in which schedule E or F or emergency solvency surcharge in effect.
CO	Before March 15.	No additional information.
GA	Within 30 days following the date upon which a notice is mailed.	No additional information.
IN	Within 30 days of receipt of rate notice.	No additional information.
KS	Within 30 days of mailing of rate notice.	No rate may be reduced more than five rate groups for positive balance ERs. Negative balance ERs may have their rates reduced to the highest five rates for positive balance ERs.
KY	Within 20 days following mailing of rate notice.	No additional information.

Table 2-13: STATES PERMITTING RATE REDUCTION THROUGH VOLUNTARY CONTRIBUTIONS

State	Due Date[1]	Additional Information[2]
LA	Within 30 days of mailing of notice of benefits charged to ER's experience rating account.	May not be permitted if solvency tax, advance interest tax, or special assessment to finance bonds used to prepay Federal loan is assessed.
ME	Within 30 days of mailing of rate notice. Can be extended for 10 days for good cause.	No additional information.
MA	No later than 30 days after date of issuance of notice of ER's contribution rate.	ER must be assigned contribution rate, file all required reports, and pay all contributions, interest, penalties due.
MI	Within 30 days of mailing of notice of adjusted contribution rate.	No additional information.
MN	Within 120 days of January 1.	Contribute up to amount of benefits charged to account during period ending June 30 of preceding year plus 25% surcharge (No surcharge 2011-2013). Not refundable unless request made in writing within 30 days of mailing of notice of new tax rate. Must not be delinquent in any amount.
MO	On or before following January 15.	ER must be eligible for experience rate and must include signed written statement identifying it as voluntary payment.
NE	Before January 10.	Limited to amount likely to reduce one rate category.
NJ	Within 30 days of mailing of ER's rate notice. May be extended 60 days for good cause. If contribution not made within extended period, ER becomes subject to a penalty of 5% or $5.00, whichever is greater, up to $50.00.	If ER transfers all/part of business to a successor in interest and both parties at time of transfer are under common ownership or control, neither may make voluntary transfers in year of transfer and the following year.
NM	On or before March 1.	No additional information.
NY	On or before April 1.	No additional information.
NC	Within 30 days of mailing of rate notice.	No additional information.
ND	Within 4 months of beginning of year.	No additional information.
OH	By December 31 following computation date.	No additional information.
PA	Within 30 days of mailing of rate notice. Can extend for good cause.	No additional information.
SD	Before February 1.	No additional information.
TX	No later than 60 days after mailing date of rate notice. May extend an additional 15 days. If payment insufficient to cause decrease in ER's rate, Commission will notify ER and grant an extension, not to exceed total of 75 days.	No additional information.
WA	By February 15.	May contribute part or all benefits charges from most recent 2 years ending June 30. Only eligible if tax rate increased at least 12 rate classes from prior tax rate year.
WV	Within 30 days of mailing of rate notice.	No additional information.
WI	During November or, if mailed, either postmarked by November 30 or received no later than 3 days following that date. Under certain circumstances, can pay up to 120 days after beginning of CY.	Can only lower one rate unless catastrophic event. Not available if ER has outstanding tax liabilities. Not available for 5 years for certain ERs whose benefit charges exceed their contributions.

KEY: ER = Employer

[1] Federal law requires that voluntary contributions must be made "prior to the expiration of 120 days after the beginning of the rate year" (Section 3303(d), FUTA). This column contains additional state limitations for the voluntary contribution to affect the applicable rate year.

[2] Since Federal law limits refunds to erroneous payments, if a voluntary contribution does not lead to a reduced rate or if an employer changes its mind, no refund can be made.

[3] Program is not in effect when rate schedule E or F is in effect, or in calendar years ~~to~~ in which the emergency solvency surcharge is in effect, as California law prohibits voluntary UI contributions under these circumstances.

FINANCING

TRANSFER OF EMPLOYERS' EXPERIENCE

Because of Federal requirements, no rate can be granted based on experience unless the state has at least a 1-year record of the employer's experience with the factors used to measure unemployment. Without such a record, there would be no basis for a rate determination. For this reason, all state laws specify the conditions under which the experience record of a predecessor employer may be transferred to an employer who, through purchase or otherwise, acquires the predecessor's business. In some states, the authorization for transfer of the record is limited to total transfers; i.e., the record may be transferred only if a single successor employer acquires the predecessor's organization, trade, or business and substantially all of its assets. In other states, the provisions authorize partial as well as total transfers; in these states, if only a portion of a business is acquired by any one successor, that part of the predecessor's record which pertains to the acquired portion of the business may be transferred to the successor.

In most states, the transfer of the record in cases of total transfer automatically follows whenever all or substantially all of a business is transferred. In the remaining states, the transfer is not made unless the employers concerned request it.

Under most laws, transfers are made whether the acquisition is the result of reorganization, purchase, inheritance, receivership, or any other cause. Delaware, however, permits transfer of the experience record to a successor only when there is substantial continuity of ownership and management.

Some states condition the transfer of the record on what happens to the business after it is acquired by the successor. For example, in some states there can be no transfer if the enterprise acquired is not continued; in 3 of these states (California, the District of Columbia, and Wisconsin) the successor must employ substantially the same workers. In 22 states[1], successor employers must assume liability for the predecessor's unpaid contributions, although in the District of Columbia, Massachusetts, and Wisconsin, successor employers are only secondarily liable.

Most states establish by statute or regulation the rate to be assigned to the successor employer from the date of the transfer to the end of the rate year in which the transfer occurs. The rate assignments vary with the status of the successor employer prior to the acquisition of the predecessor's business. Over half of the states provide that an employer who has a rate based on experience with unemployment shall continue to pay that rate for the remainder of the rate year; the others provide that a new rate be assigned based on the employer's own record combined with the acquired record.

To address concerns regarding employers who avoid liability for UI benefits charged to their accounts through the manipulation of payrolls, Congress enacted the SUTA Dumping Prevention Act of 2004 ("SUTA" refers to state unemployment tax acts). This Act required state UI laws to provide for:

- mandatory transfers of experience when there is substantial commonality of ownership, management, or control at the time of acquisition of trade or business; and
- no transfers of experience when the acquiring party is not otherwise an employer at the time of acquisition and when the state agency finds that acquiring the business was solely or primarily for the purposes of obtaining a lower rate of contributions.

In all other situations, it is left to the states to determine the circumstances under which experience may be transferred.

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[1] AZ, AR, CA, DC, GA, ID, IL, IN, KY, ME, MA, MI, MN, MO, NE, NH, NM, OH, OK, SC, WV, and WI.

The following table provides information about state UI law provisions about these other situations.

Table 2-14: TRANSFER OF EXPERIENCE FOR EMPLOYER RATES							
State	Total Transfers		Partial Transfers		Enterprise Must Be Continued	Rate for Successor Who Was an Employer Prior to Acquisition for Remainder of Rate Year	
	Mandatory	Optional	Mandatory	Optional		Previous Rate	Experience Combined
AL	X			X			X
AK	X					X	
AZ	X			X	X	X	
AR	X			X	X	X	
CA		X		X	X		X
CO	X			X	X	X	
CT	By agency interpretation		By agency interpretation			By agency interpretation	
DE	Only if there is substantial continuity of ownership and management		Only if there is substantial continuity of ownership and management		X		X
DC[1]	X				X	X	
FL		X		X	X		X
GA	X		If predecessor and successor were owned or controlled by same interest	X	X		X
HI		X				X	
ID	Only if predecessor had a deficit as of last computation date and management or ownership is substantially the same[2]		X[2]	Only if predecessor had a deficit as of last computation date and management or ownership is substantially the same	X		X
IL	X			X		X	
IN	X			X		X	
IA	X		X		X		X
KS	X			X	X	X	
KY	X		X			X	
LA	X		X			X	
ME[3]	X					X	

Table 2-14: TRANSFER OF EXPERIENCE FOR EMPLOYER RATES							
State	Total Transfers		Partial Transfers		Enterprise Must Be Continued	Rate for Successor Who Was an Employer Prior to Acquisition for Remainder of Rate Year	
	Mandatory	Optional	Mandatory	Optional		Previous Rate	Experience Combined
MD	X			Limited to firms formerly located in another state	X	X	X
MA	X				X	X	
MI	X			X		X	
MN	X		X				X
MS	X			X	X	X	
MO	X		Limited to acquisitions of all or substantially all of business		X		X
MT	X[4]		X[4]				X
NE	X		X				X
NV		X		X			X
NH	X			X	X	X	
NJ	X		If predecessor and successor were owned or controlled by same interest	If predecessor and successor were not owned or controlled by same interest	X	Limited to total transfers only	
NM	X			X	X	X	
NY	X		X		X		X
NC[5]	X			X		X	
ND[1]		X		X		X	
OH	X		If predecessor and successor were owned or controlled by same interest	If predecessor and successor were not owned or controlled by same interest	X	X	
OK	X			X	X		X
OR	X		X		X	X[6]	X[6]
PA	Except as noted in next column.	If predecessor and successor were not owned or controlled by same interest	Except as noted in next column	If predecessor and successor were not owned or controlled by same interest	X	X	
PR	X					X	
RI	X		X			X	
SC	X[7]		X[7]	X	X		X

Table 2-14: TRANSFER OF EXPERIENCE FOR EMPLOYER RATES							
State	Total Transfers		Partial Transfers		Enterprise Must Be Continued	Rate for Successor Who Was an Employer Prior to Acquisition for Remainder of Rate Year	
	Mandatory	Optional	Mandatory	Optional		Previous Rate	Experience Combined
SD	Except as noted in next column	If ownership of both entities is not substantially the same				X	
TN	X		X		X	X	
TX	X			X	X	X	
UT	X		X				X
VI	X		X			X	
VT	X				X		X
VA	X		X			X	
WA	X		X				X
WV	X		Limited to acquisitions of substantially all of a business			X	
WI	X		X		X		X
WY	X						X

[1] In DC, if total wages allocable to transferred property are less than 25% of predecessor's total; and in ND, transfer may be denied if good cause shown that transfer would be inequitable.
[2] If management, ownership, or control is substantially the same for the successor as for the predecessor and there is a continuity of the business activity by the successor.
[3] Any business purchased free and clear of liens through bankruptcy will receive the state average contribution rate, if contribution rate for the predecessor business is greater than the state average; otherwise, the successor business assumes the predecessor's experience.
[4] Except if ownership, management, or control of both entities is not substantially the same, in which case the transfer is optional.
[5] No transfer when assets of predecessor are acquired in a sale in bankruptcy, unless successor employing unit shares common ownership with predecessor.
[6] The rate is dependent upon the date of transfer.
[7] If the predecessor's experience rated account has a debit balance and when there is an acquisition or change in the form or organization of an existing business enterprise, or severable portion thereof, and there is a continuity of control of the business enterprise.

ADDITIONAL TAXES

This section discusses various payroll taxes that are not deposited in the state's unemployment fund. In general, it is limited to those taxes where state law contains a current taxing authority; taxes which by statute could be assessed only for a temporary period in the past are not included. Reserve funds where the taxing authority has expired are, however, listed when the reserve fund continues to exist. As will be noted from the following tables, not all states have additional taxes and not all of these apply to all employers.

Loan and Interest Repayment Taxes — Some states have the authority to float bonds to pay benefit costs, thereby avoiding the need to obtain Federal loans. In these states, special taxes may be assessed to pay off the bond as well as any costs associated with the bond. Since interest must be paid on Federal advances and since interest may not be paid from the state's unemployment fund, several states have established special taxes to pay the costs of this interest.

Table 2-15: STATES WITH LOAN AND INTEREST REPAYMENT TAXES				
State	Tax	Amount[1]	When Payable	Specific Purposes
AL	Additional rate	Rate determined based on amount due[2]	By May 15th following year interest becomes due	Pay interest on Federal advances
AR	Advance interest tax	0.2%	When interest is due on Federal advances	Pay interest on Federal advances
CO	Advance interest	Rate determined based on amount due[2]	When interest is due on Federal advances	Pay interest on Federal advances
	Bond assessment	Rate determined based on amount due	When bonds are outstanding	Pay bonds issued to pay UC, Federal advances, and bond costs
CT	Bond assessment	Not specified. Assessment is a % of ER's charged tax rate	When bonds are outstanding	Pay bonds issued to pay UC, Federal advances, and bond costs
	Special assessment	Rate determined based on amount due[2]	When interest is due on Federal advances	Pay interest on Federal advances
DE	Temporary emergency assessment	Rate determined based on amount due[2]	When interest is due on Federal advances	Pay interest on Federal advances
DC	Interest surcharge	1%	When interest is due on Federal advances	Pay interest on Federal advances
FL	Additional rate	Rate determined based on amount due	When interest is due on Federal advances	Pay interest on Federal advances
HI	Special assessment	Rate determined based on amount due	When interest is due on Federal advances	Pay principal and interest
ID	Advance interest repayment tax	Rate determined based on amount due[2]	When interest is due on Federal advances	Pay interest on Federal advances
IA	Temporary emergency surcharge	Rate determined based on amount due[2]	When interest is due on Federal advances	Pay interest on Federal advances
LA	Bond repayment assessment	1.4% on $15,000 wage base[2, 3]	When bonds are outstanding	Pay bonds issued to pay Federal advances and bond costs
ME	Special assessment	Rate determined based on amount due[2]	When interest is due on Federal advances	Pay interest on Federal advances
MN	Special assessment	2% to 8% of quarterly taxes	When interest is due on Federal advances	Pay interest on Federal advances
MO	Advance interest	Rate determined based on amount due[2]	When interest is due on Federal advances	Pay interest on Federal advances
	Bond and loan assessment	Rate determined based on amount due	When bonds or loans are outstanding	Pay principle, interest, and administrative expenses related to bonds and loans
NY	Interest assessment surcharge	Rate determined based on amount due	When interest is due on Federal advances	Pay interest on Federal advances
NJ	Advance interest tax	Rate determined based on amount due[2]	When interest is due on Federal advances	Pay interest on Federal advances
OR	Advance interest repayment tax	Rate determined based on amount due[2]	When interest is due on Federal advances	Pay interest on Federal advances
PA	Advance interest tax	Up to 1.0%[2]	When interest is due on Federal advances	Pay interest on Federal advances
PR	Advance interest tax	Rate determined based on amount due	When interest is due on Federal advances	Pay interest on Federal advances
RI	Job development assessment[3]	.3% wages	Quarterly	Pay principal and interest
SC	Additional surcharge	Rate determined base on amount due	When interest is due on Federal advances	Pay interest on Federal advances
TN	Interest tax	Rate determined based on amount due[2]	When interest is due on Federal advances	Pay interest on Federal advances

Table 2-15: STATES WITH LOAN AND INTEREST REPAYMENT TAXES				
State	Tax	Amount[1]	When Payable	Specific Purposes
TX	Unemployment obligation assessment[4]	Based on amount due[2]	When bonds or loans are outstanding	Interest and cost of bonds
WA	Interest payment tax	0.15%[2]	Based on balance of interest payment fund and projected interest due	Pay interest on Federal advances
WV	Assessment	0.35% on EEs, % on ERs on $21,000 tax wage base = to EE assessment[3]	When bonds are outstanding	Retire bonds used to pay Federal advances and cost of bonds
WI	Federal interest tax [5]	Rate determined based on amount due	When interest is due on Federal advances	Pay interest on Federal advances

KEY: ER = Employer; EE = Employee

[1] Percentage figures include percent of taxable payroll, unless otherwise indicated.
[2] AL, CT, ID, LA, ME, MO, OR, PA, TX, and WA exclude reimbursing ERs. CO excludes governmental entities, reimbursing nonprofit organizations, political subdivisions electing the special rate, negative balance ERs, and ERs with positive balances of 7.0% or more. NJ excludes reimbursing employers, nonprofit organizations, and governmental entities or instrumentalities. TN excludes ERs with no benefit charges for 2 years and no negative balance for the same 2 years; IA excludes governmental ERs and ERs assigned a zero rate; OR excludes zero rated ERs; DE excludes reimbursing governmental entities or instrumentalities and nonprofit organizations; PA excludes new ERs. In some states, it is not clear whether the tax applies only to contributory employers.
[3] The proceeds from the assessment is split: 0.19% - administration and job development; 0.02% - core UI and employment services; and 0.3% principal and interest account (See Table 2-17).
[4] Interest payment is not the sole purpose of interest payment surtaxes in the following states. LA: also used for payment of bonds issued to pay Federal advances, debt service, and administrative costs; TX: also to pay debt service on bonds issued to avoid or pay Federal advances; WV: also to retire bonds.
[5] Inoperative unless authorized by the state agency.

Reserve Taxes —These taxes are deposited in a reserve fund established under state law. The principal in the reserve fund is used for UI purposes (such as paying benefits or interest on Federal advances). Any interest earned on the reserve fund is deposited in another fund where it is used for other purposes, such as job training and paying the collection costs of the reserve tax. Unlike employer contributions, which are held in the Federal Unemployment Trust Fund until needed to pay benefits, these reserve fund moneys are not protected by the Federal withdrawal standard which restricts the use of contributions to the payment of benefits and other specified purposes. This means that state legislatures may, if the state constitution allows, redirect the reserve fund's principle to other uses. Even if the taxing authority has expired, reserve taxes are listed in the following table when the reserve fund continues in existence.

Table 2-16: STATES WITH RESERVE TAXES: PRINCIPAL USED FOR UI PURPOSES, INTEREST USED FOR UI OR NON-UI PURPOSES				
State	Surtax	Amount[1]	When Payable	Purpose
ID	Reserve	Taxable wage rate less the assigned contribution rate and training tax rate	If as of September 30th of the preceding year the Reserve Fund balance is < 1% of state taxable wages or <= 49% of the Employment Security Fund	Loans to the employment security fund, and interest on loans; interest accrued is deposited in the Dept. of Commerce and Labor Special Administration Fund
IA	Reserve	0-50% of contributions due, not to exceed $50,000,000 in total contributions annually	If as of July 1st of the preceding year the Reserve Fund balance is < $150,000,000	Pay UI; interest accrued is used for UI and ES administrative costs
NE	State UI	0-20% of contributions due	When unemployment fund meets specified solvency requirements[2]	Pay UI; interest accrued is deposited into the Jobs Training and Support Fund

Table 2-16: STATES WITH RESERVE TAXES: PRINCIPAL USED FOR UI PURPOSES, INTEREST USED FOR UI OR NON-UI PURPOSES				
State	Surtax	Amount[1]	When Payable	Purpose
NC	Reserve Fund	20% of contributions due	If as of August 1st of the preceding year the balance of the Reserve Fund is ≥ $163,349,000 or the balance of the Unemployment Insurance Fund is > $500,000,000	Pay UI or interest on Federal advances; interest accrued is deposited into the Worker Training Trust Fund

KEY: ES = Employment Service

[1] Percentage figures include percent of taxable payroll, unless otherwise indicated.
[2] The reserve tax is in effect unless any of the following occur: The average balance in the state unemployment fund at the end of any 3 months in the preceding CY is greater than 1% of state taxable wages for the same preceding year; the balance in the state unemployment fund equals or exceeds 30% of the average month-end balance of the state's account in the Unemployment Trust Fund for the three lowest calendar months in the preceding year; or the state advisory council determines that a 0% state UI tax rate is in the best interests of preserving the integrity of the state's account in the Unemployment Trust Fund.

Taxes for UI Administration or Non-UI Purposes —States also collect a wide array of taxes which are established for administrative purposes. These purposes may be UI administration, job training, employment service administration, or special improvements in technology. These taxes are not deposited in the state's unemployment fund, but in another fund designated by state law. Since Federal grants for the administration of the UI program may not be used to collect non-UI taxes, almost all legislation establishing non-UI taxes provide that a portion of the revenues generated will be used for payments of costs of collecting the tax. Expired taxes are not listed.

Table 2-17: STATES WITH TAXES FOR UI ADMINISTRATION OR NON-UI PURPOSES				
State	Tax Name	Amount[1]	When Payable	Purpose
AL	Employment Security Administrative Enhancement Assessment	0.06%[2]	Expires September 30, 2011	Job search/placement
AK	State Training and Employment Program	0.1%[3]	Each year	Development of skilled workforce
	Technical and Vocational Education Program	0.1% [2, 3]	Each year	Vocational and technical training
AZ	Job Training Tax	0.1%	Expires December 31, 2011	Job training
AR	Extended Benefit	0.1%[2]	When state's EB account is ≤0.2% payroll	Pays noncharged costs of federal-state EB
	Stabilization Tax	-0.1% to 0.8%[4]	Through June 30, 2015	0.25% of taxable wages collected are deposited in both the Training Trust Fund and the Unemployment Insurance Administrative Fund.
CA	Employment and Training Tax	0.1% (excluding negative balance ERs)	Each year	Training and administration costs
CO	Surcharge Tax Rate[5]	0.22%[2]	Each year	50% - employment support fund, 30% unemployment fund; and 20% employment and training technology fund
DE	Special Assessment	0.15%	Quarterly	Counseling, training, placement of dislocated workers
DC	Unemployment and Workforce Development Administrative Assessment	0.2%	Quarterly	Improve benefit claim eligibility determinations, reemployment services, fraud prevention, cost of collecting/administering assessment

Table 2-17: STATES WITH TAXES FOR UI ADMINISTRATION OR NON-UI PURPOSES				
State	**Tax Name**	**Amount[1]**	**When Payable**	**Purpose**
GA	Administrative Assessment[6]	.08%[2]	Quarterly	Employment services and administration
HI	Employment and Training Fund Assessment	0.01%[2]	Quarterly	Employment services and training
ID	Training Tax	3.0% of taxable wage rate	Excludes deficit ERs from rate class 6. Expires Dec. 31, 2011.	Training
KY	Additional Contribution	0.3%	When insufficient Federal funds are made available	Administration
LA	Social Charge Tax[7]	Varies[8]	When fund balance is >$750 million	Training Specified UI and employment functions
ME	Competitive Skills Scholarship Fund Contributions	0.02%[9]	Quarterly	Training and related administrative costs
MA	Unemployment Health Insurance Contribution	.36%	Quarterly, applies to ERs with 6 or more EEs and 2 years as a subject employer	Medical Security Trust Fund
	Workforce Training Fund Contribution	0.075%[10]	Quarterly	Training
MN	Workforce Development Fee	0.12%[2, 11]	Quarterly	Dislocated worker training
MS	Workforce Enhancement Contributions	0.15% of taxable wages[2]	Quarterly, suspended if IUR >5.5% until IUR <4.5%	Training to enhance productivity
MO	Unemployment Automation Surcharge	0.05%[2, 12]	Expires Dec. 31, 2011	UI automation
MT	Administrative Fund Tax	0.13% or 0.18% (depending upon rate class)[13]	Quarterly	Administration
NV	Employment and Training	0.05%[2]	Quarterly	Employment and training of the unemployed
NH	Administrative Contribution	0.2%	Quarterly	Administration and training
NJ	Medical Malpractice Liability Insurance Premium Assistance Fund	$3 per employee	Each year	Medical malpractice liability insurance premium assistance
	Supplemental Workforce Fund for Basic Skills	0.0175%	Quarterly	Remedial education
	Surcharge for Catastrophic Illness in Children	$1 per employee	Each year	Catastrophic Illness in Children Relief Fund
	Workforce Development Partnership Tax	0.1% - Employer rate 0.025% - Employee rate	Quarterly	Customized training grants to ERs and unions for incumbent workers, individual training grants for displaced workers, OSHA training grants, youth transition to work grants
NY	Re-Employment Service Fund	0.075%	Quarterly	Automation, re-employment services, administration
OR	Administration Tax	0.09%[2]	Quarterly	Employment Department administration
	Wage Security	0.03%[2]	1st quarter of every odd-numbered year	Pays last payroll check of bankrupt ERs
PR	Special Tax	1.0%[2]	Quarterly	Employment, training, and administration
RI	Job Development Assessment	0.51% of taxable wages[2, 14]	Quarterly	Administration, job development, core and employment services
SC	Administrative Contingency Assessment	0.06%[2]	Quarterly	Job placement for claimants
SD	Investment SD Future Fee	0 - 0.6% rated ERs; 0.05% new ERs[2]	Quarterly	Research and economic development

Table 2-17: STATES WITH TAXES FOR UI ADMINISTRATION OR NON-UI PURPOSES				
State	**Tax Name**	**Amount[1]**	**When Payable**	**Purpose**
TX	Employment Training Investment Assessment	0.1%	Quarterly	Job training
WA	Special Unemployment Assistance	0.02%[2]	Quarterly, terminates if Federal funding increases	Employment Assistance Program
WI	Administrative Account Contribution	0.2%, but agency may reduce	Quarterly	UI and ES administration
WY	Adjustment Factor	40% of annual noncharged/ineffectively charged adjustment factor[2]	Quarterly	Workforce development program, administration

KEY: ER = Employer; EE = Employee

[1] Percentage figures include percent of taxable payroll, unless otherwise indicated.
[2] AK, AL, AR, HI, MN, MO, RI, SD, WA, and WY exclude reimbursing ERs; AL excludes new ERs, and ERs assigned the minimum rate under schedule A and any ER whose account has not been charged during the 3 preceding FYs but pay the min. rate under schedule B, and also excludes reimbursing ERs, new ERs and ERs paying at least 5.4% but not more than 5.45%; CO excludes governmental entities, reimbursing nonprofit organizations, and political subdivisions electing the special rate, and exempts ERs whose benefit charge account balance for the last 3 FYs is less than $100, and ERs whose benefit charge balance is zero; GA excludes reimbursing ERs and ERs who are assigned the minimum positive reserve rate or maximum deficit reserve rate; MS excluded state boards, instrumentalities, and political subdivisions and nonprofit organizations; NV excludes reimbursing ERs and ERs who pay 5.4%; OR excludes ERs paying 5.4%; PR excludes governmental entities and political subdivisions, those employers with a rate of higher than 4.4% shall have the special tax rate capped so as to not increase the employer's rate above 5.4%; SC excludes nonprofit organizations, certain governmental ERs and ERs paying 5.4%.
[3] Taken from employee portion of unemployment tax.
[4] Through June 30, 2011, 0.25% of taxable wages collected are deposited in both the Training Trust Fund and the Unemployment Insurance Administrative Fund.
[5] The proceeds from the surcharge are split: 50% to the employment support fund; 30% to the unemployment fund; and 20% to the employment and training technology fund (see Table 2-11).
[6] Administrative assessment is repealed December 31, 2011.
[7] Depending upon the procedure in place in a given year, the formula for calculating the social charge rate varies. One of these variables includes a provision for a portion of the proceeds to be treated as payable to the Incumbent Worker Training Account when the fund balance equals or exceeds $750 million (see Table 2-11). Incumbent Worker Training Program must be reauthorized prior to July 1, 2014.
[8] The social charge rate is calculated to the nearest .01% and may not raise an ER's total rate above 6.2%.
[9] Contribution rates may not be reduced for new ERs below 1% nor below 5.4% for employers in category 20.
[10] Administrator shall adjust rate to substantially equal $18 million.
[11] Scheduled to fall to 0.1% on July 1, 2011.
[12] The percentage of the surcharge may be adjusted downward to ensure the total amount of the surcharge does not exceed $13 million annually.
[13] Governmental contributory ERs pay 0.05% through 6/30/08 and 0.09% thereafter, and reimbursable ERs pay 0.08%.
[14] The proceeds from the assessment is split: 0.19% - administration and job development; 0.02% - core UI and employment services; and 0.3% principal and interest account (See Table 2-15).

SPECIAL PROVISIONS FOR FINANCING BENEFITS PAID TO EMPLOYEES OF NONPROFIT ORGANIZATIONS, STATE AND LOCAL GOVERNMENTS, AND INDIAN TRIBES

THE REIMBURSEMENT OPTION—As discussed in the Coverage chapter, amendments made to FUTA in 1970, 1976, and 2000 require coverage of most services performed for certain nonprofit organizations, state and local governments, and federally recognized Indian tribes. These amendments also require that states permit these entities to elect to make "payments in lieu of contributions" (more commonly called "reimbursements") to a state's unemployment fund. Prior to these amendments, states were not permitted to allow nonprofit organizations or Indian tribes to finance their employees' benefits on a reimbursable basis because of the experience-rating requirements of Federal law.

Most state laws provide that reimbursing employers will be billed at the end of each calendar quarter, or other period determined by the agency, for the benefits paid during that period which are attributable to service in their employ. A second method, mostly limited to nonprofit organizations, bills the nonprofit at the end of each calendar quarter, or other time period specified by the agency, at a flat rate which is based on a percentage of the organization's total payroll in the preceding calendar year. This method appears to be less burdensome

because it spreads benefit costs more uniformly throughout the calendar year. Alabama and North Carolina mandate this second method for nonprofits, while 17 states[2] permit a nonprofit the option of choosing either method, subject to the approval of the state agency. Arkansas is the only state to extend this method beyond nonprofits. Arkansas requires the State of Arkansas to use the first method, while nonprofit organizations and political subdivisions that choose reimbursement must use the second method.

Although states may noncharge benefits to reimbursing employers, few do. Unlike contributing employers, who share noncharged benefit costs through such devices as minimum contribution and solvency rates, a reimbursing employer will not fully pay its noncharging costs. Only one state which noncharges benefits to reimbursing employers has developed a system for having such employers bear the costs of such noncharges. In Mississippi, political subdivisions reimbursing the fund may elect to pay 0.25 percent of taxable wages as a condition of having benefits noncharged under the same conditions as contributory employers.

Some state laws permit two or more reimbursing employers jointly to apply to the state agency for the establishment of a group account to pay the benefit costs attributable to service in their employ. This group is treated as a single employer for the purposes of benefit reimbursement and benefit cost allocation.

SPECIAL PROVISIONS FOR STATE AND LOCAL GOVERNMENTS—Generally, state laws treat governmental entities the same as nonprofit organizations and Indian tribes for financing purposes. However, treatment of governmental entities differ in the following ways:

- The state law may designate the state as a whole as a governmental entity and choose for it the financing option. (Effectively, the state legislature elects the state's financing option.)

- Governmental entities using the contribution option must or may, depending on state law, use a contributions system different than those applicable to other employers in the state. (Unlike nonprofit organizations and Indian tribes, the Federal experience-rating requirements do not apply to state governments and their political subdivisions.)

- A governmental entity may be liable for the full amount of extended benefits paid based on service in its employ. The Federal government does not share these costs because governmental entities do not pay the FUTA tax which pays the Federal share. (This extended benefit rule applies to Indian tribes as well.)

The following table indicates how states treat governmental entities.

Table 2-18: FINANCING PROVISIONS FOR GOVERNMENTAL ENTITIES

State	State's Method Required by Law	Options in Addition to Reimbursement		State	State's Method Required by Law	Options in Addition to Reimbursement	
		Regular Contributions	Special Schedule			Regular Contributions	Special Schedule
AL	Reimbursement	X		AK		X	
AZ		X		AR		X	
CA		X	X	CO	Reimbursement	X	
CT	Reimbursement	X		DE			X
DC		X		FL		X	
GA	Contribution[1]	X		HI		X	

[2] AK, CA, DC, ID, MD, ND, OH, PR, SC, SD, TN, UT, VT, VA, VI, WA, and WV.

Table 2-18: FINANCING PROVISIONS FOR GOVERNMENTAL ENTITIES							
State	State's Method Required by Law	Options in Addition to Reimbursement		State	State's Method Required by Law	Options in Addition to Reimbursement	
		Regular Contributions	Special Schedule			Regular Contributions	Special Schedule
ID		X		IL[2]	Reimbursement	X	
IN		X		IA		X	X
KS		X	X	KY		X	
LA		X		ME	Contribution[1]		
MD		X		MA			X
MI		X		MN		X	
MS	Reimbursement	X	X	MO		X	
MT			X	NE		X	
NV		X		NH	Reimbursement	X	
NJ		X	X	NM	Reimbursement	X	X
NY	Reimbursement	X		NC		X	
ND		X	X	OH		X	
OK	Contribution		X	OR	Reimbursement	X	X
PA	Reimbursement	X		PR		X	
RI		X		SC		X	
SD	Reimbursement	X		TN		X	X
TX			X	UT	Reimbursement	X	
VT[3]	Reimbursement	X		VA		X	
VI		X		WA	Reimbursement	X	X
WV		X		WI	Reimbursement	X	
WY		X					

[1] GA and ME: governmental entities can elect direct reimbursement.
[2] Benefits paid to state employees are financed by appropriation to the state Department of Employment Security, which then reimburses the unemployment compensation fund for benefits paid.
[3] State institutions of higher education have an option of contributions or reimbursement; all other state agencies must reimburse.

California has three separate plans for governmental entities. The state is limited to contributions or reimbursement. Schools have, in addition to those two options, the option of making quarterly contributions of 0.5 percent of total wages to the School Employee's Fund plus a variable local experience charge to pay for "administrative indiscretions." The Local Public Entity Employee's Fund and School Employee's Fund have been established in the state Treasury to which political subdivisions and schools, respectively, contribute a percentage of their payrolls and from which the state unemployment compensation fund is reimbursed for benefits paid.

FINANCING

Kansas and Massachusetts have developed a similar experience-rating system applicable to governmental entities that elect the contributions method. Under this system, three factors are involved in determining rates: required yield, individual experience, and aggregate experience. In Kansas, the rate for employers not eligible for a computed rate is based on the benefit cost experience of all rated governmental employers. In this state, no employer's rate may be less than 0.1 percent. In Massachusetts, the rate for employers not eligible for a computed rate is the average cost of all rated governmental employers but not less than 1 percent. Massachusetts also imposes an emergency tax of up to 1.0 percent when benefit charges reach a specified level.

In Montana, governmental entities that elect contributions pay at rates ranging from 0.06% to 1.5% (in 0.1 percent intervals) on total wages. Rates are adjusted annually for each employer under a benefit-ratio formula. New employers are assigned the median rate for the first year in which they elect contributions. Governmental rates become effective July 1, rather than January 1, as is the case of the regular contribution rate system.

New Mexico permits political subdivisions to participate in a "local public body unemployment compensation reserve fund" which is managed by the risk management division. This special fund reimburses the state unemployment fund for benefits paid based on service with the participating political subdivision. The employer contributes to the special fund the amount of benefits paid attributable to service in its employ plus an additional unspecified amount to establish a pool and to pay administrative costs of the special fund.

North Dakota political subdivisions contribute to a special fund managed by the Office of Management and Budget. This fund reimburses the state's unemployment fund for benefits paid based on service with the participating political subdivision.

Oregon has a "local government employer benefit trust fund" to which a political subdivision may elect to pay a percentage of its gross wages. The rate is redetermined each June 30 under a benefit-ratio formula. No employer's rate may be less than 0.1 percent nor more than 5.0 percent. This special fund then reimburses the state unemployment compensation fund for benefits paid based on service with political subdivisions that have elected to participate in the special fund and repayments of advances and any interest due because of shortages in the fund.

In Tennessee, governmental entities who are contributing employers will pay rates ranging from 0.3 percent to 3.0 percent determined according to its reserve ratio.

In Washington, counties, cities, and towns may elect regular reimbursement or the "local government tax." Other political subdivisions may elect either reimbursement or regular contributions. Rates are determined yearly for each employer under a reserve ratio formula. The following minimum and maximum rates have been established: 0.2 percent and 3.0 percent. No employer's rate may increase by more than 1.0 percent in any year. At the discretion of the Commissioner, an emergency excess tax of not more than 1.0 percent may be imposed whenever benefit payments would jeopardize reasonable reserves. New employers pay at a rate of 1.25 percent for the first two years of participation.

BONDING REQUIREMENTS—Since reimbursing employers pay the unemployment fund after benefits have been paid, Federal law expressly authorizes states to establish bond or other reasonable requirements to assure that, in the event the reimbursing employer ceases to exist or otherwise does not pay, the unemployment fund is not left with unreimbursed costs. The following table lists those states which have imposed bond or other deposit requirements. (Note this table does not necessarily reflect state law pertaining to treatment of Indian tribes.)

Table 2-19: STATES THAT REQUIRE BOND OR DEPOSIT OF EMPLOYERS ELECTING REIMBURSING			
State	Provision is:		Amount
	Mandatory	Optional	
AL	X		Percent of taxable payrolls determined by director or administrator. Not to exceed the maximum percentage charged to contributing employers.
AK	X		Amount determined by regulation.
AR	X		Prepays estimated charges each quarter.
CO		X[1]	Greater of 3 x amount of regular and ½ EB paid, based on service within part year or sum of such payments during past 3 years, but not to exceed 3.6% nor less than 0.1% of taxable payrolls.
CT		X[2]	Percent of taxable payrolls not to exceed the maximum contribution rate in effect.
DC		X	0.25% of taxable payroll.
GA	X		2.7% of taxable payroll as of various alternative dates, or if none, as determined by the Commissioner.
HI	X		0.2% of total payrolls.
ID		X	Determined on basis of potential benefit cost.
IA	X		2.7% of taxable payrolls. (Provision currently inoperative)
KS		X	5.4% of taxable payrolls.
KY		X[3]	2.0% of total payrolls.
ME	X	X	By regulation; not to be less than 2.0% nor more than 5.0% of taxable wages.
MD	X		2.7% of taxable wages if the organization has taxable wages less than 25 x the taxable wage base or 5.4% of taxable wages if the organization's taxable wages equal or exceed 25 x the taxable wage base.
MA		X	Percent of taxable payrolls not to exceed the maximum contribution rate in effect.
MI	X[4]		4.0% of estimated annual payroll.
MS		X	1.35% of taxable payrolls for nonprofit organizations and 2.0% of taxable payrolls for governmental entities.
NC	X		Non-profits must keep 1% of prior year's taxable payroll in unemployment fund.
NJ		X	Percent of taxable payrolls not to exceed the maximum contribution rate in effect.
NM	X[5]		2.7% of contributions x the organization's taxable wages.
OH	X		3.0% of taxable payrolls but not more than $2,000,000.
OR	X		2% of total wages for the 4 CQs immediately preceding effective date of election to reimbursable status.
PA	X		1.0% of taxable payroll for the most recent 4 CQs prior to election of reimbursable status.
PR	X		Determined by rule.
RI		X	No greater than double amount of estimated tax due each month, but not less than $100.
SC		X	Bond from nonprofit organizations which do not possess real property and improvements values in excess of $2 million. Regulation requires bond or deposit of minimum of $2,000 for employers with annual wages of $50,000 or less. For annual wages exceeding $50,000, an additional $1,000 bond required for each $50,000 or portion thereof.
SD		X	Maximum effective tax rate x organization's taxable payroll.
TX		X	Higher of 5.0% of total anticipated wages for next 12 months or amount determined by the commission.
UT		X	Nonprofit employers may be required to deposit 1% of total wages paid in 4 CQs prior to demand. In the absence of 4 quarters of wages, the Division will determine the amount. Deposit subject to adjustments.

Table 2-19: STATES THAT REQUIRE BOND OR DEPOSIT OF EMPLOYERS ELECTING REIMBURSING			
State	Provision is:		Amount
	Mandatory	Optional	
VA		X	Determined by commission based on taxable wages for preceding year.
VI	X		1.35% of taxable payrolls.
WA		X	Amount sufficient to cover benefit costs but not more than the amount organization would pay if it were liable for contributions.
WI	X		4.0% of taxable payrolls of preceding year or anticipated payroll for current year, whichever is greater.
WY		X	No amount specified in law.

[1] Regulation states that bond or deposit shall be required if it is $100 or more.
[2] If agency deems necessary because of financial conditions.
[3] Bond or deposit required as condition of election unless agency determines that the employing unit or a guarantor possesses equity in real or personal property equal to at least double the amount of bond or deposit required.
[4] Applies only to nonprofit organizations who pay more than $100,000 in remuneration in a CY.
[5] Applies only to nonprofit organizations.

CHAPTER 3

MONETARY ENTITLEMENT

IN GENERAL

This chapter deals with the monetary requirements of state UI laws, including work history, benefit amounts, and the length of time during which a worker may receive UI.

Although the states have developed many different ways to determine monetary entitlement to UI, there are also many similarities. This chapter discusses the following:

- The wages and employment needed in a "base period" to qualify.
- The period during which UI may be collected, commonly called the "benefit year."
- The amount payable for a week of total or partial unemployment.
- Dependents' allowances.
- Waiting periods.
- The maximum amount of regular UI which a worker may receive in a benefit year.

Note: Information regarding deductible income provisions are located in the nonmonetary eligibility chapter starting on page 5-34.

While most workers are employed in the state in which they reside, many workers regularly commute to a different state to work, work in more than one state, or move to a different state to look for new work when they become unemployed. The law of the state under which the worker claims UI benefits applies as it would for any other worker. Determinations on eligibility, disqualifications, and the amount and duration of benefits are made by the state in which the wages were paid. However, the process by which these workers apply for UI benefits may vary. (For example, the Interstate Benefit Payment Plan provides a method of filing for UI benefits in the state in which a worker has qualifying wages even though the worker is not physically present in that state.)

Although this chapter analyzes monetary factors separately, the relationship between these factors is complex. In comparing state laws, consideration often needs to be given to these relationships.

MONETARY ENTITLEMENT

BASE PERIOD AND BENEFIT YEAR

As previously stated, a worker's benefit rights are determined using wages and employment during a period of time called the base period. Benefits may be paid during a period of time called the benefit year. Workers who exhaust their benefits before the end of a benefit year must wait until a new benefit year is established before they can again draw benefits.

BENEFIT YEARS—The benefit year is a 1-year or 52-week period during which a worker may receive benefits based on a previous period of employment. In all states, the beginning date of the benefit year depends on when a worker first files a "valid claim," meaning the worker meets minimal wage and employment requirements. In most states, the benefit year begins with the week in which the valid claim is filed. Exceptions are:

TABLE 3-1: WHEN BENEFIT YEAR BEGINS - OTHER THAN THE WEEK A FIRST CLAIM IS FILED	
AR	Benefit year begins with the first day of the quarter in which a claim is first filed. As a result, the benefit "year" ranges from 40 to 52 weeks.
NY	Benefit year consists of 53 weeks beginning with the effective date of a valid claim.

BASE PERIODS—The base period is the time period during which wages earned and/or hours/weeks worked are examined to determine a worker's monetary entitlement to UI. Almost all states use the first 4 of the last 5 completed calendar quarters preceding the filing of the claim as their base period. Massachusetts uses the four completed calendar quarters preceding the first day of the benefit year. Minnesota uses the last four completed calendar quarters provided the effective date of the claim is not during the month immediately following the fourth completed calendar quarter.

Because base period employment and/or earnings are an imperfect proxy for labor market attachment, there are instances when workers with labor market attachment are ineligible for UI benefits. To address this, some states developed expanded definitions of the base period.

Alternative Base Periods (ABP)—A base period consisting of the first 4 of the last 5 completed calendar quarters results in a lag of up to 6 months between the end of the base period and the date a worker becomes unemployed/files a claim. As a result, the worker's most recent work history is not used when making an eligibility determination. For workers failing to qualify under the regular base period, several states use an ABP. For example, if the worker fails to qualify using wages and employment in the first 4 of the last 5 completed calendar quarters, then the state will use wages and employment in the last 4 completed calendar quarters.

Extended Base Periods (EBP)—Several states allow workers who have no wages in the current base period to use older wages and employment under certain conditions. These conditions typically involve illness or injury. For example, a worker who was injured on the job and who has collected workers' compensation benefits may use wages and employment preceding the date of the worker's injury to establish eligibility. (Note that some state laws may describe these base periods as "alternative" base periods.)

The following table outlines the options in addition to the standard base period that states use.

TABLE 3-2: STATES WITH ALTERNATIVE AND EXTENDED BASE PERIODS			
State	**ABP/EBP**	**State**	**ABP/EBP**
AK	ABP: Last 4 completed quarters -- EBP: BP extended up to 4 quarters if claimant was incapable of working during the greater part of a quarter	AR	ABP: Last 4 completed quarters -- EBP: Up to 4 quarters if worker has insufficient wages to establish a claim because of a job-related injury for which the worker received worker's compensation
AZ	EBP: Last 4 completed quarters following previous BP when new BY overlaps preceding BY; also, first 4 of last 5 completed quarters preceding the week a compensable industrial injury began if not qualified under normal base period, if claim is filed within 2 years of beginning of disability	CA	ABP: Last 4 completed quarters[1]
CO	ABP: Last 4 completed quarters	CT	ABP: Last 4 completed quarters -- EBP: Last 4 completed quarters preceding sickness or disability.
DE	ABP: Last 4 completed quarters	DC	ABP: Last 4 completed quarters
GA	ABP: Last 4 completed quarters	HI	ABP: Last 4 completed quarters
ID	ABP: Last 4 completed quarters -- EBP: A worker who experienced a temporary total disability may elect a BP of the first 4 of the last 5 completed quarters preceding the disability if the worker filed a claim within 3 years of the disability and no longer than 6 months after the end of the disability	IL	APB: Last 4 completed quarters -- EBP: BP extended up to 1 year if the claimant received temporary total disability under a workers' compensation act or occupational diseases act
IN	EBP: Up to 4 quarters preceding the last day the worker was able to work	IA	ABP: Last 4 completed quarters -- EBP: BP extended 3 or more quarters if the worker received workers' compensation or weekly indemnity insurance benefits for 3 or more quarters
KS	ABP: Last 4 completed quarters -- EBP: Last 4 completed quarters preceding the date of qualifying injury[2]	KY	EBP: BP extended up to 4 quarters, if a worker due to job-related injury or if a worker who has received workers' compensation files a UI claim within 4 weeks after having received workers' compensation
ME	ABP: Last 4 completed quarters -- EBP: BP extended up to 4 quarters if 1 quarter has been used in a previous determination, extend the BY up to 1 week if there would otherwise be overlapping of the same quarter in 2 consecutive BPs	MD[1]	ABP: Last 4 completed quarters
MA	ABP: Last 3 quarters, plus any weeks of work in quarter in which claim is filed. (Worker may also elect to use this ABP if it results in a 10% or more increase in WBA) -- EBP: BP extended to 52 weeks if claimant received compensation for temporary total disability under a workers' compensation law for more than 7 weeks in BP	MI	ABP: Last 4 completed quarters if individual fails to meet qualifying wage requirements
MN	ABP: First 4 of last 5 completed quarters[3] -- EBP: Up to 4 quarters depending on length of time a worker received compensation for temporary disability under a workers' compensation law	MT	ABP: Last 4 completed quarters -- EBP: Up to 4 quarters preceding the disability if the claim was filed within 24 months from the date of the worker's disability
NE[1]	ABP: Last 4 completed quarters	NV	ABP: Last 4 completed quarters -- EBP: Last 4 quarters preceding BY if 1 quarter has been used in a previous determination, extend the BY up to 1 week if there would otherwise be overlapping of the same quarter in 2 consecutive BPs
NH	ABP: Last 4 completed quarters	NJ	ABP: BP may be one of two alternatives: (1) last 4 completed quarters or (2) last 3 completed quarters, plus any weeks of work in quarter in which claim is filed

TABLE 3-2: STATES WITH ALTERNATIVE AND EXTENDED BASE PERIODS			
State	**ABP/EBP**	**State**	**ABP/EBP**
NM	ABP: Last 4 completed quarters	NY	ABP: Last 4 completed quarters
NC	ABP: Last 4 completed quarters -- EBP: Up to 4 quarters, if worker has insufficient wages to establish a claim because of a job related injury for which the worker received workers' compensation	OH	ABP: Last 4 completed quarters
OK	ABP: Last 4 completed quarters -- EBP: 4 quarters prior to regular base period	OR	ABP: Last 4 completed quarters -- EBP: BP extended up to 4 quarters if the worker is disabled for the majority of a quarter. If the worker received worker's compensation, the base year can be extended up to 4 quarters preceding the illness or injury.
PA	EBP: Last 4 completed quarters immediately preceding the date of the injury if the worker was eligible for workers' compensation during the worker's current BP	RI	ABP: Last 4 completed quarters -- EBP: Worker who received workers' compensation and has requested reinstatement to a previous position that no longer exists is eligible to have base period determined as of the date of the work related injury
SC	ABP: Last 4 completed quarters	SD	ABP: Last 4 completed quarters -- EBP: Worker who received temporary total disability payments under a workers' compensation law may use a BP of the first 4 of the last 5 completed quarters preceding the disability, if a claim is filed within 24 months of the date the disability was incurred
TN	ABP: Last 4 completed quarters	TX	EBP: If an initial claim is filed within 24 months from the date a workers' illness or injury began or occurred, the BP will be the first 4 of the last 5 completed quarters preceding the illness or injury
UT	ABP: Last 4 completed quarters -- EBP: First 4 of last 5 completed quarters prior to date of illness/injury. Worker must have received temporary disability payments during normal BP, filed initial claim no later than 90 days after release to work and within 36 months of the date the injury/illness occurred.	VA	ABP: Last 4 completed quarters
VI	ABP: Last 4 completed quarters	VT	ABP: One of two alternatives: (1) last 4 quarters or, if still ineligible, (2) last 3 quarters plus any weeks of work in quarter in which claim is filed
WA	ABP: Last 4 completed quarters	WV	ABP: Last 4 completed quarters[4]
WI	ABP: Last 4 completed quarters	WY	EBP: A worker who experienced a temporary total disability under Workers' Compensation may elect a BP of the last 4 completed quarters preceding the date of injury if the worker filed a claim within 3 years of the date of injury and no longer than 60 days after notice of the end of the disability

GENERAL NOTE: Information about various base periods used in MA and MN is located in paragraphs preceding this table.

[1] In CA, ABP effective for new claims filed on or after September 3, 2011; In MD, ABP effective March 1, 2011; In NE, ABP effective July 1, 2011.

[2] Not implemented as of publication date.

[3] If the claim has an effective date during the month immediately following the last completed calendar quarter, the base period is the first 4 of the last 5 completed calendar quarters; however, the first 4 of the last 5 completed calendar quarters must be used if the claimant has more wage credits in those quarters than in the last 4 completed quarters.

[4] To be eligible under ABP, must have total BPW of at least $2,200 and wages in at least 2 quarters.

MONETARY ENTITLEMENT

QUALIFYING WAGES OR EMPLOYMENT

All states require a worker to have earned a certain amount of wages or to have worked for a certain period of time (or both) within the base period to be monetarily eligible to receive any UI benefits. Most workers qualify for benefits based on employment and wages in a single state. However, some workers who work in more than one state will not have sufficient employment and wages in any single state to establish monetary eligibility, or would be eligible for a smaller weekly benefit amount. Workers with employment and wages in more than one state can elect to file a claim combining employment and wages earned in all states where they worked into a claim filed under the law of one of the states in which they worked. The "paying state" for a combined wage claim combines all base period employment and wages earned under its law with employment and wages transferred from other states to determine the worker's monetary eligibility under its law. For example, if the worker has earned wages in Illinois and Indiana, the worker may elect to file a combined wage claim using Illinois' law. Because of the potential of establishing more than one benefit year in more than one state, Federal regulations stipulate that employment and wages transferred from one state to a second state for use in establishing a combined wage claim in that second "paying" state cannot be used again to establish monetary eligibility. The methods that states use to determine monetary eligibility vary greatly, as described in the following text.

Multiple of High-Quarter Wages—Under this method, workers must earn a certain dollar amount in the quarter with the highest earnings of their base period. Workers must also earn total base period wages that are a multiple–typically 1.5–of the high quarter wages. For example, if a worker earns $5,000 in the high quarter, the worker must earn another $2,500 in the rest of the base period. States require earnings in more than one quarter to minimize the likelihood that workers with high earnings in only one quarter receive benefits. Although monetarily eligible, those workers wouldn't be substantially attached to the labor market.

Multiple of Weekly Benefit Amount—Under this method, the state first computes the worker's weekly benefit amount. The worker must have earned a multiple–often 40–of this amount during the base period. For example, if a worker's weekly benefit amount equals $100, then the worker will need base period earnings of 40 times $100–or $4,000–before any UI would be paid. Most states also require wages in at least two quarters. Some states have weighted schedules that require varying multiples for varying weekly benefits.

Flat Qualifying Amount—States using this method require a certain dollar amount of total wages to be earned during the base period. This method is used by most states with an annual-wage requirement for determining the weekly benefit and by some states with a high-quarter-wage/weekly benefit requirement.

Weeks/Hours of Employment—Under this method, the worker must have worked a certain number of weeks/hours at a certain weekly/hourly wage.

The following table provides information on the qualifying formulas used by the states and the minimum wages needed to qualify for UI in each state.

TABLE 3-3: BASE PERIOD WAGE AND EMPLOYMENT REQUIREMENTS FOR BENEFITS

State	Qualifying Formula: Wages or Employment	Minimum Wages Needed to Qualify:	
		High Quarter	Base Period
AL	1½ x HQW in BP and qualifies for at least the minimum WBA	>$1,157	>$2,314 (in 2 HQs)
AK	$2,500 flat amount and wages in 2 quarters of BP		$2,500
AZ	1½ x HQW in BP and $1,500 in one quarter or alternative: flat-amount requirement - wages in 2 quarters of BP, wages in 1 quarter sufficient to qualify for the maximum WBA and total BPW ≥ the taxable wage base ($7,000)	$1,500	$2,250
AR	27 x WBA in BP and wages in 2 quarters of BP		$2,187

MONETARY ENTITLEMENT

TABLE 3-3: BASE PERIOD WAGE AND EMPLOYMENT REQUIREMENTS FOR BENEFITS			
State	**Qualifying Formula: Wages or Employment**	**Minimum Wages Needed to Qualify:**	
		High Quarter	**Base Period**
CA	$1,300 in HQ or alternative: $900 in HQ with BPW = 1¼ x HQ	$900	$1,125
CO	40 x WBA or $2,500 in BP, whichever is greater	$1,084 (in 2 HQs)	$2,500
CT	40 x WBA in BP		$600
DE	36 x WBA in BP. If insufficient BPW, but (36 x WBA) – BPW ≤ $180, eligible for reduced WBA.		$720
DC	1½ x HQW in BP, or within $70 of meeting the 1½ HQW in BP requirement, and $1,300 in HQ	$1,300	$1,950
FL	1½ x HQW in BP; minimum of $3,400 in BP; wages in 2 quarters	$2,267	$3,400
GA	1½ x HQW in BP or alternative: 1/21 HQW for WBA with 40 x WBA in BP and wages in 2 quarters	$567	$1,134 (in 2 HQs)
HI	26 x WBA in BP and wages in 2 quarters		$130
ID	1¼ x HQW in BP and $1,872 in HQW. Minimum HQW, determined on January 1, must equal 50% of state minimum wage multiplied by 520 hours.	$1,872	$2,340
IL	$1,600 flat amount and $440 outside HQ		$1,600
IN	1½ x HQW totaling at least $2,500 in last 2 quarters of BP and not less than $4,200 in BP	$2,800	$4,200
IA	1¼ x HQW in BP (HQW must equal 3½% of the statewide AAW) and ½ HQW in another quarter	$1,290	$1,940
KS	30 x WBA in BP and wages in 2 quarters	$2,542	$3,240
KY	1½ x HQW in BP, 8 x WBA in last 2 quarters of BP, $750 outside HQ	$1,963	$2,944
LA	1½ x HQW in BP	$800	$1,200
ME	2 x AWW in each of 2 different quarters and total wages of 6 x AWW in BP	$1,383 (in each of 2 Qs)	$4,148
MD	1½ x HQW in BP, $576.01 in HQ and wages in 2 quarters. If doesn't meet qualifying requirement for WBA computed on HQW but does meet requirement for next lower bracket, eligible for lower WBA, step down of 6 brackets; the multiple (1½) is not applied to the worker's HQW, but the qualifying amount, shown in a schedule, is computed at the upper limit of each wage bracket (assuming a normal interval at the maximum benefit amount)	>$576	$900
MA	30 x WBA in BP and $3,500 minimum in BP		$3,500
MI	1½ x HQW in BP or alternative: BPW equal to 20 times the state AWW and wages in 2 quarters	$2,871	$4,307
MN	$1,000 in HQ and $250 outside HQ	$1,000	$1,250
MS	40 x WBA in BP, 26 x minimum WBA in HQ and wages in 2 quarters	$780	$1,200
MO	1½ x HQW in BP and $1,500 in one quarter; or alternative: wages in 2 quarters and BPW of 1½ x maximum taxable wage base for that year	$1,500	$2,250
MT	1½ x HQW in BP with total BP wages ≥ 7% of the AAW or alternative: Total BPW ≥ 50% of AAW	$1,521	$2,305
NE	$800 in each of 2 quarters; $2,807 in BP and $800 in HQ	$800	>$2,807
NV	1½ x HQW in BP and $400 in HQ or alternative: wages in 3 of the 4 quarters in the BP and $400 in HQ	$400	$600
NH	$1,400 in each of 2 quarters	$1,400	$2,800

MONETARY ENTITLEMENT

TABLE 3-3: BASE PERIOD WAGE AND EMPLOYMENT REQUIREMENTS FOR BENEFITS			
State	**Qualifying Formula: Wages or Employment**	**Minimum Wages Needed to Qualify:**	
		High Quarter	**Base Period**
NJ	20 base weeks (20% of AWW) or alternative: 1,000 times the state minimum hourly wage. ($7.25/hr state minimum hourly wage)		$2,900
NM	Wages in 2 quarters	$1,750	$1,751
NY	1½ x HQW in BP and wages in 2 quarters	$1,600	$2,400
NC	6 x AWW in BP and wages in 2 quarters	$1,118	$4,558
ND	1½ x HQW in BP and wages in 2 quarters	$1,864	$2,795
OH	20 weeks employment with wages in each week of at least 27½% of the state AWW in BP and wages in 2 quarters		$4,300
OK	1½ x HQW in BP and $1,500 in BP or alternative: flat-amount requirement ≥$18,600 in BP (100% state taxable wage base)	$375	$1,500
OR	1½ x HQW in BP and $1,000 in BP or alternative: flat-amount requirement 500 hours of employment in BP	$667	$1,000
PA	16 credit weeks and at least 20% BPW out of HQ (see table in law)	$800	$1,320
PR	40 x WBA in BP and wages in 2 quarters; if fail to meet qualifying requirement for WBA computed on HQW but do meet qualifying requirement for next lower bracket, eligible for lower WBA, unlimited step-down provision. PR has a flat qualifying requirement for agricultural workers. Individual's annual salary is used for agricultural workers.	$77	$280
RI	1½ x HQW in BP and 200 x minimum hourly wage in 1 quarter and BP wages at least 400 x the minimum hourly wage or alternative: $1200 x minimum hourly wage in BP	$1,480	$2,960
SC	1½ x HQW in BP and $1,092 HQW and $4,455 BPW	$1,092	$4,455
SD	$728 in HQ and 20 x WBA outside HQ	$728	$1,288
TN	40 x WBA in BP and lesser of 6 x WBA or $900 outside HQ	>$780	>$1,560
TX	37 x WBA in BP and wages in 2 quarters	$1,488	$2,220
UT	1½ x HQW in BP (BPW must be 8% of state average fiscal year wages in BP, rounded to the higher $100)	$2,066	$3,100
VT	1.4 x HQW in BP (HQW will be adjusted by a percentage increase equal to the percentage increase in the state minimum wage for the prior year)	$2,203	$3,085
VA	$2,700 in 2 highest 2 quarters of BP		$2,700 (in 2 HQs)
VI	1½ x HQW in BP or alternative: flat-amount requirement $858 in HQW and 39 x WBA in BP	$858	$1,287
WA	680 hours employment in BP and wages in BP or alternate BP		
WV	$2,200 flat amount and wages in 2 quarters		$2,200
WI	35 x WBA in BP with 4 x WBA outside HQ and wages in at least 2 quarters	$1,350	$1,890
WY	1.4 x HQW in BP and wages in 2 quarters (BPW must be ≥ 8% of statewide AAW rounded down to lowest $50)	$2,215	$3,100
GENERAL NOTE: Additional monetary requirements in some state laws result in minimum high quarter and/or base period wages that are higher than what the qualifying formula alone would require.			

QUALIFYING FOR A SECOND BENEFIT YEAR

Since the standard base period established by the states' laws results in a significant lag between the end of the base period and the establishment of a benefit year, a worker could conceivably use lag-period wages and

employment to qualify for 2 consecutive benefit years during one long unemployment spell (after benefits are exhausted and the first benefit year ended). As a result, all states require workers to earn wages after the beginning of the first benefit year. In many states, the amount a worker must earn is a multiple (from 3 to 10) of the weekly benefit amount. A few states require a worker to earn wages sufficient to meet the minimum qualifying requirement. In addition, some states specify that the wages needed to requalify must be earned in covered employment.

TABLE 3-4: WAGES NEEDED TO ESTABLISH NEW BENEFIT YEAR (AMOUNT TIMES WBA UNLESS INDICATED)									
State	Subsequent to Beginning of Preceding Benefit Year	Subsequent to Date of Last Valid Claim	Other	Wages Must Be in Insured Work	State	Subsequent to Beginning of Preceding Benefit Year	Subsequent to Date of Last Valid Claim	Other	Wages Must Be in Insured Work
AL	8			X	AK	8			
AZ	8				AR	3			X
CA			Equivalent qualifying wages as in preceding BY		CO	$2,000			
CT	5 or $300, whichever is greater			X	DE		10		X
DC	10				FL	3			
GA	10			X	HI	5			X
ID	6; wages must be in bona fide work				IL	3			
IN	8			X	IA	$250			X
KS	8			X	KY			8; last 2 quarters of BP	
LA	6; or 3/13th of HQW, whichever is less			X	ME	8			X
MD	10			X	MA	3			
MI	5				MN	8			X
MS	8			X	MO		5; 10 x WBA in non-covered work		X
MT	6; or 3/13th of HQW, whichever is less			X	NE			Wages in insured work at least 6 x WBA	X
NV	3				NH	$700 during or subsequent to benefit year			X
NJ	4 weeks of employment and at least 6 x WBA in wages				NM	5			
NY	5				NC	10			X

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TABLE 3-4: WAGES NEEDED TO ESTABLISH NEW BENEFIT YEAR (AMOUNT TIMES WBA UNLESS INDICATED)

State	Subsequent to Beginning of Preceding Benefit Year	Subsequent to Date of Last Valid Claim	Other	Wages Must Be in Insured Work	State	Subsequent to Beginning of Preceding Benefit Year	Subsequent to Date of Last Valid Claim	Other	Wages Must Be in Insured Work
ND		10[1]		X	OH	3 x AWW and covered employment in 6 weeks			X
OK	10			X	OR	6			X
PA	6				PR	3; for at least one CQ, but not < $50			X
RI	80 x the minimum hourly wage			X	SC	8			Insured work; must be with a single employer
SD	4			X	TN	5			X
TX	6				UT	6			X
VT	4			X	VA	30 days work or 240 hours[2]			X
VI	6				WA	6			
WV	8			X	WI	8			X
WY	8								

[1] Does not apply to employment by a partnership, corporation, or limited liability company if, at the time claim is filed, ownership interest has been ceded.

[2] Must be with one employer.

WEEKLY BENEFIT AMOUNT

After determining if a worker has sufficient wages and/or employment to qualify for UI benefits, it is necessary to determine what the weekly benefit amount - the amount payable for a week of total unemployment - will be. As previously mentioned, UI is intended to provide partial wage replacement. For this reason, all workers do not receive the same benefit amount. Some states replace approximately 50% of workers' lost wages up to a certain limit (usually the average weekly wage in the state). As a result, states tend to replace a higher percentage of low wage workers' income than they do for high wage workers. Several states provide dependents' allowances. All states round weekly benefits to an even dollar amount.

States determine eligibility for UI on the basis of the calendar week (generally, Sunday through the following Saturday). In many states, the claim week is adjusted to coincide with the employer's payroll week when a worker files a benefit claim for partial unemployment.

METHODS OF COMPUTING WEEKLY BENEFITS

As with qualifying wages, states utilize a variety of methods to determine a worker's weekly benefit amount.

High-Quarter Method—More than half of the states determine the weekly benefit amount by using the base period quarter in which wages were highest. This quarter is viewed as the period most nearly reflecting full-time work for the worker. By dividing this amount by 13 - the number of weeks in a calendar quarter - the average weekly wage is calculated. Based on the percentage of the weekly wage the state intends to replace, the weekly wage is divided and the weekly benefit amount is calculated. For example, a worker who earns $2,600 in the high quarter has an average weekly wage of $200 a week ($2,600 divided by 13). If the state replaces ½

of the average weekly earnings, the weekly benefit amount is $100. To simplify the calculations, states determine the "overall" multiple of the high-quarter wages to determine the weekly benefit amount. In the previous example, it would be 1/26 (1/13 times ½). (Note that this type of formula is used by all states using a multiple of high-quarter wages to establish a benefit year.) 1/26 is the most common multiple used by states.

Since even the quarter of highest earnings may include some unemployment, some states use a fraction generating a higher weekly benefit (e.g., 1/23). Some states use a weighted schedule, which gives a greater proportion of the high-quarter wages to lower-paid workers than to those earning more. In these states, the maximum fraction varies from 1/11 to 1/26 while the minimum varies from 1/23 to 1/33.

Multi-Quarter Method—Under this method, the weekly benefit amount is calculated as a multiple of the total or average quarterly wages paid in more than one quarter. This approach is viewed as being more likely to reflect a worker's usual full-time employment pattern since it surveys a greater period of time rather than just focusing on the quarter with highest earnings.

Annual-Wage Method—Several states compute the weekly benefit as a percentage of annual wages in the base period. This approach reflects the view that annual wages determine the worker's standard of living. Most states use a weighted schedule, which gives a larger proportion of annual wages to lower-paid workers to determine their weekly benefit amount.

Average-Weekly-Wage Formula—Several states compute the weekly benefit as a percentage of the worker's average weekly wages in the base period.

The following table provides information on how states calculate weekly benefit amounts, what the minimum and maximum weekly benefit amounts are in each state, and the wages required in order to be eligible for the weekly benefit amounts.

TABLE 3-5: WEEKLY BENEFIT AMOUNTS

State	Method of Calculating and Formula	Rounding to	Weekly Benefit Amount		Minimum Wages Required for Maximum WBA	
			Minimum[1]	Maximum[1]	High quarter	Base period
AL	**MQ** 1/26 of average wages in 2 high quarters	Higher $	$45	$265	N/A	$13,730 in 2 quarters
AK	**AW** 0.9% - 4.4% BP wages + DA (see table in law)	Nearest $	$56 - $128	$370 - $442	N/A	$41,750
AZ	**HQ** 1/25	Nearest $	$60	$240	$5,988	$8,981
AR	**HQ** 1/26	Lower $	$81	$451	$11,726	$12,177
CA	**HQ** 1/23-1/26 (if HQW < $1,833, see table in law; otherwise, 1/26 HQW)	Higher $	$40	$450	$11,675	$14,594
CO	**HQ/WW** Higher of: (1) 60% of 1/26 of 2 highest consecutive quarters, capped by 50% of average weekly earnings (low formula); or (2) 50% of 1/52 BP earnings, capped by 55% of average weekly earnings (high formula)	Lower $	$25	$445 (low formula) $489 (high formula)	$9,642 (low formula) Not applicable (high formula)	$19,284 in 2 quarters (low formula) $50,856 (high formula)
CT	**MQ/HQ** 1/26 wages in 2 HQs + DA; for construction workers, 1/26 of HQW + DA	Lower $	$15 - $30	$555- $630	$14,430 in 2 quarters	$22,200
DE	**MQ** 1/46 of wages earned in highest 2 quarters	Lower $	$20	$330	N/A	$15,180 in 2 quarters
DC	**HQ** 1/26	Lower $	$50	$359	$9,334	$14,001
FL	**HQ** 1/26	Lower $	$32	$275	$7,150	$10,725

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TABLE 3-5: WEEKLY BENEFIT AMOUNTS						
State	Method of Calculating and Formula	Rounding to	Weekly Benefit Amount		Minimum Wages Required for Maximum WBA	
			Minimum[1]	Maximum[1]	High quarter	Base period
GA	**MQ** 1/42 wages in 2 HQs; computed as 1/21 of HQW when alternative qualifying wages are used (Note: If claimant would qualify for $27-$44, the claimant's WBA is $44.)	Lower $	$44	$330	N/A	$13,860 in 2 quarters
HI	**HQ** 1/21	Higher $	$5	$549	$11,509	$14,274
ID	**HQ** 1/26	Lower $	$72	$336	$8,736	$10,920
IL	**MQ** 47% of the claimant's wages in highest 2 quarters divided by 26 + DA	Higher $	$51 - $77	$388 - $531	N/A	$21,411 in 2 quarters
IN	**HQ** 5% of the first $2,000 in HQ wage credits and 4% of the remaining HQ wage credits	Lower $	$50	$390	$9,250	$11,563
IA	**HQ** 1/19 (4 or more dependents) - 1/23 (no dependents)	Lower $	$56 - $67	$376 - $461	$8,484	$10,605
KS	**HQ** 4.25%	Lower $	$108	$435	$10,236	$13,050
KY	**AW** 1.3078% BPW	Nearest $	$39	$415	N/A	$31,695
LA	**MQ** 1/25 of the average wages in 4 quarters of BP x 1.05 x 1.15	Lower $	$10	$247	N/A	$24,700
ME	**MQ** 1/22 of the average of the 2 HQs + DA (see table in law)	Lower $	$62 - $93	$359 - $533	N/A	$15,796 in 2 quarters
MD	**HQ** 1/24 + DA	Higher $	$25 - $65[2]	$430 same with or without DA	>$10,296	$15,480
MA	**MQ** 50% of 1/26 of total wages in 2 HQs up to 57.5% of state AWW	Lower $	$33 - $49	$625 - $937	N/A	$32,500 in 2 high quarters
MI	**HQ** 4.1% + DA	Lower $	$117 - $147	$362 same with or without DA	$8,830	$13,245
MN	**HQ/WW** The higher of 50% of 1/52 BPW up to 66⅔% of the state AWW, or 50% of 1/13 HQ up to 43% of the state's AWW	Lower $	$38	$372 (based on HQW) $578 (based on BPW)	$9,672 (based on HQW) Not applicable (based on BPW)	$9,922 (based on HQW) $60,112 (based on BPW)
MS	**HQ** 1/26	Lower $	$30	$235	$6,110	$9,400
MO	**MQ** 4.0% of the average of the 2 HQs	Lower $	$35	$320	N/A	$16,000 in 2 quarters
MT	**AW/MQ** 1.0% of BPW or 1.9% of wages in the 2 HQs	Lower $	$120	$421	N/A	$22,158 in 2 quarters
NE	**WW** ½ of AWW rounded down to nearest even $1. May not exceed ½ of state AWW.	Lower even $	$30	$348	$9,048	$9,848
NV	**HQ** 1/25	Lower $	$16	$398	$9,950	$14,925
NH	**AW** 1.0% - 1.1% of BPW (see table in law)	Nearest $	$32	$427	N/A	$41,500
NJ	**WW** 60% (base weeks' wages/number of base weeks) + DA	Lower $	$87 - $100	$598 same with or without DA	N/A	$19,934 in 20 weeks

MONETARY ENTITLEMENT

TABLE 3-5: WEEKLY BENEFIT AMOUNTS						
State	Method of Calculating and Formula	Rounding to	Weekly Benefit Amount		Minimum Wages Required for Maximum WBA	
			Minimum[1]	Maximum[1]	High quarter	Base period
NM	**HQ** 53½% of AWW in HQ + DA; wages in 2 quarters of BP	Lower $	$72 - $108	$386 - $486	$9,380	$9,381
NY	**HQ** 1/26; 1/25 if HQW ≤ $3,575	Nearest $	$64	$405	$10,517	$15,776
NC	**HQ** 1/26	Lower $	$43	$506	$13,156	$13,157
ND	**MQ** 1/65 of (total wages earned in highest 2 quarters and ½ of total wages in third highest quarter)	Lower $	$43	$442	N/A	$28,730
OH	**WW** 50% (wages in qualified weeks in BP / number of such weeks) + DA	Lower $	$108	$387 - $524	N/A	$15,480 in 20 weeks
OK	**HQ** 1/23	Lower $	$16	$358	$8,234	$12,351[3]
OR	**AW** 1.25% BP wages	Lower $	$116	$496	N/A	$39,680
PA	**HQ** 1/23 - 1/25 + DA (see table in law)	Lower $	$35 - $43	$573 - $581	$14,898	$22,840
PR	**HQ** 1/11 - 1/26	Lower $	$7	$133	$3,458	$5,320
RI	**HQ** 4.62% + DA	Lower $	$68 - $118	$551 - $688	$11,927	N/A
SC	**HQ** 1/26	Lower $	$42	$326	$8,476	$12,714
SD	**HQ** 1/26	Lower $	$28	$314	$8,164	$14,444
TN	**MQ** 1/26 of average of 2 HQs (see table in law)	Lower $	$30 - $80	$275 - $325	N/A	>$14,300 in 2 quarters
TX	**HQ** 1/25	Nearest $	$60	$415	$10,363	$15,337
UT	**HQ** 1/26 - $5	Lower $	$24	$452	$11,882	$17,823
VT	**MQ** Wages in the 2 highest quarters divided by 45	Lower $	$64	$425	N/A	$19,125 in 2 quarters
VA	**MQ** 1/50 of 2 HQs (see table in law)	Lower $	$54[4]	$378	N/A	>$18,900 in 2 quarters
VI	**HQ** 1/26	Lower $	$33	$470	$12,220	$18,330
WA	**MQ** 3.85% of average of 2 HQs	Lower $	$135	$570	N/A	$29,611
WV	**AW** 55% of 1/52 of median wages in worker's wage class. (see table in law)	Lower $	$24	$424	N/A	$40,150
WI	**HQ** 4.0%	Lower $	$54	$363	$9,075	$12,705
WY	**HQ** 4.0%	Lower $	$31	$430	$10,750	$15,050

TABLE 3-5: WEEKLY BENEFIT AMOUNTS						
State	Method of Calculating and Formula	Rounding to	Weekly Benefit Amount		Minimum Wages Required for Maximum WBA	
			Minimum[1]	Maximum[1]	High quarter	Base period

KEY: HQ = High Quarter Formula MQ = Multi-Quarter Formula AW = Annual Wage Formula WW = Average Weekly Wage Formula DA = Dependent's Allowances

GENERAL NOTE: Since the high quarter and base period wage requirements for the minimum weekly benefit amount are the same as the wage and employment requirements to qualify for benefits, they are not repeated in this table. (See Table 3-3.) Additionally, in states where the benefit entitlement is calculated using multi-quarter, annual wage, or average weekly wage formulas, the high quarter cell is shown as N/A as no specific level of wages is required in the high quarter pursuant to state law.

[1] When 2 WBAs are listed, higher figure includes DA. Higher figure for minimum and maximum WBAs includes DA for maximum number of dependents.
[2] Effective March 1, 2012, minimum WBA will increase to $50.
[3] The BPW can be comprised of both insured and non-insured wages. To be eligible for the maximum WBA only $8,234 of the $18,600 of BPW must be taxable.
[4] For claims filed from July 6, 2008 to July 3, 2011, the minimum WBA is $54. For claims filed on and after July 3, 2011, the minimum WBA will increase to $60.

AUTOMATIC ADJUSTMENTS TO WEEKLY BENEFIT AMOUNTS

In those states where UI is intended to replace a specific percent of wages up to a fixed percent of the state's average weekly wage, the calculation of benefit entitlement is determined by the state's average weekly wage. Because wages increase, states recalculate the average weekly wage periodically to update the benefits schedule and continue to replace the desired percentage of a worker's lost wages. The maximum weekly benefit amount is usually more than 50 percent of the average weekly wage in covered employment within the state during a recent 1-year period. In most states, the minimum weekly benefit is an amount specified in the law. However, some states' laws link the minimum weekly benefit amount with their average weekly wage as well. The following table includes states with automatic adjustments to benefit amounts.

TABLE 3-6: STATES WITH AUTOMATIC ADJUSTMENTS TO BENEFIT AMOUNTS								
State	Method of Computation					Percentage of State AWW		
	Annually as % of AWW in Covered Employment in:			Semiannually as % of AWW in Covered Employment in:				
	Preceding CY	12 Months Ending March 31	12 Months Ending June 30	12 Months Ending 6 Months Before Effective Date	All Industries In State	Maximum	Minimum	Effective Date Of New Amounts
AR	X					66⅔% (high formula)	12% (low formula)	July 1
CO					X	55%		July 1
CT			X			60%; based on AWW of production and related workers (may not be increased by more than $18 in any year)		1st Sunday in October
DC		X				66⅔%		January 1
HI			X			75%		January 1
ID	X					Percentage varies (52% - 60%) depending upon the base tax rate in a given year		January 1

TABLE 3-6: STATES WITH AUTOMATIC ADJUSTMENTS TO BENEFIT AMOUNTS								
State	Method of Computation					Percentage of State AWW		
	Annually as % of AWW in Covered Employment in:			Semiannually as % of AWW in Covered Employment in:				
	Preceding CY	12 Months Ending March 31	12 Months Ending June 30	12 Months Ending 6 Months Before Effective Date	All Industries In State	Maximum	Minimum	Effective Date Of New Amounts
IL	X					47%; for claimants with dependents, maximum is limited to 65.2% of state's AWW, which is based on percentage changes from year to year		January 1
IA	X					53% for claimants with no dependents; for claimants with dependents, ranges from 55% to 65%		1st Sunday in July
KS	X					60%	25% of max WBA	July 1
KY	X					62%; cannot increase in any year when tax schedule increases from previous year (year-to-year increases limited depending on fund balance)		July 1
LA		X				66⅔%		September 1
ME	X					52%		June 1
MA		X				57½%		1st Sunday in October
MN	X					Higher of 50% of the worker's AWW in the BP to a maximum of 66⅔% of the state AWW; or 50% of the worker's AWW during the HQ to a maximum of 43% of the state AWW		Last Sunday in October
MT	X					67½%	20%	July 1
NV	X					50%		July 1
NJ	X					56⅔%		January 1
NM			X			53 ½%	10%	1st Sunday in January
NC	X					66⅔%		August 1
ND	X					62%; 65% of state AWW if trust fund reserves on Oct. 1 are ≥ the required amount and the state's average contribution rate is < the nationwide average for the preceding year		1st Sunday in July
OH			X			Percentage used is not specified by law		1st Sunday in January
OK	X					The greater of $197 or 60%, 57.7%, 55%, 52½% or 50% of state AWW of the second preceding CY, depending on the condition of the fund		July 1
OR	X					64%	15%	Week of July 4
PA			X			66⅔%		January 1

MONETARY ENTITLEMENT

TABLE 3-6: STATES WITH AUTOMATIC ADJUSTMENTS TO BENEFIT AMOUNTS								
State	Method of Computation					Percentage of State AWW		
	Annually as % of AWW in Covered Employment in:			Semiannually as % of AWW in Covered Employment in:				
	Preceding CY	12 Months Ending March 31	12 Months Ending June 30	12 Months Ending 6 Months Before Effective Date	All Industries In State	Maximum	Minimum	Effective Date Of New Amounts
PR	X					50%		July 1
RI	X					67%		July 1
SC	X					66⅔%		July 1
SD	X					50%		July 1
TX	X					47.6%	7.6%	October 1
UT			X			62½% - $5		January 1
VT	X					Percentage not specified by law		1st Sunday in July
VI			X			50%		January 1
WA	X					63%[1]	15%	1st Sunday in July
WV	X					66⅔%		July 1
WI				X		66⅔% of the average wages per average week	15% of maximum rate	January 1 and July 1
WY	X					55%	4%	1st Sunday in July

[1] The maximum WBA is calculated as the greater of $496 or 63% of the AWW for the preceding calendar year.

WAITING PERIOD

Workers who are otherwise eligible for benefits must first serve a waiting period in most states. In most states, the waiting-period requirement for weeks of partial unemployment is the same as for weeks of total unemployment. The waiting period is served in or with respect to a particular benefit year. Special provisions may exist for successive benefit years. (When a worker, after intervening employment, has an additional spell of unemployment that continues beyond the end of the first benefit year, the worker may not have to serve another waiting week if he is monetarily eligible for benefits in the second year.)

TABLE 3-7: STATE INITIAL WAITING PERIODS			
State	Duration (in weeks)*	Becomes Compensable After:	May Be Waived Under These Circumstances
AL	1[1]		
AK	1		
AZ	1		
AR	1		

TABLE 3-7: STATE INITIAL WAITING PERIODS			
State	**Duration (in weeks)***	Becomes Compensable After:	May Be Waived Under These Circumstances
CA	1[2]		During a state of war emergency or a state of emergency if compliance with the waiting period requirement would prevent, hinder, or delay the mitigation of the effects of a state of emergency (e.g., natural disaster)
CO	1[3]		
CT	No waiting period		
DE	No waiting period		
DC	1		
FL	1		
GA	No waiting period		
HI	1		
ID	1		
IL	1		
IN	1[3]	3 weeks of unemployment consecutive to such waiting week	For individuals who become unemployed due to employer terminating business operations within the state, declaring bankruptcy, or initiating a workforce reduction pursuant to the Federal WARN Act
IA	No waiting period		
KS	1	3 weeks of unemployment consecutive to such waiting week	For individuals who become unemployed due to employer terminating business operations within the state; the employer declaring bankruptcy or a workforce reduction that is subject to the Federal WARN Act
KY	No waiting period		
LA	1		
ME	1		
MD	No waiting period		
MA	1		No waivers though authority exists and has been used before
MI	No waiting period		
MN	1		If the individual would have been entitled to DUA but has established benefit account
MS	1		If the President declares a major disaster in accordance with Stafford Act
MO	1	When remaining balance on claim is equal to or less than compensable amount for waiting week	
MT	1		
NE	1		
NV	No waiting period		
NH	1		
NJ	No waiting period		
NM	1		Natural disaster, extended benefit program
NY	1		At the direction of the Governor
NC	1		May be waived for major industrial disasters

TABLE 3-7: STATE INITIAL WAITING PERIODS			
State	**Duration (in weeks)***	Becomes Compensable After:	May Be Waived Under These Circumstances
ND	1		
OH	1		
OK	1		
OR	1		
PA	1		
PR	1		
RI	1		For individuals who become unemployed due to a natural disaster or state of emergency
SC	1		
SD	1		
TN	1	3 consecutive weeks of compensable unemployment immediately following a waiting period	
TX	1[3]	Receipt of benefits equaling 3 x WBA	
UT	1		If Department approval for training is granted for the first eligible week of the claim
VT	No waiting period		
VA	1		For an individual whose unemployment was caused by his employer terminating operations, closing its business, or declaring bankruptcy without paying the final wages earned as required by Section 40.1-29 of the Code of Virginia Authorized by the Governor under an executive order
VI	1[3]		
WA	1		
WV	1		
WI	No waiting period		
WY	No waiting period		

* For total unemployment, partial unemployment or in consecutive benefit years unless otherwise noted.

[1] The waiting period is served in the 14th week.
[2] One week waiting period is deferred if claimant is in continued claim status from a prior year's claim. The one-week waiting period must be served later in the new benefit year if there is an interruption of UI payments for one or more weeks. Also, the 1-week waiting period credit for the new benefit year may be served in the last week of the prior benefit year if the claim was exhausted prior to the last week of that benefit year.
[3] No waiting period required for new/consecutive benefit year.

BENEFITS FOR PARTIAL UNEMPLOYMENT

Often, instead of being laid off, workers may have their hours reduced during an economic downturn. Or, unemployed workers may find short-term work while looking for a permanent, full-time job. These circumstances characterize partial unemployment. The UI system is set up to permit benefit receipt by these workers as long as they meet all eligibility requirements. However, the weekly benefit amount payable differs.

A week of total unemployment is commonly defined as a week in which the worker performs no work and with respect to which remuneration is not payable. In Puerto Rico, a worker is deemed totally unemployed if earnings from self-employment are less than 1½ times the weekly benefit amount or if no service is performed

for a working period of 32 hours or more in a week. In a few states, a worker is considered totally unemployed in a week even though certain small amounts of wages are earned. In most states, a worker is partially unemployed in a week of less than full-time work and earnings of less than the weekly benefit amount. In some states, a worker is partially unemployed in a week of less than full-time work when less than the weekly benefit amount plus an allowance is earned, either from odd-job earnings or from any source as indicated in the following table.

The worker's UI payment will generally equal the difference between the weekly benefit amount and earnings. All states disregard some earnings as an incentive to take short-term work.

When determining monetary entitlement to benefits, the state usually specifies a maximum dollar amount that can be received—usually equal to a specified number of weeks of benefits for total unemployment multiplied by the weekly benefit amount for total unemployment. Consequently, a partially unemployed worker may draw benefits for a greater number of weeks than a totally unemployed worker.

Most state laws provide that the benefit for a week of partial unemployment will be rounded to the nearest or the lower dollar. For example, in a state with a $30 earnings disregard and rounding to the nearest dollar, a worker with a $40 weekly benefit amount and earnings of $50.95 would receive a partial benefit of $19.

TABLE 3-8: PARTIAL UNEMPLOYMENT AND EARNINGS DISREGARDED WHEN DETERMINING WEEKLY BENEFIT

State	Definition of Partial Unemployment - Week of Less Than Full-Time Work if Earnings are Less Than:	Earnings Disregarded in Computing Weekly Benefit for Partial Unemployment	State	Definition of Partial Unemployment - Week of Less Than Full-Time Work if Earnings are Less Than:	Earnings Disregarded in Computing Weekly Benefit for Partial Unemployment
AL	WBA	$15	AK	1⅓ x WBA + $50	¼ wages over $50
AZ	WBA	$30	AR	WBA + 2/5 WBA	2/5 WBA
CA	WBA	Greater of $25 or ¼ of wages	CO	WBA	¼ WBA
CT	1½ + basic WBA	⅓ wages; includes holiday pay in the remuneration for determining partial benefits	DE	WBA + greater of $10 or ½ WBA	Greater of $10 or ½ WBA
DC	WBA + $20	1/5 wages + $20	FL	WBA	8 x Federal hourly minimum wage
GA	WBA	$50; excludes payments for jury service	HI	WBA	$150
ID	WBA + ½ WBA	½ WBA	IL	WBA	½ WBA
IN	WBA	Greater of $3 or 1/5 WBA from other than base period employers; excludes payments for jury service	IA	WBA + $15	¼ WBA; excludes payments for jury service
KS	WBA	¼ WBA	KY	1¼ x WBA	1/5 wages

TABLE 3-8: PARTIAL UNEMPLOYMENT AND EARNINGS DISREGARDED WHEN DETERMINING WEEKLY BENEFIT					
State	**Definition of Partial Unemployment - Week of Less Than Full-Time Work if Earnings are Less Than:**	**Earnings Disregarded in Computing Weekly Benefit for Partial Unemployment**	**State**	**Definition of Partial Unemployment - Week of Less Than Full-Time Work if Earnings are Less Than:**	**Earnings Disregarded in Computing Weekly Benefit for Partial Unemployment**
LA	WBA	Lesser of ½ WBA or $50	ME	WBA + $5	$25; excludes wages received by members of the National Guard and organized labor, including base pay and allowances or any amounts received as a volunteer emergency medical services worker; also excludes earnings received as a result of participating in full-time Trade Act training, up to an amount equal to most recent WBA
MD	Augmented WBA	$100[1]	MA	WBA	⅓ WBA; earnings plus WBA may not equal or exceed the worker's AWW
MI	1½ x WBA	For each $1 earned, WBA reduced by 50 cents (benefits and earnings cannot exceed 1½ WBA); earnings above ½ WBA result in dollar-for-dollar reduction in WBA; if the resulting WBA is zero, weeks of benefits payable reduced by 1 week	MN	WBA	For each $1 earned, WBA reduced by 55 cents; no deduction for jury pay and wages earned for services performed in National Guard and military reserve, and as a volunteer firefighter or in ambulance services
MS	WBA	$40	MO	WBA + $20 or 1/5 WBA, whichever is greater	$20 or 1/5 WBA, whichever is greater; excludes termination pay, severance pay, and wages from service in the organized militia for training or authorized duty from benefit computation
MT	2 x WBA	½ wages over ¼ WBA	NE	WBA	¼ WBA
NV	WBA	¼ wages	NH	WBA	3/10 WBA
NJ	WBA + greater of $5 or 1/5 WBA	Greater of $5 or 1/5 WBA	NM	WBA	1/5 WBA; excludes payments for jury service
NY	Benefits paid at the rate of ¼ WBA for each effective day within a week beginning on Monday (effective day defined as 4th and each subsequent day of total unemployment in a week in which claimant earns not more than $300)		NC	Week of less than 3 customary scheduled full-time days	1/10 AWW in HQ
ND	WBA	3/5 WBA	OH	WBA	1/5 WBA
OK	WBA + $100	$100	OR	WBA	⅓ WBA; or 10 x state minimum wage ($8.50 in 2011); excludes wages from service in the organized militia for training or authorized duty from benefit computation
PA	WBA + 2/5 WBA	Greater of $6 or 2/5 WBA	PR	1½ x WBA; week in which wages or remuneration from self-employment are less than 1½ times claimant's WBA or the claimant performs no service for a working period of 32 hours or more in a week	WBA

TABLE 3-8: PARTIAL UNEMPLOYMENT AND EARNINGS DISREGARDED WHEN DETERMINING WEEKLY BENEFIT					
State	**Definition of Partial Unemployment - Week of Less Than Full-Time Work if Earnings are Less Than:**	**Earnings Disregarded in Computing Weekly Benefit for Partial Unemployment**	**State**	**Definition of Partial Unemployment - Week of Less Than Full-Time Work if Earnings are Less Than:**	**Earnings Disregarded in Computing Weekly Benefit for Partial Unemployment**
RI[2]	Basic WBA	1/5 WBA	SC	WBA	¼ WBA
SD	WBA	¼ wages over $25	TN	WBA	Greater of $50 or ¼ WBA
TX	WBA + greater of $5 or ¼ WBA	Greater of $5 or ¼ WBA	UT	WBA	3/10 WBA
VT	WBA + $15 provided the claimant works less than 35 hours (35 hours is considered full-time employment)	Greater of $40 or 3/10 WBA	VA	WBA	$50
VI	1⅓ x WBA + $15	¼ wages in excess of $15	WA	1⅓ x WBA + $5; weekly hours of work temporarily reduced by employer by no more than 60%	¼ wages over $5
WV	WBA + $61	$60	WI	Any week the worker receives any wages. No worker may be eligible for partial benefits if the benefit payment is < $5; or if an employer paid the worker at least 80% of the BPW; or the worker worked full-time for the employer in the week at the same, or a greater rate of pay as the worker was paid in the HQ.	$30 plus 33% of wages in excess of $30 (excludes wages received as a volunteer firefighter or voluntary medical technician from benefit computation)
WY	WBA	½ WBA			

[1] Effective March 1, 2011, $50.
[2] Special provision for totally unemployed workers who have days of employment between the end of the waiting period and the beginning of the first compensable week, and also for those who return to work prior to the end of a compensable week, provided they have been in receipt of benefits for at least 2 successive weeks of total unemployment. For each day of unemployment in such week in which work is ordinarily performed in the worker's occupation, one-fifth of the weekly benefit is paid, up to four-fifths of the weekly rate.

DEPENDENTS' ALLOWANCES

Although wages earned during the base period is the primary factor in determining the size of the payment a claimant receives each week, some states' laws provide for a dependents' allowance above and beyond the basic benefit amount payable. The definition of dependent, for UI purposes, varies from state to state as does the allowance granted. In general, a dependent must be wholly or mainly supported by the worker or living with or receiving regular support from the worker.

DEFINITION OF DEPENDENT—All states with dependents' allowances include children under a specified age. The intent is to include all children whom the worker is morally obligated to support. In most of these states, allowances may be paid on behalf of older children who are unable to work because of physical or mental disability. In some states, children are not the only dependents recognized - spouses, parents, or siblings are also included in the definition. The following table outlines, for the states that have dependents' allowances, their definition of a dependent.

TABLE 3-9: DEFINITION OF DEPENDENT							
State	**Dependent Child**		**Nonworking Dependent**			**Number of Dependents Fixed for BY**	**Max. No. of Dependents**
	Under 18 Unless Otherwise Noted[1]	**Older Child Not Able to Work[1]**	**Spouse**	**Parent**	**Brother or Sister**		
AK	Child must be unmarried; must have received more than half the cost of support from claimant or be lawfully in the worker's custody at the time the worker claims the allowance[2]	X[2]					3

TABLE 3-9: DEFINITION OF DEPENDENT

State	Dependent Child		Nonworking Dependent			Number of Dependents Fixed for BY	Max. No. of Dependents
	Under 18 Unless Otherwise Noted[1]	Older Child Not Able to Work[1]	Spouse	Parent	Brother or Sister		
CT	21 if child is full-time student	X[3]	X				5
IL	X[2]	X[2]	Spouse must be currently ineligible for benefits in the State because of insufficient BPW				1
IA	X[2]	X[2]	No dependency allowance paid for any week in which spouse earns more than $120 in gross wages	X	X	X	4
ME	X[2]	X[2, 3]	No dependency allowance paid for any week in which spouse is employed full time and is contributing to support of dependents				X[4]
MD	16[2]	X[2]				X	5
MA[5]	Child must be unmarried and by interpretation; 24 if child is full-time student[2]	X[2, 3]				X	X[4]
MI	Must have received more than half the cost of support from claimant for at least 90 consecutive days or for the duration of the parental relationship[2]	X[2, 3]	X	X[6]	X[7]	X	5
NJ	19; child must be unmarried; 22 if child is full-time student[2]	X[2, 3]	X			X	3
NM	Child must also be unemancipated. Child may be in legal custody of claimant pending adoption. Court requires claimant to contribute to child's support and no one else is receiving benefits for that child.						4
OH	Must have received more than half the cost of support from claimant within 90 days prior to BYB (or duration of parental relationship, if less than 90 days). Child, stepchild, or adopted child may be 18 years of age or older if mentally or physically disabled and unable to work.[2]	X[2]	May not be claimed as dependent if average weekly income is in excess of 25% of the claimant's AWW			X	3
PA		X	X			X	2
RI	X[2]	X[2]				X	5
TN	Child must be an unemancipated minor child who is wholly or mainly supported by the claimant[2]						4

[1] In all states except MA, includes stepchild by statute.
[2] In AK, IL, IA, ME, MD, MI, NJ, OH, and RI, adopted child is included by statute; in MA, adopted child is included by interpretation; and in MA, legal guardians are included by statute.
[3] Full-time student included in CT, ME, MA, MI, and NJ.
[4] The dependent allowance is capped at 50% of the claimant's WBA.
[5] Only dependents residing within the U.S., its Territories and possessions.
[6] Parents over 65 or permanently disabled for gainful employment.
[7] Brother or sister under 18, orphaned, or whose living parents are dependents.

AMOUNT OF WEEKLY DEPENDENTS' ALLOWANCES—As with the definition of dependents, there is much variation among states concerning the amount of weekly dependents' allowance payable. However, there are some commonalities. For example, the allowance is ordinarily a fixed sum. In addition, all states have a limit on the total amount of dependents' allowance payable in any week: in terms of dollar amount; number of dependents; percentage of basic benefits, of high-quarter wages, or of average weekly wage. This limitation results in reductions, for some workers, in the actual allowance per dependent or the maximum number of dependents on whose behalf allowances may be paid. In almost all states, the number of dependents is fixed for the benefit year when the monetary determination on the claim is made. Likewise, in virtually all states, only one parent may draw allowances if both are receiving benefits simultaneously. Workers who are eligible for partial benefits may draw dependents' allowances in addition to their basic benefits in most of the states providing for these allowances. They receive the full allowance for a week of partial unemployment. Consequently, the allowance for dependents may be greater than the basic benefit for partial unemployment. Alaska and Connecticut permit dependents' allowances to be adjusted during the benefit year if a worker acquires additional dependents.

TABLE 3-10: AMOUNT OF WEEKLY DEPENDENTS' ALLOWANCES

State	Weekly Allowance per Dependent	Weekly Dependents' Allowances Capped at:	Maximum Dependents' Allowance for Minimum Weekly Benefit	Maximum Dependents' Allowance for Maximum Weekly Benefit
AK	$24	$72	$72	$72
CT	$15	Lesser of WBA or $75	$15	$75
IL	$26 - $147	$26 - $147	$26	$147[1]
IA	$2 - $14	Schedule $2 - $85	$11	$85
ME	$10	½ WBA	$30	$178
MD	$8	$40	$40	$0; same maximum WBA with or without dependents
MA	$25	½ WBA	$17	$314
MI	$6	$30	$30	$0; same maximum WBA with or without dependents
NJ	7% of WBA for 1st dependent and 4% for each of the next 2 dependents		$13	$0; same maximum WBA with or without dependents
NM	$25	½ WBA up to $100	$35.50	$100
OH	$1 - $133	Determined by schedule according to the AWW and dependency class	$0	$133
PA	$5; $3 for one other dependent	$8	$8	$8
RI	$15	Greater of $50 or 25% of WBA	$50	$137
TN	$15	$50	$50	$50

GENERAL NOTE: Full dependents' allowance (DA) given for weeks of partial benefits in all states with the following exceptions: MD and PA - Not more than 26 DA payments for dependents may be made in any one BY (workers are partially unemployed if they earn less than the unadjusted WBA). IL – DA shown is for child; spouse DA is different.

[1] Both the WBA and the dependents' allowances are calculated as a percentage of the state's average weekly wage.

MONETARY ENTITLEMENT

DURATION OF BENEFITS

When states compute a worker's monetary eligibility for benefits, in addition to calculating the weekly benefit amount, they determine the duration of benefits—how long benefits can be collected. The duration is usually measured as a number of weeks of total unemployment. Maximum weeks of benefits vary from 26 to 30 weeks, most frequently 26 weeks. A few states' laws establish uniform durations of 26 weeks for all workers who meet the qualifying-wage requirements, whereas the rest of the states have variable durations. Uniform duration states are not necessarily "more generous" than the other states because many of these states have comparatively high minimum wage thresholds to qualify for all but the lowest benefit levels. Similarly, whether directly or indirectly, all uniform duration states require employment in more than one quarter for all - or most - workers to qualify for benefits.

In variable duration states, duration is derived. First, the state determines the limit on total benefits receivable in a benefit year (the maximum entitlement). In most of these states, a worker's benefits are limited to a fraction or percent of base-period wages if it produces an amount less than the specified multiple (usually 26-30) of the worker's weekly benefit amount. The rest of the variable duration states - states using an average-weekly-wage method - set maximum potential benefits as a fraction of weeks worked during the base period. Once the state calculates the maximum entitlement, it divides that amount by the weekly benefit amount to derive the duration. Some states' laws specify both the minimum and maximum duration, in weeks, along with the method of calculating benefit entitlement. Since, in all of these states, the maximum potential benefit may be used for weeks of total or partial unemployment, workers can collect benefits longer than their stated duration (until they have exhausted their maximum entitlement).

Depending on the distribution of wages in the base period, workers with the same total base period wages can have different durations and different weekly benefit amounts. For example, workers whose wages are concentrated largely or wholly in the high quarter will have a higher weekly benefit amount but a shorter duration.

In most states with variable duration, workers at all benefit levels are subject to the same minimum and maximum weeks of duration.

A few states include a limitation on wage credits in computing duration. For example, in Colorado, only wages up to 26 times the current maximum weekly amount per quarter count. This type of provision tends to reduce weeks of benefits for workers at the higher benefit levels.

This section deals only with the regular UI program. Extensions are addressed in the following chapter.

The following table describes how each variable duration state calculates benefit entitlement and the duration of benefits (number of benefit weeks) a worker is eligible to receive. Additionally, the minimum and maximum potential benefits, duration, and wage credits required to qualify for the maximum duration of the maximum weekly benefit amount are provided for all states.

TABLE 3-11: BENEFIT ENTITLEMENT AND DURATION OF BENEFITS

State	Formula for Calculating Benefit Entitlement	Minimum Potential Benefits: Amount[1]	Maximum Potential Benefits			Duration (Weeks)
			Amounts[2]	Wage Credits Required		
				High quarter	Base period	
AL	Lesser of 26 x WBA or ⅓ BPW	$675	$6,890	N/A	$20,670	15 – 26
AK	Ratio of annual wages to HQW—from less than 1.50 to 3.5 or more	$896	$9,620 -11,492	N/A	$41,750	16 – 26
AZ	Lesser of 26 x WBA or ⅓ BPW	$720	$6,240	$5,988	$18,720	12 – 26
AR	Lesser of 26 x WBA or ⅓ BPW	$729	$11,726	$11,726	$35,178	9 – 26

MONETARY ENTITLEMENT

TABLE 3-11: BENEFIT ENTITLEMENT AND DURATION OF BENEFITS						
State	**Formula for Calculating Benefit Entitlement**	**Minimum Potential Benefits: Amount[1]**	**Maximum Potential Benefits**			**Duration (Weeks)**
			Amounts[2]	**Wage Credits Required**		
				High quarter	**Base period**	
CA	Lesser of 26 x WBA or ½ BPW	$560	$11,700	$11,675	$23,400	14 – 26
CO	Lesser of 26 x WBA or ⅓ wage credits in BP	$325	$11,570 (low formula) $12,714 (high formula)	$9,642 (low formula) Not applicable (high formula)	$34,710 (low formula) $50,856 (high formula)	13 – 26
CT	N/A: Uniform duration state	$390	$14,430 - $16,380	$14,430 in 2 quarters	$22,200	26 uniform
DE	Lesser of 26 x WBA or ½ BPW	$480	$8,580	N/A	$17,160	24 – 26
DC	Lesser of 26 x WBA or 50% BPW	$950	$9,334	$9,334	$18,668	19 – 26
FL	25% BPW up to $7150	$288	$7,150	$7,150	$28,600	9 – 26
GA	Lesser of 26 x WBA or ¼ BPW	$264	$8,580	N/A	$34,320	6 – 26
HI	N/A: Uniform duration state	$130	$14,274	$11,509	$14,274	26 uniform
ID	Ratio of BPW to HQW--from 1.25 to 3.5	$720	$8,736	$8,736	$30,576	10 – 26
IL	N/A: Uniform duration state (Claimants are eligible for the lesser of 26 weeks of benefits or their total BP wages)	$1,326	$10,088 - $13,806	N/A	$21,411 in 2 quarters	26 uniform
IN	Lesser of 26 x WBA or 28% of BP wage credits; only specified amount of wages per quarter may be used for computing duration of benefits: $8,733	$400	$10,140	$9,250	$36,215	8 – 26
IA	Lesser of 26 x WBA or ⅓ BPW; If laid off due to employer going out of business, ½ of wages in BP up to 39 weeks	$646	$9,776 - $11,986	$8,484	$31,512	7 – 26
KS	Lesser of 26 x WBA or ⅓ BPW	$1,080	$11,310	$10,236	$33,930	10 – 26
KY	Lesser of 26 x WBA or ⅓ BPW	$585	$10,790	N/A	$32,370	15 – 26
LA	N/A: Uniform duration state	$260	$6,422	N/A	$23,786	26 uniform
ME	Lesser of 26 x WBA or ⅓ BPW	$930	$9,334 - $13,858	N/A	$28,002	22– 26
MD	N/A: Uniform duration state	$650	$11,180 same maximum with or without DA	>$10,296	$15,480	26 uniform
MA	Lesser of 30 x WBA or 36% BPW (Reduced to 26 x WBA all of the local area SMSAs unemployment rate ≤ 5.1%)	$330	$18,750 - $28,110	N/A	$52,084	10 – 30
MI	43% BPW	$1,638	$9,412 same with or without DA	$8,830	$22,251	14 – 26
MN	Lesser of 26 x WBA or ⅓ BPW	$418	$9,672 (based on HQW) $15,028 (based on BPW)	$9,672 (based on HQW) Not applicable (based on BPW)	$29,016 (based on HQW) $60,112 (based on BPW)	11 – 26
MS	Lesser of 26 x WBA or ⅓ BPW	$390	$6,110	$6,110	$18,330	13 – 26
MO	Lesser of 26 x WBA or ⅓ BPW	$280	$8,320	N/A	$24,960	8 – 26
MT	Ratio of BPW to HQW—from 1.0 to 3.5 or greater (See schedule in law)	$968	$11,788	N/A	$38,860	8 – 28[3]
NE	Lesser of 26 x WBA or ⅓ BPW	$420	$9,048	$9,048	$27,144	14 – 26

MONETARY ENTITLEMENT

TABLE 3-11: BENEFIT ENTITLEMENT AND DURATION OF BENEFITS						
State	**Formula for Calculating Benefit Entitlement**	**Minimum Potential Benefits: Amount[1]**	**Maximum Potential Benefits**			**Duration (Weeks)**
			Amounts[2]	**Wage Credits Required**		
				High quarter	**Base period**	
NV	Lesser of 26 x WBA or ⅓ BPW	$192	$10,348	$9,950	$31,044	12 – 26
NH	N/A: Uniform duration state	$832	$11,102	N/A	$41,500	26 uniform
NJ	Lesser of 26 x WBA or (100% of weeks worked in BP x WBA).	$1,740	$15,548 same with or without DA	N/A	$25,914	1 – 26
NM	Lesser of 26 x WBA or 60% BPW	$1,049	$10,036 - $12,636	$9,380	$16,127	16- 26
NY	N/A: Uniform duration state	$1,664	$10,530	$10,517	$15,776	26 uniform
NC	(BPW / HQW) x 8⅔	$559	$13,156	$13,156	$39,468	13 – 26
ND	Ratio of BPW to HQW—from 1.5 to 3.2	$516	$11,492	N/A	$61,293	12 – 26
OH	Lesser of 26 x WBA or 20 x WBA+ WBA for each qualifying week in excess of 20 up to a maximum of 26 weeks.	$2,160	$10,062 - $13,624	N/A	$20,124 in 26 weeks	20 – 26
OK	Lesser of 26 x WBA or a variable percentage of the state's AAW for the 2nd preceding year depending upon the conditional factor in place	$256	$7,400	$8,234	$18,600[4]	18 – 26
OR	Lesser of 26 x WBA or ⅓ BPW	$348	$12,896	N/A	$39,680	3 – 26
PA	A worker with at least 18 credit weeks is eligible for 26 weeks; with at least 16 credit weeks, 16 weeks. A credit week is one in which claimant earned at least $50	$560	$14,898 - $15,106	$14,898	$22,840	16 or 26
PR	N/A: Uniform duration state	$182	$3,458	$3,458	$5,320	26 uniform
RI	Lesser of 26 x WBA or 36% BPW	$544	$14,326 - $17,888	$11,927	$39,795	8 – 26
SC	Lesser of 26 x WBA or ⅓ BPW	$546	$8,476	$8,476	$25,428	13 – 26
SD	Lesser of 26 x WBA or ⅓ BPW	$420	$8,164	$8,164	$24,492	15 – 26
TN	Lesser of 26 x WBA or ¼ BPW	$390	$7,150	N/A	$28,600	13 – 26
TX	Lesser of 26 x WBA or 27% BPW	$600	$10,790	$10,363	$39,963	10 – 26
UT	27% BPW	$240	$11,752	$11,882	$43,526	10 – 26
VT	N/A: Uniform duration state	$1,664	$11,050	N/A	$19,125	26 uniform
VA	26 x WBA (see table in law)	$648	$9,828	N/A	>$37,800	12 – 26
VI	Lesser of 26 x WBA or ⅓ BPW	$429	$12,220	$12,220	$36,660	13 – 26
WA	Lesser of 26 x WBA or ⅓ BPW	$135	$14,820	N/A	$44,460	1 – 26
WV	N/A: Uniform duration state	$624	$11,024	N/A	$40,150	26 uniform
WI	Lesser of 26 x WBA or 40% BPW	$756	$9,438	$9,075	$23,595	14 – 26[5]
WY	Lesser of 26 x WBA or 30% BPW	$341	$11,180	$10,750	$37,267	11 – 26

TABLE 3-11: BENEFIT ENTITLEMENT AND DURATION OF BENEFITS						
State	Formula for Calculating Benefit Entitlement	Minimum Potential Benefits: Amount[1]	Maximum Potential Benefits			Duration (Weeks)
			Amounts[2]	Wage Credits Required		
				High quarter	Base period	

GENERAL NOTE: Since the high quarter and base period wage requirements for the minimum duration of the minimum weekly benefit amount are the same as the wage and employment requirements to qualify for benefits, they are not repeated in this table. (See Table 3-3.) Some states will extend duration under certain circumstances; see chapter 4 for additional information. Additionally, in states where the benefit entitlement is calculated using multi-quarter, annual wage, or average weekly wage formulas the high quarter cell is shown as N/A as no specific level of wages is required to exist in the high quarter pursuant to state law.

[1] Minimum potential benefit amounts shown in this table are calculated by multiplying the minimum weekly benefit amount by the minimum duration; claimant may qualify for additional benefits based upon minimum monetary eligibility requirements.
[2] When 2 amounts are given, higher amount includes dependents' allowance.
[3] To qualify for 28 weeks, individual's ratio of total base period wages to HQ wages must be at least 3.5.
[4] The BPW can be comprised of both insured and non-insured wages. To be eligible for the maximum WBA, only $8,234 of the $18,600 of BPW must be taxable.
[5] With some limited exceptions, individuals with significant ownership interest in family partnerships, LLCs and corporations, and certain members of their families, are limited to 4 weeks of regular UI benefits.

SEASONAL EMPLOYMENT AND BENEFITS

Special provisions are found in several states' laws restricting the payment of benefits to workers who earned some or a substantial part of their base-period wages for employers whose operations take place only during certain seasons of the year.

In these provisions, the term seasonal is defined - either in the statute or in the rules or regulations implementing the statute - in terms of:

- the industry, employer, or occupation involved;
- the wages earned during the operating period of the employer or industry; and
- the worker.

In most states, the designation of seasonal industries, occupations, or employers and the beginning and ending dates of their seasons is made in accordance with a formal procedure, following action initiated by the UI agency or upon application by the employers or workers involving hearings and presentation of supporting data. Arkansas law provides that any employer classified as a seasonal employer may request not to be treated as a seasonal employer.

In other states, a seasonal pursuit, industry, or employer is defined as one in which, because of climatic conditions or the seasonal nature of the employment, it is customary to operate only during a regularly recurring period or periods of less than a specified number of weeks: 16 weeks in Massachusetts; 26 weeks in Colorado; 26 weeks in Indiana; 26 weeks in Maine (except for seasonal lodging facilities, variety store or trading post, restaurants, and camps, where a period of less than 26 weeks applies); 26 weeks in Michigan; 26 weeks in Ohio; and 36 weeks in North Carolina.

In general, the restrictions on the payment of benefits to workers employed during the operating periods of these seasonal industries fall into one of two groups.

1. The most frequent restriction provides that wage credits earned in seasonal employment are available for payment of benefits only for weeks of unemployment in the benefit year that fall within the operating period of the employer or industry where they were earned. Wage credits earned in non-seasonal work or in employment with a seasonal employer outside the operating period are available for payment of benefits at any time in the benefit year. The states with this type of provision are listed in the following table, together with the definitions of "seasonal worker" to whom the restrictions apply.

TABLE 3-12: SEASONAL WAGE CREDITS AVAILABLE ONLY DURING SEASON					
AR	Off-season wages of (a) less than 30 times the weekly benefit amount, if worker's seasonal wages were earned in an industry with an operating period of 2-6 months; or (b) less than 24 times the weekly benefit amount, if seasonal wages were earned in an industry with an operating period of 7-8 months	AZ	For employment in transient lodging only; no benefits based on seasonal wages during the off-season if unemployment is due to substantial slowdown in operations	CO	Some seasonal wages in operating period of seasonal industry
IN	Some seasonal wages in operating period of seasonal employer	ME	Some seasonal wages in operating period or seasonal employer	MA	Some seasonal wages in operating period of seasonal industry
MI	Wages must be within seasonal period of 26 weeks or less. Designation of employment as seasonal is voluntary	MS	Off-season wages of (a) less than 30 times the weekly benefit amount, if worker's seasonal wages were earned in a cotton ginning industry or professional baseball with an operating period of 6-26 weeks; or (b) less than 24 times the weekly benefit amount, if seasonal wages were earned in a cotton ginning industry or professional baseball with an operating period of 27-36 weeks	NC	25% or more of base period wages earned in operating period of seasonal employer
OH	Some seasonal wages earned in operating period of seasonal employer	PA	Seasonal wages for less than 180 days of work in operating period. Applies only if reasonable assurance of reemployment exists	SD	Some wages earned in operating period of seasonal employer

2. Other states have established differing seasonal provisions, which are listed in the following table.

TABLE 3-13: OTHER SEASONAL PROVISIONS	
DE	Individual with 75% or more of base period earnings in seasonal employment – defined as the processing of agricultural or seafood products - will be eligible only if the individual had been employed in the corresponding month of the base period
WV	Individual working less than 100 days in seasonal employment is not eligible unless the individual has non-seasonal employment earnings of at least $100
WI	Individual working less than 90 days for a seasonal employer is not eligible unless the individual is paid wages of $500 or more by at least one other employer

DEDUCTIONS AND WITHHOLDING FROM BENEFITS

Under Federal law, UI must be paid to a worker as a matter of right and may not be intercepted to satisfy debts or other obligations. However, Federal law provides some exceptions to this requirement and these are discussed in the following text.

OVERPAYMENTS—All states reduce UI otherwise payable to recover earlier overpayments of UI. See Chapter 6 for more information on this topic.

CHILD SUPPORT—Federal law requires states to deduct child support obligations from UI only when the obligations are enforced by the state child support agency.

OVERISSUANCES OF FOOD STAMPS—If the worker owes an uncollected overissuance of Food Stamps, states may deduct such amount from UI benefits payable. The following table indicates which state laws provide for these deductions. However, all of these states do not necessarily make these deductions; it depends on whether the state UI and Food Stamp agencies have entered into agreements.

TABLE 3-14: STATES WITH AUTHORITY TO DEDUCT FOOD STAMP OVERISSUANCES															
State		State		State		State		State		State		State		State	
AL	X	AK		AZ	X	AR	X	CA		CO	X	CT		DE	X
DC		FL		GA	X	HI	X	ID		IL	X	IN		IA	X
KS	X	KY		LA	X	ME	X	MD		MA	X	MI		MN	
MS		MO	X	MT	X	NE	X	NV		NH	X	NJ	X	NM	X
NY	X	NC		ND		OH		OK	X	OR		PA		PR	
RI		SC		SD	X	TN	X	TX	X	UT	X	VT	X	VI	X
VA	X	WA		WV		WI		WY	X						

INCOME TAX—Federal law requires states to offer workers the opportunity to voluntarily have Federal income tax withheld from UI benefits at the rate of 10 percent. Federal law also permits states to withhold state and local income tax from UI benefits. The following table indicates which states offer workers the opportunity to have state (and/or local) income taxes withheld.

TABLE 3-15: WITHHOLDING STATE AND LOCAL INCOME TAX AT CLAIMANT OPTION														
State	State	Local	State	State	Local	State	State	Local	State	State	Local	State	State	Local
AZ	X		CO	X		CT	X	X	DE	X	X	DC	X	X
GA	X		HI	X	X[1]	ID	X		IL	X		IA	X	
KS	X	X	KY	X		ME	X	X	MD	X		MA	X	
MI	X[2]		MN	X		MS	X	X	NE	X		NH	X	X
NM	X	X	NY	X	X	NC	X		ND	X		OK	X[2]	
OR	X		RI	X		SC	X		TN	X		UT	X	
VT	X[2]		WV	X		WI	X							

GENERAL NOTE: AK, FL, NV, NH, SD, TX, TN, WA, and WY have no state income tax.

[1] Local income taxes deducted and withheld from the worker's UI for other states and localities.
[2] If Federal taxes are elected to be withheld from UI benefits, then state taxes will be withheld as well.

HEALTHCARE COVERAGE—Illinois and Oklahoma law authorize the deduction of health insurance premiums from the UI weekly benefit amount if the worker so elects, provided that the state has an approved health care plan for unemployed workers. However, neither state has implemented this authority. Massachusetts has a health insurance program for unemployed workers; however, it is unrelated to the UI program.