



Unemployment Insurance Trust Fund

**Annual Report
CY2011**

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Executive Summary

Each year the Office of Employment and Training (OET) prepares an assessment of Kentucky's Unemployment Insurance Trust Fund for review by the Governor and members of the Kentucky General Assembly. The assessment is available on the OET website (www.oet.ky.gov).

In 2011, Kentucky employers paid \$443.3 million in unemployment insurance contributions. Unemployed workers received benefits in the amount of \$554.6 million. This resulted in \$111.3 million in benefits paid above what was received in contributions. The Kentucky UI Trust Fund has now remained insolvent since January 2009.

Of the benefits paid in 2011*, 61 percent was attributable to workers who were permanently separated from their jobs (Class A claimants). The remaining 39 percent was attributable to employer-filed claims with a continued job attachment (Class B claimants).

By the end of 2011, 12 of the 17 recommendations presented by Governor Steve Beshear's Unemployment Insurance Task Force and codified by House Bill 5 were fully deployed or initiated. These include: change in the tax rate schedule triggers; change in the triggers for the maximum increase in the maximum weekly benefit amount; reset calculation dates for annual tax rate notices by one calendar quarter; increase employer's time to file a protest from 10 days to 15 days after the claim is filed; increase efforts to inform the public regarding fraud detection efforts; improve information sharing among agencies; re-examine and revise unemployment insurance forms; review management of the unemployment insurance appeals process to ensure stakeholders are more prepared for hearings; provide training programs for employers managing the unemployment process; implement an outreach program to explain voluntary contributions; enhance re-employment strategies and services; and establish a process for recovering the subsidized cost from reimbursing employers (non-profits or governmental entities).

Three of the five remaining recommendations went into effect Jan. 1, 2012: increase in the taxable wage base from \$8,000 to \$9,000; implementation of a waiting week for new claims; and a reduction in the wage replacement rate. The final two recommendations: work search verifications and changing the procedures for notifying employers of new claims, are expected to be implemented in June 2012.

Based on current economic conditions, tax law changes, and data from the ETA 2112 report, it is projected that approximately \$508.0 million in benefits will be paid in 2012. This amount would be \$46.6 million less than benefits paid in 2011. Employer contributions for 2012 are estimated to be \$505.5 million in 2012. This is \$62.2 million higher than 2011 as a result of an expected improvement in the economy and an increase in the taxable wage base.

As of Dec. 31, 2011, Kentucky had borrowed \$948.7 million from the Federal Unemployment Account to pay unemployment benefits. Under the Federal Unemployment Tax Act (FUTA) states with loan balances on Jan. 1 of two consecutive years are subject to credit reduction of their FUTA tax credits for that year. Employers in Kentucky are subject to a 0.3 percent reduction in their federal unemployment tax credit offset (from 5.4 percent to 5.1 percent) for tax year 2011. Receipts from the credit reduction are applied to the federal advance outstanding balance.

* All references to years in this document refer to the calendar year.

2011 Assessment

Kentucky Unemployment Insurance Key Metrics 2011

Table 1

	Taxation		National Ranking **
Number of liable employers as of 12/31/11		85,000	28
Minimum tax rate (Schedule E in effect)		1.00%	
Maximum tax rate		10.00%	
Average tax rate (2011) (taxable wages) +		3.54%	15
Average tax paid per employee (2011)*		\$336	
Employer contributions		\$443,301,175	
Average tax rate (2010) (taxable wages) +		3.51%	9
Average tax paid per employee (2010)*		\$329	
Taxable wage base CY2011		\$8,000	43
	Benefits		
Initial claims filed - regular UI state program (includes federal and military)		314,483	21
Number of people receiving benefits		234,459	
Benefits paid out, by program and total	State UI Trust Fund	\$554,557,132	
	Federal Extended (EUC)	\$625,091,758	
	State Extended (EB)	\$147,259,146	
	Federal Additional (FAC)	\$289,902	
	TOTAL	\$1,327,197,938	
Exhaustion rate		35.6%	48
Balance of federal advances as of December 31, 2011		\$948,700,000	11
Average weekly benefit (Total UI)		\$286.94	31
Maximum weekly benefit		\$415	
Average duration		16.5 Weeks	30
	Labor Force		
Recipiency Rate - all programs		46%	37
Number working (covered employment – most recent 12 months – 2nd quarter 2011)		1,681,000	26
Total nonfarm employment		1,791,600	
Number unemployed (unduplicated headcount)		197,000	25
Average Total Unemployment Rate (TUR)		9.5%	17
Average Insured Unemployment Rate (IUR)		2.5%	36

Sources: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data Summary](#) and ETA 2112, UI Financial Transaction Summary Unemployment Fund.

* Excludes Reimbursable Employers.

** Ranked by the U.S. Department of Labor, Office of Unemployment Insurance, Division of Actuarial Services.

+ Lags the rest of the data reported by two quarters.

Recent Unemployment Insurance Trust Fund History

Historical data of the principal components of the state UI Trust Fund are shown in Table 2. These components determine the tax rate schedule to be used for each calendar year.

Table 2

Unemployment Compensation Fund Components (‘000)						
COMPONENT	CY2006	CY2007	CY2008	CY2009	CY2010	CY2011
Contributions	\$350,674	\$349,958	\$369,774	\$367,904	\$422,431	\$443,301
Interest Earned	\$13,109	\$12,119	\$9,129	\$160	N/A	N/A
Benefits Paid	\$363,031	\$392,733	\$541,278	\$1,040,459	\$689,267	\$554,557
Fund Balance	\$263,919	\$237,766	\$81,861	\$3,996	\$2,702	\$63,925
Total Wages	\$65,518,549	\$63,683,821	\$64,907,277	\$62,719,760	\$63,894,429	\$67,018,838
Federal Loan Balance	N/A	N/A	N/A	\$576,700	\$804,700	\$948,700

Source: Kentucky Education and Workforce Development Cabinet, Office of Employment and Training, ETA 2112 Report.

The components of the trust fund are defined as follows:

- Contributions: Contributions received from employers as of Dec. 31
- Interest: Quarterly federal treasury interest posted to each state’s trust fund account
- Benefits: State-funded benefit payments less benefit overpayment recoveries
- Fund Balance: Adjusted trust fund balance
- Total Wages: Total covered payroll wages reported by all covered employers for the period Jan. 1 through Dec. 31
- Federal Loan Balances: Amount borrowed from the Federal Unemployment Account to help pay state unemployment benefits. Amount reflects the balance as of Dec. 31 of each year beginning with CY2009.

Unemployment Insurance Trust Fund Outlook

The financial condition of the UI Trust Fund depends on three factors: state benefit outlays; contribution and interest revenues; and taxable wages.

1. **Benefit Outlays:** Based on improved economic conditions and changes in the benefit rate, benefit outlays are expected to decrease for 2012 to \$508.0 million.
2. **Contribution and Interest Revenues:** Employer contributions are expected to increase to \$505.5 million in 2012 because of higher experience ratings, and an increase in the taxable wage base to \$9,000. There will not be any interest revenue in 2012 due to the insolvency of the trust fund.
3. **Taxable Wages:** Taxable wages increased from \$12.3 billion to \$12.5 billion from 2010 to 2011. Taxable wages for 2012 are expected to be approximately \$12.9 billion. Total wages includes all gross wages or remuneration paid to workers subject to the state UI law. Taxable wages represents the first \$8,000 (\$9,000 beginning in 2012) in gross wages or remuneration paid to each covered employee per year that are subject to the state UI law.

Table 3

State UI Contributions and Benefits			
(millions)			
Year	Employer Contributions	State Benefit Payments	+ Surplus / - Deficit
2006	\$350.7	\$363.0	-\$12.4
2007	\$350.0	\$392.7	-\$42.8
2008	\$369.8	\$541.3	-\$171.5
2009	\$367.9	\$1,040.5	-\$672.6
2010	\$422.4	\$689.3	-\$266.8
2011	\$443.3	\$554.6	-\$111.3
2012*	<i>\$505.5</i>	<i>\$508.0</i>	<i>-\$2.5</i>

Sources: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data Summary](#) and ETA 2112, UI Financial Transaction Summary Unemployment Fund.

* Forecasted data in italics.

Table 4

Taxable Wages		
(millions)		
Quarter Ending	CY2010	CY2011
March 31	\$7,222.0	\$7,437.1
June 30	\$2,394.5	\$2,359.2
September 30	\$1,406.6	\$1,485.3
December 31	\$1,239.7	\$1,240.0*
Total	\$12,262.5	\$12,521.6

Source: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data Summary](#)

*Preliminary, subject to change until October 2012.

According to the U.S. Department of Labor, Kentucky's trust fund revenue in 2011 ranked 27th and its trust fund level was 31st among 53 states and territories.

Table 5 compares those states bordering Kentucky to the national average for trust fund solvency. The accepted standard for trust fund solvency according to the U.S. Department of Labor is to have reserves sufficient to pay at least 52 weeks of benefits at the current payout rate.

The three most used financial measures for trust fund solvency are reserve ratio, high-cost multiple and the average high-cost multiple.

- Reserve ratio: The trust fund balance as a percentage of estimated wages for the most recent 12 months.
- High-cost multiple*: The highest historical ratio of benefits to wages for a 12-month period.
- Average high-cost multiple*: The calendar year reserve ratio divided by the average high-cost rate.

Table 5

Trust Fund Solvency Comparisons			
State	Reserve Ratio	High-Cost Multiple (HCM)	Average High-Cost Multiple (AHCM)
Kentucky	0.13	N/A	N/A
Illinois	0.00	N/A	N/A
Indiana	0.02	N/A	N/A
Missouri	0.02	N/A	N/A
Ohio	0.02	N/A	N/A
Tennessee	0.35	0.16	0.34
Virginia	0.04	N/A	N/A
West Virginia	0.53	0.13	0.33
U.S. Average	0.23	N/A	N/A

Source: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data](#).

* This statistic is not calculated for states that are in credit reduction under the Federal Unemployment Tax Act (FUTA).

Kentucky Unemployment Insurance Tax Rates

In 2012, Kentucky employers will continue to be taxed at the same rate as in 2011. Schedule E tax rates will range from a minimum of 1 percent to a maximum of 10 percent.

Table 6 is the current tax rate schedules set forth in Kentucky statutes. The triggers that move employers from one tax rate schedule to another are a function of the balance in the trust fund as of the calendar year end.

Table 6 **Tax Rate Schedules**

Reserve Ratio	Trust Fund Adequacy Rate	A	B	C	D	E
8.0% and over	0.000%	0.30%	0.40%	0.50%	0.60%	1.00%
7.0% but under 8.0%	0.000%	0.40%	0.50%	0.60%	0.80%	1.05%
6.0% but under 7.0%	0.008%	0.50%	0.60%	0.70%	0.90%	1.10%
5.0% but under 6.0%	0.208%	0.70%	0.80%	1.00%	1.20%	1.40%
4.6% but under 5.0%	0.508%	1.00%	1.20%	1.40%	1.60%	1.80%
4.2% but under 4.6%	0.808%	1.30%	1.50%	1.70%	2.10%	2.30%
3.9% but under 4.2%	1.008%	1.50%	1.70%	2.20%	2.40%	2.70%
3.6% but under 3.9%	1.308%	1.80%	1.80%	2.40%	2.60%	3.00%
3.2% but under 3.6%	1.508%	2.00%	2.10%	2.50%	2.70%	3.10%
2.7% but under 3.2%	1.608%	2.10%	2.30%	2.60%	2.80%	3.20%
2.0% but under 2.7%	1.708%	2.20%	2.50%	2.70%	2.90%	3.30%
1.3% but under 2.0%	1.808%	2.30%	2.60%	2.80%	3.00%	3.40%
0.0% but under 1.3%	1.907%	2.40%	2.70%	2.90%	3.10%	3.50%
-0.5% but under 0.0%	6.500%	6.50%	6.75%	7.00%	7.25%	7.50%
-1.0% but under -0.5%	6.750%	6.75%	7.00%	7.25%	7.50%	7.75%
-1.5% but under -1.0%	7.000%	7.00%	7.25%	7.50%	7.75%	8.00%
-2.0% but under -1.5%	7.250%	7.25%	7.50%	7.75%	8.00%	8.25%
-3.0% but under -2.0%	7.500%	7.50%	7.75%	8.00%	8.25%	8.50%
-4.0% but under -3.0%	7.750%	7.75%	8.00%	8.25%	8.50%	8.75%
-6.0% but under -4.0%	8.250%	8.25%	8.50%	8.75%	9.00%	9.25%
-8.0% but under -6.0%	8.500%	8.50%	8.75%	9.00%	9.25%	9.50%
Less than -8.0%	9.000%	9.00%	9.25%	9.50%	9.75%	10.00%

Source: Kentucky Revised Statute 341.270. <http://www.lrc.state.ky.us/krs/341-00/CHAPTER.HTM>

Table 7 **Comparison with Surrounding States**

State	Minimum Tax Rate	Maximum Tax Rate	Taxable Wage Base
Kentucky (Schedule E)	1.00%	10.00%	\$9,000
Illinois	0.70%	8.40%	\$13,560
Indiana	0.70%	9.50%	\$9,500
Missouri	0.00%	9.75%	\$13,000
Ohio	0.70%	9.60%	\$9,000
Tennessee	0.50%	10.0%	\$9,000
Virginia	0.77%	6.87%	\$8,000
West Virginia	1.50%	7.50%	\$12,000

Source: US Department of Labor, Employment and Training Administration, [Significant Provisions of State UI Laws](#).

Comparison of Revenue Sources and Expenditures

The most recent data released by the U.S. Department of Labor shows that Kentucky has the second highest total unemployment rate in the bordering state region. Kentucky also has the second lowest aggregate taxable wages and the fifth lowest average weekly benefit.

The average tax rate is a composite of the aggregate experience ratings assigned to employers. In 2011, Kentucky's taxable wage base was \$8,000 which is \$2,462 below the average of regional states reflected in Tables 8 and 9 below.

Table 8

Comparison of Revenue Sources and Expenditures CY2011						
State	2011 Taxable Wage Base	Average Tax Rate on*		Total Wages*+ (Taxable Employer) (millions)	Total Unemployment Rate	Average Weekly Benefit
		Taxable Wages	Total Wages			
Kentucky	\$8,000	3.54	0.87	\$50,862.6	9.5	\$286.94
Illinois	\$12,740	4.20	1.11	\$220,606.4	9.8	\$309.16
Indiana	\$9,500	3.16	0.80	\$85,905.4	9.0	\$295.09
Missouri	\$13,000	2.31	0.75	\$80,628.7	8.6	\$237.70
Ohio	\$9,000	3.69	0.89	\$158,449.4	8.6	\$291.98
Tennessee	\$9,000	3.37	0.83	\$86,315.3	9.2	\$234.81
Virginia	\$8,000	2.52	0.48	\$137,856.6	6.2	\$284.47
West Virginia	\$12,000	3.13	1.07	\$19,262.5	8.0	\$249.67

Source: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data](#).

*Average Tax Rates and Total Wages lag the rest of the data by two quarters.

+Total Wages Excludes Reimbursable Employers

Table 9

Comparison of Revenues CY2011 (millions)	
Kentucky	\$479.6*
Illinois	\$2,781.1
Indiana	\$764.5
Missouri	\$680.4
Ohio	\$1,535.7
Tennessee	\$748.4
Virginia	\$702.2
West Virginia	\$225.2

Source: US Department of Labor, Division of Fiscal and Actuarial Services, [Unemployment Insurance Data](#).

*Revenue includes employer contributions of \$443.3 million plus reimbursable payments of \$36.3 million.

Employer Protests (Disputed Claim Investigations)

In 2011, a total of 173,071 UI new claims were filed in Kentucky. Of this total, 83,293 (48 percent) were protested by employers. Of the 83,293 protested claims, a total of 54,631 (66 percent) were denied benefits and the remainder were approved for benefit payments.

Table 10

New Claims	173,071	
Protested by Employers	83,293	48.1%
Denied Benefits	54,631	65.6%
Benefits Approved	28,662	34.4%

Appeals

In 2011, a total of 22,385 cases were appealed to the lower authority appeals branch. Of the 22,746 decisions released in 2011, 3,599 (16 percent) were appealed by employers and 19,147 (84 percent) were appealed by claimants. Of the cases appealed by employers, 1,103 (31 percent) were in favor of the employer. Of the 19,147 claimant appeals, 5,973 (31 percent) were in favor of the claimant.

Table 11

Appeals Released	22,746	
Protested by Employers	3,599	16%
Decisions in favor of Employers	1,103	
Protested by Claimants	19,147	84%
Decisions in favor of Claimants	5,973	

Of the decisions rendered by lower authority appeals, 4,372 decisions were further appealed to the UI Commission. Of the decisions rendered by the UI Commission, 121 cases were appealed to the circuit court.

Table 12

Appeals to Lower Authority		
Cases on hand, Start of Year	4,597	
Cases Received	22,385	
Cases Released	22,746	
Cases on Hand, End of Year	4,236	
Time Lapse		
30 days	5,505	24.2%
31 to 45 days	5,894	25.9%
46 to 60 days	5,280	23.2%
61 to 75 days	2,017	8.9%
76 to 90 days	1,477	6.5%
91 to 120 days	1,571	6.9%
> 120 days	1,002	4.4%
Total	22,746	
Appeals to UI Commission – Higher Authority		
Cases on hand, Start of Year	446	
Cases Received	4,372	
Cases Released	4,190	
Cases on Hand, End of Year	548	
Time Lapse		
< 45 days	3,247	77.5%
46 to 60 days	440	10.5%
61 to 75 days	214	5.1%
76 to 90 days	70	1.7%
91 to 120 days	86	2.0%
> 120 days	133	3.2%
Total	4,190	

Source: Contingency Report, ETA-5130/ETA-9054/ETA-9055

2011 in Review

During 2011, further legislative and administrative changes were implemented which had been identified by the Governor's Task Force on Unemployment Insurance in 2010. Those changes included an increase in the protest period from 10 days to 15 days after a claim is filed, a review and focus on improving the appeals process, increased efforts to inform the public about fraud detection efforts, improved information sharing between OET and other state agencies, re-examination of forms and publications for readability and effective communications, providing training programs for employers managing the unemployment process, and enhancing re-employment strategies and services.

Two administrative recommendations (enhanced random audits of work search efforts and authorizing electronic notification of employers) are under development and should be implemented in the second and third quarters of 2012. Three legislative changes (an increase in the taxable wage base of \$1,000 in 2012 from \$8,000 to \$9,000 and a \$300 increase each subsequent year to a taxable wage base of \$12,000 in 2022, the implementation of a waiting week beginning with any new claims filed on or after Jan. 1, 2012, and a reduction in the wage replacement rate from 68 percent to 62 percent beginning in 2012) were implemented Jan. 1, 2012.

As of Dec. 31, 2011, the UI Trust Fund remained insolvent. Consequently the maximum tax rate schedule as called for by law (Schedule E – Min. 1.00 percent / Max. 10.00 percent) will be in effect for 2012.

Because Kentucky had an outstanding balance of federal loans for two consecutive years, employers are subject to a 0.3 percent loss of their FUTA tax credit (5.4 percent will become 5.1 percent) for 2011. The loss of the FUTA tax credit will result in employers paying an additional 0.3 percent federal unemployment tax on the first \$7,000 of earnings, which is the federal taxable wage base. The 0.3 percent increase will be applied toward the state's outstanding debt, which was \$948.7 million as of Dec. 31, 2011.

The 0.3 percent tax credit reduction will increase each year the state has an outstanding loan balance up to the maximum 5.4 percent. The amount equal to the reduced credits, excluding penalty and interest, will be applied to reduce the state balance of advances on a first made, first repaid basis. Kentucky will be eligible to apply for a cap on the FUTA tax credit reduction in 2013 if four qualifying criteria can be met. Those criteria are: 1) the state did not take any action (in the prior year) that would diminish the solvency of the Trust Fund, 2) the state did not take any action (in the prior year) that would decrease the state's unemployment tax effort, 3) the average tax rate for the taxable year exceeds the five-year average benefit cost rate, and 4) the state's outstanding loan balance as of Sept. 30 of the tax year is not greater than that for the third preceding Sept. 30.

Kentucky is continuing to accrue interest on the outstanding loan balance. Payment of the interest amount will be due on Sept. 30, 2012. In April 2012, Gov. Beshear signed House Bill 495, a measure that provides the resources to make that payment, saving Kentucky employers approximately \$600 million in federal tax penalties.

Major initiatives begun or implemented in 2011 to improve the UI system in Kentucky

- The requirement that individuals claiming unemployment insurance benefits completely register for employment services at the time they file their initial claim.
- Deployment of “Focus Career,” a new re-employment system which requires more comprehensive work experience and educational information. The system creates a professionally-formatted resume and forwards leads from a database of thousands of current job listings to the job seeker daily via e-mail. The service, provided at no cost, matches people with jobs based on the job seeker’s qualifications and experience.
- Formation of a work group to reduce improper payments. It has been emphasized that there is a need to eliminate fraud, waste and abuse in federally-administered programs while protecting the beneficiaries. The work group examined the practices of the Division of Unemployment Insurance and made recommendations to improve fraud detection and prevent improper payment of benefits. The work group was integral in the implementation of a system of conducting cross matching with the National Directory of New Hires (NDNH), an update of the Benefit Audit, Reporting and Tracking System (BARTS), an employer messaging system, and the requirement that claimants completely register for employment services.
- Deployment of the new “Recover System” software program to automate and enhance recovery efforts of claimant overpayments. Since implementing the Recover System July 15, 2011, the Division of Unemployment Insurance recovered \$4,208,858 through Dec. 31, 2011. This represents a substantial increase in the amounts recovered before implementing the system. The improvements have played a part in Kentucky becoming the top ranked overpayment recovery or “integrity” state in the nation.
- Centralization of adjudication appeals staff in an effort to improve quality and consistency of decisions and management of staff resources. In 2011, the Division of Unemployment Insurance held training sessions for appeals referees focusing on the areas of improving writing skills and holding efficient hearings. In addition, a new procedure was implemented to provide the parties to a hearing with more information regarding the reasons for separations and witness lists to assist in hearing preparation.
- Acceptance of credit cards for tax payments beginning January 2011.

Major initiatives planned for implementation in 2012 include the following.

- A rollout of States Information Data Exchange System (SIDES), an e-filing system that allows employers to file responses to division notices electronically, decreasing the time necessary to receive the response and preventing the risk of mishandling documents. The SIDES system should have a positive effect on prevention of improper payments resulting from delayed or non-receipt of employer responses.

- Implementation of the Treasury Offset Program (TOP). This program facilitates increased collection of unemployment debts from those individuals collecting benefits fraudulently or for failure to report earnings. The collection is accomplished through referral of unemployment insurance compensation debt for collection through federal tax return offset. As a reference, the state of Mississippi collected \$7.4 million in its first week participating in TOP. Other states using TOP are New York, Wisconsin, Michigan, Alabama, Arizona, Illinois, Maryland and Pennsylvania.
- Continued emphasis on fraud cases and the collection of overpayments. The division will begin seeking civil judgments in order to collect overpayment debt through wage assignment and will begin making telephone contacts to collect overpayment amounts. Efforts to prosecute fraud cases through prompt execution of criminal charges will continue with steps being taken to decrease the time lapse between the determination of fraud and the bringing of charges.
- Continued efforts have been made to identify misclassified workers in the employer community. During 2011, the division identified more than 2,800 misclassified workers with a combined total of unreported wages exceeding \$25 million in the audit measurement report to the Department of Labor. Kentucky exceeded the minimum requirement in each of the categories for employer records audited.
- Serving customers due to a devastating weather event which caused destruction of property and livelihoods in 21 Kentucky counties. The division mobilized and set up a regional Disaster Unemployment Assistance (DUA) claim site in West Liberty (Morgan County) for individuals unemployed as a result of the storm disaster.

All these measures serve to protect the integrity of the Unemployment Insurance Trust Fund, prevent employers from the loss of additional tax credits, and administer Kentucky's Unemployment Insurance program in the most efficient and productive manner.

Glossary

Average Duration	The number of weeks compensated* for the year divided by the number of first payments. (ETA 5159)
Average High Cost Rate	The average of the three highest calendar year benefit cost rates in the last 20 years (or a period including three recessions, if longer). Benefit cost rates are benefits paid (including the state's share of extended benefits but excluding reimbursable benefits) as a percent of total wages in taxable employment.
Average High Cost Multiple (AHCM)	Calendar year reserve ratio (or "TF as % of total wages"); divided by the average high cost rate.
Average Tax Rate (Taxable Wages)	Total employer contributions for a 12-month period divided by the total taxable wages for the same time period. (ES 202)
Average Weekly Benefit Amount (AWBA)	Benefits paid for total unemployment divided by weeks compensated for total unemployment. (ETA 5159)
Benefits Paid	The unemployment benefits paid to individuals under a state program, usually the first 26 weeks of benefits, for all weeks compensated including partial payments. (ETA 5159)
Covered Employment	The number of employees covered by unemployment insurance reported to the states by employers. (ETA 202)
Exhaustion Rate	A rate computed by dividing the average monthly exhaustions by the average monthly first payments. To allow for the normal flow of claimants through the program, the numerator lags the denominator by 26 weeks, e.g., the exhaustion rate for the third quarter of CY 2010 is computed by dividing the average monthly exhaustions for the twelve months ending September 2010, by the average monthly first payments for the twelve months ending March 2010.
Extended Benefits	The supplemental program that pays extended compensation during periods of specified high unemployment in a state to individuals for weeks of unemployment after exhaustion of regular UI benefits. One-half of EB is funded by the state trust fund. (ETA 5159). As a provision of the ARRA, the program was funded 100 percent through federal funds except for state and local government, federally-recognized Indian tribes, federal agencies and the military, which are required to reimburse and will be liable for 100 percent of benefits paid.

*Regular unemployment insurance payments

High-Cost Multiple (HCM)	TF as a percent of total wages divided by the high cost rate. The high cost rate is the highest historical ratio of benefits to wages for a 12-month period.
Initial Claims	Any notice of unemployment filed (1) to request a determination of entitlement to and eligibility for compensation or (2) to begin a second or subsequent period of eligibility within a benefit year or period of eligibility. Interstate claims are counted in the paying state. (ETA 5159)
Insured Unemployment Rate (IUR)	The rate computed by dividing Insured Unemployed for the current quarter by covered employment for the first four of the last six completed quarters. (ETA 539)
Interest Earned	The amount of interest earned on the UI Trust Fund account. (unpublished US Treasury reports)
Outstanding Loan Balance	Balance, as of the end of the quarter, of advances acquired by the state under Title XII of the Social Security Act. (unpublished US Treasury reports)
Rank	All rankings are from highest to lowest for a particular item. Ties receive the same rank.
Reciency Rate	The insured unemployed in regular programs as a percent of total unemployed.
State Revenue	Funds deposited in state accounts in the Unemployment Trust Fund (UTF). These revenues are used to pay state UI benefits and the state share of EB. (ETA 2112)
Subject Employers	The number of employers subject to UI taxes. (ETA 581)
Tax Year	The 12-month time period in which a state's tax rate schedules and taxable wage base remain constant. This is equivalent to the calendar year for most states, with the exception of NH, NJ, TN, and VT. These four states have July-June tax years.
Taxable Wages	Wages paid to covered employees that are subject to state Unemployment Insurance taxes. (ES 202)
Taxable Wage Base	For each state, the maximum amount of wages paid to an employee by an employer during a tax year which are subject to UI taxes. Wages above this amount are not subject to tax.

Total Unemployed	The average number of individuals, 16 years of age or older, who do not have a job but are available for work and actively seeking work in the week of the 12th for the three months of the quarter. This includes individuals on layoff and waiting to report to a new job within 30 days. (Bureau of Labor Statistics-Not Seasonally Adjusted)
Total Unemployment Rate (TUR)	The rate computed by dividing Total Unemployed by the Civilian Labor Force. (Bureau of Labor Statistics)
Total Wages	All wages or remuneration paid to workers on all payrolls covered by Unemployment Insurance. (ES 202)
Total Wages (Taxable Employers)	All wages or remuneration paid to workers by all taxable employers. (ES 202)
Trust Fund Balance (TF)	The balance in the individual state account in the UI Trust Fund. (unpublished US Treasury reports)
UCFE	Unemployment compensation for federal civilian employees
UCX	Unemployment compensation for ex-service members
Unemployment Trust Fund (UTF)	A fund established in the Treasury of United States which contains all monies deposited by state agencies to the credit of their unemployment fund accounts and federal unemployment taxes collected by the Internal Revenue Service.

If you have completed reading this report and have comments, suggestions or would like more information, please contact:

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