

**NATIONAL ASSOCIATION OF STATE WORKFORCE AGENCIES (NASWA)
STATEMENT OF KAREN LEE
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COMMITTEE ON WAYS AND MEANS, SUBCOMMITTEE ON INCOME SECURITY &
FAMILY SUPPORT
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Chairman McDermott, Ranking Member Linder, and distinguished members of the Subcommittee, thank you for this opportunity to discuss the solvency of the unemployment insurance system. The National Association of State Workforce Agencies (NASWA) submits this testimony for the record.

The members of our Association constitute State leaders of the publicly-funded workforce investment system. The mission of NASWA is to serve as an advocate for state workforce agencies, as a liaison to workforce system partners, and a forum for the exchange of information. Our organization was founded in 1937. Since 1973 it has been a private, non-profit corporation, financed by annual dues from our member agencies and other revenue.

I. BACKGROUND

The Economic Situation

The United States is attempting to recover from the worst recession since the 1930s. At 9.7 percent, the unemployment rate is about twice what it was in December 2007 at the beginning of the recession. Since that time, employers have shed about 8.4 million jobs. We would need about 11 million jobs to restore the unemployment rate prevailing before the start of the recession. Although job losses have subsided recently, employment has yet to show substantial and sustained increases.

The Congressional Budget Office (CBO) projects the unemployment rate will turn downward in the second half of this year, but remain above 8 percent until 2012. The U.S. Department of Labor's (USDOL) FY 2011 budget assumes the average number of individuals receiving unemployment benefits will remain high during the next two years, peaking at 16.2 million in FY 2010 and dropping slightly to 15.3 million in FY 2011.

Most economists project the recession soon will be declared over and suggest a moderate recovery has begun already. Hiring usually lags during the early stages of an economic recovery because firms tend to increase output by raising productivity or the number of hours that existing employee's work; adding employees tends to occur later when higher demand for output appears sustained and growing.

The unemployment rate also lags economic recovery because the number of workers seeking work increases as many discouraged workers return to the labor force. In the last two recessions -- July 1990 to March 1991, and March to November 2001 -- unemployment continued to surge for more than a year after the "trough" of the business cycle, which marks the end of a recession and the beginning of a recovery.

The ability of unemployed workers to obtain new jobs quickly is likely to be more difficult in this recovery than in recent ones. CBO projects gains in employment after this recession probably will

rely more than usual on the creation of new jobs rather than the return of workers to the jobs from which they were laid off. These new jobs could be in new firms that are located in different places and could require workers with different skills than those needed in the jobs that have disappeared. For workers who have lost jobs to which they cannot return, acquiring new skills might be necessary.

The Structure of the Unemployment Insurance System

The unemployment insurance (UI) program is an entry point to the nation's one-stop career center system for workers who lose their jobs. For many workers, this may be their first interaction with the publicly-funded workforce system. It should provide timely income support while emphasizing reemployment of UI claimants and the integrity of the program.

The UI system is a unique federal-state partnership within which state laws authorize state unemployment insurance programs under federal law. States administer state unemployment insurance programs, but administrative funding comes from the federal government. UI provides temporary, targeted, timely and partial wage replacement to laid-off workers. Created by the Social Security Act of 1935, the UI system has been a successful social insurance program for nearly 75 years. The system is decentralized to the state level to address the varying economic conditions among the states. State unemployment benefits are financed through state payroll taxes, which are held in individual state trust fund accounts in the federal Unemployment Trust Fund in the U.S. Treasury.

Administering unemployment benefits involves: (1) processing initial and continued claims, and benefit payments for both state and federal claims; (2) collecting unemployment taxes; (3) preventing improper payments and fraud; (4) answering thousands of questions received from UI claimants and employer taxpayers; and (5) adjudicating disputes about job separations between UI claimants and employers. These tasks have been made harder by a record number of claimants during and after the recession.

The Current State of the Unemployment Insurance System

While much has been written about problems states have encountered with unemployment insurance claims processing, states have done an extraordinary job reacting and adapting to the unprecedented challenges of the "Great Recession." The UI program has provided benefits to 30.6 million individuals since the recession began in December 2007 and between 2007 and 2009. The average number of initial claims filed each week almost doubled during this period.

Because of chronic federal underfunding of the states for the administration of the UI system, State Workforce Agencies operate UI computer systems based on outmoded and less flexible technologies than are available today. The average age of state UI computer systems is 23 years. The antiquated computer systems result in inefficiencies and increased administrative burden, especially when states are required to adjust benefits, such as those associated with the Emergency Unemployment Compensation program (EUC08). In addition to problems states encounter when making programming modifications to EUC08, the uncertainty surrounding the sunset of the federal extended benefits program - resulting in month-to-month extensions - has swamped state UI agencies with the added workload of increased phone calls from anxious claimants.

The enormous influx in workload brought on by the recession, coupled with outdated information technology (IT) systems in most state UI agencies, have led to a decrease in every area of UI

program performance. NASWA, in testimony before the House Committee on Appropriations, requested an additional \$500 million in fiscal year 2011 to help states modernize their UI computer systems to improve efficiency and performance.

Status of State UI Loans

As of April 30, 2010, a total of 34 states and the Virgin Islands had borrowed more than \$40 billion from the Federal Unemployment Account (FUA) in the federal Unemployment Trust Fund (UTF) to finance their unemployment benefits. (See Chart 1 – Current Outstanding Loans.)

By the end of FY 2010, the U.S. Department of Labor (USDOL) projects loans to states will increase to \$57.3 billion. By the end of FY 2012, USDOL projects as many as 40 states will have federal loans outstanding of more than \$90 billion. In comparison, by the end of 1983, a total of 21 states and the District of Columbia had borrowed about \$29 billion (in 2010 dollars). (See Chart 2 – Historical Outstanding Loans.)

The Recovery Act waived the charging of interest on federal advances to insolvent state UI programs from February 2009 to January 2011. NASWA supports extending this provision for two additional years. However, concerns have been expressed by solvent states about the “moral hazard” associated with interest-free loans; without the accrual of interest on outstanding loans, insolvent states are encouraged to borrow more funds and delay repaying the principal. In addition, solvent states realize that employers in their states will be required to pay added federal unemployment taxes in order to finance the interest-free loans. Solvent states also are concerned about the relatively low interest rate the federal government pays on their reserves that the federal government “borrows” from them for a long period. An interest rate nearer a long-term rate for sufficient reserves would provide a greater incentive for solvency.

II. WHY ARE SO MANY STATE UI PROGRAMS INSOLVENT?

There are two basic reasons why so many state UI programs are insolvent: (1) the Great Recession; and (2) many state trust funds were not prepared to weather a severe recession without borrowing.

The Great Recession

Recessions offer significant challenges to state unemployment insurance trust funds in the form of increased benefit outlays, extended durations of claims and declines in taxable payrolls resulting in decreased UI tax revenues. The insolvency of many state UI trust funds is similar to the insolvency faced by states in the 1970s and 1980s, but worse. The depth and duration of the recession, and the unprecedented loss of jobs were prime contributors to trust fund insolvency.

The current recession probably will be the longest of the post-World War II era. The rate and extent of job losses in the current recession has exceeded those found in every recession since the 1970’s. The Federal Reserve Bank of Dallas noted recently “the acceleration of employment losses after October 2008 transformed an otherwise average recession into the worst episode since World War II.”

The national unemployment rate increased by 4.7 percentage points -- from 5 percent at the beginning of the recession in December 2007 -- to its current level of 9.7 percent. A near doubling of the national unemployment rate was bound to have a devastating effect on state UI programs. The impact was even worse for some 20 states whose unemployment rates more than doubled. For

example, unemployment rates increased by 7.5 percentage points in Florida, 7.4 percentage points in Nevada, 7.2 percentage points in Rhode Island, 7.1 percentage points in Alabama, and 6.5 percentage points in Michigan. (See Chart 3 – Changes in States’ Unemployment Rates.) Of the 23 states that experienced increases in their unemployment rates above the national average of 9.7 percent, 19 have been forced to borrow to cover UI benefit costs.

Insufficient State UI Reserves

A way to gauge whether a state is prepared to weather a severe recession without borrowing is to compare: (1) its trust fund reserves relative to total covered wages paid by employers in the state during the most recent year to (2) state UI benefit costs relative to total covered wages paid by employers in the state in the year it experienced its highest benefit cost rate in the history of the program. (The benefit cost rate is benefits paid during the year divided by total covered wages paid by employers in the state that year.)

A ratio of (1) to (2) is called the “high-cost multiple.” Such a ratio equal to one means a state has enough reserves to meet the highest UI benefit cost rate it has experienced in its history with its reserves alone. With unemployment tax revenue flowing into the state trust fund during the year, a state also has those funds available to cover UI benefit costs during the year. Recognizing a state can cover the costs of UI benefits from reserves and unemployment taxes flowing into the trust fund when a recession hits, a high-cost multiple (HCM) of at least 0.5 could be used as a rough gauge to assess if a state could weather a recession by spending its reserves and unemployment tax revenue flowing into the trust fund during a recession year.

By this measure, at the beginning of this recession, 30 states were at risk of needing to borrow during a severe recession. All but one of these 30 states has borrowed to cover UI benefit costs already. In addition, six state UI programs above 0.5 but below 0.75 also have borrowed. With USDOL projecting a peak of 40 states borrowing, the other states that have not borrowed yet who were below the ratio of 0.75 at the beginning of the recession are the likely states to borrow before the end of 2011. (See chart 4 – Changes in States’ High Cost Multiples.)

Another way to gauge state solvency is to refer to the “average high-cost multiple,” which compares: (1) a state’s trust fund reserves relative to total covered wages paid by employers in the state during the most recent year (same as the HCM) to (2) the average of state UI benefit costs relative to total covered wages paid by employers in the state in the last three recession years. The ratio of (1) to (2) is the average high-cost multiple (AHCM).

An AHCM equal to one means a state has enough reserves to meet a recession comparable to the average of the last three recessions with its reserves alone. Just before the Great Recession, five states had average high-cost multiples exceeding one and still had to borrow to pay benefits. All but one of the states with an AHCM less than 0.5 had to borrow during the Great Recession. And, 30 of the 35 state programs that had to borrow had AHCM’s of less than 1.0. (See Chart 5 – Comparison of States’ Pre-Recession Average High Cost Multiples.)

Repayment of Loans

The Federal government imposes a separate federal UI payroll tax under the Federal Unemployment Tax Act (FUTA). The gross tax is levied on covered employers at a rate of 6.2 percent on wages up to \$7,000 a year paid to a covered employee. However, FUTA provides a credit against the federal tax of 5.4 percent to employers in states with an approved state

unemployment insurance (UI) program and no overdue federal UI loans. If a state has a UI law that meets all federal requirements, as all states do, then its employers pay a base federal tax rate of 0.8 percent, or a maximum of \$56 per covered employee, per year. Employers in states with overdue outstanding federal loans might pay a higher tax rate. FUTA tax revenues pay for federal and state UI and employment service administration, the federal half of the permanent federal-state extended benefits program, and federal loans to insolvent state UI programs.

Federal law contains an automatic repayment provision -- known as the FUTA credit reduction -- for states with loans that have been outstanding for roughly two to three years. Specifically, if a state has an outstanding loan on January 1st of two consecutive years and does not fully repay the advances by the November 10th following the second January 1st, the credit employers in the state receive on the Federal unemployment tax is reduced and the revenue generated from the credit is applied to the outstanding loan until it is repaid. Each year the loans are overdue, employers can lose at least 0.3 percentage point from the federal credit, which increases the net tax rate by 0.3 percentage point in the first year it is overdue for a tax rate of 1.1 percent, 0.6 percent in the second year it is overdue for a tax rate of 1.4 percent, and so on until the 5.4 percent credit is reduced to zero or the loan is repaid. Additional credit reductions after the first credit reduction might apply also.

Under permanent law, states are charged interest against most outstanding loans at a rate equal to the lower of 10 percent or the rate at which interest was paid on the state reserve balance in the federal unemployment trust fund for the last quarter of the preceding calendar year. The interest is normally due on the last day of the fiscal year in which the loans were made. Interest cannot be repaid, either directly or indirectly, from the repaying state's UI trust fund. If a state fails to pay interest for any year on which it is due, the state could lose all of its FUTA offset credit (5.4 percent) for its employers as well as all grants for costs of administration until interest due has been paid.

By 2013, some 32 states face the prospect of escalating FUTA tax increases on employers to repay loans (see Chart 6 – Potential FUTA Tax Increases: 2010-2013). The following shows when certain states potentially will face the beginning of escalating FUTA tax increases:

- **MI:** 0.3 percent FUTA credit reduction (i.e., 1.1% tax rate) has been assessed on employers beginning January 1, 2010 (determined in November 2009);
- **IN and SC:** 0.3 percent FUTA credit reduction (i.e., 1.1% tax rate) potentially will be assessed on employers beginning January 1, 2011 (determined in November 2010);
- **AL, AR, CA, CT, FL, GA, ID, IL, KY, MN, MO, NC, NJ, NV, NY, PA, OH, RI, SD, TX, VA, and WI:** 0.3 percent credit reduction (i.e., 1.1% tax rate) potentially will be assessed on employers beginning January 1, 2012 (determined in November 2011); and
- **AZ, CO, KS, MA, MD, NH, and VT:** 0.3 percent credit reduction (i.e. 1.1% tax rate) potentially will be assessed on employers beginning January 1, 2013 (determined in November 2012).

Negative Consequences of Rapidly Increasing Employer Taxes

In order to repay loans with state funds, states will need to build up trust fund reserves by raising taxes on employers or reducing benefit outlays or some combination of the two approaches; actions

that could reduce the UI program's role as a prime federal government economic stabilizer and dampen consumer demand, job creation, and economic stability and growth. Increasing UI taxes, in particular, can have a detrimental effect on workers' wages and employment, especially if substantial tax increases occur too soon in the wake of a recession. Cutting benefits can reduce consumer demand and slow the economic recovery.

The burden of increased taxes on employers is mostly shifted to workers, particularly low-wage workers, in the form of decreased hiring or reduced fringe benefits or wages. Low-wage workers in particular are disproportionately affected because relatively low taxable wage bases apply only to the initial wages paid to a worker in a year. The federal taxable wage base of only \$7,000, for example, hits employment of workers making, say, \$20,000 per year, proportionately more than employment of workers making, say, \$40,000 per year. For example, employers in industries that depend on low-wage workers may not hire as many workers as a result of a substantial UI tax increase. While tax increases might be necessary to restore the long-run balance in a state UI program, such measures during a recession could hurt the very workers the unemployment insurance system aims to help.

Recognizing this fact, some states recently have revisited automatic and discretionary changes to their tax structures enacted to lessen the escalating taxes on employers. Florida, Hawaii, Indiana, and Kansas, for example, have either postponed tax increases or reduced the amount of the tax increases that would have otherwise occurred in 2010.

III. APPROACHES TO UI PROGRAM SOLVENCY IN THE 1970S AND 1980S

Federal Government

The federal government has both increased the FUTA tax rate and the taxable wage base to improve solvency. It also has made marginal changes to the extended benefits program, but it typically has little effect on permanent UI benefits because most of these benefits are determined under state law.

In 1976, the federal government increased the federal taxable wage base from \$4,200 to \$6,000. It also increased the net federal tax rate by 0.2 percentage point on a "temporary" basis until the unemployment trust fund repaid the general fund for advances to cover the costs of state loans and extended benefits. These advances were repaid in 1987, but the federal government has extended this temporary surtax frequently since then. Currently, it is scheduled to expire on June 30, 2011, but it likely will be extended again.

In 1982, the federal government increased the FUTA taxable wage base from \$6,000 to \$7,000. If the \$7,000 taxable wage base had kept pace with inflation since 1982, it would be nearly \$16,000 today.

The recession of 1981–1982 lasted for a total of 16 months. Many states, having just recovered from the 1973–1975 recession, were unable to finance their state UI benefits and were forced to borrow from the federal government.

In response to the inability of states to repay these advances, Congress passed a series of laws from 1981–1983 (some permanent and others temporary) to assist states in the repayment of these loans. They included: (1) The Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) allowing a state's employers to cap the FUTA credit reduction at a specified level if their state met criteria aimed at

improving the long-term solvency of its unemployment insurance trust fund. (2) The Tax Equity and Fiscal Responsibility Act of 1982 (P.L. 97-248) increased federal unemployment taxes and allowed a state's employers to avoid the FUTA credit reduction entirely by repaying a portion of their outstanding loan as well as fulfilling several requirements meant to improve solvency. (3) The Social Security Amendments of 1983 (P.L. 98-21) authorized special partial caps to the FUTA credit reduction for states that met some of the criteria necessary to receive a full cap on the level of the FUTA tax increase.

States facing FUTA tax increases in the 1980's benefited from these permanent and temporary measures by correcting their fiscal imbalances and repaying their outstanding loans to the federal government. States with overdue outstanding loans in the coming years might use these provisions in the future. States took advantage of the available FUTA credit reduction caps and repaid all loans by 1990. (See Chart 7 – FUTA Credit Reductions by State 1981 - 1987.)

State Governments

States adjusted their taxes and benefits in the 1980s to repay their debts and build up reserves. By 1990, no state had an outstanding loan from the federal government.

According to a 1988 GAO report, in the 1980s states “reduced maximum benefit duration, tightened eligibility requirements, or took other actions that reduced the proportion of the unemployed receiving benefits.” GAO further reported a U.S. Department of Labor study estimated such changes reduced benefit receipt by between 30 and 40 percent during the period from 1980 to 1986.

IV. RECENT APPROACHES TO UI PROGRAM SOLVENCY BY STATES

According to a 2009 NASWA survey, some 35 states reported increases in their 2010 unemployment taxes - with a median increase of nearly 28 percent - to address the drain on their trust fund reserves as a result of a spike in benefit outlays. Such increases occur automatically through the normal “experience rating” mechanisms in the states as employers’ tax rates rise in response to the benefits paid to their laid off workers. While UI experience rating mechanisms differ from state to state, they are designed to impose higher taxes on employers with more layoffs. In addition, as trust fund reserves decline, many state laws include automatic responses shifting employers to higher tax schedules and activating statutory solvency taxes to replenish trust fund reserves.

According to the survey, employers in six states would face increased UI taxes as a result of a solvency tax already in state law. A total of 27 state programs indicated their UI tax schedule would increase automatically from 2009 to 2010 (based on the level of reserves in the trust fund).

Specific state examples to deal with solvency issues include the following (for a complete listing of state legislative activity in 2010, see Chart 8):

- Idaho reduced its maximum weekly benefit amount when its tax rates rise in response to a decline in the trust fund account balance.
- Louisiana enacted legislation further restricting eligibility for claimants discharged for misconduct.
- Nevada enacted tougher integrity provisions dealing with fraud and restitution of overpayments.
- New Hampshire increased its taxable wage base from \$8,000 to \$12,000.
- South Dakota imposed an emergency surtax of 1.5 percent on taxable wages.

- Tennessee increased its taxable wage base from \$7,000 to \$9,000. It also tightened its law on disqualification for misconduct and restitution of overpayments.
- Vermont is on the verge of increasing their taxable wage base from \$8,000 to \$12,000.
- West Virginia increased its taxable wage base from \$8,000 to \$12,000. It also froze the maximum weekly benefit amount until its trust fund account reaches a specified level.

V. OTHER APPROACHES TO UI PROGRAM SOLVENCY

States are faced with increasing taxes or cutting benefit outlays to restore their UI programs.

On the tax side, the choices include increasing tax rates on taxable wages, increasing the taxable wage base, and/or indexing the taxable wage base to wages. Since effective tax rates, i.e., the average tax rates on total wages, have declined and reached historical lows in many states, increasing taxable wage bases and indexing them to wages might rebalance state UI programs and help the tax side keep up with the growth on the benefit side of the program.

On the benefit side, the choices include restricting eligibility, capping or reducing the maximum weekly benefit amount, reducing the wage replacement fractions, or reducing the average duration on UI through cost-effective reemployment services.

Indexing the Taxable Wage Base

States set their own taxable wage bases, which in 2010 ranged from \$7,000 to \$36,800. Each state also establishes tax schedules that determine individual employer tax rates based on each employer's experience drawing down funds.

Insolvent state UI programs borrowing in this recession tend to have high unemployment rates that have increased substantially since 2007 and relatively low taxable wage bases that are not increased automatically each year. These characteristics tend to create an imbalance with benefits growing at a more rapid rate than taxes, resulting in insolvency during serious recessions.

A primary factor in state insolvency is comparatively low taxable wage bases in many state UI programs. Thirty-six of fifty-three UI programs operate with fixed taxable wage bases that change only through state legislative actions. Only one of these states has a taxable wage base above \$14,000 (Connecticut at \$15,000).

In contrast, the other seventeen UI programs operate with an indexed taxable wage base (i.e., a base that automatically increases with increases in average wages per worker in the state). Their taxable wage bases averaged almost \$27,000 in 2010. Indexation has been present in these states for more than 20 years. Adjusting for state size and past costs, their UI trust funds are much larger than for the non-indexed states. Only six of the 35 states programs currently insolvent have indexed taxable wage bases.

One solution to insolvency would be for some state UI programs to increase and index their taxable wage bases and seek ways to reduce the rate of growth in benefit outlays to correct their imbalances. These changes would be small compared to the size of other major social insurance programs. State unemployment insurance costs in recent good times were only about 0.5 percent of employee compensation compared to 5.7 percent for Social Security and Medicare or 1.6 percent for workers' compensation.

Reemployment Services (RES)

Some states already have tightened eligibility provisions, frozen maximum benefits, or reduced wage replacement fractions, but the federal government also funded another way to reduce UI benefit outlays under the Recovery Act through reemployment services.

Reemployment services (RES), deployed to UI claimants through the One-Stop Career Centers, accelerate the UI claimants' return to work. RES provides job search tools, early intervention services, career guidance, and job referrals for UI claimants.

Reemployment services cost about \$400 per client and can reduce insured unemployment by about 3 weeks per client or more depending on the design and implementation of the program. These job search services would save \$900 per client for a net savings of \$500 per client. The \$500 million investment in reemployment services recommended by NASWA for fiscal year 2011 can reap a net UI savings of \$625 million by reducing the average UI claim by 3 weeks for 1.25 million claimants. And, the government budget savings could be even higher if one factors in the increased earnings and income tax payments made by these workers on their wages.

In a recent NASWA survey, states were asked to report their major achievements stemming from the Recovery Act's workforce provisions. Almost half the states (46 percent) listed their reemployment initiatives as a top achievement.

A large percentage of states report the Recovery Act enabled them to strengthen the partnership between UI and One-Stop services so UI claimants are linked to a One-Stop to develop and pursue a reemployment plan. About 36 percent of states report the partnership has improved somewhat, and 36 percent report great improvement.

Many studies have found emphasis on reemployment of UI claimants' results in shorter claims duration for beneficiaries, savings to the UI program, and potentially lower taxes for employers. In my own State of Washington, staff-assisted placement services reduced UI claimants' duration of unemployment by 7.7 weeks, more than enough to justify an investment in such services. In a recent survey of all evidence, economist Lou Jacobson found staff-assisted job matching reduces unemployment by 3-6 weeks, which is more than enough to pay for these low-cost services in terms of reduced UI outlays and increased earnings.

Extend Interest-Free Borrowing

The Recovery Act temporarily waives interest payments and the accrual of interest on advances to State unemployment funds. The interest payments that come due from the time of enactment of the proposal until December 31, 2010, are deemed to have been made by the State. No interest on advances accrues during the period. Extending this provision will assist borrowing states while they are adjusting their programs and might relieve some immediate pressure to increase employer taxes in the short run.

Conduct a Study and Make Recommendations

NASWA supports the expressed need for a comprehensive study of the UI system. The last comprehensive study was authorized by Congress in the 1990s. The reports issued by the Advisory Council on Unemployment Compensation (ACUC) in the 1990s are at best out-of-date now.

Before sweeping changes are made, our knowledge of the labor market and the UI system needs expanding and updating.

Conclusion

Unemployment insurance is a prime economic stabilizer. It is doing its job, but it could do better. The federal government has begun reforming the system under the Recovery Act and the Obama Administration has pledged to improve the system even more. States already are reforming their programs. As states work to right their fiscal imbalances, they must be cautious not to raise unemployment taxes too soon or too high and not to cut too much into benefits for unemployed workers. This will be a delicate balancing act that will play out in state capitols around the nation. As the economic recovery begins, job creation and reemployment services for UI claimants should be emphasized at the same time some workers retool for the future. Such actions should aid employment growth, help workers, and improve our economy for the challenges ahead.

CHART # 1

Current Outstanding Loans

STATE	Outstanding Balance as of 4.30.2010	Date of First Advance
Michigan	\$3,876,782,333	Oct-08
Indiana	\$1,837,273,059	Nov-08
South Carolina	\$886,662,352	Dec-08
New York	\$3,176,873,428	Jan-09
Ohio	\$2,314,186,799	Jan-09
California	\$8,873,123,083	Jan-09
Kentucky	\$795,100,000	Jan-09
North Carolina	\$2,276,136,317	Feb-09
Wisconsin	\$1,424,768,541	Feb-09
Missouri	\$722,116,933	Feb-09
New Jersey	\$1,749,563,533	Mar-09
Arkansas	\$330,853,383	Mar-09
Rhode Island	\$222,688,407	Mar-09
Pennsylvania	\$3,008,614,961	Mar-09
Idaho	\$202,401,700	Jun-09
Illinois	\$2,239,582,343	Jul-09
Minnesota	\$489,996,306	Jul-09
Texas	\$1,030,766,885	Jul-09
Florida	\$1,612,500,000	Aug-09
Virgin Islands	\$13,321,650	Aug-09
South Dakota	\$24,027,178	Sep-09
Alabama	\$283,001,164	Sep-09
Connecticut	\$498,452,705	Oct-09
Nevada	\$395,394,607	Oct-09
Virginia	\$346,876,000	Oct-09
Georgia	\$416,000,000	Dec-09
Colorado	\$253,697,150	Jan-10
Massachusetts	\$387,313,005	Feb-10
Kansas	\$88,159,421	Feb-10
Maryland	\$133,840,765	Feb-10
Vermont	\$32,657,065	Feb-10
New Hampshire	\$19,381,308	Mar-10
Arizona	\$24,908,650	Mar-10
Delaware	\$12,901,505	Mar-10
Tennessee	\$20,736,767	Apr-10
TOTAL	\$40,020,659,305	
As a % of 2009 Estimated Total Wages	0.83%	

Source: USDOL, ETA

CHART # 2
HISTORICAL OUTSTANDING LOANS (THOUSANDS)

STATE	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Alabama	-	-	-	-	-	10,000	30,000	43,860	27,000	-	-	-	-	-	-	-	-
Alaska	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arizona	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arkansas	-	-	-	-	-	-	20,000	30,000	19,500	-	29,200	64,000	77,042	85,540	-	-	-
California	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Colorado	-	-	-	-	-	-	-	-	-	-	-	-	4,409	112,884	41,566	-	-
Connecticut	-	-	31,800	53,500	62,000	252,200	363,200	410,798	410,497	370,897	370,894	320,946	270,461	280,276	196,400	102,137	-
Delaware	-	-	-	-	-	6,500	20,500	36,600	47,000	47,000	43,767	46,351	53,947	44,202	-	-	-
District of Columbia	-	-	-	-	-	7,000	33,600	59,000	64,500	70,544	65,541	51,122	56,862	63,609	43,609	-	-
Florida	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hawaii	-	-	-	-	-	-	22,500	22,500	-	-	-	-	-	-	-	-	-
Idaho	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Illinois	-	-	-	-	-	68,800	515,300	758,600	946,500	946,500	984,000	1,405,433	2,069,018	2,418,204	1,707,232	1,124,267	888,670
Indiana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Iowa	-	-	-	-	-	-	-	-	-	-	-	-	63,362	126,579	37,558	-	-
Kansas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kentucky	-	-	-	-	-	-	-	-	-	-	-	52,121	121,396	150,568	11,067	-	-
Louisiana	-	-	-	-	-	-	-	-	-	-	-	-	102,423	520,365	521,188	576,948	786,692
Maine	-	-	-	-	-	2,400	14,900	22,900	36,400	36,400	36,400	31,446	20,891	-	-	-	-
Maryland	-	-	-	-	-	-	36,100	62,659	-	-	-	-	-	-	-	-	-
Massachusetts	-	-	-	-	-	140,000	265,000	265,000	265,000	231,700	-	-	-	-	-	-	-
Michigan	-	-	-	-	-	326,000	571,000	624,000	624,000	-	842,000	1,075,000	2,185,816	2,322,272	1,665,761	1,288,731	1,120,828
Minnesota	-	-	-	-	-	47,000	123,000	172,000	172,000	-	28,200	114,000	288,047	351,753	204,063	86,159	-
Mississippi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Missouri	-	-	-	-	-	-	-	-	-	-	-	-	89,825	89,825	-	-	-
Montana	-	-	-	-	-	-	1,366	9,284	10,484	7,084	-	-	-	8,556	8,556	-	-
Nebraska	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nevada	-	-	-	-	-	-	7,600	7,600	-	-	-	-	-	-	-	-	-
New Hampshire	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Jersey	-	-	-	-	-	352,200	497,200	638,902	694,928	651,928	651,928	612,449	520,720	422,339	320,382	-	-
New Mexico	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New York	-	-	-	-	-	-	-	155,750	335,800	-	-	-	-	-	-	-	-
North Carolina	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,501
Ohio	-	-	-	-	-	-	-	-	-	-	245,778	599,933	1,658,127	1,976,065	1,446,205	976,439	522,747
Oklahoma	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oregon	-	-	-	-	-	-	18,500	-	-	-	-	-	-	-	-	-	-
Pennsylvania	-	-	-	-	-	173,800	552,900	926,296	1,187,296	1,222,296	1,387,265	1,566,328	2,145,252	2,617,389	1,970,851	1,338,674	893,639
Puerto Rico	-	-	-	-	-	35,000	57,000	75,200	88,700	88,700	88,700	80,838	65,619	51,113	35,757	19,216	-
Rhode Island	-	-	-	-	-	45,800	65,800	71,074	102,074	102,763	121,239	112,034	101,682	89,557	-	-	-
South Carolina	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tennessee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Texas	-	-	-	-	-	-	-	-	-	-	-	-	142,863	696,274	416,289	-	365,640
Utah	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vermont	-	-	-	-	5,300	28,300	37,500	46,379	46,400	40,739	40,739	36,152	31,032	25,183	18,972	12,202	-
Virginia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Washington	-	-	40,700	44,100	94,100	149,400	137,069	-	-	-	-	-	-	-	-	-	-
West Virginia	-	-	-	-	-	-	-	-	-	-	47,214	99,814	144,197	288,082	308,190	255,970	225,243
Wisconsin	-	-	-	-	-	-	-	-	-	-	-	-	412,947	627,635	534,474	327,797	-
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
YEAR TOTAL			\$31,800	\$94,200	\$111,400	\$1,589,100	\$3,402,366	\$4,575,471	\$5,078,079	\$3,816,551	\$4,982,865	\$6,267,967	\$10,625,938	\$13,368,270	\$9,488,120	\$6,108,540	\$4,808,960
TOTAL 2010 DOLLARS	-	-	\$163,000	\$455,000	\$484,000	\$6,330,000	\$12,800,000	\$16,200,000	\$16,700,000	\$11,300,000	\$13,000,000	\$14,800,000	\$23,600,000	\$28,800,000	\$19,600,000	\$12,200,000	\$9,410,000
As a % of Total Wages			0.007%	0.018%	0.020%	0.271%	0.524%	0.636%	0.612%	0.405%	0.486%	0.555%	0.905%	1.082%	0.693%	0.415%	0.308%

STATE-BY-STATE OUTSTANDING FEDERAL LOANS (THOUSANDS)

STATE	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Alabama	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alaska	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arizona	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arkansas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
California	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Colorado	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Connecticut	-	-	-	-	353,767	653,215	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Delaware	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District of Columbia	-	-	-	-	-	19,336	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Florida	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Georgia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hawaii	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Idaho	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Illinois	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	511,267	-	-	-	-	-
Indiana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Iowa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kansas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kentucky	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Louisiana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maryland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Massachusetts	-	-	-	-	234,742	379,918	115,987	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Michigan	952,597	781,530	602,513	417,510	417,509	212,724	-	-	-	-	-	-	-	-	-	-	-	-	-	-	134,600
Minnesota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,548	123,008	-	-	-
Mississippi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Missouri	-	-	-	-	-	-	70,000	-	-	-	-	-	-	-	-	-	142,924	288,557	238,257	135,457	-
Montana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nebraska	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nevada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Hampshire	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Jersey	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Mexico	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New York	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	197,965	751,395	691,332	357,319	-	-
North Carolina	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ohio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oklahoma	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oregon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oregon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pennsylvania	587,640	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Puerto Rico	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rhode Island	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Carolina	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tennessee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Texas	513,727	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112,595	-	-	-	-	-
Utah	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vermont	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Virginia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Washington	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
West Virginia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wisconsin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
YEAR TOTAL	\$2,053,964	\$781,530	\$602,513	\$417,510	\$1,006,018	\$1,265,193	\$185,987	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$310,560	\$1,581,134	\$1,102,897	\$595,576	\$135,457	\$134,600
TOTAL 2010 DOLLARS	\$3,880,000	\$1,420,000	\$1,040,000	\$685,000	\$1,580,000	\$1,930,000	\$276,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$370,000	\$1,840,000	\$1,250,000	\$654,000	\$144,000	\$139,000
As a % of Total Wages	0.122%	0.043%	0.031%	0.021%	0.049%	0.058%	0.008%									0.008%	0.042%	0.027%	0.014%	0.003%	0.003%

CHART # 3**Changes in States' Unemployment Rates**

STATE	December 2007 Unemployment Rate	February 2010 Unemployment Rate	Difference in Unemployment Rate, Dec. 2007 - Feb. 2010
Alabama	4	11.1	7.1
Alaska	6.5	8.5	2
Arizona	4.7	9.5	4.8
Arkansas	5.9	7.7	1.8
California	6.1	12.5	6.4
Colorado	4.5	7.7	3.2
Connecticut	5	9.1	4.1
Delaware	3.8	9.2	5.4
District of Columbia	6.1	11.9	5.8
Florida	4.7	12.2	7.5
Georgia	4.8	10.5	5.7
Hawaii	3.2	6.9	3.7
Idaho	3	9.5	6.5
Illinois	5.5	11.4	5.9
Indiana	4.6	9.8	5.2
Iowa	4	6.7	2.7
Kansas	4.4	6.5	2.1
Kentucky	5.7	10.9	5.2
Louisiana	4.2	7.3	3.1
Maine	5.1	8.3	3.2
Maryland	3.8	7.7	3.9
Massachusetts	4.5	9.5	5
Michigan	7.6	14.1	6.5
Minnesota	4.9	7.3	2.4
Mississippi	6.8	11.4	4.6
Missouri	5.5	9.4	3.9
Montana	3.6	6.9	3.3
Nebraska	3.2	4.8	1.6
Nevada	5.8	13.2	7.4
New Hampshire	3.6	7.1	3.5
New Jersey	4.5	9.8	5.3
New Mexico	3.7	8.7	5
New York	4.9	8.8	3.9
North Carolina	5	11.2	6.2
North Dakota	3.3	4.1	0.8
Ohio	6	10.9	4.9
Oklahoma	4.5	6.7	2.2
Oregon	5.6	10.5	4.9
Pennsylvania	4.7	8.9	4.2
Puerto Rico	11.2	16	4.8
Rhode Island	5.5	12.7	7.2
South Carolina	6.6	12.5	5.9
South Dakota	3	4.8	1.8
Tennessee	5.3	10.7	5.4
Texas	4.5	8.2	3.7
Utah	3.2	7.1	3.9
Vermont	3.2	7.1	3.9
Virgin Islands	4	6.6	2.6
Virginia	6	7.8	1.8
Washington	3.5	7.2	3.7
West Virginia	4.8	9.5	4.7
Wisconsin	4.9	9.5	4.6
Wyoming	5	8.7	3.7
United States	5	9.7	4.7

Shading Denotes Borrowing States as of 4.30.2010

Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS)

CHART # 4

Changes in States' High Cost Multiples

STATE	HCM, 2007.4	HCM, 2009.4*	Difference in HCM, 2007.4 and 2009.4
Alabama	0.33	N.A.	N.A.
Alaska	0.78	0.64	0.14
Arizona	0.44	N.A.	N.A.
Arkansas	0.18	N.A.	N.A.
California	0.18	N.A.	N.A.
Colorado	0.59	N.A.	N.A.
Connecticut	0.23	N.A.	N.A.
Delaware	0.43	N.A.	N.A.
District of Columbia	0.8	0.66	0.14
Florida	0.46	N.A.	N.A.
Georgia	0.42	N.A.	N.A.
Hawaii	1.5	0.35	1.15
Idaho	0.35	N.A.	N.A.
Illinois	0.3	N.A.	N.A.
Indiana	0.2	N.A.	N.A.
Iowa	0.69	0.36	0.33
Kansas	0.71	N.A.	N.A.
Kentucky	0.16	N.A.	N.A.
Louisiana	0.82	0.63	0.19
Maine	1.12	0.82	0.3
Maryland	0.52	N.A.	N.A.
Massachusetts	0.28	N.A.	N.A.
Michigan	N.A.	N.A.	N.A.
Minnesota	0.3	N.A.	N.A.
Mississippi	1.32	0.89	0.43
Missouri	0.07	N.A.	N.A.
Montana	0.82	0.5	0.32
Nebraska	0.74	0.44	0.3
Nevada	0.63	N.A.	N.A.
New Hampshire	0.43	N.A.	N.A.
New Jersey	0.11	N.A.	N.A.
New Mexico	1.58	0.79	0.79
New York	0.04	N.A.	N.A.
North Carolina	0.13	N.A.	N.A.
North Dakota	0.72	0.47	0.25
Ohio	0.09	N.A.	N.A.
Oklahoma	1.42	0.8	0.62
Oregon	1.14	0.65	0.49
Pennsylvania	0.25	N.A.	N.A.
Puerto Rico	0.73	0.56	0.17
Rhode Island	0.25	N.A.	N.A.
South Carolina	0.13	N.A.	N.A.
South Dakota	0.25	N.A.	N.A.
Tennessee	0.3	N.A.	N.A.
Texas	0.4	N.A.	N.A.
Utah	1.15	0.71	0.44
Vermont	0.72	N.A.	N.A.
Virgin Islands	0.68	N.A.	N.A.
Virginia	0.44	N.A.	N.A.
Washington	0.98	0.67	0.31
West Virginia	0.35	0.17	0.18
Wisconsin	0.23	N.A.	N.A.
Wyoming	0.95	0.6	0.35
United States	0.36	N.A.	N.A.

*In the column HCM, 2009.4, states with outstanding loans as of 4.6.2010 are identified as having a HCM that is Not Applicable (N.A.), regardless of their borrowing status in 2009.4. In 2007.4, Michigan was the only state borrowing and is thus the only state identified with an HCM of N.A.

Shading Denotes Borrowing States as of 4.30.2010

Source: U.S. Department of Labor, Employment and Training Administration, UI Data Summary, 2007.4

CHART # 5

Comparison of States' Pre-Recession Average High
Cost Multiples (AHCM)

STATE	AHCM 2007.4	Borrowing
Michigan	0.00	X
New York	0.09	X
Missouri	0.12	X
Ohio	0.12	X
Kentucky	0.21	X
New Jersey	0.21	X
North Carolina	0.23	X
South Carolina	0.26	X
California	0.27	X
Indiana	0.29	X
Wisconsin	0.29	X
Pennsylvania	0.30	X
Arkansas	0.32	X
South Dakota	0.33	X
Illinois	0.34	X
Rhode Island	0.37	X
Minnesota	0.38	X
Texas	0.44	X
West Virginia	0.45	
Idaho	0.46	X
Tennessee	0.48	X
Massachusetts	0.50	X
Alabama	0.52	X
Connecticut	0.54	X
Colorado	0.67	X
Virginia	0.70	X
Maryland	0.78	X
Virgin Islands	0.78	X
North Dakota	0.80	
Iowa	0.89	
Delaware	0.91	X
Louisiana	0.93	
Georgia	0.96	X
Kansas	0.96	X
Puerto Rico	1.00	
Nevada	1.02	X
Florida	1.04	X
Alaska	1.07	
Arizona	1.10	X
District of Columbia	1.11	
Wyoming	1.13	
New Hampshire	1.16	X
Nebraska	1.21	
Vermont	1.21	X
Utah	1.44	
Montana	1.45	
Oregon	1.46	
Oklahoma	1.54	
Washington	1.54	
Maine	1.64	
Mississippi	1.70	
New Mexico	1.85	
Hawaii	1.88	

CHART # 6**Potential FUTA Tax Increases: 2010 - 2013**

STATE	Date of Initial Advance	Minimum Potential FUTA Credit Reduction			
		2010	2011	2012	2013
Michigan	Oct-07	0.30%	0.60%	0.90%	1.20%
Indiana	Nov-08	-	0.30%	0.60%	0.90%
South Carolina	Dec-08	-	0.30%	0.60%	0.90%
New York	Jan-09	-	-	0.30%	0.60%
Ohio	Jan-09	-	-	0.30%	0.60%
California	Jan-09	-	-	0.30%	0.60%
Kentucky	Jan-09	-	-	0.30%	0.60%
North Carolina	Feb-09	-	-	0.30%	0.60%
Wisconsin	Feb-09	-	-	0.30%	0.60%
Missouri	Feb-09	-	-	0.30%	0.60%
New Jersey	Mar-09	-	-	0.30%	0.60%
Arkansas	Mar-09	-	-	0.30%	0.60%
Rhode Island	Mar-09	-	-	0.30%	0.60%
Pennsylvania	Mar-09	-	-	0.30%	0.60%
Idaho	Jun-09	-	-	0.30%	0.60%
Illinois	Jul-09	-	-	0.30%	0.60%
Minnesota	Jul-09	-	-	0.30%	0.60%
Texas	Jul-09	-	-	0.30%	0.60%
Florida	Aug-09	-	-	0.30%	0.60%
Virgin Islands	Aug-09	-	-	0.30%	0.60%
South Dakota	Sep-09	-	-	0.30%	0.60%
Alabama	Sep-09	-	-	0.30%	0.60%
Connecticut	Oct-09	-	-	0.30%	0.60%
Nevada	Oct-09	-	-	0.30%	0.60%
Virginia	Oct-09	-	-	0.30%	0.60%
Georgia	Dec-09	-	-	0.30%	0.60%
Colorado	Jan-10	-	-	-	0.30%
Massachusetts	Feb-10	-	-	-	0.30%
Kansas	Feb-10	-	-	-	0.30%
Maryland	Feb-10	-	-	-	0.30%
Vermont	Feb-10	-	-	-	0.30%
New Hampshire	Mar-10	-	-	-	0.30%
Arizona	Mar-10	-	-	-	0.30%
Delaware	Mar-10	-	-	-	0.30%
Tennessee	Apr-10	-	-	-	0.30%

Source: U.S. Department of Labor, ETA

CHART # 7

FUTA Credit Reductions by State 1981 - 1987

STATE	1981	1982	1983	1984	1985	1986	1987
Arkansas			0.6				
Connecticut	0.7	0.7	0.7	0.7	0.7		
Delaware	0.6	0.6	0.6				
District of Columbia	0.6	0.6	1.1	1.1			
Illinois	0.3	0.6	0.7	0.8	0.9	1.2	
Iowa				0.3			
Kentucky			0.3				
Louisiana				0.3	0.6	0.9	
Maine	0.3	0.9	0.9				
Michigan			0.6	0.7			
Minnesota			0.6	1	1.1		
New Jersey	0.3	0.6	0.6	0.6			
Ohio			0.6	0.7	0.8	1.1	
Pennsylvania	0.6	0.6	0.7	0.8	0.9	1.2	1.5
Puerto Rico	0.3	0.6	0.6	0.6	0.6		
Rhode Island	0.6	0.6	0.6				
Texas				0.3			
Vermont	0.6	0.6	0.6	0.6	0.6		
West Virginia			0.6	0.7	0.8	1.1	
# of States Facing Credit Reductions	10	10	16	14	9	5	1

Source: House Committee on Ways and Means Green Book

CHART # 8

State	2009 Legislation Status	Description	2010 Legislation Status	Result of 2009/2010 Legislation
Alabama		<ul style="list-style-type: none"> Regulation Change 		Change in Rate for all employers
Arkansas	SB 429	<ul style="list-style-type: none"> Increase in the taxable wage base from \$10,000 to \$12,000 (2010) 		Increase in Taxable wage base
Arizona		<ul style="list-style-type: none"> Business groups have proposed and added Assessment of \$42 per employee in 2011 and 2012 along with added automatic increases in the tax per employee to \$158 in 2011 and \$161 in 2012. 	Bill Introduced	Pending
California	Bills introduced, not enacted	<ul style="list-style-type: none"> AB 1298 would have increased the taxable wage base from \$7,000 to \$16,600, beginning in 2009, and in subsequent years SB 222 would have increased the taxable wage base from \$7,000 to \$21,000, effective if enacted 		Pending
Colorado		<ul style="list-style-type: none"> Some employers will face a slight increase in 2010. The Increase in 2011 will be up to seven-tenths of a percent for business with the lowest tax rates 		Pending
Florida	SB 810	<ul style="list-style-type: none"> Increase in the taxable wage base from \$7,000 to \$8,500 (2010-2014) 	HB 7033 – reduces the taxable wage base to \$7,000 for 2010 and 2011	Reduction of taxable wage base
Hawaii	Statutory trigger existed prior to 2009	<ul style="list-style-type: none"> Automatic fund solvency triggers for employer tax hikes will increase the tax base from \$13,000 to \$38,800 (2010). Establishes a higher rate schedule (2010) The average UI Tax is projected to increase from \$90 per employee in 2009 to \$1,040 per year in 2010 and \$1,480 per year in 2010. 	HB 2169 – as enacted: (1) sets the taxable wage base at \$34,900 for 2010 [90% of average annual wage for 2010 and 2011], (2) sets the contribution rate schedule at D for 2010 and F for 2011 [New employer rate will be 3.0% at schedule D], and (3) reduces the average unemployment insurance tax rates for FY 2010 from \$1,070 to \$630 per employee, but spikes to \$1,500 in FY 2012	2010 legislation Reduced taxable wage base from 2009 statutory increase
Idaho	Statutory Trigger	<ul style="list-style-type: none"> The standard rate for employers is 3.36% this year, double the 1.56% rate of 2009. In 2008 the rate was 1%. These rates will continue through 2012. 		Statutory Trigger
Indiana	HB 1379	<ul style="list-style-type: none"> Increase in the taxable wage base from \$7,000 to \$9,500 (2010) Establishes new rate schedules (2010) 	SB 23 – postpones these increases for 2010 until 2011	Delays implementation of increase in taxable wage base
Kansas		<ul style="list-style-type: none"> Reduction of contribution rates for employers in rate group 1 through 32 to the 2010 original tax rate computation table. Contributing employers in rate groups 33 through 51 remain capped at 5.4% Gives employers 90 days past the due date to pay their contribution taxes without being charged interest. 	HB2526 --enacted HB2627 --enacted	Reduces employer contribution rates while keeping benefits
Mississippi		<ul style="list-style-type: none"> Offset increased costs to employers in long run by ensuring employers who use the trust fund pay a larger percentage into the fund than employers who do not use the fund Reduces new employer taxes by at least \$42 per worker of a three year period 	HB 1718- signed by Governor	¾ of all employers will see a decrease in liability or \$168 per

		<ul style="list-style-type: none"> Allows for the employers to spread the tax burden throughout the year. 		employee
Nebraska	Statutory Trigger	<ul style="list-style-type: none"> The average UI tax will jump from 1.25 to 3.33 % 		Statutory Trigger
New Hampshire	SB 129/ LSR 998	<ul style="list-style-type: none"> Increase taxable wage base from \$8,000 to \$10,000 (2010), \$12,000 (2011), and \$14,000 (2012) 0.5% surcharge due to low state trust fund balance (2009) 0.5% surcharge added to all employer rates (2010) 1.5% increase for all negative balance employers (1st half of 2010) 		Adds surcharge to existing wage base
New Jersey		Three pending bills to modify claimant benefit entitlement, increase penalties for termination separation and reduce or delay the impact of employer charge increases, etc. One of the largest stumbling blocks to any reductions in the maximum weekly benefit amount (MWBA) is that Federal Additional Compensation (FAC) benefits will cease when changes are implemented.	S-1813- pending S-1854- pending A-2627- pending	NJ is trying to clarification in regards to FAC and the reduction of benefits.
New Mexico		<p>Implements the unemployment insurance contribution from tax schedule 0, where it had been legislatively frozen, to tax schedule 1 effective from January 1, 2011 until December 31, 2011.</p> <p>Eliminates the state unemployment trust fund effective July 1, 2010. All employer contributions made after that date will be deposited into the New Mexico's unemployment compensation fund.</p> <p>Transfers the balance of the state unemployment trust fund to New Mexico's unemployment compensation fund for the payment of benefits effective July 1, 2010.</p> <p>Repeals the 2009 legislation that changed the formula for calculating the weekly benefit amount to 60 percent of the average weekly wage. After July 1, 2010, the weekly benefit amount will return to be calculated at 53.5 percent of the average weekly wage for all new claims.</p>	This legislation attempts to strike a balance between a rapidly decreasing trust fund balance and tax impact on businesses already in economic difficulties. It attempts this by making an incremental, rather than wholesale increase in the employer tax rate, reducing the weekly benefit amount paid to claimants, eliminating employer contributions to the state unemployment trust fund, and transferring all funds in the state unemployment trust fund to the federal unemployment compensation fund for the payment of benefits.	Legislation passed into law.
Oklahoma	Statutory trigger existed prior to 2009	<ul style="list-style-type: none"> Increase taxable wage base to \$14,900 (effective 1/1/2010) 		Statutory Trigger
Rhode Island		<ul style="list-style-type: none"> Nothing has been scheduled only submitted to Governors Office and State Legislature. 		Pending
South Dakota	Statutory trigger existed prior to 2009	<ul style="list-style-type: none"> 1.5% surcharge due to low state trust fund balance (October 1, 2009 through December 31, 2009) – may continue through the 1st half of 2010 	SB 186 – increases the taxable wage base from \$9,500 in 2009, \$10,000 in 2010, \$11,000 in 2011, \$12,000 in 2012, \$13,000 in 2013, \$14,000 in 2014, and \$15,000 in 2015 and increases the maximum contribution rate from 10% percent to 12 percent	Pending
Tennessee	HB 2324/ SB 2315	<ul style="list-style-type: none"> Increase taxable wage base from \$7,000 to \$9,000 (retroactive to 1/1/09) Increase UI tax rates by 0.6% (effective Jan. 1, 2009) 		Taxable wage base increase

Vermont	HB 442	<ul style="list-style-type: none"> Increase taxable wage base from \$8,000 to \$10,000 (2010) 		Increase in taxable wage base, signed by Governor 6-9-09
West Virginia	SB 246	<ul style="list-style-type: none"> Increase taxable wage base from \$8,000 to \$12,000 (effective 2nd quarter of 2009) until trust fund increases to specified levels, then reduce to \$9,000 and index annually to annual wages 		Taxable wage base increase
Wyoming	Automatic annual trigger increases		Automatic annual trigger increases-.108 increased to .204 %	