



Bickmore Risk Services & Consulting

Wednesday, September 9, 2009

Gregory Riggs
Acting Deputy Director
EDD
800 Capitol Mall, MIC 76
Sacramento, CA 94814

Re: California's Unemployment Insurance System and Financing Study Parameters

Dear Mr. Riggs:

As you requested, we have completed our review of California's Unemployment Insurance System and Financing Study Parameters.

We appreciate the opportunity to be of service to the Employment Development Department in preparing this report. Please feel free to call Mark Priven at (916) 244-1161 or Mike Harrington at (916) 244-1162 with any questions you may have concerning this report.

Sincerely,

A handwritten signature in black ink that reads "Mark Priven".

Mark Priven
Director, Special Projects, BRS
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

A handwritten signature in black ink that reads "Mike Harrington".

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I. EXECUTIVE SUMMARY

The goal of this study is to provide all stakeholders with impartial and objective data on California's Unemployment Insurance (UI) system and financing structure, and compare our State's system to other UI programs. The study focuses on key data elements that are factors in UI compensation paid and revenue collected that will help facilitate the decision-making process necessary to achieve a financially solvent and stable UI system.

We compared key elements of California's UI system to those of other states. These states were categorized as follows:

1. Demographically Similar States (5 States): Other large states in this analysis include: Florida, Illinois, New York, Pennsylvania, and Texas.
2. Bordering States (3 States): Arizona, Nevada, and Oregon.
3. Solvency States:
 - States with the Most Solvent Trust Fund (3 States): Mississippi, New Mexico, and Oklahoma;
 - States with the Least Solvent Trust Fund (3 States): Idaho, Michigan, and Ohio; and
 - States with the Median UI Trust Fund Solvency (5 States): Florida, Georgia, Massachusetts, Minnesota, and Texas.
4. High Cost of Living States (5 States): Alaska, Hawaii, Maryland, New Jersey, and New York.

In total, due to some overlap between the categories, 21 states are compared including Alaska, Arizona, Florida, Georgia, Hawaii, Idaho, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Nevada, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, and Texas.

Key UI system elements that we compared were as follows:

1. Demographic (including by industry);
2. Financing;
3. Monetary and non-monetary eligibilities;
4. Employer costs; and
5. Benefits paid.

Under the cost analyses section, we provide report on California's total unemployment insurance funding costs and solvency rates. The study focuses on three different predetermined financing structures using unemployment rates of 6 percent, 9 percent and 12 percent.

The following predetermined scenarios will provide annual cost forecast estimates over a five year period:

1. Cost analysis based on current law – Employers pay taxes on the first \$7,000 of employee wages each year set forth in the CA unemployment law. The new employer tax rate is 3.4%.
2. Cost analysis to achieve the average high cost multiple solvency recommendation of 1.0 - This involves increasing the taxable wage ceiling from current \$7,000 to necessary amounts to achieve the solvency recommendation. Also, the new employer tax rate is increased to 4.3% from 3.4%.
3. Cost analysis to achieve counter cyclical model - The counter-cyclical model provides sufficient reserves in good economic period to allow minor decreases in employer tax rates during moderate economic downturn.

II. DISCUSSION OF RESULTS

Our results are summarized for each UI program element included in the study. A detailed display of the results of the analysis is found in the Comparison Review and Cost Analyses Sections.

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III. Methodology

We compared key elements of California's UI system to those of other states.

Selection of States in Comparison Review Section

The states were selected based on criteria provided by the EDD. The criteria and our basis for state selection are as follows:

1. Demographically Similar States (5 States): CA administers the largest UI program in the nation. This study includes the five other largest states UI programs based on the number of employees covered by the state's UI system and total wages earned by covered employees. Based on these criteria we analyzed the following five states: Florida, Illinois, New York, Pennsylvania, and Texas. The number of covered employees and total wages paid by covered employee by state are detailed in the Comparison Review Sections 5.1.1 and 5.1.2, respectively.
2. Bordering States (3 States): Arizona, Nevada, and Oregon.
3. Solvency States: States with favorable, unfavorable, and median solvency status were included in this study. Solvency was measured based on the analysis of high cost multiple (HCM), using the first quarter 2009 unemployment insurance data summary from the U.S. Department of Labor.
(http://www.workforceatm.org/sections/pdf/2009/bu052909_attach1.pdf).
 - States with the Most Solvent Trust Fund (3 States): Mississippi, New Mexico, and Oklahoma;
 - States with the Least Solvent Trust Fund (3 States): Idaho, Michigan, and Ohio; and
 - States with the Median UI Trust Fund Solvency (5 States): Florida, Georgia, Massachusetts, Minnesota, and Texas.
4. High Cost of Living States (5 States): The five states with the highest average cost of living index calculated by the Missouri Economic Research and Information Center (MERIC) were included in this study. Average cost of living index by state are detailed in the Comparison Review Sections 5.1.3. The states with the highest indices were Alaska, Hawaii, Maryland, New Jersey, and New York.

Benefit Financing Model (BFM) in the Cost Analyses Section

The cost analyses completed in the study are based on the UI fund forecast process developed by the EDD's Program Estimate Group (PEG). Like the forecast model, the cost analyses use civilian employment forecast from Labor Market Information Division (LMID). In addition, predetermined financing structures were assumed for the sections 6.2 and 6.3.

The end product of the forecast and cost analysis is to determine the UI fund balance at a given point in time. UI contributions, interest earned on UI fund balance and reimbursable are revenues to the UI program. Reimbursable is the amount collected from the reimbursable employers. The reimbursable employers are responsible to pay back the UI fund on a dollar to dollar basis on UI benefits paid to their current and ex-employees. To estimate UI contributions, the UI covered employees are forecasted based on a multivariate regression analysis using its relationship to civilian employment and unemployment rate. Historical data that includes some good and bad economic times are used. All wages earned by individuals covered (UI total wage) are forecasted by multiplying average wage by the number of UI covered employment. UI taxable wages are determined from UI total wages and UI taxable wage ceiling. The average contribution rate is based on the UI tax schedule which is based upon the ratio of the UI fund balance on September 30 of the prior calendar year to total covered wages for the prior state fiscal year. For each tax schedule, the average contribution rate is determined based on historical data.

The UI disbursements are based on average weekly benefit amount (AWBA) and UI weeks compensated. The AWBA is forecasted using sample of claims then it is adjusted by a factor that accounts for the annual increases to the maximum weekly benefit amount (MWBA). UI weeks compensated is based on historical trend with civilian unemployment. Finally, UI disbursements are calculated by multiplying the forecasted AWBA by the weeks compensated. Fund balance is calculated by taking the current fund balance and adding revenues and subtracting disbursements.

IV. Data Sources

The information used in this study was obtained from the United States Department of Labor, Employment & Training Administration's website:
www.workforcesecurity.doleta.gov/unemploy/content/data.asp

The UI Data Summary is produced quarterly from state-reported data contained in the Unemployment Insurance Data Base (UIDB), as well as UI-related data from outside sources (e.g., Bureau of Labor Statistics data on employment and unemployment and the U.S. Department of Treasury data on state UI trust fund activities). The UI Data Summary is intended to provide the user with a quick overview of the status of the UI system at the national and state levels.

State cost of living information was based upon statistics developed by the Missouri Economic Research and Information Center (MERIC). The cost of living index calculated includes food, housing, utilities, transportation, health care, and miscellaneous services. This information is available on-line at
www.missourieconomy.org/indicators/cost_of_living/index.stm.

Additional information was obtained from the Comparison of State Unemployment Insurance Laws. This information is available on-line at
www.workforcesecurity.doleta.gov.

The data for Section 5.5 was obtained from the US Department of Labor, Employment and Training Administration.

The results of Benefit Financing Model were provided by the Program Estimates Group (PEG).

We assume all the information we obtained is complete and accurate.

V. Glossary

AVERAGE BENEFITS PER FIRST PAYMENT - Benefits Paid for all weeks compensated divided by the number of first payments.

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 TAX RATE (Total Wages) - Total employer contributions for a 12- month period divided by the total wages paid by taxable employers 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)

AVERAGE WEEKLY WAGE - Total wages divided by covered employment, divided by 52 weeks. (ES 202)

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)

CIVILIAN LABOR FORCE - The average number of individuals who are either employed or unemployed in the week of the 12th for the three months of the quarter. (Bureau of Labor Statistics)

COVERED EMPLOYMENT - The number of employees covered by Unemployment Insurance reported to the states by employers. (ETA 202)

EXHAUSTIONS - Number of claimants drawing the final payment of their original entitlement for a given program. (ETA 5159)

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 CY 1995.3 is computed by dividing the average monthly exhaustions for the twelve

months ending September 1995, by the average monthly first payments for the twelve months ending March 1995.

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)

FIRST PAYMENTS - The first payment in a benefit year for a week of unemployment claimed under a specific program. This is used as a proxy for "beneficiaries" under a specific program. (ETA 5159)

HIGH-COST MULTIPLE (HCM) - "TF as % 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.

HIGHEST/LOWEST QUARTER - The value displayed represents the quarter with the highest or lowest value beginning with the January through March quarter of 1971 (CY 1971.1). Exhaustion rate and average duration are for 4-quarter periods, ending with the quarter shown.

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 UNEMPLOYED - The average weekly number of weeks claimed for the three months of the quarter. (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 Unemployment 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.

RECIPIENCY 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 twelve-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 4 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 is subject to UI taxes. Wages above this amount are not subject to tax. Note: The taxable wage bases shown in this report are current as of the end of each quarter. Therefore, they do not match the time period of the taxable wages and average tax rate on taxable wages.

TF AS % OF TOTAL WAGES - Trust fund balance as a percent of estimated wages for the most recent 12 months. Also referred to as the Reserve Ratio. Estimated wages are based on the latest growth rate in the 12 month moving average (MA). *Example for 1997.4: Growth rate = ((MA 1997.2 - MA 1996.4) / MA 1996.4); MA 1997.4 = MA 1997.2 * growth rate*

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 Unemployment 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 the 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.

WEEKS CLAIMED - The number of weeks of benefits claimed, including weeks for which a waiting period or fixed disqualification period is being served. Interstate claims are counted in the paying state. (ETA 5159)

WEEKS COMPENSATED - The number of weeks claimed for which UI benefits are paid. Weeks compensated for partial unemployment are included. Interstate claims are counted in the paying state. (ETA 5159)

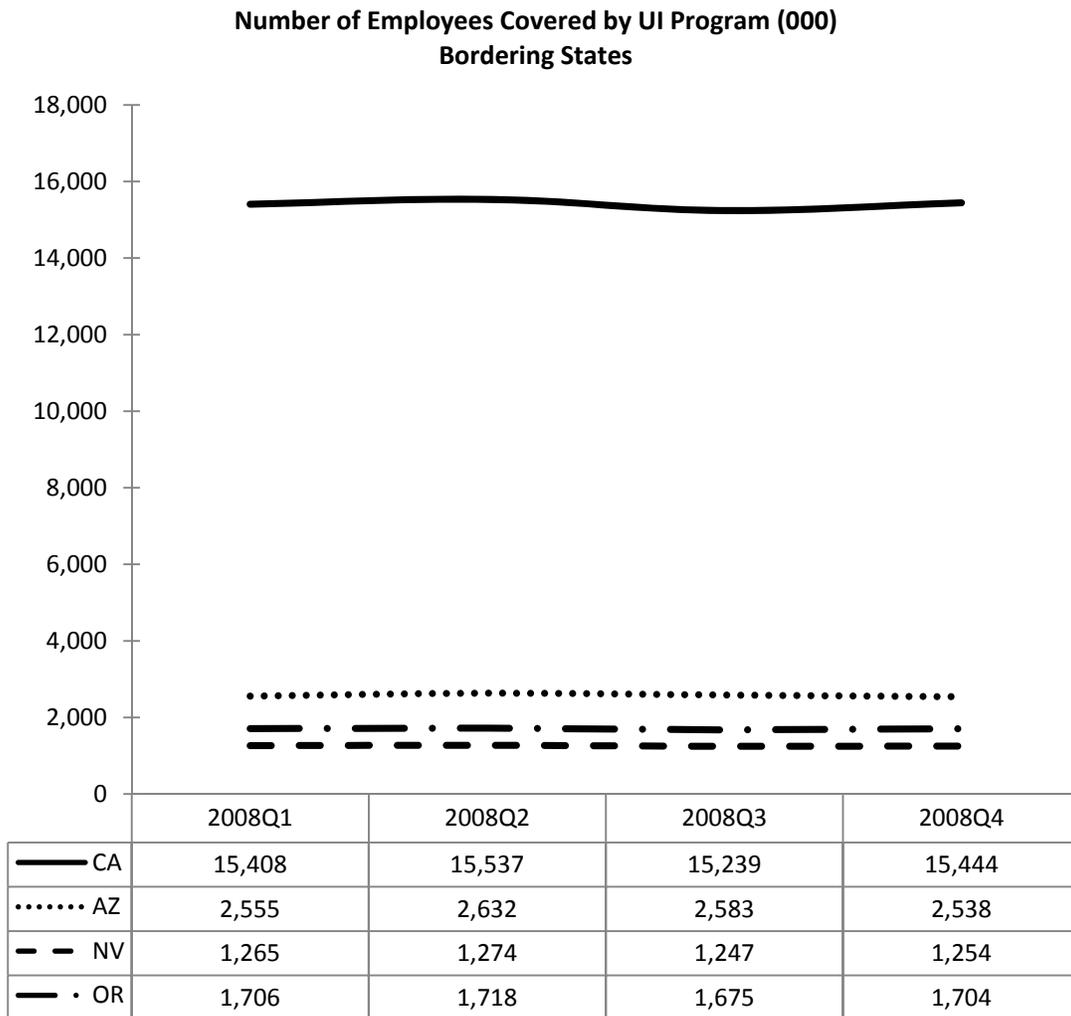
VI. Comparison Review

5.1. UI Program demographics for calendar year 2008

5.1.1. Total number of employees covered by the UI program.

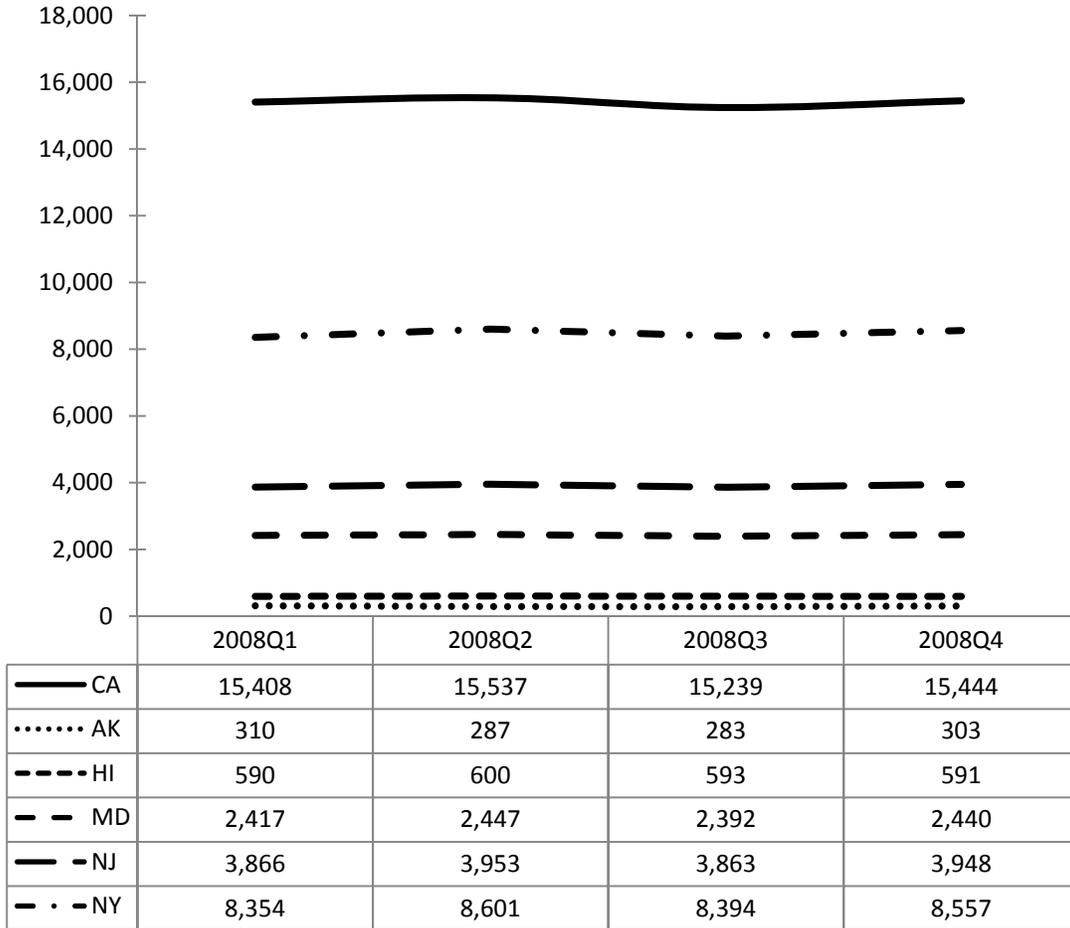
When comparing the number of covered employees, California administers the largest UI program in the nation.

The border states of Arizona, Oregon, and Nevada all have much fewer covered employees in their UI programs, with Arizona having the largest of the three programs.



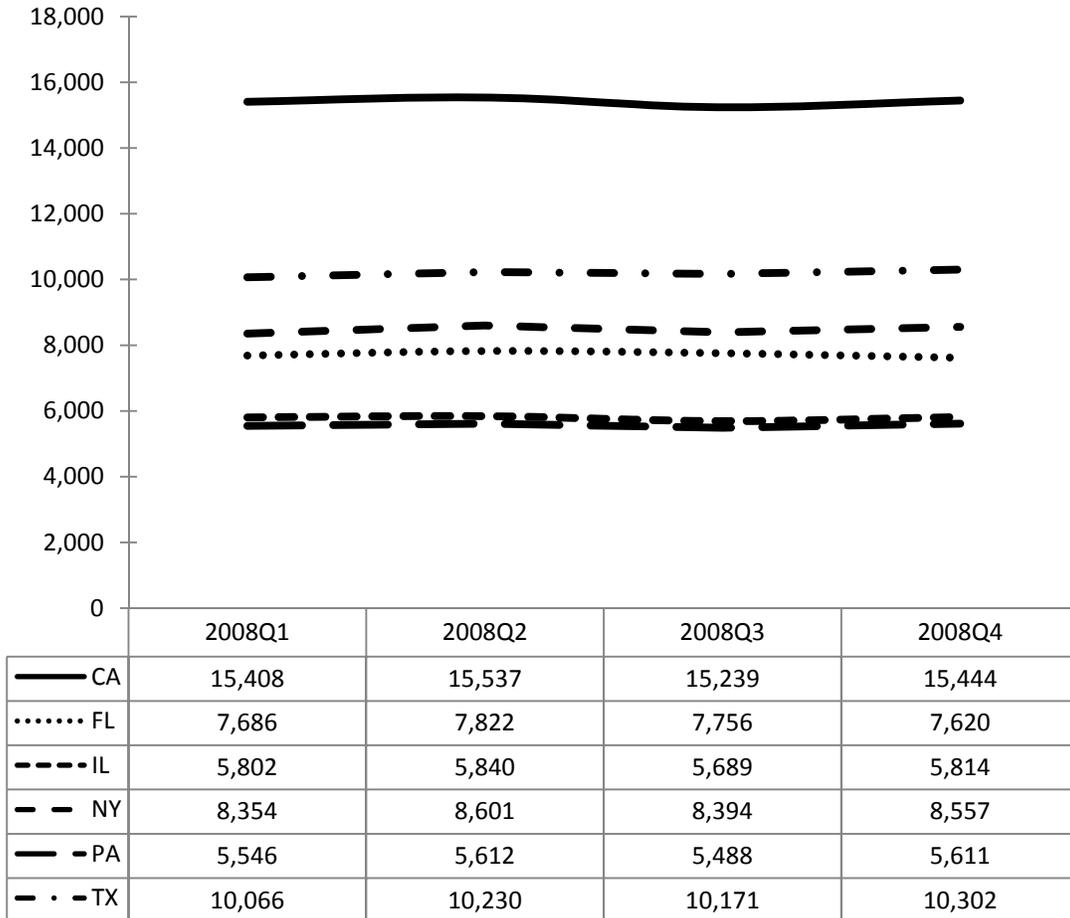
The high cost states of Alaska, Hawaii, Maryland, New Jersey, and New York also have much fewer covered employees in their UI programs. New York has roughly half as many covered employees as California.

**Number of Employees Covered by UI Program (000)
High Cost States**



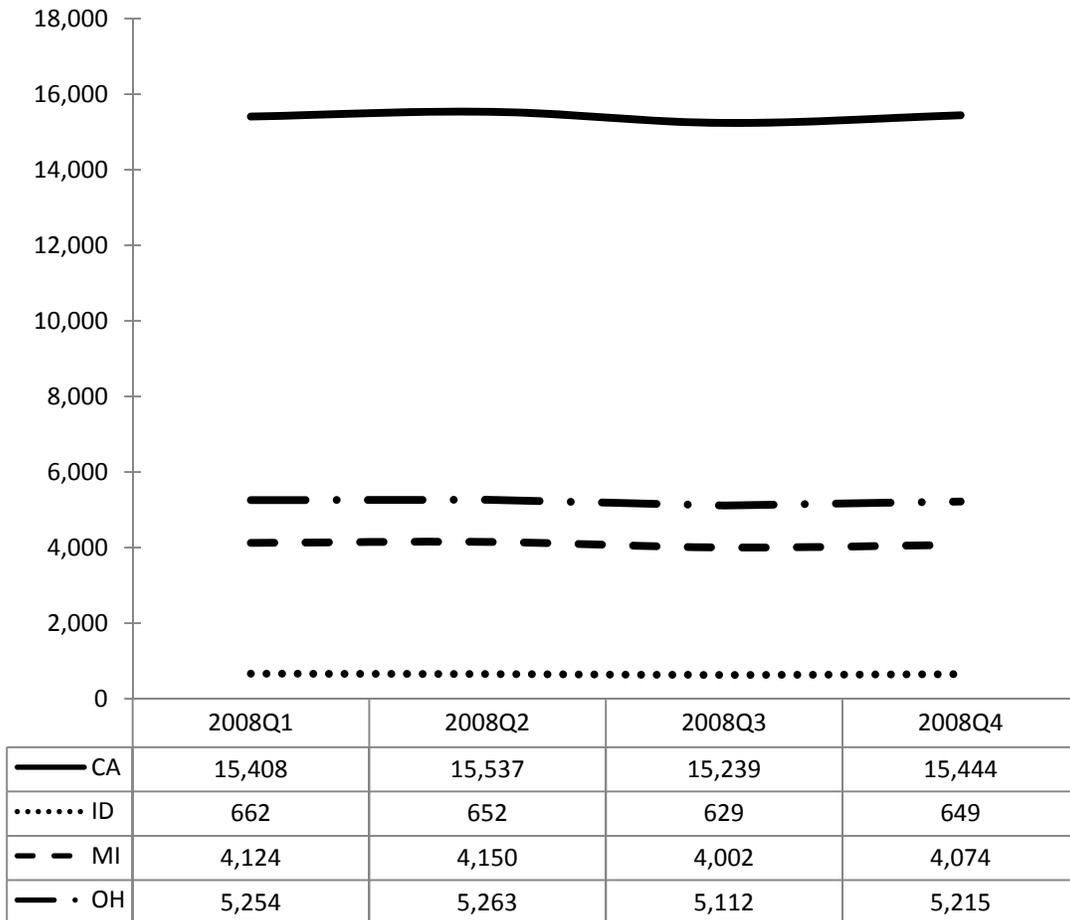
The largest states by number of covered employees are shown in the graph below. As shown, California is roughly 50% larger than Texas, the state with the second largest number of covered employees.

**Number of Employees Covered by UI Program (000)
Largest States**



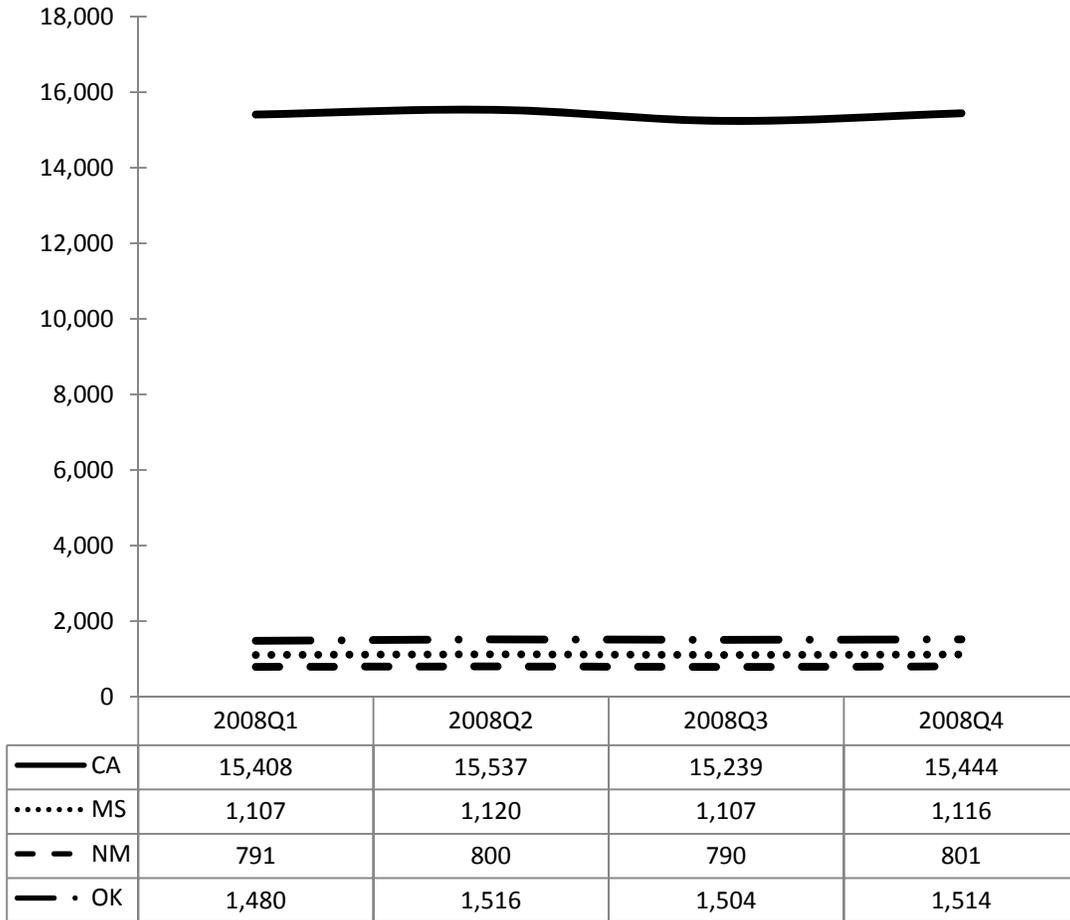
The least solvent states of Idaho, Michigan, and Ohio also have much fewer covered employees in their UI programs. The largest of these, Ohio, has roughly one-third as many covered employees as California.

**Number of Employees Covered by UI Program (000)
Least Solvent States**



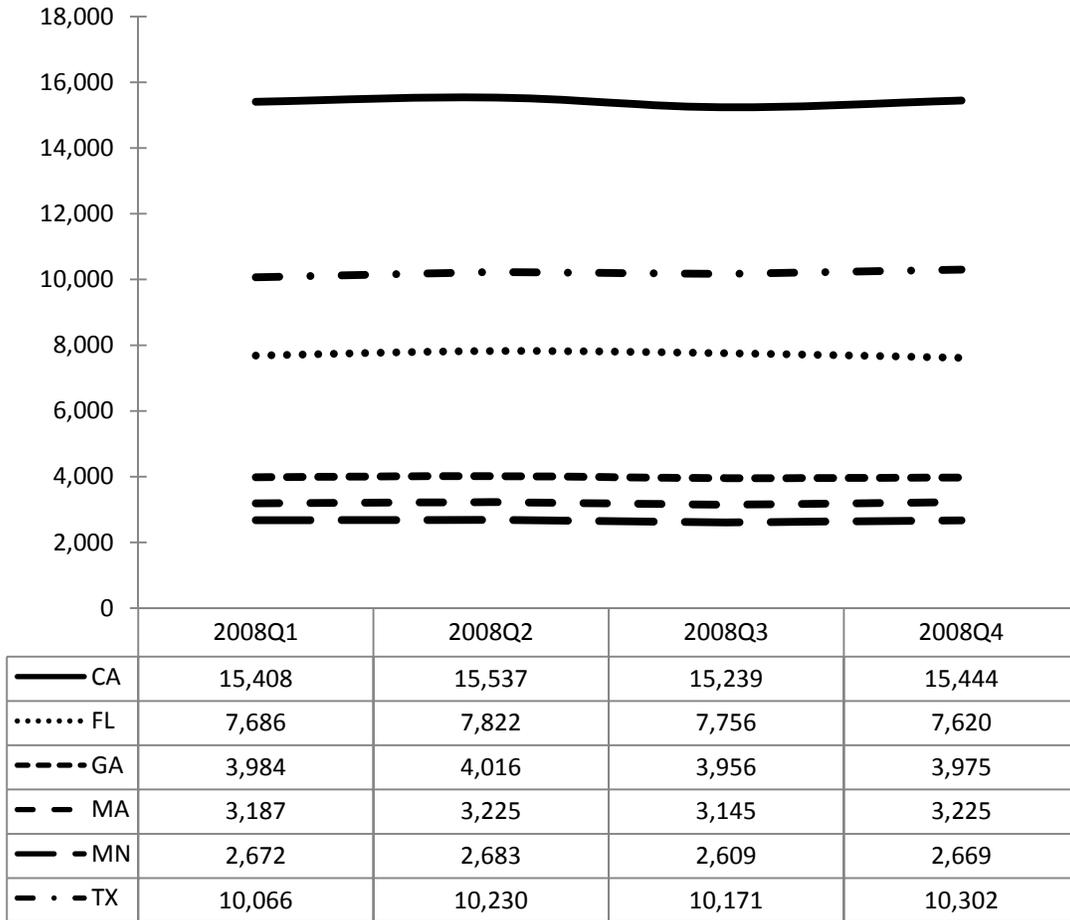
The most solvent states of Mississippi, New Mexico, and Oklahoma all have much fewer covered employees in their UI programs. The largest of these three is Oklahoma, with less than one-tenth the number of covered employees as California.

**Number of Employees Covered by UI Program (000)
Most Solvent States**



The median solvent states of Florida, Georgia, Massachusetts, Minnesota, and Texas have considerably fewer covered employees in their UI programs. Texas, the next largest, has roughly two-thirds as many covered employees as California.

**Number of Employees Covered by UI Program (000)
Median Solvent States**

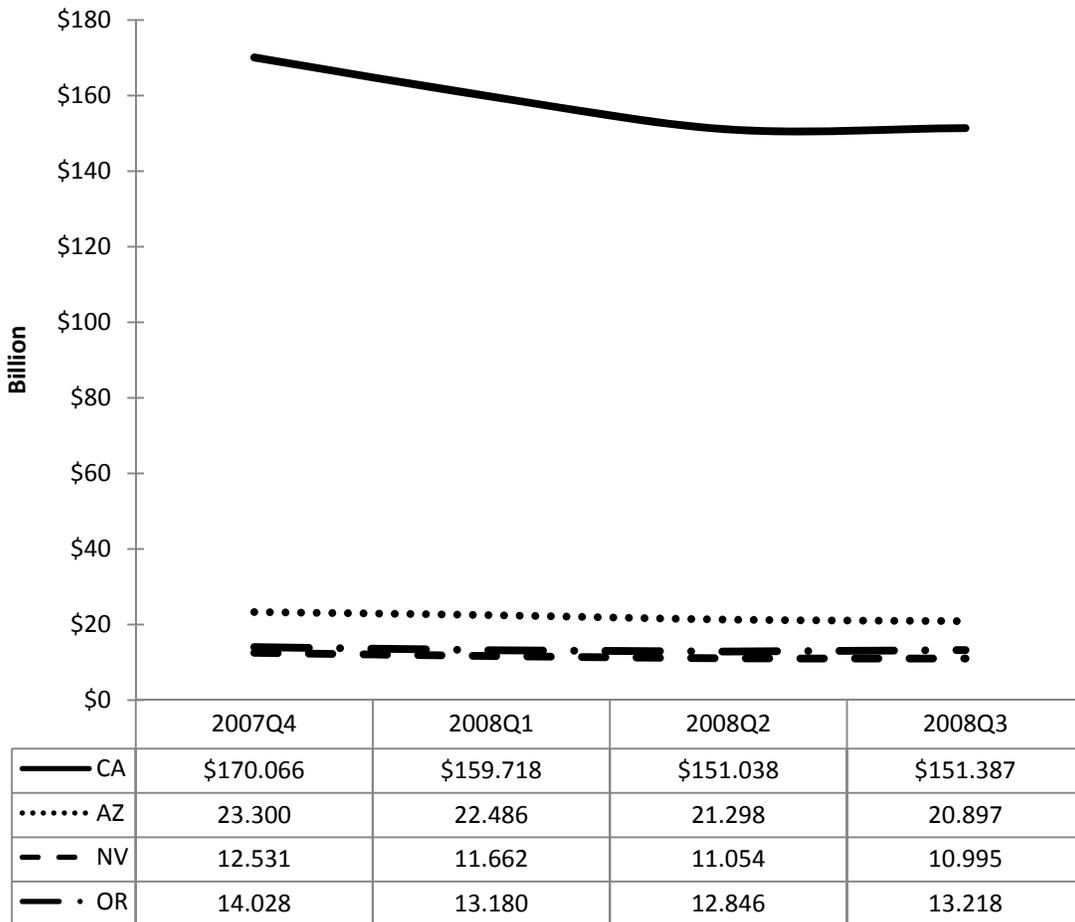


5.1.2. Total wages earned by employees covered by the UI program

When comparing the total wages earned by covered employees, California administers the largest UI program in the nation.

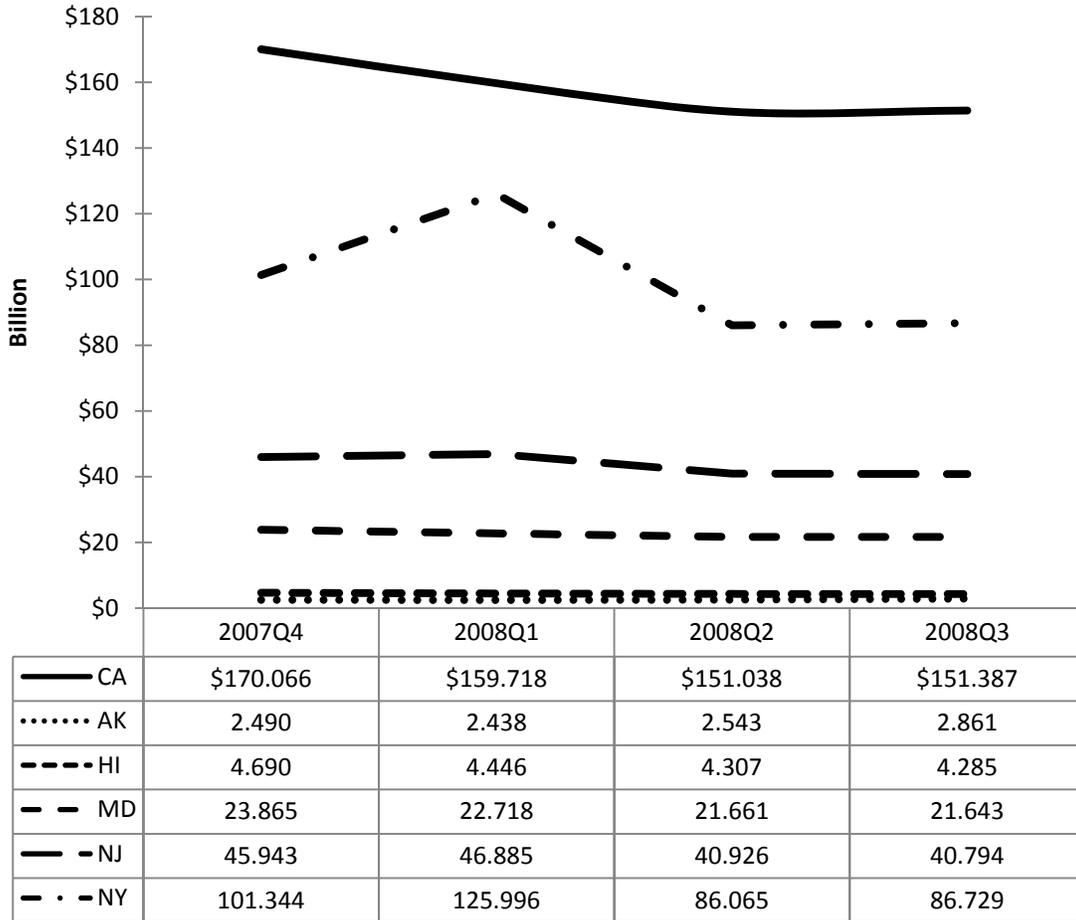
The total wages earned by employees covered by the UI program in the border states of Arizona, Oregon, and Nevada is much less than those of California, with Arizona having the largest of the three bordering programs.

**Total Wages Earned by Employees Covered by UI Program
Bordering States**



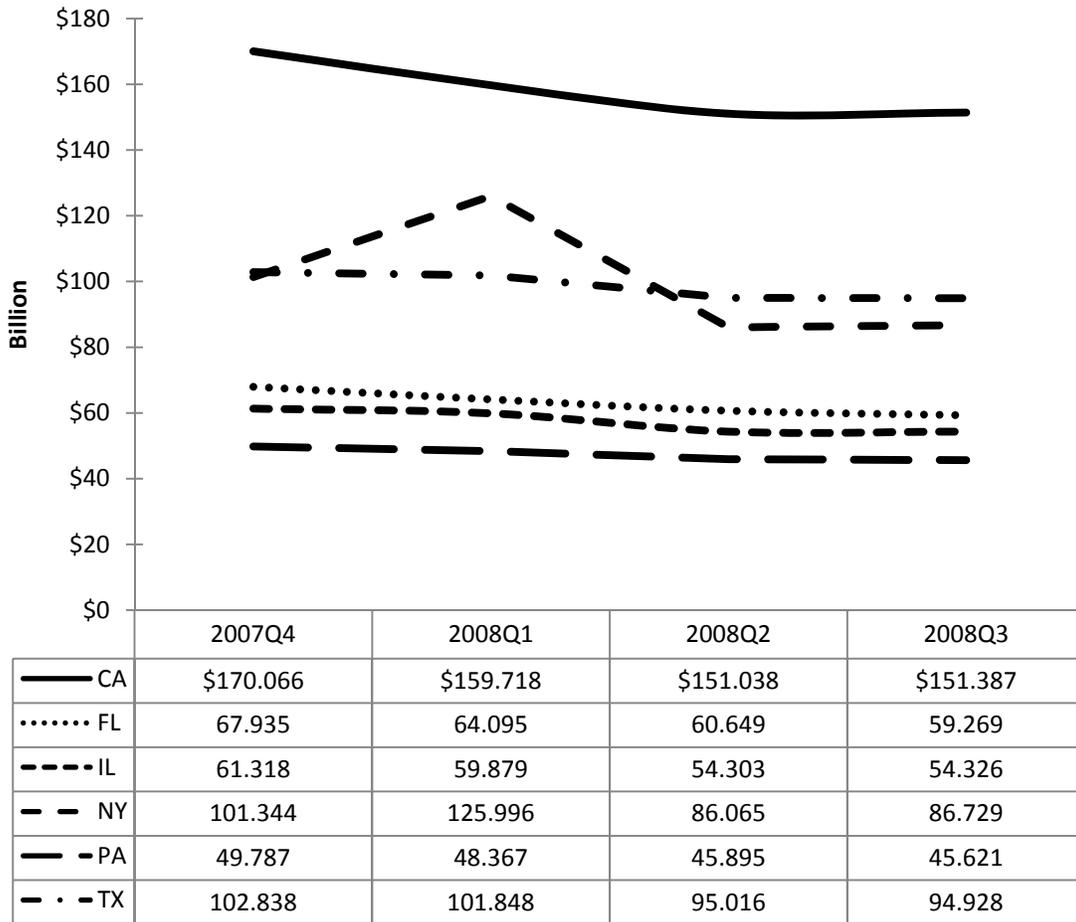
The high cost states of Alaska, Hawaii, Maryland, New Jersey, and New York also have much lower wages earned in total for those employees covered in their UI programs. New York has just over half as much wages earned as California.

**Total Wages Earned by Employees Covered by UI Program
High Cost States**



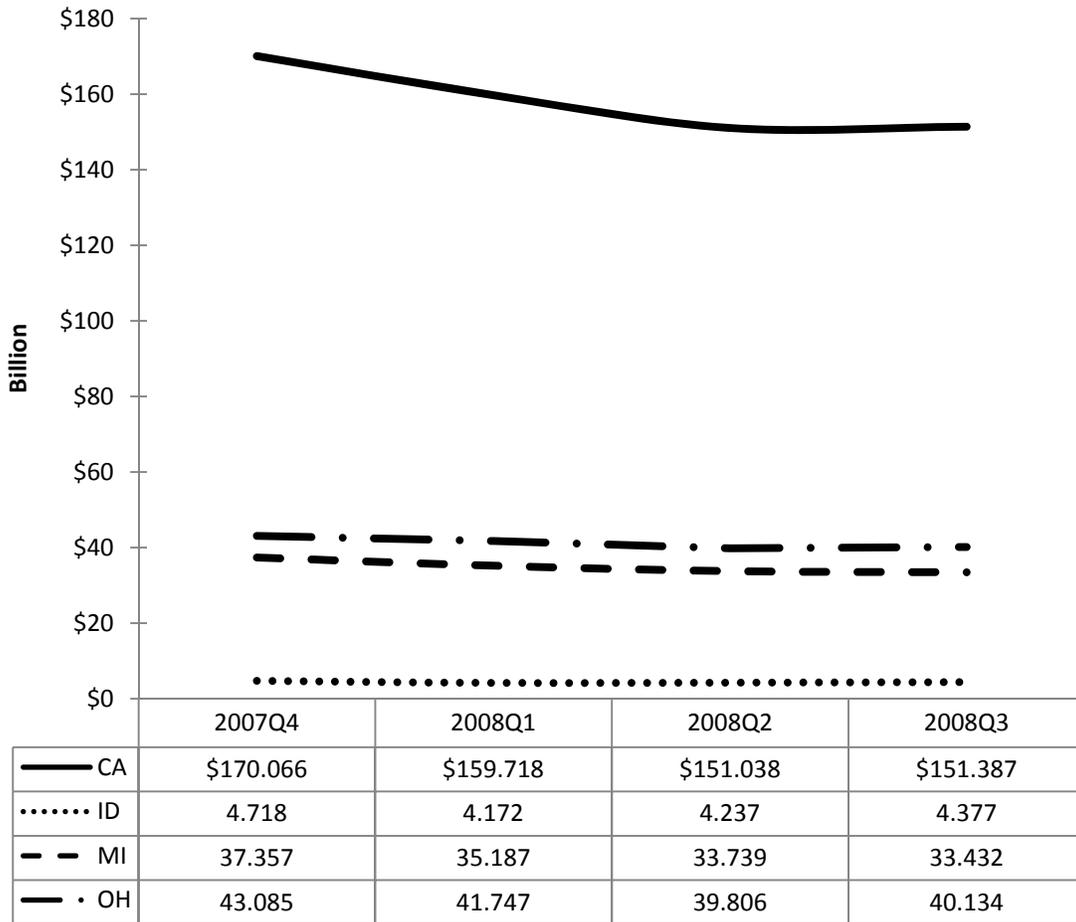
The largest states by total wages earned by covered employees are shown in the graph below. As shown, California is roughly 50% larger than each of New York and Texas, the next largest states.

**Total Wages Earned by Employees Covered by UI Program
Largest States**



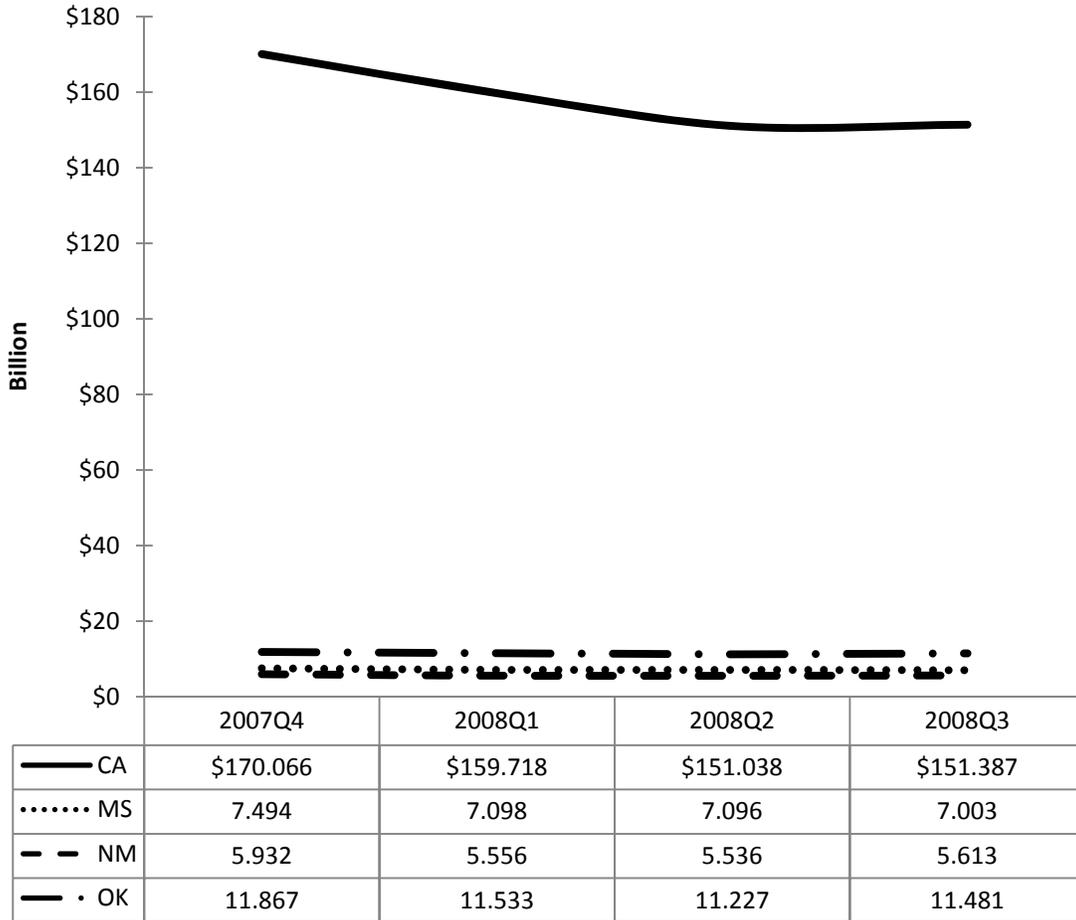
The least solvent states of Idaho, Michigan, and Ohio all have much fewer wages earned by covered employees in their UI programs. The largest of these three is Ohio with less than one-third the wages earned by covered employees as California.

**Total Wages Earned by Employees Covered by UI Program
Least Solvent States**



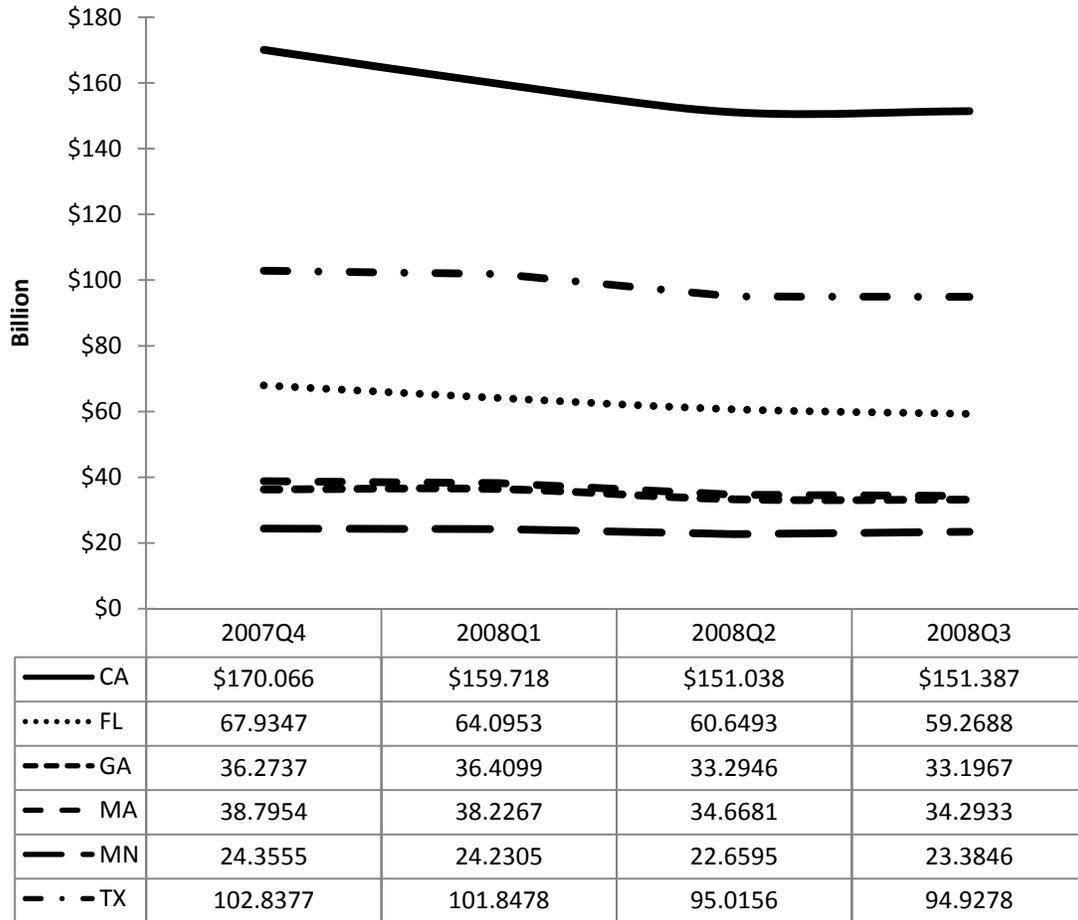
The most solvent states are shown in the graph below. As shown, California is roughly thirteen times larger than Oklahoma, the most solvent state with the second highest earned wages by covered employees.

**Total Wages Earned by Employees Covered by UI Program
Most Solvent States**



The median solvent states of Florida, Georgia, Massachusetts, Minnesota, and Texas all have much fewer wages earned by covered employees in their UI programs. The largest of these five is Texas with less than two-third the wages earned by covered employees as California.

**Total Wages Earned by Employees Covered by UI Program
Median Solvent States**

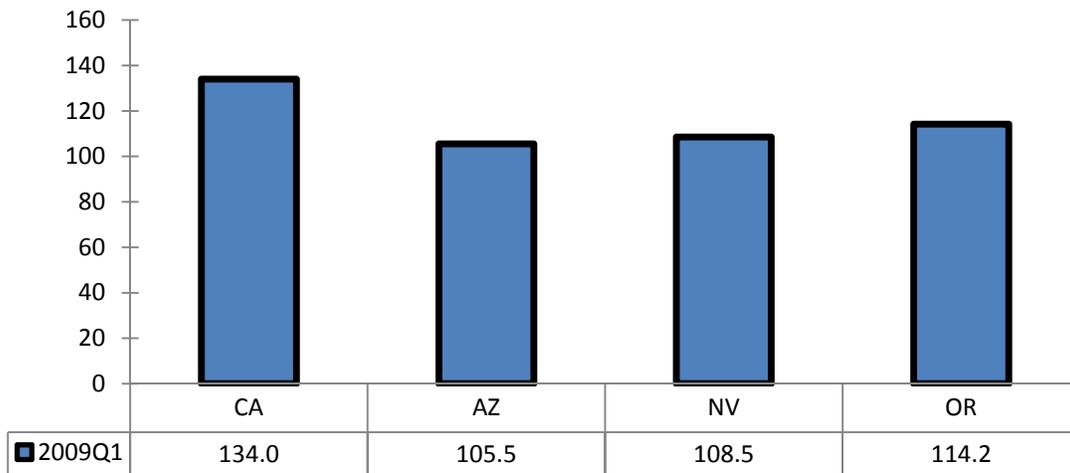


5.1.3 Cost of Living Index – 1st Quarter 2009

California's cost of living, as of Q1 of 2009, is the second highest among those states used in this report, surpassed only by Hawaii. The next four highest states are Alaska, New York, New Jersey, and Maryland.

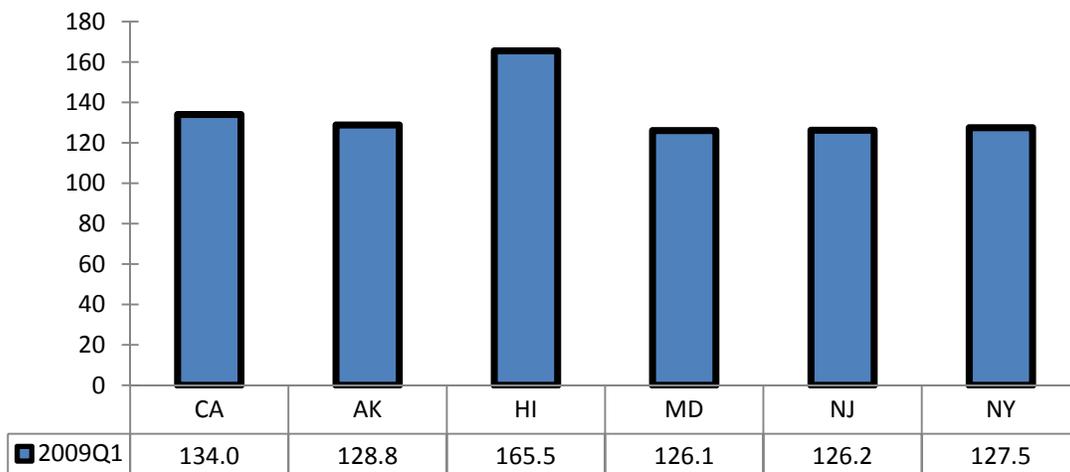
Among the bordering states of Arizona, Nevada, and Oregon, California's cost of living index is greatest.

**Cost of Living Index - 1st Quarter 2009
Bordering States**



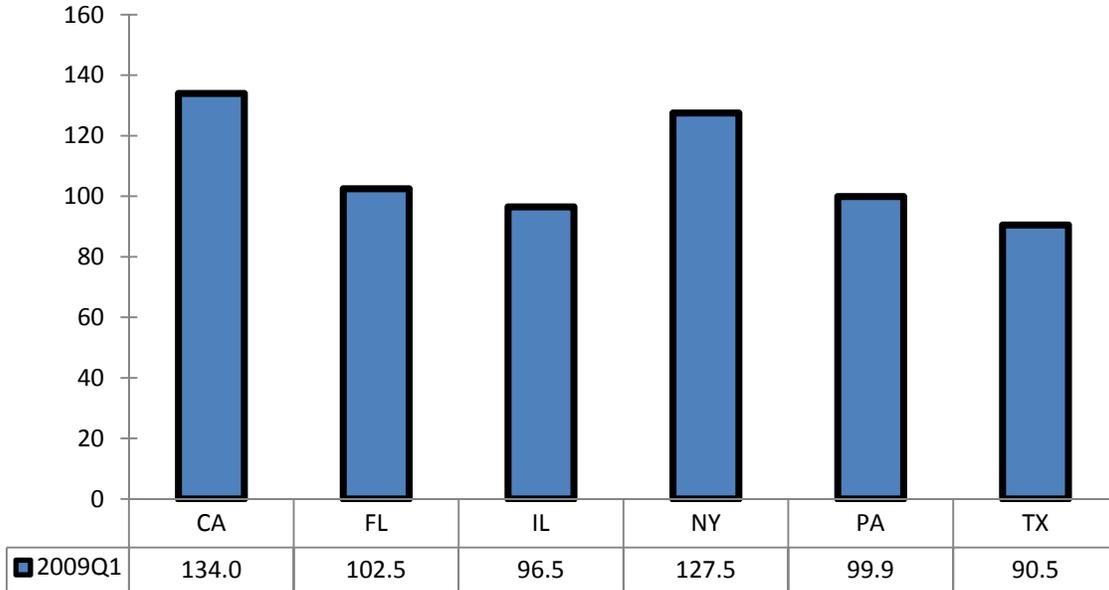
Among the high cost states, only Hawaii's cost of living index is higher than California's, with the other states shown being roughly 5% less than California.

**Cost of Living Index - 1st Quarter 2009
High Cost States**



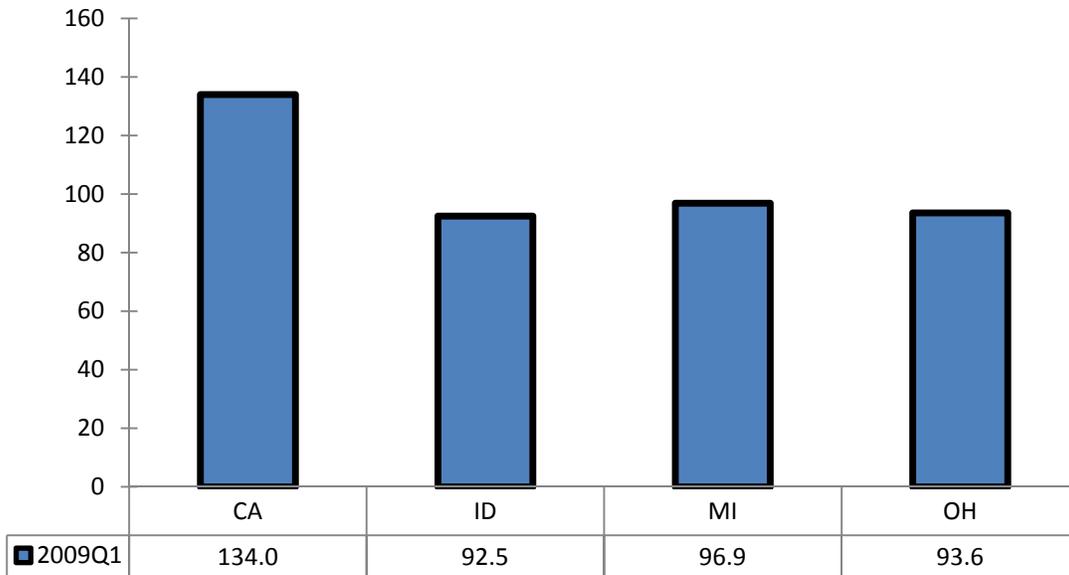
Of the largest states, California's cost of living index is the greatest, followed closely by New York.

**Cost of Living Index - 1st Quarter 2009
Largest States**



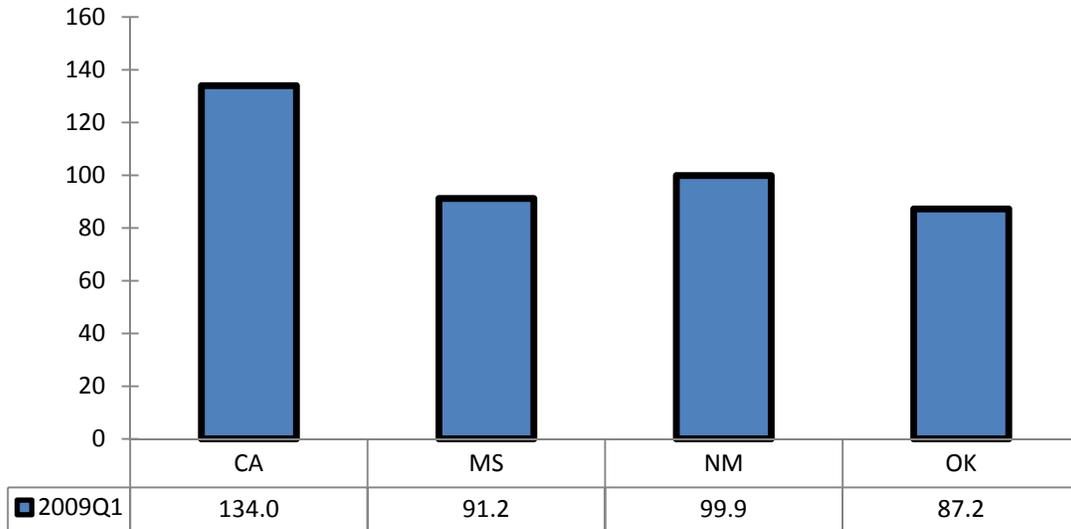
The least solvent states, Idaho, Michigan, and Ohio, all have a lower cost of living index compared to California, each with costs below the national average.

**Cost of Living Index - 1st Quarter 2009
Least Solvent States**



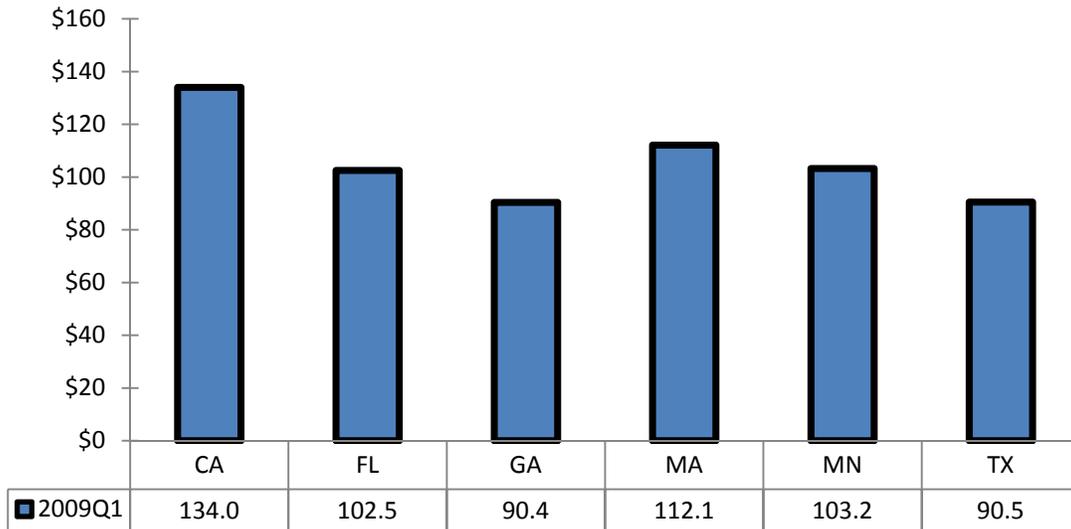
California's cost of living index is greater than that of the most solvent states of Mississippi, New Mexico, and Oklahoma, each with costs below the national average.

**Cost of Living Index - 1st Quarter 2009
Most Solvent States**



California's cost of living index is also well above those of the median solvent states of Florida, Georgia, Massachusetts, Minnesota, and Texas.

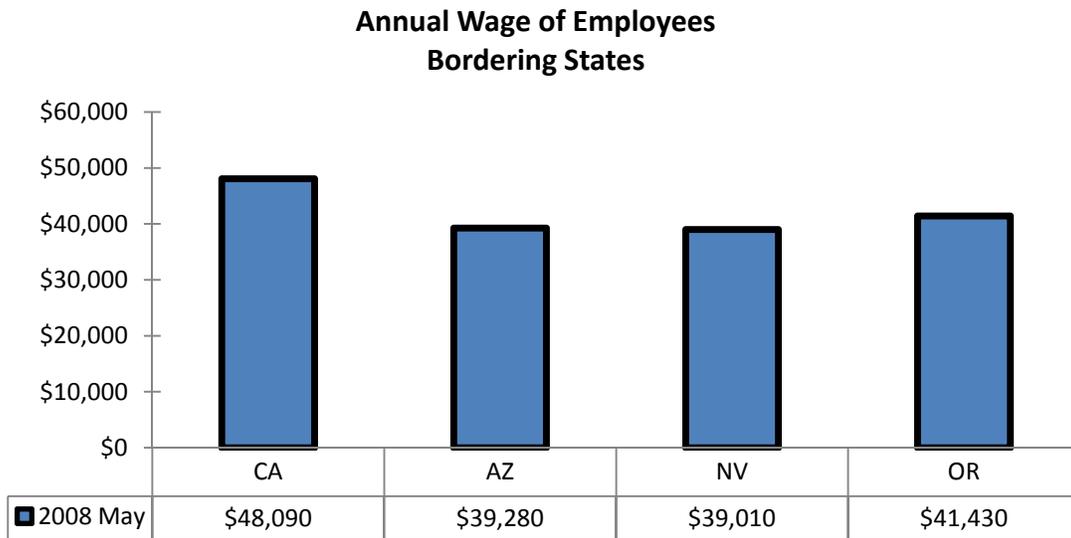
**Cost of Living Index - 1st Quarter 2009
Median Solvent States**



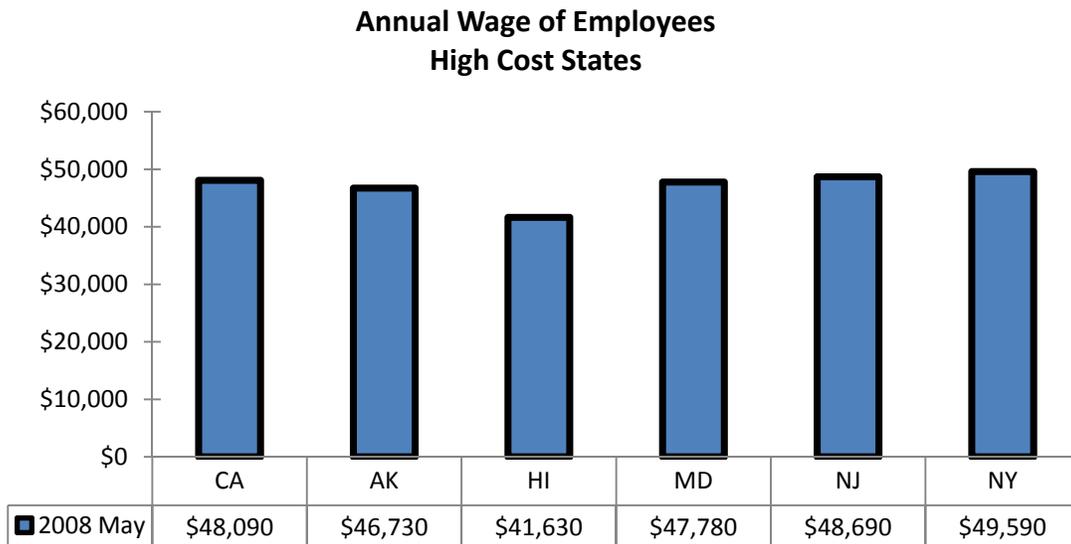
5.1.4. Average Wage of Employees in the State

The average annual wage of California's employees, as of May 2008, ranks fourth highest compared to those states included in this report. Massachusetts, New York, and New Jersey are the top three, respectively.

California's average annual wage of employees as of May of 2008 is roughly 20% greater than the three bordering states.



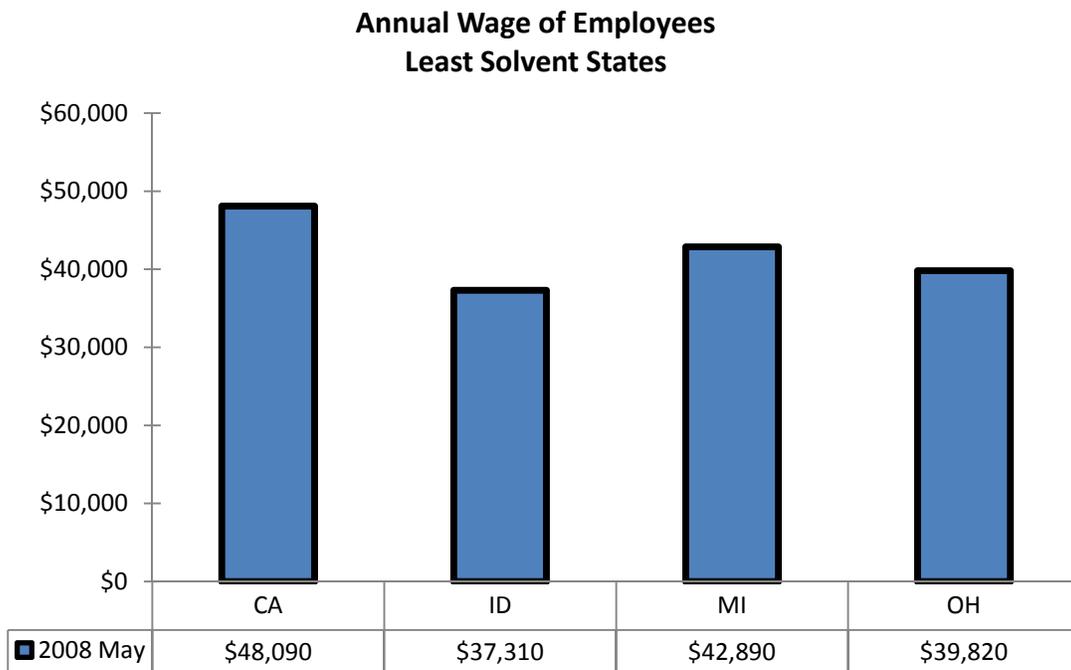
Of the high cost states, only New York's and New Jersey's average annual wage exceeds California's, followed by Maryland, Alaska, and Hawaii.



New York has the highest average annual wage of the largest states. California's annual wage ranks second among these states.

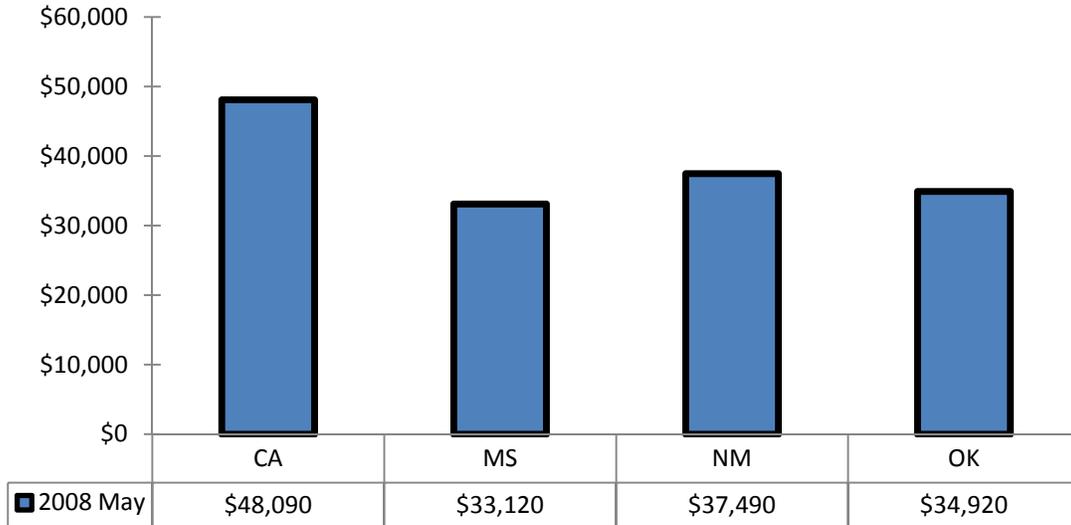


Compared to the least solvent states, California has the highest average annual wage, followed by Michigan, Ohio, and Idaho.



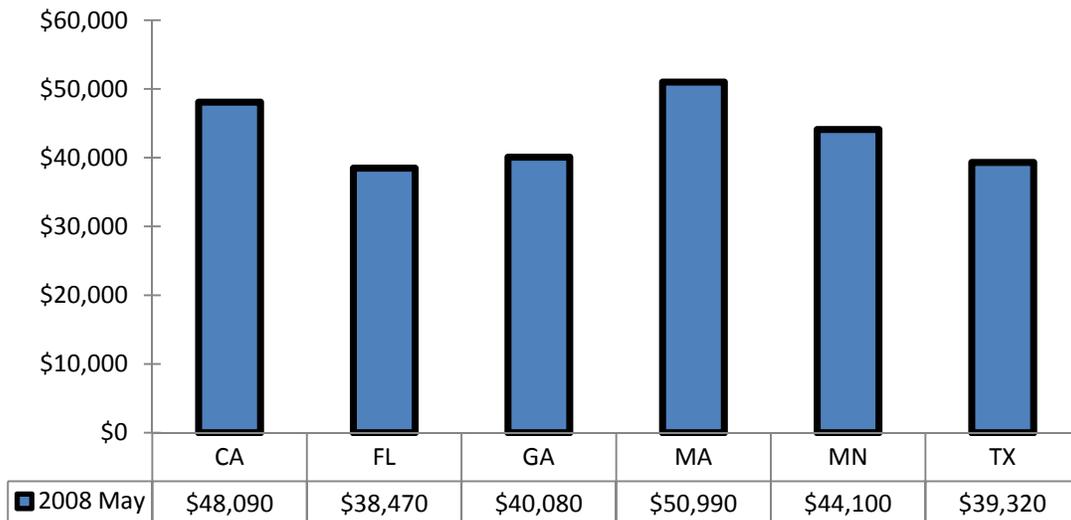
Compared to the most solvent states, California has the highest average annual wage, followed by New Mexico, Oklahoma, and Mississippi.

**Annual Wage of Employees
Most Solvent States**



Compared to the median solvent states, only Massachusetts' average annual wage is greater than that for California.

**Annual Wage of Employees
Median Solvent States**



5.1.5 Seasonally Adjusted Employment Cost Index for Total Compensation by Major Industry

The data for this section is not available.

5.2. UI program demographics by Industry for calendar year 2008

The data for these sections are not yet available.

5.2.1 Number of Employees Covered by Industry

5.2.2 Total Wages Earned by Industry

5.2.3 Total Amount of Benefits Paid by Industry

5.2.4 Percent of Total Benefits Paid by Industry

5.2.5 Total Amount of UI Contributions Made by Employers by Industry

5.2.6 Percent of the Total UI Contributions Made by Employers by Industry

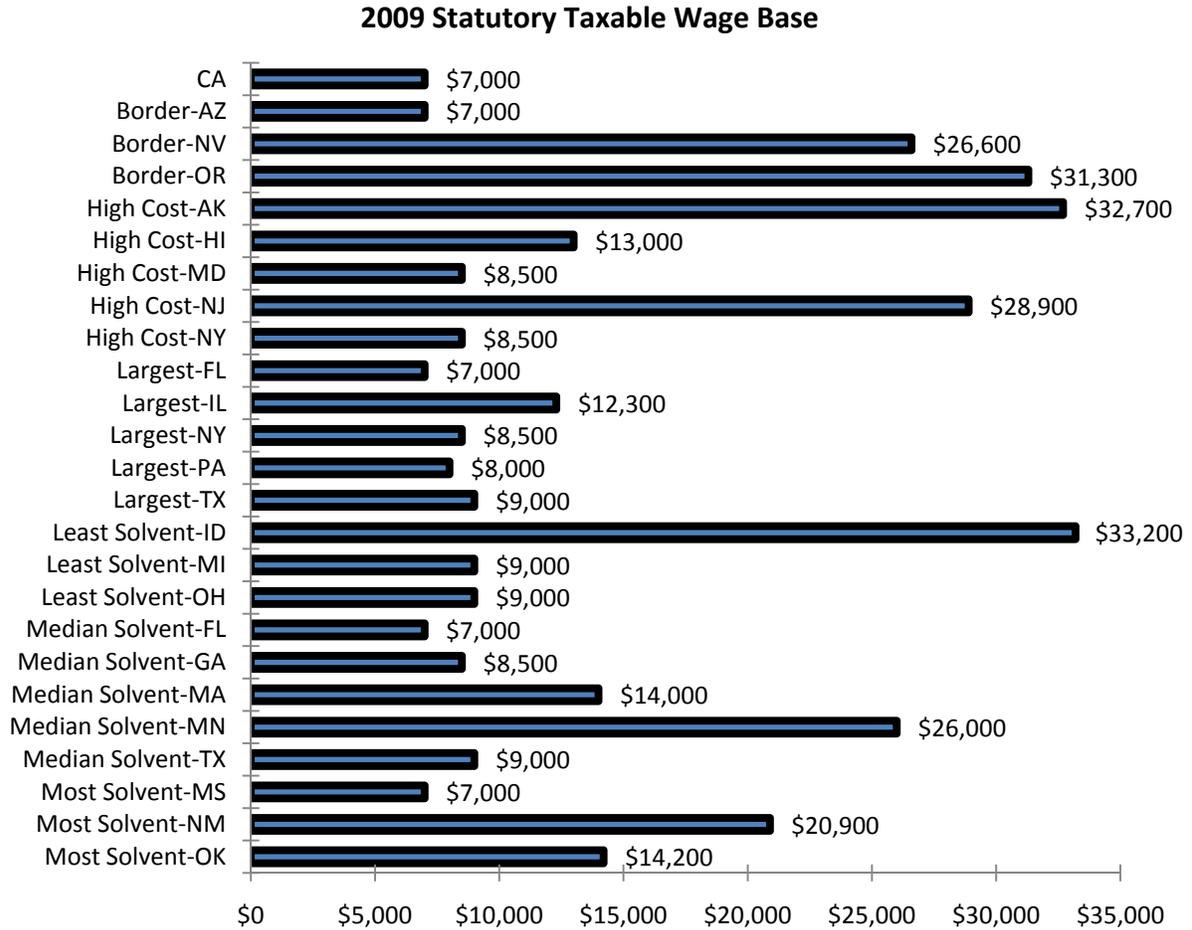
5.2.7 Amount of Negative Reserve Benefits Attributed to Employers by Industry

5.2.8 Percent of Total Negative Reserve Benefits Attributed to Employers by Industry

5.3. UI financing requirements for calendar year 2009

5.3.1. Statutory Taxable Wage Base

California's statutory taxable wage base is among the lowest at \$7,000. Arizona, Florida, and Mississippi also have a \$7,000 statutory wage base.



5.3.2. Is taxable wage base indexed?

The table below shows whether or not the taxable wage base is indexed for each state, and if applicable, what the index is. California does not index the taxable wage base.

State	Computation of Flexible Taxable Wage Base
CA	N/A
Border-AZ	N/A
Border-NV	66.6% of State AAW
Border-OR	80.0% of State AAW
High Cost-AK	75% of State AAW
High Cost-HI	100% of State AAW
High Cost-MD	N/A
High Cost-NJ	28 X State AWW
High Cost-NY	N/A
Largest-FL	N/A
Largest-IL	N/A
Largest-NY	N/A
Largest-PA	N/A
Largest-TX	N/A
Least Solvent-ID	100% of State AAW
Least Solvent-MI	N/A
Least Solvent-OH	N/A
Median Solvent-FL	N/A
Median Solvent-GA	N/A
Median Solvent-MA	N/A
Median Solvent-MN	60.0% of State AAW
Median Solvent-TX	N/A
Most Solvent-MS	N/A
Most Solvent-NM	60.0% of State AAW
Most Solvent-OK	50.0% of State AAW

AAW: Average Annual Wage
 AWW: Average Weekly Wage

5.3.3. Statutory Minimum and Maximum Tax 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%.

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. These states are contained in the following table.

Most Favorable Schedule

State	Fund Must Equal At Least	Minimum Tax Rate	Maximum Tax Rate
CA	1.8% of taxable payrolls	0.10%	5.40%
Border-AZ	12% of taxable payrolls	0.02%	5.40%
Border-NV	Not specified	0.25%	5.40%
Border-OR	200% of fund adequacy % ratio	0.50%	5.40%
High Cost-AK	Not specified	Not specified	5.40%
High Cost-HI	Ratio of the current reserve fund to the adequate reserve fund is > 1.69	0.00%	5.40%
High Cost-MD	Exceeds 5% of taxable payrolls	0.30%	7.50%
High Cost-NJ	1.4% of taxable wages in prior year	0.18%	5.40%
High Cost-NY	5% of payrolls	0.00%	5.90%
Largest-FL	Current adjusted benefit ratio	0.10%	5.40%
Largest-IL	Dependent upon the adjusted state experience factor	0.20%	6.40%
Largest-NY	5% of payrolls	0.00%	5.90%
Largest-PA	Law authorizes agency to set rates	0.30%	7.70%
Largest-TX	Based on benefit ratio	0.00%	6.00%
Least Solvent-ID	State calculated average high cost multiple	0.18%	5.40%
Least Solvent-MI	Based on benefit ratio	0.06%	10.30%
Least Solvent-OH	30% above minimum safe level	0.00%	6.30%
Median Solvent-FL	Current adjusted benefit ratio	0.10%	5.40%
Median Solvent-GA	State-wide reserve ratio of 2.7%	0.01%	5.40%
Median Solvent-MA	1.75% of taxable payrolls	0.80%	7.80%
Median Solvent-MN	0.75% of payrolls	0.10%	9.00%
Median Solvent-TX	Based on benefit ratio	0.00%	6.00%
Most Solvent-MS	Depends on statutory variables that comprise the general experience rate	0.10%	5.40%
Most Solvent-NM	3.7 % of payrolls	0.03%	5.40%
Most Solvent-OK	3.5 x 5-year average of benefits	0.20%	5.50%

5.3.4. Statutory New Employer Tax Rate

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 three (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 the FUTA, experience rates must be effective within 27 weeks of the computation date.

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 three (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's balance.

New Employer Tax Rate

States	Reduced Rate For New Employers	Years Needed To Qualify For Experience Rating
CA	3.40%	3
Border-AZ	2.00%	1
Border-NV	2.95%	2.5
Border-OR	2.84%	1
High Cost-AK	2.70%	1
High Cost-HI	1.90%	1
High Cost-MD	2.3%	2
High Cost-NJ	2.80%	3
High Cost-NY	Highest rate assigned to ERs with positive account balances or 3.4%, whichever is less	1
Largest-FL	2.70%	2.5
Largest-IL	3.4% or average industry rate if greater	3
Largest-NY	Highest rate assigned to ERs with positive account balances or 3.4%, whichever is less	1
Largest-PA	3.70%; Construction employers pay 9.2%	1.5
Largest-TX	Greater of 2.7% or industry rate	1
Least Solvent-ID	1.00%	1
Least Solvent-MI	2.7%, Construction ERs receive average industry rate	2
Least Solvent-OH	2.7%, except construction ERs pay industry average rate	1
Median Solvent-FL	2.70%	2
Median Solvent-GA	2.62%	3
Median Solvent-MA	2.53%	1
Median Solvent-MN	2.36%	1
Median Solvent-TX	Greater of 2.7% or industry rate	1
Most Solvent-MS	2.70%	1
Most Solvent-NM	2.00%	3
Most Solvent-OK	1.50%	1

5.3.5. Statutory Experience Rating Method

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.

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.

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 three (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 employer's 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 affected without the table; the maximum, however, decreases the income from employers who would otherwise have paid higher rates.

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.

The following table displays which experience rating method each state uses in determining benefit ratios. California utilizes the reserve-ratio method.

State	Experience Rating Method
CA	Reserve-Ratio
Border-AZ	Reserve-Ratio
Border-NV	Reserve-Ratio
Border-OR	Benefit-Ratio
High Cost-AK	Payroll Variation Plan
High Cost-HI	Reserve-Ratio
High Cost-MD	Benefit-Ratio
High Cost-NJ	Reserve-Ratio
High Cost-NY	Reserve-Ratio
Largest-FL	Benefit-Ratio
Largest-IL	Benefit-Ratio
Largest-NY	Reserve-Ratio
Largest-PA	Benefit-Ratio
Largest-TX	Benefit-Ratio
Least Solvent-ID	Reserve-Ratio
Least Solvent-MI	Benefit-Ratio
Least Solvent-OH	Reserve-Ratio
Median Solvent-FL	Benefit-Ratio
Median Solvent-GA	Reserve-Ratio
Median Solvent-MA	Reserve-Ratio
Median Solvent-MN	Benefit-Ratio
Median Solvent-TX	Benefit-Ratio
Most Solvent-MS	Benefit-Ratio
Most Solvent-NM	Reserve-Ratio
Most Solvent-OK	Benefit-Wage-Ratio

5.3.6. Statutory Minimum and Maximum Tax Contributions Paid Per Covered Employee

The table below summarizes the minimum and maximum tax contributions per covered employee under the most and least favorable schedules. Of the states shown, California's maximum contributions are among the lowest.

State	Most Favorable Schedule		Least Favorable Schedule	
	Minimum	Maximum	Minimum	Maximum
CA	\$7.00	\$378.00	\$105.00	\$434.00
Border-AZ	\$1.40	\$378.00	\$7.00	>\$378.00
Border-NV	\$66.50	\$1,436.40	\$66.50	\$1,436.40
Border-OR	\$156.50	\$1,690.20	\$688.60	\$1,690.20
High Cost-AK	Not Specified	>\$1,765.80	Not Specified	>\$1,765.80
High Cost-HI	\$0.00	\$702.00	\$312.00	\$702.00
High Cost-MD	\$25.50	\$637.50	\$187.00	\$1,147.50
High Cost-NJ	\$52.02	\$1,560.60	\$341.02	\$2,225.30
High Cost-NY	\$0.00	\$501.50	\$76.50	\$756.50
Largest-FL	\$7.00	\$378.00	\$7.00	\$378.00
Largest-IL	\$24.60	\$787.20	\$36.90	\$1,180.80
Largest-NY	\$0.00	\$501.50	\$76.50	\$756.50
Largest-PA	\$24.00	\$616.00	\$24.00	\$616.00
Largest-TX	\$0.00	\$540.00	\$0.00	\$540.00
Least Solvent-ID	\$59.76	\$1,792.80	\$318.72	\$2,257.60
Least Solvent-MI	\$5.40	\$927.00	\$5.40	\$927.00
Least Solvent-OH	\$0.00	\$567.00	\$27.00	\$810.00
Median Solvent-FL	\$7.00	\$378.00	\$7.00	\$378.00
Median Solvent-GA	\$0.85	\$459.00	\$2.55	\$619.65
Median Solvent-MA	\$112.00	\$1,092.00	\$221.20	\$2,156.00
Median Solvent-MN	\$26.00	\$2,340.00	\$104.00	\$2,418.00
Median Solvent-TX	\$0.00	\$540.00	\$0.00	\$540.00
Most Solvent-MS	\$7.00	\$378.00	\$7.00	\$378.00
Most Solvent-NM	\$6.27	\$1,128.60	\$564.30	\$1,128.60
Most Solvent-OK	\$28.40	\$781.00	\$71.00	\$781.00

5.4. UI monetary eligibility requirements for calendar year 2009

5.4.1. Minimum and Maximum Statutory Benefit Levels

The following table describes the minimum and maximum potential benefits amount.

State	Minimum	Maximum
CA	\$560	\$11,700
Border-AZ	\$720	\$6,240
Border-NV	\$192	\$10,218
Border-OR	\$339	\$12,532
High Cost-AK	\$896	\$9,620-\$11,492
High Cost-HI	\$130	\$14,170
High Cost-MD	\$650	\$9,880; same maximum with or without DA
High Cost-NJ	\$85	\$15,184; same maximum with or without DA
High Cost-NY	\$1,664	\$10,530
Largest-FL	\$288	\$7,150
Largest-IL	\$1,326	\$10,010 - \$13,884
Largest-NY	\$1,664	\$10,530
Largest-PA	\$560	\$14,508 - \$14,716
Largest-TX	\$580	\$10,192
Least Solvent-ID	\$650	\$9,412
Least Solvent-MI	\$1,638	\$9,412; same maximum with or without DA
Least Solvent-OH	\$2,100	\$9,672 - \$13,078
Median Solvent-FL	\$288	\$7,150
Median Solvent-GA	\$264	\$8,580
Median Solvent-MA	\$340	\$18,840 - \$28,260
Median Solvent-MN	\$418	\$9,126 (based on HQW) \$14,716 (based on BPW)
Median Solvent-TX	\$580	\$10,192
Most Solvent-MS	\$390	\$5,980
Most Solvent-NM	\$1,072	\$9,334-11,934
Most Solvent-OK	\$288	\$8,900

5.4.2. Minimum and Average Base Period Wages

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 small weekly benefit amount. Since 1971, workers with employment and wages in more than one state can elect to file a claim combining employment and wages earned in all states into a claim filed under a single state's law. 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 if the claim is filed in Illinois. Because of the potential of subsequently 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 twice to establish monetary eligibility. The methods that states use to determine monetary eligibility vary greatly, as described below.

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.

State	Qualifying Formula: Wage or Employment	Min. Wage Need to Qualify:	
		High Quarter	Base Period
CA	\$1,300 in HQ or alternative: \$900 in HQ with BPW = 1 1/4 x HQ	\$900	\$1,125
Border-AZ	1 1/2 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
Border-NV	1 1/2 x HQW in BP and \$400 in 1 qtr or alternative: wages in 3 of the 4 quarters in the BP	\$400	\$600
Border-OR	1 1/2 x HQW in BP and \$1,000 in BP or alternative: flat-amount requirement 500 hours of employment in BP	\$667	\$1,000
High Cost-AK	\$2,500 flat amount and wages in 2 quarters of BP	\$0	\$2,500
High Cost-HI	26 x WBA in BP and wages in 2 quarters	\$0	\$130
High Cost-MD	1 1/2 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 (1 1/2) 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
High Cost-NJ	20 base weeks (20% of AWW) or alternative: 1,000 times the state minimum hourly wage. (\$6.55/hr state minimum wage)	\$0	\$2,860
High Cost-NY	1 1/2 x HQW in BP and wages in 2 quarters	\$1,600	\$2,400
Largest-FL	1 1/2 x HQW in BP; minimum of \$3,400 in BP; wages in 2 quarters	\$2,267	\$3,400
Largest-IL	\$1,600 flat amount and \$440 outside HQ	\$0	\$1,600
Largest-NY	1 1/2 x HQW in BP and wages in 2 quarters	\$1,600	\$2,400
Largest-PA	16 credit weeks and at least 20% BPW out of HQ (see table in law)	\$800	\$1,320
Largest-TX	37 x WBA in BP and wages in 2 quarters	\$1,438	\$2,146

Least Solvent-ID	1 1/4 x HQW in BP and \$1,690 in HQW. Minimum HQW, determined on January 1, must equal 50% of state minimum wage multiplied by 520 hours	\$1,690	\$2,113
Least Solvent-MI	1 1/2 x HQW in BP or alternative: BPW equal to 20 times the state AWW and wages in 2 quarters	\$2,871	\$4,307
Least Solvent-OH	20 weeks employment with wages in each week of at least 27 1/2% of the state AWW in BP and wages in 2 quarters	\$0	\$4,120
Median Solvent-FL	1 1/2 x HQW in BP; minimum of \$3,400 in BP; wages in 2 quarters	\$2,267	\$3,400
Median Solvent-GA	1 1/2 x HQW in BP or alternative: 1/21 HQW for WBA with 40 x WBA in BP and wages in 2 quarters	\$756	\$1,134 (in 2 HQs)
Median Solvent-MA	30 x WBA in BP and \$3,500 minimum in BP	\$0	\$3,500
Median Solvent-MN	\$1,000 in HQ and \$250 outside HQ	\$1,000	\$1,250
Median Solvent-TX	37 x WBA in BP and wages in 2 quarters	\$1,438	\$2,146
Most Solvent-MS	40 x WBA in BP, 26 x minimum WBA in HQ and wages in 2 quarters	\$780	\$1,200
Most Solvent-NM	Wages in 2 quarters	\$1,629	\$1,630
Most Solvent-OK	1 1/2 x HQW in BP and \$1,500 in BP or alternative: flat-amount requirement. \$14,200 in BP (100% state taxable wage base)	\$1,000	\$1,500

5.4.3. Income Disregard/Amount of Wages Earned without an Offset to UI Benefits

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-time 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. 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.

The following table shows the partial unemployment & earnings disregarded when determining weekly benefit.

State	Disregarded Income
CA	Greater of \$25 or 25% of wages
Border-AZ	\$30
Border-NV	1/4 wages
Border-OR	1/3 WBA; or 10 x state minimum wage (\$8.40 in 2009); excludes wages from service in the organized militia for training or authorized duty from benefit computation
High Cost-AK	1/4 wages over \$50
High Cost-HI	\$150
High Cost-MD	\$100
High Cost-NJ	Greater of \$5 or 1/5 WBA
High Cost-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)
Largest-FL	8 x Federal hourly minimum wage
Largest-IL	1/2 WBA
Largest-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)
Largest-PA	Greater of \$6 or 40% of WBA

Largest-TX	Greater of \$5 or 1/4 WBA
Least Solvent-ID	1/2 WBA
Least Solvent-MI	For each \$1 earned, WBA reduced by 50 cents (benefits and earnings cannot exceed 1 1/2 WBA); earnings above 1/2 WBA result in dollar-for-dollar reduction in WBA; if the resulting WBA is zero weeks of benefits payable reduced by 1 week
Least Solvent-OH	1/5 WBA
Median Solvent-FL	8 x Federal hourly minimum wage
Median Solvent-GA	\$50; excludes payments for jury service
Median Solvent-MA	1/3 WBA; earnings plus WBA may not equal or exceed the worker's AWW
Median Solvent-MN	55% of wages; 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
Median Solvent-TX	Greater of \$5 or 1/4 WBA
Most Solvent-MS	\$40
Most Solvent-NM	1/5 WBA; excludes payments for jury service
Most Solvent-OK	\$100

5.4.4. Base Period used to Determine Eligibility

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 four (4) of the last five (5) completed calendar quarters preceding the filing of the claim as their base period. Massachusetts uses the four completed calendar quarters proceeding the first day of the benefit year.

5.4.5. Alternate Base Period for Individuals Not Meeting the Monetary Requirements

The following table outlines the options in addition to the standard base period that states use.

Alternate Base Periods (ABP)—A base period consisting of the first four (4) of the last five (5) completed calendar quarters results in a lag of up to six (6) months between the end of the base period and the date a worker becomes unemployed and files a claim. As a result, the worker’s most recent work history is not used when making an eligibility determination. As a result, several states use an ABP for workers failing to qualify under the regular base period. For example, if the worker fails to qualify using wages and employment in the first four (4) of the last five (5) completed calendar quarters, then the state will use wages and employment in the last four (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.)

	ABP / EBP
CA	ABP: Effective 4/2011 – new legislation allows alternate base period
Border-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
Border-NV	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
Border-OR	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
High Cost-AK	EBP: BP extended up to 4 quarters if claimant was incapable of working during the greater part of a quarter
High Cost-HI	ABP: Last 4 completed quarters
High Cost-MD	No ABP/EBP
High Cost-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
High Cost-NY	ABP: Last 4 completed quarters
Largest-FL	No ABP/EBP
Largest-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

Largest-NY	ABP: Last 4 completed quarters
Largest-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
Largest-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
Least Solvent-ID	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
Least Solvent-MI	ABP: Last 4 completed quarters if individual fails to meet qualifying wage requirements
Least Solvent-OH	ABP: Last 4 completed quarters
Median Solvent-FL	No ABP/EBP
Median Solvent-GA	ABP: Last 4 completed quarters
Median Solvent-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
Median Solvent-MN	ABP: Last 4 completed calendar quarters 1/ EBP: Up to 4 quarters depending on length of time a worker received compensation for temporary disability under a workers' compensation law
Median Solvent-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
Most Solvent-MS	No ABP/EBP
Most Solvent-NM	ABP: Last 4 completed quarters
Most Solvent-OK	ABP: Last 4 completed quarters (Not applicable in any calendar year in which trust fund balance is below a certain level.) EBP: 4 quarters prior to regular base period

5.4.6. One-Week Waiting Period

Workers who are otherwise eligible for benefits must first serve one week 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.)

Duration of Waiting Period in Weeks

State	Waiting Period (in Weeks)
CA ¹	1
Border-AZ	1
Border-NV	No waiting period
Border-OR	1
High Cost-AK	1
High Cost-HI	1
High Cost-MD	No waiting period
High Cost-NJ	No waiting period
High Cost-NY	1
Largest-FL	1
Largest-IL	1
Largest-NY	1
Largest-PA	1
Largest-TX ²	1
Least Solvent-ID	1
Least Solvent-MI	No waiting period
Least Solvent-OH	1
Median Solvent-FL	1
Median Solvent-GA	No waiting period
Median Solvent-MA	1
Median Solvent-MN	1
Median Solvent-TX	1
Most Solvent-MS	1
Most Solvent-NM	1
Most Solvent-OK	1

¹ For California, the 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 one-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. ² For Texas, no waiting period is required for new/consecutive benefit year.

5.4.7. Other Types of Compensation to Eligible Individuals

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.

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.

State	Dependents' allowances
CA	No
Border-AZ	No
Border-NV	No
Border-OR	No
High Cost-AK	Yes
High Cost-HI	No
High Cost-MD	Yes
High Cost-NJ	Yes
High Cost-NY	No
Largest-FL	No
Largest-IL	Yes
Largest-NY	No
Largest-PA	Yes
Largest-TX	No
Least Solvent-ID	No
Least Solvent-MI	Yes
Least Solvent-OH	Yes
Median Solvent-FL	No
Median Solvent-GA	No
Median Solvent-MA	No
Median Solvent-MN	No
Median Solvent-TX	No
Most Solvent-MS	No
Most Solvent-NM	Yes
Most Solvent-OK	No

5.4.8. State Funded Extended Benefits

A few states have solely state-financed programs for extending the potential duration of benefits during periods of high unemployment, for claimants in approved training who exhaust benefits, or for a variety of other reasons. Although some state laws call these programs “extended benefits,” the following table uses the term “additional benefits” to avoid confusion with the federal-state EB program.

The following table includes information about states that have permanent AB programs. Caution should be taken in using the following table because: (1) some AB programs may be subject to annual legislative appropriations, meaning they may not be in effect; and (2) short-term AB programs will not be included if their legislative authorization expired prior to publication.

Different Types of State Funded Extended Benefits

	Different Types of State Funded Extended Benefits
CA	Fed-ED, CAL-ED, Training Extension
Border-AZ	
Border-NV	
Border-OR	Supplemental Benefits, Additional Benefits
High Cost-AK	Supplemental Benefits
High Cost-HI	Additional Unemployment Compensation
High Cost-MD	
High Cost-NJ	Additional Benefits during Training
High Cost-NY	Additional Training Benefits
Largest-FL	
Largest-IL	
Largest-NY	Additional Training Benefits
Largest-PA	
Largest-TX	
Least Solvent-ID	
Least Solvent-MI	Extended Training or Retaining Benefits
Least Solvent-OH	
Median Solvent-FL	
Median Solvent-GA	
Median Solvent-MA	Additional Benefits
Median Solvent-MN	Additional Benefits
Median Solvent-TX	
Most Solvent-MS	
Most Solvent-NM	
Most Solvent-OK	

5.5. UI non-monetary eligibility data for calendar year 2008

5.5.1. Five Most Common Statutory Provisions Resulting in Socialized Costs

No data was available regarding socialized costs associated with a specific non-monetary issue.

5.5.2. Definition of Top Non-Monetary Eligibility Provisions Resulting in Ineligibility for Benefits

The following non-monetary eligibility provisions are defined in the order of number of issues adjudicated.

1. **Voluntary Quit (VQ)** – Leaving work without good cause is reason for disqualification. There are two broad provisions for leaving work with good cause. In some States, good cause for leaving must be connected to the work. In other States, good cause for leaving may be either personal or work connected.
2. **Misconduct Discharge (MC)** - Employer initiated separations occurring for reasons other than lack of work must be adjudicated to determine if the claimant was discharged for reasons that constituted misconduct in connection with the work. Misconduct is defined as a willful or controllable breach of a claimant's duties, responsibilities or behavior that the employer has a right to expect.
3. **Reporting Requirements (RPT)** - Issues involving reporting requirements relate to requests for backdating of new or additional claims, late filing of continued claims, and failure to report as required to provide claims information.
4. **Able and Available/Actively Seeking Work (AA/ASW)** - Being able to work means that an individual has the physical and mental capacity to perform work. Being available for work means that an individual has potential for employment and is ready and willing to accept employment. Each worker falls somewhere between available, that is, willing and able to perform any job, at any time, under any conditions and being unavailable, that is, being unwilling, not ready, or unable to accept or perform any job, under any conditions.
5. **Disqualifying or Deductible Income (DED)** - This provision includes determinations relating to the effect upon benefit entitlement of payments such as workers' compensation, OASI benefits, unemployment benefits under another State or Federal law, dismissal payments or wages in lieu of notice, vacation or holiday pay, and payments made under an employer's pension plan.
6. **Reasonable Assurance (RA)** – This provision deals with professional athletes (see Section 3304(a) (13) of FUTA) and School Employees (see Section 3304(a) (6) (A) of FUTA) that deny benefits between school terms or seasons when there is reasonable assurance the employee will return to work.

5.5.3. Most Common Non-Monetary Eligibility Provisions That Exist Among the States

The following table shows most common non-monetary eligibility issues adjudicated and denied by state. Misconduct eligibility was the most common issue adjudicated in most states. However, misconduct eligibility was most common reason for a denial of benefits in only five states. Voluntary quit issue was more common reason for a denial of benefits.

	Eligibility Issues Adjudicated			Denials		
	First	Second	Third	First	Second	Third
CA	MC	RPT	AA/ESW	RPT	AA/ESW	VQ
Border-AZ	MC	DED	VQ	DED	VQ	MC
Border-NV	MC	VQ	RA	RA	VQ	MC
Border-OR	MC	AA/ASW	VQ	AA/ASW	VQ	RPT
High Cost-AK	AA/ASW	VQ	MC	AA/ASW	VQ	RA
High Cost-HI	RPT	AA/ASW	MC	RPT	AA/ASW	VQ
High Cost-MD	VQ	MC	AA/ASW	VQ	MC	AA/ASW
High Cost-NJ	MC	VQ	AA/ASW	VQ	MC	AA/ASW
<i>High Cost-NY</i>	MC	VQ	RPT	VQ	MC	RPT
<i>Largest-FL</i>	MC	VQ	AA/ASW	VQ	MC	AA/ASW
<i>Largest-IL</i>	MC	VQ	AA/ASW	MC	VQ	AA/ASW
<i>Largest-NY</i>	MC	VQ	RPT	VQ	MC	RPT
<i>Largest-PA</i>	MC	VQ	RA	VQ	MC	RPT
<i>Largest-TX</i>	MC	RPT	VQ	RPT	VQ	MC
Least Solvent-ID	DED	MC	RA	DED	RA	VQ
Least Solvent-MI	RPT	MC	AA/ASW	RPT	VQ	MC
Least Solvent-OH	MC	AA/ASW	DED	DED	AA/ASW	MC
<i>Median Solvent-FL</i>	MC	VQ	AA/ASW	VQ	MC	AA/ASW
Median Solvent-GA	MC	VQ	DED	MC	VQ	DED
Median Solvent-MA	MC	VQ	RA	VQ	MC	DED
Median Solvent-MN	MC	RA	VQ	RA	DED	MC
<i>Median Solvent-TX</i>	MC	RPT	VQ	RPT	VQ	MC
Most Solvent-MS	MC	VQ	RA	MC	VQ	RA
Most Solvent-NM	RPT	MC	VQ	VQ	MC	RPT
Most Solvent-OK	MC	VQ	RPT	MC	VQ	RPT

VQ: Voluntary Quit
MC: Misconduct Discharge
RPT: Reporting Requirements
AA/ASW: Able and Available/Actively Seeking Work
DED: Disqualifying or Deductible Income
RA: Reasonable Assurance

5.5.4. Five Most Common Benefit Disqualifications

The following tables show most common non-monetary determinations that result in an ineligibility for benefits.

State	Voluntary Quit Determinations			
	Total	Total Denied	Percent Denied	Percent of All Seps
CA	243,251	158,010	64.96%	41.09%
Border-AZ	18,629	11,469	61.57%	28.21%
Border-NV	21,482	14,022	65.27%	31.41%
Border-OR	26,381	19,159	72.62%	33.91%
High Cost-AK	12,325	9,881	80.17%	62.22%
High Cost-HI	5,116	3,732	72.95%	38.38%
High Cost-MD	115,749	33,360	15.43%	53.54%
High Cost-NJ	40,450	35,098	86.77%	37.55%
<i>High Cost-NY</i>	56,357	47,052	83.49%	44.97%
<i>Largest-FL</i>	118,943	91,143	76.63%	36.50%
Largest-IL	55,902	38,300	68.51%	30.74%
<i>Largest-NY</i>	56,357	47,052	19.34%	44.97%
Largest-PA	76,303	45,303	59.37%	37.84%
<i>Largest-TX</i>	95,972	75,727	78.91%	26.08%
Least Solvent-ID	9,077	7,084	78.04%	40.32%
Least Solvent-MI	46,218	35,128	76.01%	33.24%
Least Solvent-OH	32,866	29,023	88.31%	23.85%
<i>Median Solvent-FL</i>	118,943	91,143	76.63%	36.50%
Median Solvent-GA	34,749	31,403	90.37%	24.83%
Median Solvent-MA	26,554	19,892	74.91%	49.29%
Median Solvent-MN	30,217	13,674	45.25%	40.01%
<i>Median Solvent-TX</i>	95,972	75,727	78.91%	26.08%
Most Solvent-MS	14,586	13,174	90.32%	37.63%
Most Solvent-NM	5,171	4,591	88.78%	25.75%
Most Solvent-OK	12,733	10,695	83.99%	27.12%

State	Misconduct Determinations			
	Total	Total Denied	Percent Denied	Percent of All Seps
CA	348,693	111,485	31.97%	58.91%
Border-AZ	47,416	9,518	20.07%	71.79%
Border-NV	46,911	14,017	29.88%	68.59%
Border-OR	51,426	13,767	26.77%	66.09%
High Cost-AK	7,485	3,190	42.62%	37.78%
High Cost-HI	8,214	3,312	40.32%	61.62%
High Cost-MD	100,456	24,232	24.12%	31.72%
High Cost-NJ	67,266	29,823	44.34%	62.45%
<i>High Cost-NY</i>	68,978	40,542	58.78%	55.03%
<i>Largest-FL</i>	206,921	62,266	30.09%	63.50%
<i>Largest-IL</i>	125,972	39,551	31.40%	69.26%
<i>Largest-NY</i>	68,978	40,542	58.78%	22.09%
<i>Largest-PA</i>	125,368	36,055	28.76%	62.16%
<i>Largest-TX</i>	271,973	74,491	27.39%	73.92%
Least Solvent-ID	13,436	4,903	36.49%	59.68%
Least Solvent-MI	92,811	28,635	30.85%	66.76%
Least Solvent-OH	104,961	38,415	36.60%	76.15%
<i>Median Solvent-FL</i>	206,921	62,266	30.09%	63.50%
Median Solvent-GA	105,189	55,629	52.88%	75.17%
Median Solvent-MA	27,316	10,485	38.38%	50.71%
Median Solvent-MN	45,303	13,910	30.70%	59.99%
<i>Median Solvent-TX</i>	271,973	74,491	27.39%	73.92%
Most Solvent-MS	24,178	15,721	65.02%	62.37%
Most Solvent-NM	14,910	4,275	28.67%	74.25%
Most Solvent-OK	34,216	12,006	35.09%	72.88%

State	Reporting Requirement Determinations			
	Total	Total Denied	Percent Denied	Percent of All Seps
CA	284,684	241,683	84.90%	43.54%
Border-AZ	6,451	5,289	81.99%	17.44%
Border-NV	2,254	2,225	98.71%	4.68%
Border-OR	16,512	16,393	99.28%	27.45%
High Cost-AK	3,875	3,818	98.53%	10.49%
High Cost-HI	15,524	6,614	42.60%	57.66%
High Cost-MD	4,615	2,500	54.17%	3.43%
High Cost-NJ	8,630	6,609	76.58%	13.22%
<i>High Cost-NY</i>	42,266	35,030	82.88%	39.16%
<i>Largest-FL</i>	18,907	13,917	73.61%	19.12%
<i>Largest-IL</i>	13,588	9,304	68.47%	19.19%
<i>Largest-NY</i>	42,266	35,030	82.88%	39.16%
<i>Largest-PA</i>	20,521	12,487	60.85%	28.61%
<i>Largest-TX</i>	116,996	113,275	96.82%	45.93%
Least Solvent-ID	976	967	99.08%	2.60%
Least Solvent-MI	197,197	83,799	42.50%	49.90%
Least Solvent-OH	44,232	25,633	57.95%	19.15%
<i>Median Solvent-FL</i>	18,907	13,917	73.61%	19.12%
Median Solvent-GA	830	830	100.00%	2.25%
Median Solvent-MA	1,647	1,078	65.45%	5.69%
Median Solvent-MN	1,917	1,638	85.45%	1.96%
<i>Median Solvent-TX</i>	116,996	113,275	96.82%	45.93%
Most Solvent-MS	3,762	2,173	57.76%	20.66%
Most Solvent-NM	15,459	2,001	12.94%	74.21%
Most Solvent-OK	4,531	4,525	99.87%	26.30%

	Able & Available / Efforts to Seek Work Determinations			
State	Total	Total Denied	Percent Denied	Percent of All Seps
CA	250,548	179,328	71.57%	38.32%
Border-AZ	8,514	7,400	86.92%	23.01%
Border-NV	10,770	9,346	86.78%	22.36%
Border-OR	33,418	23,237	69.53%	55.55%
High Cost-AK	24,099	19,541	81.09%	65.23%
High Cost-HI	8,709	6,432	73.85%	32.35%
High Cost-MD	61,888	22,438	36.26%	46.01%
High Cost-NJ	33,814	16,179	47.85%	51.79%
<i>High Cost-NY</i>	16,929	14,978	88.48%	15.68%
<i>Largest-FL</i>	47,398	38,064	80.31%	47.92%
Largest-IL	29,757	18,526	62.26%	42.03%
<i>Largest-NY</i>	16,929	14,978	88.48%	15.68%
Largest-PA	7,117	5,679	79.79%	9.92%
<i>Largest-TX</i>	72,746	55,322	76.05%	28.56%
Least Solvent-ID	5,851	5,441	92.99%	15.61%
Least Solvent-MI	76,479	22,580	29.52%	19.35%
Least Solvent-OH	92,729	58,593	63.19%	40.23%
<i>Median Solvent-FL</i>	47,398	38,064	80.31%	47.92%
Median Solvent-GA	14,282	13,796	96.60%	38.72%
Median Solvent-MA	4,738	3,597	75.92%	16.36%
Median Solvent-MN	22,437	10,249	45.68%	22.90%
<i>Median Solvent-TX</i>	72,746	55,322	76.05%	28.56%
Most Solvent-MS	4,095	3,225	78.75%	22.49%
Most Solvent-NM	2,107	909	43.14%	10.11%
Most Solvent-OK	4,422	3,533	79.90%	25.67%

State	Deductible Income Determinations			
	Total	Total Denied	Percent Denied	Percent of All Seps
CA	14,579	9,133	62.64%	2.23%
Border-AZ	19,064	16,812	88.19%	51.53%
Border-NV	14,806	14,709	99.34%	30.73%
Border-OR	512	489	95.51%	0.85%
High Cost-AK	2,368	2,353	99.37%	6.41%
High Cost-HI	192	184	95.83%	0.71%
High Cost-MD	26,767	8,697	32.49%	19.90%
High Cost-NJ	9,801	4,641	47.35%	15.01%
<i>High Cost-NY</i>	39,427	27,269	69.16%	36.53%
<i>Largest-FL</i>	3,553	2,534	71.32%	3.59%
<i>Largest-IL</i>	15,786	15,203	96.31%	22.30%
<i>Largest-NY</i>	39,427	27,269	69.16%	36.53%
<i>Largest-PA</i>	10,985	4,326	39.38%	15.31%
<i>Largest-TX</i>	30,043	16,318	54.32%	11.79%
Least Solvent-ID	19,885	19,885	100.00%	53.07%
Least Solvent-MI	48,472	7,522	15.52%	12.27%
Least Solvent-OH	63,528	61,058	96.11%	27.56%
<i>Median Solvent-FL</i>	3,553	2,534	71.32%	3.59%
Median Solvent-GA	20,790	19,716	94.83%	56.37%
Median Solvent-MA	8,201	7,714	94.06%	28.32%
Median Solvent-MN	29,497	22,512	76.32%	30.10%
<i>Median Solvent-TX</i>	30,043	16,318	54.32%	11.79%
Most Solvent-MS	98	98	100.00%	0.54%
Most Solvent-NM	671	1	0.15%	3.22%
Most Solvent-OK	180	88	48.89%	1.04%

	Reasonable Assurance Determinations (School Employee & Professional Athletes)			
State	Total	Total Denied	Percent Denied	Percent of All Seps
CA	87,160	71,102	81.58%	13.33%
Border-AZ	2,178	1,525	70.02%	5.89%
Border-NV	19,904	16,890	84.86%	41.32%
Border-OR	3,372	1,159	34.37%	5.61%
High Cost-AK	6,532	5,722	87.60%	17.68%
High Cost-HI	1,964	1,265	64.41%	7.29%
High Cost-MD	22,506	15,959	70.91%	16.73%
High Cost-NJ	6,033	3,969	65.79%	9.24%
<i>High Cost-NY</i>	5,721	4,232	73.97%	5.30%
<i>Largest-FL</i>	21,978	13,815	62.86%	22.22%
<i>Largest-IL</i>	8,721	6,688	76.69%	12.32%
<i>Largest-NY</i>	5,721	4,232	73.97%	5.30%
<i>Largest-PA</i>	29,324	7,203	24.56%	40.88%
<i>Largest-TX</i>	20,067	19,345	96.40%	7.88%
Least Solvent-ID	10,355	10,052	97.07%	27.63%
Least Solvent-MI	63,327	9,567	15.11%	16.03%
Least Solvent-OH	7,039	2,290	32.53%	3.05%
<i>Median Solvent-FL</i>	21,978	13,815	62.86%	22.22%
Median Solvent-GA	721	688	95.42%	1.95%
Median Solvent-MA	10,383	7,175	69.10%	35.86%
Median Solvent-MN	41,625	32,658	78.46%	42.48%
<i>Median Solvent-TX</i>	20,067	19,345	96.40%	7.88%
Most Solvent-MS	9,668	9,545	98.73%	53.10%
Most Solvent-NM	1,860	560	30.11%	8.93%
Most Solvent-OK	4,261	3,941	92.49%	24.73%

5.5.5. Minimum and Maximum Disqualification Provisions

State	Separation Disqualification Provisions (Includes Voluntary Quit and Misconduct)			
	Number of Weeks	Required Earnings	Benefit Reduction	Comments
CA		5 x WBA		
Border-AZ		5 x WBA		
Border-NV		10 x WBA		Wages equal to WBA in each of 10 weeks ¹
Border-OR		4 x WBA	8 x WBA	
High Cost-AK	5		3 X WBA	
High Cost-HI		5 x WBA		
High Cost-MD	5-10	15 x WBA		Required earnings is only for voluntary quit
High Cost-NJ		6 x WBA		Plus 4 weeks of work and wages ²
<i>High Cost-NY</i>		5 x WBA		Plus 3 days work per week for five weeks
<i>Largest-FL</i>		17 x WBA		Misconduct disqualifications serve a 1-52 weeks
Largest-IL		4 x WBA		Requires wages equal WBA in each of 4 weeks
<i>Largest-NY</i>		5 x WBA		Plus 3 days work per week for five weeks
Largest-PA		6 x WBA		
<i>Largest-TX</i>		6 x WBA		Requires 6 weeks work & wages equal to the WBA
Least Solvent-ID		14 x WBA		
Least Solvent-MI		12 x WBA		
Least Solvent-OH				Requires 6 weeks work + wages ³
<i>Median Solvent-FL</i>		17 x WBA		
Median Solvent-GA		10 x WBA		
Median Solvent-MA		8 x WBA		Requires 8 weeks of work and wages
Median Solvent-MN		8 x WBA		
<i>Median Solvent-TX</i>		6 x WBA		Requires 6 work and wages equal to the WBA
Most Solvent-MS		8 x WBA		
Most Solvent-NM		5 x WBA		
Most Solvent-OK		10 x WBA		

WBA = Weekly Benefit Amount

Disqualification provisions for voluntary quit and misconduct are the same unless noted otherwise.

1. Nevada imposes wages equal to WBA in each of 15 weeks for misconduct disqualification.
2. New Jersey only imposes a 5 week disqualification period for misconduct disqualification.
3. Ohio requires wages earned per week to equal 27.5% of the average weekly wage.

5.6. UI employer costs for calendar years 2005-2008

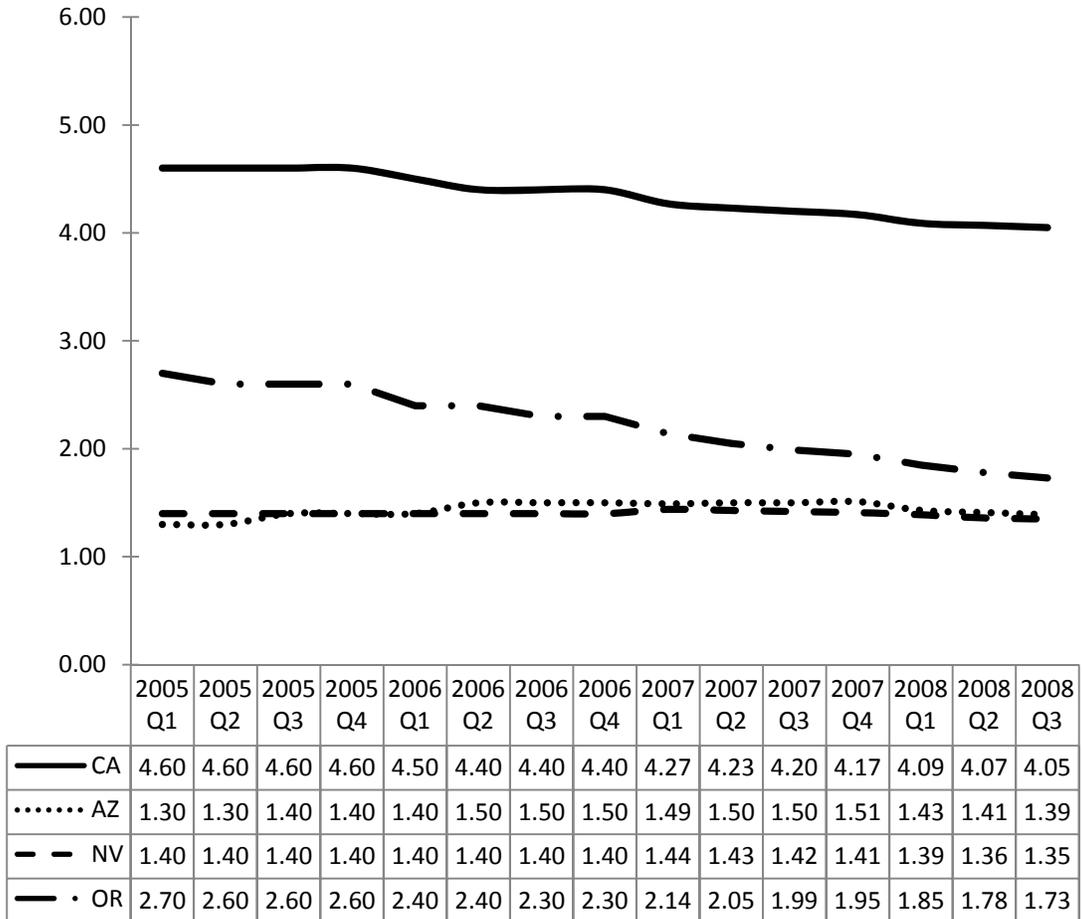
5.6.1. Average Tax Rate Applied to Taxable Wage Base for Employers

Average Tax Rate on Taxable wages - Total employer contributions for a 12- month period divided by the total taxable wages for the same time period. (ES202).

At 4.05% as of Q3 of 2008, California has the third highest average tax rate on taxable wages. Only Michigan's and Pennsylvania's average tax rate is higher at 4.71% and 4.69%, respectively.

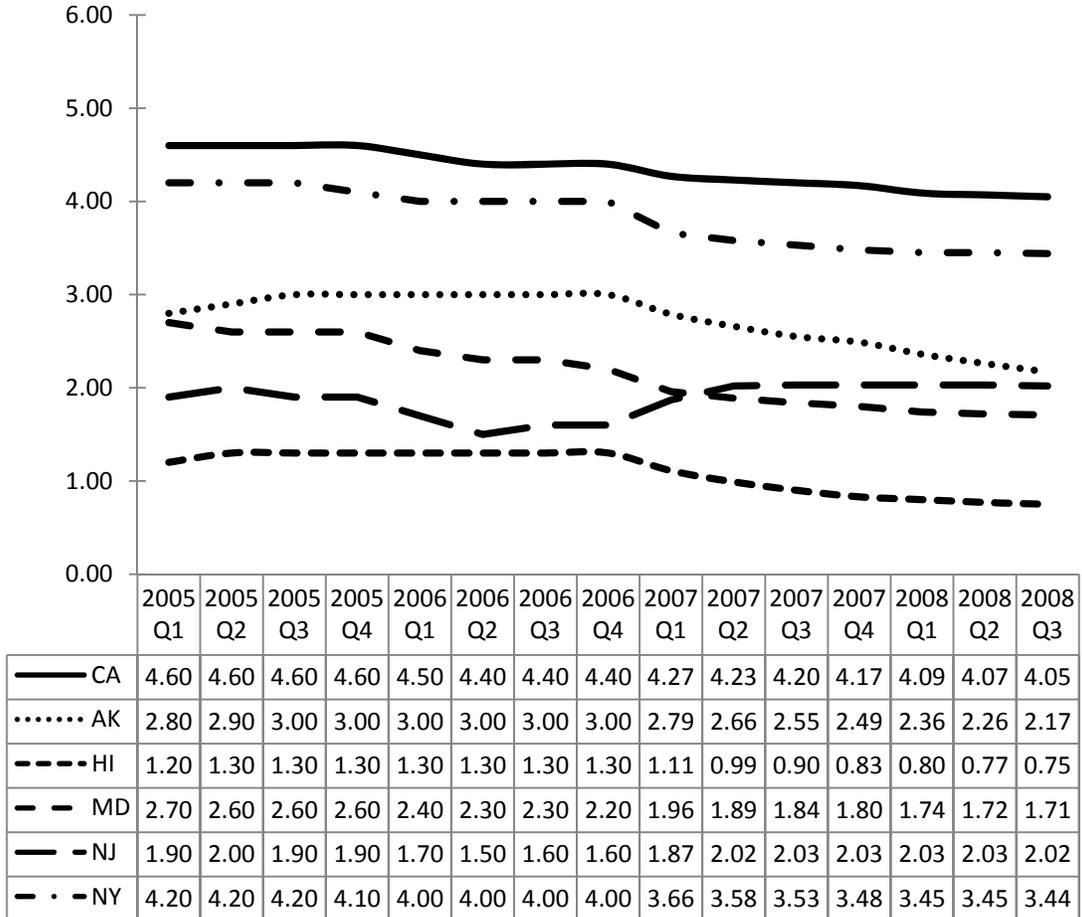
Comparing to the bordering states, California's average tax rate on taxable wages is more than twice as much as Oregon, the highest of the three states.

Average Tax Rate on Taxable Wages (%)
Bordering States



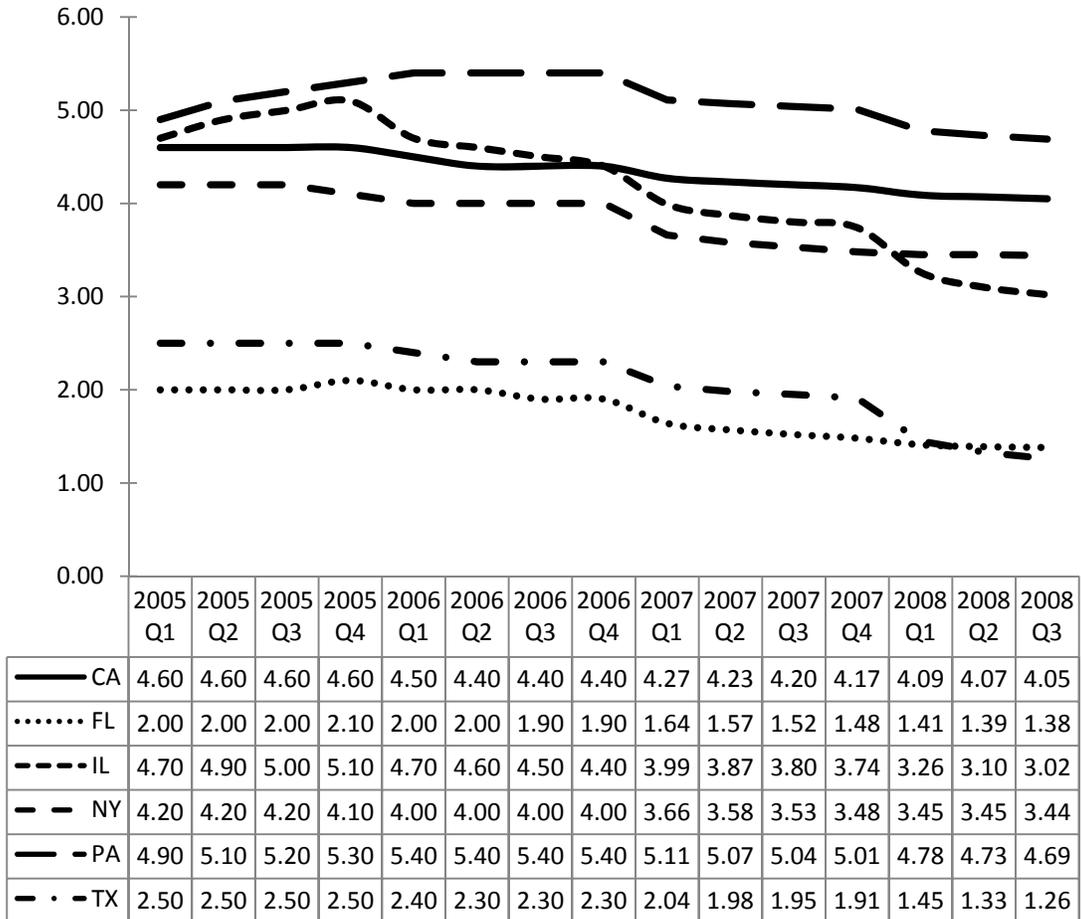
Of the high cost states, California's 4.05% average tax rate on taxable wages for Q3 of 2008 is the highest, followed by New York's rate at 3.44%.

**Average Tax Rate on Taxable Wages (%)
High Cost States**



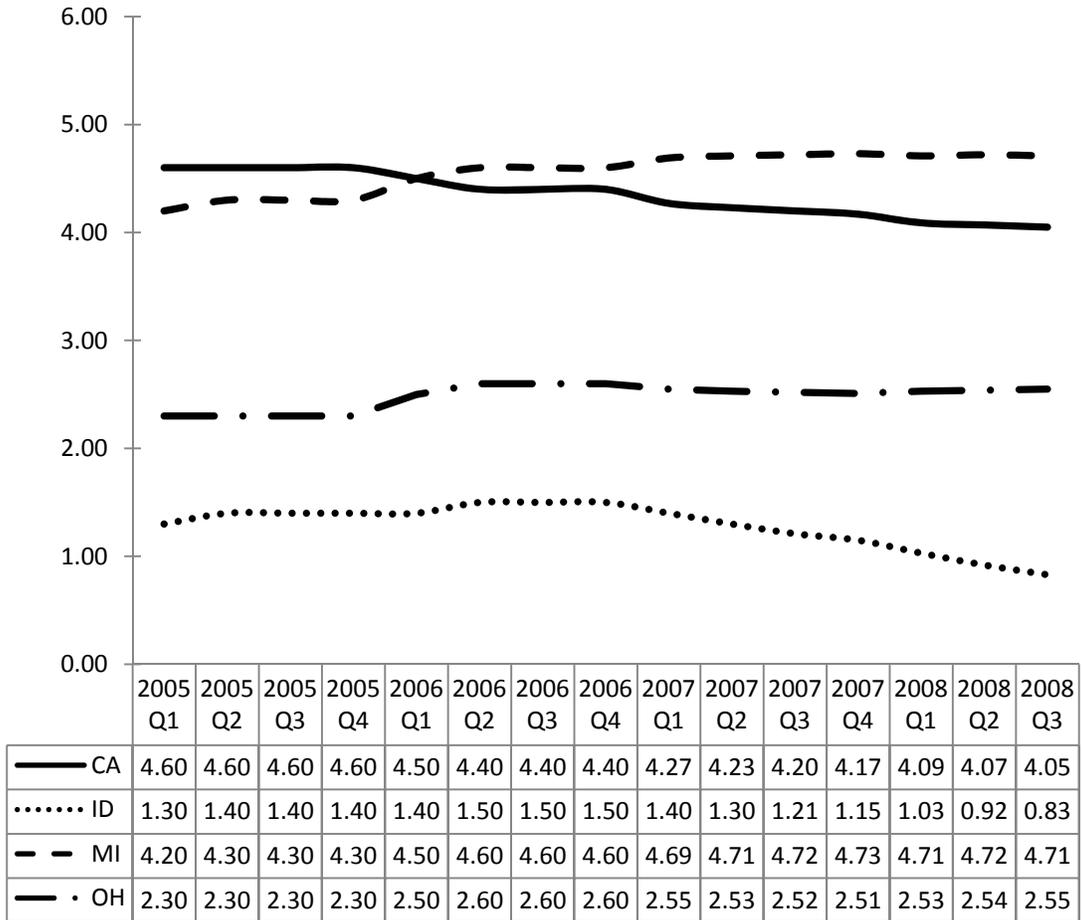
At 4.69%, Pennsylvania's average tax rate on taxable wages is the greatest of the largest states. California tax rate on taxable wages is second highest at 4.05%.

**Average Tax Rate on Taxable Wages (%)
Largest States**



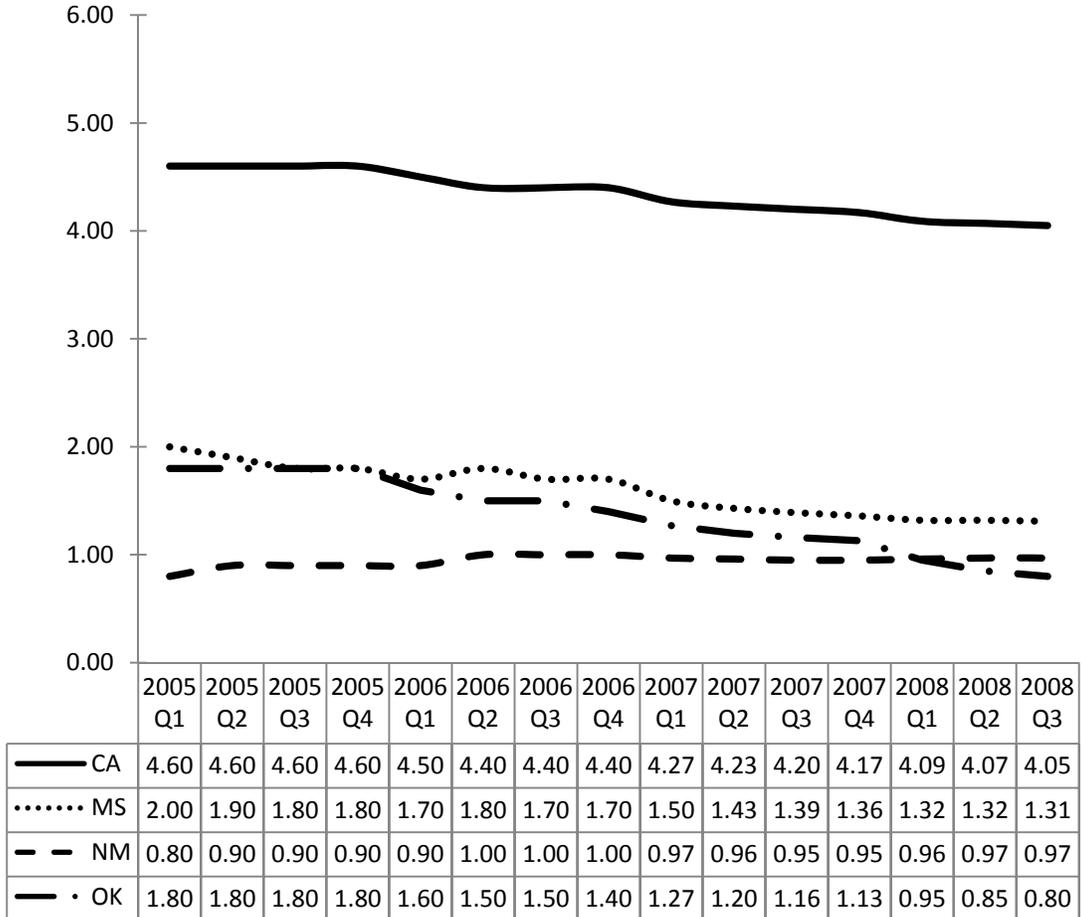
When compared to the least solvent states, only Michigan's tax rate on taxable wages is higher than California's. Ohio's and Idaho's tax rates are considerably lower.

Average Tax Rate on Taxable Wages (%)
Least Solvent States



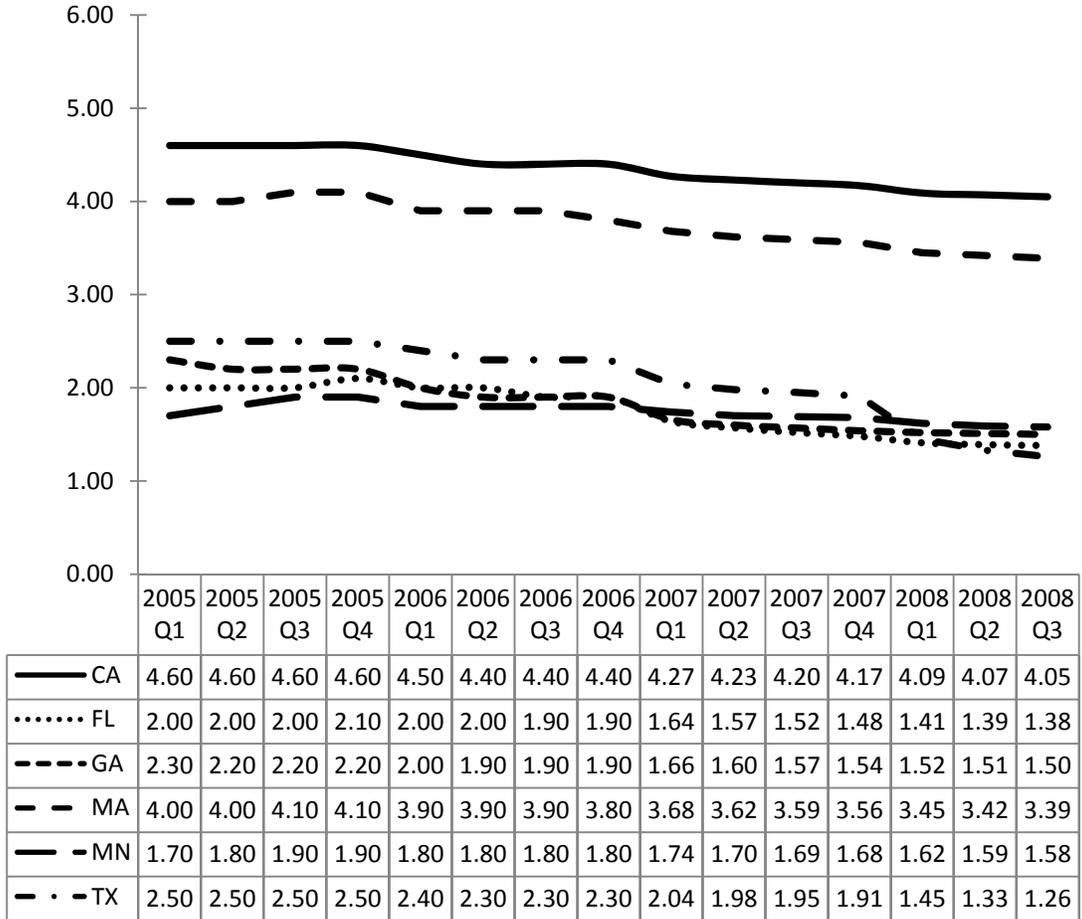
When compared to the most solvent states, California's average tax rate on taxable wages is well above the average of Mississippi, New Mexico, and Oklahoma.

**Average Tax Rate on Taxable Wages (%)
Most Solvent States**



When compared to the median solvent states, California's average tax rate on taxable wages is nearly 20% above Massachusetts, and more than double all others.

**Average Tax Rate on Taxable Wages (%)
Median Solvent States**

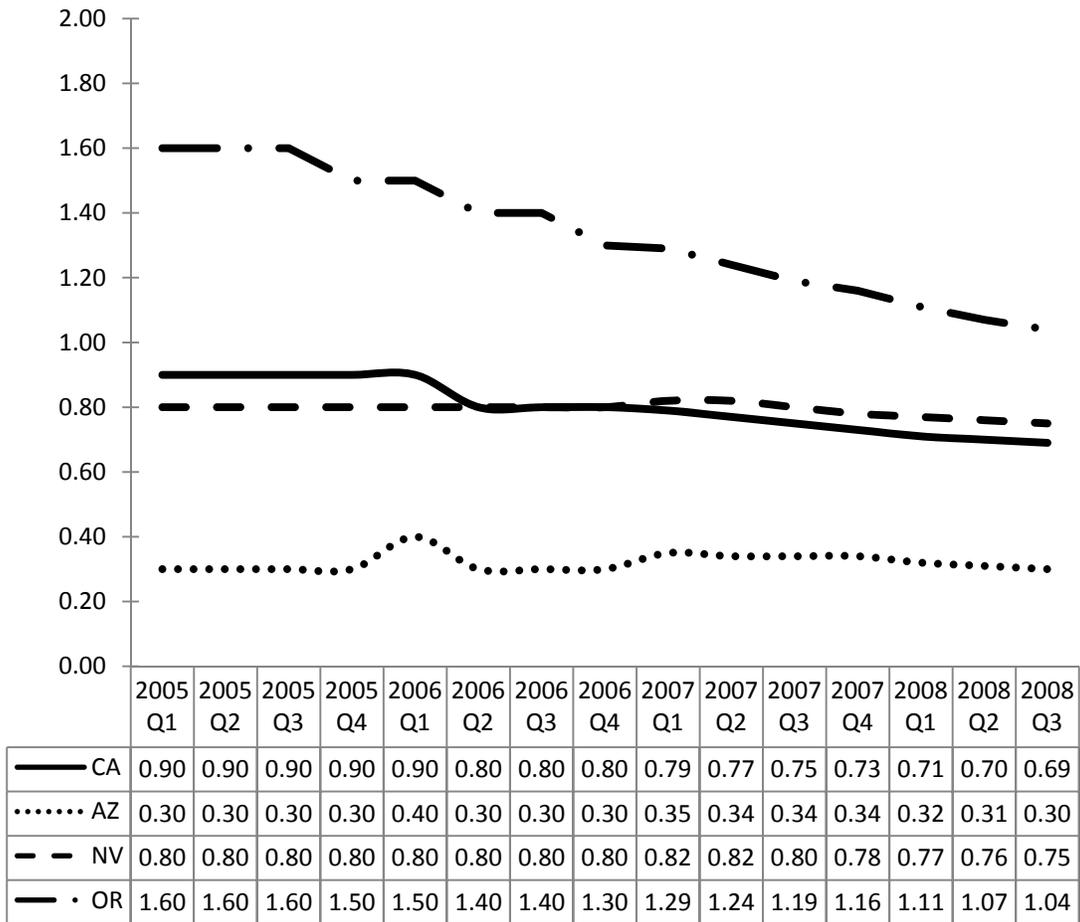


5.6.2. Average Tax Rate as Percentage of Total Wages Paid

Average Tax Rate on Total Wages - Total employer contributions for a 12-month period divided by the total wages paid by taxable employers for the same time period. (ES 202)

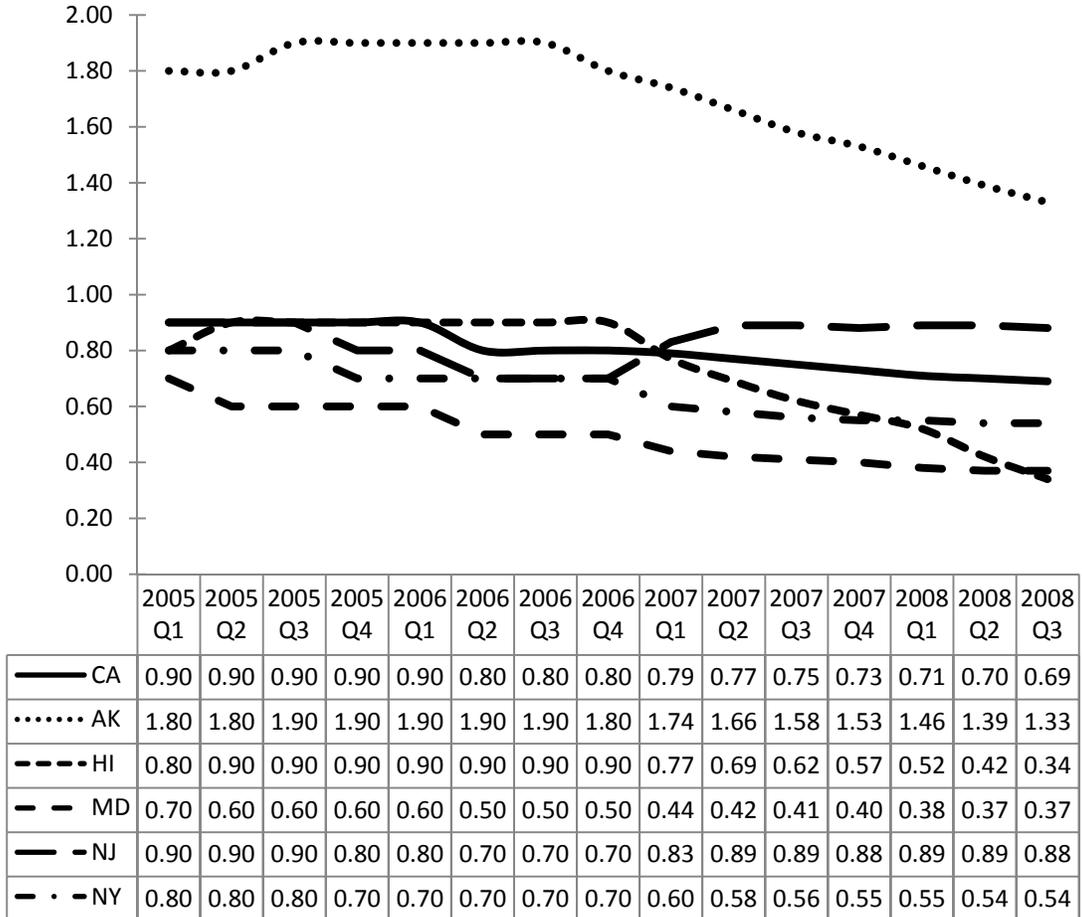
When comparing average tax rate on total wages, California (0.69%), as of Q3 of 2008, is lower than two of the three bordering states. Only Arizona's average tax rate is lower.

**Average Tax Rate on Total Wages (%)
Bordering States**



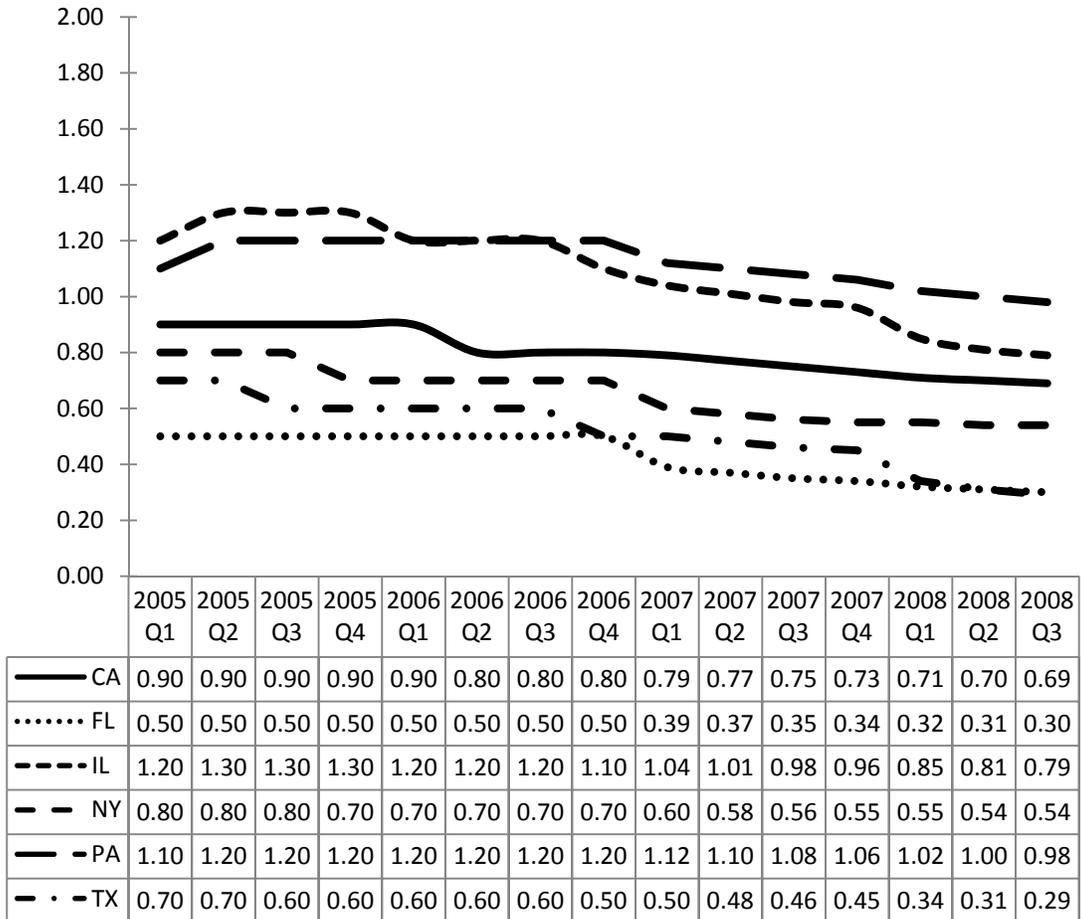
Of the high cost states, California's average tax rate on total wages is exceeded by Alaska and New Jersey.

Average Tax Rate on Total Wages (%)
High Cost States



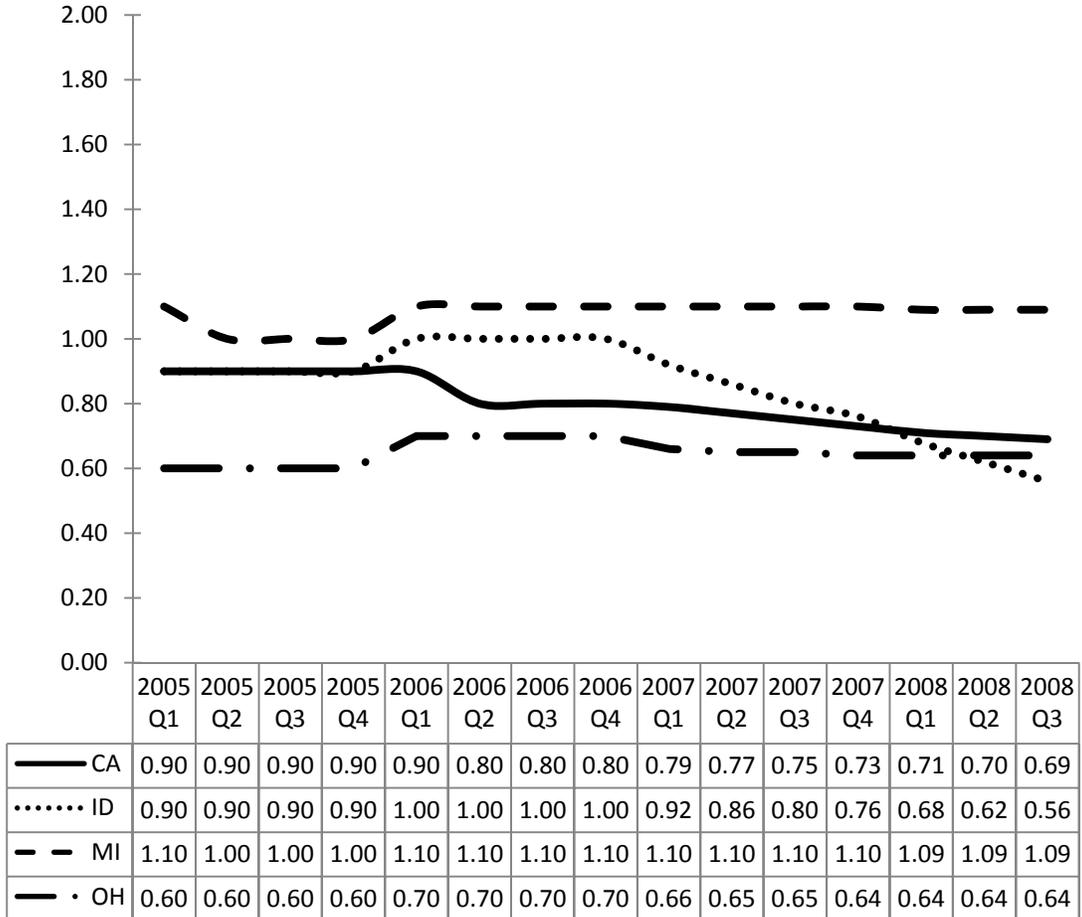
Of the largest states, California's average tax rate on total wages is exceeded by Illinois and Pennsylvania.

Average Tax Rate on Total Wages (%)
Largest States



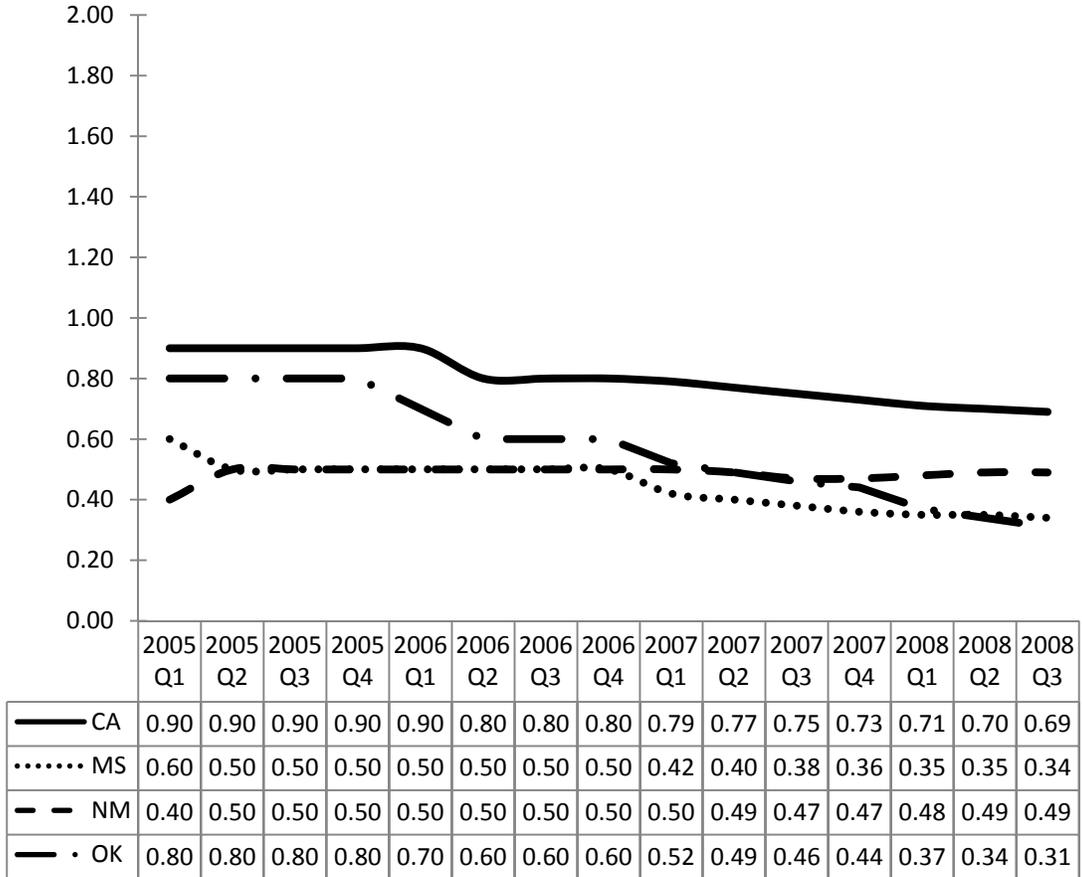
When compared to the least solvent states, California's average tax rate on total wages is exceeded only by Michigan.

**Average Tax Rate on Total Wages (%)
Least Solvent States**



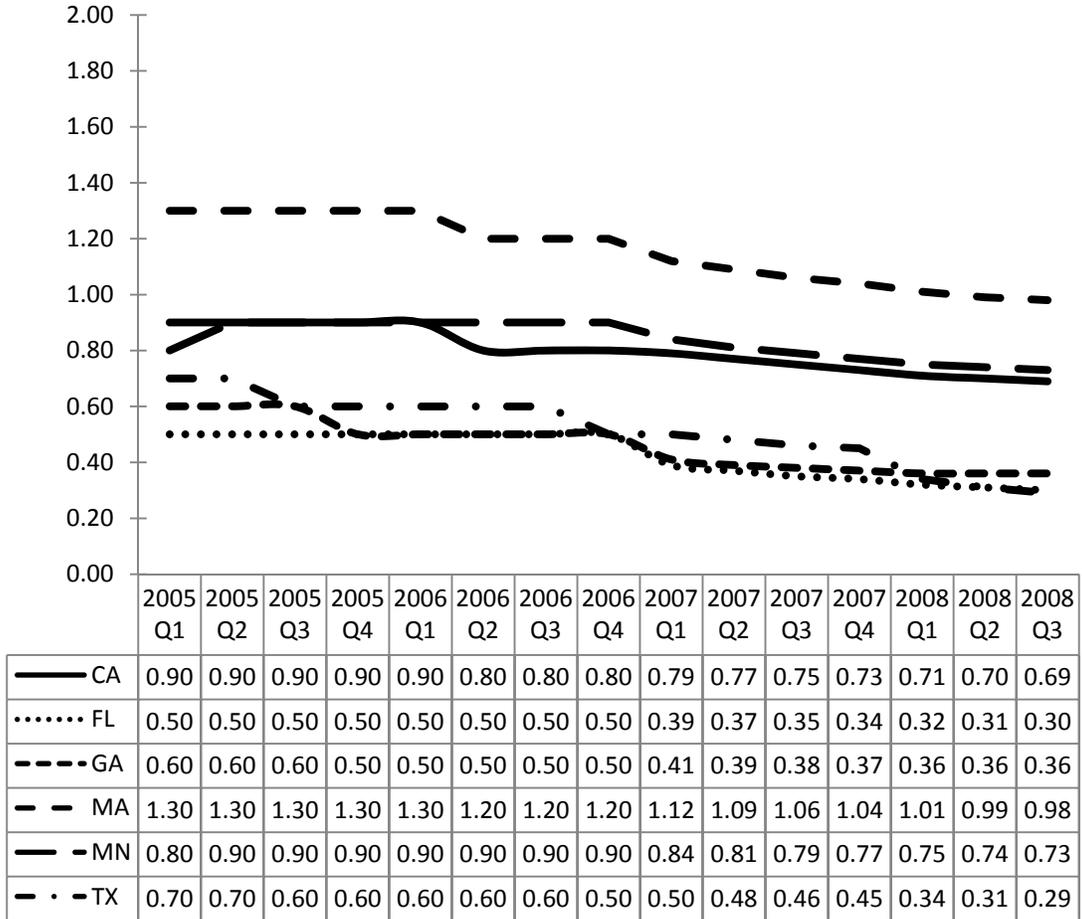
When compared to the most solvent states, California's average tax rate on total wages is greater than all.

**Average Tax Rate on Total Wages (%)
Most Solvent States**



When compared to the median solvent states, California's average tax rate on total wages is exceeded by Massachusetts and Minnesota.

**Average Tax Rate on Total Wages (%)
Median Solvent States**

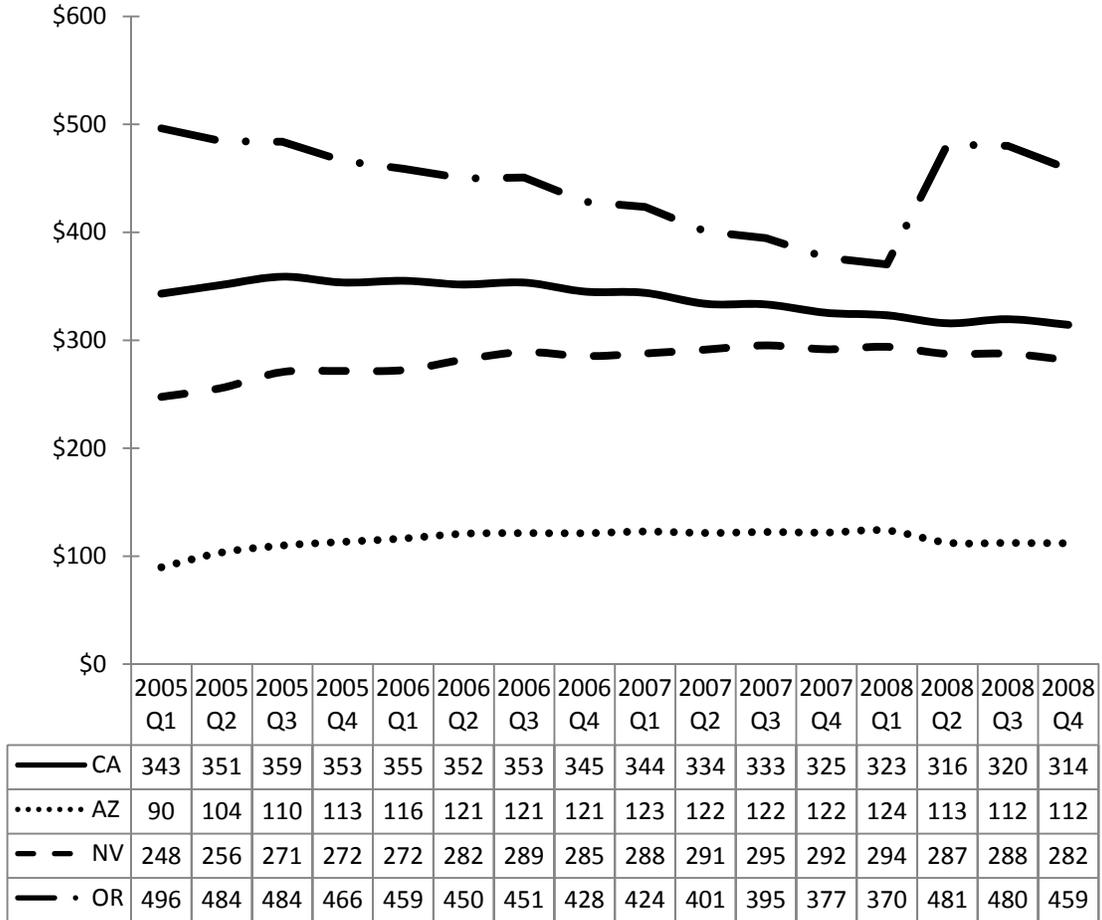


5.6.3. Average Estimated Tax Contributions per Covered Employee

Average estimated tax contribution per covered employee - Revenues (000), from the prior 12 months, divided by Covered Employment.

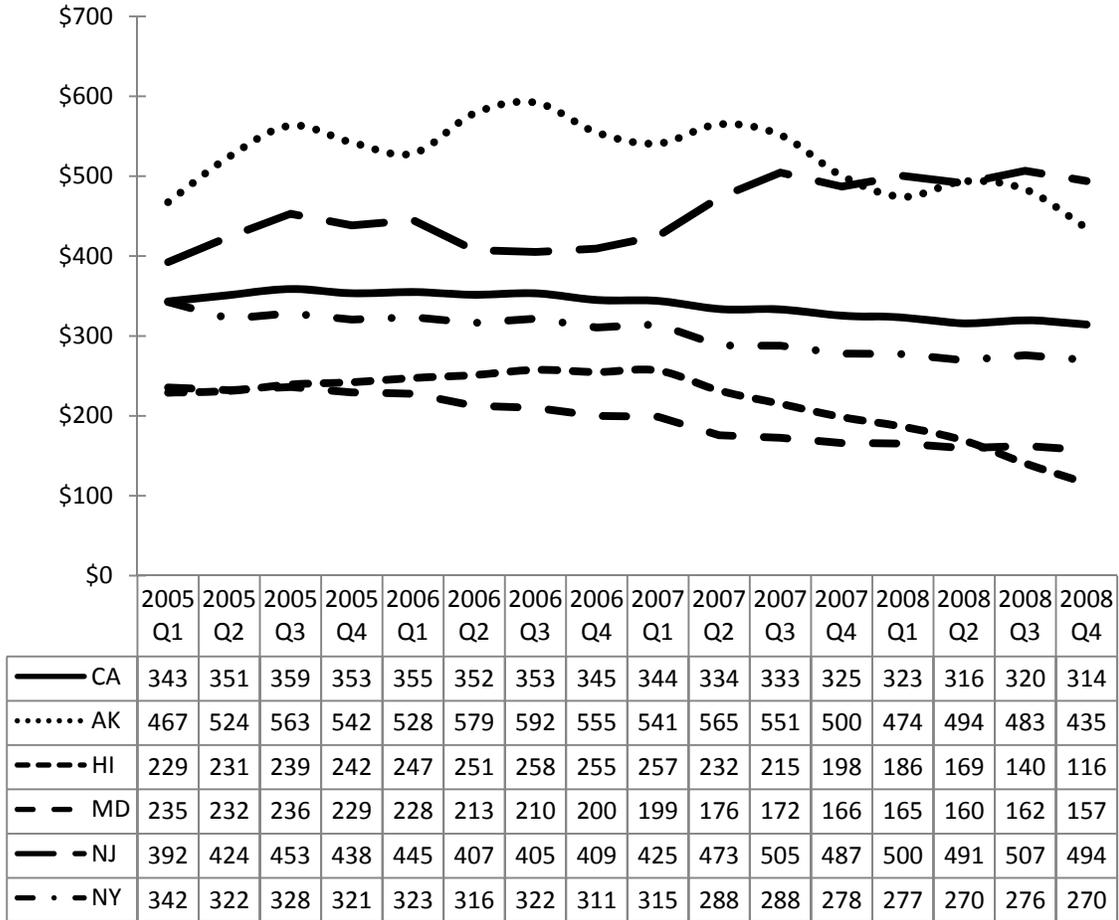
California's average estimated tax contribution per covered employee is above those of Arizona and Nevada but below that of Oregon.

**Average Estimated Tax Contribution per Covered Employee
Bordering States**



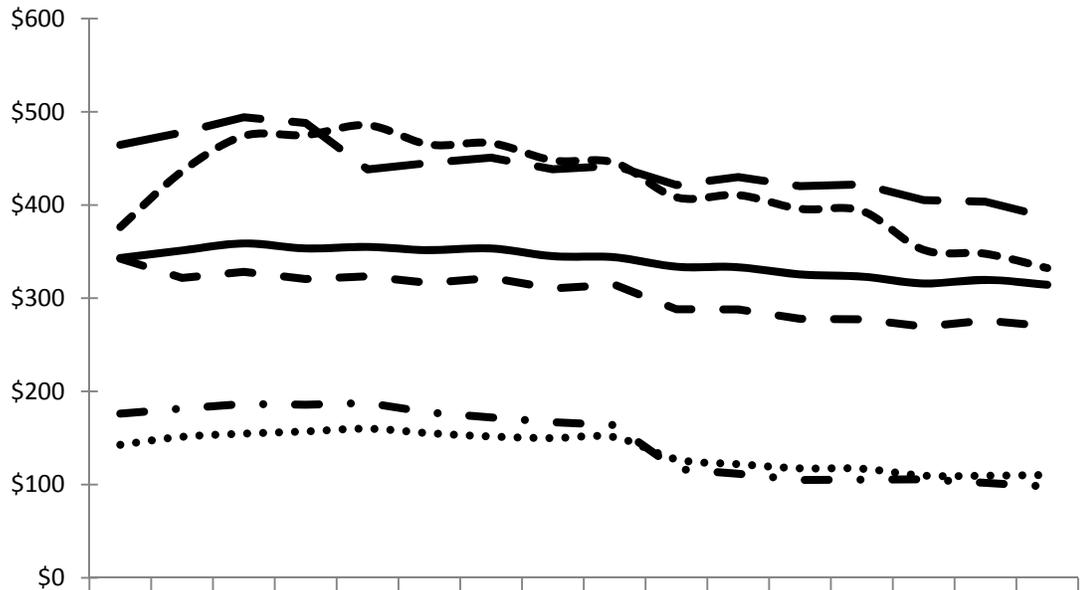
When compared to the high cost states, the average estimated tax contribution per employee for California was exceeded by Alaska and New Jersey. Hawaii and Maryland are substantially lower than the other states shown.

**Average Estimated Tax Contribution per Covered Employee
High Cost States**



In the following graph, you will see that California's average estimated tax contribution per covered employee is higher than those of Florida, Texas and New York but lower than those of Illinois and Pennsylvania.

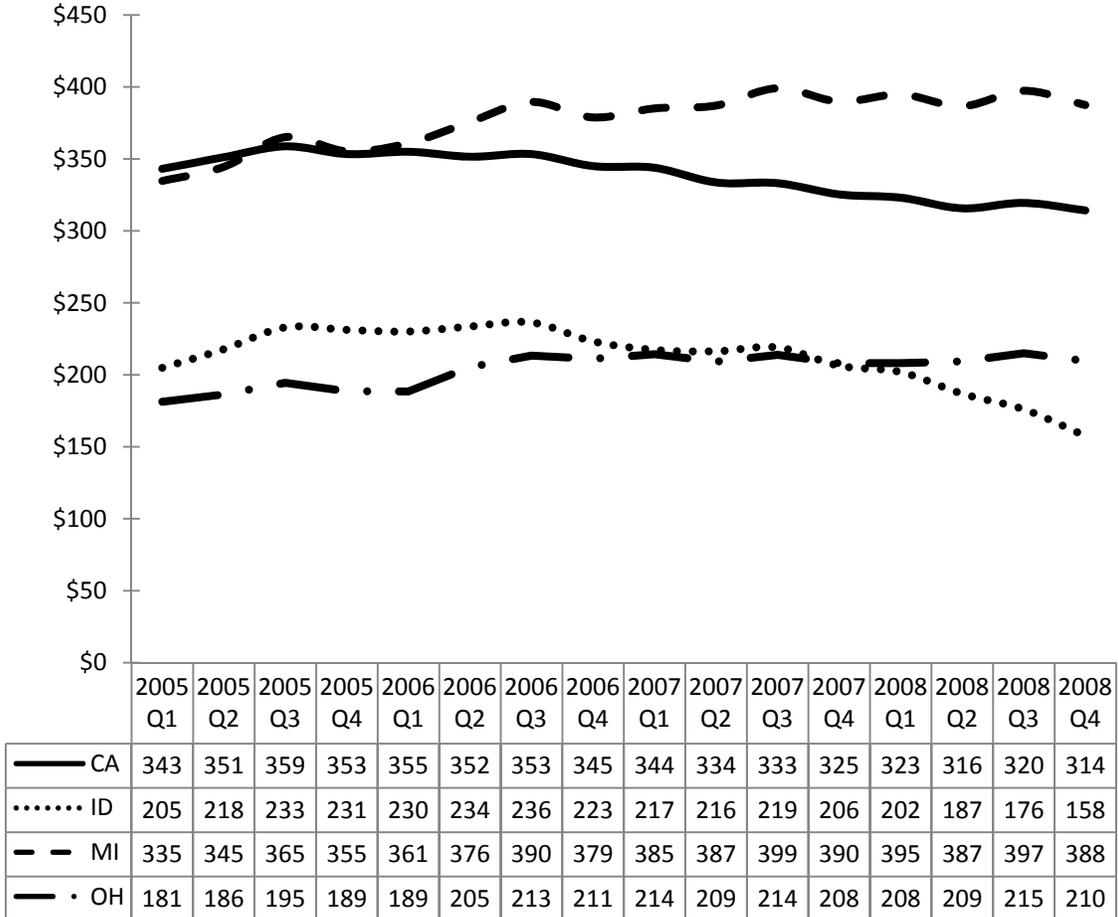
**Average Estimated Tax Contribution per Covered Employee
Largest States**



	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4
— CA	343	351	359	353	355	352	353	345	344	334	333	325	323	316	320	314
..... FL	143	151	155	157	160	155	151	150	151	127	122	117	117	110	109	110
- · - IL	376	436	474	475	486	465	466	448	445	408	411	396	394	352	348	332
- - NY	342	322	328	321	323	316	322	311	315	288	288	278	277	270	276	270
— - PA	464	478	494	488	438	445	451	438	442	421	430	420	422	405	403	387
- · - TX	176	182	187	186	188	177	172	167	164	117	112	105	105	106	102	98

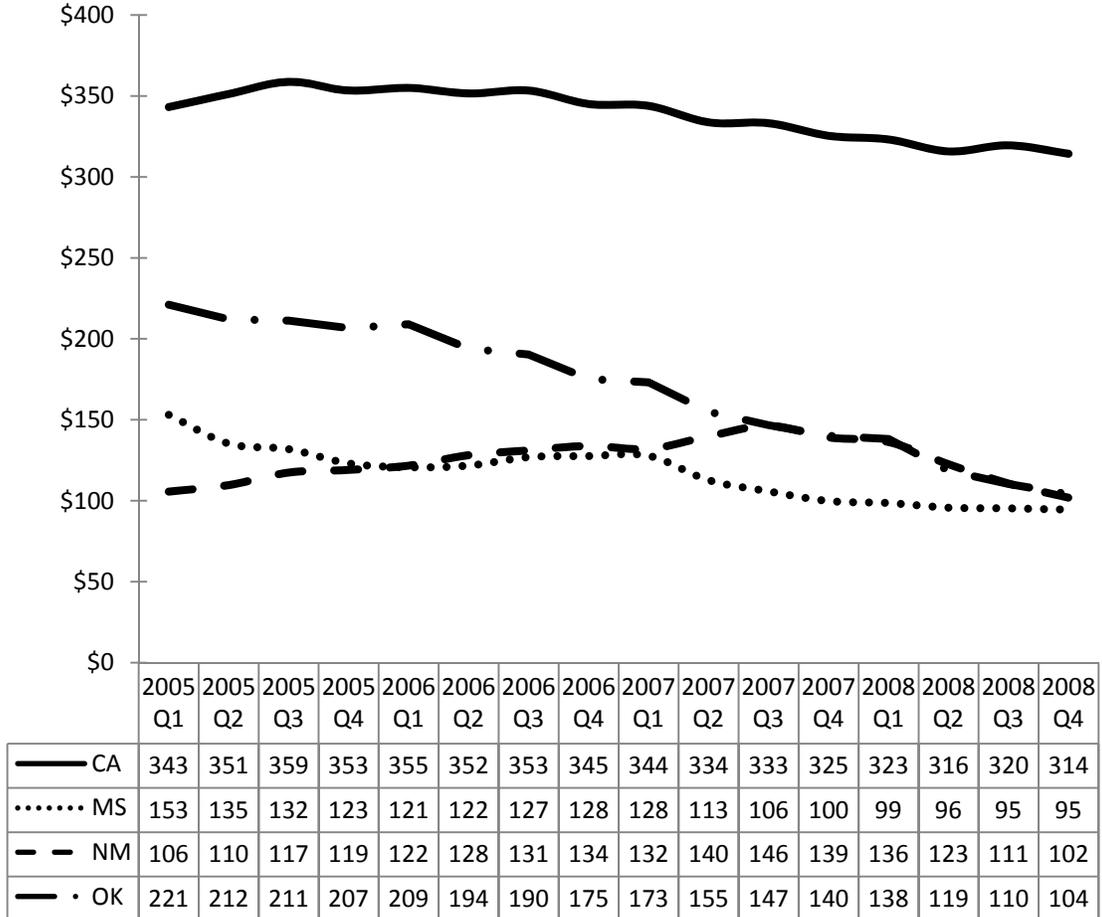
When compared to the least solvent states, California's average estimated tax contribution per covered employee is exceeded by those for Ohio and Idaho.

**Average Estimated Tax Contribution per Covered Employee
Least Solvent States**



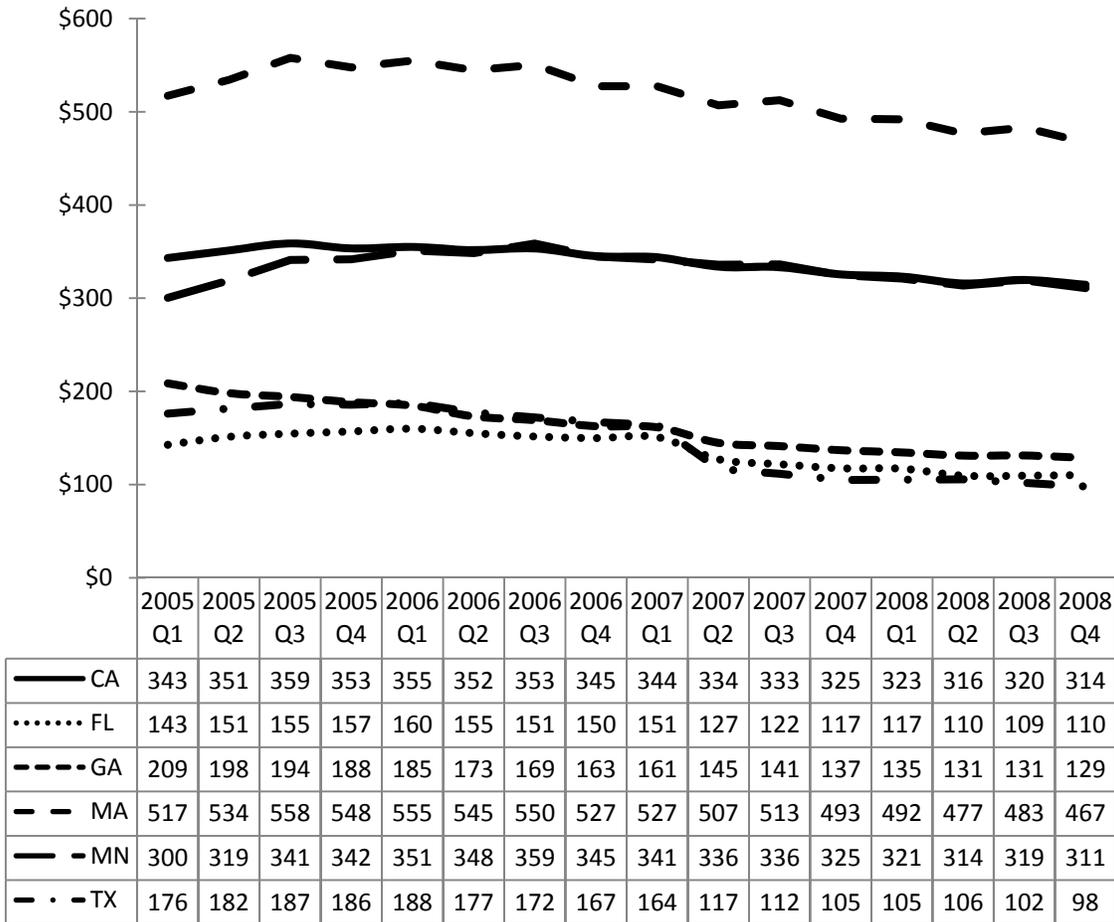
When compared to the most solvent states, California's average estimated tax contribution per covered employee is the highest.

**Average Estimated Tax Contribution per Covered Employee
Most Solvent States**



When compared to the median solvent states, California's average estimated tax contribution per covered employee is similar to that of Minnesota. Only Massachusetts has a higher contribution and other states are lower.

**Average Estimated Tax Contribution per Covered Employee
Median Solvent States**



5.6.4. Minimum and Maximum Tax Contributions per Covered Employee

The table below summarizes the minimum and maximum tax contributions per covered employee under the most and least favorable schedules. Of the states shown, California's maximum contributions are among the lowest.

State	Most Favorable Schedule		Least Favorable Schedule	
	Minimum	Maximum	Minimum	Maximum
CA	\$7.00	\$378.00	\$105.00	\$434.00
Border-AZ	\$1.40	\$378.00	\$7.00	>\$378.00
Border-NV	\$66.50	\$1,436.40	\$66.50	\$1,436.40
Border-OR	\$156.50	\$1,690.20	\$688.60	\$1,690.20
High Cost-AK	Not Specified	>\$1,765.80	Not Specified	>\$1,765.80
High Cost-HI	\$0.00	\$702.00	\$312.00	\$702.00
High Cost-MD	\$25.50	\$637.50	\$187.00	\$1,147.50
High Cost-NJ	\$52.02	\$1,560.60	\$341.02	\$2,225.30
High Cost-NY	\$0.00	\$501.50	\$76.50	\$756.50
Largest-FL	\$7.00	\$378.00	\$7.00	\$378.00
Largest-IL	\$24.60	\$787.20	\$36.90	\$1,180.80
Largest-NY	\$0.00	\$501.50	\$76.50	\$756.50
Largest-PA	\$24.00	\$616.00	\$24.00	\$616.00
Largest-TX	\$0.00	\$540.00	\$0.00	\$540.00
Least Solvent-ID	\$59.76	\$1,792.80	\$318.72	\$2,257.60
Least Solvent-MI	\$5.40	\$927.00	\$5.40	\$927.00
Least Solvent-OH	\$0.00	\$567.00	\$27.00	\$810.00
Median Solvent-FL	\$7.00	\$378.00	\$7.00	\$378.00
Median Solvent-GA	\$0.85	\$459.00	\$2.55	\$619.65
Median Solvent-MA	\$112.00	\$1,092.00	\$221.20	\$2,156.00
Median Solvent-MN	\$26.00	\$2,340.00	\$104.00	\$2,418.00
Median Solvent-TX	\$0.00	\$540.00	\$0.00	\$540.00
Most Solvent-MS	\$7.00	\$378.00	\$7.00	\$378.00
Most Solvent-NM	\$6.27	\$1,128.60	\$564.30	\$1,128.60
Most Solvent-OK	\$28.40	\$781.00	\$71.00	\$781.00

5.6.5. Amount and Percentage of Benefits Socialized and Charged to Employers

The data for this section is not yet available.

States	Socialized
CA	
Border-AZ	
Border-NV	
Border-OR	
High Cost-CT	
High Cost-MA	
High Cost-MD	
High Cost-NJ	
High Cost-NY	
Largest-FL	
Largest-IL	
Largest-NY	
Largest-PA	
Largest-TX	
Least Solvent-ID	
Least Solvent-MI	
Least Solvent-OH	
Median Solvent-FL	
Median Solvent-GA	
Median Solvent-MA	
Median Solvent-MN	
Median Solvent-TX	
Most Solvent-MS	
Most Solvent-NM	
Most Solvent-OK	

5.6.6. Amount and Percentage of Negative Reserve Benefits Charged Proportionately to Employers

The data for this section is not yet available.

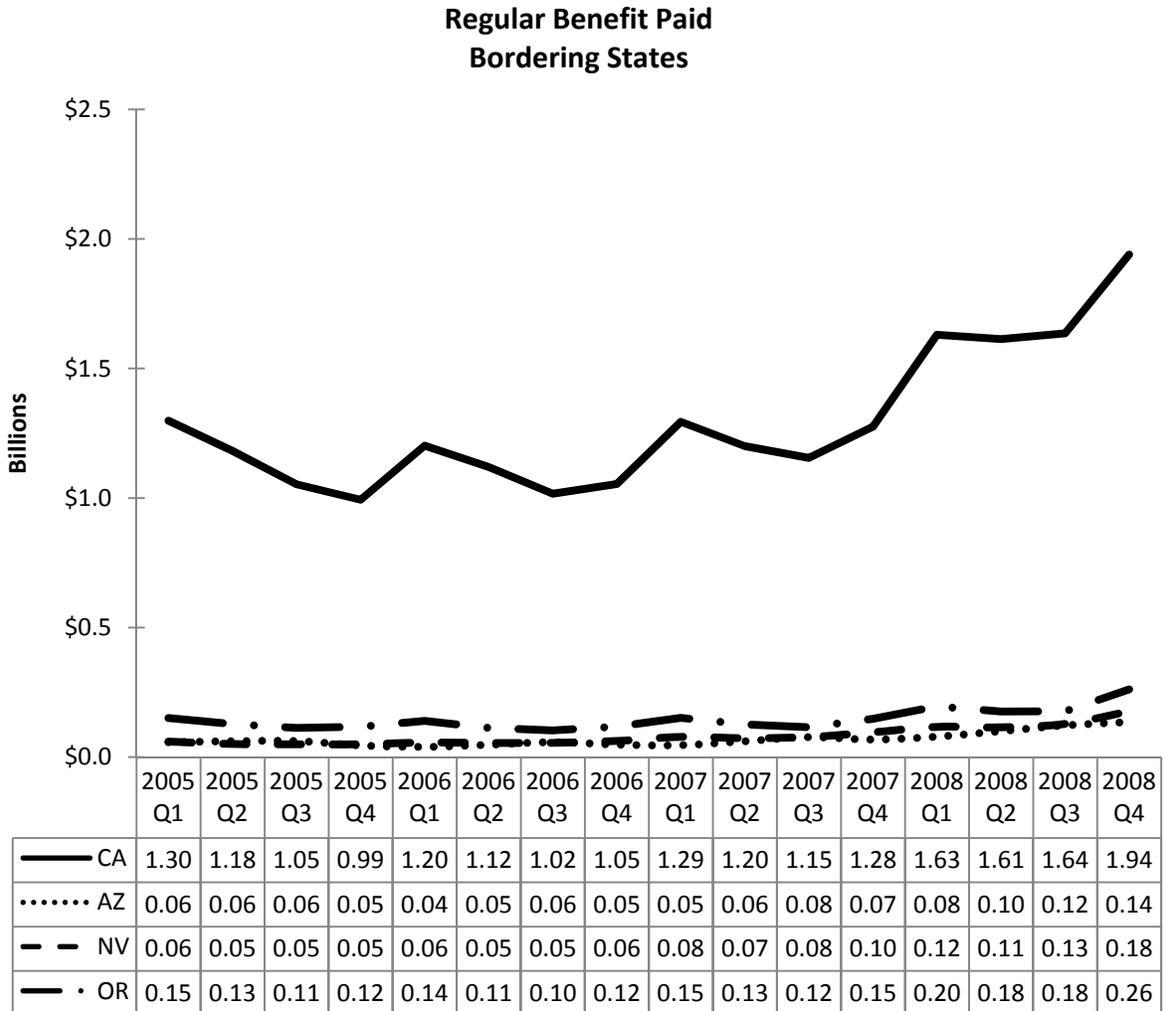
States	Negative Reserve Benefit
CA	
Border-AZ	
Border-NV	
Border-OR	
High Cost-CT	
High Cost-MA	
High Cost-MD	
High Cost-NJ	
High Cost-NY	
Largest-FL	
Largest-IL	
Largest-NY	
Largest-PA	
Largest-TX	
Least Solvent-ID	
Least Solvent-MI	
Least Solvent-OH	
Median Solvent-FL	
Median Solvent-GA	
Median Solvent-MA	
Median Solvent-MN	
Median Solvent-TX	
Most Solvent-MS	
Most Solvent-NM	
Most Solvent-OK	

5.7. UI Benefits Paid for Calendar Years 2005-2008

5.7.1. Total Paid in Regular UI Benefits Funded by the States' Trust Funds

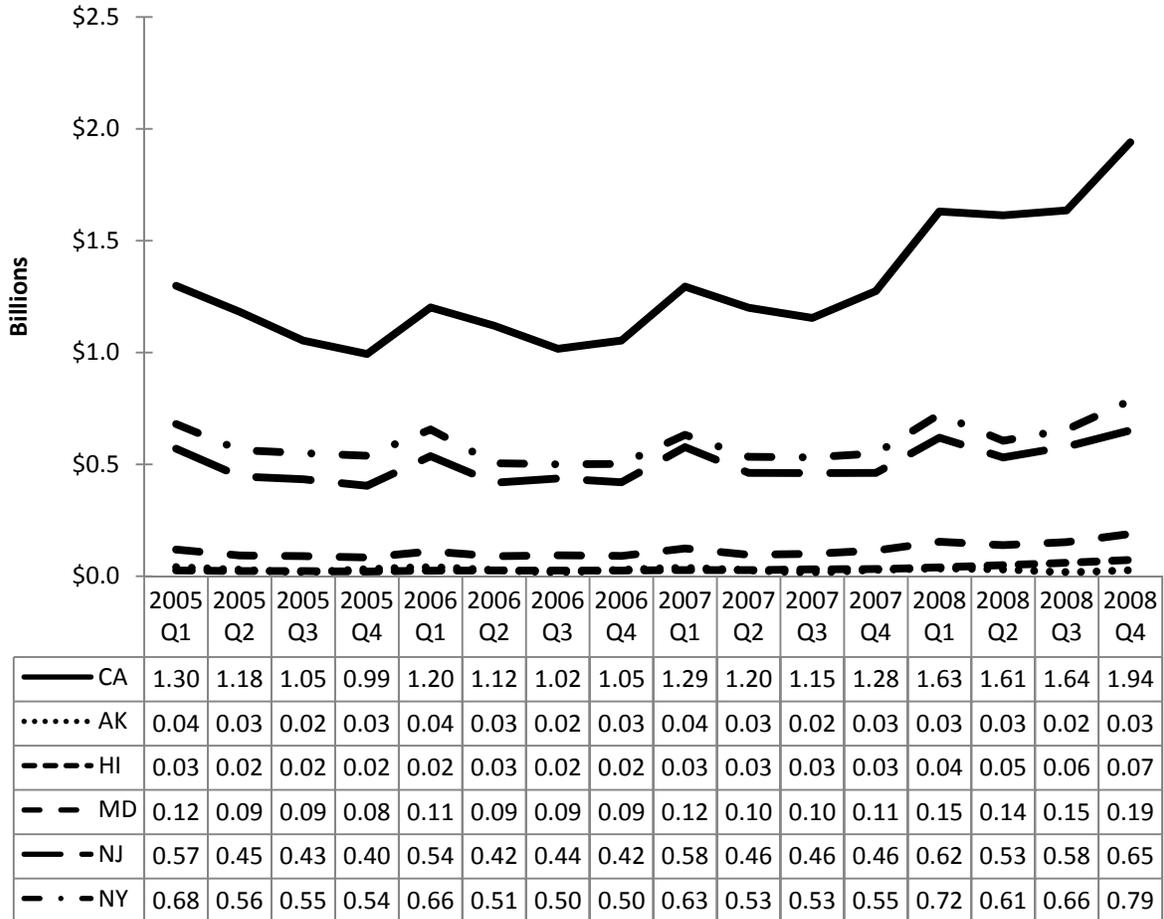
Regular Benefit Paid - The Unemployment benefits paid (excluding extended benefits) to individuals under a state program, usually the first 26 weeks of benefits, for all weeks compensated including partial payments. (ETA 5159)

California's average regular benefit paid is considerably higher than those of the bordering states.



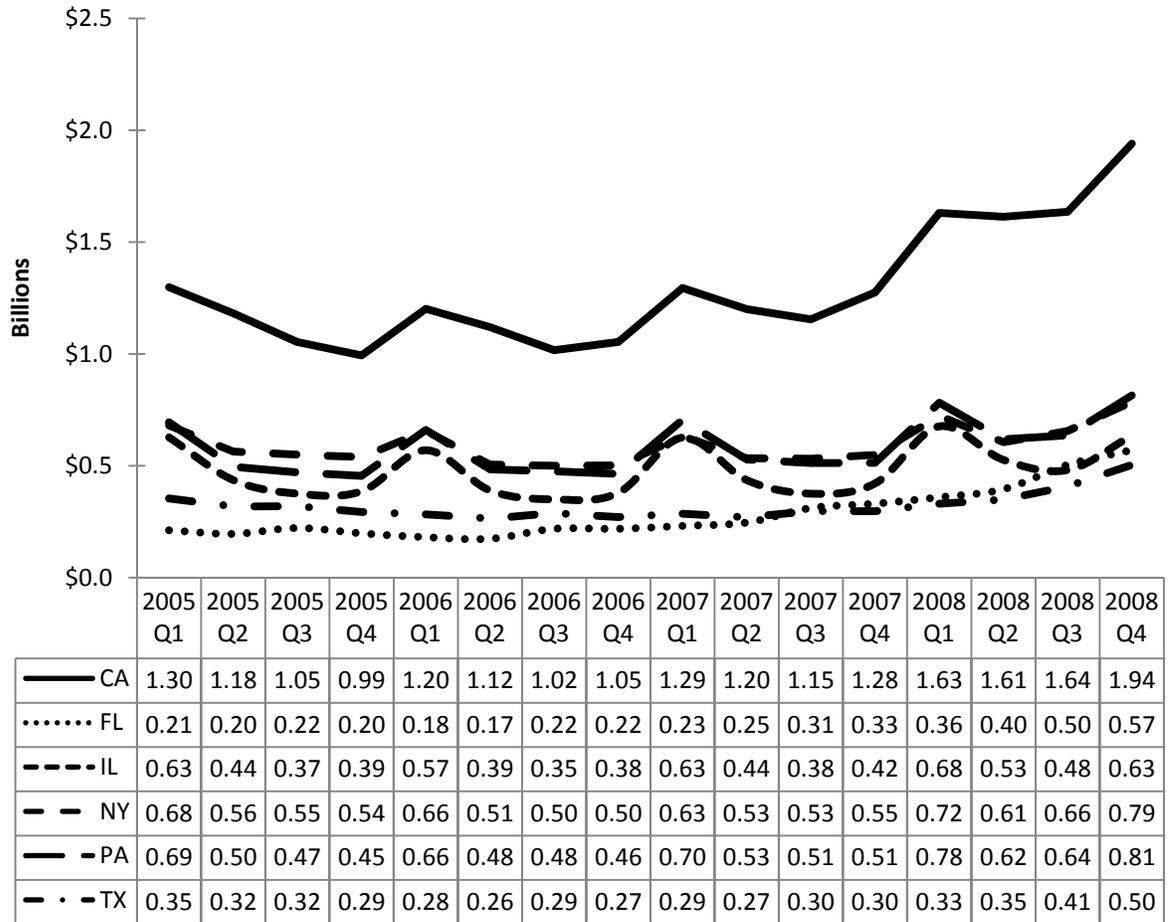
Compared to the other high cost states, California's average regular benefit paid is considerably higher; over twice that of the New York, the second highest state.

**Regular Benefit Paid
High Cost States**



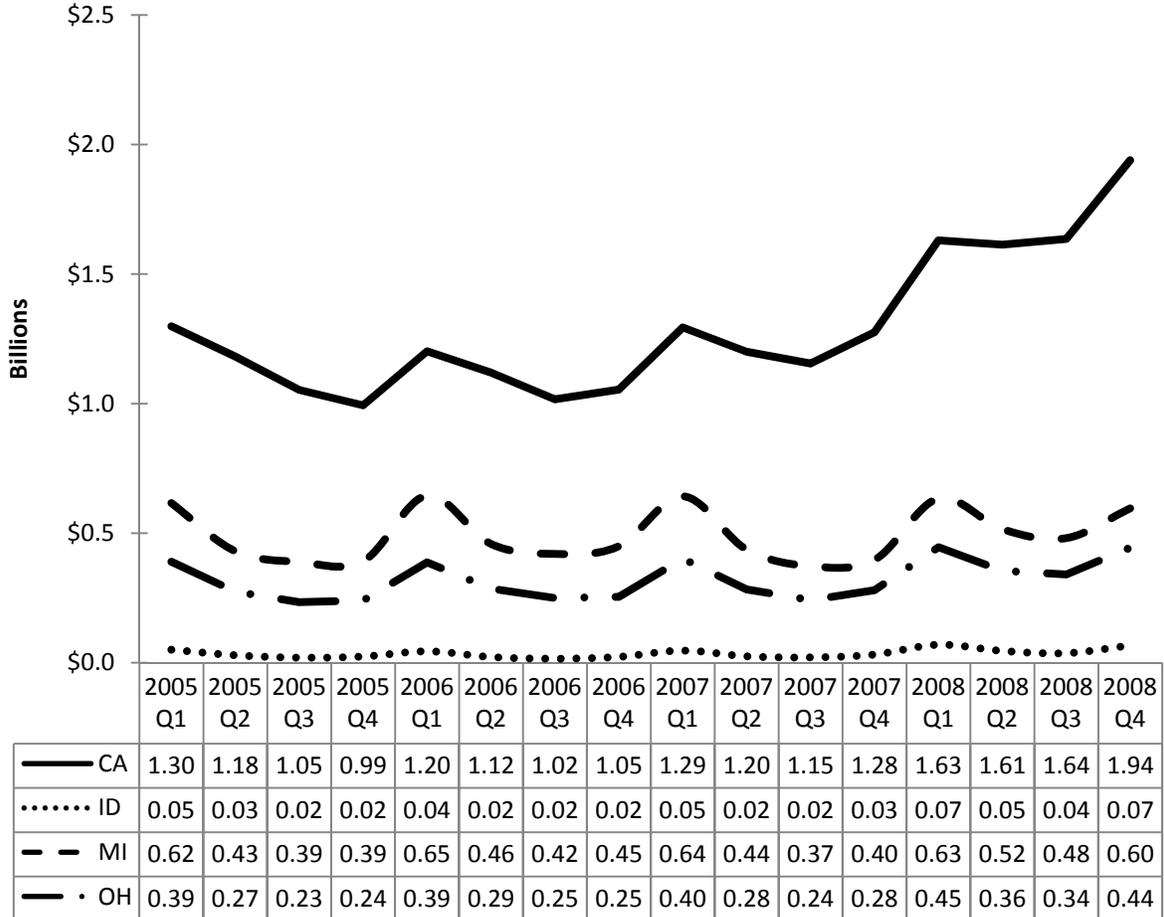
California's regular benefit paid is also highest when compared to the largest states.

**Regular Benefit Paid
Largest States**



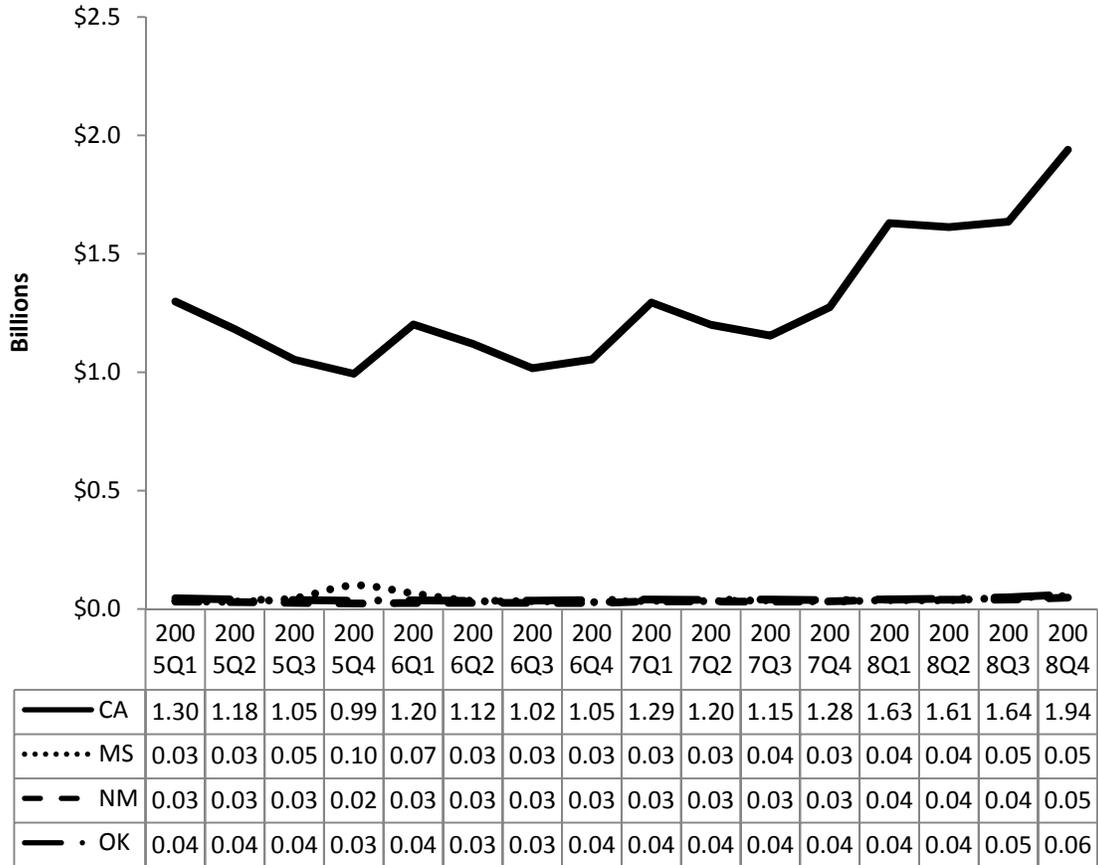
Compared to the least solvent states, California's regular benefit paid is considerably higher.

**Regular Benefit Paid
Least Solvent States**



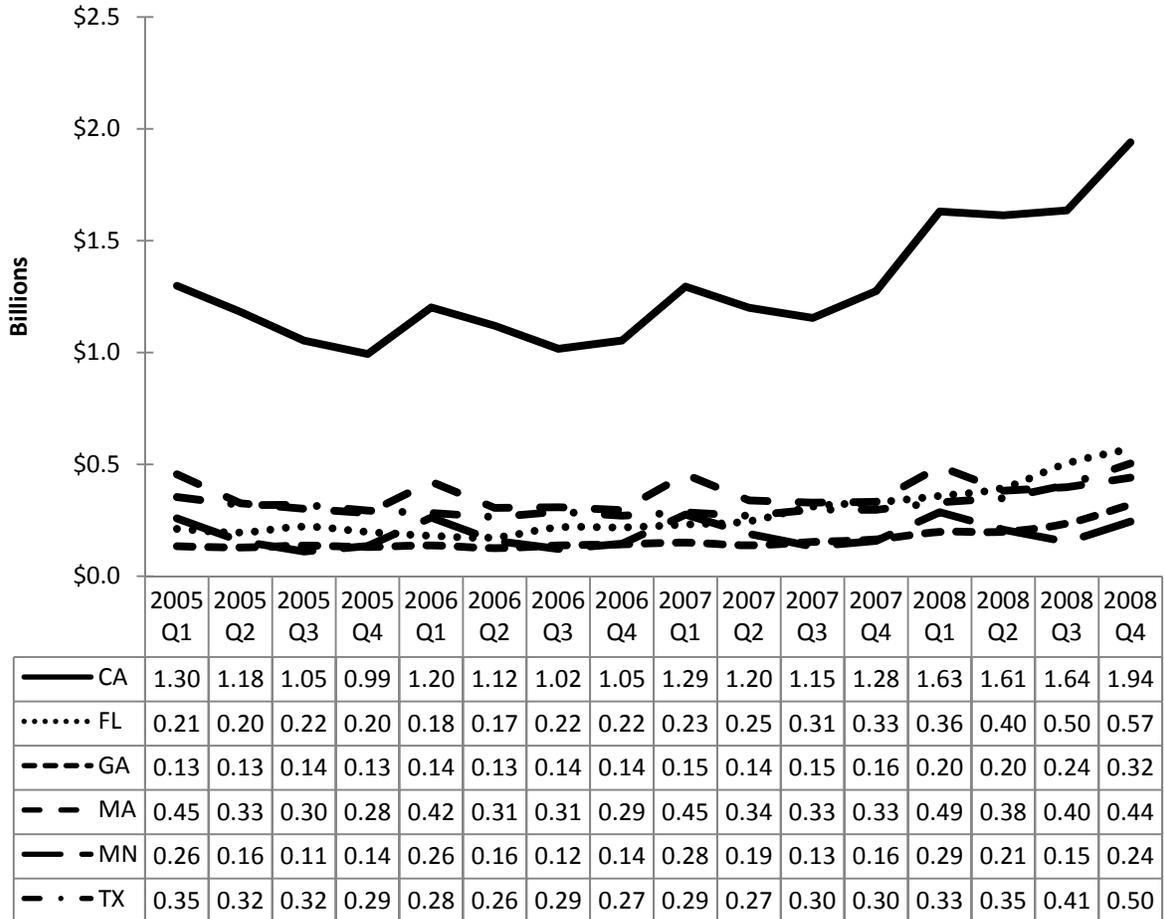
Compared to the most solvent states, California's regular benefit paid is considerably higher.

**Regular Benefit Paid
Most Solvent States**



As shown in the following graph, California's regular benefit paid is nearly four times higher than that of Florida, the second highest of the median states.

**Regular Benefit Paid
Median Solvent States**

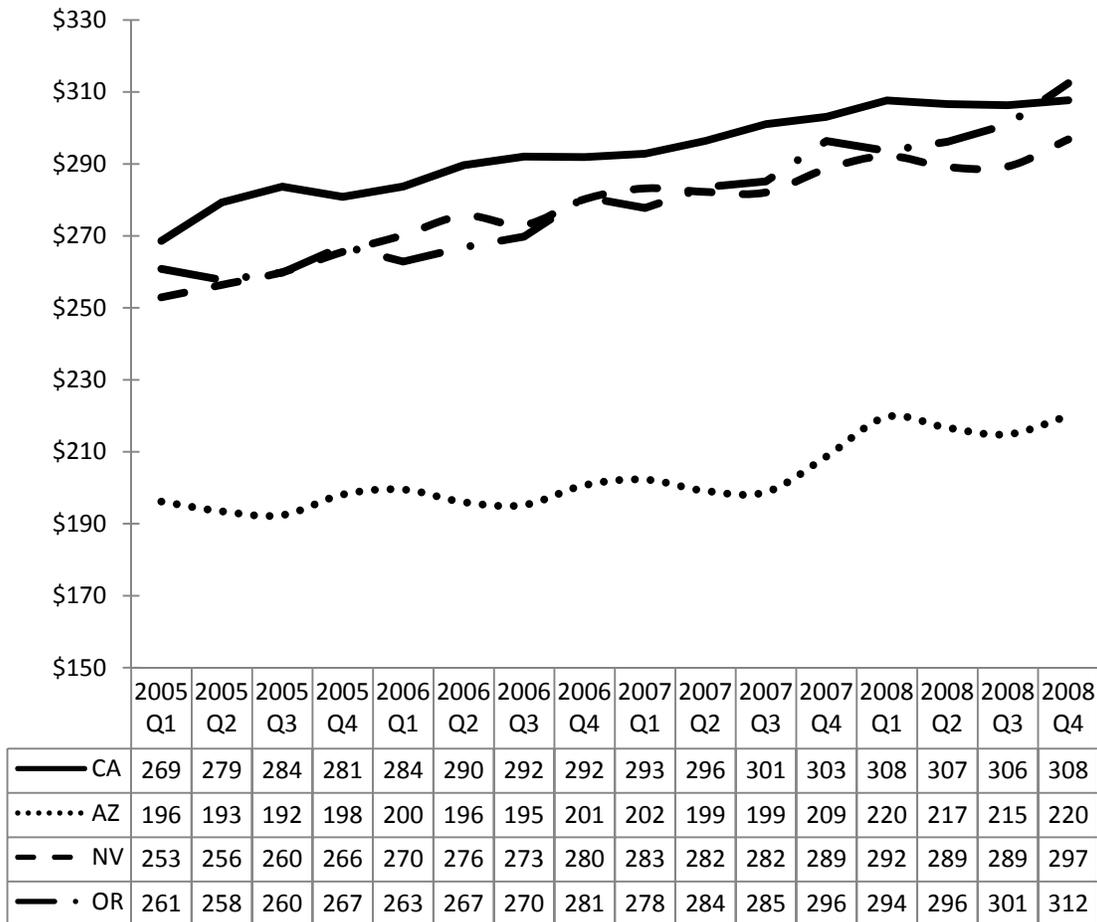


5.7.2. Average Weekly Benefit Amount Paid by the States' Trust Funds

Average Weekly Benefit Amount (AWBA) – Benefits paid for total unemployment divided by weeks compensated for total unemployment. (ETA 5159)

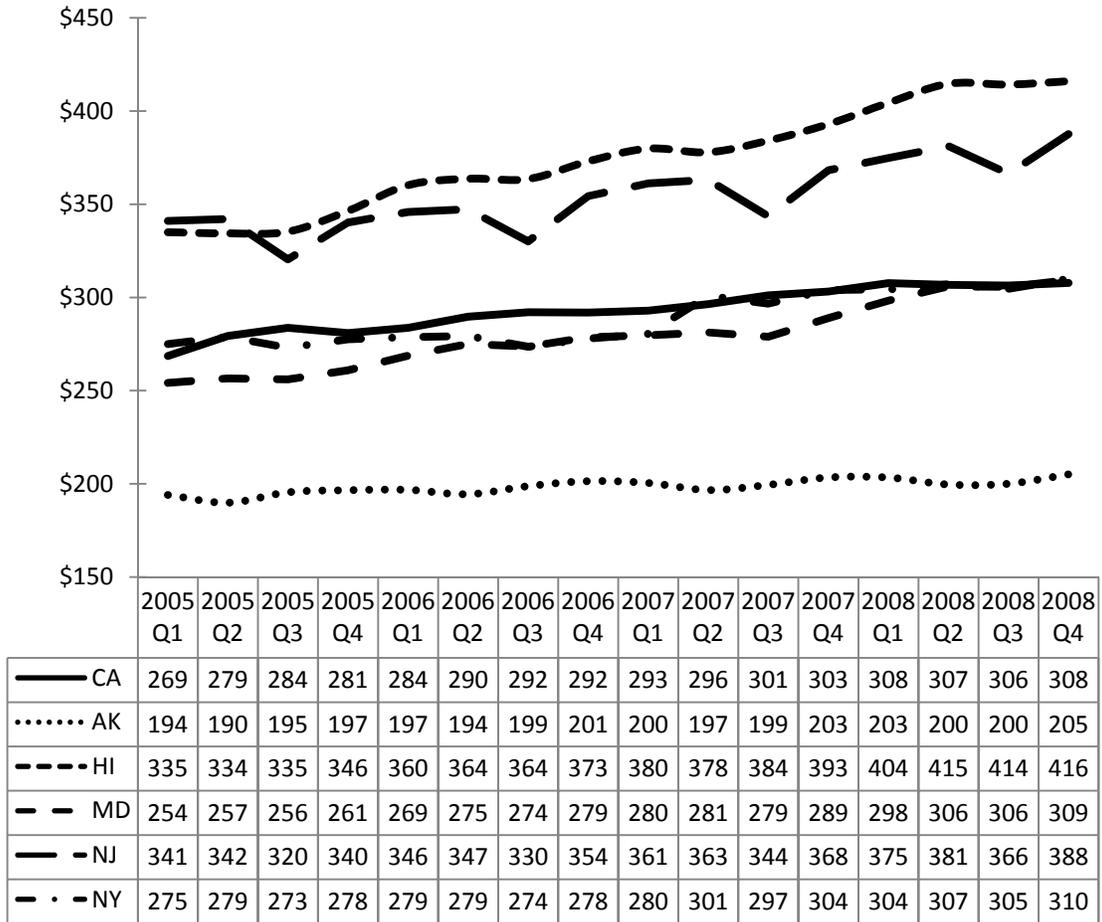
California's average weekly benefit amount is second only to Oregon when compared to the bordering states. Arizona is considerably lower than the other three states in this comparison.

**Average Weekly Benefit Amount
Bordering States**



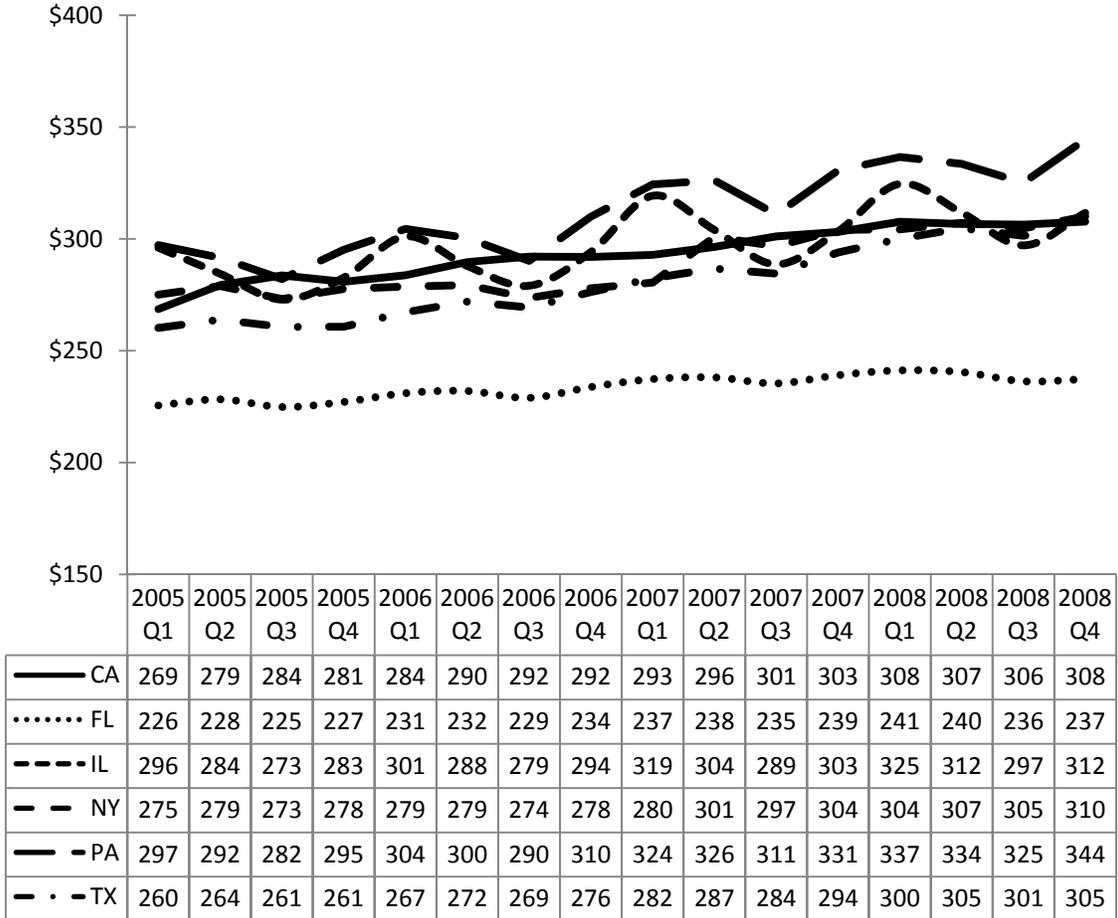
Of the high cost states, only Alaska has a lower average weekly benefit amount; Hawaii and New Jersey have the highest.

**Average Weekly Benefit Amount
High Cost States**



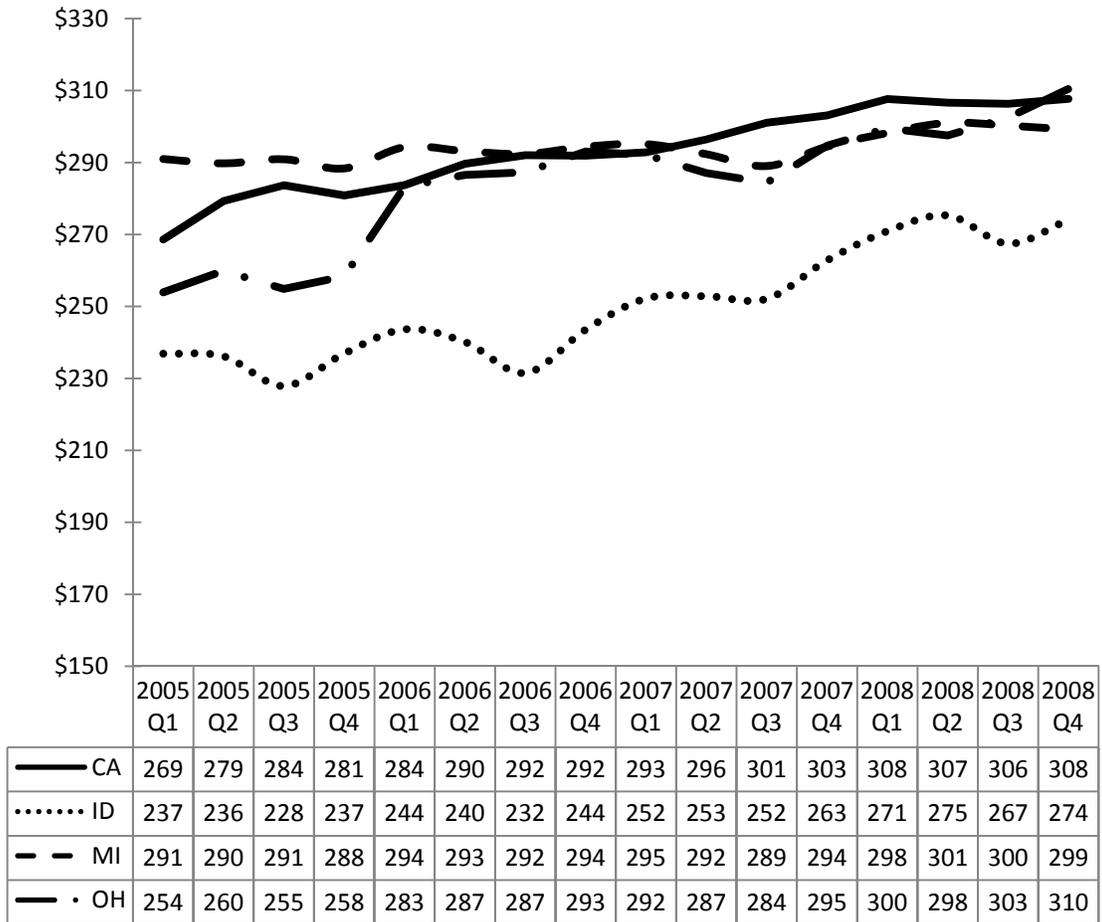
A comparison of the average weekly benefit for the largest states is shown in the following graph. California's amount is very close to the amounts for Illinois, New York, and Texas. The benefit amount for Pennsylvania is the highest and Florida is the lowest.

**Average Weekly Benefit Amount
Largest States**



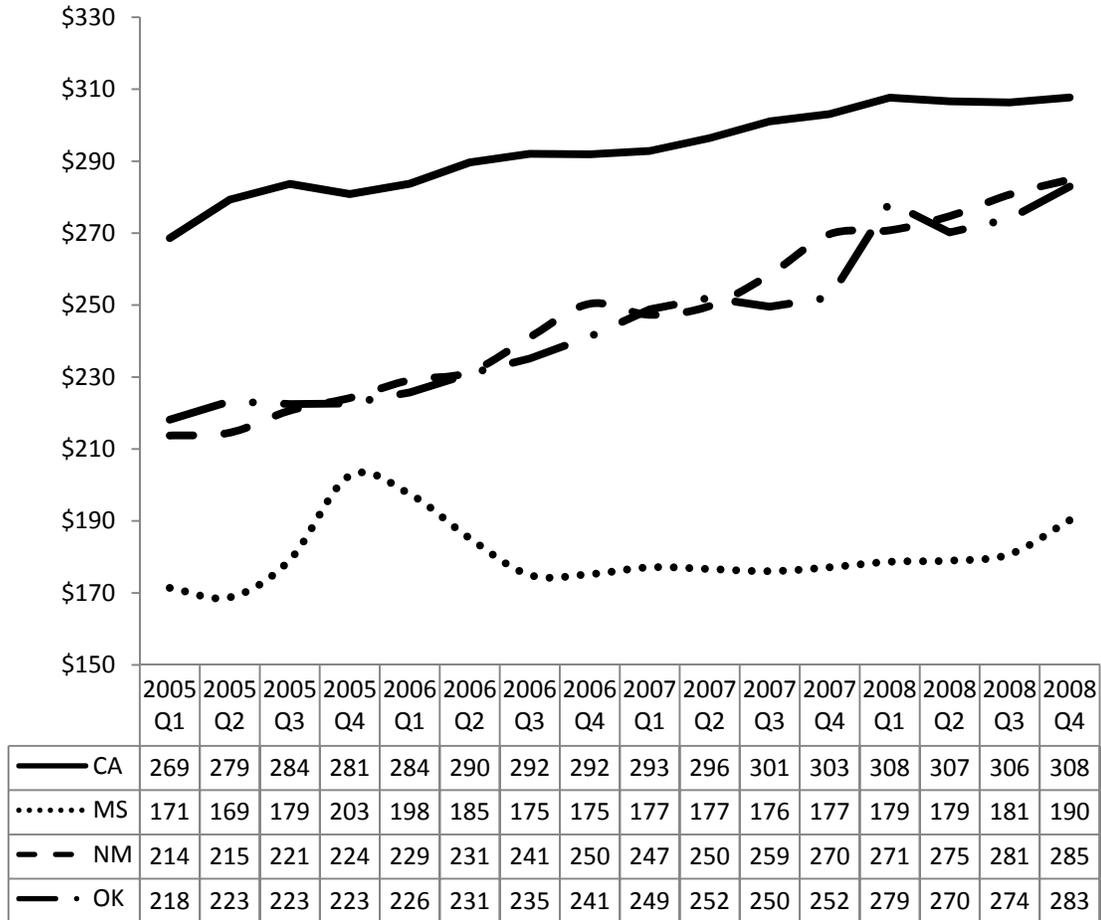
When compared to the least solvent states as of Q4 of 2008, California's average weekly benefit amount is second highest, slightly less than Ohio. Idaho is considerably lower than the other three states in this comparison.

**Average Weekly Benefit Amount
Least Solvent States**



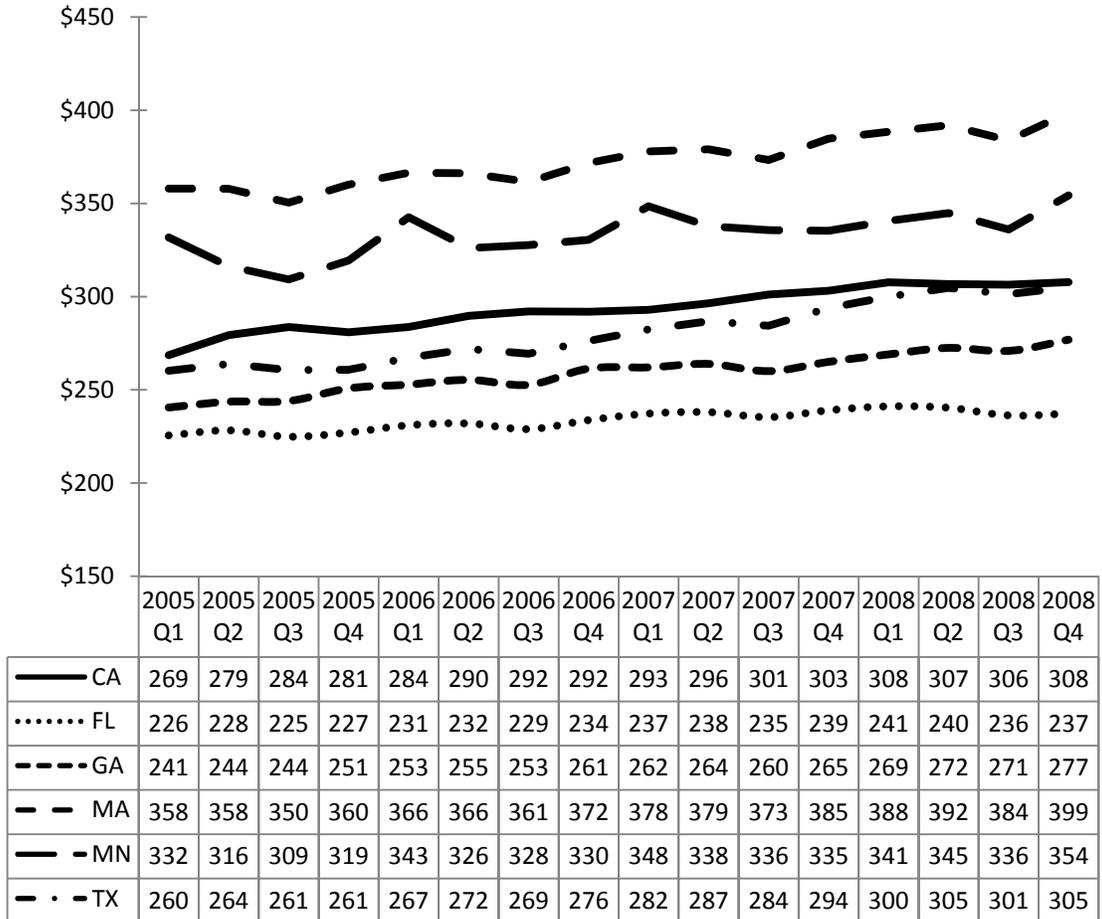
When compared to the most solvent states as of Q4 of 2008, California's average weekly benefit amount is the highest. New Mexico and Oklahoma are closely grouped in the middle, while Mississippi is comparatively quite low.

**Average Weekly Benefit Amount
Most Solvent States**



When compared to the median solvent states as of Q4 of 2008, California's average weekly benefit amount is roughly average.

**Average Weekly Benefit Amount
Median Solvent States**

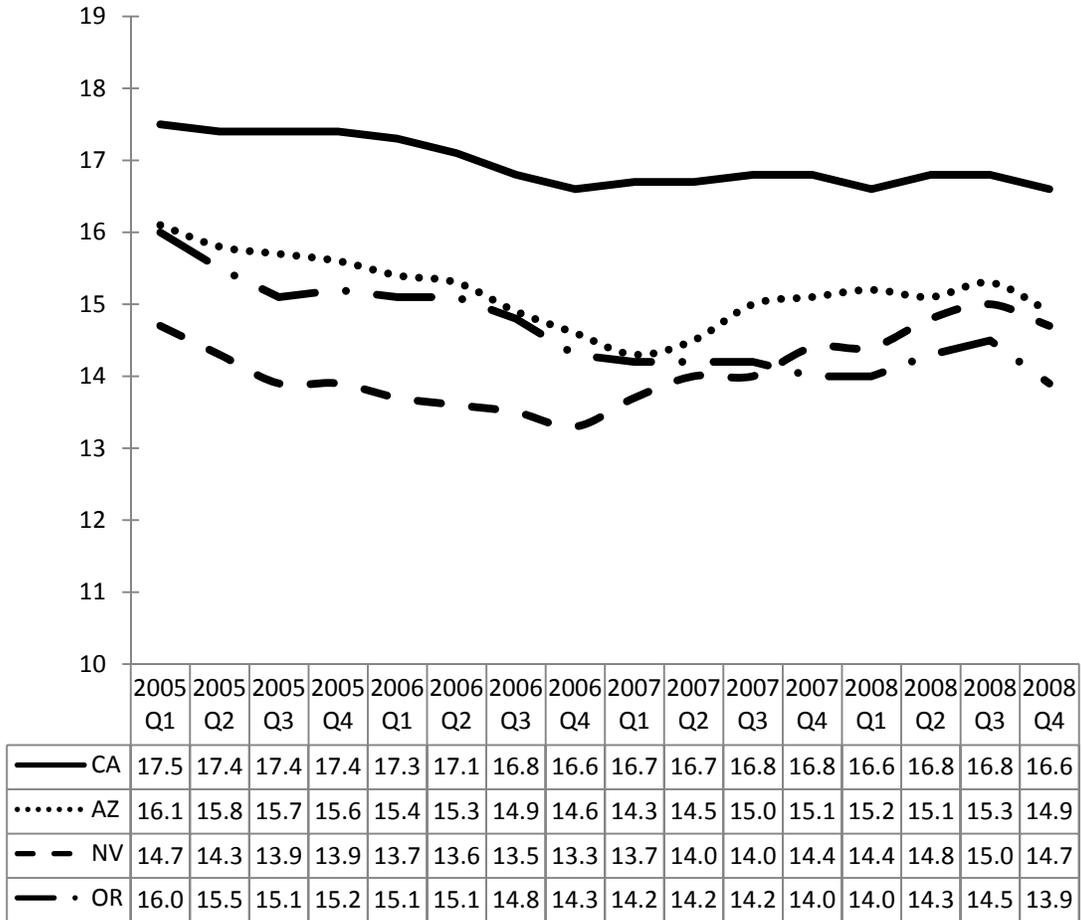


5.7.3. Average Duration of UI Benefits Paid

Average Duration - Average duration is the number of weeks compensated for the year divided by the number of first payments. (ETA 5159)

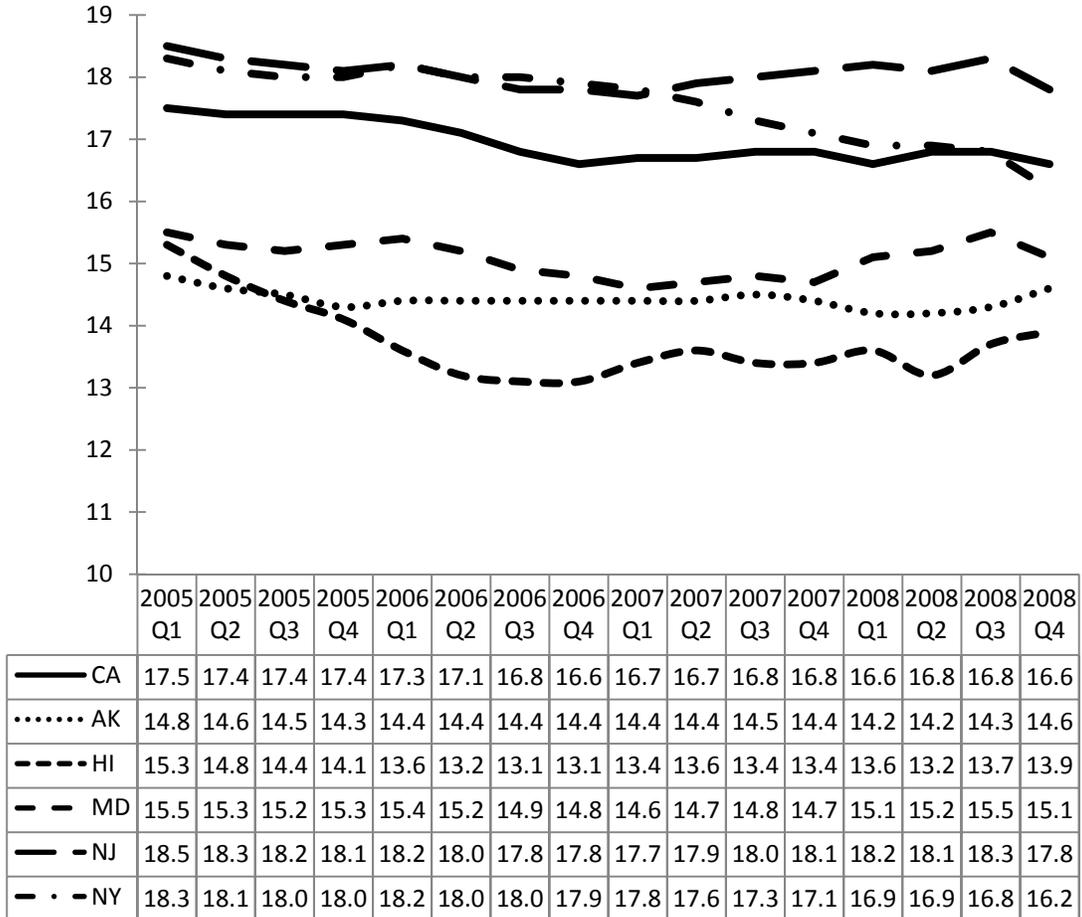
California's average duration amount is the highest when compared to the bordering states.

**Average Duration in Weeks
Bordering States**



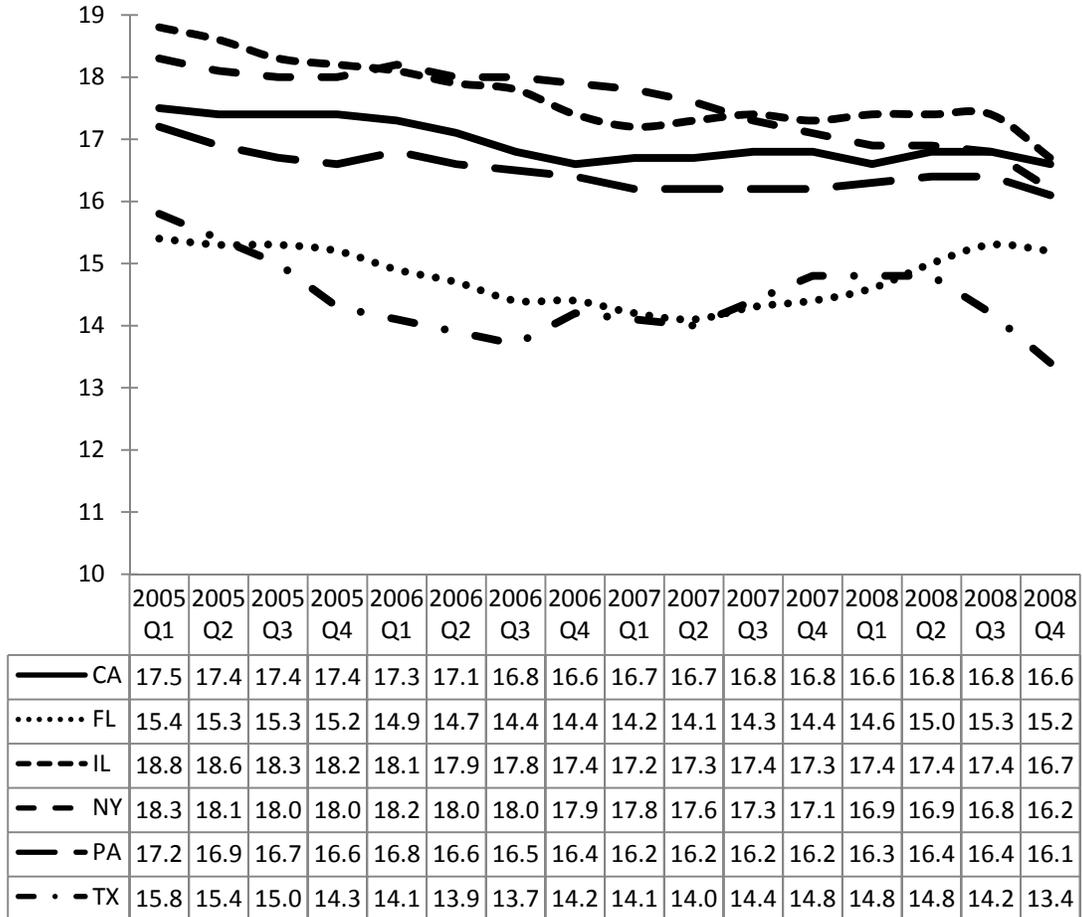
Comparing the high cost states, California's average duration in weeks is the second highest behind New Jersey.

**Average Duration in Weeks
High Cost States**



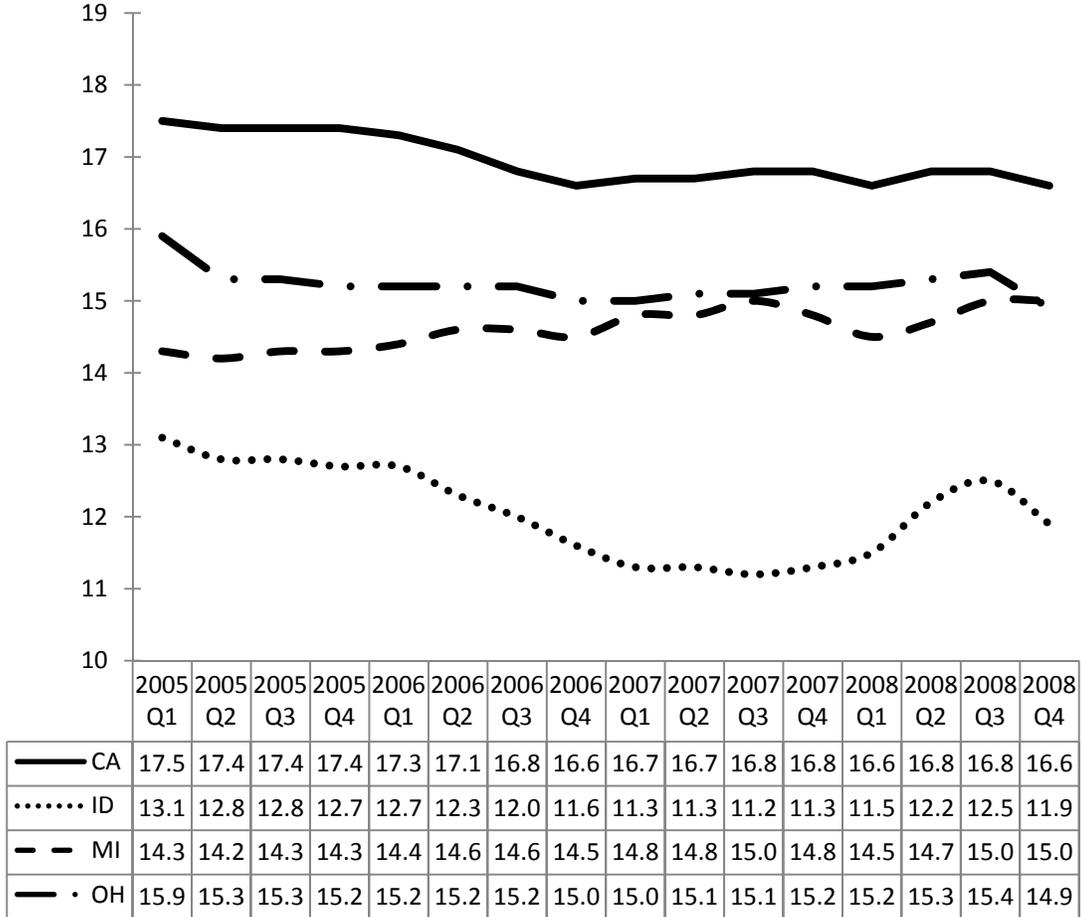
Comparing the largest states, California's average duration in weeks is the second highest behind Illinois.

**Average Duration in Weeks
Largest States**



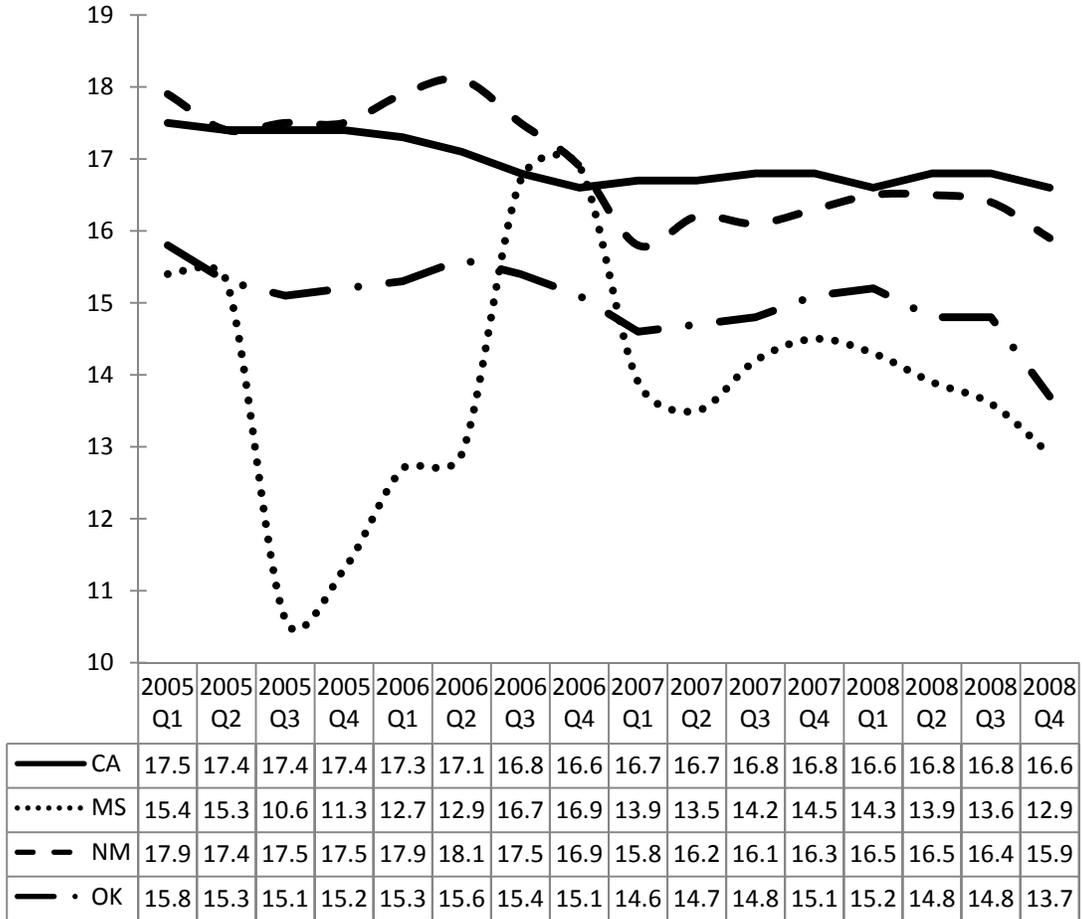
As shown in the graph below, when compared to the least solvent states, California's average duration is highest.

**Average Duration in Weeks
Least Solvent States**



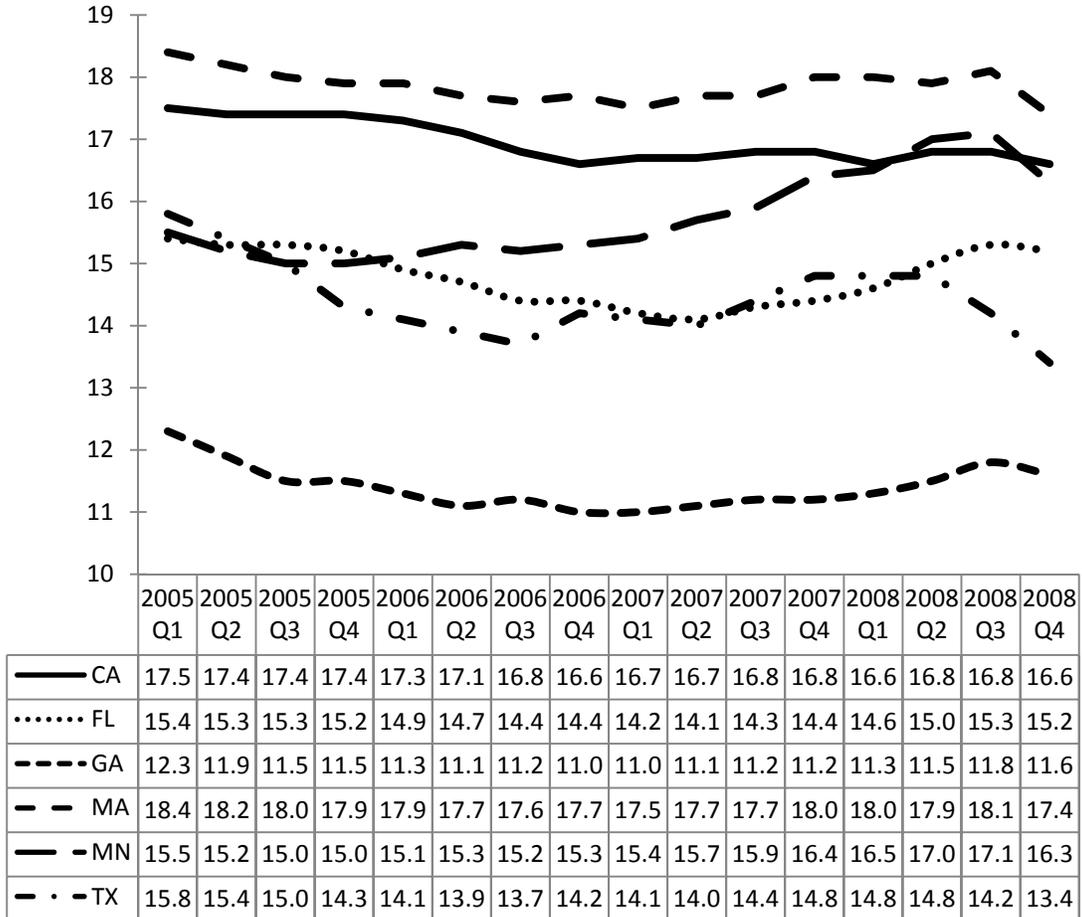
As shown in the graph below, when compared to the most solvent states, California's average duration is highest.

**Average Duration in Weeks
Most Solvent States**



As shown in the graph below, when compared to the median solvent states, California's average duration is second highest behind Massachusetts.

**Average Duration in Weeks
Median Solvent States**

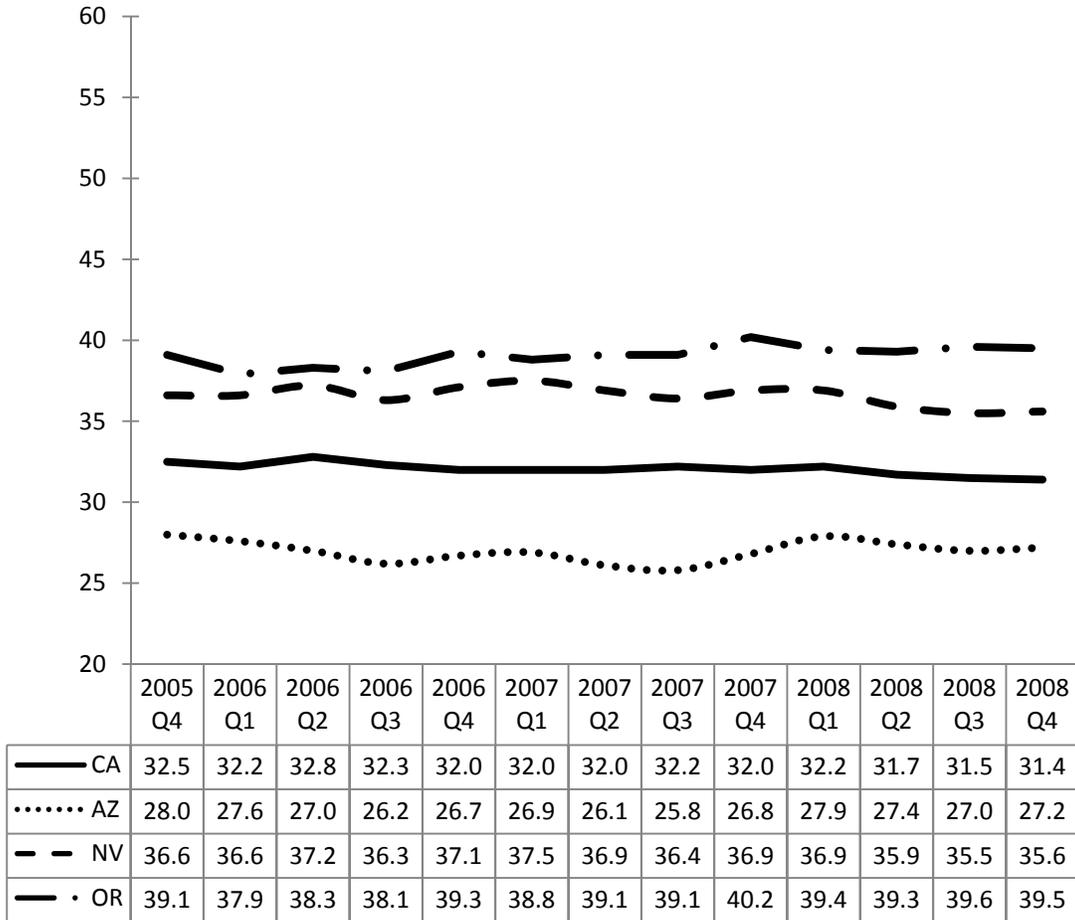


5.7.4. Average Wage Replacement Rate

Replacement Rate – Percentage of average weekly wages replaced by the average weekly benefit amount (AWBA/AWW).

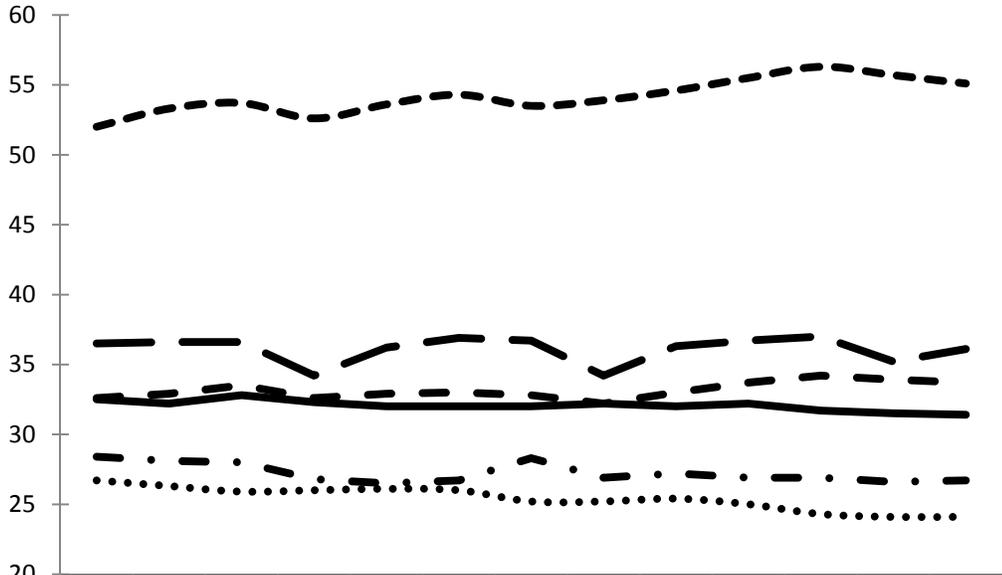
California’s replacement rate is lower than both Oregon and Nevada when comparing to the bordering states.

**Replacement Rate (%)
Bordering States**



Among the high cost states, California's replacement rate is fourth highest. Hawaii, New Jersey, and Maryland have higher replacement rates.

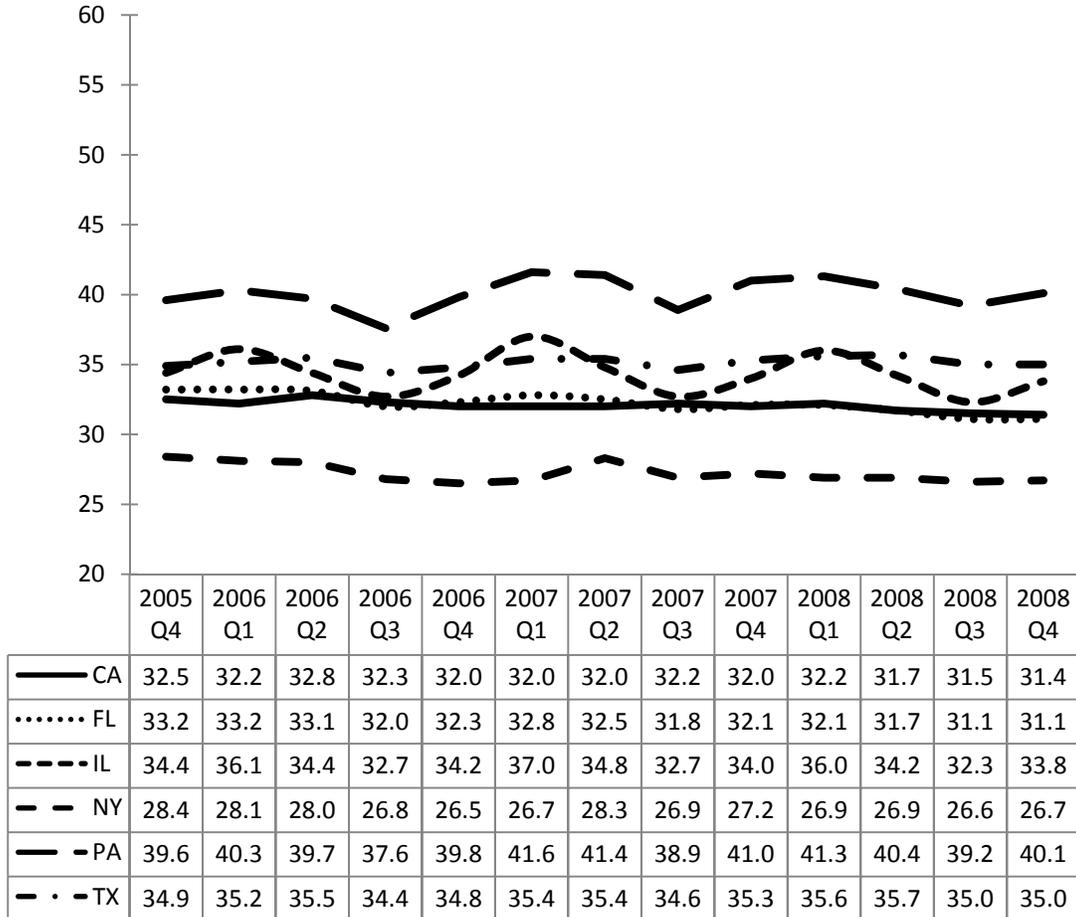
Replacement Rate (%)
High Cost States



	2005 Q4	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4
— CA	32.5	32.2	32.8	32.3	32.0	32.0	32.0	32.2	32.0	32.2	31.7	31.5	31.4
..... AK	26.7	26.3	25.9	26.0	26.1	26.0	25.2	25.2	25.4	25.0	24.3	24.1	24.1
- - - HI	52.0	53.3	53.7	52.6	53.6	54.3	53.5	53.9	54.6	55.5	56.3	55.7	55.1
- - MD	32.6	32.9	33.5	32.6	32.9	33.0	32.8	32.2	33.0	33.7	34.2	33.9	33.7
— - NJ	36.5	36.6	36.6	34.2	36.2	36.9	36.7	34.2	36.3	36.7	37.0	35.2	36.1
- · - NY	28.4	28.1	28.0	26.8	26.5	26.7	28.3	26.9	27.2	26.9	26.9	26.6	26.7

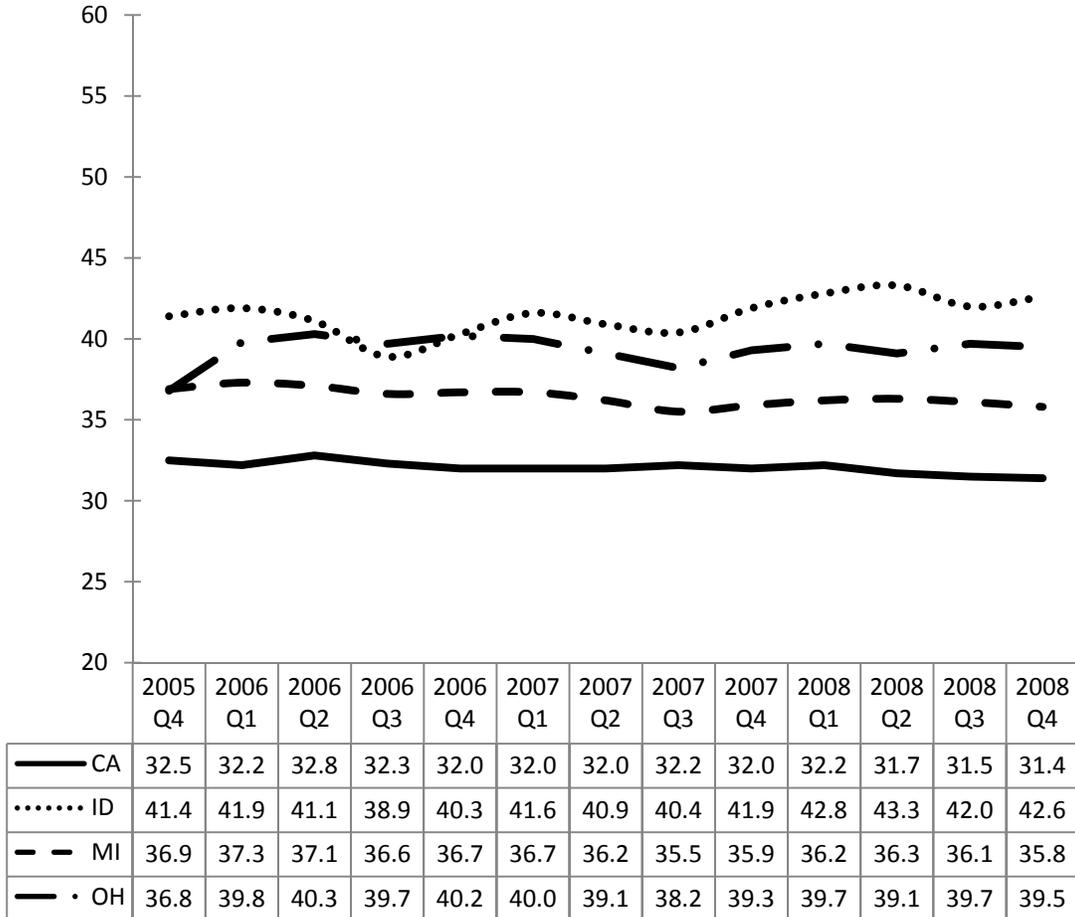
Among the largest states, California's replacement rate is fourth highest behind Pennsylvania, Texas, and Illinois.

**Replacement Rate (%)
Largest States**



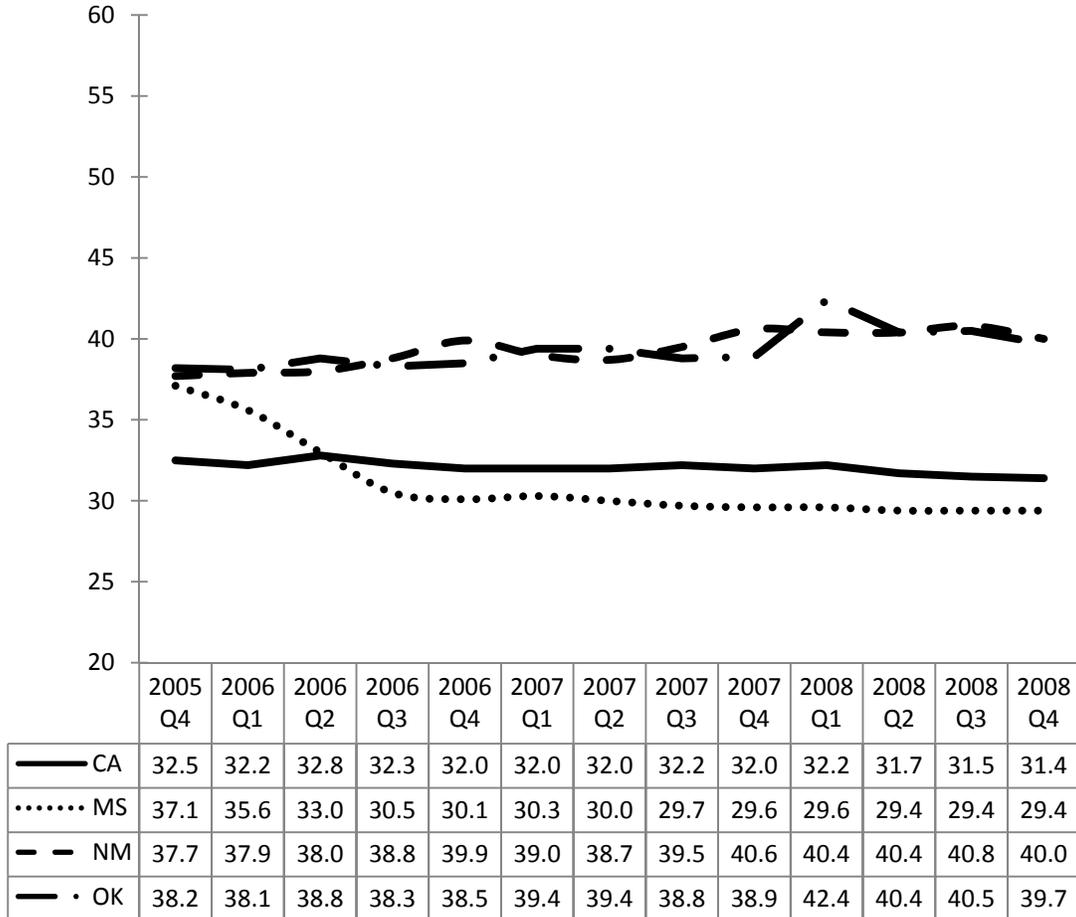
California's replacement rate is the lowest when compared to the three least solvent states.

Replacement Rate (%)
Least Solvent States



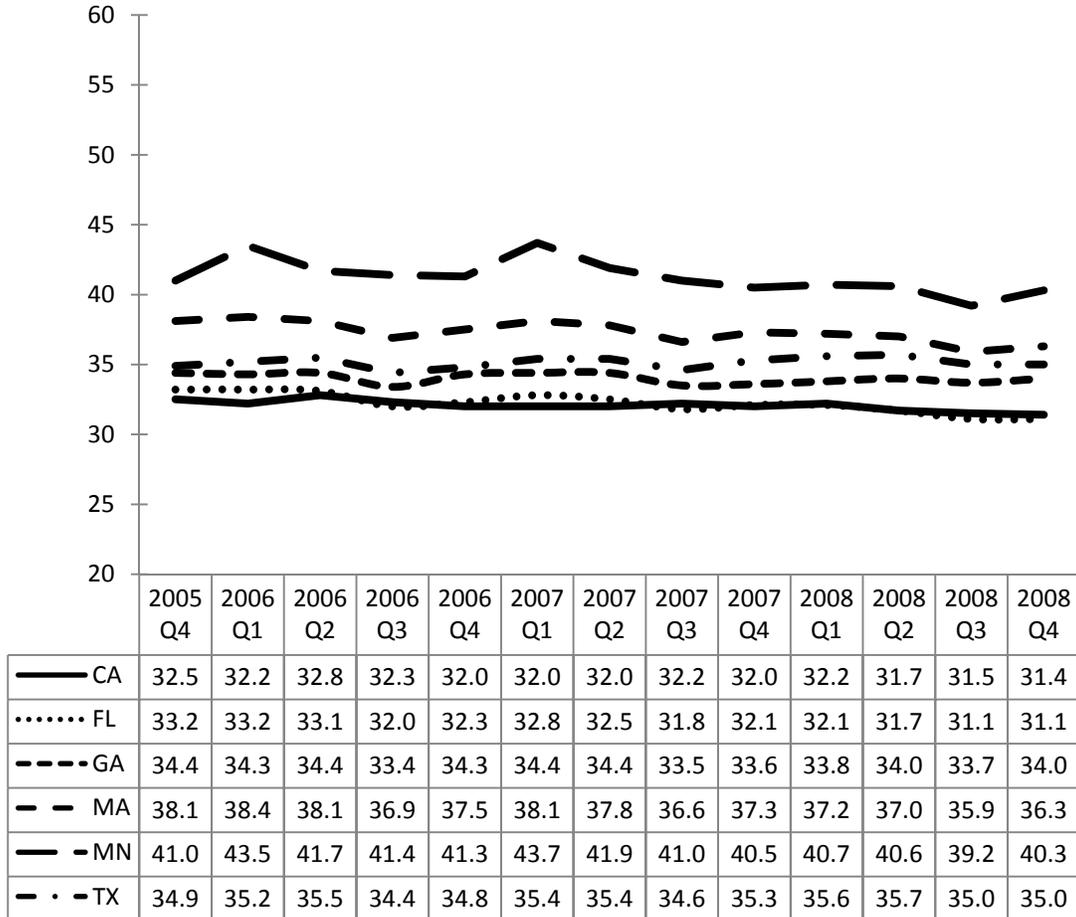
California's replacement rate is the second lowest when compared to the three most solvent states. Only that for Mississippi is lower.

**Replacement Rate (%)
Most Solvent States**



California's replacement rate is the second lowest when compared to the five median solvent states. Only that for Florida is lower.

**Replacement Rate (%)
Median Solvent States**

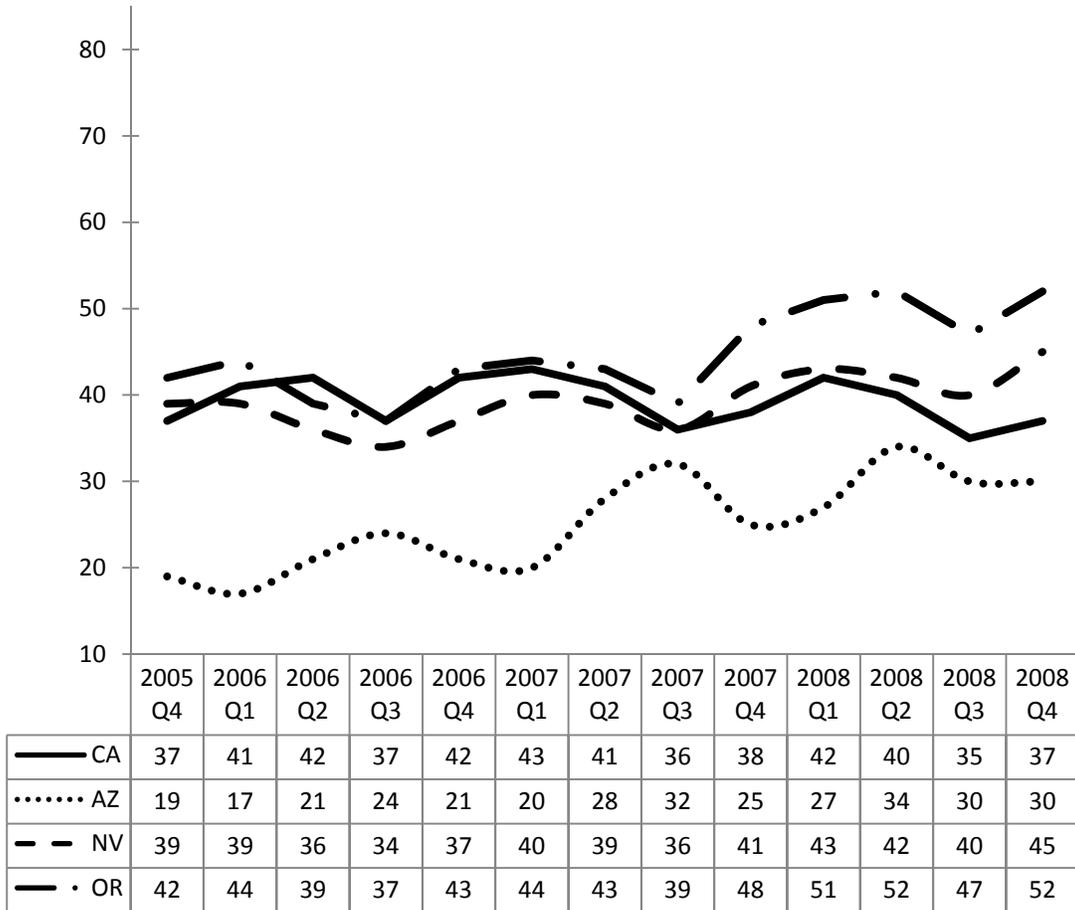


5.7.5. Recipient Rate

Recipient Rate - The insured unemployed in regular programs as a percent of total unemployed.

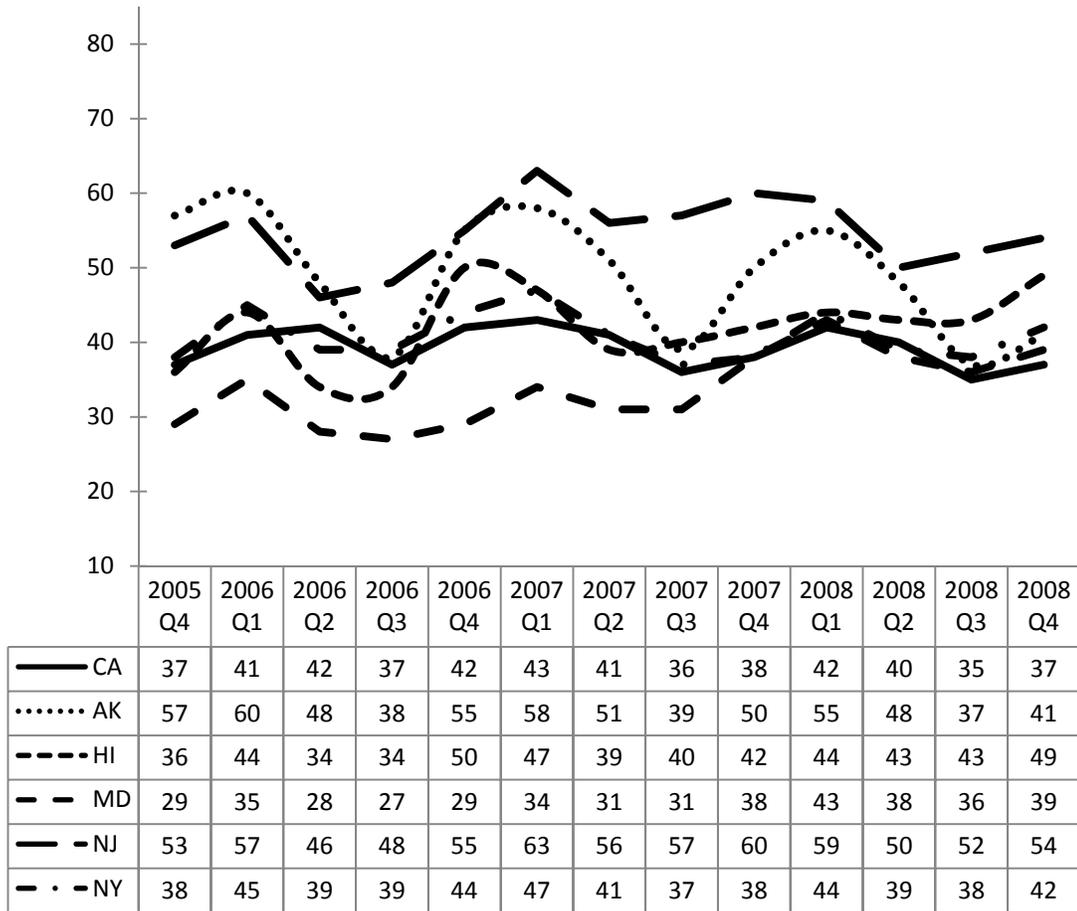
The recipient rate for California is lower than Oregon and Nevada, but higher than Arizona, when compared to the bordering states.

**Recipient Rate (%)
Bordering States**



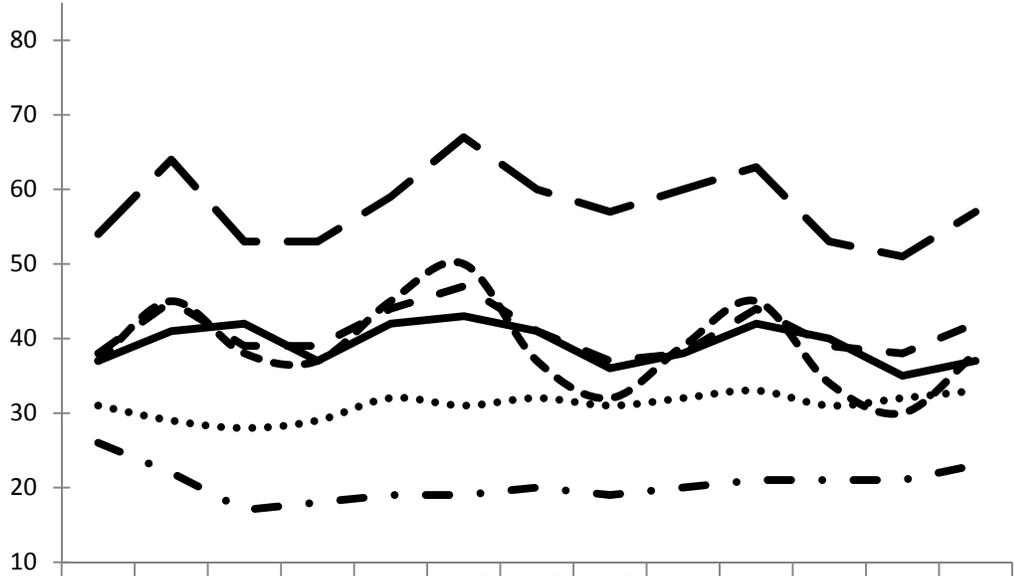
From the following graph, you can see California's recipient rate is the lowest compared to other high cost states.

**Recipient Rate (%)
High Cost States**



As of Q1 of 2008, the recipient rate for California is average among the largest states.

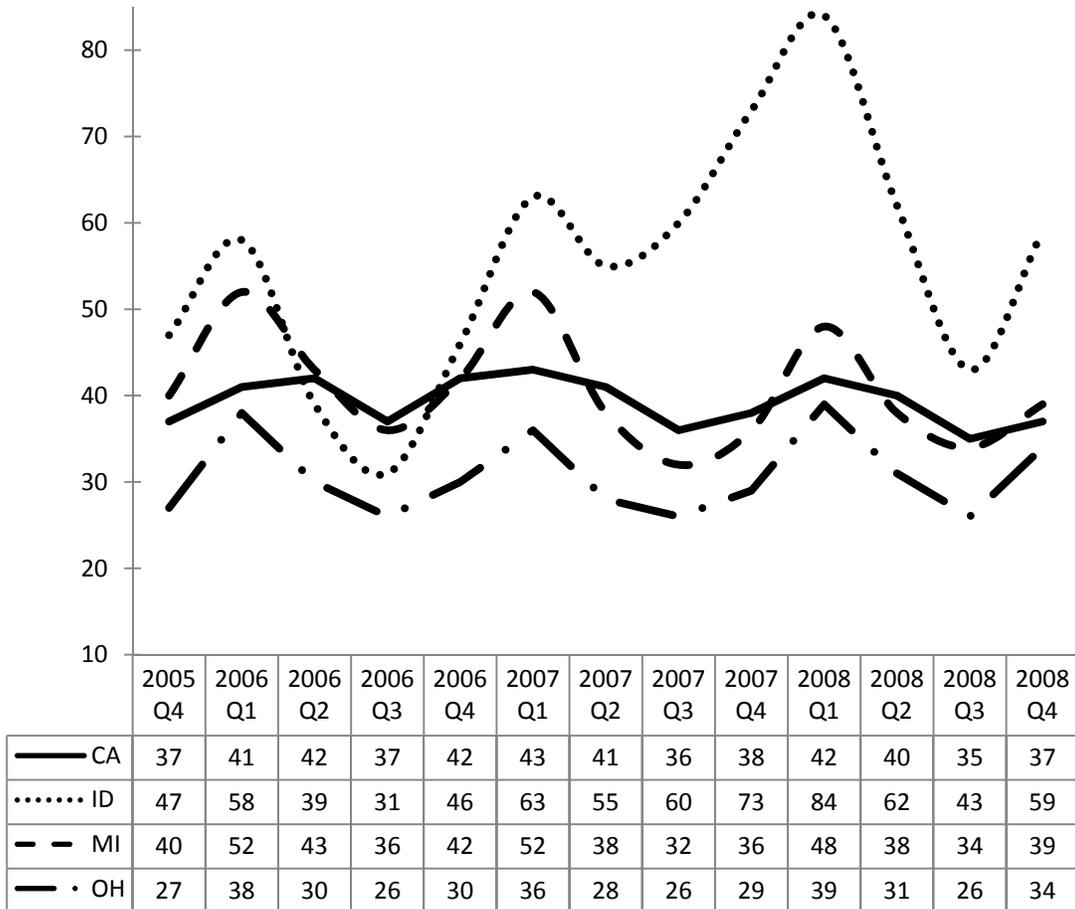
**Recipient Rate (%)
Largest States**



	2005 Q4	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4
— CA	37	41	42	37	42	43	41	36	38	42	40	35	37
..... FL	31	29	28	29	32	31	32	31	32	33	31	32	33
- - - IL	37	45	38	37	45	50	37	32	39	45	34	30	38
- - - NY	38	45	39	39	44	47	41	37	38	44	39	38	42
— - PA	54	64	53	53	59	67	60	57	60	63	53	51	57
- · - TX	26	22	17	18	19	19	20	19	20	21	21	21	23

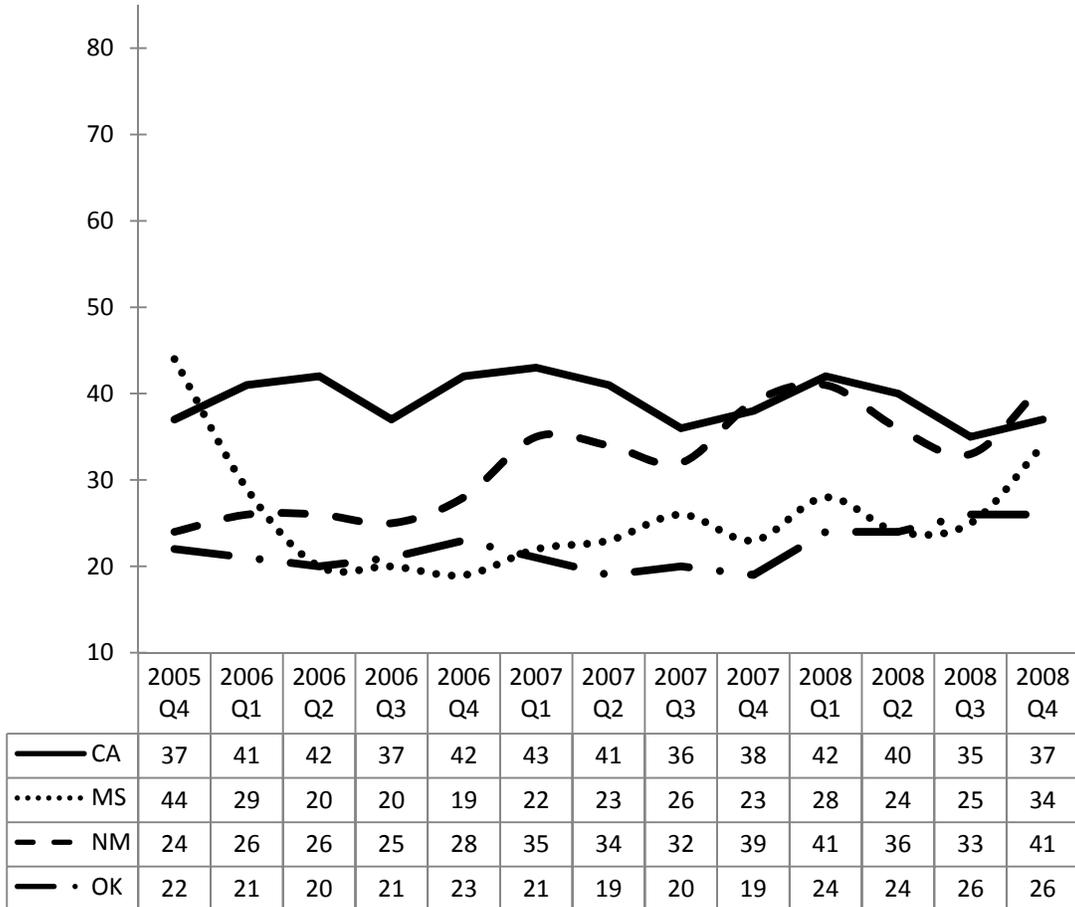
When comparing the least solvent states, California's recipient rate (37%) is the second highest behind Idaho (59%).

**Recipient Rate (%)
Least Solvent States**



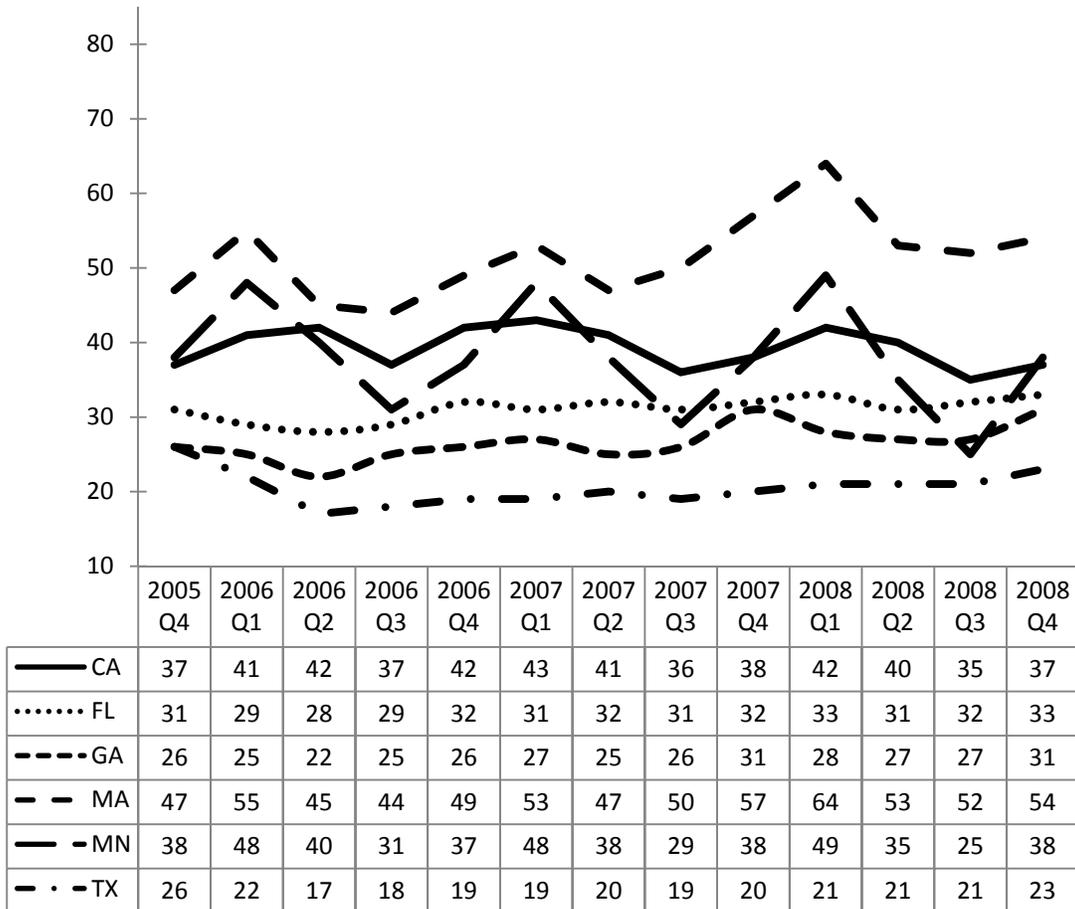
When comparing the most solvent states, California's recipient rate (37%) is the second highest behind New Mexico (41%).

**Recipient Rate (%)
Most Solvent States**



When comparing the most solvent states, California's recipient rate ranks third highest as of Q1 of 2008. Rates for Massachusetts and Minnesota are higher.

Recipient Rate (%)
Median Solvent States

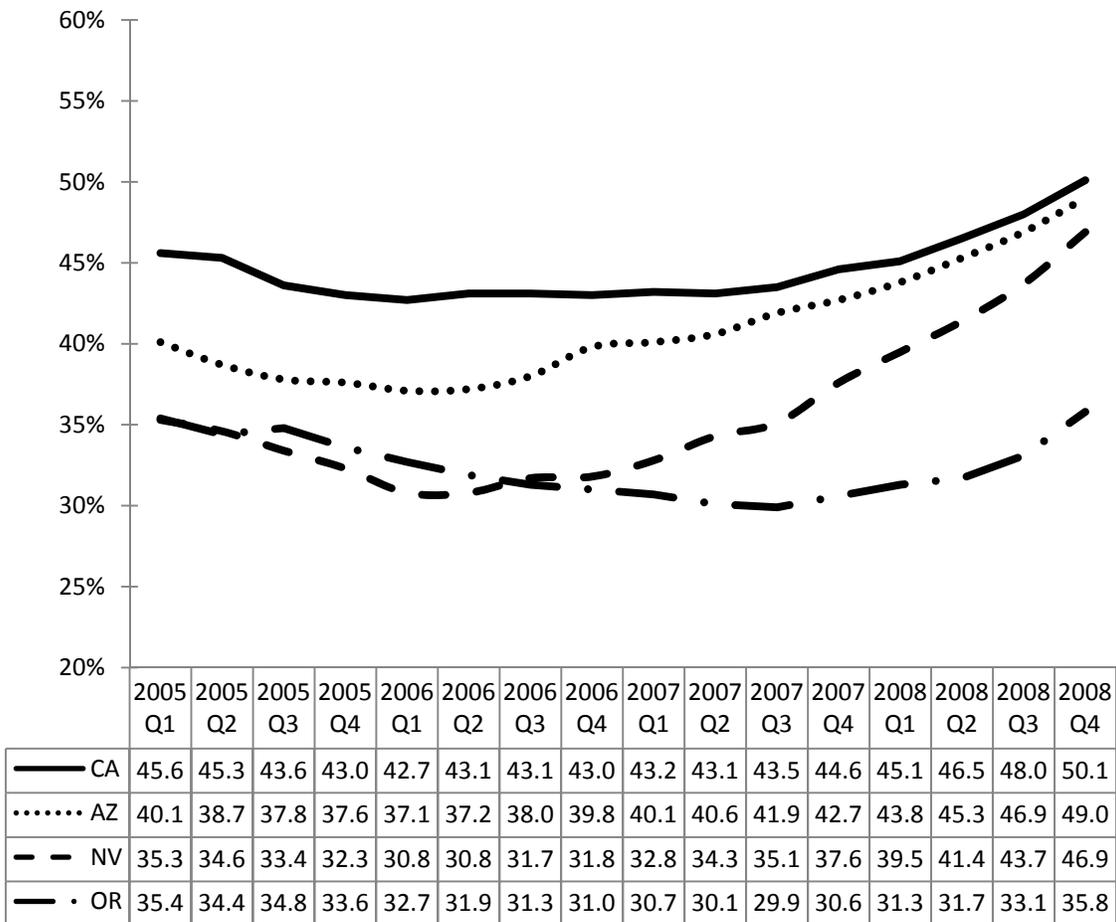


5.7.6. Exhaustion Rate

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 CY 1995.3 is computed by dividing the average monthly exhaustions for the twelve months ending September 1995, by the average monthly first payments for the twelve months ending March 1995.

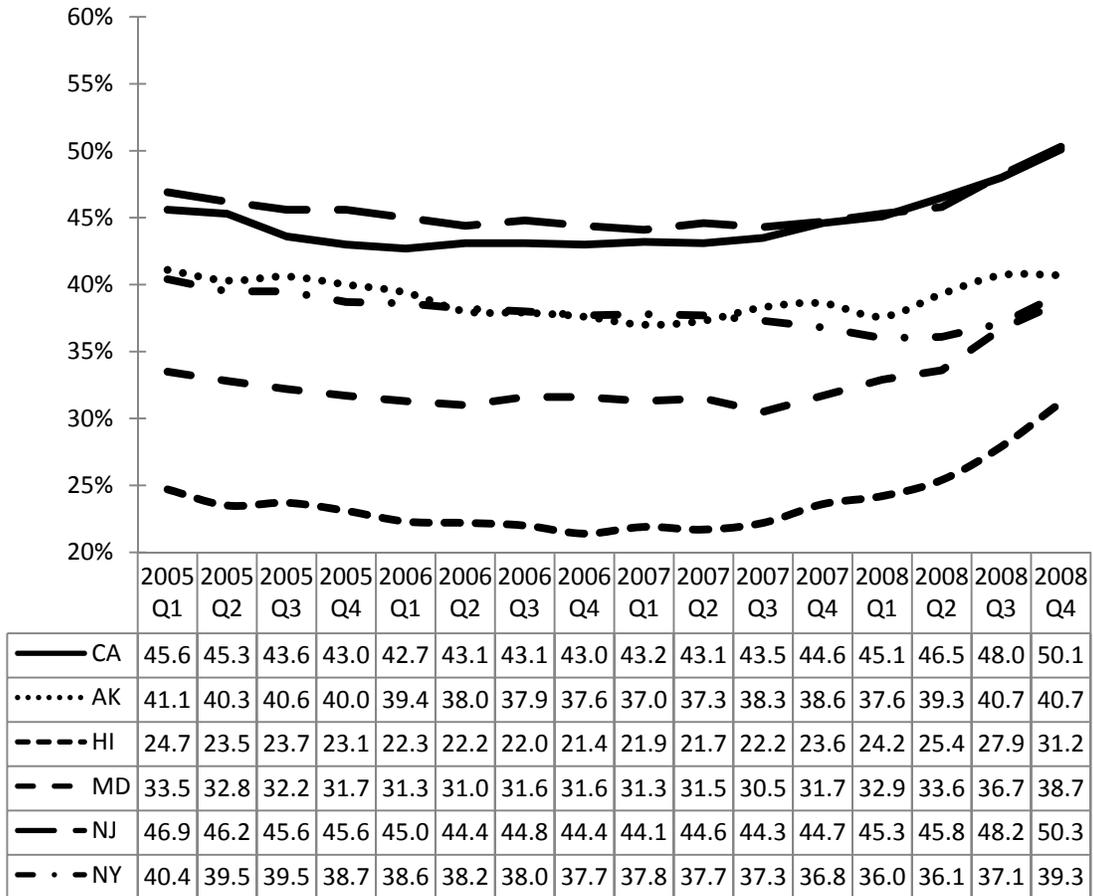
As of Q4 of 2008, California's exhaustion rate is highest compared to the bordering states of Oregon, Nevada, and Arizona.

**Exhaustion Rate
Bordering States**



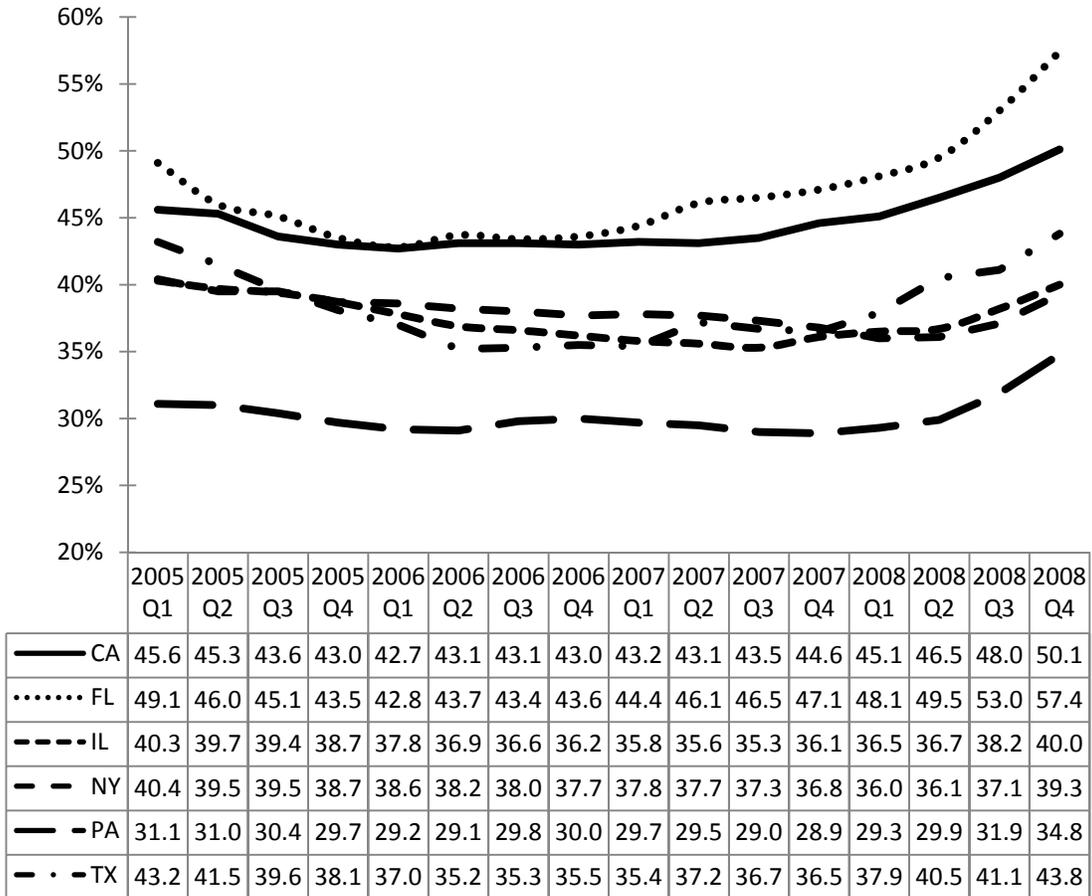
New Jersey's exhaustion rate of 50.3 is the highest among the high cost states. California's exhaustion rate of 50.1 is second highest.

**Exhaustion Rate
High Cost States**



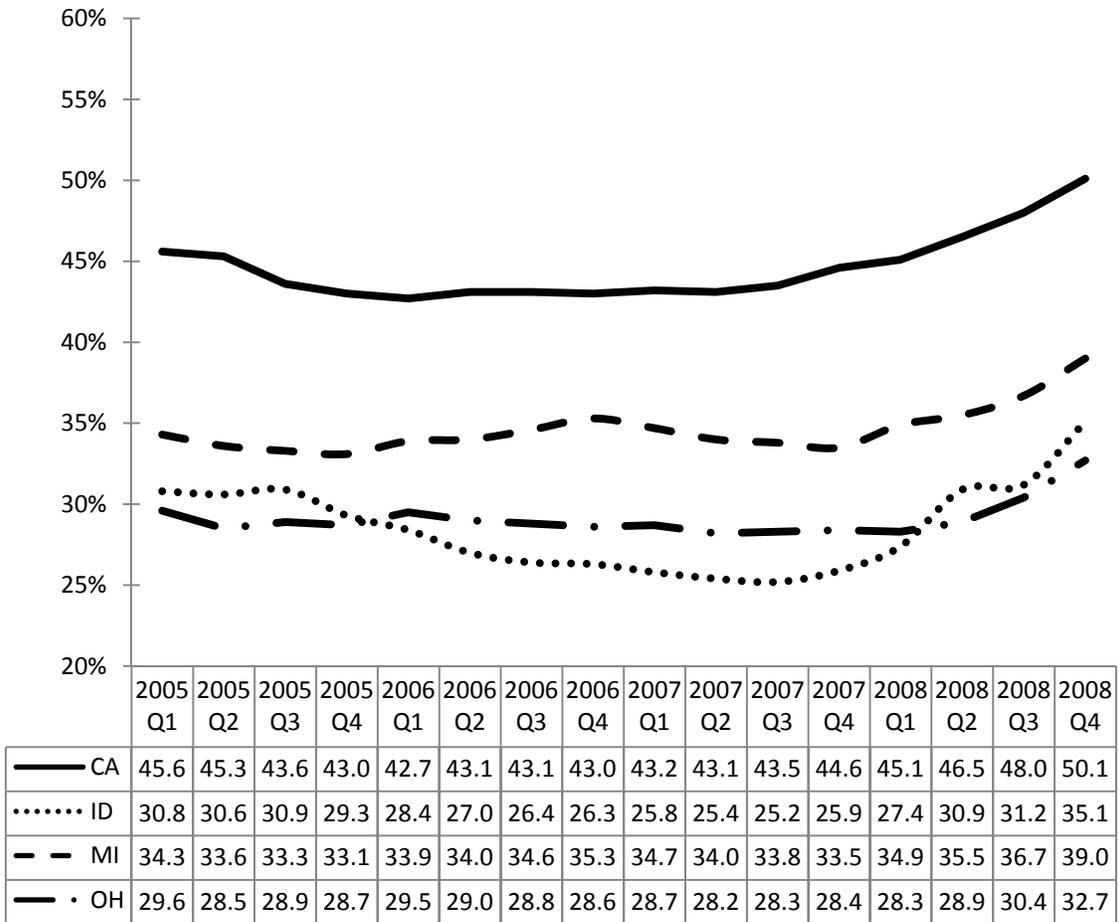
Comparing the largest states, California's exhaustion rate is second to Florida as of Q4 of 2008.

**Exhaustion Rate
Largest States**



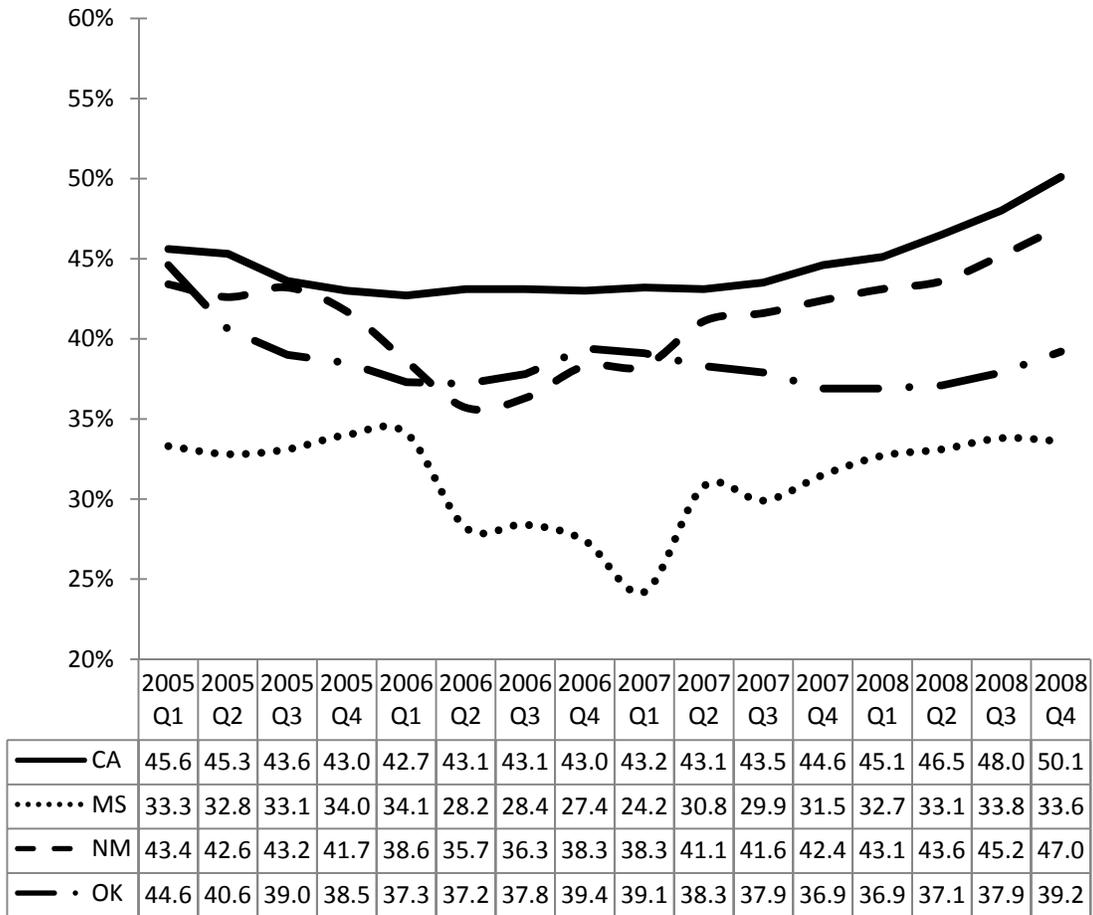
Compared to the least solvent states, California's exhaustion rate is highest.

**Exhaustion Rate
Least Solvent States**



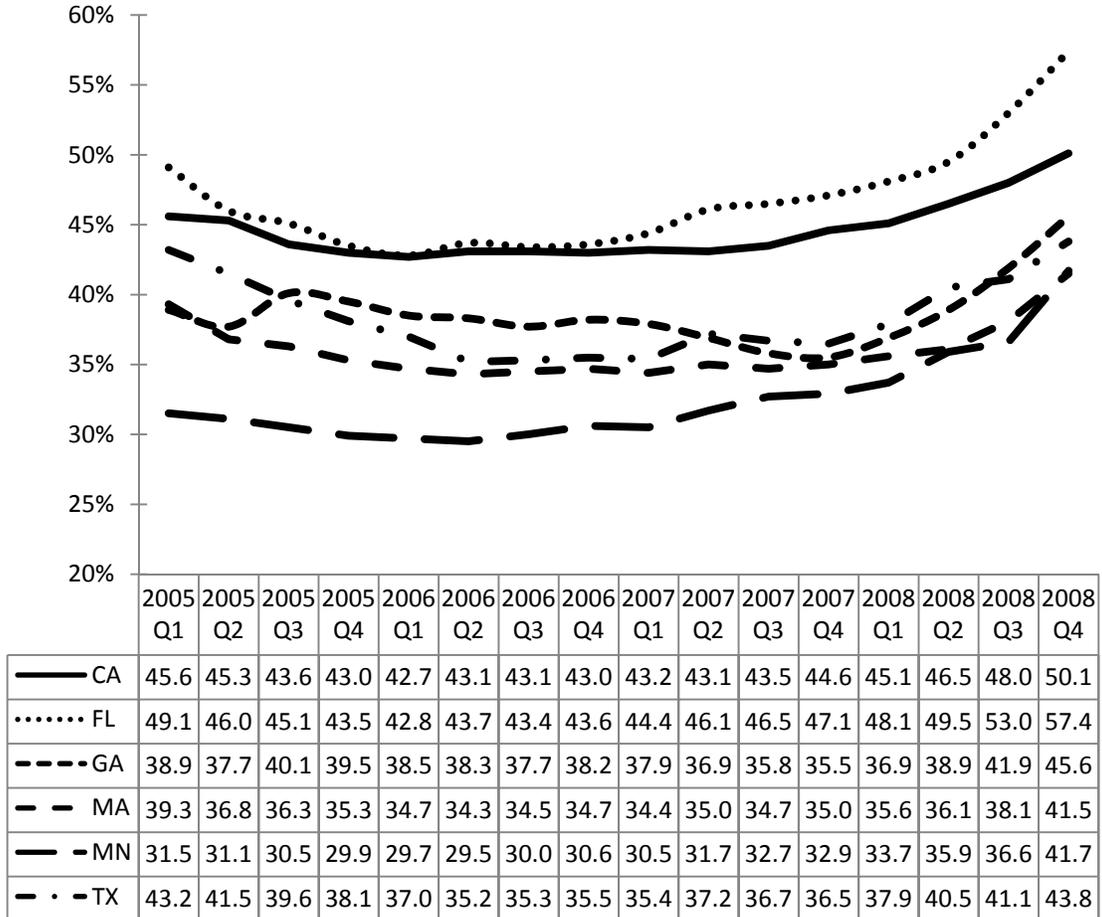
Compared to the most solvent states, California's exhaustion rate is highest.

**Exhaustion Rate
Most Solvent States**



Comparing the median solvent states, Florida is shown to have the highest exhaustion rate of 57.4. California is second highest with a rate of 50.1.

**Exhaustion Rate
Median Solvent States**



VII. Cost Analyses

6.1. Cost analyses based on current financing structure using annual unemployment of 6%, 9% and 12% for calendar years 2009 through 2013

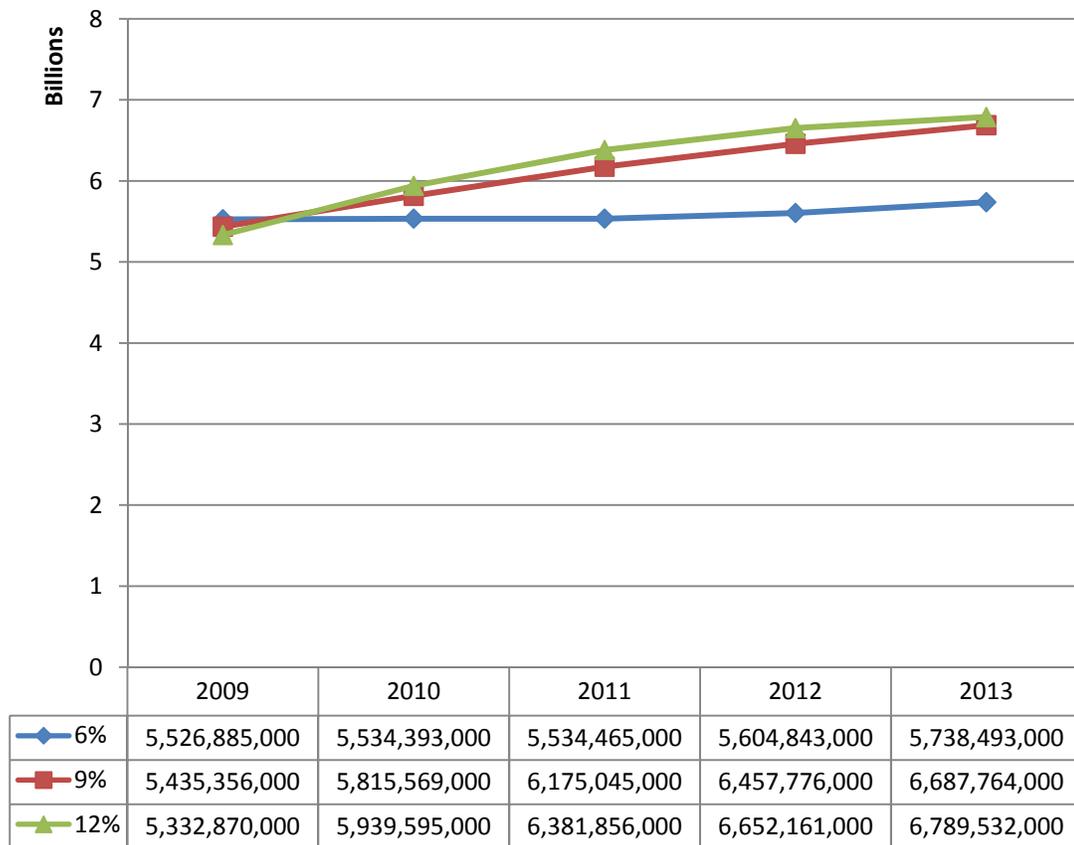
6.1.1. Total employer UI contributions.

The following graph shows the total employer UI contribution under the current financing structure, with taxable wage ceiling of \$7,000 and current tax rates.

Employer contributions at each unemployment level increase over time, driven by expected increases in covered employment.

Employer contributions increase as the unemployment rate increases, driven by higher average contributions per employee. Employer reserve ratios deteriorate as unemployment grows, triggering progressively higher rates from the existing rate schedules.

Total Employer UI Contribution

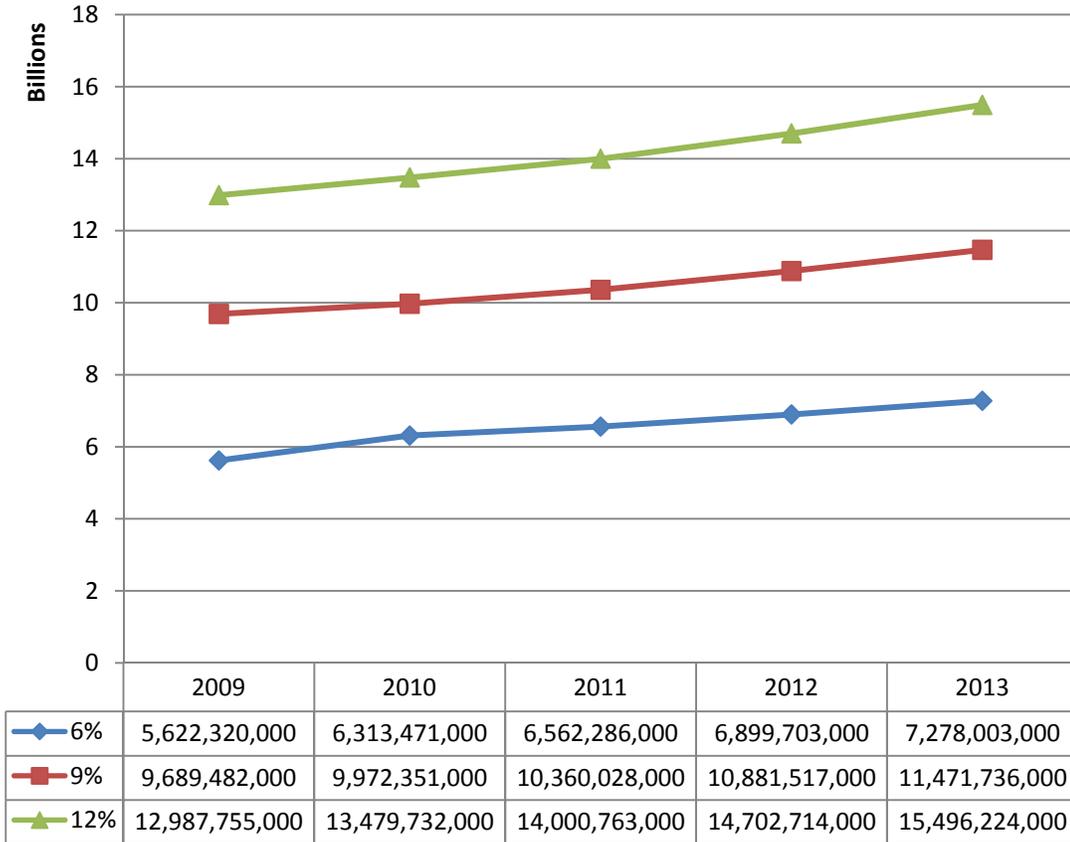


Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the 'potential' costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.1.2. Total UI benefits paid

The following graph shows total employer UI benefits paid under the current UI laws for the three unemployment scenarios. As expected, benefits increase substantially as the unemployment rate increases.

Total UI Benefits Paid



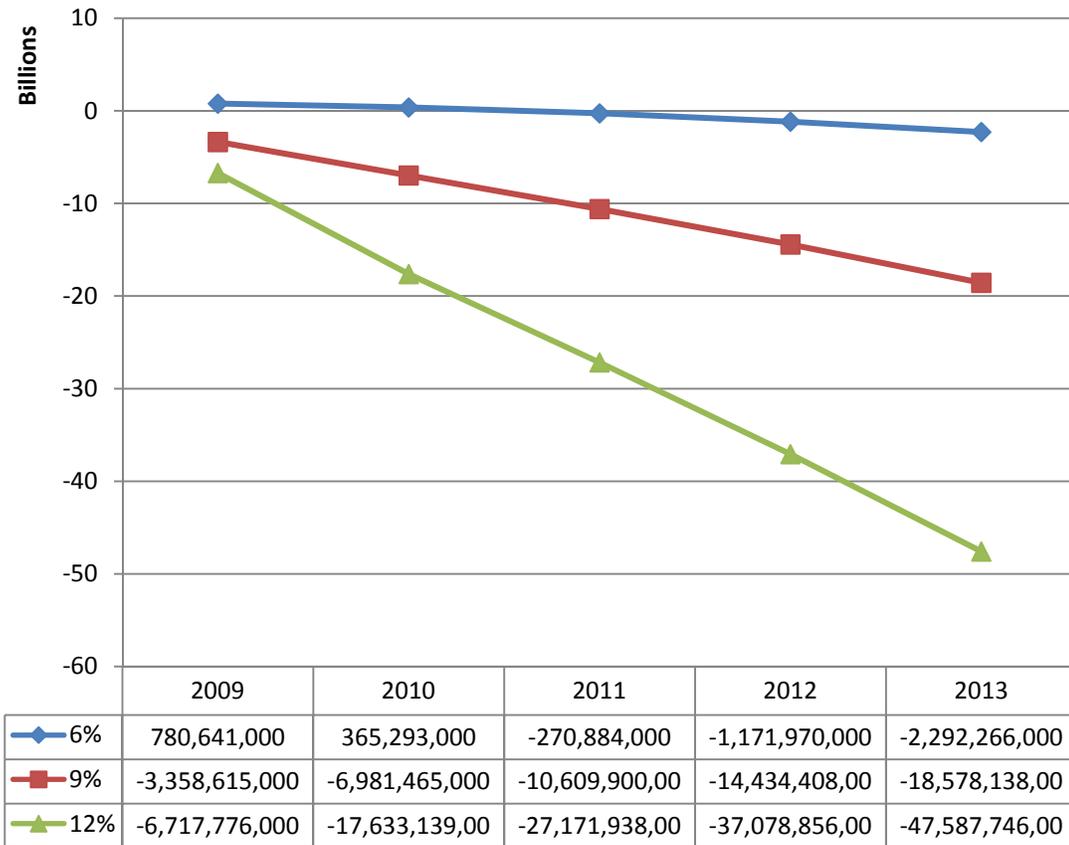
Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the 'potential' costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.1.3. Estimated UI trust fund balance

The following graph shows the estimated UI trust fund balance under the current UI laws, contribution schedules, and benefits paid, for the three unemployment scenarios.

Due to the fact that benefits paid increase much more than contributions made by employers, the UI trust fund balance deteriorates significantly as the unemployment rate increases.

CA UI Trust Fund Balance

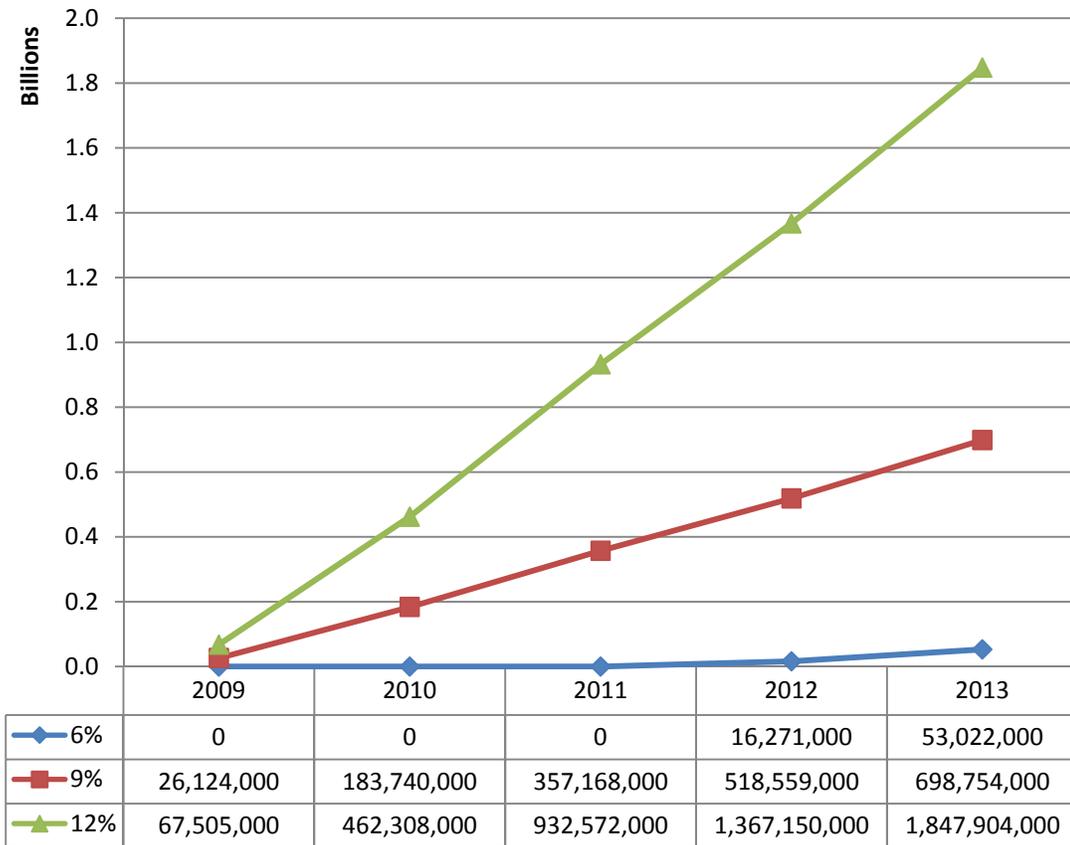


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6.1.4. Estimated interest owed on outstanding loans due to insolvency

The following graph shows the increases in interest owed for insolvency loans as the UI trust fund balance deteriorates. At the 6% unemployment rate, loans and resulting interest owed are minimal, while at the higher unemployment rates the interest owed increases substantially.

Interest Owed for Insolvency Loan



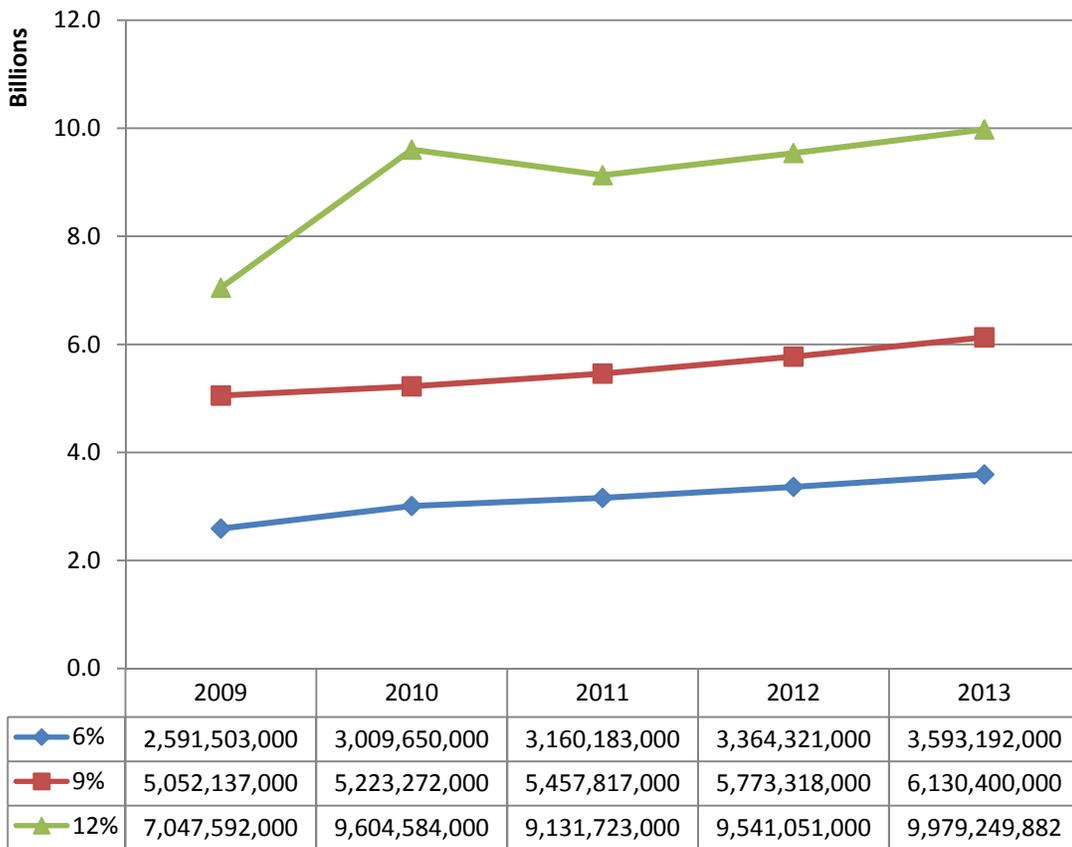
Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the 'potential' costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.1.5. Estimated amount of socialized benefits

The following graph shows total amount of socialized benefits paid by the UI program.

It should be noted that socialized benefits for the 12% unemployment assumption are much higher due to triggering of FED-ED program benefits during 2010 through 2013 calendar years.

Amount of Socialized Benefits



Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the 'potential' costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.2. Cost analyses of UI employer contributions needed to achieve the average high cost multiple (AHCM) solvency recommendation

Under this scenario, the statutory taxable wage ceiling is increased by the amount necessary to collect enough tax revenue to achieve a recommended average high cost multiple (AHCM) of 1.0 by 2013. For each year, the relevant employer tax rate schedule (A to F+) will apply based upon fund balance in the prior year per section 977 of the CUIA. The new employer tax rate is also increased to 4.3% from the current tax rate of 3.4%. These scenarios assume either a 6%, 9%, or 12% unemployment rate throughout the 2009 to 2013 period.

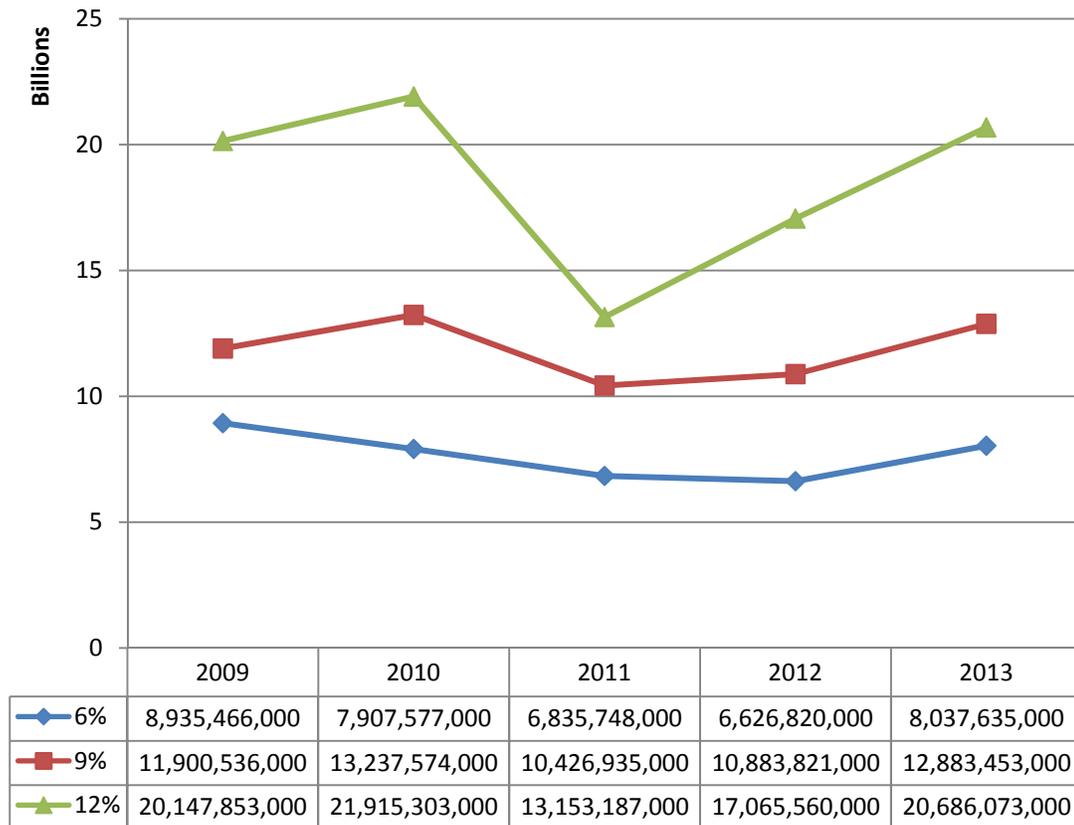
It should be noted that under the 12% unemployment assumption, it was problematic to reach and maintain a 1.0 AHCM even with taxable wage ceiling of \$60,000 per year. For the 12% unemployment assumption, the high AHCM of 1.00 is reached during 2010, while an AHCM of 0.85 is reached during 2013.

6.2.1. Total UI employer contributions needed to achieve the average high cost multiple solvency recommendation

The following graph shows total employer UI contribution under the proposed higher taxable wage ceiling and higher new employer tax rate using the three unemployment rate assumptions during the 2009 through 2013 years.

The dip in contributions during 2011 is driven by a lower tax rate schedule, which is triggered by the improved fund balance following the increased contributions of 2009 and 2010.

Total Employer UI Contribution

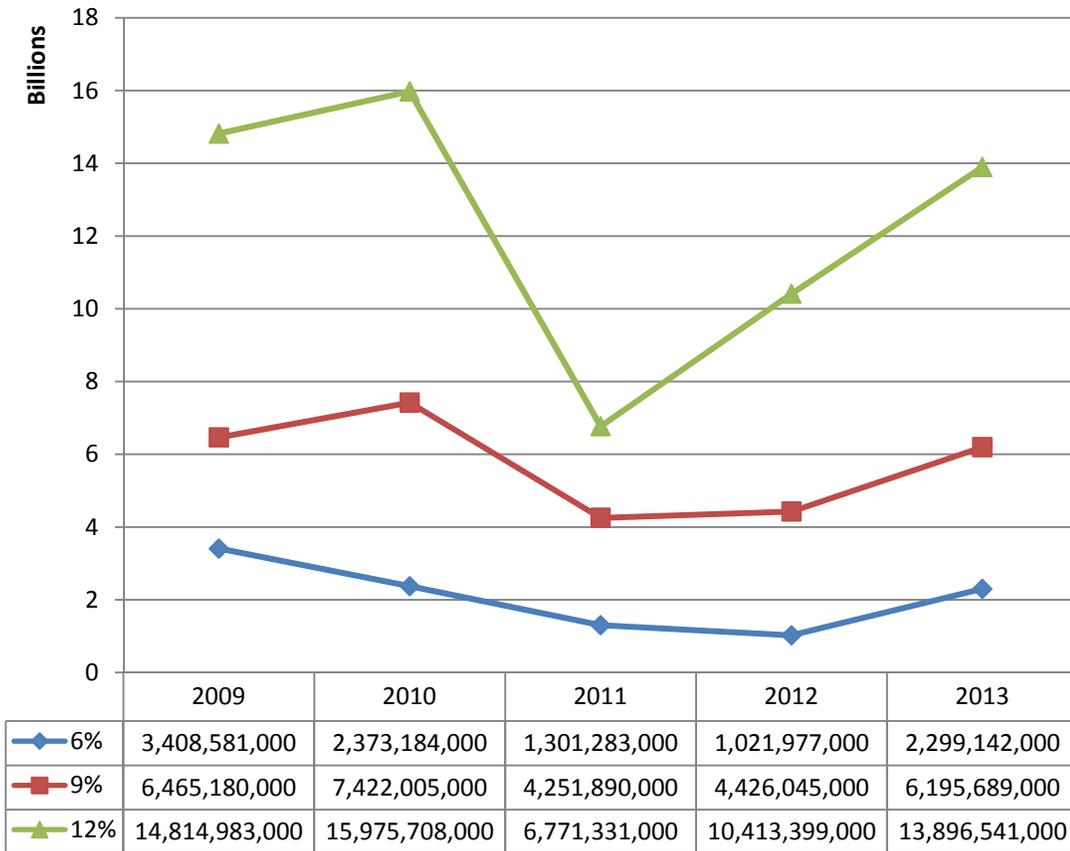


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6.2.2. Estimated annual increase in UI contributions to achieve the average high cost multiple solvency recommendation

The following graph shows the additional UI contribution required to achieve AHCM of 1.0 (0.85 for 12% assumption) by 2013, as compared to the contribution generated under the current UI laws.

Additional UI Contribution to Achieve AHCM 1.0

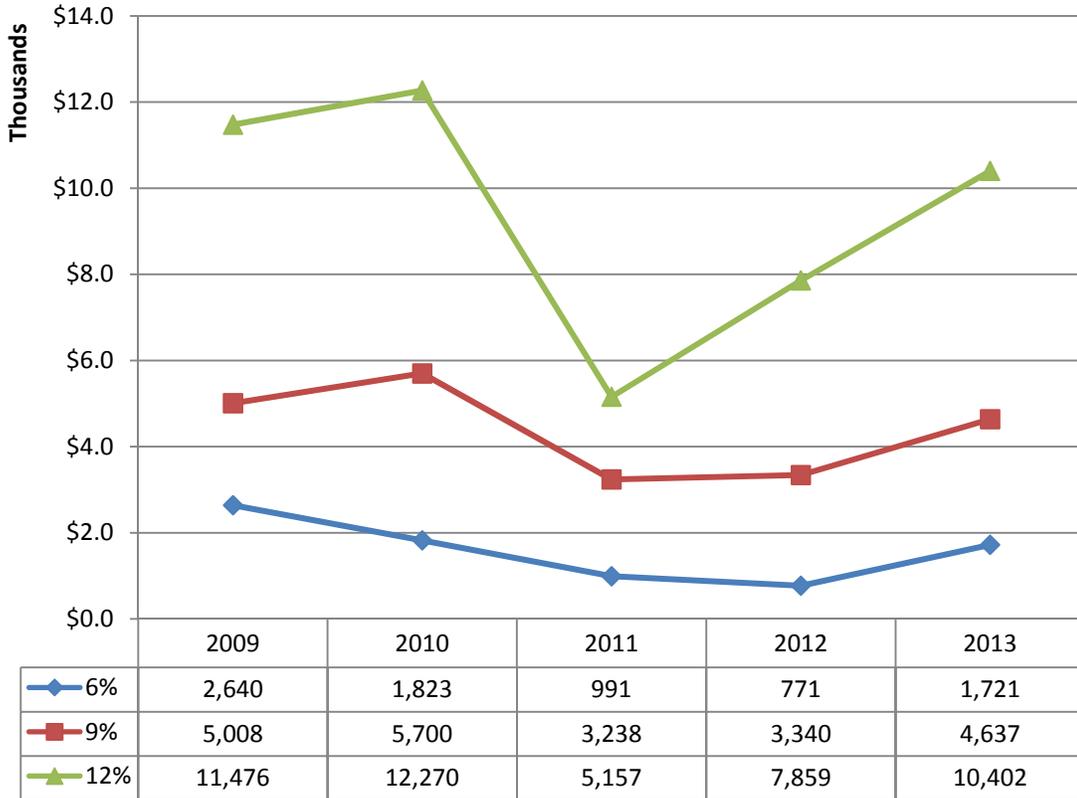


Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the 'potential' costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.2.3. Estimated average annual increase in UI contributions per employer

The following graph shows the additional UI contribution per employer required to achieve AHCM of 1.0 (0.85 for 12% assumption) by 2013, as compared to the contribution generated under the current UI laws.

Average Annual Increase in UI Contribution per Employer to Achieve AHCM 1.0

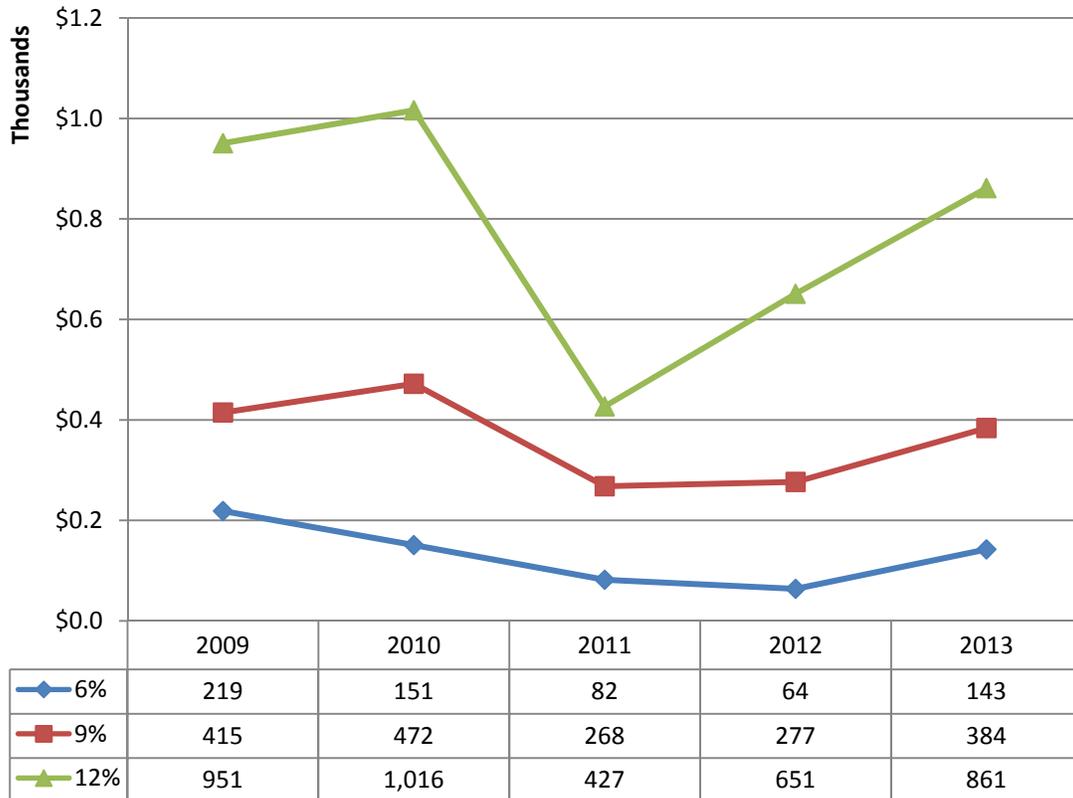


Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the 'potential' costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.2.4 Estimated average annual increase in UI contributions per employee

The following graph shows the additional UI contribution per covered employee required to achieve AHCM of 1.0 (0.85 for 12% assumption) by 2013, as compared to the contribution generated under the current UI laws.

Average Annual Increase in UI Contribution per Covered Employee to Achieve AHCM 1.0

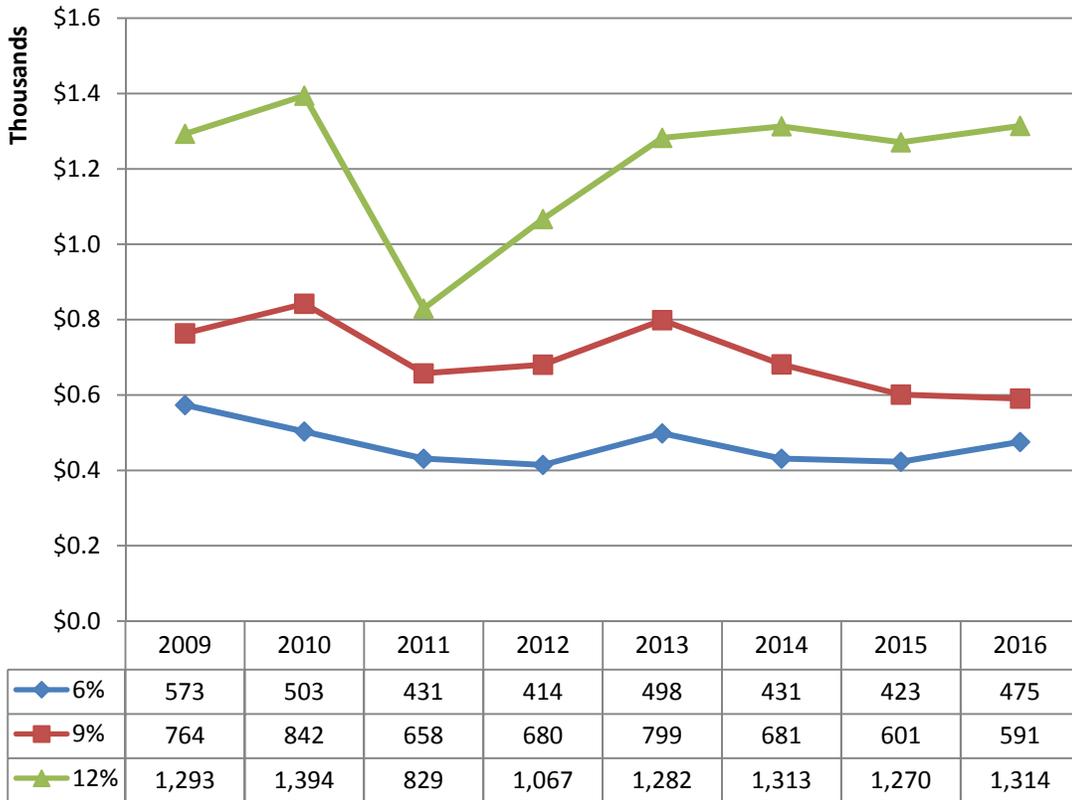


Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the 'potential' costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.2.5. Estimated average annual cost in UI contributions per employee after the fund reaches solvency

The following graph shows the average annual UI contribution per covered employee required to achieve the solvency goal by 2013 (utilizing the existing rate structure while varying the taxable wage ceiling), as well as the required average contributions for the three years following to maintain the solvency goal.

Average Annual UI Contribution per Covered Employee After Fund Reach Solvency During 2013

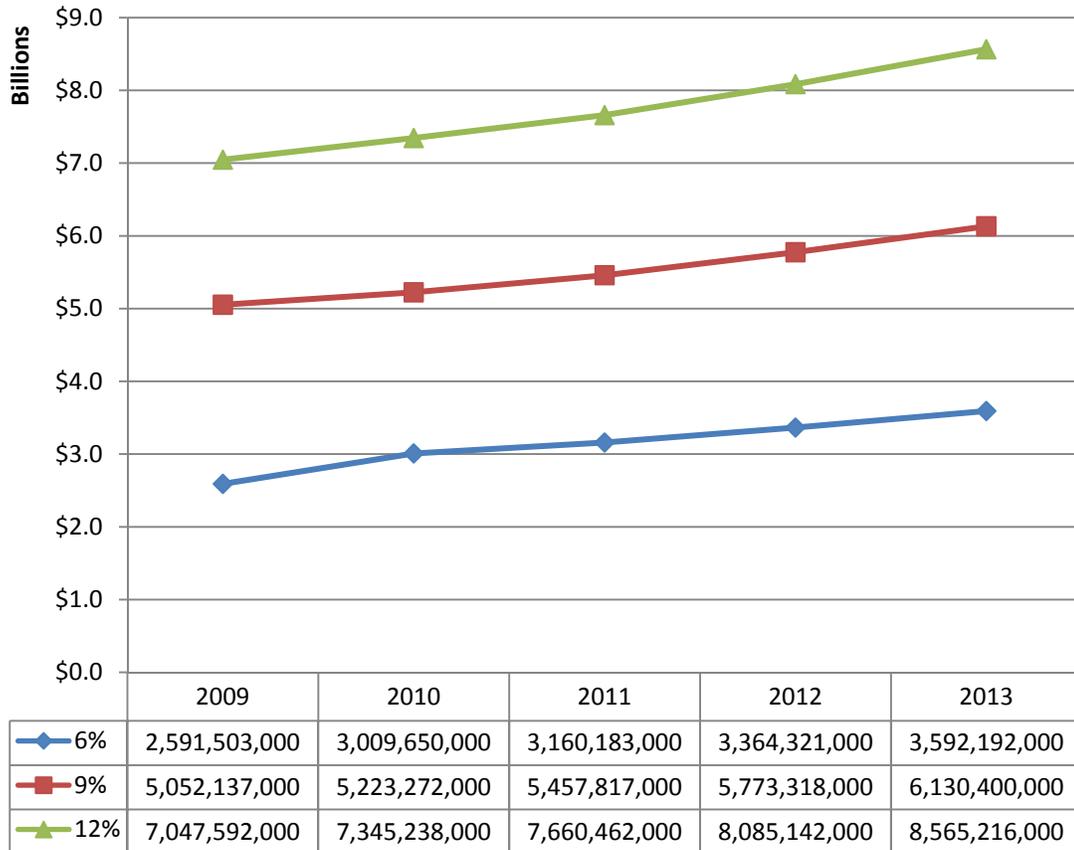


Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the 'potential' costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.2.6. Estimated amount of socialized benefits

The following graph shows total amount of socialized benefits paid by the UI program using the three unemployment rate assumptions during the 2009 through 2013 years.

Amount of Socialized Benefits



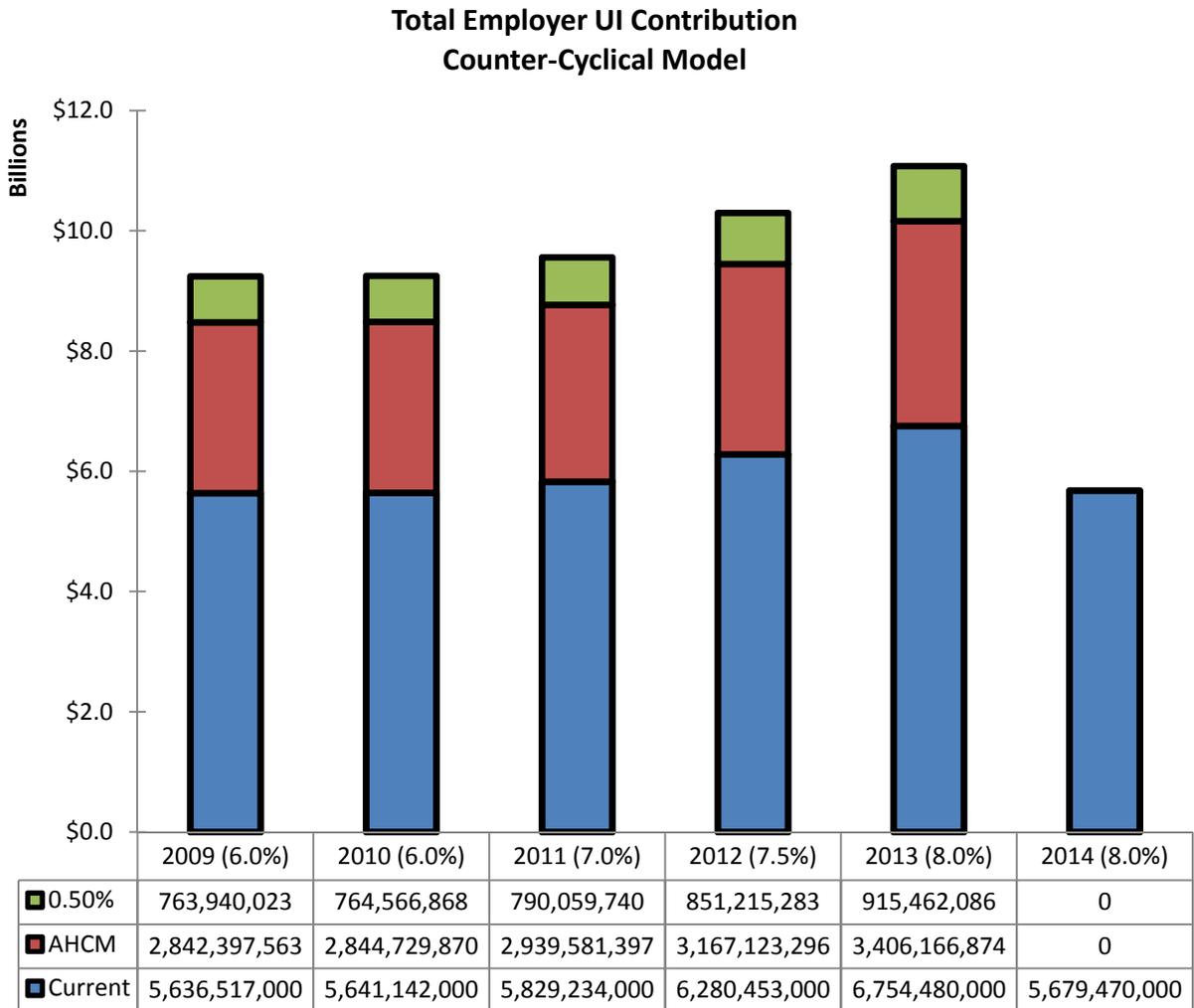
Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the 'potential' costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.3. Cost analyses of UI employer contributions needed to build a sufficient trust fund balance to achieve a counter-cyclical model

6.3.1. Estimated total annual UI employer contributions needed to achieve counter-cyclical model by 2013

The following graph shows total employer UI contributions for the 2009 through 2014 years under a counter-cyclical model scenario. These amounts include the contribution generated under the current rating structure, an amount for achieving AHCM of 1.0 by 2013, and a “ramp-up” amount to provide a 0.5% rate reduction during 2014.

The assumed annual unemployment rate is shown next to each year.



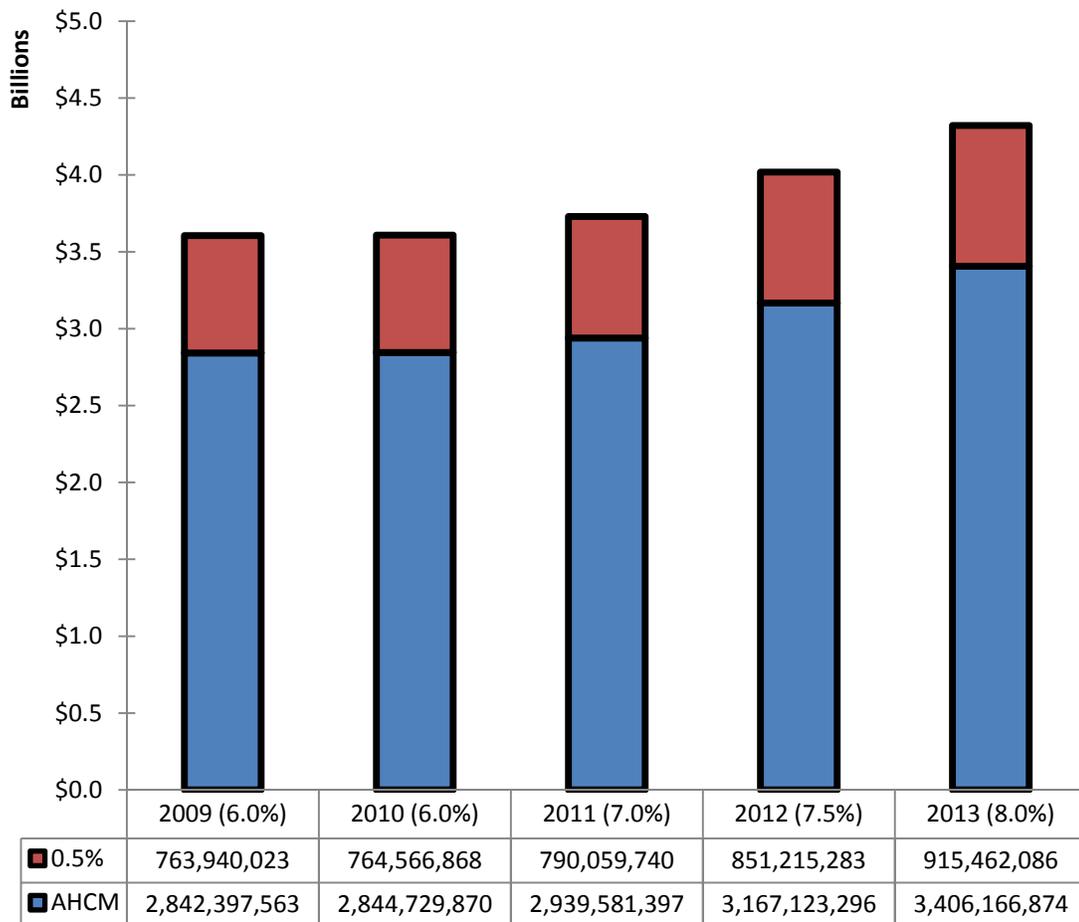
Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the ‘potential’ costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.3.2. Estimated annual increase in UI contribution to achieve counter-cyclical model by 2013

The following graph shows the additional employer UI contributions required for the 2009 through 2014 years under a counter-cyclical model scenario. The additional amount required consists of two parts: (1) the additional amount required to achieve the 2013 AHCM solvency goal and (2) the “ramp-up” amount required to offer a 0.5% reduction in the tax rate during the 2014 year.

The assumed annual unemployment rate is shown next to each year.

**Additional UI Contribution Required for AHCM of 1.0
and Average 0.5% Discount in Tax Rate**



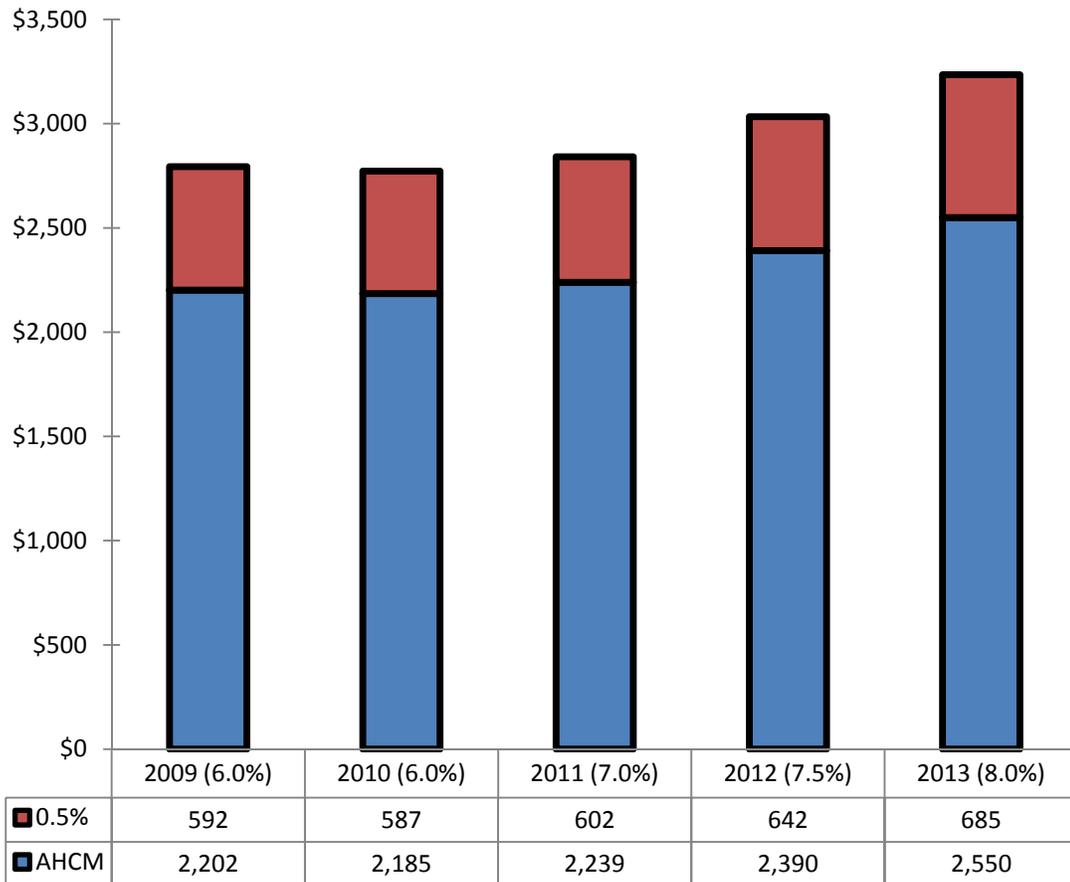
Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the ‘potential’ costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.3.3. Estimate the average annual increase in UI contributions per employer using counter-cyclical model

The following graph shows the average additional UI contributions required per employer for the 2009 through 2014 years under a counter-cyclical model scenario.

The assumed annual unemployment rate is shown next to each year.

**Average Additional UI Contribution per Employer
Required for AHCM of 1.0
and Average 0.5% Discount in Tax Rate**



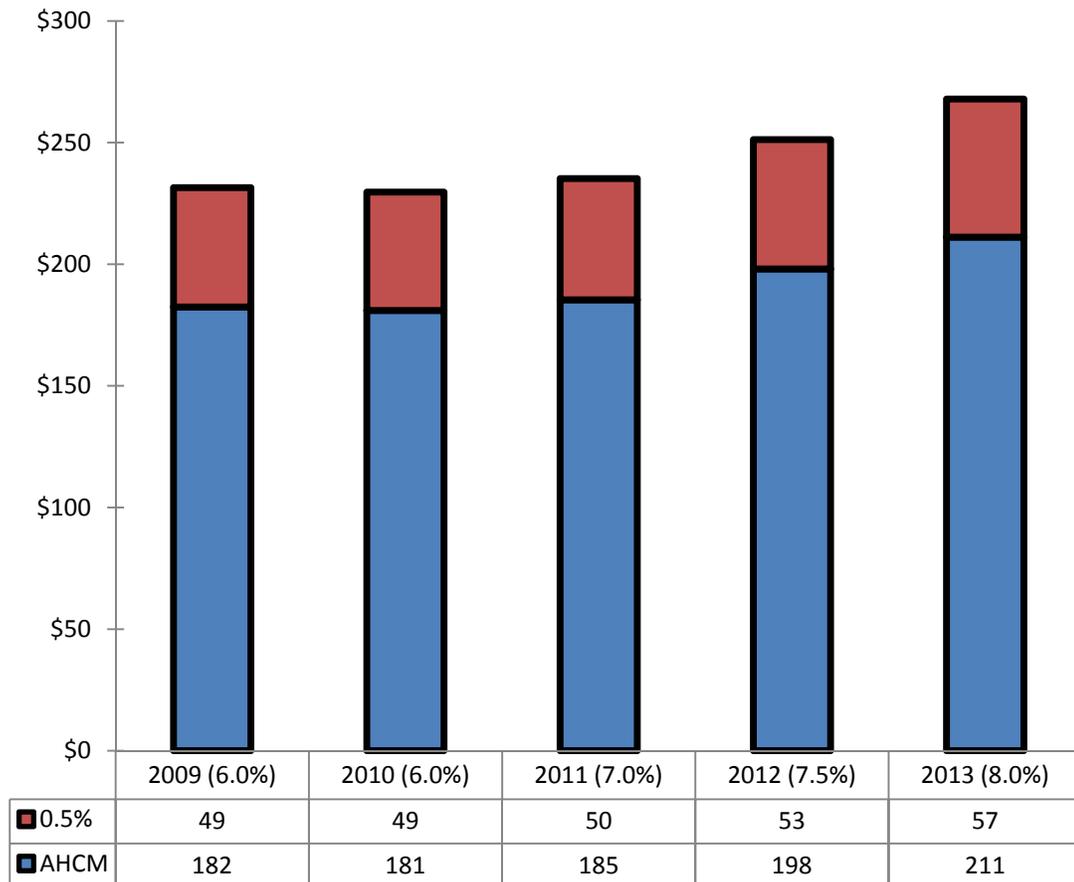
Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the 'potential' costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.3.4. Estimate the average annual increase in UI contributions per covered employee using counter-cyclical model

The following graph shows the average additional UI contributions required per covered employee for the 2009 through 2014 years under a counter-cyclical model scenario.

The assumed annual unemployment rate is shown next to each year.

**Average Additional UI Contribution per Covered Employee
Required for AHCM of 1.0
and Average 0.5% Discount in Tax Rate**



Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the 'potential' costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.

6.3.5. Estimated average annual decrease in UI contributions per covered employee in economic downturn years

Average annual UI contributions for the 2014 year decrease by \$123 per employee, following the increased contributions of the prior five years, allowing for a one-year rate break at the low point of the economic downturn.

6.3.6. Counter-cyclical model

A counter-cyclical rating model is designed to provide lower tax rates during economic downturns and higher tax rates during favorable economic periods. It is intended to provide financial relief to employers in difficult times to help stimulate economic growth and minimizes unemployment. Conversely, the model increases tax rates during good economic times to achieve a highly solvent trust fund.

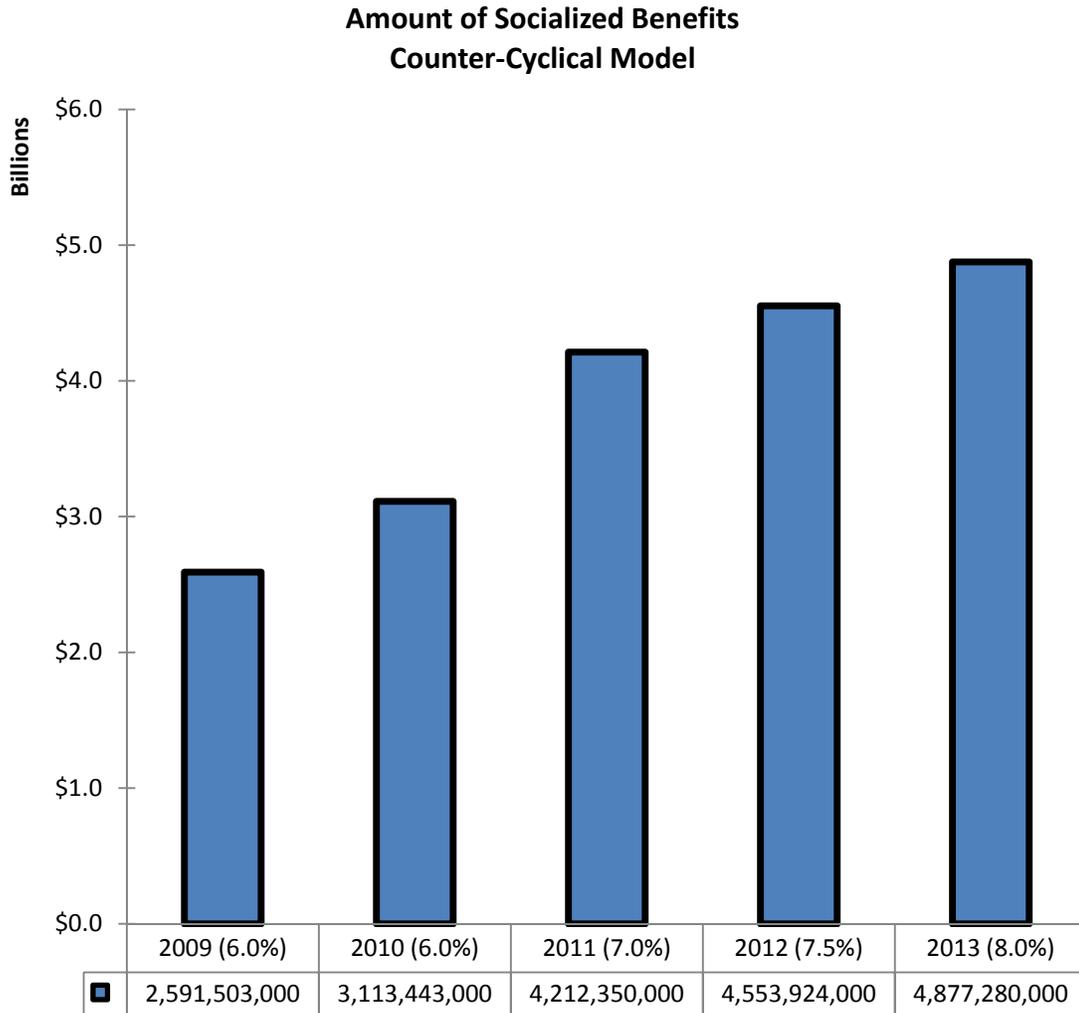
The counter-cyclical model discussed in this section is predicated upon achieving a 1.0 AHCM by 2013, which is a prerequisite to lower taxes when benefits payments are increasing without risking fund insolvency. Specifically, this model lowers the tax rate by 0.5 percent during 2014 and would only provide for one-year of employer tax relief. Additional “ramp-up” funding would be needed if the unemployment rate was higher, a greater tax reduction was desired, or a tax rate reduction implemented for a longer period of time (e.g., two years).

According to the Department of Labor, no other state has implemented a true counter-cyclical rate structure.

6.3.7. Estimated amount of socialized benefits

The following graph shows the total amount of socialized benefits paid by the UI program during the 2009 through 2013 years under a counter-cyclical model scenario.

The assumed annual unemployment rate is shown next to each year.



Disclosure Notice: The projections in this section are not a forecast of the UI trust fund, but only cost analyses using pre-defined economic assumptions. The intent of this section is to provide stakeholders with an overview of the 'potential' costs and fund implications if different solvency standards were used based on the pre-defined economic conditions. These are only scenarios and should not be interpreted as an official forecast.