

Unemployment Insurance Advisory Council Meeting

June 25, 2009

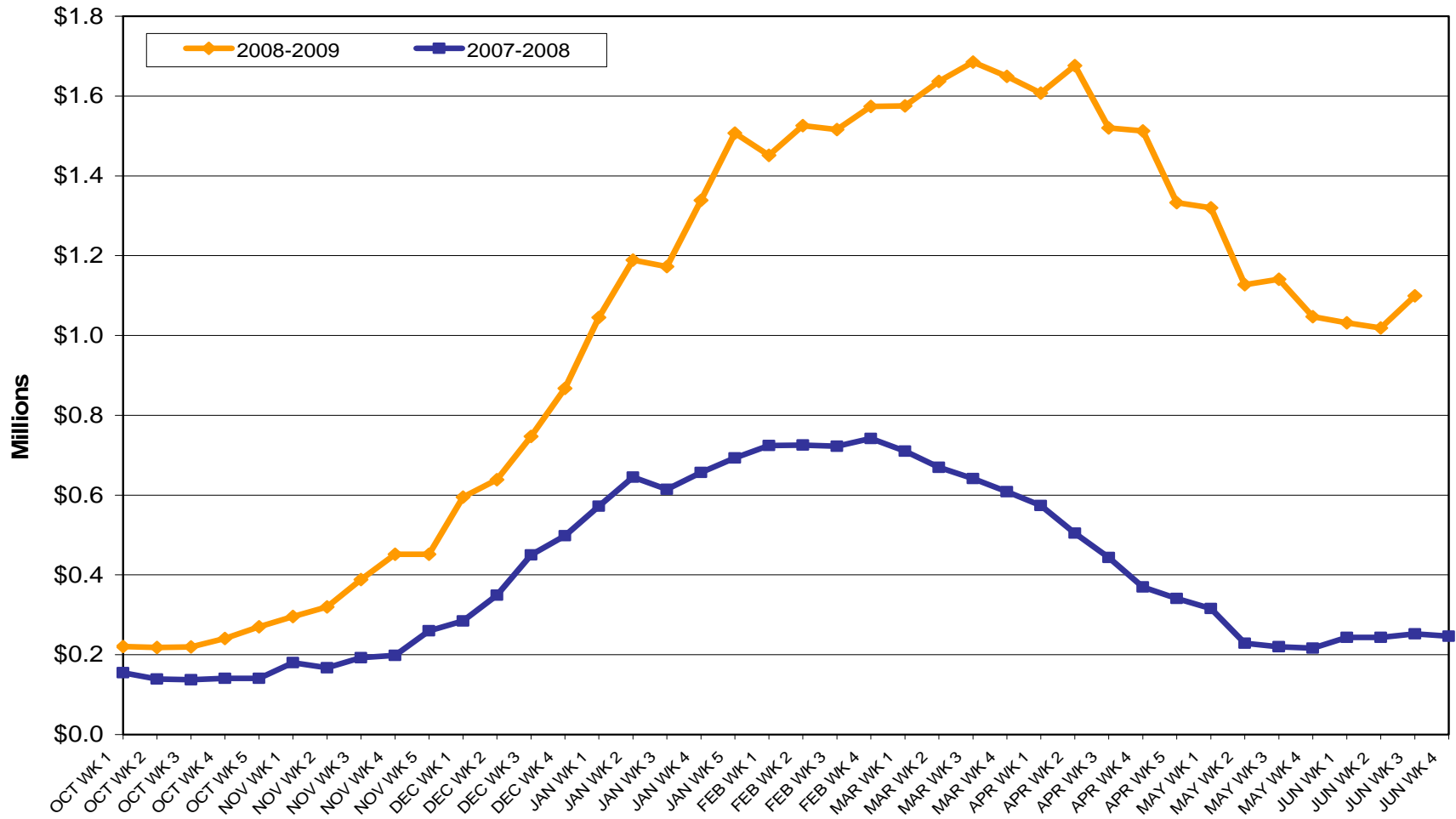
UI Trust Fund – Actual 2008

UI Financial Data - Quarterly Summary (in Millions)

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2008					
Contributions/Interest In	\$3.4	\$12.7	\$6.4	\$4.0	\$26.5
Benefits Out	\$9.2	\$5.1	\$4.0	\$6.8	\$25.1
Trust Fund	\$18.4	\$26.0	\$28.2	\$25.5	\$25.5

Weekly Unemployment Benefit Trends

Weekly UI Payments (October- June)



Workers Affected

- Third week of June 2009 =
5,839 claimants receiving \$1,579,793 in
benefits
- Third week of June 2008 =
1,452 claimants receiving \$329,120 in
benefits

UI Trust Fund Projection - 2009

As of June 22, 2009

UI Financial Projections - Quarterly Summary (in Millions)

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2009					
Contributions/Interest In	\$2.9	\$13.0	\$5.7	\$3.7	\$25.3
Stimulus Revenue In	\$0.0	\$5.9	\$0.0	\$0.0	\$5.9
Benefits Out	\$20.3	\$19.2	\$10.9	\$12.3	\$62.7
Trust Fund *	\$8.9	\$7.2	\$2.0	-\$6.6	-\$6.6

* Trust Fund Difference Covered by Federal Borrowing as Needed

UI Trust Fund Projection - 2010

As of June 22, 2009

UI Financial Projections - Quarterly Summary (in Millions)

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2010					
Contributions/Interest In	\$2.7	\$13.0	\$6.4	\$4.3	\$26.5
Surcharge In	\$3.5	\$23.3	\$9.3	\$0.0	\$36.1
Benefits Out	\$15.3	\$10.2	\$6.2	\$8.3	\$39.9
Federal Repayment Out	\$0.0	\$0.0	\$0.0	\$15.6	\$15.6
Trust Fund *	-\$9.0	\$26.2	\$35.7	\$16.1	\$16.1

* Trust Fund Difference Covered by Federal Borrowing as Needed

Consequences

1. Surcharge will trigger 9/30/09.
4th Quarter employer payments due 1/31/10
(1.5% on first \$9,500 wage base = \$142.50)
Revenue raised: \$3,531,000
2. Trust Fund balance goes negative December 2009.
Federal loans available at 0% interest thru 2010
3. Surcharge will again trigger 12/31/09.
All employer payments due 4/30/10
(1.5% on \$10,000 wage base = \$150)
Revenue raised: \$32,606,000
4. Additional \$11.7 million in stimulus funds available if benefits are expanded by 2010 Legislature.

UI Modernization

Option 1: Implement Alternative Base Period

- 14 States have been approved for the 1/3 share of the incentive payments.

- District of Columbia
- Hawaii
- Illinois
- Massachusetts
- Michigan
- Nevada
- New Hampshire
- New York
- Ohio
- Oregon
- South Dakota
- Vermont
- Virginia
- Washington

UI Modernization Provisions

Option 2: Expand Eligibility (\$11.7 million)

- Part-time Workers
- Dependents Allowance
- Quit for Compelling Family Reasons
- Benefits for Training

UI Modernization Distributions

- Six States have been approved for the full share of the incentive payments.
 - **Connecticut** – (compelling personal reasons & dependent's allowance)
 - **Georgia** – (part-time & training allowance)
 - **Idaho** – (part-time & training allowance)
 - **Iowa** – (part-time & training allowance)
 - **Minnesota** – (part-time & compelling personal reasons)
 - **New Jersey** – (part-time & training allowance)

Part-time Workers

- Eligible if past work pattern of part-time work and now seeking part-time work
- No new cost to Trust Fund – Already implemented in South Dakota, but law change is necessary

Dependents Allowance

- At least \$15/week per dependent, with an aggregate limit of lesser of \$50 or 50% of the individual's weekly benefit amount
- Projected Cost: \$2.5 million

Compelling Family Reasons

- Benefits allowed for workers who quit for compelling family reasons
 - Domestic violence – currently implemented but would need to be expanded
 - Illness or disability of immediate family member
 - Relocating with spouse
- Projected New Cost: \$1.8 million+

Benefits for Training

- UI exhaustees participating in state-approved or WIA funded training programs receive additional payment of 26 weeks
- Projected Cost: \$0.8 million to \$1.6 million

Bordering States-Tax Rates (as of January 2009)

	Minimum Tax Rate	Maximum Tax Rate
Iowa	0.00%	8.0%
Minnesota	0.56%	10.7%
Montana	0.13%	6.5%
Nebraska	0.24%	5.4%
North Dakota	0.20%	9.86%
Wyoming	0.27%	9.03%
South Dakota	0.0%	8.5%

Bordering States-Wage Base (as of January 2009)

	Wage Base
Iowa	\$23,700
Minnesota	\$26,000
Montana	\$25,100
Nebraska	\$9,000
North Dakota	\$23,700
Wyoming	\$21,500
South Dakota	\$9,500

Wage Base Increases

- 2010 Wage Base increases to \$10,000
- 2011 Increase Wage Base to \$11,000
 - Increase Revenue - \$1.9 million
- 2012 Increase Wage Base to \$12,000
 - Increase Revenue - \$1.8 million

Current Benefit Amounts

- \$298 Maximum
- Maximum weekly benefit = 50% of average weekly wage in covered employment for the preceding calendar year, adjusted in July

Weekly Benefit Amount – July 2009

- \$309 Maximum
- Cost to Trust Fund = \$1.0 million

UI Trust Fund

- Discussion & Motions
 - Modernization
 - Wage Base
 - Benefit Inflator