NATIONAL ASSOCIATION OF STATE WORKFORCE AGENCIES

State Unemployment Insurance Tax Survey

2014

A Report on Changes to State Unemployment Insurance Financing Systems

September 2014

EXECUTIVE SUMMARY

Five years after the Great Recession of 2007-2009, many states continue to confront the challenges presented by the economic downturn in their financing of state UI benefits. In an effort to help capture these challenges, the National Association of State Workforce Agencies (NASWA) recently completed its fifth annual survey of states on the status of their unemployment insurance (UI) financing systems. Originally intended to determine the amount and type of modifications to state UI tax mechanisms, the survey has evolved over the last four years, continuing to track tax changes, but now also tracks changes to weekly benefit payments, duration, eligibility, methods for employers to file UI taxes and alternative sources of funding for repayment of Title XII advances and interest on loan balances.

Some of the key highlights from the results of the 2014 survey include:

- For the first time in the five years that NASWA has conducted its UI Tax Survey, a larger percentage of states indicated they expected UI tax revenue to decrease rather than increase. Twenty-four states (57 percent) reported their UI tax revenue would decrease in 2014.

- States expecting an increase of their UI tax revenue in 2014 are projecting an average increase slightly more than one percent. States expecting a decrease of their UI tax revenue in 2014 are projecting an average decrease of 5.2 percent.

- States expecting UI tax revenue increases in 2014 cited economic growth and indexation of the state's taxable wage base as the top two factors driving the increase. This is a departure from what states reported in the previous three years of NASWA's survey, where increases in experience ratings on employers, discretionary increases in the state's taxable wage base, and moving employers to a higher tax schedule were the top reasons cited by states for the increase in UI tax revenue between 2011and 2013.

- For 2014, 14 states (34 percent) indicated tax schedules and surtaxes had reached their maximums under state law, with 27 states (66 percent) indicating they were not at their statutorily authorized maximums.

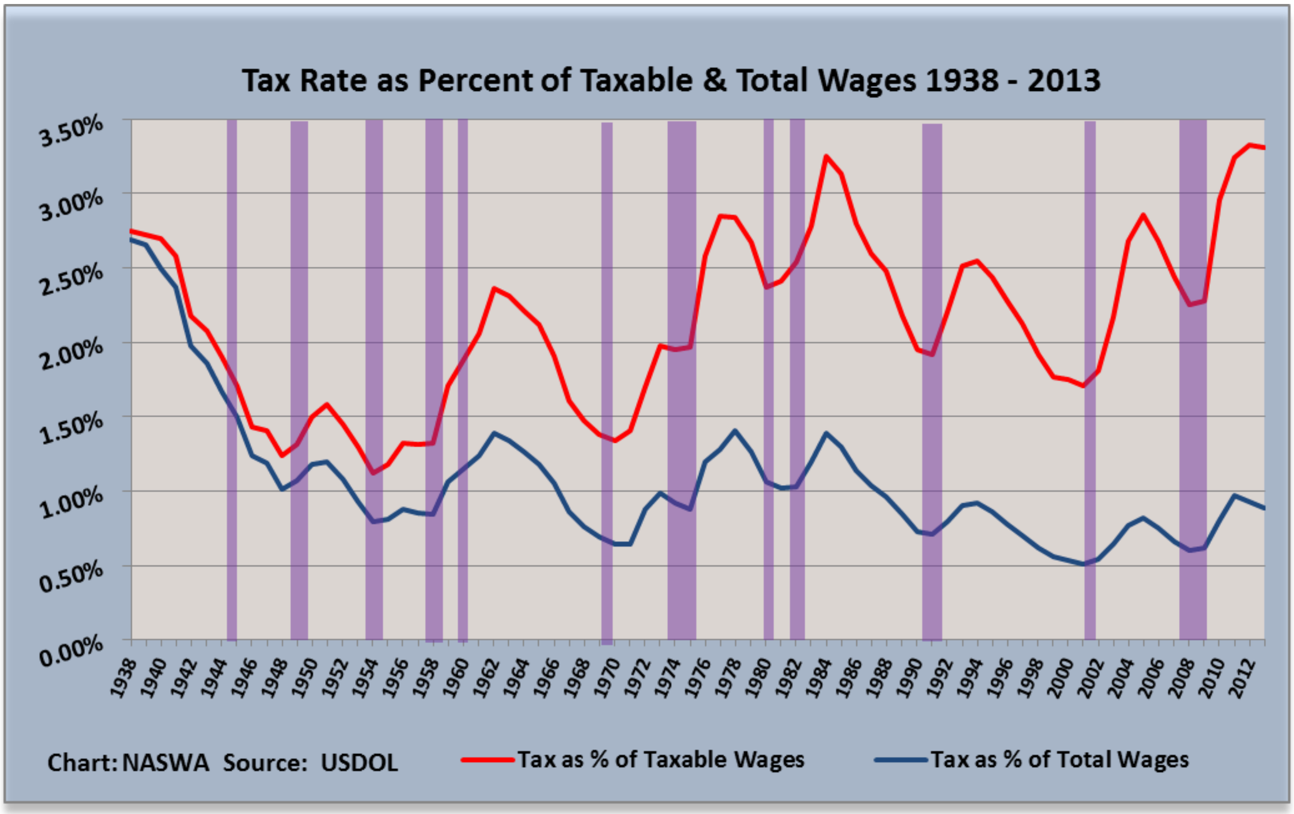
- Only 12 states (29 percent) enacted legislation in 2013 addressing UI financing, with 30 states (71 percent) indicating that no legislation was enacted. Five states (12 percent) indicated legislation has been or will be proposed to address UI financing in 2014. Three states (7 percent) indicated that legislation was enacted in 2013 addressing UI benefit levels. One state indicated legislation has, or will be, proposed in 2014 addressing UI benefit levels

- Eight of the nine states who responded to NASWA's survey indicating they had a Title XII loan mentioned they were taking special actions to reduce or eliminate the FUTA offset credit reduction in 2014 by applying for waivers from the U.S. Department of Labor for the Benefit Cost Ration (BCR) add-on charge.

Analysis of Changes in State Unemployment Insurance Tax Structures

AVERAGE STATE TAX RATE

UI tax rates, based on total wages, have continued to follow a generally downward path. The chart below displays the historical trend of the average state tax rates based on: total wages paid in covered employment and wages paid up to the taxable wage base set in each state's law.

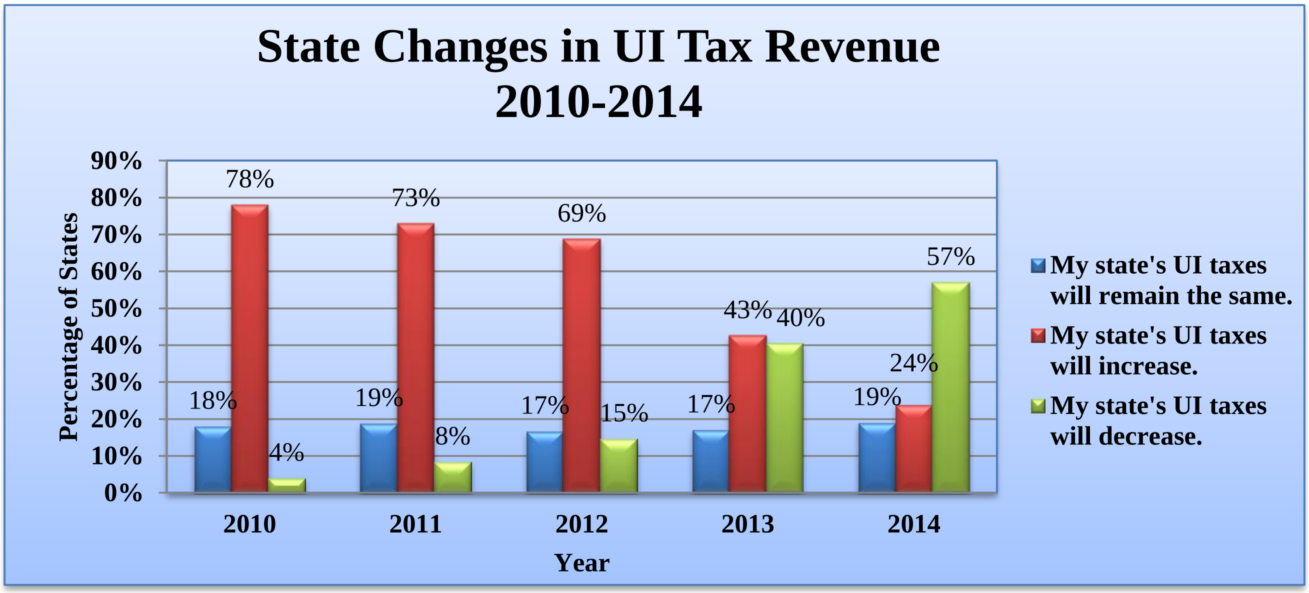


STATE UNEMPLOYMENT INSURANCE TAX REVENUE

Twenty-four states (57 percent) reported their UI tax revenue would decrease in 2014. This is the first time in the five years NASWA has conducted its UI Tax Survey that more states are expecting UI tax revenue to decrease rather than increase.

As the chart below illustrates, the number of states expecting their UI tax revenue to increase has declined over the past five years from 78 percent in 2010 to only 24 percent in 2014. Much of the decline in the number of states expecting UI tax revenue to increase has come in the last two years, dropping 26 percentage points between 2012 and 2013, and a 19 percentage points between 2013 and 2014.

Chart 1



In addition to the overall decline in the number of states expecting their UI tax revenue to increase, the average percentage of the increase has also declined over the past four years. In 2011, the average rate of the projected increase of UI tax revenue across all states was 16.5 percent, declining in 2012 to 10 percent, and further in 2013 to 6.6 percent. States expecting an increase of their UI tax revenue in 2014 are projected to have an average increase of 1.03 percent.

States expecting UI tax revenue increases in 2014 cited economic growth and indexation of the state's taxable wage base as the top two factors driving the increase. This is a departure from what states reported in the previous three years of NASWA's survey. Increases in experience ratings on employers, discretionary increases in the state's taxable wage base, and moving employers to a higher tax schedule were the top reasons cited by states for the increase in UI tax revenue between 2011and 2013.

The trend of states expecting their UI tax revenue to decrease has gone in the opposite direction over the last five years, from only four percent of states in 2010 expecting a decrease to 57 percent in 2014. Between 2010 and 2012, the number of states expecting an increase essentially doubled each year, increasing by 25 percentage points in 2013, when 40 percent of states expected decreases in their UI tax revenue. Similar gains continued in 2014 where the percentage of states expecting increases increased by 17 percentage points to 57 percent.

The average percentage decrease in UI tax revenue across states has been relatively stable over the past four years. In 2011, states reported on average that UI tax revenues would decrease by 3.6 percent, decreasing further by 10 percent in 2012, and dropping slightly to an 8.8 percent average decrease in 2013. States expecting a decrease of their UI tax revenue in 2014 are projected to have an average decrease of 5.2 percent.

States expecting UI tax revenue decreases in 2014 cited decreases in experience rating on employers and moving employers to lower tax schedules as the top two factors leading to a decrease in UI tax revenue. Decreases in experience ratings on employers and moving employers to a lower tax schedule were also the top two factors states cited in 2013 as to the cause of decreases in UI tax revenue.

State UI tax systems are designed to have automatic structural components built into state law that are counter-cyclical in nature that either increase or decrease UI tax revenue over a multiple year period in reaction to changes in economic growth or contraction.

The results of NASWA's surveys over the past five years illustrate the counter-cyclical nature of state UI tax systems. A majority of states in 2010, 2011, and 2012 expected higher UI tax revenue as the result of large UI benefit outlays during the Great Recession. Primary non-discretionary factors cited by states between 2010 and 2012 were automatic increases in experience rating for employers, indexation of the state's taxable wage base to growth and inflation. Discretionary factors states cited for the increase in state UI tax revenue during the same period were changes to state's taxable wage base by state legislatures and moving employers to higher tax schedules.

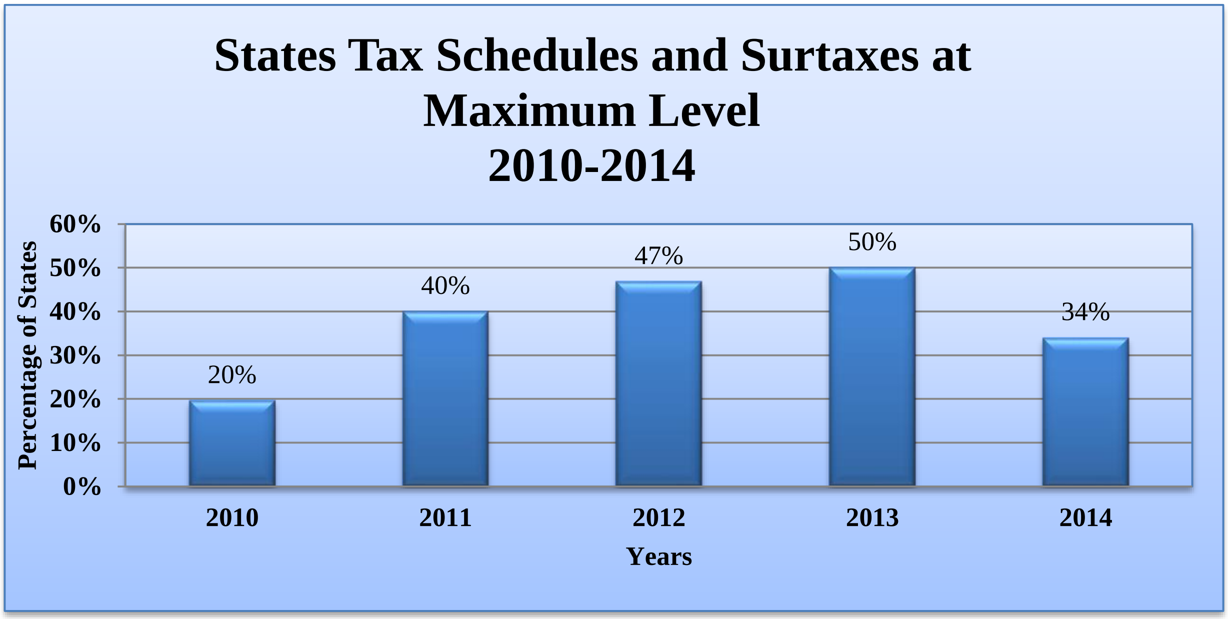
Many states have seen economic growth and employment levels increase over the past two years, while benefit payments to UI claimants has substantially declined across a majority of states. This has allowed most state UI trust funds to rely on less on the reactionary post-recession taxes built into UI systems to generate revenues for UI trust funds, such as increases in experience ratings for employers. Instead, states have been able to rely more on UI tax revenues generated from job growth to replenish state UI trust funds. Results from NASWA's 2014 survey highlight the shift in funding mechanisms with states indicating that the primary factor leading to declines in UI tax revenue is the result of decreases in experience rating on employers.

STATE UNEMPLOYMENT INSURANCE FINANCING

NASWA's survey of state UI financing systems asked states whether all tax schedules and surtaxes reached their maximums under state law. Between 2010 and 2013, the percentage of states saying all their tax schedules and surtaxes were at their maximums under state law were increasing, from only 20 percent in 2010, rising to 50 percent in 2013. The chart below illustrates the increasing trend over the five year period, with 2014 being the first year in NASWA's survey there was a decline in the number of states where tax schedules and surtaxes were at their maximums, with 34 percent of states indicating tax schedules and surtaxes were at their maximums.

The chart below also highlights the counter-cyclical nature of UI financing systems discussed above, showing the automatic mechanisms triggered in many states to increase UI tax revenue after state trust funds were depleted by the heavy demand for benefits during the Great Recession.

Chart 2



Due to the severity and duration of the Great Recession plus the slow economic growth following it, many states passed legislation adjusting some aspect of their UI financing systems in order to provide enough revenue to make their trust funds solvent. Over the past five years, the results of NASWA's survey show the number of states enacting legislation to address UI financing peaked in 2011, where approximately 36 percent of states reported legislation was enacted in their state for this purpose. In the past two years, the number of states enacting legislation addressing UI financing drop slightly, with 28 percent of states enacting legislation in 2012, and 29 percent in 2013. The number of states enacting further legislation addressing their UI financing systems will likely decline more substantially in 2014, as only 12 percent of states surveyed reported there was pending or already enacted legislation addressing UI financing for the current year, reflecting the fact many states have already enacted reforms prior to 2014.

STATE UNEMPLOYMENT INSURANCE BENEFIT PAYMENTS

The number of states reporting their state enacted legislation changing UI benefits between 2011 and 2013 has declined each year; with 28 percent of states reporting for 2011 legislation was enacted to address UI benefit payments. Only 13 percent reported legislation enacted in 2012, and 7 percent of states in 2013. This number is expected to decline for 2014, as only one state indicated that legislation had been proposed this year addressing UI benefit levels.

STATE ACTIONS TO ADDRESS UNEMPLOYMENT INSURANCE TRUST FUND INSOLVENCY

The impact of the Great Recession led to a large number of states borrowing funds from the Federal Unemployment Account (FUA) in the federal unemployment trust fund or from the private sector to finance unemployment benefit outlays. Many states exhausted their unemployment trust funds during the Great Recession and the issue of adequately financing the UI system was an extreme focus over the following years. An adequate UI trust fund balance is still an issue for a number of states. As of August 7, 2014, 11 states owed approximately $12.9 billion to the federal government for loans taken out during the Great Recession to finance UI benefit payments.

Over the last four years, NASWA has asked states whether or not they had a Title XII outstanding loan from the FUA as a result of insufficient funds in their state trust funds. The percentage of states reporting a Title XII loan has steadily declined from 54 percent of states in 2011 reporting UI loans to only 21 percent of states indicating the same in 2014. Between 2012 and 2013, the percentage of states with a Title XII loan dropped substantially from 52 to 38 percent and 17 percentage points from 2013 to 2014.

In addition to asking whether or not states have an outstanding Title XII loan, NASWA has also sought to determine the source of the funds states will use to pay back the loans taken from the FUA. While state UI employer taxes have been consistently reported over the previous three years as one source of funds, states have also mentioned a wide variety of sources outside of UI employer taxes to retire their loans. These other sources include special employer assessments or surtaxes, revenue from the state's general fund, and a small number of states have secured funds from private markets to repay their loans at a lower interest rate.

CONCLUSION

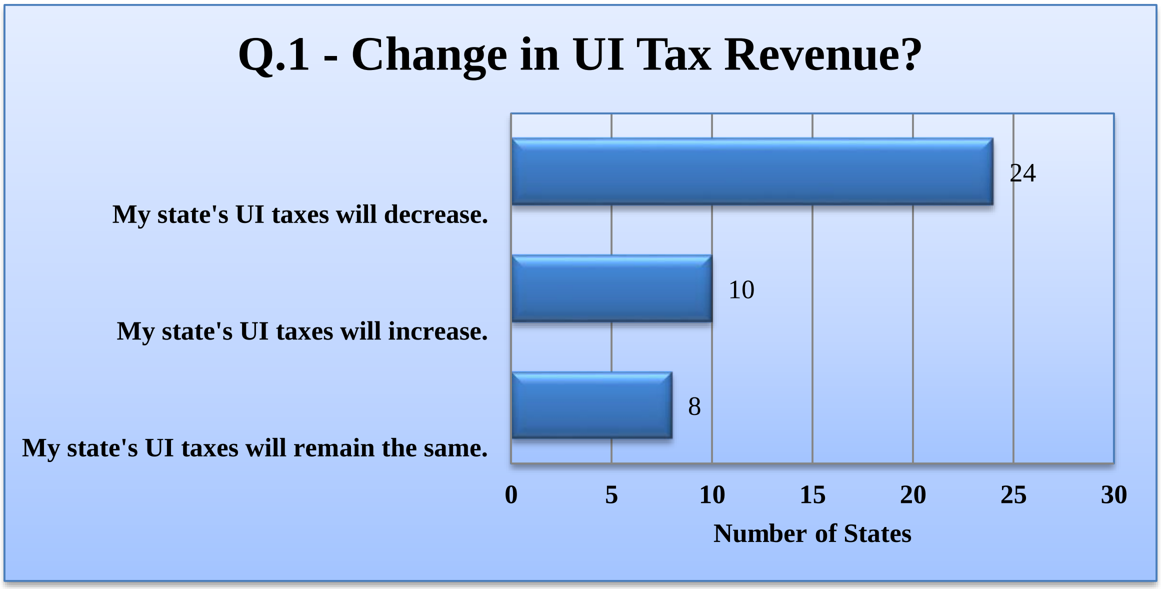
State unemployment insurance programs demonstrated during, and after, the Great Recession their effectiveness in mitigating the effects of the Great Recession as states processed and distributed over $346 billion in regular state UI benefits between 2007 and 2013. The results from the latest year of NASWA's UI tax survey show that many states have turned a corner in financing their regular state UI programs as many are seeing declines in projected UI tax revenues as a result of better economic conditions and lower levels of unemployment. While many states have distanced themselves from the challenges of the Great Recession, many states would likely have to borrow from the FUA and seek further modifications to their state UI systems in the event of another recession or other economic contractions.

DETAILED RESULTS OF NASWA'S 2014 UI TAX SURVEY

QUESTION 1: Compared to 2013, do you project your states unemployment insurance tax revenue will increase, decrease, or remain the same in 2014?

As Chart 3 below shows, 25 states (60 percent) in 2014 expect their unemployment insurance tax revenue to decrease. Only 10 states (24 percent) expect their unemployment insurance taxes to increase in 2014, and 7 states (17 percent) expect them to remain unchanged.

Chart 3



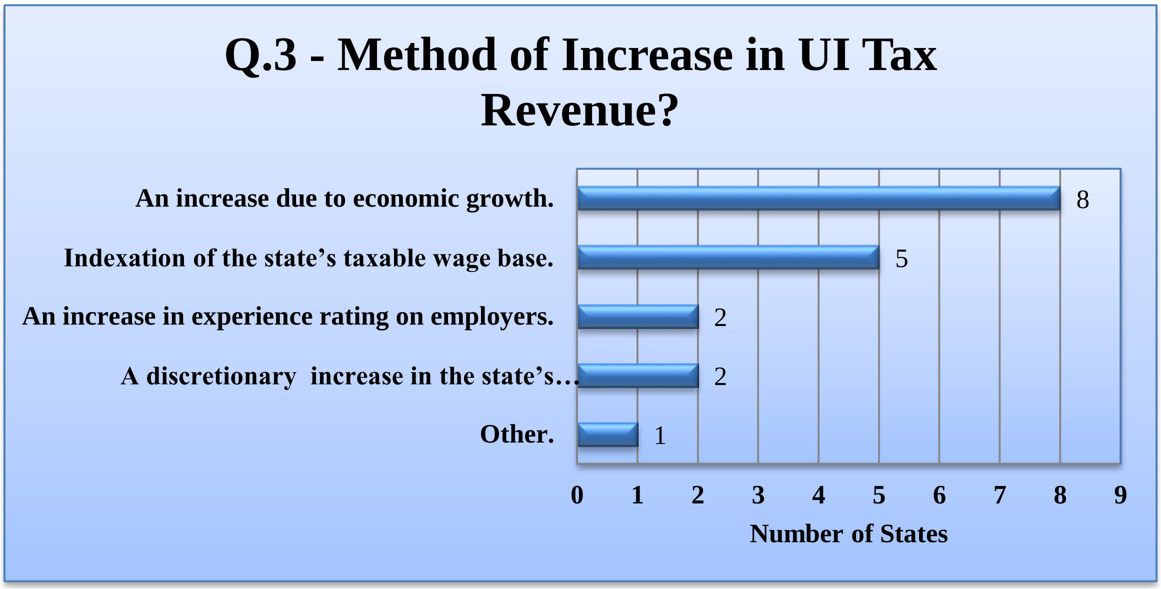
QUESTION 2: By what percent does your state project unemployment tax revenue to increase in 2014 as compared to state unemployment tax revenue collected in 2013?

The estimates of UI tax revenue increases ranged from 1 to 42 percent; with a weighted average state increase of about 1.03 percent. (See Table 1 in the appendix for the list of specific percentage increases in each state).

QUESTION 3: If your state's UI tax revenue will increase, please indicate how this will occur by checking the category or categories below. Check as many as are applicable in your state.

With only 10 states indicating they expect UI tax revenue to increase in 2014, 8 of those states (80 percent) mentioned the increase would partially be the result of economic growth. The only other method listed in which half of the states mentioned was the indexation of the state's taxable wage base, with five (50 percent) selecting this option. See Chart 4, below.

Chart 4

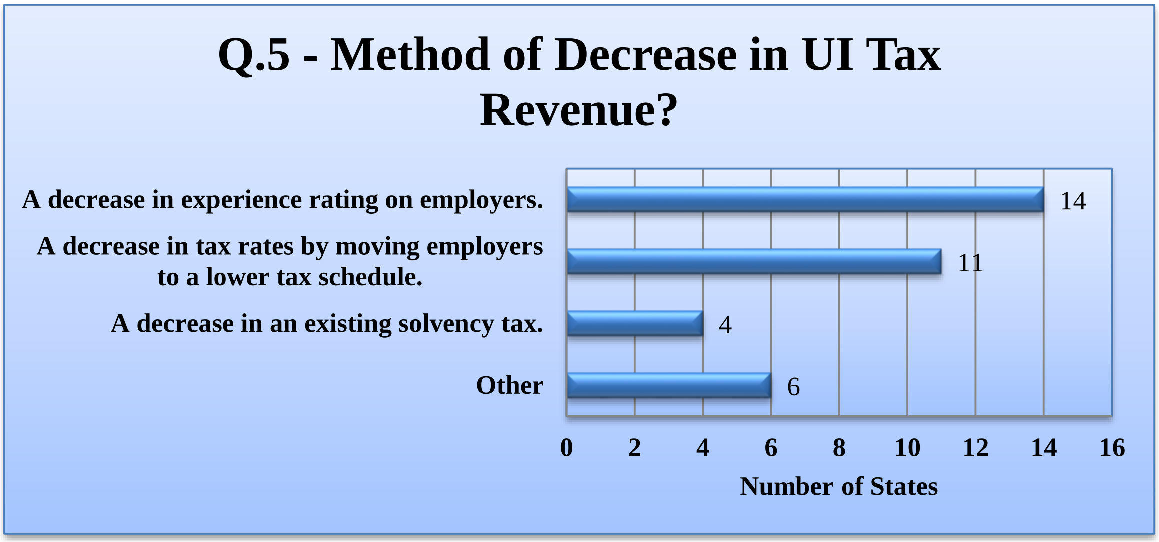


QUESTION 4: By what percent does your state project unemployment tax revenue to decrease in 2014 as compared to state unemployment tax revenue collected in 2013?

The estimates of UI tax revenue decreases ranged from 0.002 to 37 percent; with a weighted average state decrease of about 5.2 percent. (See Table 1 in the appendix for a summary of states with a percentage decrease).

QUESTION 5: If your state's UI tax revenue will decrease, please indicate how this will occur by checking the category or categories below. Check as many as are applicable in your state.

Chart 5

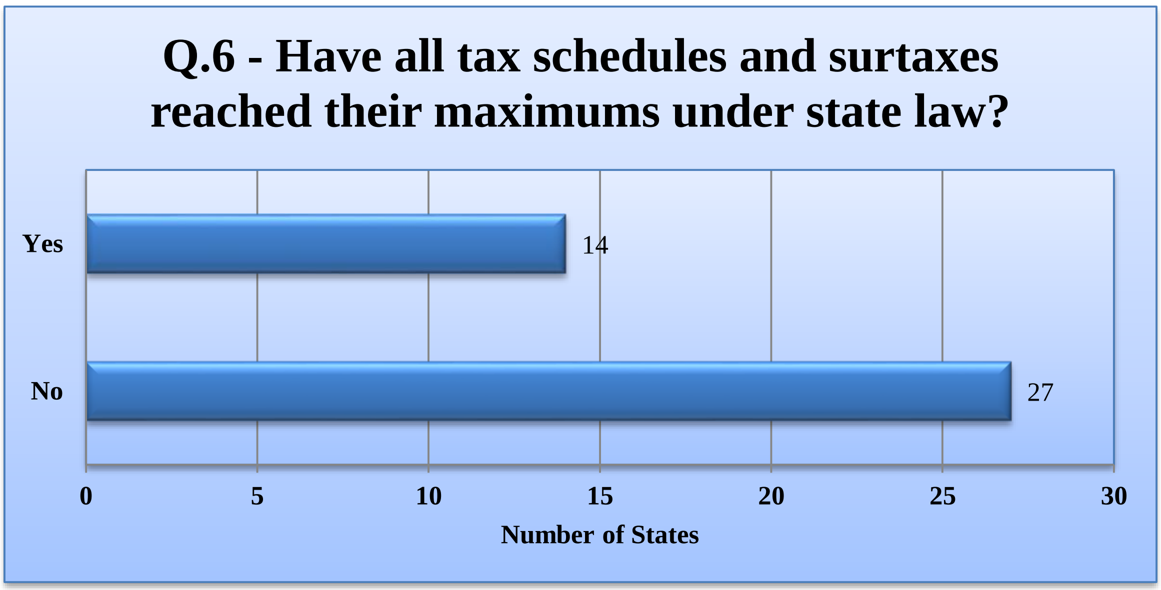


Fourteen (14) of the 25 states who mentioned their UI tax revenue would decline indicated the decrease in experience rating on employers would be a factor in reduced revenues. Eleven (11) states also mentioned a decrease in tax rates by moving employers to a lower tax schedule would lead to lower UI tax revenues in 2014. No state mentioned the expected decline in UI tax revenues would be the result of a decline in economic activity, a decrease in temporary state surtaxes to repay loans, or a discretionary decrease in the state's taxable wage base.

QUESTION 6: Are all tax schedules and surtaxes reached their maximum levels authorized under state law?

Although states have a great deal of flexibility normally built into their financing systems, when UI outlays are at historic levels, states might reach their limit attempting to secure adequate inflows of funds. For 2014, 14 states (34 percent) indicated tax schedules and surtaxes had reached their maximums under state law, with a majority, 27 states (66 percent) indicating they were not at their statutorily authorized maximums.

Chart 6



QUESTION 7: In 2013, was legislation enacted in your state addressing UI financing?

Only 12 states (29 percent) enacted legislation in 2013 addressing UI financing, with 30 states (71 percent) indicating that no legislation was enacted. Legislation enacted by states pertaining to UI financing was varied, including legislation that changed taxable wage bases, solvency surtaxes, and the formulas used to compute employer tax rates. (States who provided supplementary information on the specifics of the state legislation can be seen in Table 2 in the appendix).

QUESTION 8: In 2014, has (or will) legislation be proposed to address UI financing?

As of June 2014, only 5 states (12 percent) indicated legislation has been or will be proposed to address UI financing, while the overwhelming majority of 37 states (88 percent) indicated that no legislation had been proposed or will be proposed. Proposed or enacted legislation in 2014 states mentioned addressing UI financing included legislation affecting experience rating ratios and changes to eligibility requirements. (States who provided supplementary information on the specifics of the state legislation can be seen in Table 3 in the appendix).

QUESTION 9: In 2013, was legislation enacted in your state addressing UI benefit levels?

Only 3states (7 percent) indicated that legislation was enacted in 2013 addressing UI benefit levels, with an overwhelming majority of 39 states (93 percent) saying legislation addressing UI benefit levels was not enacted. States who indicated legislation was enacted addressing UI benefit levels mentioned the bills primarily reduced the maximum benefit amounts claimants could receive in an effort to make their trust funds more solvent. (States who provided supplementary information on the specifics of the state legislation can be seen in Table 4 in the appendix).

QUESTION 10: In 2014, has (or will) legislation be proposed to address UI benefit levels?

Only one state indicated legislation will be proposed in 2014 addressing UI benefit levels, which would seek to increase the maximum weekly benefit amount. (States who provided supplementary information on the specifics of the state legislation can be seen in Table 5 in the appendix).

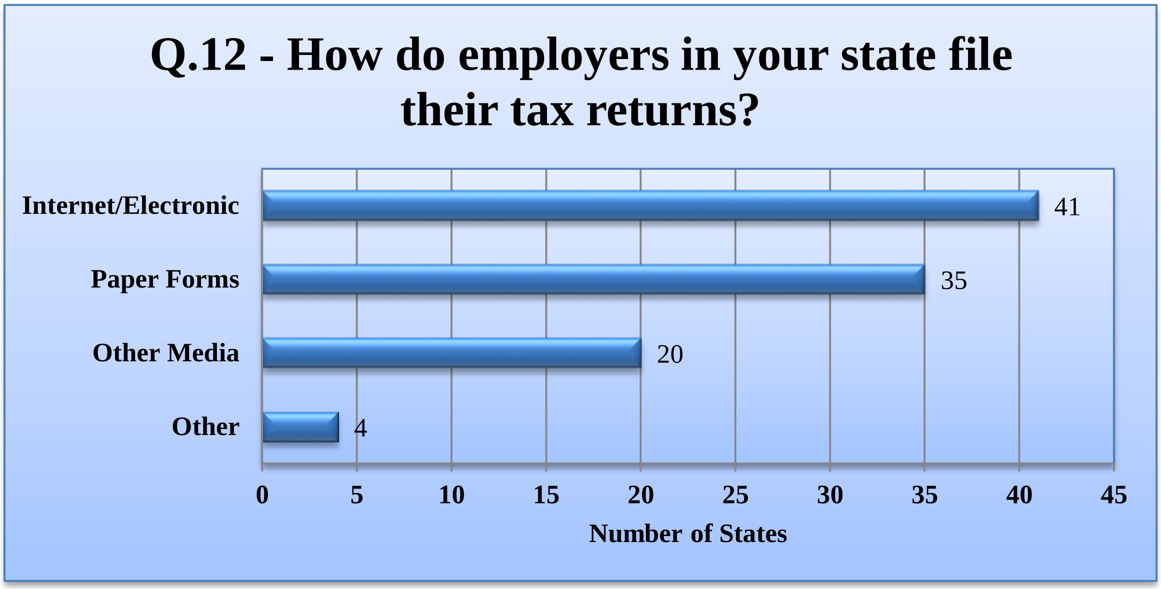
QUESTION 11: Does your state include any additional taxes (other than solvency) on employers for UI and/or other purposes?

States were asked for the second year-in-a-row if they include any additional taxes on employers for UI and/or other purposes. Eight states (27 percent) indicated they use a special administration tax, with 11 states (37 percent) also mentioning training taxes on employers are used for UI purposes. Twelve states also mentioned uses of a wide variety of "other" taxes for the operation of their UI system. (States who provided supplementary information can be seen in Table 6 in the appendix).

QUESTION 12: How do employers in your state file their tax returns? (Check all that apply)

As states look to continue effective operation of their state unemployment insurance systems despite chronic underfunding by the federal government as outlined in NASWA's UI Administrative Funding proposal, many have expanded the digital options employers have to file their tax returns. Forty-one states (98 percent) indicated they accept employer filing via the internet or other electronic methods, 35 states (83 percent) indicated employers can still file their tax returns on paper through the U.S. postal system, and 20 states (48 percent) said employers can file via "other media."

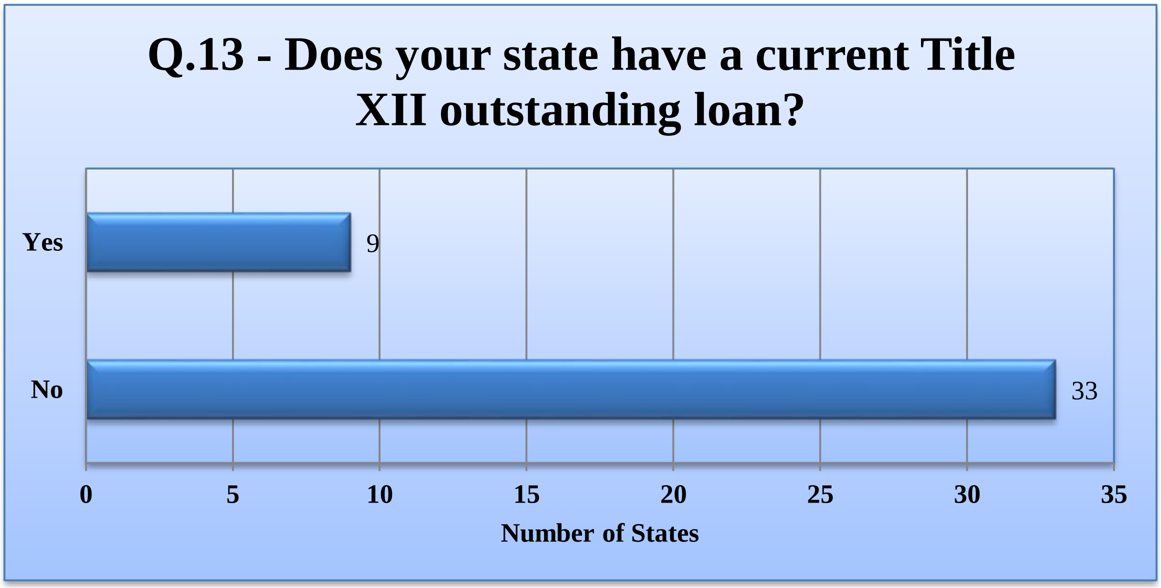
Chart 7



QUESTION 13: Does your state have a current Title XII outstanding loan?

Of the 42 states to respond to the survey, nine indicated they currently have an outstanding Title XII loan from the federal government. (Three States with Title XII advances: IN, NY, and VI did not report). As mentioned earlier, 11 states owed approximately $12.9 billion to the federal government as of August 7, 2014.

Chart 8



QUESTION 14: Is your state considering changing the way interest is paid on Title XII loans in 2014?

Eight of the nine states who indicated they had a Title XII loan indicated they were not planning on changing the way interest is paid on Title XII loans in 2014.

QUESTION 15: If employers in your state are subject to a FUTA offset credit reduction in 2014, is your state taking any special action to reduce or eliminate the credit reduction?

Eight of the nine states responded indicating they were taking special actions to reduce or eliminate the FUTA offset credit reduction in 2014. All states indicated they would be accomplishing this through applying for a waiver from the U.S. Department of Labor from the Benefit Cost Ration (BCR) add-on charge.

BACKGROUND INFORMATION ON THE FEDERAL-STATE UI SYSTEM

Created by the Social Security Act of 1935, the UI system has been a successful social insurance program for almost 80 years. UI provides temporary, targeted, timely and partial wage replacement to laid-off workers. The UI system is a unique federal-state partnership. State unemployment benefits are financed through state payroll taxes generally on employers, which are held in individual state trust fund accounts in the federal unemployment trust fund in the US Treasury. States establish the parameters for determining the benefit amount for unemployed individuals including the initial and continuing eligibility requirements, and the level and duration of individual benefit amounts. States administer state unemployment insurance programs, but administrative funding comes from the federal government. The system is decentralized to the state level to address the varying economic conditions among the states.

UI Financing

Employers receive a 5.4 percent credit on their Federal Unemployment Tax Act (FUTA) tax rate if the state's UI program is in compliance with federal law. The FUTA tax rate for employers is 6.0 percent for a net rate of 0.6 percent on the first $7,000 of each worker's gross earnings, thus equating to a $42 annual tax per worker. Funding for administration of the federal-state UI system is appropriated by Congress from the FUTA revenue. State UI payroll taxes fund benefit payments to unemployed individuals who meet the requirements of the specific state's law. Employers in states with overdue outstanding federal loans might pay a higher tax rate. FUTA tax revenue generally pays for administration of federal and state UI benefits, labor market information, and employment service administration, the federal half of the permanent federal-state extended benefits program, and federal loans to insolvent state UI programs.

Changes to UI financing mechanisms are automatic, discretionary, or statutory, for example:

- Automatic adjustments are based on tax schedules and triggers already in state laws and are often dependent on the level of reserves in state trust UI funds or based on an index (including shifts to higher UI tax schedules, the introduction of solvency taxes, freezes to benefit levels, increases to employer's experience ratings, and increases to state taxable wage bases based on indexation).

- Discretionary adjustments are a result of actions authorized under state law and implemented by state authorities or agencies (including issuance of bonds, the introduction of special assessments such as surtaxes on a state's employers, and decisions to borrow funds from the state), and

- Statutory adjustments are modifications to state UI financing laws enacted by state legislatures (including adjustments to UI tax schedules and tax rates within state tax schedules, increases to state taxable wage bases, adjustments to state automatic triggers to taxes or benefits, and measures to reduce UI benefit outlays such as reductions in minimum and maximum weekly benefit levels or decreasing the maximum duration of benefits allowed).

UI Benefits

State UI Programs provide unemployment benefits to eligible workers who are unemployed through no fault of their own (as determined under state law), and meet other eligibility requirements of state law. Eligibility for unemployment insurance, benefit amounts and the length of time benefits are available are determined by state law.

Eligible UI Claimants must meet the state requirements for wages earned or time worked during an established period of time referred to as a "base period." (In most states, this is usually the first four of the last five completed calendar quarters prior to the time a claim is filed).

States set specific requirements to determine benefits levels and duration. In general, benefits are based on a percentage of an individual's earnings over a recent 52-week period - up to a state maximum amount, and benefits can be paid for a maximum of 26 weeks in most States. Additional weeks of benefits may be available during times of high unemployment. Some states provide additional benefits for specific purposes, such as to support training.

To reduce UI benefit outlays, state benefit structures can be modified by restricting eligibility, capping or reducing the maximum weekly benefit amount, reducing the wage replacement fractions, cutting the potential duration of eligibility, reducing and collecting improper payments, or reducing the average duration on UI through cost-effective reemployment services, and reemployment and eligibility assessments.

UI Administration

Administering unemployment benefits involves: (1) processing initial and continued claims for both state and federal benefit payments; (2) collecting unemployment taxes; (3) preventing improper payments and fraud; (4) answering questions from UI claimants and employers; and (5) adjudicating eligibility issues, such as disputes about job separations between UI claimants and employers.

Federal Borrowing Requirements

Federal law contains an automatic loan repayment provision -- known as the FUTA credit reduction -- for states with loans that have been outstanding for roughly two to three years. Specifically, if a state has an outstanding loan on January 1st of two consecutive years and does not fully repay the advances by the November 10th following the second January 1st, the credit employers in the state receive on the federal unemployment tax is reduced in the next year and the revenue generated from the credit reduction is applied to the outstanding loan until it is repaid. Each year the loans are overdue, the FUTA credit is reduced 0.3 percentage points, which increases the net tax rate by 0.3 percentage points in the first year it is overdue for a tax rate of 0.9 percent, 0.6 percent in the second year it is overdue for a tax rate of 1.2 percent, and so on until the 5.4 percent credit is reduced to zero or the loan is repaid. Additional credit reductions after the first credit reduction might apply also.

To avoid these FUTA credit reductions, states have a number of options, such as increasing tax revenue, reducing benefit outlays, seeking additional funding from other state sources, or borrowing from the private sector to repay the federal loans and/or increasing UI contributions or reducing benefit outlays to regain or maintain solvent state UI trust funds.

APPENDIX
TABLE 1

State	Change in UI tax revenue (%)
Alabama	-0.002
Alaska	-0.13
Arizona	4.9
Arkansas	-5.0
California	1.0
Colorado	-5.0
Connecticut	-2.6
Delaware	42.0
District of Columbia	0.0
Florida	-14.0
Hawaii	-30.0
Idaho	-27.8
Illinois	-11.0
Iowa	-16.0
Kansas	0.0
Kentucky	4.0
Maine	-17.3
Louisiana	0.0
Maryland	-30.0
Minnesota	-8.0

Mississippi	**-0.23**
Montana	**-1.4**
Nebraska	**-15.5**
New Hampshire	**-0.3**
New Jersey	**3.0**
New Mexico	**0.0**
North Carolina	**2.0**
North Dakota	**5.6**
Ohio	**0.0**
Oregon	**-6.0**
Pennsylvania	**0.0**
Rhode Island	**2.3**
South Carolina	**-3.0**
South Dakota	**1.5**
Tennessee	**-37**
Texas	**-8.0**
Utah	**-0.1**
Virginia	**-7.4**
Washington	**8.0**
West Virginia	**0.0**
Wisconsin	**-0.1**
Wyoming	**0.0**

TABLE 2

State	Legislation Enacted to Address UI Financing in 2013
Alaska	**Bill Number:** HB 76. **Date Enacted:** 7/1/2013. **Description:** Removing decreasing solvency adjustment limit and giving the DOLWD Commissioner the authority to temporarily suspend tax rate increases.
Arizona	**Bill Number:** HB 2173. **Date Enacted:** June 19, 2013. **Description:** Authorized borrowing of $200 million in short-term notes to repay outstanding federal loan.
Arkansas	**Bill Number:** SB 1116. **Date Enacted:** April 12, 2013. **Description:** Additional Assessments for Deficit Rated Employers.
Delaware	**Bill Number:** HB 168. **Date Enacted:** 8/15/13. **Description:** Increased taxable wage base to $18,500 from $10,500.
Iowa	**Bill Number:** HF 2199. **Date Enacted:** July 1, 2014. **Description:** Conformity legislation for charging of Voluntary Shared Work.
Minnesota	**Bill Number:** H.F. No. 729 Article 4 Sec. 15. **Date Enacted:** January 1, 2014. **Description:** Removed special solvency assessment and lowered base rate to minimum.
Mississippi	**Bill Number:** House Bill 932. **Date Enacted:** Signed March 6, 2013. Effective March 1, 2013. **Description:** General Experience Rate reduced by 0.07% and Workforce Enhancement Training was increased by 0.07%.
New Mexico	**Bill Number:** SB 334. **Date Enacted:** January 1, 2014. **Description:** Replaced the reserve ratio system with a benefit ratio system effective January 1, 2015. The formulas for calculating employer contribution rates, employers benefit ratios, and the reserve factor. The bill also describes a new method for assigning contribution rates for new employers based on an industry average and creates an excess claims premium.
North Carolina	**Bill Number:** House Bill 4. **Date Enacted:** 6/30/2013. **Description:** Changed the method of tax rate computations. Increased the

	minimum and maximum tax rates. Requires all reimbursable accounts to maintain 1% reserve balance.
Pennsylvania	**Bill Number:** House Bill 26 / Printer's Number 1944 (Act 34-2013) **Date Enacted:** July 2, 2013. **Description:** From 2013-17, the legislation supplements funding of UC programs by redirecting a portion of state's employee tax into a newly created "Service and Infrastructure Improvement Fund."
Wisconsin	**Bill Number:** - 2011 Wis. Act 236, 2013 Wis. Acts 20, 36, and 204. **Date Enacted:** - Act 236 in April 2012, Act 30 in July 2013, Act 36 in July 2013, and Act 104 in Dec. 2013. **Description:** - Credits certain benefit overpayment penalty revenue the UI Reserve Fund. ($319,000) Changes certain quit exceptions ($11.5 million). Changes certain misconduct and substantial fault provisions ($16 million) Prohibits claimants receiving SSDI payments from receiving UI benefits ($2.3 million). Requires claimants to create and protect security credentials ($184,000). Increases maximum weekly benefit rate ($11.5 million) Requires work search effort random audits ($247,000). Repeals extended training benefits ($7.6 million). Clarifies department error benefit overpayments ($1 million) Authorizes financial record matching for tax any benefit overpayment collection purposes ($8 million). Authorizes a work share program in Wisconsin ($4.7 million). Added 3 higher tax rate categories to all 4 tax schedules which does not take effect until tax year 2015.

TABLE 3

State	Legislation Proposed to Address UI Financing in 2014
Alaska	**Bill Text**: HB 278. **Status**: Enacted 7/1/2014. **Description** - Employee UI Tax contribution decreased and increased the training and vocational education program (TVEP).
Mississippi	**Bill Text**: Senate Bill 2958. **Status:** Approved by Governor on March 21, 2014. **Description**: General Experience Rating reduced to 0.02%.
Pennsylvania	**Bill Text**: House Bill 403 / Printer's Number 2938 **Status**: Referred to the Senate Appropriations Committee for consideration **Description**: The underlying legislation provides for penalties for fraudulent claims; amends certain claimant UC eligibility requirements
South Dakota	**Bill Text**: - HB 1045 -An Act to revise unemployment insurance contribution rates. **Status**: - Signed by Governor. **Description** - Reduce revenue from employer contributions by changing the contribution rate/reserve ratio table.

TABLE 4

State	Legislation Enacted to Address UI Benefit Levels in 2013
Kansas	**Bill Number:** HB 2105 **Date Enacted** – 4/16/2013 **Description** - Tied the number of weeks to the state's unemployment rate.
North Carolina	**Bill Number**: House Bill 4 **Date Enacted**: 6/30/2013 **Description**: Reduced maximum weekly benefit amount to $350. Reduced max. Duration to 20 weeks. Allows 1 attached claim per employee per benefit year.
Wisconsin	**Bill Number**: 2013 Wis. Act 36 **Date Enacted**: July 2013 **Description**: - Effective Jan. 5, 2014 the maximum weekly benefit rate was increased from $363 to $370. This is estimated to have an annual negative effect on Fund solvency of $11.5 million.

TABLE 5

State	Likely Legislation to Address UI Benefit Levels in 2014
New Hampshire	**Bill Text**: House Bill 1499-FN **Status**: Pending **Description**: An act to increase weekly benefit amount of unemployment benefits.

TABLE 6

State	Does your state include any additional taxes (other than solvency) on employers for UI and/or other purposes?
Alabama	A 0.0006 percent employment security assessment (reduces the tax rate by the same amount).
Arkansas	Extended Benefit Tax Advance Interest Tax.
Colorado	Bond principal surcharge to repay principal on private debt issuance.
Kentucky	As of January 1, 2014 a surcharge of 0.22% is being assessed on the taxable wage base. The surcharge collection is dedicated to making federal and commercial interest payments resulting from the Title XII advance.
Maine	Training Tax for Competitive Skills Scholarship Program
Nebraska	State Unemployment Insurance Trust Fund (SUIT). Fund is reserved for payment of UI Benefits. Interest is credited to the Nebraska Training and Support Trust Fund (NTST).
New Jersey	Training Tax - We have an assessment against employers and employees for our training programs for the Workforce Development Partnership program and the Supplemental Workforce Fund for Basic Skills. Also, there was an annual interest assessment for the interest due on our Title XII loan. However, we will not need to initiate an interest assessment for FY 2014, since we have carryover balances from our prior assessment.
North Carolina	Other – Reserve fund surtax.
Ohio	Ohio imposes an additional 0.1% - 0.5% mutual tax on all experience-rated employers when the balance of the "mutualized account" is less than $0.00.
Pennsylvania	Other - Pennsylvania imposes a tax on employees that is required to be withheld by employers. If the employer does not withhold the tax we lien the employer, in which case the liability shifts from the employee to the employer.
Rhode Island	O.3% Interest Assessment to pay interest on federal loans and to repay the loan principal. 0.21% Job Development Fund assessment (0.19% for job training grants & job development activities and 0.02% for UI and ES core services).
South Dakota	Other - Investment fee which is used for economic development.
Virginia	Pool tax to recover non-charged benefits.

Washington	There are two small "piggyback" taxes imposed. One funds a portion of the administration of our training benefits program. The other funds reemployment and other services for UI recipients.
Wyoming	Wyoming does not have any additional UI Tax on employers, but split part (40%) of the noncharged and ineffectively charged adjustments factor into Employment Support Fund (Which could be used for UI).

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