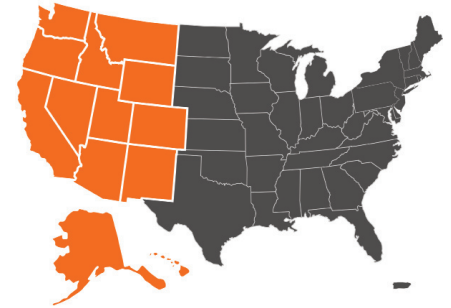


THE BOOK OF THE STATES 2011

Facts & Figures



UNEMPLOYMENT INSURANCE TRUST FUNDS

National Analysis »

Unemployment rates remain high and many people have been without work for extremely long periods of time, exhausting state unemployment trust funds quickly. More than half the states are borrowing from the federal government to cover costs, which could have an impact on future fiscal stability.

Sustained high unemployment rates, long-term unemployment and unsustainable funding models have exhausted state unemployment trust funds quickly.

- ▶ In 2010, the national unemployment rate was 9.6 percent and forecasters predict that rate will hover around 9 percent throughout the rest of 2011. Moderate improvements to about 8 percent are expected in 2012.
- ▶ In May 2011, the national unemployment rate was 9.1 percent, up slightly from April. Twenty-four states reported a decrease in their unemployment rate in May over April, 13 states and the District of Columbia reported increases, and 13 had no change.
- ▶ Sustained high unemployment affects unemployment insurance trust funds in two primary ways: decreased supply and increased demand. More people need unemployment benefits for longer, increasing the money going out, while fewer people are paying into the reserves through payroll tax collections, draining the supply of funds coming in.
- ▶ Throughout the economic downturn, the number of long-term unemployed, defined as those unemployed for 27 weeks or more, has skyrocketed. In May 2011, the number of long-term unemployed workers increased by 361,000 to 6.2 million. That translates to almost half—45.1 percent—of all those unemployed; that's the highest percentage since the Labor Department began calculating the rate in 1948.
- ▶ Based on U.S. Department of Labor reports, the average amount of time individuals received unemployment benefits was 39.7 weeks in May 2011—more than double the average duration of unemployment when the recession began in December 2007.¹

More states are borrowing from the federal government to cover costs.

- ▶ At the end of January 2010, 26 states were borrowing money from the Federal Unemployment Account to help pay increasing claims for unemployment insurance benefits, with outstanding loans then totaling more than \$30 billion.
- ▶ By mid-June 2011, 29 states plus the Virgin Islands had borrowed more than \$41 billion, down from 32 states borrowing \$45.7 billion in March 2011. The Labor Department estimates by the fourth quarter of 2013, as many as 40 states may need to borrow more than \$90 billion to fund their unemployment programs and it will take a decade or more to pay off the debt.
- ▶ California and Pennsylvania are the top borrowers of federal funds, with a combined total of more than \$14.7 billion in loans. Michigan is close behind, currently borrowing \$3.2 billion, but also has been borrowing the longest, since September 2006.

State borrowing may have consequences on future fiscal health.

- ▶ Until the end of 2010, a provision in the American Recovery and Reinvestment Act delayed interest from accruing on state unemployment loans. That provision has expired and interest payments will become due in September 2011 at a rate of nearly 4.1 percent.
- ▶ President Obama's 2012 budget, unveiled in February, included a provision that would give states a two-year respite from automatic tax increases and interest payments on unemployment insurance loans. It is unclear, however, whether that proposal will gain traction in Congress.
- ▶ Failure to extend an interest or tax-increase moratorium could jeopardize or stall the economic recovery. States have and will continue to raise state taxes on employers to regain trust fund solvency and to avoid automatic federal tax increases.

¹The shift in long-term unemployment is so unprecedented that the Bureau of Labor Statistics and the Census Bureau have modified the way they collect information about the unemployed. Before this year, these agencies only collected data for unemployment duration of two years or less, with those unemployed more than two years reporting "two years or more". Beginning January 2011, that measure has been extended to capture those that have been unemployed up to five years or more. It should be noted that this affects the accuracy of year-over-year comparisons of the average duration of unemployment.

Regional Analysis »

Unemployment rates remained largely unchanged in May 2011 from the month before, with moderate improvements over the past year.

- ▶ In May 2011, the states in CSG’s Western region had an average unemployment rate of 8.5 percent. Rates ranged from a low of 6 percent in Hawaii to a high of 12.1 percent in Nevada.
- ▶ The region experienced a small improvement in the average unemployment rate in May over the month before—0.16 percent. The average unemployment rate nearly a full percentage point since May 2010.
- ▶ Nevada saw the greatest improvement to its unemployment rate, dropping nearly 3 percentage points in a year. Idaho fared the worst, seeing its rate increase slightly since May 2010.

States continue to borrow funds to cover unemployment accounts.

- ▶ Six of 13 states in the region are borrowing from the Federal Unemployment Account, with a total amount borrowed of \$12.4 billion.
- ▶ Hawaii is currently borrowing the smallest amount at a total of \$6 million, with California borrowing the most at \$10.9 billion.
- ▶ In the region, California has been borrowing the longest, since January 2009, while Hawaii has been borrowing the least amount of time, taking out its first loan in January 2011.
- ▶ Average per capita loans for states borrowing in the Midwest are \$195.12. Hawaii has borrowed the least per capita—\$6.45, while California has borrowed the most—\$294.14.

REGIONAL UNEMPLOYMENT AND TRUST FUND TRENDS ▶

	Trust Fund Borrowing (in millions) ¹	Trust Fund Borrowing Per Capita ²	Unemployment Rate ³ (%)			Average Weekly Benefits ⁴	Current Taxable Wage Base ⁵
			May 2011 Rate	Month over Month Change	Year over Year Change		
Alaska	-	-	7.4	0.1	-0.6	\$245.51	\$34,600
Arizona	\$220.72	\$34.53	9.1	-0.2	-0.9	\$212.74	\$7,000
California	\$10,957.98	\$294.14	11.7	-0.1	-0.7	\$291.09	\$7,000
Colorado	\$281.32	\$55.94	8.7	-0.1	-0.2	\$332.15	\$10,000
Hawaii	\$8.78	\$6.45	6	-0.1	-0.6	\$418.45	\$34,200
Idaho	\$202.40	\$129.12	9.4	-0.2	0.2	\$253.77	\$33,300
Montana	-	-	7.3	0	0.1	\$270.78	\$26,300
Nevada	\$773.16	\$286.30	12.1	-0.4	-2.8	\$309.31	\$26,600
New Mexico	-	-	6.9	-0.7	-1.4	\$292.16	\$21,900
Oregon	-	-	9.3	-0.2	-1.6	\$282.43	\$32,300
Utah	-	-	7.3	-0.1	-0.5	\$315.51	\$28,600
Washington	-	-	9.1	-0.1	-0.5	\$359.19	\$37,300
Wyoming	-	-	6	0	-1.1	\$327.63	\$22,300

¹U.S. Department of Labor, Employment and Training Administration. Outstanding Loans from the Federal Unemployment Account as of June 16, 2011.

²Per capita calculations based on 2010 Census Population data.

³U.S. Bureau of Labor Statistics. Unemployment Rate, Seasonally Adjusted. May 2011.

⁴U.S. Department of Labor, Employment and Training Administration. Unemployment Insurance 1Q 2011 Data Summary.

⁵U.S. Department of Labor, Employment and Training Administration. Unemployment Insurance Q3 2010 Data Summary. Taxable wage base for each state is the maximum amount of wages paid to an employee by an employer during a tax year which are subject to UI taxes. Wages above this amount are not subject to tax.

NATIONAL UNEMPLOYMENT AND TRUST FUND TRENDS ►

State	Trust Fund Borrowing (in millions) ¹	Trust Fund Borrowing Per Capita ²	Unemployment Rate ³ (%)			Average Weekly Benefits ⁴	Current Taxable Wage Base ⁵
			May 2011 Rate	Month over Month Change	Year over Year Change		
Alabama	\$37.61	\$7.87	9.6	0.3	0.1	\$205.46	\$8,000
Alaska	-	-	7.4	0.1	-0.6	\$245.51	\$34,600
Arizona	\$220.72	\$34.53	9.1	-0.2	-0.9	\$212.74	\$7,000
Arkansas	\$359.99	\$123.46	7.8	0.1	0	\$277.77	\$12,000
California	\$10,957.98	\$294.14	11.7	-0.1	-0.7	\$291.09	\$7,000
Colorado	\$281.32	\$55.94	8.7	-0.1	-0.2	\$332.15	\$10,000
Connecticut	\$809.88	\$226.60	9.1	0	0	\$332.55	\$15,000
Delaware	\$62.52	\$69.63	8	-0.2	-0.4	\$238.44	\$10,500
Florida	\$1,516.20	\$80.64	10.6	-0.2	-0.7	\$230.04	\$7,000
Georgia	\$728.00	\$75.15	9.8	0	-0.2	\$270.06	\$8,500
Hawaii	\$8.78	\$6.45	6	-0.1	-0.6	\$418.45	\$34,200
Idaho	\$202.40	\$129.12	9.4	-0.2	0.2	\$253.77	\$33,300
Illinois	\$2,056.39	\$160.27	8.9	0.2	-1.6	\$323.60	\$12,740
Indiana	\$1,841.60	\$284.03	8.2	0	-2.2	\$300.10	\$9,500
Iowa	-	-	6	0	-0.1	\$323.87	\$24,700
Kansas	\$170.82	\$59.87	6.6	-0.1	-0.5	\$327.37	\$8,000
Kentucky	\$948.70	\$218.63	9.8	-0.2	-0.6	\$285.59	\$8,000
Louisiana	-	-	8.2	0.1	0.9	\$196.10	\$7,700
Maine	-	-	7.7	0.1	-0.3	\$270.84	\$12,000
Maryland	-	-	6.8	0	-0.6	\$321.68	\$8,500
Massachusetts	-	-	7.6	-0.2	-0.9	\$389.71	\$14,000
Michigan	\$3,209.57	\$324.74	10.3	0.1	-2.5	\$292.77	\$9,000
Minnesota	\$438.02	\$82.58	6.6	0.1	-0.8	\$344.56	\$27,000
Mississippi	-	-	10.3	-0.1	-0.1	\$191.87	\$14,000
Missouri	\$672.93	\$112.36	8.9	0	-0.6	\$241.62	\$13,000
Montana	-	-	7.3	0	0.1	\$270.78	\$26,300
Nebraska	-	-	4.1	-0.1	-0.6	\$257.24	\$9,000
Nevada	\$773.16	\$286.30	12.1	-0.4	-2.8	\$309.31	\$26,600
New Hampshire	-	-	4.8	-0.1	-1.3	\$274.05	\$12,000
New Jersey	\$1,452.62	\$165.22	9.4	0.1	-0.1	\$398.09	\$29,600
New Mexico	-	-	6.9	-0.7	-1.4	\$292.16	\$21,900
New York	\$2,704.89	\$139.58	7.9	0	-0.7	\$304.04	\$8,500
North Carolina	\$2,491.95	\$261.33	9.7	0	-1.1	\$290.03	\$19,700
North Dakota	-	-	3.2	-0.1	-0.7	\$326.06	\$25,500
Ohio	\$2,611.39	\$226.36	8.6	0	-1.6	\$295.98	\$9,000
Oklahoma	-	-	5.3	-0.3	-1.8	\$275.17	\$18,600
Oregon	-	-	9.3	-0.2	-1.6	\$282.43	\$32,300
Pennsylvania	\$3,761.84	\$296.15	7.4	-0.1	-1.3	\$340.56	\$8,000
Rhode Island	\$212.77	\$202.14	10.9	0	-0.8	\$383.42	\$19,000
South Carolina	\$968.34	\$209.36	10	0.2	-1.2	\$233.51	\$10,000
South Dakota	-	-	4.8	-0.1	0	\$256.52	\$11,000
Tennessee	-	-	9.7	0.1	-0.1	\$232.95	\$9,000
Texas	-	-	8	0	-0.1	\$316.39	\$9,000
Utah	-	-	7.3	-0.1	-0.5	\$315.51	\$28,600
Vermont	\$77.73	\$124.22	5.4	0.1	-0.9	\$306.33	\$13,000
Virginia	\$161.41	\$20.17	6	-0.1	-1	\$281.08	\$8,000
Washington	-	-	9.1	-0.1	-0.5	\$359.19	\$37,300
West Virginia	-	-	8.6	-0.2	-0.2	\$241.20	\$12,000
Wisconsin	\$1,296.65	\$228.00	7.4	0.1	-1.1	\$277.30	\$13,000
Wyoming	-	-	6	0	-1.1	\$327.63	\$22,300

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