

The Best 5 States

UNEMPLOYMENT INSURANCE

OPPORTUNITY REPORT

Prepared by the American Institute for Full Employment

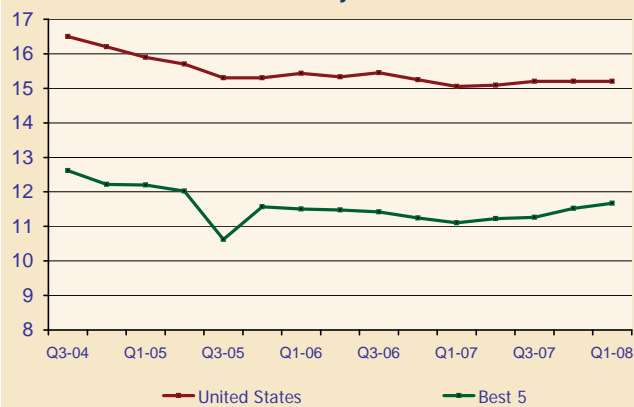
November 2008

States have the opportunity to save millions of dollars and promote the overall well-being of their unemployed workers by implementing best practices in their Unemployment Insurance (UI) programs. UI is an often overlooked, yet critical program for employers and employees. UI policy decisions involve not only significant expenditures in the economy, affecting the business climate and economic development, but also the financial, mental, and physical well-being of the unemployed. In designing their UI programs, federal law allows states substantial flexibility that is too rarely used. This report surveys the best five states' performance and highlights common areas for evaluation for all states. Rankings and individual state analyses can be found at www.fullemployment.org. For a more detailed policy or program review, please contact the American Institute for Full Employment at (303) 681-1351.

Fairness

On average, unemployment insurance claimants in the best five states 1) found their way off of unemployment insurance nearly one month faster and 2) exhausted their benefits at approximately half the rate of the average state.

**Claim Duration (weeks)
Quarterly Data**



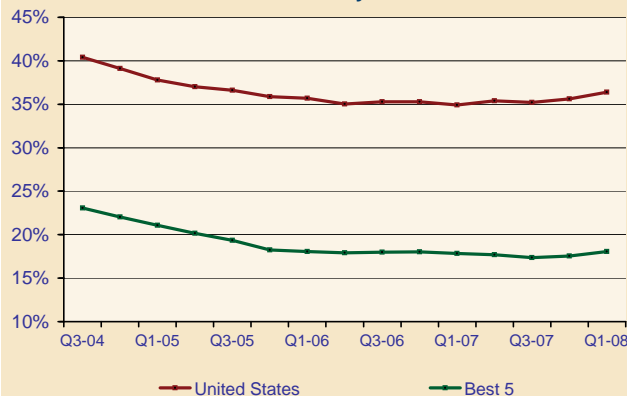
Best 5 States - Duration

April 2007 - March 2008

Average number of weeks a claimant receives benefits during a claim

Rank	State	June 2007 12 Mo. ave
1	Georgia	11.3
1	Idaho	11.5
3	South Dakota	11.5
4	Alabama	11.9
5	Nebraska	12.3
Best Five Average		11.7
United States Average		15.2

**Exhaustion Rate
Quarterly Data**



Best 5 States - Exhaustion Rate

April 2007 - March 2008

Percentage of UI claimants who exhaust their benefits

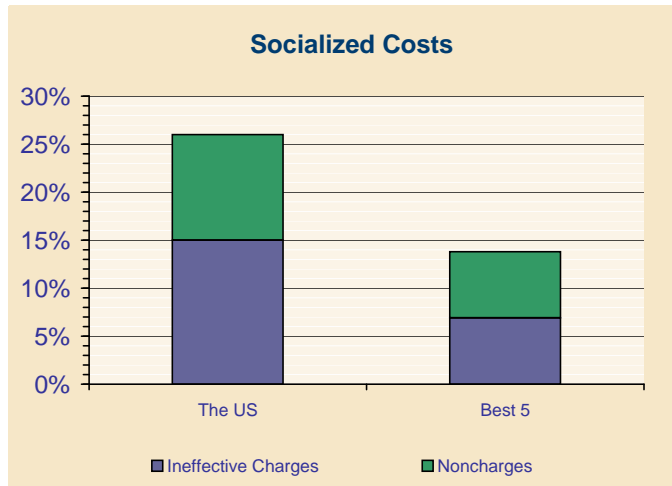
Rank	State	June 2007 12 Mo. ave
1	South Dakota	10.4%
2	New Hampshire	17.4%
3	Vermont	19.2%
4	Washington	20.6%
5	West Virginia	22.8%
Best Five Average		18.1%
United States Average		36.4%

For the purposes of this report, "States" include the 50 US states plus the District of Columbia and Puerto Rico.

"Rank" is from 1 to 52, with 1 being the best performance per category. All data for this report was provided by the US Department of Labor.

Efficiency

Compared with the average state, the average best five state promoted employment through a UI tax structure that had less than half as much in socialized costs.



Best 5 States - Socialized Costs * Significant Measures 2008

Rank	State	2007
1	Colorado	7.0%
2	New York	9.2%
3	Illinois	14.7%
4	Washington	18.6%
5	Georgia	19.6%
Best Five Average		13.8%
United States Average		26.0%

* Socialized Costs - The percentage of benefit costs not charged to responsible employers, but instead socialized as:

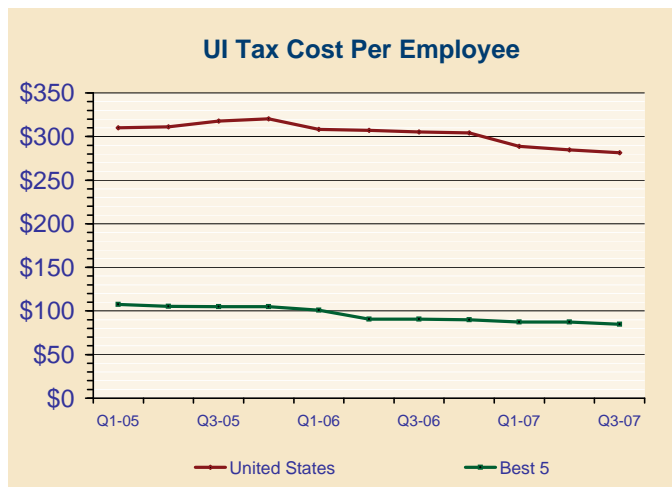
1) Noncharges - the total amount of benefit payments not charged to individual employer experience rating accounts. They often shift to the UI tax system social program costs; such as payments to workers who voluntarily quit and

2) Ineffective Charges - the yearly amount of benefit charges assigned to individual employers that exceed the amount of contributions paid by those same employers in the following year. These charges tend to lessen some employers' responsibility to pay the full cost of their claims, due to e.g. a maximum tax rate that is too low or an otherwise less responsive tax structure.

The levels of both noncharges and ineffective charges are largely within the control of state policy makers and affect the state's unemployment rates by raising or lowering: 1) the cost of employing a worker and 2) the cost of laying off a worker.

Cost

Employers in the best five states spend less than one third as much on UI tax as the average US employer.



Best 5 States - UI Tax Cost per Employee October 2006 - September 2007**

Average annual amount of UI taxes paid by an employer per employee

Rank	State	12 Mo. Ave.
1	South Dakota	\$81.83
2	Mississippi	\$97.13
3	New Hampshire	\$99.87
4	Louisiana	\$100.39
5	Arizona	\$105.18
Best Five Average		\$96.88
United States Average		\$281.41

** Taxable wage data lags other data by two quarters.

How We Can Assist Your State in Improving Performance

- Analysis of claimant information flow between agencies and job sources.
- Evaluation of performance measures and incentives.
- Examination of coordination of all agencies involved with UI claimant.
- Integration of claimant work search rules, incentives and assistance.
- Analysis of a subsidized wage program for employers willing to train UI claimants.

For a more detailed evaluation
contact our consultants at

800-562-7752

or visit us on the web at
www.fullemployment.org

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