

The Best 10 States

UNEMPLOYMENT INSURANCE

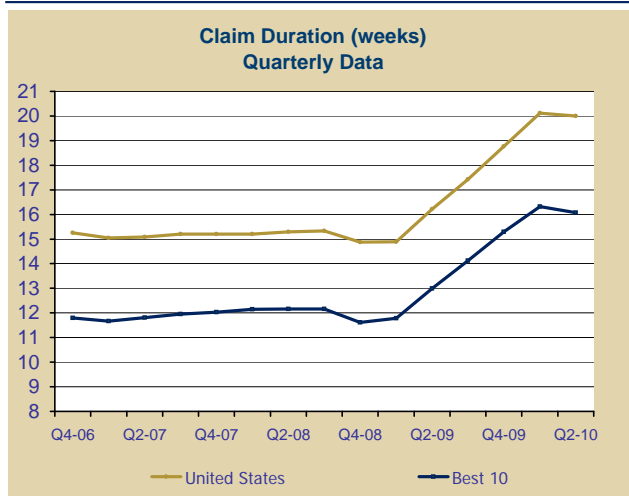
OPPORTUNITY REPORT

Prepared by the American Institute for Full Employment • September 2010

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 Ten 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 Don Peitersen, Unemployment Insurance Project Director at (303) 681-1351.

Fairness

On average, unemployment insurance claimants in the Best 10 states 1) found their way off of unemployment insurance nearly one month faster and 2) exhausted their benefits at almost half the rate of the average state.

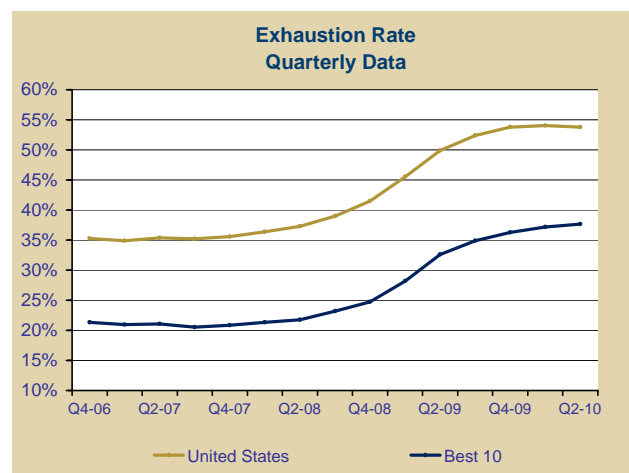


Best 10 States - Duration

July 2009 - June 2010

Average number of weeks a claimant receives benefits during a claim

Rank	State	12 Mo. Ave
1	North Dakota	13.7
2	South Dakota	15.2
3	Nebraska	15.4
4	Georgia	15.7
5	Iowa	15.9
6	Idaho	16.3
7	Virginia	16.7
8	Utah	17.1
9	New Hampshire	17.2
10	Maine	17.6
Best 10 Average		16.1
United States Average		20.0



Best 10 States - Exhaustion Rate

July 2009 - June 2010

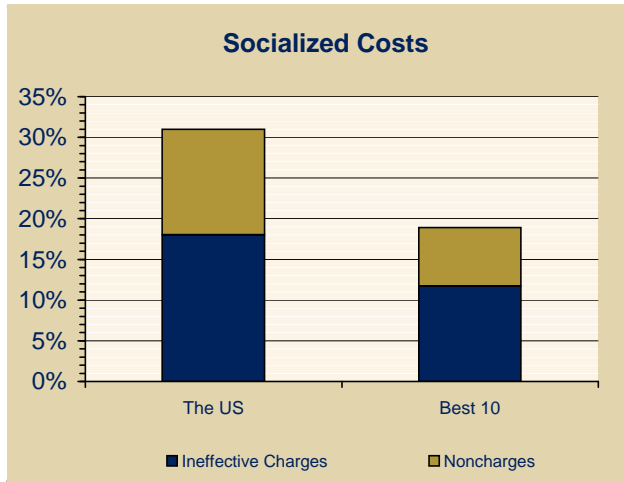
Percentage of UI claimants who exhaust their benefits

Rank	State	12 Mo. ave
1	Michigan	21.3%
2	South Dakota	27.4%
3	Vermont	35.2%
4	Wisconsin	39.7%
5	New Hampshire	40.5%
5	West Virginia	40.5%
7	North Dakota	41.5%
8	Iowa	41.7%
9	Kentucky	43.3%
10	Alabama	45.4%
Best 10 Average		37.6%
United States Average		58.3%

For the purposes of this report, "States" include the 50 US states plus the District of Columbia, the Virgin Islands and Puerto Rico. "Rank" is from 1 to 53, 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 10 state promoted employment through a UI tax structure that had a third less in socialized costs.



Best 10 States - Socialized Costs *

Significant Measures 2009

Rank	State	2009
1	New York	11.4%
2	Colorado	11.7%
3	District Of Columbia	12.7%
4	Illinois	14.9%
5	North Dakota	15.5%
6	Georgia	23.7%
7	Minnesota	24.0%
8	Michigan	24.7%
9	Tennessee	25.3%
10	Virginia	25.4%
	Best 10 Average	18.9%
	United States Average	31.0%

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

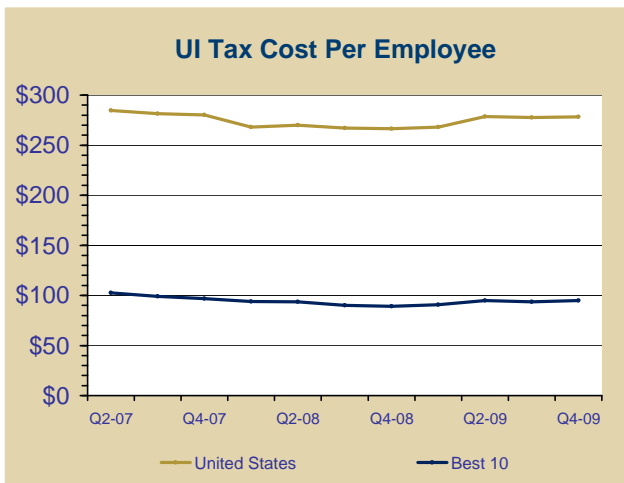
1) Noncharges - the total amount of benefit payments not charged to individual employer experience rating accounts. They often shift to the UI tax system social program costs; such as payments to workers who voluntarily quit and

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 10 states spend almost less than one third as much on UI tax as the average US employer.



Best 10 States - UI Tax Cost per Employee

July 2009 - June 2010**

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

Rank	State	12 Mo. Ave.
1	Virgin Islands	\$32.57
2	Mississippi	\$87.43
3	Arizona	\$92.92
4	Virginia	\$96.16
5	South Dakota	\$97.82
6	Oklahoma	\$101.50
7	Louisiana	\$107.41
8	Florida	\$107.70
9	Kansas	\$110.02
10	Texas	\$115.25
	Best 10 Average	\$94.88
	United States Average	\$278.39

** 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 fullemployment.org

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2636 Biehn Street • Klamath Falls, OR 97601