

The Best 10 States

UNEMPLOYMENT INSURANCE

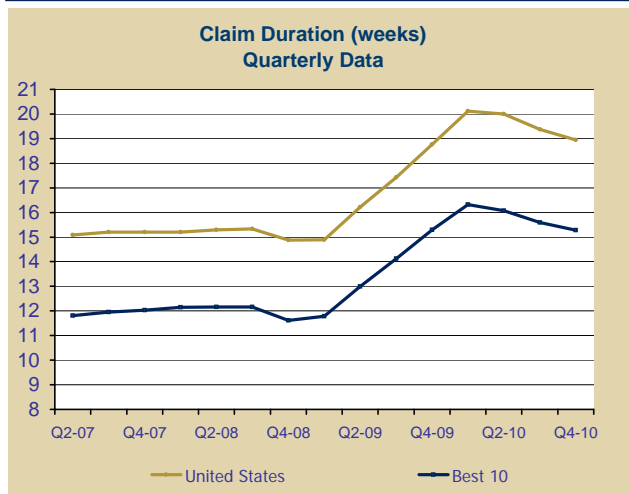
OPPORTUNITY REPORT

Prepared by the American Institute for Full Employment • June 2011

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.

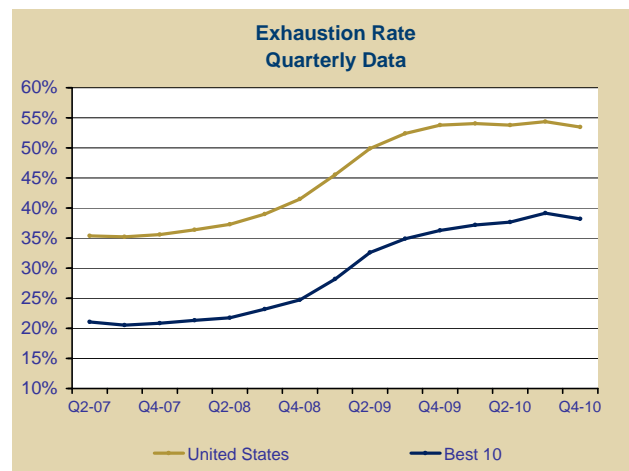


Best 10 States - Duration

January 2011 - December 2011

Average number of weeks a claimant receives benefits during a claim

Rank	State	12 Mo. Ave
1	North Dakota	13.7
2	South Dakota	14.4
3	Georgia	14.7
4	Nebraska	14.9
5	Iowa	15.3
6	Virginia	15.3
7	Idaho	15.7
8	Indiana	16.1
9	New Hampshire	16.2
10	Utah	16.4
Best 10 Average		15.3
United States Average		18.9



Best 10 States - Exhaustion Rate

January 2011 - December 2011

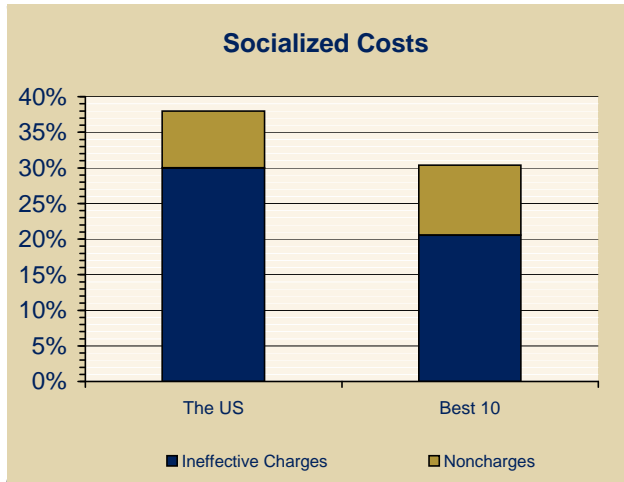
Percentage of UI claimants who exhaust their benefits

Rank	State	12 Mo. ave
1	South Dakota	25.2%
2	Vermont	33.1%
3	New Hampshire	35.6%
4	West Virginia	38.0%
5	Iowa	38.3%
6	Wisconsin	38.3%
7	Kentucky	41.9%
8	North Dakota	42.6%
9	Alabama	44.2%
10	Connecticut	45.1%
Best 10 Average		38.2%
United States Average		53.4%

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 2010

Rank	State	2010
1	District Of Columbia	21.0%
2	Tennessee	25.1%
3	North Dakota	27.6%
4	Iowa	27.6%
5	New York	30.1%
6	New Mexico	33.2%
7	Nebraska	33.2%
8	Connecticut	34.4%
9	New Jersey	35.3%
10	Idaho	36.1%
Best 10 Average		30.4%
United States Average		38.0%

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

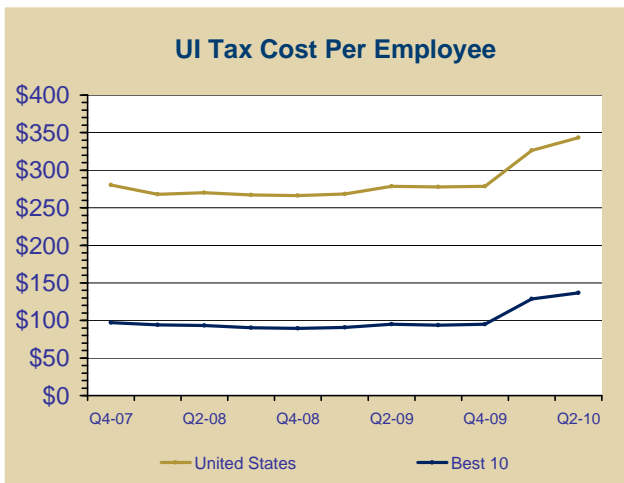
1) Noncharges - the total amount of benefit payments not charged to individual employer experience rating accounts. They often shift to the UI tax system social program costs; such as payments to workers who voluntarily quit and

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

January 2011 - December 2011**

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

Rank	State	12 Mo. Ave.
1	Virgin Islands	\$45.15
2	Mississippi	\$109.86
3	Louisiana	\$121.07
4	Arizona	\$131.26
5	Oklahoma	\$134.25
6	Virginia	\$150.40
7	Florida	\$156.46
8	South Carolina	\$157.30
9	Georgia	\$178.27
10	Kansas	\$183.37
Best 10 Average		\$136.74
United States Average		\$343.17

** 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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