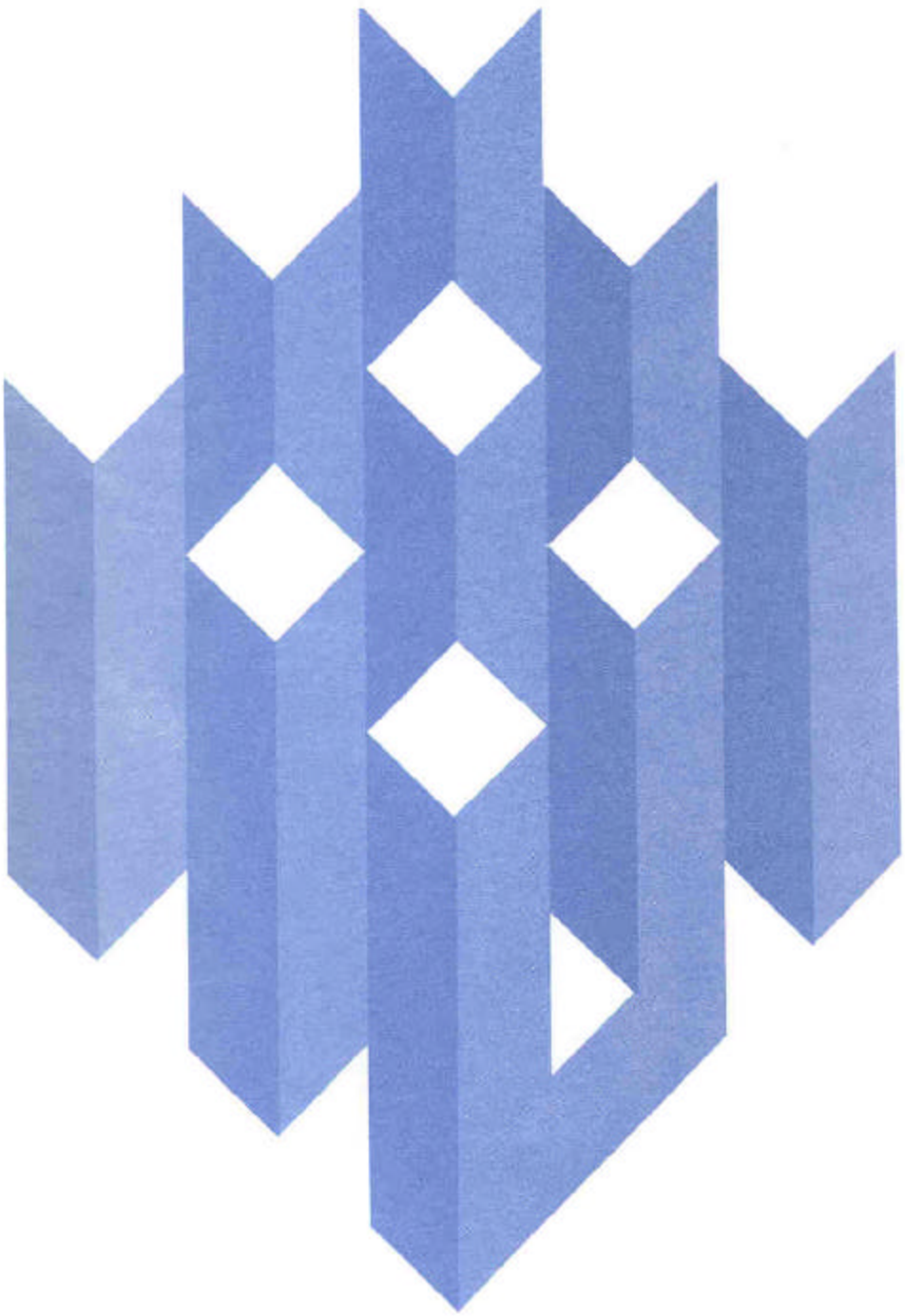
UI Research Exchange

Unemployment Insurance
Occasional Paper 86-2

U.S. Department of Labor
Employment and Training Administration



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Unemployment Insurance
Occasional Paper 88-2

U.S. Department of Labor
Ann McLaughlin, Secretary

Employment and Training Administration
Roberts T. Jones, Acting Assistant
Secretary for Employment and Training

Unemployment Insurance Service
1988

This publication was prepared by the Division of Actuarial Services, Office of Legislation and Actuarial Services, Unemployment Insurance Service, under the direction of Stephen A. Wandner. The editor of this issue is Esther Johnson. The material in this document was contributed by the Unemployment Insurance Service and State employment security agency staff and does not necessarily represent the official position or policy of the Department of Labor.

INTRODUCTION

The UI Research Exchange is published by the Unemployment Insurance Service to increase the effectiveness of research throughout the UI program. To achieve this goal, the Exchange provides a means of communication among researchers and between researchers and policymakers. The Exchange is designed to be an open forum for all UI researchers.

This sixth issue contains a variety of research information. There are announcements and reports on seminars, UI personnel, and recent legislative and financial developments. Descriptions of UI research projects--both in progress and completed--conducted and sponsored by the State agencies and the Unemployment Insurance Service are included. Research data and information sources, methods and tools are discussed. A supplement to the UI Research Bibliography has also been added.

Two contributed papers are included in this issue. The first paper, contributed by Burman Skrable of the UI Quality Control (QC) Division, briefly explains the history, aims, procedures as well as the Department's plans for the Quality Control program for Unemployment Insurance. The QC program is designed to become the primary means by which the Department oversees State UI operations. The second paper, contributed by the Research and Analysis Secion of the Arkansas Employment Security Division, traces benefit charges, by type of charge, for Fiscal Years 1983-86. The report discusses the three ways in which unemployment insurance benefits are charged to employer accounts. The three ways are: 1) active accounts with charges, 2) active accounts with non charges, and 3) inactive accounts with charges. The report also shows the amount of benefits paid to claimants by two-digit standard industrial classifications by the reserve status of employer accounts.

Thanks to those who contributed to this sixth issue. We look forward to broad based participation in the future. For a description of the format in which material should be submitted, see the Appendix.

Material for publication should be submitted to

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Division of Actuarial Services
Office of Legislation and Actuarial Services
Unemployment Insurance Service
Employment and Training Administration
Department of Labor
200 Constitution Ave., N.W., Room S-4519
Washington, D.C. 20210

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I. ANNOUNCEMENTS AND REPORTS

A. Seminars

Quantitative Methods Seminar

A four and one-half day Unemployment Insurance (UI) Quantitative Methods Seminare for selected SESA staff was held in Tempe, Arizona during the week of January 11-15, 1988. Topics presented at the seminar included basic statistics, linear and multiple regression, qualitative response variables and logistic regression. The seminar was taught by Robert D. St Louis and Richard K. Burdick of Arizona State University. Seminar participants for the States and the national office were:

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	Barbara Bennett	New York
Region III	Greg Keeley	Pennsylvania
Region IV	Boyd Hanke	Atlanta Region
	Donna Bowcock	Georgia
Region V	Dorothy Green	Indiana
Region VI	Fred Trowell	Arkansas
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Region VII	Judith Gingerich	Kansas
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Region VIII	Janet C. Peck	Utah
	Ward Stiles	Montana
	Chuck Rice	Wyoming
	Mark Backman	North Dakota
	Gary Felker	Utah
Region IX	Bonnie Chaffin	Arizona
	Sally Chun	Hawaii
Region X	Lloyd Williams	Washington
USDOL	Julie Stanek	

Proposed Quantitative Methods Seminar

The Unemployment Insurance Service is sponsoring another in its series of four and one-half day seminars on quantative methods. The objective of the seminar is to upgrade the research skills of SESA researchers to increase their effectiveness in conducting policy and operations research. The primary focus of the seminar will be regression models. Models that can be used to study either quantitative or qualitative variables will be covered as will current statistical problems facing State UI staff.

The seminar will be held in Tempe, Arizona during the week of May 15 - 20, 1988. The instructors will be Robert D. St Louis and Richard K. Burdick of Arizona State University.

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B. Recent Financial and Legislation Developments

Financial Developments - Loan Status of States

When States are unable to pay unemployment benefits due to insufficient funds in their account in the Unemployment Trust Fund, they may request Title XII advances to fund these benefits. These Title XII advances are made to States from the Federal Unemployment Account. Alaska, Michigan and Pennsylvania borrowed funds for benefits in the mid to late 1950s and all repaid before the end of the 1960s. Borrowing began again in 1972 and became heavy in the mid 1970s (23 States borrowed in 1976) and early 1980s (31 States had outstanding loans in 1983 with total outstanding indebtedness by States exceeding $14 billion in 1984).

Prior to April 1, 1982 all Title XII loans had been interest free. Beginning April 1, 1982 all Title XII loans became interest bearing. The interest rate charged is the lower of 10 percent or the rate paid by the Secretary Of the Treasury in the last quarter of the preceeding calendar year on the State accounts in the Unemployment Trust Fund. The interest rate charged during 1987 was 9.33 percent.

Due to the improved economy and the imposition of interest on title XII loans, States have made a concerted effort to repay. Only three States had outstanding loans on November 10, 1987. On that date a letter was sent to Treasury Secretary Baker concerning reduction in Federal Unemployment Tax Act (FUTA) offset credits (additional taxes) for employers in those States having outstanding Title XII loans as of November 10, 1987. Of the three States with outstanding loans only Pennsylvania will have a reduction in offset credit which will be 1.5 percent, up .3 from 1.2 percent the previous year. The other two States, Michigan and Texas, will not have a reduction in their offset credit because Michigan paid the dollar equivalent from their trust fund and Texas is only in its second year with an outstanding loan and the offset credit mechanism does not apply until after the second January 1st that a State has an outstanding loan. Total outstanding indebtedness by the States to the Federal Unemployment Account was $2 billion as of November 10, 1987.

State Unemployment Insurance (UI) programs in the United States are financed mainly by employer payroll taxes. The taxes are experience rated, that is, an increase in benefit payments made to former employees during the current year typically causes the employer to be subject to higher tax payments in future years.

In 1985 the Department of Labor's Office of the Inspector General (OIG) completed an audit of 12 States to determine the effectiveness of experience rating in Unemployment Insurance (UI). Experience rating was measured for nine reserve ratio States and three benefit ratio States. The audit showed that the degree of experience rating in the nine reserve ratio States audited declined between 1970 and 1983, causing a shift from individual employer's responsibility towards a socialized system. The three benefit ratio States showed a similar decline. The nine reserve ratio States were California, Colorado, Indiana, Missouri, New Jersey, New York, South Carolina, West Virginia and Wisconsin. The three benefit ratio States were Florida, Maryland and Texas.

As a result of that audit the OIG issued a report in which it was recommended that the Secretary of Labor account for the degree of experience rating in the States and develop and publish an experience rating index. The Division of Actuarial Services in consultation with the OIG developed an Experience Rating Index (ERI) that would be comparable among States with different experience rating systems that would make full use of data currently being collected by the States and require as little additional data as possible. Four formulas used to measure the relative experience of employers with unemployment are: 1) reserve ratio, 2) benefit ratio, 3) benefit wage ratio, and 4) payroll variable. In 1987 there are 33 reserve ratio States, 14 benefit ratio States, 4 benefit wage ratio States, 1 payroll decline State (Alaska) and 1 State without experience rating (Puerto Rico). This ERI would apply to all but Alaska and Puerto Rico. The ERI is calculated based on benefits effectively charged to taxable employers divided by all benefits paid in the State to former employees of taxable employers. Specifically, the ERI is calculated as follows:

$$(1 - ((IC + NC) / (ToB - RB))) * 100$$

where,

IC = ineffective charges, excess of benefits over contributions by rate group
NC = noncharges
ToB = total benefits
RB = benefits charged to reimbursable employers

On September 21, 1987 OMB approved the revised ETA-204 Experience Rating Report requiring an additional column of data in Section C: benefits attributable to each rate group for eligible and ineligible employers for the prior 12 months before the computation date. ETA will be required to estimate contributions due, calculate the ERI, and publish the ERI.

FIRST LOAN DATE	STATES WITH OUTSTANDING TITLE XII LOAN BALANCES AS OF JULY 31, 1987	INTEREST FREE ADVANCES	INTEREST BEARING ADVANCES	TOTAL TITLE XII ADVANCES
12/1975	ILLINOIS	$ 577,190,702.24		$ 577,190,702.24*
10/1982	LOUISIANA		$ 783,102,425.95	$ 783,102,425.95*
4/1975	MICHIGAN	$ 1,120,648,703.29		$ 1,120,648,703.29*
2/1985	NORTH DAKOTA		$ 2,635,912.13	$ 2,635,912.13
3/1977	OHIO	$ 201,601,298.24		$ 201,601,298.24*
10/1975	PENNSYLVANIA	$ 597,199,809.18		$ 597,199,809.18*
11/1982	TEXAS		$ 454,322,546.53	$ 454,322,546.53
9/1980	WEST VIRGINIA	$ 3,929,170.86	$ 223,056,000.00	$ 226,985,170.86*
	# STATES	(5)	(4)	(8)
TOTAL OUTSTANDING LOANS (JULY 31, 1987)		$ 2,500,569,683.81	$ 1,463,116,884.61	$ 3,963,686,568.42

*Indicates states making repayments through reduced employer credits as well as voluntary repayments.

NOTE: Total for Interest Bearing Advances does not include unpaid interest.

Prepared by
Unemployment Insurance Service
Division of State Program Management
Tax Administration Group
JULY, 1987

Changes in unemployment insurance legislation during 1986

Some States tightened benefit eligibility and disqualification provisions, but few other changes were made; in eight States, statutes were modified to cut extended benefits if triggered by Federal budget-balancing legislation

DIANA RUNNER

No major Federal legislation was enacted in 1986 that would require States to amend their unemployment insurance laws. However, Congress enacted Public Law 99–595 (untitled) which extends to December 31, 1992, the exclusion from coverage of aliens performing agricultural labor. States are not required to amend their laws to apply the alien exclusion.

An immigration reform bill, Public Law 99–603, was also enacted which includes an alien verification system that becomes effective in October 1988 in the States unless the U.S. Secretary of Labor provides a waiver. The system would be used to verify the eligibility for benefits of certain alien workers. The law specifies criteria States must meet to qualify for the waiver.

Diana Runner is an unemployment insurance program specialist in the Office of Legislation and Actuarial Services, Employment and Training Administration, U.S. Department of Labor.

The Tax Reform Act, Public Law 99–514, amended the definition of gross income to include all unemployment benefits as taxable income for Federal income tax purposes. The act also made several technical amendments to the Federal Unemployment Tax Act.

In general, State legislatures took very little action in the area of unemployment insurance this year. Eight States amended their laws to cut the extended benefit amount payable to a claimant during a period in which Federal payments to States for extended benefits are reduced pursuant to a sequester order under the Balanced Budget and Emergency Deficit Control Act of 1985 (hereafter termed Gramm–Rudman–Hollings). Nine States amended their laws to include tips in the definition of covered wages for tax purposes.

Following is a summary of significant changes in State unemployment insurance (UI) laws during 1986.

California

Disqualification. An individual who was fired from a job or who voluntarily quit due to alcoholism may reestablish eligibility for extended benefits after he or she has earned remuneration equal to or in excess of five times the weekly benefit amount.

Penalties. The penalty for fraud against the UI system was changed from a misdemeanor conviction to imprisonment for 1 year or a fine of up to $20,000, or both.

Colorado

Financing. Beginning January 1, 1987, the taxable wage base is increased from $8,000 to $9,000 and will rise to $10,000 on January 1, 1988. However, if the trust fund balance on June 30, 1987, is more than $350 million, the wage base for calendar year 1988 will be $9,000. The fund balance level at which the most favorable tax schedule would become effective has been changed from at least $250 million to $350 million.

Benefits. The percentage of the State's average weekly wage used to compute the maximum weekly benefit amount was lowered from 60 percent to 55 percent.

Disqualification. An individual's potential weeks of benefits will now be reduced if he or she receives severance allowances. Also, disqualifying income now includes sick pay or other similar periodic cash payments.

Administration. The Colorado Department of Labor and Employment's second-level appeals body was changed from the Unemployment Compensation Commission to the Industrial Claims Appeals Panel.

Connecticut

Disqualification. Conditions for benefit eligibility were added for individuals who leave part-time employment and would otherwise be ineligible for benefits.

Delaware

Financing. The period over which an employer's experience rating account must be chargeable before he or she can qualify for other than the standard rate was reduced from 3 to 2 years. The benefit charging provisions were amended to specify that only contributing employers will be relieved of charges for benefits paid to an individual who voluntarily left work without good cause, was discharged for misconduct, or refused an offer of suitable work. The rate for new employers, except those in construction, is the average assessment rate for all employers. In construction, the new employer's rate is the higher of the average construction industry assessment rate or the average industry assessment rate in that employer's specific industry classification.

Benefits. The weekly and total benefit amounts for extended benefits will be reduced to reflect any cuts mandated by Gramm–Rudman–Hollings.

Disqualification. The duration disqualification for the three major causes of disqualification (voluntary leaving, discharge for misconduct, and refusal of suitable work) will continue until the worker has been employed for 4 weeks and has earned four times the weekly benefit amount.

Florida

Coverage. The exclusion from coverage of aliens performing agricultural labor was extended to January 1, 1988.

Hawaii

Financing. The definition of wages was amended to include tips received from customers and reported to the employer. The benefit charging provisions were amended to specify that no contributing employer's account will be charged for the State's share of Federal-State Extended Benefits.

Benefits. Beginning July 1, 1988, a quarterly wage reporting system will be added, in addition to a wage request system, for purposes of determining benefits. Beginning October 1, 1989, the following changes will be effective: (1) the base period will be the first four of the last five completed calendar quarters; (2) qualifying wages will be 30 times the weekly benefit amount and wages must have been earned in at least two quarters of the base period; and (3) the duration disqualification for the three major causes will not be removed unless or until the individual has earned wages of five times the weekly benefit amount.

Idaho

Financing. The maximum tax rate for the most favorable tax schedule increased from 4.0 percent to 5.4 percent of payrolls. The definition of wages was amended to include tips totaling $20 or more in a month that have been reported by the claimant in a written statement to the employer. The law was amended to provide that an employer will not be charged for benefits paid to an individual who continues to perform services for that employer without a reduction in work schedule and who is eligible to receive benefits based on earnings from another employer.

Penalties. The law was amended to add an 8-year statute of limitations on collection by the State of fraudulently received benefits.

Illinois

Coverage. A new enactment excludes from coverage services performed by an individual as a direct seller, if certain conditions are met.

Financing. The taxable wage base of $8,500 was extended until January 1988. Thereafter, it reverts to $7,000. The new employer's contribution rate, equal to the greater of 2.7 percent or 2.7 percent times the State experience factor, was extended through calendar year 1987. This effectively postponed until calendar 1988 the charging of a straight 2.7-percent rate for new employers, which was to have become effective January 1987. New legislation also extended through calendar 1987: (1) the minimum and maximum contribution rates of 0.2 percent and 6.7 percent, respectively; and (2) the emergency contribution rate of 0.6 percent for employers whose rates are higher than 0.2 percent, which had been established to ensure adequate fund levels.

Benefits. The requirement that an individual's weekly benefit amount be computed as 48 percent of his or her average weekly wage (up to 48 percent of the State average weekly wage), which was due to expire on January 3, 1987, was extended until January 2, 1988. The formula for computing dependents' allowances was extended for the same period.

Kansas

Financing. The definition of wages was amended to include tips totaling $20 or more in a calendar month when such tips have been reported in writing to the employer.

Benefits. The amount of earnings disregarded in computing the weekly benefit for partial unemployment was changed from $8 to one-fourth of the weekly benefit amount or the amount in excess of $47.

Disqualification. The disqualification for discharge for misconduct and for refusal of suitable work changed from a fixed period of 10 weeks to the duration of the claimant's unemployment and until the individual has earned three times the weekly

benefit amount. Deleted was the requirement that provided for an equal reduction of benefits under both of these disqualifications. Also, Kansas now provides for a cancellation of wage credits earned from the employer involved in a disqualification for gross misconduct.

Kentucky

Coverage. The age 22 limitation for the exclusion from coverage of services performed by students in a work-study program was deleted; therefore such services are excluded, regardless of the individual's age.

Financing. The definition of wages was amended to include tips when they have been reported in writing to the employer. Extended to December 1988 was the provision that a surcharge be imposed on employers if there are insufficient funds in the penalty and interest account for the payment of interest on Federal advances to the State UI program.

Benefits. The maximum weekly benefit amount may not increase if the tax rate schedule in effect is higher than the previous year's schedule. Kentucky also limits the permissible increase in the maximum weekly benefit amount each year depending on the trust fund balance. For example, when the fund balance is less than $150 million, the maximum benefit cannot increase by more than 6 percent over the previous year's maximum. An individual's extended benefit and total benefit amounts will be cut by the amount of the Gramm–Rudman–Hollings reduction.

Disqualification. An individual will not be disqualified from benefits for leaving work that was 100 miles (one-way) from home to accept work less than 100 miles away.

Louisiana

Benefits. An individual's extended benefit amount and total benefit amount will be reduced by the amount of the Federal share of the Gramm–Rudman–Hollings reduction.

Maine

Financing. Benefits paid to a dislocated worker will not be charged to an employer's experience rating account, but to the general fund.

Benefits. A temporary program which will provide job search assistance and job training was established for dislocated workers.

Maryland

Coverage. A new enactment excludes from coverage services performed by an individual as a direct seller, if certain conditions are met.

Financing. The definition of wages was amended to include tips when they have been reported by the claimant in a written statement furnished to the employer.

Benefits. The maximum weekly benefit amount was increased from $175 to $195, and the dependency allowance was raised from $3 to $4. Wages earned for a successive benefit year must be in insured work. A temporary worksharing program, established in 1984, was made permanent.

Disqualification. An individual's requalifying earnings after disqualification for voluntary leaving without good cause, discharge for misconduct, or refusal of suitable work must be earned in insured work.

Penalties. The penalty for fraudulent misrepresentation by any individual to obtain or increase benefits was changed from a monetary fine to a misdemeanor. If convicted, the individual will be required to repay the fraudulent benefits plus interest at the rate of 1.5 percent per month from the date on which he or she was notified of the recoverable amount. Also, the individual shall be fined up to $1,000 or imprisoned for up to 90 days, or both. Any individual who fraudulently prevents or reduces benefits will be guilty of a misdemeanor and fined up to $1,000 or imprisoned for up to 90 days, or both.

Michigan

Financing. The definition of wages was amended to include tips that are reported by the claimant to the employer in a written statement.

Minnesota

Financing. No employer's account shall be charged for benefits paid to an individual when: (1) the unemployment was caused by a fire, flood, or act of God; (2) 70 percent or more of the employees became unemployed as a result; and (3) the employer reopens its operation within 360 days of the disaster.

Mississippi

Benefits. The maximum weekly benefit amount increased from $115 to $130. Professional baseball was included as a seasonal industry for benefit purposes. The total amount of extended benefits payable is now limited, so that the Federal reimbursement is one-half of the total extended benefits payments pursuant to Gramm–Rudman–Hollings.

Disqualification. The disqualification for discharge for misconduct was changed from 1 to 12 weeks to the duration of the claimant's unemployment and until the individual has earned wages of at least eight times the weekly benefit amount. The disqualification for, and definition of, gross misconduct was deleted from the law. The statute now limits to 10 years the period during which the State may collect overpayments made earlier to a claimant.

Missouri

Financing. The definition of wages for UI purposes was amended to include tips reported by the claimant in a written statement to the employer.

Nebraska

Financing. The definition of wages was amended to include tips reported by the claimant in a written statement to the employer for Federal income tax purposes.

Benefits. Beginning October 1, 1988, employers will be required to report quarterly wages for every employee, which will be used to make individual monetary determinations of benefit eligibility. The commissioner of the Nebraska Department of Labor may, by regulation, designate the base period as the first four of the last five completed calendar quarters instead of the four completed calendar quarters preceding the individual's benefit year, as is currently the case. The law now specifies that the percentage of benefits which are Federally funded may be adjusted in accordance with the provisions of Gramm–Rudman–Hollings.

Disqualification. The statute now limits to 3 years the period during which the State may collect overpayments made earlier to a claimant. However, no individual will be liable for overpayments received without fault on his or her part where the recovery thereof would defeat the purpose of the act or be inequitable and against good conscience.

New York

Coverage. A new enactment excludes from coverage services performed by an individual as a real estate agent, if certain conditions are met. The law now permits voluntary coverage for a person employed at a place of religious worship.

Financing. Employer contribution rates, formerly computed from payrolls for the preceding year, are now based on average payrolls for the last 3 years, or the average for all quarters if the employer has been liable for fewer than 13 quarters.

North Carolina

Benefits. The law was amended to cut the weekly and total extended benefit amounts to reflect any reductions under Gramm–Rudman–Hollings.

Ohio

Financing. The contribution rate for new employers will be the higher of the average contribution rate computed for their industry or 3 percent.

Oklahoma

Benefits. An individual's duration of benefits will now be determined as the lesser of 26 weeks or 40 percent of the taxable wage, or 40 percent of the total wages in the base period. Oklahoma also will cut the extended benefit amount by one-half if the amount of extended benefits reimbursed by the Federal Government is reduced.

Disqualification. The disqualification period for refusal of suitable work or failure to actively seek work was changed from the week of failure and until the individual earns at least 10 times the weekly benefit amount to the week in which the failure occurred.

Penalties. An individual will be assessed interest at the rate of 1 percent per month on fraudulently received benefits until such benefits are repaid.

Rhode Island

Benefits. Beginning January 1, 1988, all employers will be required to submit a quarterly wage report on all employees. On claims filed on or after October 1, 1989, the report will be used to establish an individual's eligibility for benefits and to determine the amount and duration of benefits.

South Carolina

Financing. The standard rate of employer contributions increased from 2.7 percent to 5.4 percent of payrolls. The rate of contributions for new employers was reduced from 2.7 percent to 2.64 percent.

South Dakota

Disqualification. The labor dispute disqualification now applies to any individual for any week in which the unemployment is caused by a labor dispute. Holiday pay will be considered disqualifying income and an individual's weekly benefit amount will be reduced by the amount of the holiday pay prorated over weeks of UI benefits paid.

Tennessee

Financing. The tax rate for employers who are not experience rated increased from 5.4 percent to 5.5 percent.

Benefits. The maximum weekly benefit amount increased from $120 to $125, and will increase to $130 on January 5, 1987.

Disqualification. A labor dispute disqualification will not apply if the claimant subsequently obtains covered employment and earns 10 times the weekly benefit amount. Also, a disqualification will not apply if the claimant was indefinitely separated prior to the dispute and is otherwise eligible for benefits.

Utah

Coverage. The test for determining whether an employer-employee relationship exists is modified to delete consideration of services performed for the employer outside the usual course or place of the employer's business. Thus, services for remuneration will constitute employment unless two tests are met: (1) the individual is free from direction and control, and (2) he or she is customarily engaged in an independent trade or business.

Vermont

Financing. Beginning January 3, 1988, benefits will be charged to all base period employers in proportion to the wages earned by the individual with each employer. However, if one or more base period employers are not charged for benefits paid for reasons described in the law, all benefits paid shall be charged proportionately to the remaining base period employers. Currently, benefits are charged to the most recent employer who paid the individual $695 or more in covered employment.

Benefits. Beginning January 3, 1988, to qualify for benefits an individual must earn: (1) at least $1,000 in one quarter of the base period; (2) base period wages of at least 40 percent of the total high-quarter wages; and, (3) at least four times the weekly benefit amount after the beginning of the individual's most recent benefit year. Currently, the qualifying requirements are 20 weeks of work at $35 per week. Also, an individual's weekly benefit amount will be determined by dividing the wages in the two high quarters by 45. However, the amount determined may not exceed the maximum weekly benefit amount. Beginning with the first calendar week of July 1990, the quarterly wage requirement of $1,000 (as mentioned above) will be adjusted by a percentage increase equal to the percentage increase, if any, in the State minimum wage effective during the preceding calendar year. Beginning January 3, 1988, an individual must earn $1\frac{1}{2}$ times high-quarter wages in the base period to qualify for extended benefits. A temporary compensation program for employees on shortened work schedules was established, to last until June 30, 1988.

Virginia

Benefits. The maximum weekly benefit amount increased from $159 to $167.

Penalties. The penalty for fraudulent misrepresentation by individuals to obtain or increase benefits or by employers to prevent or reduce benefit payments has been changed from a misdemeanor to a Class I misdemeanor.

Washington

Financing. The definition of wages was amended to include tips which are reported by the employee to the employer for Federal income tax purposes.

Wyoming

Benefits. If the amount of extended benefits reimbursed by the Federal Government is reduced or increased, then the State's share of the weekly extended benefit amount will be reduced or increased on an equal basis. □

Changes in unemployment insurance legislation during 1985

At the national level, phaseout of Federal Supplemental Compensation was legislated; State developments included the creation of shared-work compensation plans, and changes designed to pay interest on outstanding advances by the Federal Government

DIANA RUNNER

Last year, for the first time in 5 years, the Federal unemployment insurance law was not amended in any way that required States to change their laws. However, the Federal Supplemental Compensation (FSC) Act of 1982 was amended by Public Law 99–15 to phase out payment of FSC benefits. The change specified that only those claimants receiving FSC at the time of phaseout could continue to collect the remainder of their entitlement during uninterrupted periods of unemployment.

In 1985, 12 States[1] amended their laws to include tips in the definition of covered wages for tax purposes. To reflect 1983 amendments to the Federal law, a few States[2] amended their definitions of covered wages in other respects.

Following is a summary of significant changes in State unemployment insurance (UI) laws during 1985.[3]

Arizona

Benefits. The maximum weekly benefit amount was increased from $115 to $125. In July 1986, it will increase to $135.

Disqualification. An individual will be disqualified for voluntarily leaving a job because of commuting difficulties unless he or she can show that the travel requirements are in excess of the normal practice in the occupation and the individual's past practice, or that there are compelling personal circumstances for leaving. Compelling personal circumstances include the need to commute more than 30 miles or for more than 1 1/2 hours from home to work.

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Arkansas

Financing. Beginning January 1, 1987, the advance interest tax shall range from 0 to 0.2 percent, depending on the assets of the unemployment insurance fund on the computation date. Shared-work benefits will be charged to employers' experience rating accounts in the same manner as regular benefits. (See *Benefits.*)

Benefits. The maximum weekly benefit amount will be computed as 66 2/3 percent of the State average weekly wage for the preceding calendar year. A shared-work compensation plan was established which provides for 26 weeks of shared-work benefits. Under such plans, workers who go on a short work schedule in order to avert a layoff receive unemployment benefits for the hours of work lost. Benefits are calculated as a proportion of the ordinary benefit amount for a full week of unemployment.

Disqualification. The "able to work" and "availability for work" provisions may be waived in the event of the death of a member of an individual's immediate family for the day of death and 6 more calendar days. An individual on short-term layoff shall not be required to register for work or to seek work during layoff if he or she expects to be recalled for full-time work within 8 weeks of the layoff. If an individual is not actively seeking work while serving on jury duty, he or she shall not be disqualified.

Administration. The chairman of the State board of review must be a licensed practicing attorney who is not a representative of employers or employees.

California

Financing. The option allowing specified public entities to finance benefits

through a special contribution system was deleted. These organizations will now be able to choose either fund contributions or fund reimbursement as the financing method. Also repealed was the special reduced rate for an employer whose average base payroll increased 25 percent or more over the previous year's base payroll.

Colorado

Coverage. Legislation redefined "employer" (excluding agricultural, domestic, or nonprofit organizations) to mean an employing unit which employs at least one individual to perform services at any time. Regulations concerning the exclusion from coverage of services in casual labor were changed to specify that the services will be excluded only if cash remuneration to the provider is less than $50 and if that individual is not regularly employed to perform the services.

Benefits. The provision for an alternative base period for covered wages, which consisted of the most recent four quarters, was deleted. The base period is now the first four of the last five completed calendar quarters immediately preceding the individual's benefit year. An individual's benefit year will be 53 weeks if the filing of a new claim results in overlapping any quarter of the base year of a previously filed new claim.

Disqualification. A 10-week deferral of benefits will be imposed if a disqualification is established for an individual's most recent separation. The law now allows the State unemployment insurance division to withhold more than 25 percent of a benefit claim in cases where overpayments have already occurred on the claim.

Connecticut

Financing. A base-period employer who has elected to use the fund reimbursement alternative will not be charged for benefits paid to an individual if the employer continues to employ the individual to the same extent as in the base period.

Disqualification. An individual will not be disqualified for voluntarily leaving a job without sufficient cause if he or she has quit: (1) to care for a seriously ill spouse, child, or parent domiciled with the individual, if the illness has been documented by a licensed physician; or (2) because transportation used to get to and from work has been discontinued and no reasonable alternative transportation is available. An individual will be disqualified from benefits if discharged or suspended for conduct constituting larceny in excess of $50.

Delaware

Financing. The taxable wage base increased from $8,000 to $8,250; on January 1, 1987, it will be raised to $8,500. Beginning January 1, 1986, the maximum basic contribution rate for employers increased to 8.0 percent. An employer which reemploys a former employee within a specified period will receive rehire credits of 25 to 75 percent of the benefits previously charged to its account, depending on the amount of the rehired employee's benefit payments that had been charged to the employer.

Benefits. The maximum weekly benefit increased from $165 to $195. For the period July 1, 1986, to June 30, 1987, the maximum weekly benefit amount will increase to $205. The minimum will remain at $20. After June 30, 1987, the maximum will be computed annually at 66 $\frac{2}{3}$ percent of the Statewide average weekly wage.

Disqualification. A statute now limits to 3 years the period during which the State may collect overpayments made earlier to the claimant.

Florida

Benefits. The maximum weekly benefit amount increased from $150 to $175.

Georgia

Financing. On Jan. 1, 1986, the taxable wage base rose from $7,000 to $7,500.

Benefits. An individual's weekly benefit amount will be determined as 1/50 of total wages earned in the two quarters of highest wages during the base period. (Previously, the benefit was 1/25 of the high-quarter wages.) The maximum weekly benefit amount increased from $125 to $135, and beginning July 1, 1986, it will rise to $145. However, the law specified that if assets of the unemployment trust fund fall below $175 million, the weekly benefit amount will be reduced to $115.

Administration. New legislation permits, rather than requires, the Commissioner to create an Employment Security Agency within the Georgia Department of Labor.

Idaho

Financing. For calendar years 1985 and 1986, the fund contribution rates for experience-rated employers will range from 1.7 to 5.6 percent of taxable wages.

Disqualification. The amount of wages needed to purge a disqualification for voluntary leaving, discharge for misconduct, refusal of suitable work, and voluntary leaving due to marital obligations decreased to 16 (previously 20) times the weekly benefit amount.

Illinois

Financing. For all of calendar 1986 (previously only the first and second calendar quarters), the taxable wage base will be $8,500. Thereafter, it will revert to $7,000 unless legislation is enacted to maintain the higher level. Extended to all of calendar 1986 was the provision that an employer's benefit-wage ratio be determined on the basis of liability in each of the two years (normally three years) preceding the year for which the contribution rate is determined. (Previously this provision applied only to the first 6 months of the year.) New legislation also extended to the last two quarters of 1986 the minimum contribution rate, which will be the greater of 0.2 percent of taxable wages or the product of the adjusted State experience factor multiplied by 0.2 percent; and a maximum rate, which will be the greater of 5.5 percent or the product of 5.5 percent and the adjusted State experience factor for the year, but no higher than 6.7 percent or lower than 6.5 percent. Finally, the emergency contribution rate of 0.6 percent for employers whose rates would be 0.2 percent or higher, which was imposed to ensure adequate fund levels, will be continued through the end of this calendar year.

Benefits. The requirement that an individual's weekly benefit amount be computed as 48 percent of his or her average weekly wage (up to 48 percent of the State average weekly wage), which was due to expire on July 6, 1986, was extended until January 3, 1987. For the same extended period, the formula for dependents' allowances shall be 7 percent of the claimant's prior average weekly wages (not to exceed 55 percent of the State average weekly wage) if the claimant has a nonworking spouse, and 14.4 percent (not to exceed 62.4 percent of the State average) if he or she has any dependent children. The maximum weekly benefit is frozen at $161 until December 31, 1986. The Director of the State's Department of Employment Security now is permitted to prescribe regulations authorizing a deduction from an individual's weekly benefit amount to pay for health insurance, if the individual elects the deduction and it is made under a program approved by the U.S. Secretary of Labor.

Indiana

Financing. The standard rate for employer contributions to the UI fund in-

creased to 5.4 percent. The maximum rate for the most and least favorable schedules was raised to 5.4 percent. Previously, the maximum rates were 2.8 and 4.5 percent.

Benefits. The limitation on wage credits used in computing duration of benefits increased from $3,926 to $4,186. The maximum weekly benefit amount was raised to $90 (previously $84) for persons with no dependents; $106 (previously $99) for those with one dependent; $121 (previously $113) for those with two dependents; $137 (previously $128) for those with three dependents; and $151 (previously $141) for those with four dependents or more. Beginning July 6, 1986, the maximum weekly benefit amounts will increase to $96, $113, $129, $147, and $161, respectively. The required amount of qualifying wages was raised to 1 1/2 times high-quarter wages, with at least $1,500 earned in the last two quarters of the base period and $2,500 earned in the base period as a whole. Formerly, the requirement was 1 1/4 times the high-quarter wages, with $900 earned in the last two quarters and total base-period wages of $1,500.

Administration. The appeal authority for judicial review was shifted from the State appellate court to the State Court of Appeals.

Kansas

Benefits. The maximum weekly benefit amount increased from $175 to $190.

Disqualification. New legislation redefined good cause for voluntary leaving as good cause attributable to the work or the employer. The disqualification for voluntary leaving without good cause changed from 10 weeks (with an equal reduction of benefits) to a duration disqualification or until the individual has earned wages in insured work of three times the weekly benefit amount. The special disqualification for individuals who voluntarily leave work because of domestic or family responsibilities (not including pregnancy), a shift to self employment, retirement because of disability or old age, or school attendance was deleted.

Other legislative changes provided that an individual will not be disqualified for voluntary leaving if the individual left: (1) temporary work to return to his or her regular employer; (2) to enlist in the armed forces, but was rejected or delayed in entering; (3) because a spouse is being transferred by his or her employer to another locality outside a reasonable commuting distance for the claimant; (4) because of unwelcome harassment; (5) as a result of being instructed or required by the employer to perform a service or to commit an act in the course of duties which is in violation of an ordinance or statute; (6) because of illness or injury upon a physician's advice, but finds after recovery that the old job or comparable work is unavailable; and (7) because of violation of a work agreement. Also, the disqualification will not apply if the individual left to accept better work or because of hazardous working conditons.

Administration. The State Department of Human Resources was authorized to continue operations until July 1, 1993. The Department's division of employment security will be administered by the Secretary of Human Resources in a manner he or she deems necessary. Formerly, the division was administered by the division director.

Louisiana

Financing. Shared-work benefits will be charged to employers' accounts in the same manner as regular benefits.

Benefits. The computation of the duration of benefits was changed to be the lesser of 26 times the weekly benefit amount or 27 percent (previously 40 percent) of base-period wages. If an individual's high-quarter wages exceed $875, his or her weekly benefit amount will be computed as 1/25 of wages in the two highest quarters of the base period. Wages earned for a successive benefit year must be in insured work. Established was a shared-work compensation plan, under which individuals working shortened schedules to avert layoffs may collect up to 26 weeks of benefits.

Disqualification. An individual will be disqualified for benefits in any week that he or she receives accrued vacation pay or compensation in the form of severance or dismissal pay. However, if the payment is less than the UI weekly benefit amount, the individual may receive the difference.

Maine

Financing. Beginning January 1, 1986, the fund contribution rate for new employers is no more than 4.0 percent (formerly 3.0 percent) or less than 1.0 percent.

Benefits. Remuneration earned for a second benefit year must be in covered employment.

Disqualification. An individual who was discharged because he or she was absent from work for more than two workdays due to incarceration will be disqualified for the duration of the unemployment or until the individual has earned four times the weekly benefit amount.

Administration. The period for appealing a claim redetermination was cut from 20 to 15 days, although the period may be extended up to 15 calendar days if good cause is shown.

Maryland

Disqualification. The pension offset provision was amended to require that an amount equal to any Social Security or Railroad Retirement benefits received be deducted from unemployment benefits if the base-period employer is subject to the provisions of the Social Security Act or the Railroad Retirement Act of 1974.

Massachusetts

Financing. The fund level requirements for the most favorable schedule decreased to 2.3 percent of payrolls, with rates ranging from 1.2 percent to 5.4 percent. The fund requirement for the least favorable schedule was lowered to less than 0.8 percent of payrolls, with rates ranging from 3.0 to 7.2 percent. The contribution rate for new employers was raised to 3 percent. Extended benefits, previously charged to the solvency account, are now charged to the employer to the extent that they are not Federally reimbursable.

Penalties. Any employer who attempts to evade any contribution, or payment in lieu of contribution, or who knowingly makes a false statement or misrepresentation to avoid or reduce any contributions or benefit payments shall be guilty of a felony, and upon conviction shall be fined from $1,000 to $5,000 or imprisoned for no more than 5 years, or both. The penalty for fraudulent misrepresentation to prevent the payment of, or to reduce, benefits is increased to a fine of $100 to $1,000 or imprisonment of 6 months, or both.

Mississippi

Penalties. The monetary penalty for fraudulent misrepresentation by claimants in order to obtain or increase benefits is raised to $100 to $500. The penalty for employers who fraudulently attempt to prevent or reduce benefit payments increases to $100 to $1,000.

Montana

Coverage. The term "employer" was redefined for UI purposes to include any em-

ploying unit with annual payroll in excess of $1,000 (formerly $500). "Regularly employed" persons are defined for purposes of the exclusion of casual labor as those performing wage-earning services during at least 24 days of a given quarter.

Financing. The taxable wage base will be computed as 80 percent (previously 75 percent) of the State average annual wage, rounded to the nearest $100. A new enactment deleted the requirement that the taxable wage base not be raised by more than $200 from year to year. The period of benefits and contributions considered when computing contribution rates for experience-rated employers was changed to include all years since October 1, 1981. The maximum rate for the most and least favorable schedules was raised to 6.4 percent, with the minimum rates decreasing to 0.0 and 1.7 percent, respectively. A temporary (until June 30, 1987) surtax was imposed on all employers to fund the repayment of Federal advances to the State UI program. The provision requiring that a specified proportion of taxes (and reimbursements) paid by both taxpaying employers and those not covered by experience rating be used for administrative purposes was amended to require that these administrative costs be funded through a special assessment on the employers rather than a diversion of contributions.

Benefits. The maximum weekly benefit amount will be frozen at $171 until January 1, 1987. An individual's weekly benefit amount will be computed as 49 percent (formerly 50 percent) of the State average weekly wage in the base period. The provision specifying that the waiting week requirement shall not interrupt the payment of benefits for consecutive weeks of unemployment in a new benefit year was deleted. In disability cases, the base period may be designated as the four quarters preceding the disability if a claim is filed within 26 months of occurrence of the individual's disability (formerly 18 months from the date of last employment).

Disqualification. A disqualification for voluntary leaving will occur when an individual leaves work without good cause attributable to his or her employment. The wage criterion for defining suitable work after 13 weeks of unemployment was modified to include work that offers 75 percent of the individual's earnings in previous insured work in the customary occupation (previously 75 percent of the prevailing wage for the occupation). However, no individual will be required to accept a job paying less than the Federal minimum wage. For purposes of applying a labor dispute disqualification, the definition of a labor dispute was changed from a stoppage of work to a strike.

Penalties. A new enactment requires claimants to repay fraudulently obtained benefits with interest charged at the rate of 18 percent a year. However, future benefits may not be used to offset the interest due.

Nebraska

Financing. The law now permits, rather than requires, a successor employer to assume the experience rating of the predecessor employer.

Benefits. The maximum weekly benefit amount is increased from $120 to $126.

Penalties. The statute of limitations on prosecutions for fraudulent misrepresentation is increased to 3 years.

Nevada

Benefits. Any person who is awarded backpay is liable for the amount of UI benefits paid to him or her during the period for which the backpay was awarded. The employer's reserve account will be credited with the amount of such benefits. Also, before the employer pays the employee backpay, the employer must ascertain the amount of UI benefits received by the worker during the period for which backpay was awarded, withhold that amount from the backpay, and forward it to the State employment security department.

New Hampshire

Financing. The fund requirement for the most favorable schedule increases from $100 million to $110 million. When the least favorable schedule is in effect, an adverse-rating charge will be added to all employers' rates in an amount equal to the interest rate on 90-day Treasury bills multiplied by the excess of benefits over contributions for the preceding 3 years. The legislature added a standard contribution rate of 5.4 percent for certain unrated employers. Any benefits paid to a claimant following a disqualification for voluntary leaving, discharge for misconduct, or refusal of suitable work will be charged to the account of the employer who furnished the employment. In cases where a disqualification is not involved, benefits are charged to the most recent employer.

Benefits. The minimum and maximum weekly benefit amounts were increased to $36 and $150, respectively, from $26 and $141. The qualifying wage requirements were raised from $1,700 for the total base period and $800 in each of two quarters to $2,600 for the entire base period and $1,000 in each of two quarters.

Disqualification. The number of weeks of work required to purge a disqualification for voluntary leaving, discharge for misconduct, and failure without good cause to either apply for or accept suitable work increased to 5 consecutive weeks (previously any 3 weeks) of covered work with earnings equal to 120 percent of the weekly benefit amount in each week. The requirement that benefits not be reduced due to receipt of holiday pay unless the number of paid holiday in a calendar year exceeded the total number of legal holidays was deleted. Also deleted was the requirement that the weekly benefit amount be reduced for any week in which an individual received holiday pay.

Administration. The period for appealing an initial determination before an appeal tribunal increased from 7 to 14 calendar days after mailing of the determination by the agency.

New York

Financing. The maximum contribution rate increased from 2.7 to 5.4 percent.

Benefits. A temporary shared-work program was established, to be in effect until Jan. 1, 1989. An individual may receive up to 20 weeks of shared-work benefits.

North Carolina

Financing. The class of benefits noncharged to an employer's account was enlarged to include those based on wages paid prior to the date of separation due to discharge for loss of license, bond, or surety needed for performance of the individual's job; sale of the individual's ownership share of the business; or involuntary leaving for disability or health reasons. Also, the probationary period for new workers was extended from 60 to 100 days. (The probationary period is that span of time during which an employer can discharge an individual for being unable to perform the work for which hired without the individual's UI benefits being charged to the employer's account.)

Disqualification. Disqualifications were added for individuals who lose a license or permit necessary to perform work and for individuals unemployed because the employing unit was sold and the individual

had been an owner of the business. An individual will be ineligible for benefits during a disciplinary suspension. A new enactment permits an individual to be temporarily excused from an active search for work. If an employer notifies the employee of a future separation for lack of work, the impending separation will not constitute good cause for leaving.

North Dakota

Coverage. Service for remuneration will constitute employment for UI purposes unless (1) the worker is free from control or direction in the performance of the work; (2) the service is performed outside of all places of business of the enterprise for which it is performed; and (3) the individual is customarily engaged in an independent trade, occupation, profession, or business.

Financing. The standard rate of contributions will be the greater of 5.4 percent of taxable wages or the rate for employers who have a negative-balance reserve ratio. The contribution rate for unrated employers will be the average tax rate for all employers, but not less than 1 percent. However, newly covered employers classified in an industry which has a negative reserve shall pay the standard rate. An employer may qualify for a reduced rate if his or her account has been chargeable with benefits for 24 (formerly 12) consecutive months.

Disqualification. The pension offset requirement will be disregarded if the base-period employment does not affect eligibility for, or increase the amount of, the pension. However, Social Security and Railroad Retirement benefits are excluded from this exception.

Ohio

Financing. The $8,000 taxable wage base was extended until December 31, 1986.

Benefits. The freeze on the maximum weekly benefit amount (a range of $147 to $233) will be extended until January 1987. For calendar years 1988 through 1993, the maximum weekly benefit amount will be computed with an addition to the regularly computed increase equal to one-sixth of the increase that would have taken place in years 1983 thorugh 1986 if the maximum had not been frozen. Ohio extended until December 31, 1986, the requirement that an individual must work 20 weeks at 37 times the State minimum hourly wage to qualify for benefits. During 1986, an individual will not be paid benefits for the waiting week.

Disqualification. For calendar 1986 (as in 1985), a duration disqualification will be purged by 6 weeks of work and earnings of six times the amount required to establish a credit week.

Oregon

Benefits. The temporary State additional benefits program, which was due to expire on June 29, 1985, has been extended until June 27, 1987.

Disqualification. The labor dispute disqualification will not apply if the individual was laid off prior to the dispute and did not work more than 7 of the 21 calendar days immediately preceding the dispute or if the individual unilaterally abandons the dispute and seeks reemployment with the employer, but finds that his or her former position has been filled by a permanent replacement.

Pennsylvania

Financing. Contributing employers will pay a tax of 0.3 percent of taxable wages in 1986 to cover the interest on outstanding advances made by the Federal Government to the State program. However, the provision which specifies that the interest tax will be a variable rate not to exceed 1.0 percent, assessed by the State's Department of Labor and Industry as needed for the payment of interest on outstanding advances, has not changed.

Benefits. A seasonal provision was added to limit the circumstances under which benefits may be paid to workers performing services in connection with commercial canning or commercial freezing of fruits and vegetables.

Rhode Island

Financing. The number of years needed to qualify a new employer for experience rating was raised to 3. The method by which benefits are charged to base-period employers of the same individual was changed from inverse order of employment to the proportion of wages earned by the individual with each base-period employer. Beginning January 1, 1986, the range of rates for the most favorable schedule will be 0.8 to 5.4 percent, and for the least favorable schedule, 2.3 to 8.4 percent. Contributing employers will be assessed a surtax of 0.3 percent whenever the fund balance is less than zero at the end of any second month in a calendar quarter. A new enactment permits, rather than requires, successor employers to continue to pay contributions at their previous rates in the case of total transfers of the business of the predecessor employer. Such employers may also elect to pay at the predecessor employer's rate.

Benefits. The weekly allowance for dependents is changed from $5 to $20 per dependent to the greater of $5 or 5 percent of the claimant's benefit rate for each dependent, up to five.

Disqualification. The disqualification for unemployment caused by a labor dispute is changed from a fixed period of 6 weeks plus a 1-week waiting period to the duration of the labor dispute.

South Carolina

Financing. Beginning January 1, 1986, voluntary contributions to the fund by employers will be prohibited.

Disqualification. Discharge for misconduct is redefined as discharge for cause connected with the employment.

South Dakota

Coverage. The test for determining whether an employer-employee relationship exists is modified to allow services performed for the employer outside the usual course or place of the employer's business. Thus, services for remuneration will constitute employment unless two tests are met: (1) the individual is free from direction and control, and (2) is customarily engaged in an independent trade or business.

Tennessee

Benefits. The maximum benefit will be computed as 1/4 of base-period wages. Tennessee deleted the qualifying requirement that an individual must have earnings in a third quarter of the base period (in addition to the two highest quarters) when the fund falls below $300 million. An individual will not be eligible for benefits if 65 percent or more of base-period wages were earned in the highest quarter of the period.

Disqualification. An individual will not be denied benefits for separation from employment pursuant to a layoff or to a recall that permits the employee, because of lack of work, to accept a separation from employment.

Administration. The period for appealing an initial claim determination and a referee decision was increased to 15 days from date of mailing or delivery of the determination by the agency. A new enactment permits the commissioner to deduct from benefits

payable to a claimant the amount of benefits overpaid earlier by another State which requests recovery of the benefits.

Penalties. Added is a 6-year statutory limitation on the period within which the State may attempt to collect overpayments obtained by fraud. The statutory limitation for collection of other benefit overpayments is decreased to 3 years.

Texas

Coverage. A new enactment excludes from coverage services performed by an individual as a direct seller if certain conditions are met. The coverage of farmworkers was amended to include seasonal and migrant workers and, beginning January 1, 1986, to reduce the minimum size of the farmer's payroll and operation requiring coverage from 10 employees in 20 weeks or $20,000 in quarterly wages to four employees in 20 weeks or $7,500 in quarterly wages. Beginning January 1, 1987, these figures will be further reduced.

Financing. The contribution rate for a new employer will be the greater of the average rate for employers in its industrial classification or 2.7 percent. A successor employer must assume the experience rating of the predecessor employer in the event of total transfers of the predecessor's business. Employers may be required to pay an additional tax of 0.1 percent if interest is due on a Federal advance to the State fund and monies to pay the interest are not available from regular sources. Employers who participate in the State shared-work program may be required to make fund contributions of up to 9 percent of taxable wages.

Benefits. The alternative qualifying wage requirement of 2/3 of the maximum amount of wages as defined in the Federal Insurance Contribution Act was deleted. A shared-work program was adopted under which an individual could receive up to 26 weeks of benefits.

Disqualification. The variable disqualification for voluntary leaving to move with a spouse decreased to 6 to 25 weeks.

Utah

Benefits. To qualify for benefits in a second benefit year, an individual must have earned 6 times the weekly benefit amount in insured work subsequent to the beginning of the preceding benefit year and must meet the base-period earnings requirement.

Vermont

Benefits. Beginning July 1, 1986, Vermont changes from a wage-request to a quarterly-wage-record system for determination of benefit rights. Beginning January 3, 1988, the base period will be the first four of the last five completed calendar quarters immediately preceding an individual's benefit year. The State also added an alternative base period, the last four completed quarters preceding the benefit year, to apply if an individual fails to meet the qualifying wage requirement.

Virginia

Financing. The standard rate for employer contributions to the fund increased to 5.4 percent of taxable wages.

Benefits. The minimum and maximum weekly benefit amounts were increased to $58 and $159 (formerly $54 and $150), respectively.

Washington

Financing. For calendar years 1986 and 1987, the employer contribution rates under the most favorable schedule will range from 0.48 to 5.4 percent, and for the least favorable schedule, from 2.48 to 5.4 percent. If a claimant requalifies for benefits after a disqualification for voluntary leaving or for misconduct connected with the work, benefits based on wage credits earned prior to the disqualification shall not be charged to the experience-rating account of the separating employer.

West Virginia

Benefits. The maximum weekly benefit amount will be frozen at $225 until July 1, 1988. Thereafter, the maximum weekly benefit will be determined as 66 2/3 percent (currently 70 percent) of the State average weekly wage. The base-period qualifying wages are increased to $2,200; therefore, the minimum weekly benefit amount rises from $18 to $24. The weekly benefit amount will be computed as 1.0 percent (previously a weighted schedule of 1.5 to 1.0 percent) of the claimant's annual wages. Uniform weeks of potential duration were cut from 28 to 26.

Wisconsin

Financing. Beginning January 1, 1986, the taxable wage base increased to $10,500 and the maximum rate for the least favorable schedule rose to 6.7 percent of taxable wages. New employers (other than construction firms) with annual payrolls of over $10 million may elect to pay a tax of 1.0 percent for the first 3 calendar years. Employers with an annual payroll of less than $100,000 will pay a "solvency rate," ranging from 0.1 to 3.3 percent; rates for other employers will range from 0.8 to 3.3 percent.

Benefits. An individual will be considered "partially unemployed" in any week he or she does not work full time but earns some wages and is eligible for some benefits. Also, no individual may be paid partial benefits of less than $5. Deleted are the specifications concerning the payment of partial benefits that the full weekly benefit will be paid if the claimant has wage income of less than one-half the weekly benefit amount, and that one-half the weekly benefit amount will be paid if wage income is one-half or more of the weekly benefit. Also deleted is the provision which permitted an individual's base period to be extended due to receipt of backpay or of temporary total disability payments under a State or Federal workers' compensation program.

Disqualification. Under certain conditions, a between-terms and within-terms denial of benefits will apply for schoolbus drivers not employed by governmental entities or nonprofit organizations. □

FOOTNOTES

[1]Arizona, Arkansas, California, Colorado, Florida, Nevada, North Carolina, Oregon, South Carolina, South Dakota, Tennessee, and Wyoming.

[2]Arizona, Arkansas, Colorado, Florida, Georgia, Illinois, Maine, Maryland, New Mexico, North Carolina, North Dakota, South Dakota, Tennessee, and Vermont.

[3]In last year's article on changes in UI legislation during 1984, erroneous information was presented for two of the States: Contrary to the report, the provisions related to financing and disqualification under Rhode Island's UI plan had not been enacted. In the New Jersey section of the article, the voluntary leaving disqualification should have read "4 weeks of unemployment and 6 times the weekly benefit amount," and the discussion of benefit changes should have included a new provision that all benefit weeks will adhere to a calendar week schedule, with each week ending at midnight Saturday.

For the full text of the 1984 study, see Diana Runner, "Changes in unemployment insurance legislation during 1984," *Monthly Labor Review*, January 1985, pp. 43–48.

II--RESEARCH PROJECT SUMMARIES

A. Research Projects Planned and in Progress

STUDY TITLE

Business Births and Deaths in the District of Columbia, 1987, 1988.

FOCUS OF STUDY

The focus of the study is a comparative analysis of the net effect of business births and deaths on employment and wages for 1987 and 1988. The study will also examine effects by selected industries based on their greatest relative impact. It has potential for identifying emerging economic sectors, structural shifts based on the dynamics of births and deaths; or validating the continuation of the present economic structure.

METHOD

Design

All establishments becoming liable or inactive under Unemployment Compensation Laws of the District of Columbia during the scope of the study will be identified. Company officials will be interviewed to validate the birth or death status of the firms.

Data Sources

Employer Master File of the Unemployment Insurance Tax Accounting System; the Employment, Wages, and Contributions (ES-202) Files; and affected firms.

Method of Analysis

Employment and wages of the birth and death establishments will be summarized by quarter by industry and aggregated to annual data. Total net effect, and by selected industries, will be determined and the two years compared. Trends (or lack thereof), recurring patterns, and other relationships will be identified for comparative analytical purposes.

EXPECTED COMPLETION DATE

Summer, 1989

CONTACT PERSON

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Study Title

Compendium of State Operations, Organization and Relationships

Problem to be Studied

Information about unemployment insurance operations in the 53 State Employment Security Agencies (SESAs) is often needed by Federal and State officials and other interested parties for program and policy analysis due to automation, States' conversion to a wage record system and State and Federal law changes. Therefore, there is a need to compile claims, tax, appeals, benefit payment control and related State procedures, practices, program linkages and organizational structure into a compendium that will be similar to the Comparison of State UI Laws. A compilation of this type will provide officials with this information from a single source.

Annual updates will ensure that law changes, policy changes, as well as automation and other procedural improvements are reflected.

Method

Utilizing a contractor, a questionnaire requesting the needed information will be used to survey all States. Annual updates will be made requiring only State answer changes to specific questions. The final output will be in hardcopy and automated.

Expected Completion Date

Pending OMB approval of the questionnaire, the expected completion date is August, 1988, with annual updates thereafter.

Name, address, telephone number of contact person

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202-535-0196

Study title

A Description of Displaced Workers in California's Silicon Valley, 1985

Problem to be studied

With the decline in manufacturing employment, changing technologies, and the growing number of plant closings throughout the nation, it is important to examine what happens to a long-time industry employee who is suddenly laid off as a consequence of economic and/or technological change. This study of workers in the Silicon Valley displaced during the decline in the electronics industry in 1985, although not generalizable to displaced workers throughout the State, is designed to provide information on the displaced worker phenomenon. An additional product of this analysis will be the skills and computer software needed to monitor the displaced worker problem in the future.

Method

The population for this analysis will be drawn from a 20 percent sample of unemployment insurance (UI) claimants with claims originating during the 1985 calendar year. All individuals in the sample who were employed by a Silicon Valley electronics firm, immediately prior to their 1985 unemployment, will be included in the study.

Data for the analysis will be drawn from California Employment Development Department administrative files; including the weekly UI files, the quarterly-wage records, and the quarterly-employer survey files. The UI records provide basic demographic information, industry of prior employment, benefits paid, and duration of unemployment. The quarterly-wage records provide facts on prior earnings and earnings at the time of reemployment, tenure on the job prior to the layoff, and firm of previous and future employment. The employer survey files contain information on firm size prior to and following the layoff. The employment history for each worker in the study will be tracked back to 1982 and forward through the first quarter of 1987.

The report will be a descriptive analysis. It will include a demographic profile, a discussion of prior employment and reemployment characteristics, and a summary of unemployment characteristics.

Expected completion date: April, 1988

Contact person

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Employment Data and Research Division
7000 Franklin Blvd., Bldg. 1100
Sacramento, CA 94280-0001

Study Title

Design Support for Simplified Administrative Financing System for the Unemployment Insurance Service

Problem to be Studied

The purpose of this study is to obtain support in designing an integrated budget formulation and administrative grants allocation methodology for the Unemployment Insurance (UI) Service. The prime focus will be on design and evaluation of alternative methodologies which will be consistent with decentralization of the UI system. The methodologies are to be simple, effective, fair, equitable, and inexpensive to implement and maintain. The results of this project will be used to test and implement an improved integrated budget formulation and allocation methodology.

Method

Data Source--Historical data used to develop allocations and the allocations themselves will provide the primary data. Quality appraisal data will also be used for analysis.

Method of Analysis--Regression and Correlation analysis will be the primary methods of statistical analysis. Qualitative analyses and assessments will be conducted on the various design options developed.

Expected Completion Date

Preliminary reports are scheduled for March with a final report due in September, 1988.

Contact Person

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Study Title

Employment in Texas: The Year 2000 and Beyond

Author(s)

Lyndon B. Johnson School of Public Affairs of the University of Texas (various authors)

Date of Publication

Early 1988

Results, findings, conclusions, and/or implications

The following are currently available pending formal publication of the full Policy Research Project:

"Labor market Policy: What is it? What Should it Be?" (Ray Marshall, videotape 102 minutes),
"Texas and the U.S. Economy into the 21st Century: Implications for the Employment Service" (Ray Marshall, videotape 112 minutes),
"Demographic Trends in Texas" (Leon Bouvier, videotape 68 minutes),
"The History of Unemployment Insurance" (Wilbur Cohen, videotape 98 minutes),
"Texas and the U.S. Economy in the 21st Century" (Ray Marshall, discussion paper),
Analysis of the Adequacy of Unemployment Insurance Benefits in Texas, as Measured by Wage Replacement (Ingrid Kornguth and Andrew Staley, discussion paper),
"The Impact of Unemployment Insurance on the Texas Economy" (Lynn Cairnes and Alexander Lurie, discussion paper),
"The Use of Aptitude Testing by State Employment Security Agencies: A Policy Analysis" (Alexander Lurie, discussion paper),
"Worker Adjustment in a Competitive Society" (Lynn Cairnes, discussion paper),
"Unemployment Insurance Benefits in Texas: A Program Review" (Andrew Staley, discussion paper),
"Evaluation of the Shared Work Program in Texas During its First Year of Operation" (Ingrid Kornguth, discussion paper),
"Work and Welfare Initiatives" (Celinda Franco, discussion paper).

Method

The research was conducted as a Policy Research Project. Graduate students under the supervision of Ray Marshall, Wilbur Cohen, and Bob Glover selected and researched topics pertinent to the topic. Methods used are given in each paper.

Availability

Texas Employment Commission, 15th & Congress, Austin, TX 78778, Att. UIMS-Gantt

Study Title

Financing Unemployment Insurance in Kansas, 1989-1997

Problem to be Studied

What course should the unemployment insurance financing structure in Kansas follow in order to maintain a sound, stable fund while fairly paying benefits to claimants and collecting contributions from employers.

Method

The study will be written in such manner that a nontechnician can gain an understanding of the elements which constitute unemployment insurance. It can basically be divided into five sections.

1. A review of the Kansas economy during recent years.
2. Claimant benefits and eligibility in Kansas.
3. The Kansas employer contribution program.
4. A review of the 1981-1988 financial plan.
5. Assumptions and recommendations for the 1989-1997 planning period.

Expected Completion Date

December, 1988

Investigator/Contact Person

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Study Title: Legitimate Employer Tracking System (LETS)

Problem to be Studied: The LETS program is a computer software package that was developed by program staff in the Investigations Division of the California Employment Development Department (SESA). The program is written in a natural programming language of a data base software package (ADABAS). LETS contains several employer profiles which, when matched against new employer registrations, would identify legitimate employers who may be prone to having fictitious employees on their payrolls. LETS is confined to the operation of the regular State UI program since only covered employers are verified. In addition to fictitious (ghost) employees, LETS also attempts to uncover fraud that may involve members of family owned businesses, self-employed individuals, corporate officers, new firms that take over old businesses and firms associated with illegal payrolling manipulations.

While LETS has been operating for a few years, on a limited scale, the system has not produced any schemes of worthwhile significance to date. With the volume of employers and claims activity in California, it is realistic to believe that the types of fraud that LETS would uncover do exist and that refinements of the present system could lead to productive results.

Method: Recognizing the value of such a program, the ETA plans to assist the SESA through sponsoring a research project that will: (1) review the present system, (2) run tests on the profiles now used, (3) eliminate profiles that are nonproductive and (4) develop new profiles or upgrade present profiles that would enhance the operations of the LETS program.

To carryout this research project, it is anticipated that a cooperative agreement will be arranged with the SESA and that Federal funds will be made available for the SESA to solicit for outside-contractor assistance. As a final output of this project, the refined software package would be made available to other SESAs who express a desire to use it.

Expected Completion Date: September 30, 1989

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Study Title

New Jersey Unemployment Insurance Reemployment Bonus Demonstration

Problem to be Studied

The purpose was to test whether displaced workers and other persons likely to exhaust UI benefits could be assisted in returning to work sooner by the provision of job search assistance, job related training or relocation assistance, or a reemployment bonus.

Method

Eligibility criteria included claimants age 25 or older who: receive their first payment and are eligible for UI benefits, have a minimum of three years employment with their last employer, have been permanently laid off and do not expect to be recalled and are not members of a union hiring hall.

Claimants in ten New Jersey local offices were randomly selected into three treatment groups and a control group. The control group received no special services above those already available in the State. The first treatment group received additional job search assistance and follow-up (JSA); the second received JSA plus additional job training and relocation assistance; the third group received JSA plus the offer of a reemployment bonus if they returned to work within 11 weeks.

Claimants were selected into the project between July 1, 1986 and June 30, 1987.

Expected Completion Date

A preliminary report was published in April, 1987 and the final report is expected in November, 1988 following completion of a survey to determine long-term effects.

Contact Person

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Study Title

Nonmonetary Decision Support Expert System

Author

Problem to be Studied

The purpose of this project is to design, develop, test and evaluate a nonmonetary decision support expert system. An expert system combines artificial intelligence technology with subject area expertise in order to create an automated decisionmaking capability. The specific research goals of this project are to:

Demonstrate whether nonmonetary expert system factfinding can be built utilizing existing hardware environments at a reasonable cost. Both mainframe computer and personal computer approaches will be investigated.

Examine whether expert system factfinding renders a complete, accurate, and consistent decision in accordance with State law and Federal oversight requirements.

Determine the degree of difficulty and optimum percent of expert system factfinding that can be economically built including the associated costs/benefits necessary to incorporate all major causes of UI separation disputes into the State's expert support factfinding system.

Compare the results of nonmonetary expert system factfinding to independent factfinding rendered by UI claims adjudicators.

Determine whether expert system factfinding enhances UI nonmonetary adjudicative productivity, and thereby, free senior UI claims adjudicators to handle the more complex separation disputes.

Determine the projected State agency costs, staff time, reliability, and acceptability of implementing and operating a full-scale UI nonmonetary factfinding expert system.

Expected Completion Date

Phase I (conceptual design, construction of the knowledge base, prototype testing) will be completed by September 1988. Phase II (full system development, testing and evaluation) will be completed by April 1990.

Contact Person

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OLDER UNEMPLOYMENT INSURANCE EXHAUSTEES

STUDY TITLE:

The Older Unemployment Insurance Exhaustees In Washington State

PROBLEM TO BE STUDIED:

Who are the older UI exhaustees? Is there a difference between them and all exhaustees? What is their labor market attachment?

METHODOLOGY:

A comparison will be made between those exhaustees who were fifty-five years of age and over and all exhaustees in Washington State during 1984. Additionally, a comparison will be made between males and females for both groups and their experiences for a one-year period after exhaustion.

The data source is the Continuous Wage and Benefit History (CWBH) data base and information gathered by the two survey questionnaires from the study, "A Study Of Exhaustees Of Unemployment Insurance Benefits In Washington State."

EXPECTED COMPLETION DATE:

Late 1987

AVAILABILITY:

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UI Program Analysis
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Study title

Pennsylvania Demonstration Project

Problem to be studied

The Pennsylvania Demonstration Project is one of a series of demonstrations of alternative uses of Unemployment Insurance. The demonstrations are exploring ways to promote more rapid reemployment or higher wages by having unemployment compensation programs go beyond the function of providing income maintenance.

Method

The Pennsylvania demonstration is testing the effect of an offer of a cash bonus combined with the offer of structured job search assistance as a motivation for unemployment insurance claimants to go back to work faster. It will replicate a bonus experiment the United States of Labor conducted in New Jersey in 1986-87. The demonstration is designed as a controlled experiment with four parts: (1) Eligibility conditions, delimiting the target population; (2) Treatment design, detailing the components of the experimental bonus program and the job search assistance workshops; (3) Selection of sites, including determination of the number of sites; and (4) Design of the sample, including determination of the appropriate sample size. The demonstration data base will contain data generated by the experiment and institutional data from the agency files. Supplementary information will be obtained by use of a follow-up telephone survey conducted on a sample of assigned claimants. Evaluating the effects of the experiment involves comparing the means of variables of interest across the treatment groups, thereby using the full power of the random assignment.

Expected completion date

The final report from Mathematica Policy Research, Inc. is due by December 1990.

Name, address, telephone number, of contact person

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Ms. Frances Curtin
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Study Title:

Quality Control Evaluation

Problem to be Studied:

Whether the QC design is adequate to achieve its purposes; whether the design is being faithfully implemented by SESAs required to have QC programs; and whether QC is cost-effective (leading to UI program improvements of greater value than QC's cost).

Method:

The evaluation design has three components. The first, assessing the adequacy of the design involves examination of the QC Handbook and other documentation of the QC process, as well as State sample selection programs. It will cover the adequacy of sample sizes; the design of the sample frame and sampling methodology; and how QC cases are investigated and monitored.

Part Two, assessing State implementation of QC, will rely primarily on a mail survey of all States, with telephone followup, supplemented by review of National and Regional Office monitors' reports. The objective is to determine implementation status as of early 1988, identify implementation and operational issues, and assess the adequacy and consistency of monitoring, and determine to what extent States are preparing to use QC data to improve program operations. The survey is being developed/pretested in visits to five States.

Part Three, benefit-cost analysis, will rely on program improvement information obtained through the survey; available QC (as well as Random Audit) case data will also be analyzed to relate error rates to documentation of program improvement actions and to assess error rate trends. Five States, selected because of their exceptional early use of QC for program improvements, will be studied in depth to assess QC's potential.

Expected Completion Date:

November 30, 1988

Investigators/Contact Persons

The evaluation is being conducted by Westat, Inc. in conjunction with Abt Associates, Inc. Project Director: Dr. Robert F. Cook, Westat, Inc., 1650 Research Blvd., Rockville, MD 20850. (301) 251-8239. DOL contact: Burman Skrable, DOL/ETA/UIS/OQCI; 200 Constitution Avenue, N.W., Room S-4105; Washington, DC 20210 (202) 535-0220.

Study Title

Reemployment Services for Unemployed Workers Having Difficulty Becoming Reemployed

Author

Esther Johnson (Editor)

Problem to be Studied

To gather information about State programs that utilize the Unemployment Insurance (UI) system to provide reemployment services or benefits to unemployed workers having difficulty becoming reemployed.

Method

Compilation of projects submitted by States that have programs in place or proposed programs (but not enacted) to provide reemployment services or benefits to unemployed workers having difficulty becoming reemployed.

Date of Publication

Spring 1988

Contact Person

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Study Title

A study of the Arizona Trust Fund Solvency Mechanism

Problem to be studied

The ability of the Arizona trust fund mechanism to maintain adequate fund levels.

Method

Since the 1974-1975 recession, the Arizona trust fund has never reached solvency, and it is again diverging from it. Arizona's fund adequacy is basic upon a variation of the 1.5 reserve-multiple-rule in that it adjusts for increases (or decreases) in experience rated employment and the average weekly benefit amount since the worst consecutive 12 month benefit payout. Research is currently being conducted to determine why the fund solvency mechanism is failing to bring the trust fund to solvency levels.

One of the more interesting interim findings is that the interest adjustment applied to the upcoming year's tax rate depresses the fund adequacy level by 25-30%.

One problem with the fund solvency mechanism is that it does not have built into it a constant solvency standard. Measures to correct this, such as indexing the maximum benefit amount and the taxable wage base are being investigated.

Historical data of the Arizona trust fund model simulations based upon this data and the development of regression models where appropriate are the primary methods of analysis.

SPSSx is the tool of analysis. It is used to manage a VSAM file database of over 200 variables to develop regression models, and it is the program language of the Arizona Trust Fund Model.

Expected completion date

End of 1987

Name, address, and telephone number of investigator/contact person

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Department of Economic Security
Research Administration
Site Code 733A
P.O. Box 6123
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Study title

A Study of the Changing Relationship between UI Claims and Total Unemployment

Problem to be studied

After declining gradually from the 1950s through the 1970s, the proportion of the unemployed claiming UI benefits dropped sharply in the early 1980s. While the long-term decline can be explained by changes in the composition of the labor force, the recent decline has been more difficult to explain. A 1984 study by the Brookings Institution, which used national aggregate data, identified some possible causes for the decline, but was unable to quantify the relative effects of these factors. The current study attempts to go beyond this and to apportion the drop in the proportion among its various causes.

Method

The study is primarily using aggregate quarterly state data from required UI reports and from the Current Population Survey for 1971-86. A state law chronology is being used to identify relevant law changes. In addition, some analysis is being done using microeconomic data from the Survey of Income and Program Participation.

A pooled time-series cross-section regression approach is the primary analysis method being used. This technique allows a large number of explanatory variables to be used as well as taking advantage of cross-state differences. Dummy variables are being used to measure the unexplained portion of the decline in the ratio of insured to total unemployment. As variables are added to the model, the reduction in the size of these dummies is a measure of the ability of those variables to explain the decline.

Expected completion date:

May, 1988

Principal investigator:

Walter Corson
Mathematica Policy Research, Inc.
P.O. Box 2393
Princeton, NJ 08543-2393
(609) 275-2398

Study Title

Study of Referral of Long-Term Unemployment Insurance Claimants to Reemployment Services

Problem to be studied

The Unemployment Insurance Service is sponsoring a study of ways to improve the reemployment prospects of long-term unemployment insurance claimants. Prior research indicates that some dislocated workers posess skills that make them immediately marketable, while others are in need of retraining or more intensive job search assistance to avoid prolonged unemployment. This study will provide information on long-term unemployment insurance claimants that will be useful for: (1) designing referral and outreach programs for long-term unemployment insurance claimants, (2) assisting State and local JTPA agencies in designing effective linkages with UI and ES agencies for referring long-term unemployment insurance claimants into job retraining programs, (3) helping JTPA service providers to tailor their programs to the specific needs and problems of long-term unemployment insurance claimants, and (4) facilitating more effective linkage among UI, ES and JTPA programs to improve the reemployment prospects of the long-term unemployment insurance claimant.

Method

Ten States will be selected in this study. In each State a sample will be selected of claimants who have reached their 22nd week of UI benefits. A telephone interview will be administered to each claimant selected in the sample. In-person interviews will be made with selected officials in the UI, ES and JTPA programs in a selected local site in each State.

Expected Completion Date

May 1988

Contact Person

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EXHAUSTEES WHO HAD NO EMPLOYMENT WITHIN THE ONE-YEAR PERIOD AFTER EXHAUSTION:

STUDY TITLE:

Unemployment Insurance Exhaustees In Washington State Who Had No Employment During The One-Year Period After Exhaustion

PROBLEM TO BE STUDIED:

Who were the exhaustees who reported no employment for at least one week within the one-year period after exhausting all Unemployment Insurance Benefits? Did they still have an attachment to the labor market or had they withdrawn from the labor market?

METHODOLOGY:

From the study entitled "A Study Of Exhaustees Of Unemployment Insurance Benefits In Washington State," those exhaustees who had not been employed within the one-year period since exhaustion will be identified.

The data source is the Continuous Wage and Benefit History (CWBH) data base and information provided by the two survey questionnaires used in the above cited study.

EXPECTED COMPLETION DATE:

Late 1987

AVAILABILITY:

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UI Program Analysis
212 Maple Park
Olympia, Washington 98504
Telephone: (206) 586-1422

Study Title

Unemployment Insurance Quality Control Data Collection Alternative Pilot

Problem to be Studied

Field verifying UI claims data in person is the standard QC procedure. It is known to be highly reliable; it is also quite costly, especially when much travel is involved, such as in geographically large States. Doing all or part of a case verification by either mail or telephone (or some combination thereof) is expected to be less costly. Before the standard methodology can be changed, however, the following questions must be answered: (1) how accurate are the alternatives, for the verification process as a whole and its components; (2) what are the actual cost savings; (3) do the completeness and cost savings vary by State, and if so, for what reasons; and (4) what are the operational aspects of conducting QC verifications using alternative means.

Idaho approached UIS with a request to pilot test telephone interviewing and with UIS and contractor assistance developed a methodology to test its costs and effectiveness. Sampling was carried out for the 12-month period ending in September 1987. Tentative arrangements have been made with four other States to replicate this methodology if the Idaho findings are favorable.

Method

Idaho tested the use of the telephone for QC verifications. A subsample of 400 of its total 800 QC cases was verified by telephone; of that subsample, 100 cases were reverified in person. The results of the telephone interviewing are thus controlled in two ways--the 400 cases investigated by the standard methods and the 100 reinterview cases which are a direct control. The Idaho QC staff also recorded time and costs for both forms of investigation.

Expected Completion Date

Idaho expects to have all case investigations complete by January 1988. The evaluation of the pilot, by Applied Management Sciences, Inc., should be available in April 1988.

Investigator/Contact Person

John Sharkey, DOL/ETA/UIS/OQCI, Room S-4015, 200 Constitution Avenue, N.W.; Washington, D.C. 20210; (202) 535-0656

Study Title

Unemployment Insurance Quality Control Denials

Problem to be Studied

Examine alternative ways of assessing the accuracy with which States are denying UI claims; determine the rates of both case and dollar errors in claims denied for monetary and nonmonetary reasons; determine the costs and any problems (e.g., nonresponse) of investigating denial actions; assess relative advantages of three different approaches to integrating denials investigations with paid claims (benefit payments) QC.

Method

Five pilot States--Iowa, Louisiana, Pennsylvania, South Carolina, and Washington--implemented three different approaches to integrating denials with payments investigations.

1. Denials as an Add-on. For the year of the pilot, Louisiana drew three separate samples of denial actions each week (monetary, separation, nonmonetary-nonseparation denials) while keeping its benefit payment ("Core") QC program intact. Data on costs and times to investigate both denial actions and payments were also gathered (all pilot States did this).

2. Positive and Negative Case Actions. Pennsylvania drew weekly cross-sectional samples of both positive and negative (denial) actions at each of the three levels of UI decisionmaking: monetary, separation, and nonmonetary-nonseparation. Aggregated, they provide a complete picture of accuracy for the entire claims cycle.

3. Benefit-Year approach. Iowa, South Carolina, and Washington tested an approach of drawing a weekly sample of initial claims and tracking the sample throughout the study year (if implemented, a full benefit year). Each denial action was investigated, as well as a sample of payments.

Expected Completion Date

Data were collected October 1986-September 1987. The QC pilot support contractor, Applied Management Sciences, Inc., will complete an interim evaluation of the pilots by March 29, 1988 and a final report by April 28, 1988.

Investigator/Contact Person

John Sharkey, DOL/ETA/UIS/OQCI, Room S-4015, 200 Constitution Avenue, N.W.; Washington, D.C. 20210; (202) 535-0656

Study Title

Unemployment Insurance Research Bibliography

Problem to be Studied

Create a computer assisted way to enter and retrieve information on UI relevant research studies using standard bibliographic formats. Update the UI research data base and publish an updated UI Research Bibliography.

Method

Information is collected primarily through search of relevant parts of the commercial DRI, Inc. data bases. Information on new studies is entered into a data base through computer assisted prompts which ask for up to 27 items of information depending on the type of publication to be entered. Information in the data base may be sorted or searched for studies corresponding to any of the 27 information items. Information on studies selected may be printed as a full dump of all information or in standard bibliographic format. All programs are written in "C" for fast execution.

Expected Completion Date

December, 1988.

Contact Person

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Study Title

Unemployment Insurance Substate Area Trigger Feasibility Study

Problem to be Studied

Conduct a feasibility study on the development of a substate trigger program for the payment of extended benefits. This study is intended to assist the Department in responding to Congressional interest in such a program.

Method

Mathematica Policy Research Inc. has been awarded a contract to perform a three-phased study which includes: 1) a survey of States and theoretical development of options; 2) State selection for detailed analysis and data collection; and 3) evaluation of options.

In designing substate area program options a number of geographical, financial, political, social, economic, and statistical issues require analysis. Some of the key issues are:

- What benefit duration is appropriate? Should benefit duration vary with the degree of unemployment as reflected by the trigger or some other measure?
- Should a minimum "on" or "off" period be part of the local area program as it is with the current EB program?
- Since pockets of unemployment are not necessarily contained by political boundaries such as State or county lines, how best can the substate areas be defined to target the pockets yet minimize problems attributable to crossing political boundaries?
- Should the entire geographic area of the States be covered by the program? For example, should the program cover only SMAs and not the remainder of the State or only areas with designated population levels?
- How would claimant eligibility be determined -- by place of residence or by place of work? Is the proposed trigger calculation compatible with claimant eligibility? Can claimants migrate and still collect benefits?

Expected completion date

March 30, 1989 (contract awarded Sept. 29 1987)

Contact person

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Study title

Washington Reemployment Bonus Demonstration

Problem to be studied

The Washington Reemployment Bonus Demonstration is one of a series of demonstrations of alternative uses of Unemployment Insurance. The demonstrations are exploring ways to promote more rapid reemployment or higher wages by having unemployment compensation programs go beyond the function of providing income maintenance.

Method

This demonstration is testing the effect of an offer of a cash bonus as a motivation for unemployment insurance claimants to go back to work faster. It will replicate a bonus experiment the Upjohn Institute for Employment Research conducted in Illinois in 1984-85. The demonstration is designed as a controlled experiment with four parts: (1) Eligibility conditions, delimiting the target population; (2) Treatment design, detailing the components of the experimental bonus program; (3) Selection of sites, including determination of the number of sites; and (4) Design of the sample, including determination of the appropriate sample size. The demonstration data base will contain data generated by the experiment and institutional data from the agency's Benefit Automated System, the wage file, TAXIS and the Employment Security Automated Reporting System. Supplementary information will be obtained by use of a follow-up telephone survey conducted on a sample of assigned claimants. Evaluating the effects of the experiment involves comparing the means of variables of interest across the treatment groups, thereby using the full power of the random assignment.

Expected completion date

The final report from the Upjohn Institute for Employment Research is due by April 1990.

Name, address, telephone number, of contact person

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B. Research Projects Completed

Study Title

Alternative Uses Of Unemployment Insurance

Author

Helen S. Manheimer, Norman L. Harvey, John G. Robinson and William M. Sheehan, U.S. Department of Labor.

Date of publication

1985

Results

This study was prepared in response to a request from three members of the Senate to have the Department of Labor to explore some creative ways of using the Unemployment Insurance (UI) system to deal with structural unemployment problems; specifically the use of UI to provide income support while the recipient tried to start up a small business, and using UI funds to finance retraining, education, or relocation expense.

The authors found that a State may not withdraw money from its unemployment trust fund to pay costs of job search, training, relocation, etc. Nevertheless, once the benefit is paid to the claimant, it may be spent for whatever purpose the claimant chooses, including job search, training, relocation, etc. Title III of the Job Training Partnership Act (JTPA) provides special assistance for the needs of dislocated workers. The financial condition of the UI trust fund has been considerable weaker than it had been in the period before the 1974-75 recession. This means that any alternative use of trust funds which might increase the drain on existing funds must be scruntinized carefully for its potential impact on fund solvency.

The authors concluded that the existing United States and foreign experience does not identify any particular action to assist structurally unemployed workers that assures favorable results in the U.S. and concluded that available evidence on the effectiveness of alternative uses of UI funds is not an adequate basis for major changes in a program that has been successful in meeting its objectives over the past 50 years.

Method

A review and analysis of the domestic and foreign experience with alternative uses of unemployment insurance in dealing with structural unemployment problems.

Availability

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Study title

An Analysis of the 1981-1982 Changes in the Extended Benefits Program

Author

William Corson and Walter Nicholson

Date of Publication

1985

Results, including findings and any conclusions and policy implications

During the 1980s, a number of modifications were made to the extended benefits (EB) program. These changes included the elimination of the national trigger and EB claimants from the IUR trigger calculation. The State EB trigger rate was raised and more stringent "suitable work" provisions were added to EB. "Tangible evidence" of job search was required, disqaulification penalties were made more severe, and qualifying requirements for EB were increased. The intent of these changes was to better concentrate EB payments where unemployment was the highest and to better focus the program on workers with a substantial employment work history.

The authors investigated the effects the changes have had on the EB program. The general conclusion was that the EB changes had the effect of significantly reducing the size of the program, especially during periods of relatively modest unemployment rates. All of the changes seem to have had the intended effect of focusing EB benefits more directly on geographic areas and time periods with high unemployment rates and on workers most firmly attached to the labor force.

Method

State quarterly aggregate data for 1964-1981 was used to develop a detailed simulation model of EB program operation. Behavioral reaction to the EB changes were estimated using standard econometrics techniques. Micro data on UI recipients in 12 States were also used to estimate behavioral effects and to check the aggregate results.

Availability

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Study Title

An Analysis of UI Trust Fund Adequacy

Authors

Drs. Burt Barnow and Wayne Vroman

Date of Publication

1987

Results

The Annual Trust Fund Adequacy Simulation Model is a compromise between simplicity and flexibility. While it is simpler to use than the State Benefit Financing Simulation Model (SBFSM), it is not as flexible as the SBFSM in the simulation of effects from changes over the long-term. Because of this simplicity, the authors consider their model to be an effective tool that can be used to measure trust fund adequacy until the SBFSM could be developed for a State. The 1.5 reserve ratio multiple rule is suggested to be too crude to be of much use in assessing the adequacy of the State UI trust funds.

Methods

In this paper, the Annual Trust Fund Adequacy Simulation Model was presented as it was developed for use on an IBM personal computer. The model's purpose is to provide those States that have positive trust fund balances with a simple method of assessing the adequacy of these balances. By starting with the current balance and projecting cash flows based on specified economic scenarios, the ATFASM forecasts trust fund balances on an annual basis. The model can be used in States using either reserve ratio or benefit ratio systems of experience.

Initial conditions and economic assumptions provide a base from which the insured unemployment rate, the ratio of average weekly benefits to average weekly wages, and the ratio of taxes collected to total covered payroll are projected. The model does not simulate extended benefits of loan activities. For the sake of simplicity, the model itself assumes the State's benefit and tax equations will not be changed frequently by imbedding them into the model. If a state wishes to simulate the impact of alternative equations, the model may be adapted.

Availability

U.S. Department of Labor
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Study Title

Beginning the Unemployed Insurance Program--An Oral History

Authors

Helen S. Manheimer and Evangeline Cooper

Date of Publication

1985

Results

The report outlines the early history of unemployment insurance as recalled by individuals who held significant roles in the system during its formative years. The editors selected 16 interviews that pertain to the early history and conceptual foundations of the program. Excerpts from the recollections of the individuals quoted are presented. The report's intent is not to be a systematic presentation of early unemployment insurance history.

Methods

Interviews with 27 people with key roles in the development of the unemployment insurance program.

Availability

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Study Title

The Effect of the Duration of Unemployment Benefits on Work Incentives: An Analysis of Four Data Sets.

Author

Robert Moffit

Date of Publication

1985

Results

This study was published as UI Occasional Paper 85-4. It is concerned with the effect of changes in the potential duration of unemployment insurance benefits on the length of spells of unemployment and nonwork. The principle finding was that the effect of a one-week extension in potential UI duration increased the unemployment duration of males by .17-.45 weeks and that of females by.10-.37 weeks.

Method

Analyzes data from the Continuous Wage and Benefit History data set, the Job Search Assistance Research Project, the FSB follow-up data set and a data set used by Newton and Rosen in a prior study. Estimates are made and compared using several econometric models. The report includes a review of prior studies.

Availability

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Study Title

An Evaluation of Short-Time Compensation Programs

Authors

Stuart Kerachsky, Walter Nicholson, Edward Cavin, Alan Hershey

Date of Publication

1986

Results

States have implemented rules that seek to limit STC use only for its intended purpose--of avoiding layoffs in temporary business downturns. Key rules are surtaxes on employers with poor experience ratings, limits on the duration of the plan and on individual participation, and requirements that employers certify that they are using STC to avoid layoffs.

The States require a minimum number of employees in an STC plan. However, this requirement does little to ensure that STC use is always equivalent to at least one layoff.

Arizona, Oregon, and California still view the surtax provisions that apply to STC employers as politically necessary to the initial passage and continued support of STC. In Arizona and California, a clear decision has been made to limit surtaxes on negative-balance employers to amounts which are believed to ensure that STC benefits are recoverable, and to avoid surtaxes which impose penalties on such employers beyond the amount of STC benefits.

STC is viewed by UI agency officials as a self-policing program in terms of protecting the interests of employees. UI requirement to obtain the consent of unions to implement STC plans and information provided directly to employees about the program were viewed as guarantees that abuses by employers can be prevented or detected and reported. Almost all employers maintained regular fringe benefits during the STC workweeks, even in the absence of a legislative requirement to do so.

Two distinct methods for processing ongoing STC claims have been developed by the States. These methods present an important choice for future programs. In California and Oregon, individual claims cards with information to be entered by both the claimant and the employer are required. A "streamlined" approach has been adopted in Arizona. In this method, a single list of employees is provided to the employer, who collects employee-hours data and their signature, certifies the accuracy of the entire listing, and submits it as a single claims transaction for the entire plan. This approach may have advantages in terms of administrative efficiency, particularly if STC use were to grow to larger proportions in a future recession.

Method

Examined the experience of three States from mid-1982 to mid-1984 (California, Arizona, and Oregon) that had short-time compensation programs with sufficient results for analytic study. A telephone survey was administered to all employers which used STC in Arizona and Oregon and to a sample of employers which used STC in California.

Availability

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Study Title

Evaluation of the Charleston Claimant Placement and Work Test Demonstration.

Author

Walter Corson, David Long and Walter Nicholson

Date of Publication

September, 1984

Results

This study was published as UI Occasional Paper 85-2. It showed a reduction in weeks of UI benefits collected of from one-half to three-quarters of a week per claimant for each of three treatments tested in comparison with a control group. The results were found to be statistically significant at least the 90 per-cent confidence level for a one-tailed test. This reduction was greater than the administrative costs of these treatments, so the new procedures were found to be cost effective with the net saving in UI costs being about $50 per claimant.

Method

The Claimant Placement and Work Test Demonstration, conducted in Charleston, South Carolina during February-December 1983, randomly assigned nearly 6,000 unemployment insurance (UI) claimants to a control group or to one of three treatment groups designed to show if improved work test and job finding procedures would be cost effective.

Availability

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Study Title

An Evaluation Of The Federal Supplemental Compensation Program

Author

Walter Corson, Jean Grossman, and Walter Nicholson, Mathematica Policy Research, Inc.

Date of publication

1986

Results

FSC was implemented late in the recession and continued well beyond the recessionary period. FSC expanded unemployment compensation benefits as unemployment rates rose. The temporary nature of the program was thought to be a possible contributing factor to administrative difficulties experienced by the States. This was the case because lead time for initiating the initial phase was short and the program was revised frequently. The high degree to which FSC entitlement was sensitive to changes in labor market conditions also contributed to admininstrative difficulities. The authors concluded that a permanent program would probably have been better coordinated with the business cycle that was FSC. The also suggested that generally a permanent program is probably better than a temporary program particularly for the first level of extensions beyond regular UI.

Method

Available claimant and program data from the continuous Wage and Benefit History Survey in 13 States was supplemented by visits to 5 States.

Availability

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Study Title

Fifty Years of Unemployment Insurance--A Legislative History: 1935-1985

Author

James M. Rosbrow

Date of Publication

1986

Results

This report reviews antecedents of the U.S. Unemployment Insurance (UI) system and traces the activities leading up to the 1935 Social Security Act. It outlines the major alternatives for financing and administration that were considered and covers the changes that have been made over the years. There is a chronology of major Federal legislation relating to unemployment insurance as well as a summary of key provisions of the current law.

Method

Review of historical and current documents.

Availability

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Study title

Measuring Structural Unemployment (Unemployment Insurance Occasional paper 86-6). This compilation includes four separate papers:

(1) "The Displaced Workers' Problem as Seen Through a Special Survey" by Paul O. Flaim;

(2) "The Permanence of Dislocation: 1979-83" by Robert L. Crosslin, James S. Hanna, and David W. Stevens;

(3) "The Identification of Dislocated Workers Actual Practice and Recommendations for Improved Procedures" by James S. Hanna; and

(4) "The New Jersey Unemployment Insurance Reemployment Demonstration Project: Identifying the Population to be Served" by Stephen A. Wandner and Jon C. Messenger.

Author

Stephen A. Wandner, Editor. Dr. Wandner is Deputy Director of the Office of Legislation and Actuarial Services, Unemployment Insurance Service.

Date of Publication

1986.

Methods and Results

This publication presents four papers (and comments) that were delivered at a session at the annual meeting of the Western Economic Association in 1986, which was chaired by Stephen A. Wandner. The papers attempt to measure various aspects of the structural unemployment phenomenon and to identify "dislocated" or "displaced" workers, including subsets that may be in need of reemployment services.

The paper by Paul Flaim presents data on the structurally unemployed from the Bureau of Labor Statistics (BLS) displaced workers supplement to the January 1984 Current Population Survey (CPS). The paper identifies structurally unemployed workers by demographic characteristics, industry, occupation, and region, and discusses the impact of structural unemployment on labor force status, post-unemployment wages, and longer-term adjustments. The study identified 11.5 million "displaced" workers--workers who lost jobs in declining industries over the 1979-83 period--of which 5.1 million had worked at least three years in the jobs they had lost. The study focused on these 5.1 million displaced workers. A major finding was that 60 percent of these workers were reemployed when interviewed, but nearly one-third of these workers had taken pay cuts of 20 percent or more. Another important finding of the study was

that over two-thirds of displaced workers identified had collected UI benefits during their spell of unemployment, which indicates that the UI system may be able to serve as a mechanism for identifying and referring displaced workers to reemployment services.

The paper by Robert Crosslin, James Hanna, and David Stevens reviews various definitions of unemployment and then selects a working definition to test a series of models using Comprehensive Wage and Benefit History (CWBH) data from five States (Missouri, Nevada, Pennsylvania, South Carolina, and Washington). The paper attempts to answer two questions: (1) how permanent is the dislocation of unemployed persons based on local employment conditions and their previous industrial affiliation, and (2) what are the subsequent earning patterns for workers who do return to their previous employer or industry compared to those who do not return. A major finding was that the majority (61 percent) of unemployed workers from locally declining industries returned to their previous employer or to a different employer in the same two-digit SIC industry (another 11 percent) over a three- to four-year period. However, this leaves a significant proportion of dislocated workers who either do not find work in the same industry or do not find work at all. The paper concludes that this latter group is the one in need of adjustment assistance, and that the key problem is one of effective and timely identification of these workers.

The paper by James Hanna discusses the present methods by which dislocated workers are presently identified by the State agencies that administer Title III of the Job Training Partnership Act (JTPA). To determine present referral methods, a questionnaire survey was sent to to all 50 State contacts (plus Puerto Rico) for the Dislocated Worker Program and responses were received from 51 States (including Puerto Rico). The most frequently used identification methods were (in order of frequency) as follows: notification of plant closings by unions or employers; individual applications as a result of outreach activities or promotional efforts; referral by the Employment Service; a media announcement of plant closing or layoff; initial detection through some use of Unemployment Insurance system, which were about evenly split between referral by UI interviewers and screens applied to the automated UI files. The paper concludes that the use of some set of screens applied against an automated data base appears to be the best approach for identifying dislocated workers.

The paper by Stephen Wandner and Jon Messenger presents the design of the New Jersey UI Reemployment Demonstration Project, the first in a series of projects designed to test alternative uses of the UI system to assist displaced workers. The purpose of the project is to: (1) identify these workers early in their spell of unemployment, and (2) provide them with additional reemployment services to accelerate their return to productive, full-time employment. The paper provides a

conceptual definition of displaced workers and then presents a set of screens that were selected to operationalize that definition and then used to attempt the identification of displaced workers at the fifth week of unemployment via an automated screening process. Important screens used for identification include recall expectations--claimants possessing a definite recall date--and labor force attachment--years of tenure with the pre-layoff employer. Likely outcomes of the project are also reviewed.

Availability

UI Occasional Papers, Unemployment Insurance Service, Frances Perkins Building, Room S-4231, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

Study Title

Prosecution Evaluations

Author

Analytic Systems, Inc. (ASI)

Date of Report

August 1987

Results

This study was conducted over a 2-year period in Arizona and Pennsylvania (Philadelphia area). It involved pilot testing of prosecution models at both sites. There were a number of differences between the two programs with major differences in the areas of administration and in State law. In summary, the final report on the evaluation of the two prosecution models indicated that both models accomplished their proposed objectives, namely, increasing the number of prosecutions, improving the quality of the prosecutions and collecting greater amounts of benefit overpayments, including court-ordered restitution. From a Federal viewpoint, the tests proved that where there is the ability to concentrate effort in a specific area, better results will be produced. A major finding of the evaluation clearly pointed out that the administrative costs involved in the prosecutions at both test sites were greater than the return that was realized; e.g., the amount of overpayment dollars recovered, including court-ordered restitution. It was further learned that the information collected during the evaluation was not sufficient to accurately measure any deterrence values.

Method

The evaluation plan was jointly developed between the Employment and Training Administration (ETA) (UI) and the contractor, (ASI). The plan called for the collection of necessary data on the workloads and costs of prosecutions that occurred before the pilot test period to compare with similar data on the fraud cases that were prosecuted during the test period in order to answer the following questions:

- Are the model prosecution projects effective and do they accomplish their goals?
- What are the cost/productivity implications of the program operation?

- Can the models or portions of the models be replicated and can the cost of such replication be estimated?

- What are the deterrent effects of the model?

- Has measurable improvements in staff morale occurred as a result of the model projects?

Availability

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STUDY TITLE: SESA Cash Management

AUTHOR: Manufacturers Hanover Trust

DATE OF REPORT: September 30, 1987

RESULTS: MHT conducted on-site reviews of three States and surveyed eight other States. They also studied UIS and OIG reviews of all 53 State Employment Security agencies (SESAs) and monthly bank reports and other documents to develop and provide findings and recommendations to improve UI Trust Fund cash management at State and Federal levels.

Findings indicate that enhanced State UI cash management and UIS oversight would strengthen control of the system and result in increased earnings in the Unemployment Trust Fund (UTF), expedited deposit of employer tax remittances, and better timing of UTF withdrawals to fund benefit payments.

MHT recommended:

- o Expanded deposit "windows" --- longer deposit hours, quicker availability of funds deposited.
- o Use by States of compensating balances to finance bank service charges.
- o Same day funding of benefit payments.
- o Standardized procurement of State UI bank services.
- o UIS oversight focusing on bank balances and minimizing excess balances.

AVAILABILTY: Requests for information should be sent to:

U.S. DEPARTMENT OF LABOR--ETA
UNEMPLOYMENT INSURANCE SERVICE
200 Constitution Avenue NW
Washington, D.C. 20210
Atten: TEUMI Room C 4514

Study Title

Short-Time Compensation: A Handbook of Basic Source Material

Author

Esther Johnson

Date of Report

1987

Results, Findings, Conclusions, and/or Implications

This Handbook complies useful Short-Time Compensation (STC) source material that can be used as a ready-reference tool for those interested in plans incorporating worksharing with pro-rata payment of regular weekly unemployment insurance (UI) benefits, as an alternative to layoffs. This handbook provides:

1. a copy of the federal legislation enacted in 1982;

2. a 1986 evaluation of the short-time compensation programs in the three States that pioneered in the development of STC programs;

3. a comparative analysis of STC programs and the full text of STC legislation from the twelve States that have enacted such programs;

4. STC reporting instructions and current statistics on State programs; and

5. a list of key STC Regional and State contacts.

Method

Review of available information relevant to STC programs in the U.S.

Availability

Esther R. Johnson
DOL/ETA/UIS
200 Constitution Ave., N.W. Room S4519
Washington, D.C. 20210
Telephone: (202) 535-0222

POST-EXHAUSTION

STUDY TITLE:

A Study Of Exhaustees Of Unemployment Insurance Benefits In Washington State

AUTHOR:

Sarah Thompson, UI Program Analysis, Washington State Employment Security Department

DATE OF REPORT:

February 1987

FINDINGS:

- Almost two-thirds of the claimants and the exhaustees in Washington State during 1984 were males.
- Savings, the individual's own wages, or the wages of someone else in the household were the most frequent means of support for the exhaustees during the one-year period after exhaustion.
- Only a small percentage of the exhaustees utilized public help during the one-year period after exhaustion--less than 20 percent had received private or public welfare assistance or food stamps within this period.
- There was a strong attachment to the labor market. Over two-thirds of the exhaustees were either employed or actively seeking work in each of the 52 weeks since exhaustion.
- Fifty-nine percent of the exhaustees had found some employment within the first 20 weeks after exhaustion, and almost 40 percent were working 20 weeks after exhaustion.
- Within the one-year period after exhaustion, 77 percent of the exhaustees had at least one week of employment.
- One year after exhaustion, 49 percent of the exhaustees were employed, 36 percent were unemployed and 15 percent had withdrawn from the labor market.

METHODOLOGY:

The Washington State Continuous Wage and Benefit History (CWBH) data base was used to collect information on the exhaustee sample. Exhaustees were defined as those individuals who had exhausted all benefits available to them between January 7, 1984 and December 29, 1984.

Two questionnaires were mailed to the exhaustees in the study. The first questionnaire was mailed 20 weeks after receiving the last benefit check. The second questionnaire was mailed 32 weeks after the first questionnaire, but was sent only to those exhaustees who had completed the first questionnaire. This study consists of information on those individuals who completed both questionnaires. The data provided demographic characteristics, sources of financial assistance, changes in lifestyle, labor force status, and information about current job if employed one year after exhaustion.

AVAILABILITY:

Sarah Thompson
Washington State Employment Security Department
UI Program Analysis
212 Maple Park
Olympia, Washington 98504
Telephone: (206) 586-1422

STUDY ON THE POSSIBILITY OF A REDUCED FLAT TAX RATE APPLICABLE TO THE GOVERNMENT SECTOR IN PUERTO RICO

Author - Mr. Juan R. Hoyos, Chief of Research, Research and Statisctics Division, Puerto Rico Bureau of Employment Security

Date of publication - July 1987

Results - Budgeting for reimbursement of benefits paid to ex government employees entails difficulties which have caused increasing outstanding debts within the public sector. It is found that only 52.6 of benefits paid during calendar year 1986 to the public administration sector were reimbursed. While the Government Sector represents 30% of the total employment in Puerto Rico, its corresponding unemployment rate is 19.1%. Benefits paid to ex government employees as a percentage of total benefits paid in calendar year 1986 is 13.5.

A flat tax rate of 1.5% on the first $7,000 wages paid to each worker is enough to cover benefit costs. It is advisable to amend the law to this effect so as to encourage Government Agencies to select the payment of contributions.

Methodology - The study was based on documents, reports and data processed and published by the Agency. The cost rate formula and an analysis of the government payroll and employment were used to develop recommendations.

Availability - (In Spanish only)

Mr. Agapito Villegas
Acting Director
Research and Statistics Division
505 Muñoz Rivera Avenue - Floor 15
Hato Rey, Puerto Rico 00918
Tel. (809)751-2660

UI RESEARCH EXCHANGE PROGRAM

TITLE: UC Daily Cash Benefit Expenditure Model

AUTHOR: Karl C. Stage, Supervisor
UI Research

COVERAGE PERIOD: Federal Fiscal Year (365 days)

METHODOLOGY: The model is designed to provide a cash management tool for a more efficient Unemployment Compensation Trust Fund cash flow operation. The model estimates the expected benefit payment clearances from the Benefit Payment Account one day in advance of the actual activity. The projected amount is withdrawn from the State's UC Trust Fund and deposited into the bank maintaining the Benefit Payment Account on the day for which the estimate is made. The model features:

- A projection of daily cash expenditures unique to the day of the week and sensitive to fluctuations in UC benefit payments.
- A procedure to adjust estimated cash needs due to holiday influences on daily bank cash clearances.
- The ability to set and maintain a bank cash balance at a designated level and test for adequacy.
- A self correcting procedure to maintain the designated bank balance by adjusting for differences between projections and actual amounts.

FORMAT: The model is designed on a spreadsheet using Symphony 1.2 for use with an IBM PC.

AVAILABILITY: Karl C. Stage
Pennsylvania Department of Labor and Industry
Office of Employment Security
Research and Statistics Division
Seventh and Forster Streets
Harrisburg, PA 17121

Telephone: (717)787-6869

PUBLIC ASSISTANCE EXPERIENCE OF EXHAUSTEES IN WASHINGTON STATE

STUDY TITLE:

Unemployment Insurance Exhaustees In Washington State And Public Assistance Experience

AUTHOR:

Sarah Thompson, UI Program Analysis, Washington State Employment Security Department

DATE OF REPORT:

May 1987

RESULTS:

Exhaustees in the state of Washington during 1984 who reported public or private welfare assistance and food stamp usage within the one-year period after exhaustion were examined. Comparisons were made at 20 weeks and at one year after exhaustion. Public or private welfare usage was one of the least used means of assistance by the exhaustees. Dependence upon this type of assistance decreased between 20 weeks after exhaustion and one year after exhaustion. For those exhaustees in the study, about one out of six relied upon food stamps for support within 20 weeks after exhaustion, but only about one out of ten of the exhaustees relied upon public or welfare assistance during this period of time. By the end of the one-year period, a little over 10 percent of the exhaustees indicated they had used food stamps within the last 32 weeks, and less than 8 percent had received public or private welfare assistance during this time frame.

METHOD:

"A Study Of Exhaustees Of Unemployment Insurance Benefits In Washington State" supplied the information on public or private welfare assistance and food stamp usage during the one-year period after exhaustion for those individuals who exhausted all Unemployment Insurance benefits available to them during calendar year 1984. The two questionnaires which were mailed to the exhaustees twenty weeks after exhaustion and one year after exhaustion provided the data for the report.

AVAILABILITY:

Sarah Thompson
Washington State Employment Security Department
UI Program Analysis
212 Maple Park
Olympia, Washington 98504
Telephone: (206) 586-1422

Study Title

UI Quality Control

Author

Not Applicable

Date of Report/Publication

UI QC results for all States will be published at a future date, probably about June 1989. The exact date, and content and format for the report have not yet been set. Comments on these and other aspects of the report were solicited from interested parties through a Federal Register notice and are now being assimilated by UIS staff. The Department's proposal for the format, content, and timing of the annual release will be announced for additional comment soon in the Federal Register.

Results, including findings and any conclusions and policy implications

The UIQC program was required of all SESAs (except the Virgin Islands) with the promulation of final regulation on September 3, 1987, effective October 5, 1987. Most SESAs have been operating the program voluntarily since April 1986. Because the QC ADP telecommunications network is not yet complete, most QC data are still being held by the individual States. The small amount of case findings which have been examined by the UIS national office staff indicate that payment error rates discovered by the voluntary QC program are approximately the same as those discovered by QC's predecessor, Random Audit. The RA program found that on the average, about 12 percent of the dollars paid on intrastate claims under the regular State UI (including combined wage claims) plus UCFE/UCX programs were overpaid each year. At the same time, slightly less than 1% involved underpayments. At current benefit outlay rates, these translate into nearly $2 billion in overpayments each year.

Finding errors of this magnitude through Random Audit was a major impetus behind the development of QC. The Department is now working to develop the States' abilities to make full use of the QC program to identify areas where most overpayment errors are now occurring, and to make program improvements. Each percentage point reduction in overpayment errors nationwide would save up to $150 million in outlays each year. Improving procedures would also affect the correctness of many decisions leading to underpayments and thus improve equity as well. (Because the benefit payments QC now being operated nationwide does not include denied claims, QC does not give a complete estimate of underpayments. The denied claims pilots, described elsewhere in this issue, are the first step at remedying this deficiency).

The QC regulation does not require SESAs to take any actions to improve their programs in response to QC findings, nor does the Department provide funding incentives or penalties based on them. Instead, each State must release its QC findings according to a standard format each year, so that interested parties' reactions can be the impetus and guide to program improvements.

Method

Each week, SESAs draw a small sample of paid intrastate claims from a population of the payments made under the regular UI program (including combined wage claims), UCFE and UCX programs. The samples are selected by first constructing the appropriate weekly population file, then arranging it in ascending order by weekly payment amount and claimants' Social Security Numbers, and finally selecting the sample by applying a random start number and the appropriate skip interval. Nationwide, the sampling averaged 600 payments per year; the range is from 500 cases in the smallest States to 800 in the largest. Each case is investigated thoroughly through in-person contacts to examine the accuracy of every decision bearing on the correctness of the payment for the week selected (called the "Key Week"). Each case results in the compilation of a case record containing up to 110 elements, with more possible at SESA discretion. Depending on the richness of the SESA's UI database, over half of the data elements may be obtained directly from the State mainframe; otherwise, they are obtained when the claimant fills out a questionnaire or through QC investigator contacts with base period, separating, or worksearch employers, or other ("third") parties in the course of the claim verification. For each case, up to three errors can be coded to describe their reason, type, who was responsible, and amount.

SESAs are just beginning to scratch the surface of the manifold analyses of QC data possible. Initially, they begin with the construction and examination of overall payment error rates, testing the hypothesis that payment error rates are greater than zero. Typically, analysis then proceeds to examination of component errors, their significance, dollar impacts, and then likely causes--all with a view to constructing and then implementing program imporovement actions. As the program moves into its mature phase--in which all elements of the continuing cycle of measurement/analysis/corrective actions/remeasurement have been undertaken--hypotheses involving the significance of apparent changes in error rates will be tested. These will involve both changes in overall error rates and changes in those components which should have been particularly affected by program improvement actions.

Availability

Information on the UI QC program is available from Charles Atkinson, DOL/ETA/UIS/OQCI, Room S-4015, 200 Constitution Avenue, N.W.; Washington, D.C. 20210; (202) 535-0220

Study Title

Unemployment Insurance Research Bibliography

Author

Norman Harvey

Date of Publication

1986

Results

In 1986, the UIS Division of Actuarial Services completed a comprehensive annotated listing of recent unemployment insurance research. The computerized data base provides a ready reference to research sources and findings for response to congressional and other inquiries as well as for intramural use. Emphasis was placed on research completed since the publication of the annotated bibliography prepared for the National Commission on Unemployment Compensation.

This first Unemployment Insurance Bibliography was published as UI Occasional Paper 86-2. Work is now underway to improve the computer software used to update entries, access data and publish the bibliography.

Method

Information was collected primarily through search of relevant parts of the commercial DRI, Inc. data bases. Information in the data base may be sorted or searched for studies corresponding to authors, keywords or subject headings.

Availability

Norman L. Harvey
DOL/ETA/UIS
200 Constitution Ave., N.W.
Room S-4519
Washington, D.C. 20210
Telephone: (202) 535-0222

Study Title

Unemployment Insurance Schemes in Developing Countries

Authors

Stephen A. Wandner, John G. Robinson, and Helen S. Manheimer

Date of Publication

1984

Results

This study concluded that most of the developing countries with unemployment insurance schemes have well-defined industrial and commerical sectors. The ten developing countries with schemes--Barbados, Chile, Cyprus, Ecuador, Egypt, Ghana, Greece, Israel, Portugal, Urugary--had an estimated unweighted average of 27 percent of the labor force in the industrial sector and $2508 per capita gross national product. (Data were not available for the percent of the labor force in industry for Barbados and Cyprus.) Ghana, an outlier of these countries, had only 20 percent of its labor force in the industrial sector and 53 percent in agriculture. Ghana's $420 per capita gross national product was the lowest among the ten countries.

A conservative characterization of a developing country likely to successfully implement an unemployment insurance scheme would be one with about 28 percent or more of its labor force in the industrial sector or a per capita gross national product exceeding $2000. This is based on the average per capita gross national product and the average percent of the labor force in the industrial sector among the ten developing countries with unemployment insurance schemes. Applying this criterion, some developing countries without unemployment insurance schemes, appear able to consider such a scheme if consistent with their policies. They are Argentina, Bolivia, Brazil, Iraq, Kuwait, Libya, Mexico, Tunisia, and Venezuela and they have industrial sectors ranging between 24 and 34 percent of the labor force. Of this group, the one with the highest percent of the labor force in the industrial sector is Kuwait. The economic criterion applied here is only one among the broad spectrum of conditions that determine the readiness of a developing country to implement an unemployment insurance scheme.

Method

Survey of developing countries with current unemployment insurance schemes and of those that have not yet introduced a scheme but are considering doing so or have some other form of unemployment protection scheme. Review of literature.

Availability

John G. Robinson
DOL/ETA/UIS
200 Constitution Ave., N.W. Rm. S4519
Washington, D.C. 20210
Telephone: (202) 535-0222

Title: Work Search Among Unemployment Insurance Claimants: An Investigation of Some Effects of State Rules and Enforcement

Authors: Walter Corson, Stuart Kerachsky, and Ellen Eliason Kisker of Mathematica Policy Research, Inc.

Date: June 1987

Purpose: Analysis of the effects of UI work search rules on the work search behavior of claimants and on the length of UI claims spells, the job finding success of claimants, and UI payment error rates.

Results: Work Search Behavior. Analysis of the effects of work search rules on the work search behavior of claimants tends to provide the expected pattern of results. Claimants who did not expect to be recalled to their jobs tended to search more intensely than claimants who did expect recall, regardless of their States' work search rules. On average, claimants from States whose work search rules are strict are generally more likely to search for work, devote more hours to search, and to contact more employers than is true of claimants from less strict States. These findings are consistent with claimants' own assessment of the effects of state work search rules on there behavior. Claimants from more strict states were more likely to report that they made more employer contacts than they would have in the absence of strict work search rules. These claimants were also more likely to report that work search requirements were helpful and reasonable.

Study findings also indicate that female claimants spent fewer hours than males searching for work and made fewer employer contacts. Black claimants were more likely to search for work and to search more intensively than white claimants.

When the sample is divided into claimants who expected to be recalled to their jobs and those who did not expect recall, it was found that the strictness of State work search rules only effected the work search behavior of the "expected recall" portion of the sample. It may be that claimants who are not job attached are sufficiently self motivated to search for work regardless of State rules, and that the State rules are causing those who expect recall to search more than they would have in the absence of such rules.

Employment and Earnings Outcomes. An analysis of the

effects of work search rules on the job finding success of claimants produces the unexpected result that claimants from States whose work search rules are the strictest are less successful at becoming reemployed, and when reemployed they earned less. These results appear to stem from the more serious labor market problems found in the sample States whose work search rules are strict. These economic differences could not be controlled for completely in the study.

Random Audit Error Rates. The evidence on the effects of work search rules on payment error rates is suggestive but inconclusive. A positive and statistically significant relationship exists between work search related UI benefit denial rates and Random Audit error rates. If benefit denial rates reflect the strictness of work search rules, then the relationship found between denial rates and payment error rates suggests that the stricter rules may also be associated with higher payment error rates. Thus, error rate comparisons among States, or over time within a State if the rules change, should be viewed with great caution.

Method: Data on work search related laws, regulations, and administrative practices were gathered from a sample of 10 States through site visits, telephone conversations with central UI agency staff and local office administrators. In each of these 10 States telephone interviews were conducted with samples of UI claimants to collect information on (1) their work search activities, (2) their pre-layoff jobs, and (3) their knowledge of their State's work search requirements. Data on work search rules in 36 other states were gathered from a mailed questionnaire to UI administrators. Data on Random Audit payment error rates were provided by the national Unemployment Insurance Service Office. Both descriptive and statistical analysis of these data were used.

Availability:

Joseph E. Hight
Office of Assistant Secretary for Policy
United States Department of Labor
Room S2114
200 Constitution Ave., N.W.
Washington, D.C. 20210

III. RESEARCH DATA AND INFORMATION SOURCES; RESEARCH METHODS AND TOOLS

UI REPORTING

Cost Information System

As of October 1, 1987, UI reports were no longer submitted through the Regional Cost Information System (RCIS). The RCIS had been a voluntary method of submittal of certain Unemployment Insurance (UI) required reports along with the still mandatory hard copy submittal. It was decided that a duplicative reporting system should not be continued. The paper reporting system, which already had OMB approval, was deemed the appropriate system to continue until a new electronic system could be developed and implemented. RCIS had proved that electronic submittal was a viable method of transmission of data. This prototype was successful and much was learned which will help UI continue to move toward total electronic transmission of reports.

Reports Processing/UIDB

At the time that RCIS was discontinued, responsibility for processing the official hard copy reports was transferred within the Employment and Training Administration (ETA) from the Office of Information and Resource Management to the Division of Actuarial Services in Unemployment Insurance Service. This shift of responsibility also means that the data is now loaded onto the UI Data Base (UIDB) which is now the official source of UI reports data. We will no longer produce the voluminous output of data which had formerly been done, however, users will have access to the UIBD. The UIBD makes it easier to look at data historically since much of it goes back to 1971.

Reports Reductions

While we are completely revising the way we have traditionally processed and stored our data, it is imperative that the reports remain as static as possible to avoid costly rewrites during the development phase of the electronic reporting system. When the new system is established, all reporting items will be assessed for need and usefulness. Items may be deleted, consolidated, or even added.

UI Research Data Base and Bibliography

In 1986, the UIS Division of Actuarial Services completed a comprehensive annotated listing of recent unemployment insurance research. The computerized data base provides a ready reference to research sources and findings for response to congressional and other inquiries as well as for intramural use. Emphasis was placed on research completed since the publication of the annotated bibliography prepared for the National Commission on Unemployment Compensation.

This first Unemployment Insurance Bibliography was published as UI Occasional Paper 86-2. Listings are retrievable by subject heading, author, date or by keyword. Work is now underway to improve the computer software used to update entries, access data and publish the bibliography.

The UIS expects to publish an updated version of the Bibliography during 1988.

For additional information relating to the database, you may contact Norm Harvey or Philip Blue at (202) 535-0222.

Benefit Financing Model Status

At present twenty-nine States have access to the Benefit Financing Model. Five are benefit ratio States (Michigan, Pennsylvania, Texas, Vermont, and Virginia), twenty-two are reserve ratio (Arkansas, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisana, Maine, Missouri, Montana, Nebraska, New York, North Carolina, North Dakota, Ohio, Rhode Island, South Carolina, South Dakota, Tennessee, West Virginia, and Wisconsin), and there are two wage ratio States (Delaware and Oklahoma).

Early versions of the model were developed by William Mercer Inc. in conjunction with Georgia, New York and Kentucky. The programs were constructed in such a manner that they can be readily adapted to meet each State's own financing system. In fact, since its inception, the model has undergone significant modification in order to accommodate Title XII loans and repayments, interest deferrals, discounts, delays, and partial and full caps for credit reductions including caps resulting from a transfer of funds.

The model is run in an interactive environment. New and current States using the model may now, at their discretion, maintain and update their own data or at anytime request the assistance of the Division of Actuarial Services for updates and changes to their model.

For additional information about the Benefit Financing Model, contact:

Robert Pavosevich
DOL/ETA/UIS, 200 Constitution Ave., N.W.
Room S-4519
Washington, D.C. 20210
Telephone: (202)535-0640

Analytic Systems, Inc. Evaluation of Prosecution Models. Washington, D. C.: U. S. Department of Labor, Employment and Training Administration, Unemployment Insurance Service, 1987. Under contract with E. T. A., Analytic Systems has completed its final report concerning the evaluation of the model prosecution programs that were conducted over a two-year period in Pennsylvania and Arizona. Study concludes that both programs were successful in that they were able to place more concentrated effort on the prosecution of fraud cases and were able to increase the number of prosecutions. ASI concluded that the results from the operation of these two models clearly point out that the cost of prosecution of UI fraud cases is greater than the return realized.

California Institute of Technology. Division of the Humanities and Social Sciences. Evaluating the Impact of the Productive Employment Program. Pasadena, Calif.: C. I. T. / D. H. S. S., 1985. The PEP program establishes a voucher system which would allow UI recipients to collect their current UI benefit or, alternatively, to transfer the benefit to any employer willing to hire them. The study concluded that a subsidy equivalent to 20% of prevailing industry wages is predicted to reduce insured unemployment by about 1.3% over six to eight quarters.

California Institute of Technology. Division of the Humanities and Social Sciences. Using Welfare Payments to Reduce Unemployment: An Analysis of the Impact of the Productive Employment Program on Labor Supply. Pasadena, Calif.: C. I. T. / D. H. S. S., 1987. This report focuses on the employment opportunities that would be provided welfare recipients by the Productive Employment Program (PEP), as differentiated from those provided by unemployment insurance (UI). The analysis revealed that something in excess of one percent, or over one million, of the unemployed could be expected to participate in the PEP program.

Illinois Department of Commerce and Community Affairs. Office of Urban Assistance. Organizing Self-Employment Programs: A Guide for Development Organizations. [Springfield:] D. C. C. A. / O. U. A., 1987. Discusses self-employment (or entrepreneurship) projects as a valuable tool in job creation and economic development.

Illinois Department of Commerce and Community Affairs. Office of Urban Assistance. Self-Employment Training Programs: Case Studies. [Springfield:] D. C. C. A. / O. U. A., 1987. Several entrepreneurial training and assistance programs have been established in the United States which operate on the local level and receive the greater part of their funding through public sources.

National Commission for Employment Policy. The Job Training Partnership Act: A Report by the N. C. E. P. Washington, D. C: N. C. E. P., 1987. The Commission concludes that many of the areas hardest hit by plant closures or farm problems have great difficulty generating enough jobs for JTPA trainees. It is also recommended that activities be initiated to bring about economic development for these areas, including entrepreneurship training, cooperative ventures, and other measures designed to develop businesses in the affected areas.

New Jersey. Department of Labor. Division of Planning and Research. Evaluation of the Perceivable Demand List Pilot Project. Trenton, N. J.: N. J. D. O. L. / D. P. R. / Office of Program Research, 1987. The Perceivable Demand List (PDL) Pilot Project was designed to provide reemployment assistance and strengthened U. I. eligibility review to claimants whose occupations were in demand in the local labor market area. The principal conclusion of the study is that the PDL experiment demonstrated that a program combining reemployment assistance, increased work search requirements and strengthened eligibility review for UI claimants whose occupations are in demand in the local area can significantly reduce the duration of U. I. benefits for this group.

The Urban Institute. Experience Rating in Unemployment Insurance: Some Current Issues. Washington, D. C.: The Institute, 1986. What will result from statutory changes that increase the degree of experience rating in unemployment insurance? Two consequences can be anticipated: (1.) it will change the allocation of unemployment insurance costs across industries; (2.) it will lead to some lessening of layoffs, employee turnover, and unemployment.

U. S. Air Force. "Unemployment Compensation for Former Air Force Members Project No: 5155111." [Washington, D. C.:] U. S. Air Force, 1985. This study was undertaken to determine whether the Air Force effectively managed the payment of unemployment costs for former Air Force members.

U. S. Department of Labor. Employment and Training Administration. Unemployment Insurance Service. Alternative Uses of Unemployment Insurance. U. I. S. Occasional Paper 86-1. Washington, D. C.: D. O. L / E. T. A. / U. I. S., 1985. The existing U. S. and foreign experience reviewed in the report, extensive as it is, does not identify any particular government action to assist structurally unemployed workers that assures favorable results. Moreover, it offers only limited guidance on the potential impacts of any of the alternatives on UI trust fund solvency.

U. S. Department of Labor. Employment and Training Administration. Unemployment Insurance Service. An Analysis of U. I. Trust Fund Adequacy. U. I. S. Occasional Paper 87-1. Washington, D. C.: D. O. L. / E. T. A. / U. I. S., 1987. The report analyzes the financing of State unemployment insurance benefit payment programs and particularly the 1.5 reserve multiple and other measures of trust fund adequacy and illustrates their strengths and weaknesses. The authors conclude that it is inappropriate for State unemployment insurance benefit financing systems to focus on the trust fund alone when assessing financing adequacy as has been done previously.

U. S. Department of Labor. Employment and Training Administration. Unemployment Insurance Service. Beginning the Unemployment Insurance Program - An Oral History. U. I. S. Occasional Paper 85-5. Washington, D. C.: D. O. L / E. T. A. / U. I. S., 1985.

U. S. Department of Labor. Employment and Training Administration. Unemployment Insurance Service. An Evaluation of the Federal Supplemental Compensation Program. U. I. S. Occasional Paper 86-3. Washington, D. C.: D. O. L / E. T. A. / U. I. S., 1986. The high degree to which individual FSC entitlements were sensitive to changes in labor-market conditions created major administrative problems for the states, although these administrative problems subsided once the changes in potential duration were applied only to new claimants.

U. S. Department of Labor. Employment and Training Administration. Unemployment Insurance Service. An Evaluation of Short-Time Compensation Programs. U. I. S. Occasional Paper 86-4. Washington, D. C.: D. O. L / E. T. A. / U. I. S., 1986. Study found that total UI benefit charges were significantly higher during the program period for employers using STC than for otherwise similar employers in the comparison group. The experience-rating tax formulas of study states caused many employers in both the participant and comparison groups to pay higher UI tax rates in the subsequent tax year.

U. S. Department of Labor. Employment and Training Administration. Unemployment Insurance Service. Fifty Years of Unemployment Insurance - A Legislative History: 1935-1985. U. I. S. Occasional Paper 86-5. Washington, D. C.: D. O. L. / E. T. A. / U. I. S., 1986.

U. S. Department of Labor. Employment and Training Administration. Unemployment Insurance Service. Measuring Structural Unemployment. U. I. S. Occasional Paper 86-6. Washington, D. C.: D. O. L. / E. T. A. / U. I. S., 1986. This publication presents four papers and comments that were delivered at a session of the annual meeting of the Western Economic Association on July 4, 1986 in San Francisco. The papers reflect the interest of the U. S. Deparment of Labor, state governments, and private researchers on the issue of structural unemployment in the U. S. economy today.

U. S. Department of Labor. Employment and Training Administration. Unemployment Insurance Service. The New Jersey U. I. Reemployment Demonstration Project: Interim Report. Washington, D. C.: D. O. L. / E. T. A. / U. I. S., 1987. The demonstration began operations in July 1986 and by the end of the project over 7,000 claimants will be offered services. To date, the demonstration services have resulted in an overall impact on UI benefit payments of 0.64 fewer weeks paid which translates into a reduction in benefits of just over $100 per eligible claimant. A final report will be available in the fall of 1988.

U. S. Department of Labor. Office of the Inspector General. "Federal Unemployment Tax Collecting and Processing Review." [Washington, D. C.:] D. O. L. / O. I. G., 1986. The survey was performed to determine the reasonableness of charges levied against the Unemployment Trust Fund (UTF) by the Internal Revenue Service (IRS) and Financial Management Service (FMS) for tax collection and processing services provided. The draft survey report indicated there were significant deficiencies in the IRS and FMS unit cost rates used to develop charges to the UTF.

U. S. Department of Labor. Office of the Inspector General. Financing the Unemployment Insurance Program Has Shifted from a System Based on Individual Employer's Responsibility Towards a Socialized System. Washington, D. C.: D. O. L. / O. I. G., 1985. The Office of Inspector General has completed a review of the financing mechanism for the U. I. program, experience rating. The objectives were to determine the degree of experience rating in the States and to determine the effects which the degree of experience rating may have on the U. I. environment. Study concludes that the effectiveness of experience rating can be enhanced by constant and routine accounting of socialized costs.

U. S. Department of Labor. Office of the Inspector General. "Follow-up on Beneift Payment Control Survey." [Washington, D. C.:] D. O. L. / O. I. G., 1985. Major aim of the surveys was focused on wage reporting SESAs to determine if they have implemented the Model Systems for Crossmatching and Automated Recovery.

U. S. Department of Labor. Office of the Inspector General. "Regional OIG Survey of Unemployment Compensation Program for Ex-Military Servicemembers." [Washington, D. C.:] D. O. L. / O. I. G., 1987. The purpose of this study was to determine if there were sufficient cause for the OIG to conduct an audit. Other objectives of the survey were to: (1.) determine the functions of the design center, (2.) document the system specifications, (3.) determine the types of reports required by ETA and SESAs, and (4.) select data for analysis and determine the effectiveness of the LCCC.

U. S. Department of Labor. Office of the Inspector General. "Unemployment Insurance Experience Rating Audit." [Washington, D. C.:] D. O. L. / O. I. G., 1985. This study addresses the main reasons for the decline in the use of experience rating and quantifies the effect of the decline on the UI program.

U. S. General Accounting Office. "A Central Wage File for Use by Federal Agencies: Benefits and Concerns." [Washington, D. C.:] G. A. O., 1985. Report addresses the question of whether quarterly wage information collected at Federal Government expense and maintained by State agencies should be used in all Federal programs which determine benefit entitlement based on wage and, if so, whether a central wage file should be established. It describes current difficulties in using State data to verify eligibility, and to conduct and coordinate computer matching. It concludes that a central wage file would be "the most appropriate way" to make wage information available to Federal agencies.

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Westat, Inc. Implementation of the Job Training Partnership Act: Final Report. Rockville, Maryland: Westat, 1985. Most States monitor both performance (usually monthly) and expenditure (usually quarterly). The results of the monitoring feed back through corrective action requests and refunding decisions.

W. E. Upjohn Institute for Employment Research. The Illinois Unemployment Insurance Incentive Experiments. Kalamazoo, Mich.: The Institute, 1987. From mid-1984 to mid-1985, the Illinois Department of Employment Security conducted an experiment designed to test the effectiveness of bonus offers in reducing the duration of insured unemployment. The study concludes that the Job Search Incentive Experiment demonstrates that bonus payments to UI claimants are a remarkably efficient means of reducing UI benefit payments and insured unemployment.

IV. CONTRIBUTED PAPERS

UNEMPLOYMENT INSURANCE QUALITY CONTROL

INTRODUCTION

On October 5, 1987, a regulation establishing the Department of Labor's Quality Control (QC) program for Unemployment Insurance (UI) took effect. This program is designed to become the primary means by which the Department oversees State UI operations. It has started by investigating paid claims, but will grow to review other benefit-related areas and tax collection operations as well. This paper explains briefly QC's history, aims, and procedures, as well as the Department's plans for its ultimate scope.

BACKGROUND

Quality Control or quality assurance has a fairly long history in private industry; the concept has more recently been applied to Federal income transfer programs. The basic notion of QC is to draw a representative sample of finished products and intensively examine its quality. Inferences are made from the sample findings about the quality of the entire run or batch from which the sample was drawn, and from the batch to the process which produced it. The QC process attempts to determine enough about the nature and causes of any deficiencies so that actions can be taken to minimize future errors or deficiencies.

Originally, the concept was applied to manufacturing systems. However, its success in goods-producing industries led to its application to such service industries as banking and insurance, and eventually to government income transfer programs. Among the latter, the QC concept was first introduced into Aid to Families with Dependent Children (AFDC) about 20 years ago. This was followed by QC programs for the Food Stamp, Medicaid, and Supplemental Security Income (SSI) programs.

The basic QC concept of intensive investigation of a small but representative sample of cases was first applied to Unemployment Insurance in the late 1970s. Under the aegis of the National Commission of Unemployment Compensation, an experimental system for verifying payments was tested in six cities. This experiment determined that the "true error rate" on UI payments in the test sites was several times what the then-current UI error rate measurement system indicated. It demonstrated that to estimate the UI error rate accurately, field verifications had to supplement record reviews.

The Random Audit Program and What it Found

Intrigued by the experiment's findings, the Department modified and systematized the approach, and implemented it in five test States in 1981, calling it Random Audit (RA). When initial results confirmed what the 6-City study found, additional States were added until RA operated in 46 States in 1984.

The detailed RA investigations provided results which were not previously available. For the first 15 RA States, for calendar year 1982, eight had dollar overpayment rates of more than 10 percent; two exceeded 15 percent; and their weighted average was about 12 percent. Work search deficiencies accounted for half to two thirds of the errors in most States. The more recent RA States showed similar, although slightly higher, error rates; and for the latest full year available (1984-85), the 46 States showed an unweighted average overpayment rate of about 15.6 percent. Based on the $14.3 billion in benefit payments made in 1985, this suggests that as much as $2.2 billion was overpaid.

Quality Control

In the summer of 1983, an interagency Benefit Payment Oversight Committee reviewed the findings from RA and other systems for measuring and correcting payment errors in the UI system and recommended that the Department establish a UI Quality Control program. Before proceeding with implementation, Secretary of Labor Bill Brock ordered a comprehensive review of the proposed QC design. This review, completed in the fall of 1986, resulted in a consensus agreement on a series of design changes and operating principles to govern program implementation. After adjustments to incorporate these new principles, QC was implemented on a voluntary basis in April 1986. Regulations to govern the program were first published for public comment in July of that year; the final rule was promulgated on September 3, 1987.

THE UNEMPLOYMENT INSURANCE CONTEXT

To understand the need for UI QC, and to appreciate the rationale for a phased approach to implementing it, one must understand the size and nature of the UI system. "Unemployment Insurance" is a large and somewhat diverse collection of social insurance programs, reflecting the size and diversity of both our economy and our Federal-State political system. The largest "program," hereinafter termed "regular State UI," is actually 53 State programs which conform to umbrella Federal legislation. The benefits for this program in normal times are financed through a payroll tax on each State's subject employers. Although 95% of benefits are paid to workers unemployed in the State where they had done all or most of their work, the remainder draw "interstate" benefits--benefits paid from the State where all or most work occurred, but to a worker residing in another State. A variety of supplementary programs covers workers in the Federal civilian (Federal

Employees) and military (Unemployment Compensation for Ex-Servicemembers) and in special situations (the Railroads--those unemployed through import competition; natural disasters). These are funded separately, largely through Federal general revenues. During economic downturns, workers exhausting regular-duration programs may receive Extended Benefits (EB) through a permanently authorized Extended Unemployment Compensation Act, with funding shared equally by Federal and State governments. In both of the last major recessions, Congress has also established temporary, Federally-funded supplemental extended benefit programs for exhaustees of EB. The accompanying table shows the comparative sizes of the active component programs in fiscal year 1986.

Table 1

Outlays and Beneficiaries, UI Program Areas, FY 1986
(Outlays in Millions; Recipients in Thousands)

	Outlays	Recipients
Reg. State UI: Intrastate	$14,818	7,994
Reg. State UI: Interstate	788	300
Unem. Comp., Federal Employees	190	66
Unem. Comp., Exservicemembers	149	91
Extended Benefits (EB)	91	93
Trade Readjustment Allowances	119	42
Other	7	10
Total	$16,162	8,596

Eligibility for UI Benefits. For the most part, UI benefits are only paid after three separate tests have been passed to determine eligibility (their specifics vary by State). The first is monetary--the claimant must have earned a certain sum over a specified period of time constituting the "base period," and possibly satisfied certain weeks of work requirements as well. Determination of monetary eligibility also sets the maximum total award available to the claimant, as well as the weeks over which this award can be paid out assuming total unemployment. The second relates to reason for separation, which must be involuntary (or, if a quit is involved, it must be for "good cause"). Finally, the worker must establish every week that he or she is able and available for work (and in most States, actively seeking employment). The great majority of determinations made at each of these levels is positive; however, denials may occur at each one. A denial or determination of monetary ineligibility means the claimant never enters the UI system, and must find work before being able to enter. Ineligibility for separation reasons may entail a penalty of disqualification from benefits as short as 4 weeks to one of indefinite duration which requires return to work and satisfying an earnings requirement. The same is true of a denial for a week's eligibility reason, although here the penalty may be as short as the one week claimed.

UI Tax Collections

Over time, tax collections ("contributions") roughly match benefit outlays, and may exceed them considerably in good years. In 1986, a relatively good year for the economy, State UI tax collections totalled $18.8 billion versus benefit outlays of $16.2 billion. State tax operations are more diverse than payment operations, involving identifying liable employers, determining tax liability, collecting taxes, handling the funds among various accounts, charging benefits to the appropriate employer's accounts, and conducting audits. Whereas the RA program has provided a good indication of the magnitude of overpayment errors, there is no comparable measure on the tax collection side of the size of undercollections, interest losses due to delays in funds handling, and inequities due to improper charging of benefits.

QUALITY CONTROL IN THE UI CONTEXT

Purposes and Objectives of the UI QC Program

The Department has one major overriding goal for QC: ensuring that the UI program operates with the highest degree of quality attainable within available administrative resources. At the State level, QC is to be a management tool, enabling State managers to identify errors and gauge their seriousness so that corrective actions can be taken. QC is thus intended to be an integral tool for maintaining program integrity. At the Federal level, QC is to become the primary vehicle through which the Secretary discharges his responsibility for ensuring that States comply substantially with Federal UI legislative requirements. The QC methodology is the soundest means for measuring accuracy of State UI administration, and thus the Secretary considers it integral to discharging his oversight responsibilities.

QC Design Principles

The overall plan for UI QC is guided by several principles intended to foster achievement of its overall goals reasonably and prudently. These are:

- Comprehensiveness. QC should cover all major programs and, within them, all points where significant errors occur.

- Cost Effective. The objective of a comprehensive QC program is not absolute. Because resources are limited, QC must focus on functions and activities which are known to be the greatest sources of errors costing dollars, time, quality. Additionally, the most cost-effective methods should be employed. In this regard, the consensus agreement stipulated early testing of telephone, instead of in-person, verifications in QC.

- o Uniformity. Because QC is the Secretary's primary vehicle for program oversight, all States must adhere to standardized methodologies and definitions so that results are as comparable as differences in State laws allow.

- o State Ownership. QC recognizes primary State responsibility for proper and efficient administration of UI; hence, States will draw samples, identify errors, compute error rates, release QC findings, and initiate corrective actions.

- o Corrective-Action Oriented. QC should produce information which is detailed and precise enough to support State corrective action planning and determine such actions' impact. However, corrective actions will not be required, nor will funding penalties/incentives be applied to induce or force specified error rates.

- o Phased Approach. Depending on resource, timing, or capacity constraints, QC's approach to a comprehensive program will be modular or incremental. Furthermore, all expansions or variations from the initial "Core" QC will be undertaken only after pilot testing to determine their effectiveness and cost implications.

The QC design is moving in a direction which will ultimately make it considerably different from its predecessor RA program: samples will be larger; more and different data elements will be collected; the system for handling the data will be more sophisticated and flexible; it will be more comprehensive in coverage; and it will be structured to support the design, implementation, and tracking of "corrective actions" which will enhance UI system integrity.

Federal Vs. State Roles in QC

As much as possible, Federal and State roles in the QC operation will be distinct. The definition of these roles was sharpened by the public policy review of QC and the acceptance by both the States and the Department of a set of "consensus principles" flowing from the review. The States have primary responsibility for efficiently implementating and administering QC. That is, they will draw the samples, investigate cases, calculate error rates and release error rate data, and analyze the data with the objective of taking corrective actions which they deem appropriate. They will also be responsible for evaluating corrective actions through the continuing operations of their QC system and through special studies if required. The Federal role will emphasize ensuring data integrity and

consistency through standardized definitions and procedures and approval of any changes in methodology; reviews of samples of State investigated cases; monitoring procedures; providing technical assistance to States; providing standard formats for data release; and evaluating results. It will also analyze nationwide QC data to diagnose problems with national implications and/or remedies, and maintain central data files. Federal technical assistance will be provided on procedures for case investigations, sample selection, error rate calculation, the content of data analysis; and State preparation, implementation, and evaluation of corrective action plans.

QC's Potential

Data from the last year of Random Audit and current Core QC data indicate that the average overpayment error rate for the UI system as a whole is approximately 15 percent, while another 0.7 percent of benefits are smaller than they should be because the payments have been undercalculated. Since current projection indicate UI benefit outlays should average approximately $16 billion per year for the next four years, these data suggest that each year overpayments could average $2.4 billion, while other claimants will be underpaid about by $100 million. Corrective actions which reduce the systemwide error rate by only 1 percentage point would save the system $160 million per year, while also improving its equity. Error reductions of more than one percentage point should be well within the system's capability.

Over the same period of time, contributions are projected to average about the same as benefit outlays. Improvements in the speed, accuracy and comprehensiveness of tax collections which increase the trust fund's revenues by only 1 percent would total $160 million per year. In both the benefit payment and tax collection areas, such gains would offset several times the annual cost of the QC program.

THE EVOLUTIONARY DESIGN OF QUALITY CONTROL

In keeping with its design objectives, QC has been started along an evolutionary path shaped by the policy review's consensus principles. The first, and perhaps biggest, step was the implementation of what has been termed "Core QC" in April 1986.

The second phase in QC is actually a series of steps as QC moves toward its objective of becoming the heart of a comprehensive oversight and management improvement tool for UI. This phase has also begun. The first steps, as given in the consensus principles, are the design and pilot testing of QC verifications of States' denials of benefit claims, testing telephone verifications, and developing a design for extending QC to tax collection operations. In October 1986, five States

began pilot tests of three different designs for incorporating denials along with paid claims into QC. At the same time, one State began to test, under Departmental supervision, the costs and effectiveness of doing selected aspects of Core QC verifications by telephone. In January 1987, design work on extending QC principles to tax collections began, with pilot tests to follow in FY 1989. As these pilot efforts are completed, evaluated, and incorporated as the findings warrant into nationwide QC operations, they will be followed by additional tests of extending QC to interstate benefits, and extended benefits programs. These extensions are discussed after the Core program.

Design Elements of Core QC

This section discusses in more detail several aspects of the Core QC to help round out the overview provided in the preceding section: scope; sample design; sample size; data to be collected; data collection methods; methodological integrity; data handling and transmission; data publication; corrective actions; and system integrity.

Scope. Scope refers to both program areas and the type of actions investigated. As noted previously, there are 8 separate components or aspects of programs providing unemployment compensation. The intrastate payments made through regular State UI (including combined wage claims), plus UCFE and UCX account for approximately 93% of benefit outlays and hence this is the cluster studied by Core QC. Separate error rates for each subprogram will not be calculated because of the sample size used.

The other programs or aspects are relatively small, either permanently (e.g. Trade, DUA) or under present economic conditions (e.g. Extended Benefits). In addition, the costs of extending QC to these portions of the UI network are higher because each program has its own particular characteristics which must be reflected in the QC methodology. As noted below, however, a pilot test of extending QC to interstate payment operations and EB are planned, after the denials and tax collection pilots have been completed and assimilated.

Core QC follows RA's lead in investigating paid claims. Despite the fact that denial actions and appeals are not investigated, approximately 83 percent of all decisions made on claims are effectively sampled because the QC investigation covers the monetary, separation, and nonseparation decisions (all of which are positive) leading to the State's decision to make a given week's payment. In addition to being able to use RA experience in addressing these claims, this approach has the additional advantage that all States have computerized records on weeks compensated, permitting immediate computer sampling and "downloading" of information pertaining to the payments sampled.

Because it samples only payments, Co: QC measures only part of underpayments and thus overestimates net dollar overpayments. Core QC measures only those underpayments in which the claimant receives a too-small payment. Latest RA data indicate such underpayments average about 0.7% of actual payments (and less than one-twentieth of gross overpayments). The other component of underpayments--erroneous denials--involves claimants who receive no payment when they should have been paid. A pilot test is now investigating the significance of such errors.

QC does not now, and for the foreseeable future does not intend to, review benefit appeals decisions. Although the appeals process is an important aspect of ensuring equity through due process, the Department will continue to rely on the existing Quality Appraisal review of these decisions, which annually looks at such decisions for adherence to State law, policy and procedures.

Sampling Procedure. Core QC samples from a universe, or sampling frame, which is all intrastate payments made during a definite week, under the set of programs described in "Scope" above. The universe includes original payments "made" but never received by the claimant because the payment is offset against prior claims against the UI benefit, such as prior overpayments. It excludes supplemental payments made during the week as well as waiting week credits. The week begins at 12:00 a.m. Sunday and runs to 11:59 midnight the following Saturday. Each week, using software developed by the Department, the State's mainframe computer assembles the appropriate universe of weeks compensated and then sorts it prior to selecting the sample. It is first sorted on the basis of the amount of the payment or offset. Within the array of payment amounts, the cases are then sorted by Social Security Number (SSN). When these primary and secondary sorts are completed, the first item in the sampling frame is the week with the lowest amount paid/offset and the lowest SSN. The last item in the frame is the highest payment amount with highest SSN. When instructed with the random start number and number of cases to be selected for the week, the software selects the cases to be investigated by applying the random start number and the appropriate skip interval to the array.

Sample Size. Under Core QC, the States initially received sufficient resources to investigate an average of 600 cases per year. Actual allocations varied by State size, with the smallest receiving enough resources to do only 500 cases, and the largest States as many as 800 cases per year. In accordance with the consensus principles, no State is required to investigate more than 400 cases per year--as long as it receives approval to conduct a QC-related special study with

the additional QC resources. It is currently planned to keep Core QC resources at the 600 sample size level for FY 1987, and to increase them to an average of 900 cases in FY 1988.

Quality Control's emphasis on corrective actions requires that it have larger sample sizes than RA. First, QC must measure with reasonable precision more detailed causes of errors to guide corrective actions. Second, although corrective actions are first taken on the basis of error levels, judgments about the effectiveness of these actions involves measuring changes in error rates. Since the absolute and relative sampling errors associated with measuring changes in a rate from one period to another are higher than those associated with measuring the level, larger samples are needed to achieve acceptable precision when the focus is on changes in error rates. Third, a State will commit resources to corrective actions only when it is very confident of the estimated error rate in question. Because of this, the error rate in QC is presented with a confidence interval of 95 percent, versus 80% for Random Audit. Thus, in QC, a State Administrator will know there is only a 5% chance that the true error rate lies outside the "confidence interval" surrounding the single "point estimate" of the error rate. Under Random Audit, the chance was 20%.

Data Collected. The QC investigation compiles a data record on each case which can range from about 90 to as many as 110 elements, depending on the type of case and the number of errors involved. In the States with highly sophisticated UI databases, up to half of the elements can be transferred or "downloaded" directly to the QC computer at the time the case is selected for investigation. In accordance with the consensus principles accepted after Secretary Brock's policy review, most elements all pertain directly to the claimant's UI eligibility, relating to his benefit history, base period work, monetary eligibility, reason for separation, and availability for work/work search. A limited number of data are also compiled for control purposes (e.g., Social Security Number, "batch" or week in which this case is a part) as well as some demographic data (e.g., age, sex, ethnic classification) used to determine the representativeness of the QC samples. The demographic data are already compiled on other UI standard reports. The data record concludes with elements identifying the payment as correct or not; if the latter, whether underpayments or overpayments, reason for error, type, responsibility, where identified, and amount. Since multiple errors can be detected in the course of one QC case investigation, up to three errors can be classified according to eight dimensions for each case.

Data Generated and Published. The QC data from completed cases permit each State to generate a variety of estimates. The greatest interest centers on measures such as (1) the percentage of cases in error, overall and by numerous classifications of cases and types of error, etc.; (2) the percentage of dollars paid in error, again classified numerous ways; and (3) the average overpayment/underpayment on all cases which had errors.

Estimates can be made of errors at any time and for any set of weeks for which QC investigations have been completed. Their reliability will depend on the sample size and design, the error rate for the population as a whole, and the degree of disaggregation by type and cause or subgroup in the claimant population. The more frequently the estimates are produced, the less reliable they will be because the effective sample sizes will be smaller. The consensus principles stipulate that all States must release their QC findings annually at an agreed upon time and using a standard format (they have the option of releasing information sooner, or more frequently, if they wish.) The first official public release will be made after all States have had the opportunity to accumulate a full year's worth of data once final regulations have been published. The format is still under development.

Data Collection Methodology. Following the RA precedent, Core QC data are gathered almost exclusively through in-person contacts. Under the direction of a State QC investigator, the claimant whose case has been selected completes a questionnaire through which some information "downloaded" to the QC record is verified and other information is newly obtained. The QC investigator likewise obtains or verifies information pertaining to the monetary, separation, and able/available/worksearch determinations bearing on the payment selected. This is done through in-person contacts with various employers and third parties such as labor unions and employment agencies whom the claimant has identified. In extreme circumstances, some information is verified by telephone or mail.

Assessments of RA confirm that this approach produces data of extremely high quality. It is also quite expensive: the average investigator can verify only about 100 cases per year. For this reason, alternative methods are being and will continue to be pilot tested. The tests are described below.

Data Handling and Transmission. Under RA, most States had limited ability to use the data themselves. Data were compiled on paper coding sheets, then entered onto a data tape from which standardized reports were produced. The tapes were

stored in Washington, D.C.; few States kept copies, relying only on the reports. Under QC, each State is supplied with supermicro computers (DEC Pro-380) and sophisticated software developed specifically for QC operations. (States operating pilots have received larger computers--DEC MicroVAX II or equivalent--to handle the heavier demands. As QC becomes more comprehensive, most States will probably require similar larger capacity machines.) They also have received remote terminals, printers, and modems so that outstationed investigators can directly enter case information into the QC computer. Thus, each State has extensive power to store, retrieve, and analyze its own QC data on demand.

The QC data handling package also includes telecommunications capability enabling data to be transmitted electronically to the National Office, and enabling States to communicate with one another and with the DOL Regional Office. The Department plans to access QC data for entry into its centrally maintained files about once a week. To ensure the confidentiality of this information, before case data are transmitted outside the State the SSNs are encripted using a routine known only to the State.

Corrective Actions. Corrective actions are a State responsibility. The consensus principles confirmed the Department's initial decision not to require any State to take corrective actions. They further specify that UI administrative funding will not depend on the achievement of any given level of accuracy (error rate). Thus, it is up to each State to use its QC data for the purpose of program improvement. In addition, each State has been given a QC analyst position; these analysts will be trained in statistical techniques and in the use of the QC computer to enable them to make optimum use of the QC data and thus guide corrective actions.

Although State agencies are not required to formulate and take corrective actions, they will be under considerable outside pressure to do so. Interest groups within the State will press for changes if error rates shown by the annual release of QC findings appear excessively high.

Although the QC data record was designed to facilitate the identification of where and why errors are occurring, it is not known to what extent actions can be taken solely on the basis of QC findings. States, however, have been given considerable flexibility in using QC resources; as noted above, although actual allocations permit sample sizes ranging from 500 to 800 cases per year, only 400 cases must be investigated. This should permit them, with Departmental approval, to conduct special studies pinpointing the kind of actions needed to correct certain problems.

Although RA was not specifically oriented toward corrective actions, many States nevertheless took actions saving their trust funds substantial sums. RA findings led States to retrain staff in procedures, clarify policies and policy directives, redraft forms, and correct errors in benefit payment software. The more extensive QC data record, the decentralized QC data handling system, and the trained analyst will greatly improve States' abilities to take corrective actions.

System Integrity. As already noted, a major Federal responsibility will be to ensure system integrity. Federal Regional Office staff conduct periodic visits to each State, reviewing a 60% sample of completed cases to maintain Federal control over definitions and procedures used to measure errors. They also conduct methods and procedures reviews and periodically review the organizational structure of QC to ensure its independence from the line organization whose work is being examined. National office staff periodically check the work of Regional staff, and monitor the QC samples to ensure that they are representative of the population from which they are drawn.

Pilot Tests to Expand the Scope of QC

Denied Claims. In October 1986, five States began pilot tests of three different approaches to including denied claims in QC (in addition to running their Core QC programs). The first approach involves adding separate samples of monetary, separation, and nonmonetary-nonseparation denials to Core QC's payment cases. The second departs from Core QC by drawing separate samples of both positive and negative (denials) determinations at each of the three main levels at which decisions are made: monetary, separation, and nonmonetary-nonseparation, and investigating just those determinations. The third approach is a longitudinal one: samples of initial claims are selected each week and the claimants are tracked. All denials are investigated, as well as a sample of payments.

These pilots will be completed by the end of FY 1987 and carefully evaluated to determine the level of errors on denials and their dollar consequences; the extent denials are corrected by the appeals process; and the advantages, data demands and costs of the different approaches. Results will be used to begin incorporating denials into QC in additional States in FY 1988 and deciding on the number of cases that should be investigated.

Revenue QC. The second priority for expansion of QC is into UI tax collection activities, called "revenue QC (RQC)." As noted early in the paper, State UI revenue activities involve the

collection and handling of extremely large flows of funds, and the potential for large trust fund losses in the form of unidentified and uncollected revenues, interest losses, and inequities due to improper apportioning of experience-rated taxes. Because these activities are extremely diverse and vary considerably depending on State policies and institutions outside of UI, and because there is no Revenue measurement system analogous to Random Audit upon which RQC can be patterned, this promises to be an extremely challenging effort. Design work began in late 1987 and should take approximately one year; implementation in at least 5 pilot states for a full one-year test will follow.

Interstate Benefits. About one UI benefit dollar in twenty goes to claimants who file where they reside but receive their payments from another State. The distances involved, the fact that the State of residence (agent State) handles the claims but another State (liable State) pays benefits, and the fact that one State must apply another's law in handling the claim have long led UI staff to believe errors in the "IB program" exceed those on intrastate claims. The Department intends to extend QC investigations to this areas in the near future, but anticipates that the nature of IB activity will present difficult design and administrative hurdles, such as coordination of staffs between two States on the same claim; balancing resources for the program as a whole (some States have very little IB activity); and selecting samples. The enhanced telecommunications capability of the QC data system should make these problems more manageable.

Extended Benefits. The permanently authorized Extended Benefits (EB) program is triggered by unemployment rates and thus swells to 8-12 percent of total benefit outlays in periods of economic downturn (e.g. FY 1981-83) and then shrinks to insignificance in recovery periods (e.g., about 0.5% in FY 1985 and 1986). In addition, Congress has from time to time enacted supplemental compensation programs extending benefits beyond EB during severe economic downturns; the latest, Federal Supplemental Compensation (FSC), paid out $5.6 billion during FY 1983 and $3 billion in FY 1984--in each year, nearly 20% of total unemployment compensation. Because of their periodic importance, the Department intends to pilot test QC for extended benefit programs, at least EB, at some time in the future. This effort will be complicated largely by the intermittent nature of these programs and somewhat by the differences in eligibility conditions under these programs.

Pilots to Modify Methodology

Alternative Verification Methods. Assessments of the RA/Core QC have shown that in-person verifications are highly reliable. They are also extremely expensive--a source of increasing concern as QC's scope expands. To explore the

tradeoffs involved between the lower cost of alternative methods of doing QC verifications, such as telephone, computer assisted telephone, and mail, and their reliability, the Department has begun controlled testing of alternative verification methods. In October 1986, Idaho began a controlled test of using the telephone for Core QC verifications, which should help establish both the costs and quality of this technique. Because some methods may work well in some State environments but not in others, other States will be sought to test alternative methods before judgments are made as to whether deviations from the in-person methodology nationwide will be permitted.

Other Pilot Tests. It is quite possible that other variations on QC will be tested in the course of the program with the aim of increasing efficiency or sharpening the States' abilities to take corrective actions. For example, the present method of sample selection--systematic random sampling--is not necessarily the most efficient sampling technique in either a statistical or economic sense. Stratified sampling is often a more statistically efficient method. It involves dividing the population into mutually exclusive segments (strata) and ensuring that a fixed proportion of the sample is drawn from each. If stratification variables can be found which identify subgroups with widely different variances, this approach can increase overall sampling efficiency. Another approach is cluster or multi-stage sampling (selecting some geographical areas and then drawing cases only within them). Statistically, cluster sampling is less efficient than random sampling, but if it reduces travel costs substantially, samples large enough to outweigh the loss of statistical efficiency could produce net advantages. Sampling variations will undoubtedly be tested in the future.

Additionally, QC may explore direct studies of UI processes in the hopes of focusing corrective actions more precisely. QC at present makes inferences from measured outcomes to the processes producing them. Corrective action may be enhanced by studying suspect processes themselves. Although it is anticipated that some States may use QC resources to conduct special process studies themselves, the Department may attempt such studies involving several States simultaneously in the future. Closely related to this is the combination of management information systems with QC data to identify areas of corrective action. Some States have fairly extensive management information systems (MISs); although these systems do not probe deeply, they can marshall considerable process-related data pertinent to any case, e.g., data at the local office level. Oregon is currently working, with Departmental assistance, to integrate QC data with its MIS and Benefit Payment Control data.

CONCLUSION

The development of QC has inaugurated a new era of sophistication in the assessment and promotion of UI program integrity. The Random Audit program, on which it was initially based, is a proven analytical tool which has provided new insights into the extent and causes of UI payment errors. Quality Control is building on the RA concept, improving it and extending it to new program areas--including revenue collection processes--now unexamined, and enhancing the precision through drawing larger samples. The result will be a better UI program with fewer UI payment errors, more accurately assessed and timely collected contributions and reimbursements, improved trust fund solvency, and higher overall program quality.

Analysis of Benefit Payments For Positive and Negative Balance Employers, By Industry, Fiscal Years 1983-1986

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Results

Comparisons of historical benefit charges occurring between fiscal year 1983, a period of high benefit payments, through fiscal year 1986 indicated:

1. The proportion of noncharges (charges for claimants who voluntarily quit, who were discharged for misconduct connected with the work, or who lost one of two jobs, without a reduction in the number of hours or pay in the other job are not charged to an individual employers account) increased over the years;

2. The dollar amount of charges to negative balance employers is approaching 1983 level; and

3. Charges to inactive employer accounts during 1986 increased by twenty-nine percent above the 1983 level. All of these increases occurred in years when total benefit charges remained significantly below 1983 charges.

Reserve fund adequacy can be maintained by instituting one of the following changes:

1. Change the noncharge provisions in the Law to penalize claimants who voluntarily quit;

2. Increase the contribution rate for negative balance employers;

3. Increase the taxable wage base; or

4. Increase the stabilization tax.

Method

Benefit charges and noncharges were tabulated from fiscal years 1983 through 1986. They were analyzed by type of account--positive balance, negative balance, or inactive--and also by industrial categories. Results were presented in narrative, tabular, and graphic form. Tabulations were also made of the amount of increase in the wage base, stabilization tax, or contribution rates of negative balance employers that would have been needed to offset damage to the reserve fund caused by noncharges and uncollected charges.

Availability

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ANALYSIS OF BENEFIT PAYMENTS

FOR

POSITIVE AND NEGATIVE BALANCE EMPLOYERS

BY INDUSTRY

FISCAL YEARS 1983 - 1986

BILL CLINTON, GOVERNOR
STATE OF ARKANSAS

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DEPARTMENT OF LABOR

WILLIAM D. GADDY, ADMINISTRATOR
EMPLOYMENT SECURITY DIVISION

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INTRODUCTION

This report traces benefit charges, by type of charge, for Fiscal Years 1983-1986. There are three ways in which unemployment insurance benefits paid to claimants are charged to employer accounts, they are:

1. Active accounts with charges
2. Active accounts with noncharges, and
3. Inactive accounts with charges.

Most unemployment insurance benefits paid are charged to active employer accounts. If, however, a claimant voluntarily quit his job or was discharged for misconduct while working for a particular employer, that employer can be relieved of his share of the benefits paid to a claimant who has qualified for benefits based on employment history with another employer.

This report also shows the amount of benefits paid to claimants by two-digit standard industrial classifications (including manufacturing industrial classifications), by the reserve status of employer accounts. If an employer's contribution is greater than the benefits charged to his account, he has a positive reserve balance. He is in a negative reserve status if benefits charged to his account are greater than contributions made to that account.

Losses to the State's reserve fund balance occur because of:

1. Noncharged benefits to active accounts
2. Charges to negative balance accounts whose contributions are less than the benefits charged, and
3. Charges to inactive accounts.

Ineffective charging results from 1 and 2 above, while charges to inactive accounts are recoverable only to the extent of their reserves.

COMPARISON OF THE PERCENTAGE OF BENEFITS CHARGED BY TYPE OF CHARGE, FISCAL YEARS 1983-1986

ALL EMPLOYERS

Over three-fourths of all benefits were charged to active employer accounts during FY 1983-1986. As shown on Table 1 and Chart 1, this percentage has decreased from 81.4 percent in FY 1983 to 76.8 percent in FY 1986, resulting in increases in noncharges[1] to active employers and increases in charges to inactive[2] accounts.

POSITIVE BALANCE EMPLOYERS

During FY 1986, nearly 30 percent of all benefits paid to employees of positive balance employers were noncharges as compared with almost 24 percent in FY 1983. (Of all noncharges, 70-80 percent were traced to positive balance employers during the study period.) Charges to positive balance inactive accounts represented less than one percent during each of the four years. (See Chart 2 and Table 1.)

NEGATIVE BALANCE EMPLOYERS

Of all benefits paid to employees of negative balance accounts, noncharges represented five percent or less during the four years. More significant to negative balance account charges are the inactive charges, amounting to 11-18 percent of all negative balance account charges. (See Chart 3 and Table 1.) Charges to inactive negative balance accounts are not recoverable and must be considered a part of the socialization cost of the unemployment insurance system.

1/ Where the employer is relieved of the cost of the benefits being charged to his account.

2/ Inactive charges as used in this report refer to charges to inactive employer accounts.

TABLE 1

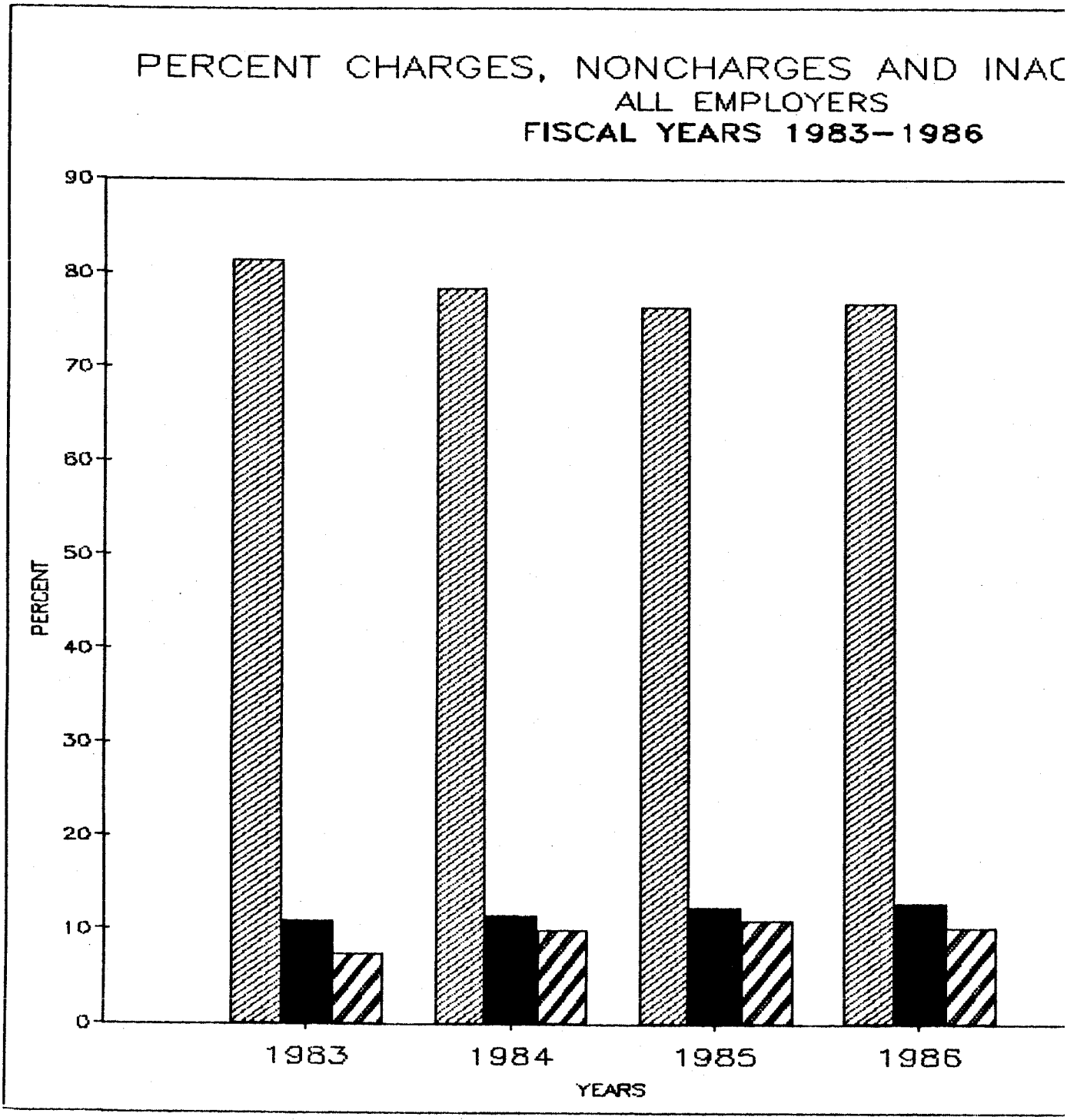
Charges, Noncharges and Inactive Charges to Employer Accounts
for Positive and Negative Balance Employers
Fiscal Years 1983-1986

	Reserve Ratio Status	Charges	Noncharges	Charges to Inactive Employers	Benefit Charges
FY 1983					
Dollars					
	Positive	$29,372,688	$ 9,240,395	$ 268,923	$ 38,882,006
	Negative	65,281,743	3,693,387	8,503,070	77,478,200
	Total	**$94,654,431**	**$12,933,782**	**$8,771,993**	**$116,360,206**
Percent					
	Positive	75.5	23.8	0.7	100.0
	Negative	84.2	4.8	11.0	100.0
	Total	**81.4**	**11.1**	**7.5**	**100.0**
FY 1984					
Dollars					
	Positive	$29,012,834	$ 7,871,496	$ 79,146	$ 36,963,476
	Negative	35,046,402	1,638,882	8,079,721	44,765,005
	Total	**$64,059,236**	**$ 9,510,378**	**$8,158,867**	**$ 81,728,481**
Percent					
	Positive	78.5	21.3	0.2	100.0
	Negative	78.3	3.7	18.0	100.0
	Total	**78.4**	**11.6**	**10.0**	**100.0**
FY 1985					
Dollars					
	Positive	$26,721,060	$10,120,313	$ 333,692	$ 37,175,065
	Negative	49,785,317	2,360,005	10,793,411	62,938,733
	Total	**$76,506,377**	**$12,480,318**	**$11,127,103**	**$100,113,798**
Percent					
	Positive	71.9	27.2	0.9	100.0
	Negative	79.1	3.8	17.1	100.0
	Total	**76.4**	**12.5**	**11.1**	**100.0**

TABLE 1 (Continued)

	Reserve Ratio Status	Charges	Noncharges	Charges to Inactive Employers	Benefit Charges
FY 1986					
Dollars					
	Positive	$24,858,015	$10,466,570	$ 260,692	$ 35,585,277
	Negative	59,472,736	3,739,589	11,058,160	74,270,485
	Total	**$84,330,751**	**$14,206,159**	**$11,318,852**	**$109,855,762**
Percent					
	Positive	69.9	29.4	0.7	100.0
	Negative	80.1	5.0	14.9	100.0
	Total	**76.8**	**12.9**	**10.3**	**100.0**

CHART 1


PERCENT CHARGES, NONCHARGES AND INAC
ALL EMPLOYERS
FISCAL YEARS 1983-1986
PERCENT
90
80
70
60
50
40
30
20
10
0
1983
1984
1985
1986
YEARS

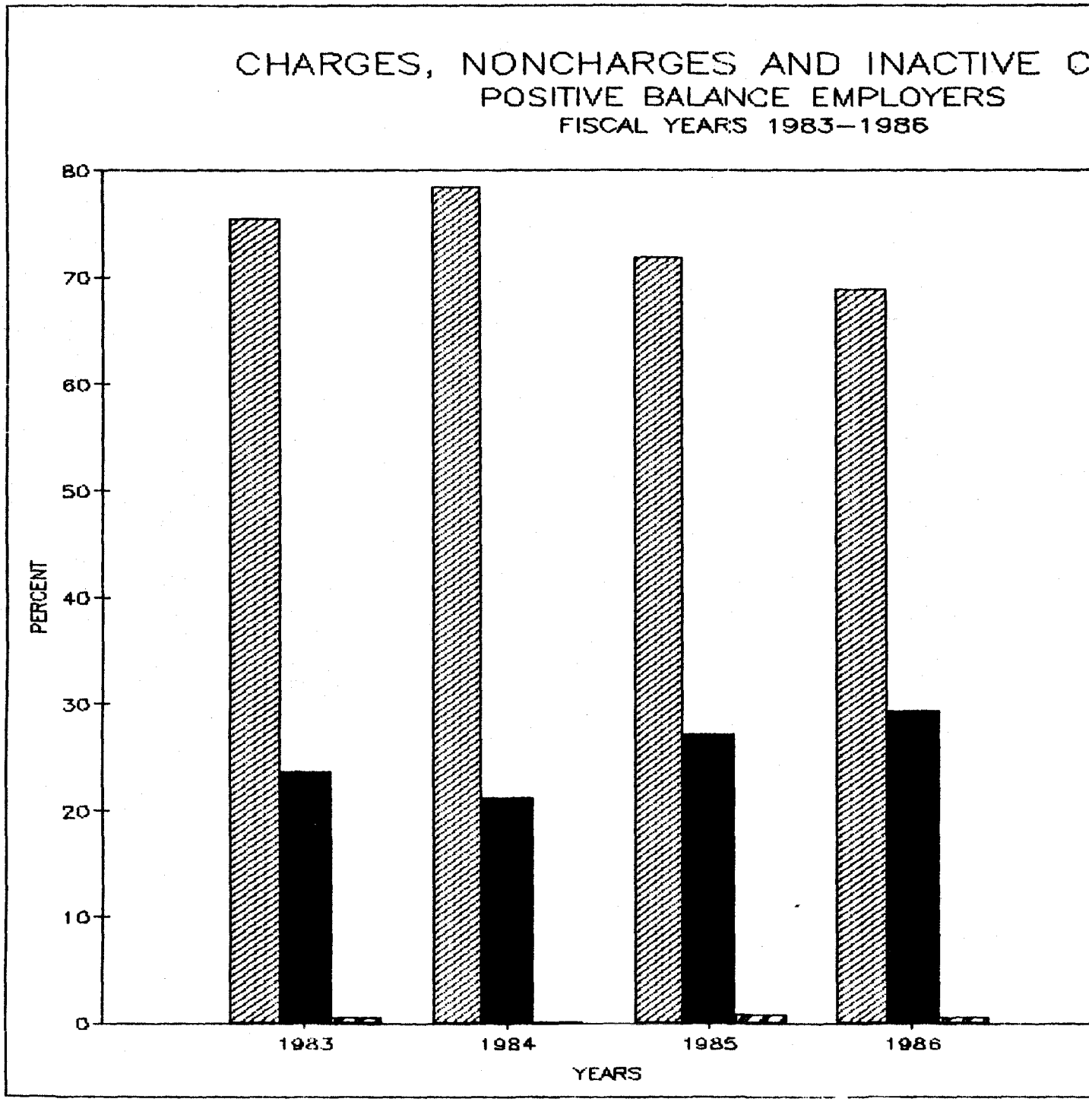
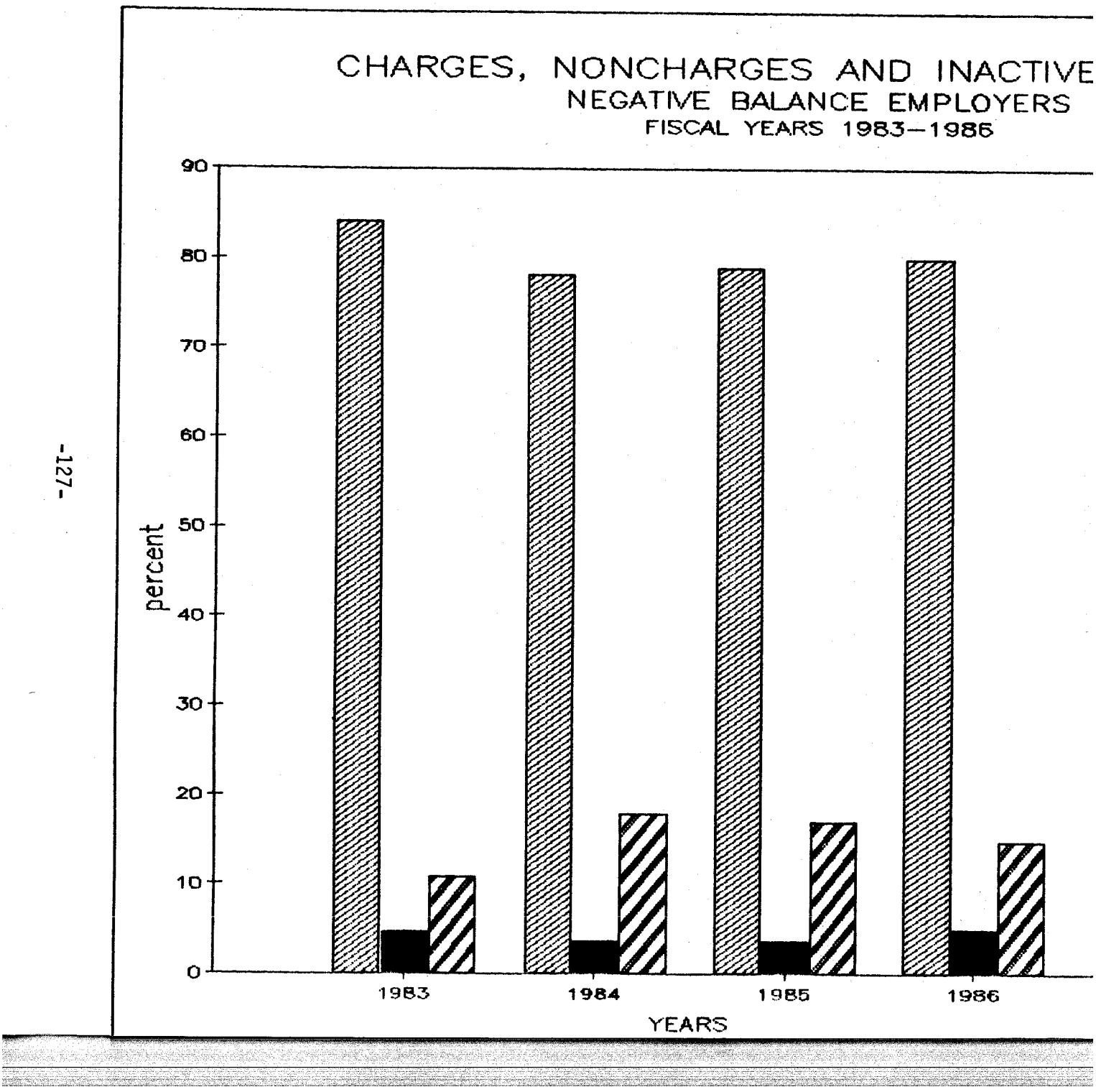

CHARGES, NONCHARGES AND INACTIVE C
POSITIVE BALANCE EMPLOYERS
FISCAL YEARS 1983—1986
80
70
60
50
40
30
20
10
0
PERCENT
1983
1984
1985
1986
YEARS

CHART 3


CHARGES, NONCHARGES AND INACTIVE
NEGATIVE BALANCE EMPLOYERS
FISCAL YEARS 1983–1986
percent
90
80
70
60
50
40
30
20
10
0
1983
1984
1985
1986
YEARS

COMPARISON OF POSITIVE AND NEGATIVE BALANCE EMPLOYER ACCOUNTS

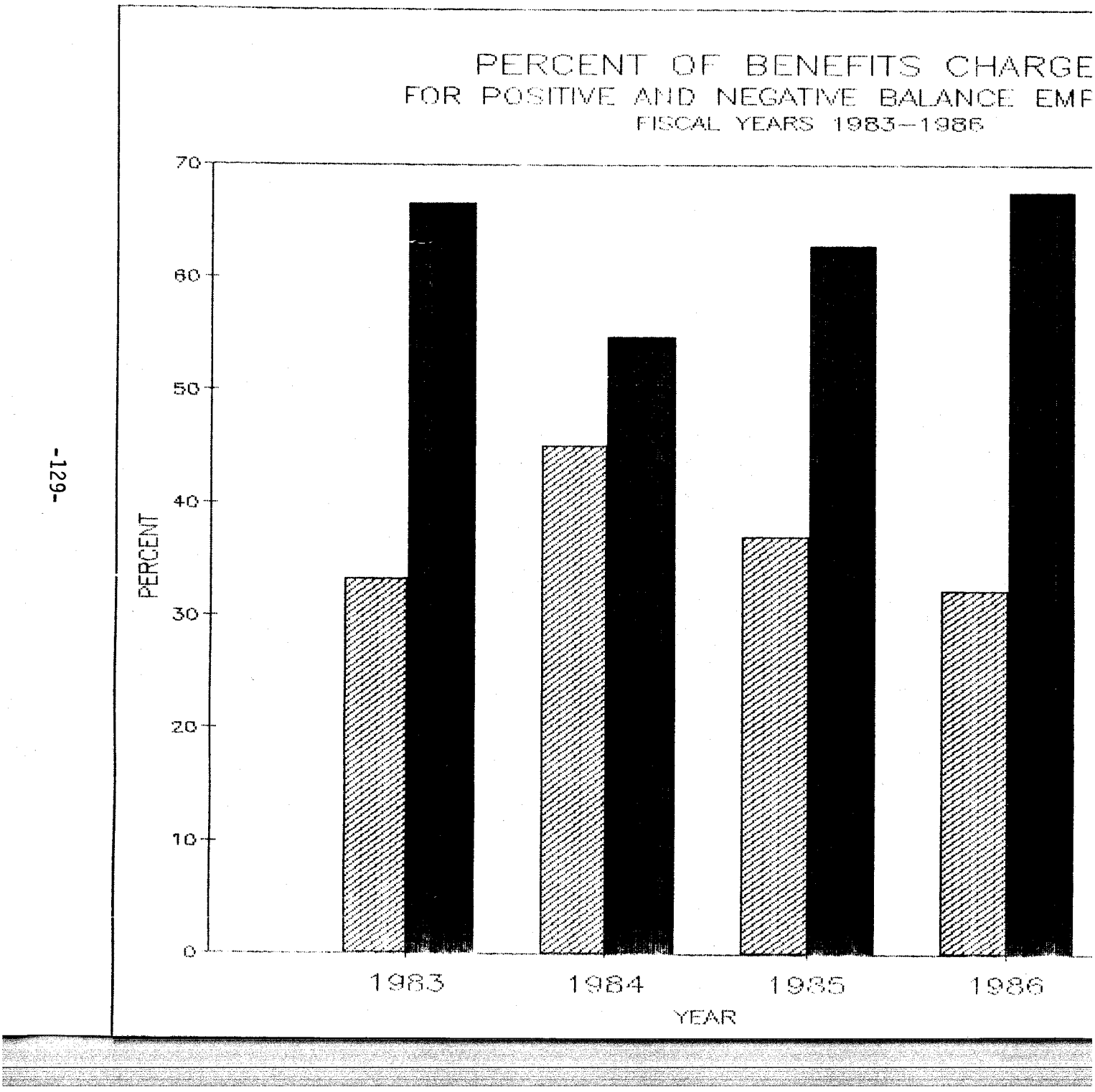
As shown on Chart 4 and Table 2, less than half of all benefits are charged to positive balance accounts. (Also see Appendix Tables 1-4.)

TABLE 2

Amount and Percent of Benefits Charged to Negative and Positive Balance Employers Fiscal Years 1983-1986

Reserve Ratio Status	1983	1984	1985	1986
		Dollars		
Positive	$ 38,882,006	$ 36,963,476	$ 37,175,065	$ 35,585,277
Negative	77,478,200	44,765,005	62,938,733	74,270,485
Total	**$116,360,206**	**$ 81,728,481**	**$100,113,798**	**$109,855,762**
		Percent		
Positive	33.4	45.2	37.1	32.4
Negative	66.6	54.8	62.9	67.6
Total	**100.0**	**100.0**	**100.0**	**100.0**

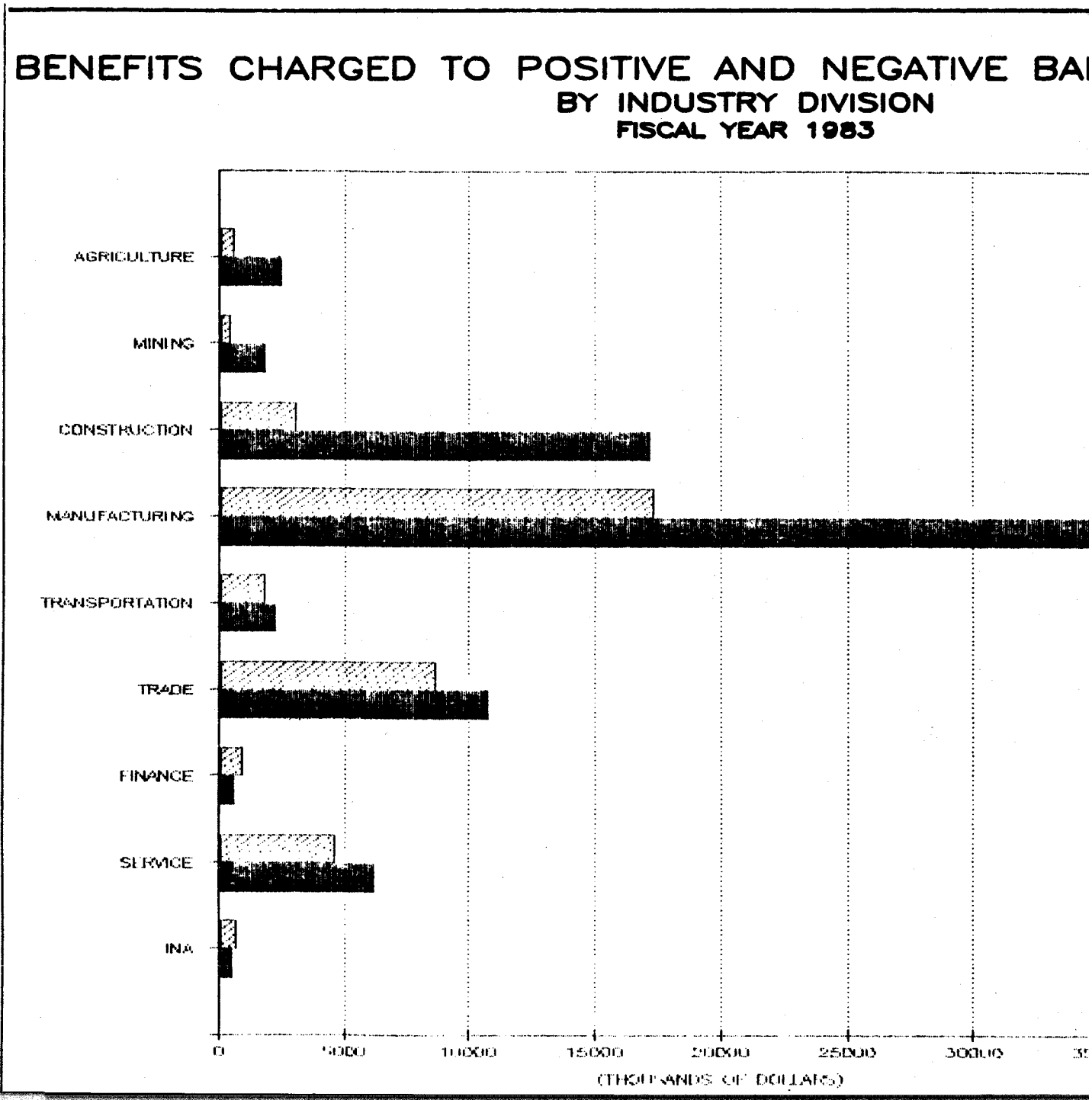
CHART 4


PERCENT OF BENEFITS CHARGE
FOR POSITIVE AND NEGATIVE BALANCE EMP
FISCAL YEARS 1983–1986
70
60
50
40
30
20
10
0
PERCENT
1983
1984
1985
1986
YEAR

COMPARISON OF BENEFITS CHARGED TO POSITIVE AND NEGATIVE BALANCE EMPLOYERS, BY INDUSTRY FOR EACH FISCAL YEAR 1983-1986

As shown on Charts 5-8 and Appendix Tables 1-4, benefits to construction, trade and manufacturing claimants surpassed the amount of benefits paid to claimants in other industries. Especially noticeable are the amounts of negative balance benefit payments for these industries. To determine the industries in the manufacturing sector most affected by the increase in charges to negative balance accounts from 1983-1986, see Charts 9-12.

CHART 5


BENEFITS CHARGED TO POSITIVE AND NEGATIVE BA
BY INDUSTRY DIVISION
FISCAL YEAR 1983
AGRICULTURE
MINING
CONSTRUCTION
MANUFACTURING
TRANSPORTATION
TRADE
FINANCE
SERVICE
INA
0
5000
10000
15000
20000
25000
30000
(THOUSANDS OF DOLLARS)

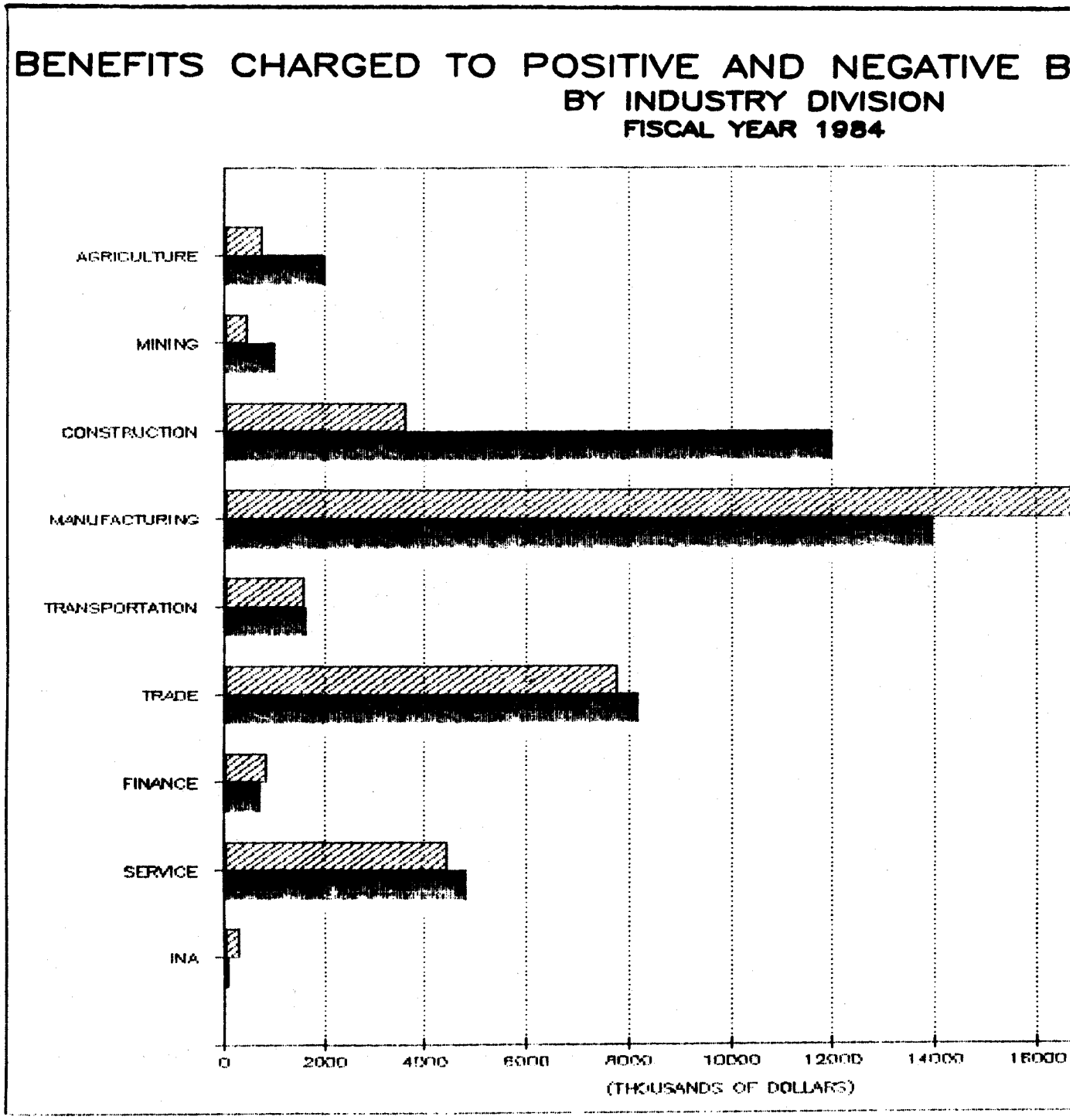
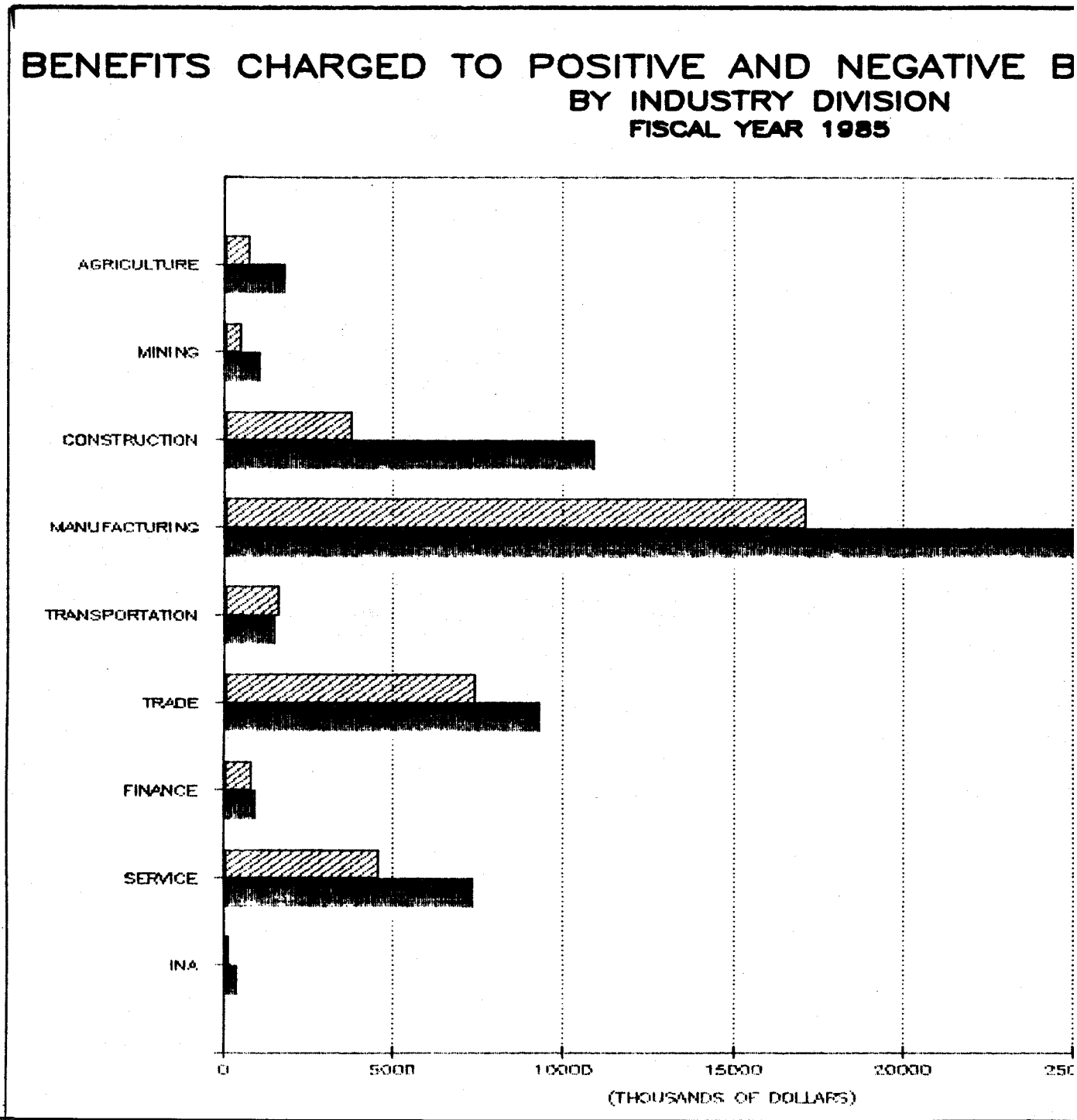
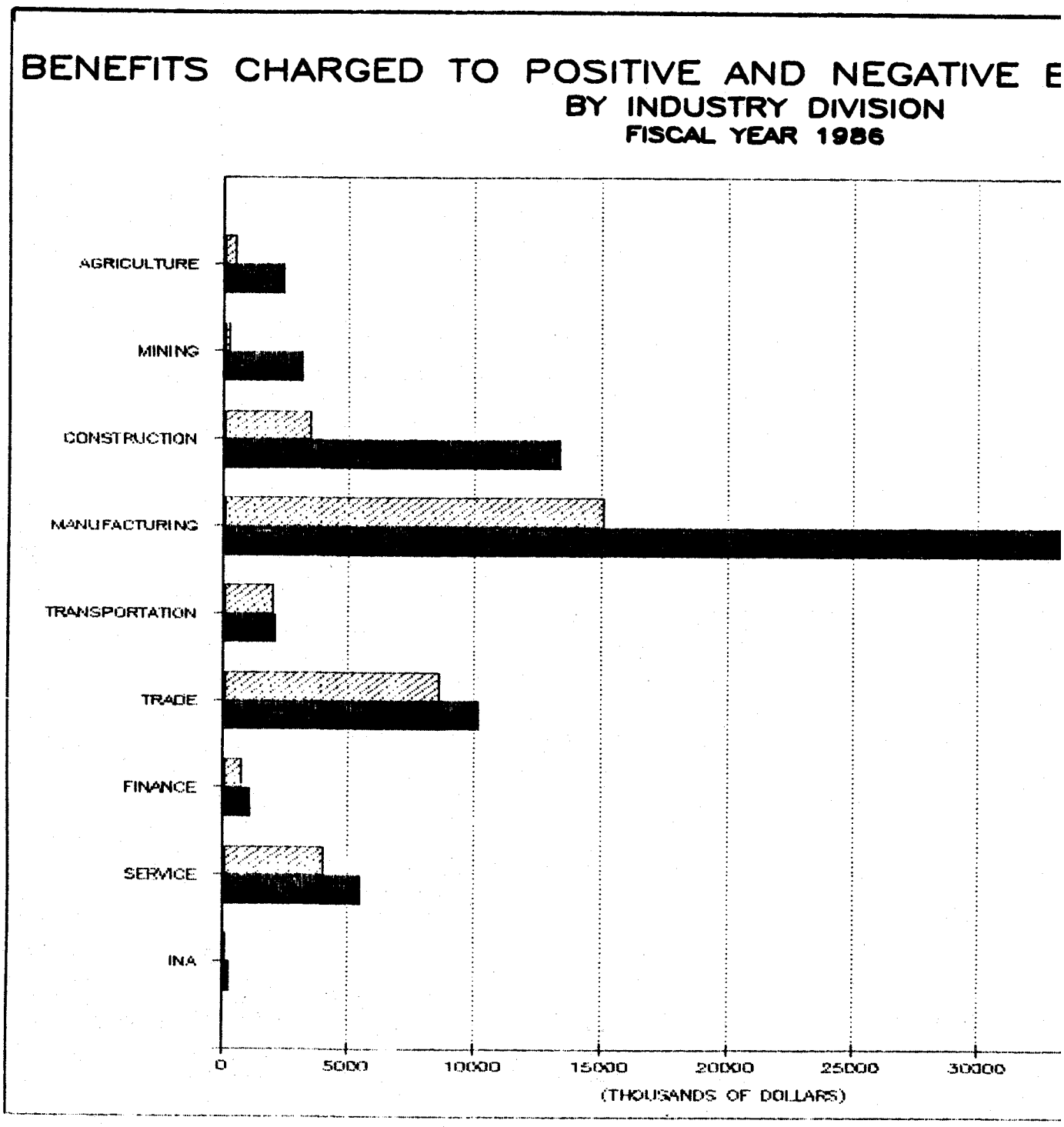

BENEFITS CHARGED TO POSITIVE AND NEGATIVE B
BY INDUSTRY DIVISION
FISCAL YEAR 1984
AGRICULTURE
MINING
CONSTRUCTION
MANUFACTURING
TRANSPORTATION
TRADE
FINANCE
SERVICE
INA
0
2000
4000
6000
8000
10000
12000
14000
16000
(THOUSANDS OF DOLLARS)

CHART 7


BENEFITS CHARGED TO POSITIVE AND NEGATIVE B
BY INDUSTRY DIVISION
FISCAL YEAR 1985
AGRICULTURE
MINING
CONSTRUCTION
MANUFACTURING
TRANSPORTATION
TRADE
FINANCE
SERVICE
INA
0
5000
10000
15000
20000
25(
(THOUSANDS OF DOLLARS)


BENEFITS CHARGED TO POSITIVE AND NEGATIVE E
BY INDUSTRY DIVISION
FISCAL YEAR 1986
AGRICULTURE
MINING
CONSTRUCTION
MANUFACTURING
TRANSPORTATION
TRADE
FINANCE
SERVICE
INA
0
5000
10000
15000
20000
25000
30000
(THOUSANDS OF DOLLARS)

COMPARISON OF BENEFITS CHARGED TO POSITIVE AND NEGATIVE BALANCE EMPLOYERS, BY MANUFACTURING INDUSTRIES FOR EACH FISCAL YEAR 1983-1986

A large proportion of the charges to negative balance employers can be traced to the metals industries. (See Charts 9-12 and Appendix Tables 9-12.)

Changing economic conditions and plant closings are reflected in this data. Textile manufacturing is an example of an industry experiencing and having plant closings with primarily positive balances in FY 1984, changing to negative balances in FY 1985-1986. Apparel manufacturing's status has leveled off in FY 1986, after experiencing negative balances in earlier years.

The reserve fund status of employers is sometimes volatile, being affected by national and international economic conditions.

CHART 9

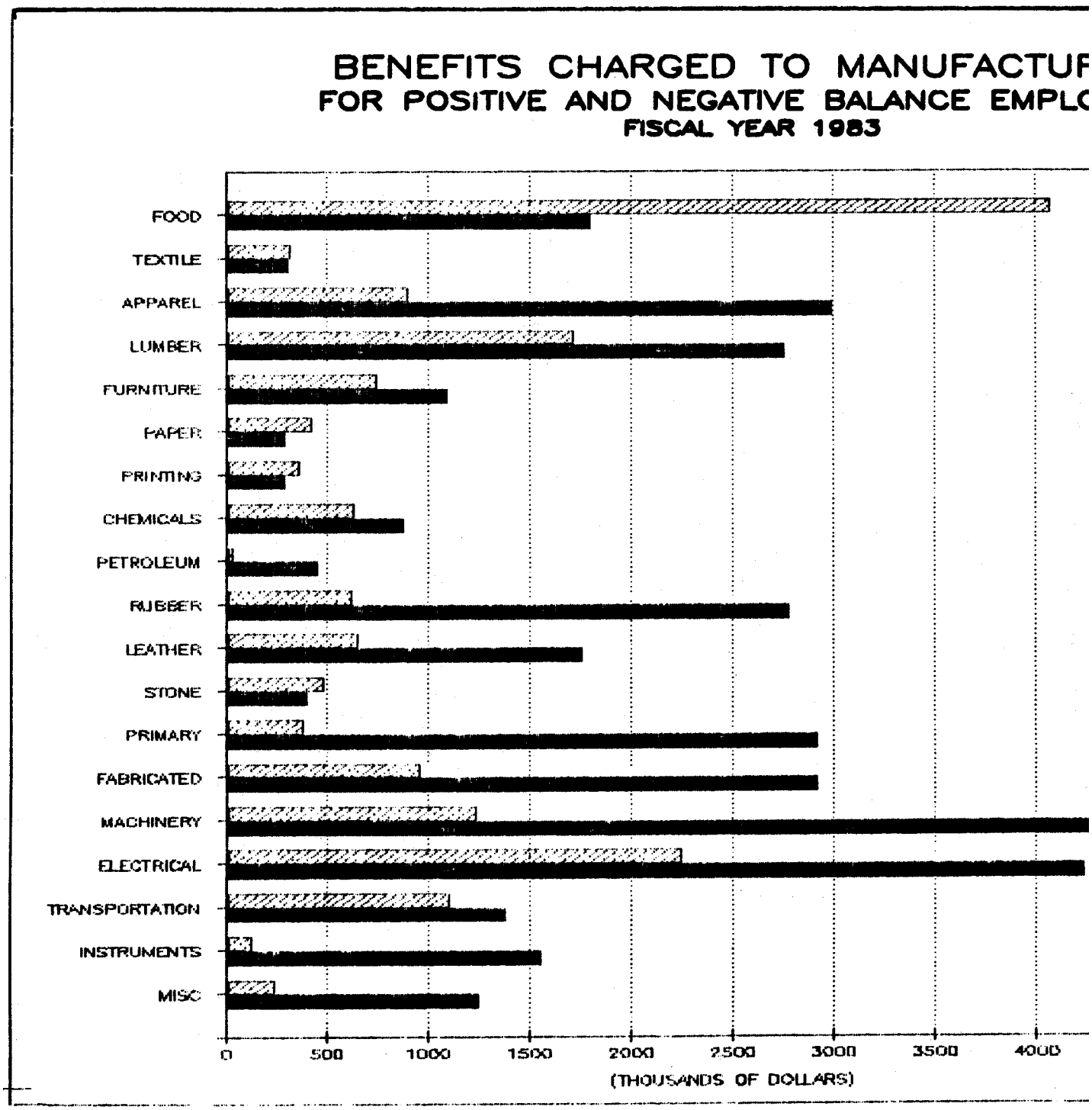
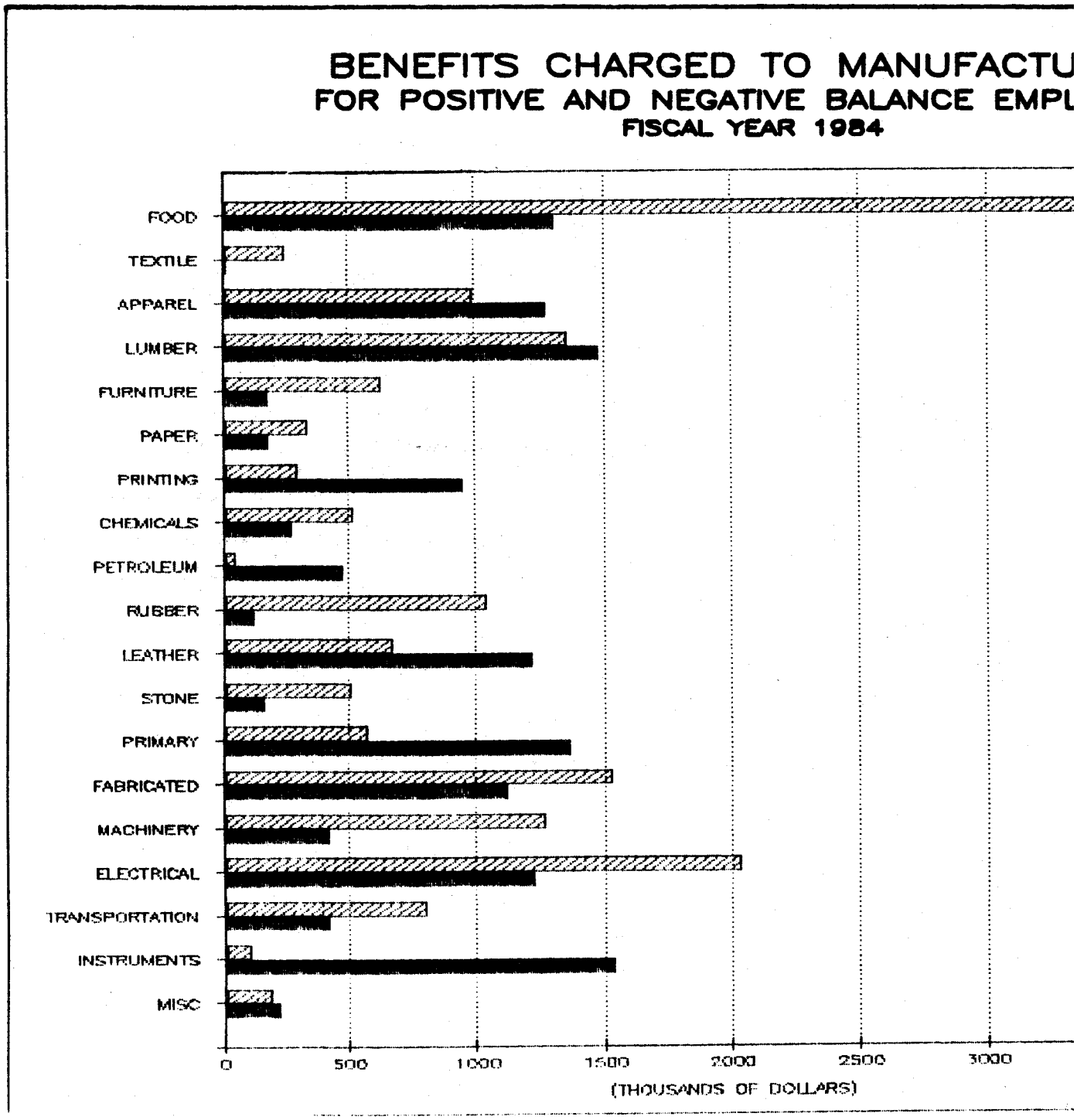

BENEFITS CHARGED TO MANUFACTUF
FOR POSITIVE AND NEGATIVE BALANCE EMPLC
FISCAL YEAR 1983
FOOD
TEXTILE
APPAREL
LUMBER
FURNITURE
PAPER
PRINTING
CHEMICALS
PETROLEUM
RUBBER
LEATHER
STONE
PRIMARY
FABRICATED
MACHINERY
ELECTRICAL
TRANSPORTATION
INSTRUMENTS
MISC
0
500
1000
1500
2000
2500
3000
3500
4000
(THOUSANDS OF DOLLARS)

CHART 10


BENEFITS CHARGED TO MANUFACTU
FOR POSITIVE AND NEGATIVE BALANCE EMPL
FISCAL YEAR 1984
FOOD
TEXTILE
APPAREL
LUMBER
FURNITURE
PAPER
PRINTING
CHEMICALS
PETROLEUM
RUBBER
LEATHER
STONE
PRIMARY
FABRICATED
MACHINERY
ELECTRICAL
TRANSPORTATION
INSTRUMENTS
MISC
0
500
1000
1500
2000
2500
3000
(THOUSANDS OF DOLLARS)

BENEFITS CHARGED TO MANUFACTU
FOR POSITIVE AND NEGATIVE BALANCE EMPL
FISCAL YEAR 1985

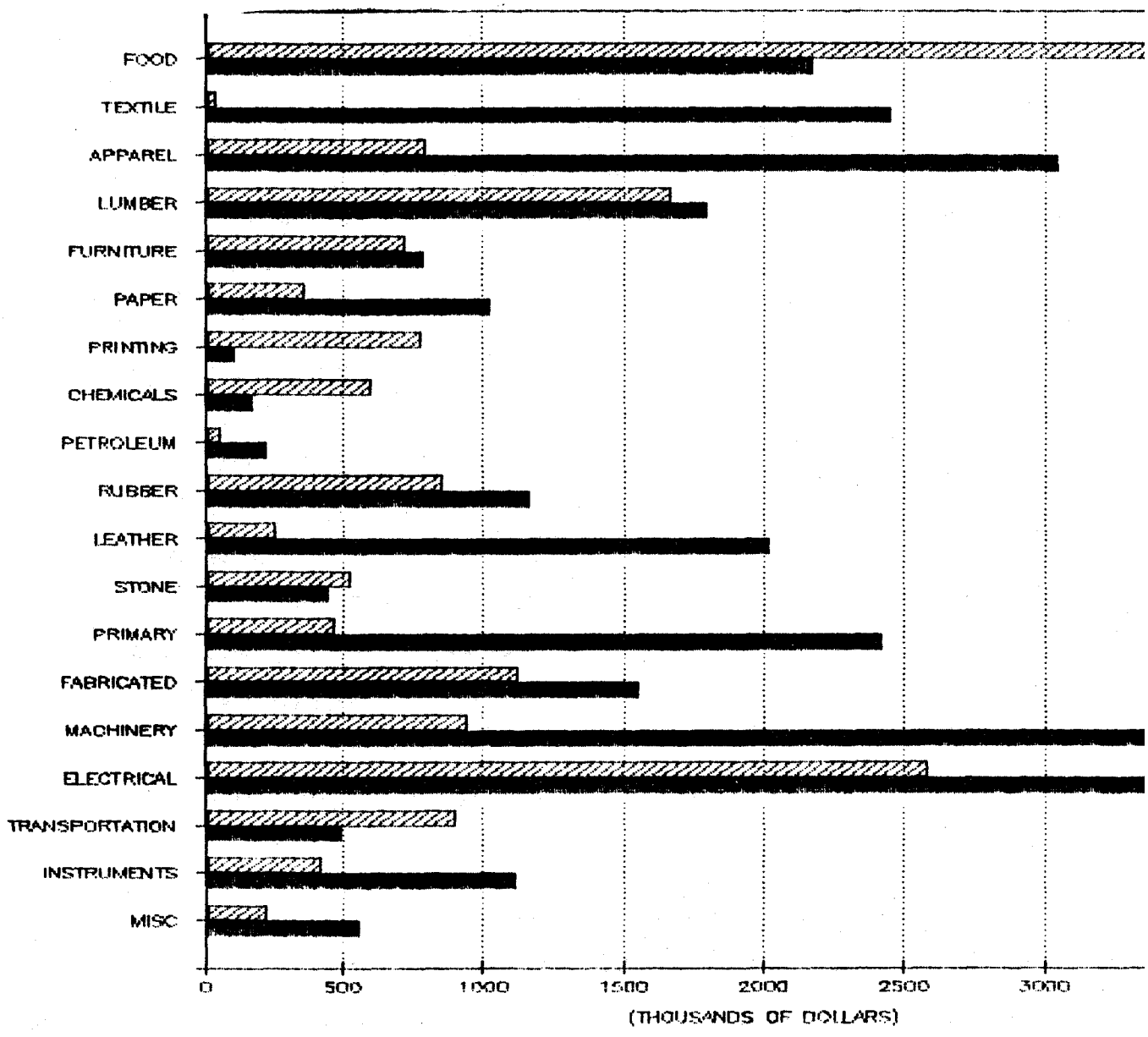
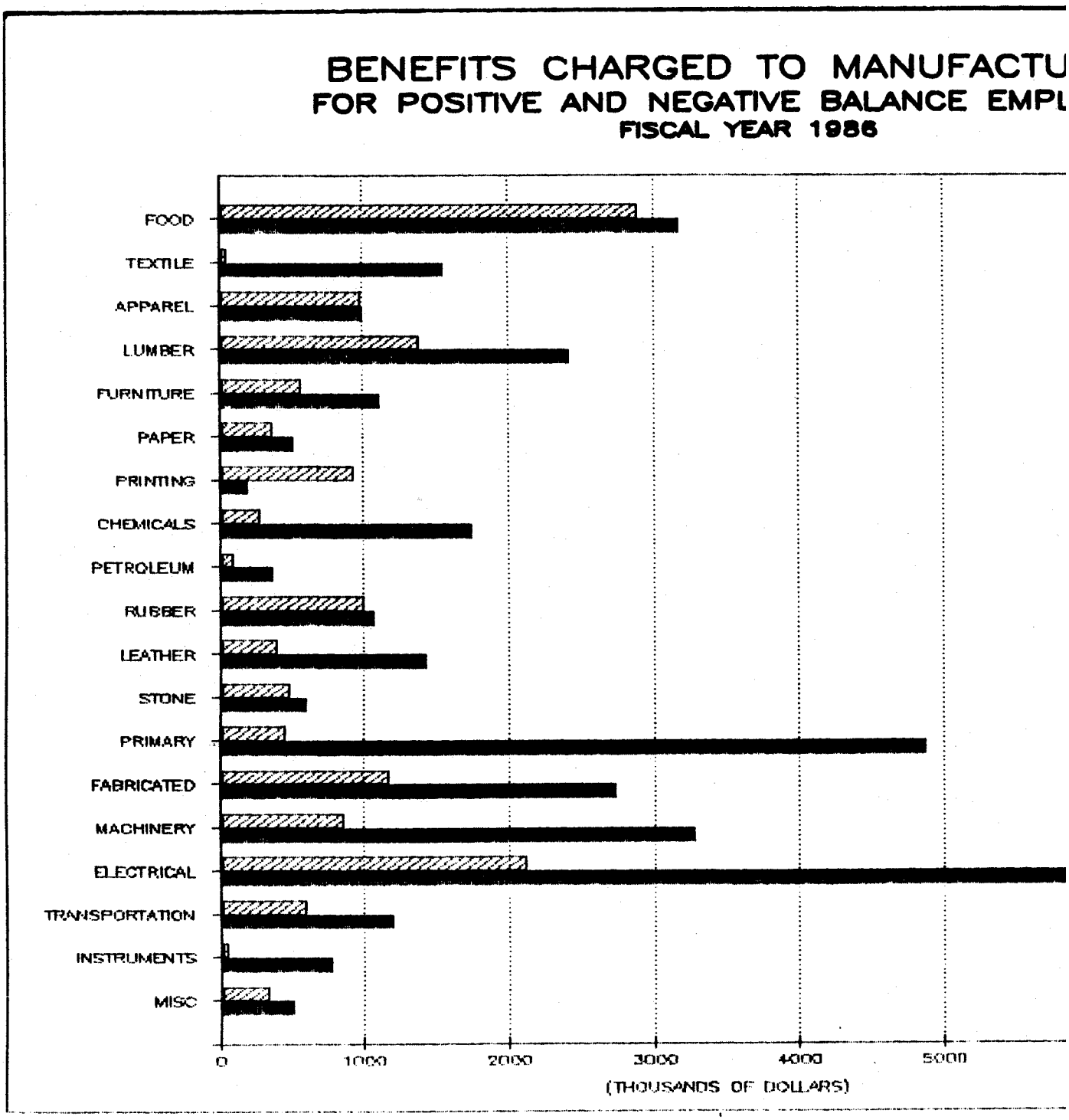


CHART 12


BENEFITS CHARGED TO MANUFACTU
FOR POSITIVE AND NEGATIVE BALANCE EMPL
FISCAL YEAR 1986
FOOD
TEXTILE
APPAREL
LUMBER
FURNITURE
PAPER
PRINTING
CHEMICALS
PETROLEUM
RUBBER
LEATHER
STONE
PRIMARY
FABRICATED
MACHINERY
ELECTRICAL
TRANSPORTATION
INSTRUMENTS
MISC
0
1000
2000
3000
4000
5000
(THOUSANDS OF DOLLARS)

INEFFECTIVE CHARGES BY INDUSTRY FOR BENEFITS PAID
FISCAL YEARS 1983-1986

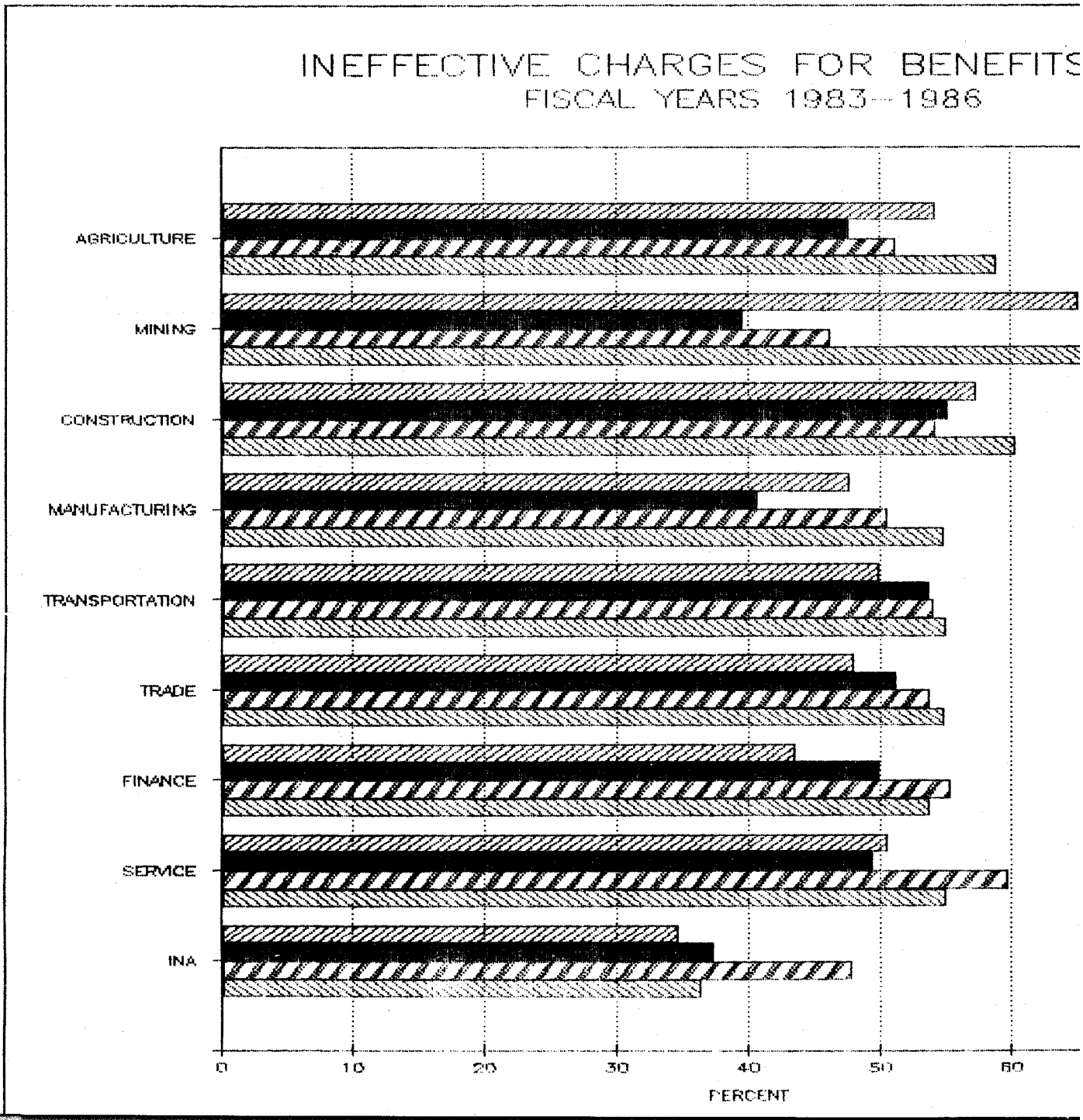
To maintain trust fund adequacy, a reserve must be established to take care of economic slowdowns requiring large outlays of unemployment insurance benefits. This reserve can be depleted if some employers do not pay their share of benefits during normal times. There are two areas where benefits are paid but contributions are not received:

1. Noncharging of benefits, especially for positive balance employers, and

2. Benefits paid in behalf of negative balance employers where their contributions do not cover the benefits paid.

The combinations of these two groups of ineffective charging of benefits is shown by industry on Chart 13 and Appendix Tables 13-16. All industries share in this dilemma, where approximately one-half of the total benefits paid were not covered by sufficient contribution assessments or were noncharged.

CHART 13


INEFFECTIVE CHARGES FOR BENEFITS
FISCAL YEARS 1983--1986
AGRICULTURE
MINING
CONSTRUCTION
MANUFACTURING
TRANSPORTATION
TRADE
FINANCE
SERVICE
INA
0
10
20
30
40
50
60
PERCENT

RECOMMENDATIONS

There are two areas of concern in maintaining trust fund adequacy--noncharges and the shortfall caused by negative balance employers. The noncharging provision of the law has its greatest effect on positive balance employers, although there is some noncharging of benefits by negative balance employers. Since there is a shortfall already existing in the accounts of negative balance employers, the noncharging provision is most important to positive balance accounts.

1. REACTIVATE THE "3H" PROVISION OF THE LAW

Because there was a 25% reduction in the claimant's base period wages if he voluntarily quit an employer in his base period, the effect of the law was to lower the benefits paid to claimants who quit. The law was a two-edged sword, in that it monetarily penalized claimants who quit without good cause, and, an employer was challenged if he listed "voluntary quit" as the reason for termination and the claimant disagreed.

The number of voluntary quit nonmonetary disqualifications increased greatly during the time the law was in effect (July 1981-December 1983).

NONMONETARY DISQUALIFICATIONS FOR VOLUNTARY QUITS

1980	18,959
1981	24,879
1982	55,943
1983	35,634
1984	15,221
1985	12,859

The costs of the noncharging provision for all employers are shown below.

TABLE 3

Noncharged Benefit Costs
Fiscal Years 1983-1986

Fiscal Year	Amount (In Millions)	Percent of Total Benefits
1983	$12.9	11.1%
1984	$ 9.5	11.6%
1985	$12.5	12.5%
1986	$14.2	12.9%

The stabilization taxes needed to cover this cost are shown below.

TABLE 4

Stabilization Tax Needed to Cover the Cost of Noncharged Benefits
Fiscal Years 1983-1986

Fiscal Year	Taxable Payroll Previous Calendar Year (In Millions)	Stabilization Tax Needed
1983	$3,927.9	0.3%
1984	$4,305.0	0.2%
1985	$4,626.2	0.3%
1986	$4,756.4	0.3%

While the 3H provision of the law only addresses voluntary quits during the claimants base period, it does reduce benefits, thereby, reducing the amount of noncharges. More money, of course, would be saved if noncharges were eliminated completely.

2. INCREASE THE CONTRIBUTION RATE FOR NEGATIVE BALANCE EMPLOYERS

TABLE 5

Shortfall Resulting From Negative Balance Employers
Fiscal Years 1983-1986

Fiscal Year	Collections Less Disbursements Negative Balance Employers (In Millions)	Percent of Total Benefits
1983	- $50.1	42.0%
1984	- $31.0	37.9%
1985	- $42.9	42.8%
1986	- $51.5	46.9%

TABLE 6

Stablization Tax Needed to Cover Negative Balance Shortfall
Fiscal Years 1983-1986

Fiscal Year	Taxable Payrolls Previous Calendar Year (In Millions)	Stabilization Tax Needed
1983	$3,927.9	1.3%
1984	$4,305.0	0.7%
1985	$4,626.2	0.9%
1986	$4,756.4	1.1%

The greatest drain on the trust fund is due to the shortfall experienced by the negative balance employers. It would be unfair to burden all employers with an additional tax to cover the costs of the shortfalls caused by these negative balance employers.

TABLE 7

Contribution Rate Needed For Negative Balance Employers
To Cover Benefits Charged to Negative Balance Employers
Fiscal Years 1983-1986

Fiscal Year	Taxable Payrolls of Negative Balance Employers (In Thousands)	Total Benefits Charged to Negative Balance Employers (In Thousands)	Contribution Rate Needed to Cover Costs
1983	$794,564	$77,478.2	9.75%
1984	$559,420	$44,765.0	8.0 %
1985	$496,552	$62,938.7	12.7 %
1986	NA	$74,270.5	NA

NA - Not Available

The contribution rate needed to cover all benefit charges for negative balance employers are shown on Table 7. While these rates may appear to be high, three states do have maximum contribution rates of 10%. (See Table 8.)

TABLE 8

Maximum Tax Rates For All States
1986

State	Tax	Rank	State	Tax	Rank
Alabama	5.40	37	Montana	6.40	28
Alaska	5.40	37	Nebraska	5.40	37
Arizona	5.40	37	Nevada	5.40	37
Arkansas	6.50	26	New Hampshire	6.50	26
California	5.40	37	New Jersey	6.80	24
Colorado	6.70	25	New Mexico	5.40	37
Connecticut	6.30	31	New York	6.40	28
Delaware	9.50	7	North Carolina	6.84	23
Florida	5.40	37	North Dakota	7.00	21
Georgia	8.64	12	Ohio	7.00	21
Hawaii	5.40	37	Oklahoma	9.20	9
Idaho	5.60	35	Oregon	5.40	37
Illinois	7.10	20	Pennsylvania	9.70	6
Indiana	5.40	37	Rhode Island	8.40	13
Iowa	9.00	10	South Carolina	5.40	37
Kansas	6.40	28	South Dakota	9.00	10
Kentucky	10.00	1	Tennessee	10.00	1
Louisiana	8.18	16	Texas	8.36	15
Maine	6.00	33	Utah	8.00	17
Maryland	6.00	33	Vermont	8.40	13
Massachusetts	5.40	37	Virginia	6.20	32
Michigan	10.00	1	Washington	5.42	36
Minnesota	7.50	19	West Virginia	9.50	7
Mississippi	5.40	37	Wisconsin	10.00	1
Missouri	7.80	18	Wyoming	9.75	5

Source: Significant Unemployment Insurance Data, A State By State Comparison; Nevada Employment Security Research, 1986.

Although not specifically related to noncharging or negative balance shortfalls, an increase in the taxable wage base would produce greater revenues.

The tax base is not maintaining a proportionate share of the average weekly wage while the maximum weekly benefit is tied to the average weekly wage.

3. INCREASE THE TAXABLE WAGE BASE

With a shrinking tax base and an ever increasing maximum weekly benefit amount, a flexible wage base is recommended.

TABLE 9

Comparison of Taxable Wage Base and Average Weekly Wage Calendar Years 1982-1985

Calendar Year	Average Weekly Wage	Tax Base Divided By 52	Average Weekly Tax Base as a Percent of Average Weekly Wage
1982	$258.31	$132.69	51.4%
1983	$271.48	$144.23	53.1%
1984	$283.82	$144.23	50.8%
1985	$294.72	$144.23	48.9%

4. INCREASE THE STABILIZATION TAX

Although this is an option for stabilizing the fund, it is recommended only if the other options are inadequate.

The purpose of the stabilizaiton tax is to allow the fund to recover to a level of solvency in a reasonably short period of time following a recession--not to fund ineffective charging. The benefit laws and the regular taxing structure should be geared to aleviate ineffective charging without the benefit of a stabilization tax. The ineffective charging of benefits have negated the effectiveness of the stabilization tax to increase the fund level.

TABLE 10

Estimated Income From Stabilization Tax
Calendar Years 1983-1986

Calendar Year	Taxable Wages (In Millions)	Stabilization Tax	Estimated Income From Stabilization Tax (In Millions)
1983	$4,305.0	0.8	$34.4
1984	$4,626.2	0.8	$37.0
1985	$4,756.4	0.5	$23.8
1986	$4,941.2*	0.4	$19.8

* Projected

The income from the stabilization tax is not sufficient to cover the loss in revenue due to noncharging of benefits or the shortfall from benefits charged to negative balance employers.

Using the stabilization tax to pay for ineffective charging of benefits is, in effect, invoking a socialization tax on all employers in order to pay for the unfair privilege enjoyed by the few.

SUMMARY OF RECOMMENDATIONS

A combination of the three of our four recommendations would probably be most effective--by reactivating the 3H provision of the law, the noncharge provision of the law could be maintained. While it would be impossible to recover all the costs relating to negative balance shortfall, an increase in the negative balance contribution rate would make the experience rating system more equitable for all employers. A flexible wage base (one tied to the average weekly wage) would be more realistic in matching income and outgo. Then, if the situation does not improve, an increase in the stabilization tax could be considered.

APPENDIX

Benefits Charged to Positive and Negative Balance Employers
By Industry
FY 1983

Industry	Dollars			Percent Distribution		
	Positive Balance	Negative Balance	Total Benefits Paid	Percent	Positive Balance	Negat Bala
Agriculture , Forestry & Fishing	$ 697,713.24	$ 2,522,665.22	$ 3,220,378.46	100.0	21.67	78.
Mining	481,027.96	1,903,866.07	2,384,894.03	100.0	20.17	79.
Construction	3,098,709.06	17,277,916.84	20,376,625.90	100.0	15.21	84.
Manufacturing	17,420,964.57	35,000,191.15	52,421,155.72	100.0	33.23	66.
Food	4,085,393.59	1,806,321.63	5,891,715.22	100.0	69.34	30.
Textiles	323,597.40	313,329.17	636,926.57	100.0	50.81	49.
Apparel	909,570.64	3,001,137.72	3,910,708.36	100.0	23.26	76.
Lumber	1,722,301.39	2,761,255.18	4,483,556.57	100.0	38.41	61.
Furniture	755,386.88	1,101,500.10	1,856,886.98	100.0	40.68	59.
Paper	434,010.00	294,864.50	728,874.50	100.0	59.55	40.
Printing	370,010.45	293,850.10	663,860.55	100.0	55.74	44.
Chemicals	639,671.20	888,734.68	1,528,405.88	100.0	41.85	58.
Petroleum	45,465.53	458,774.74	504,240.27	100.0	9.02	90.
Rubber	638,916.17	2,786,205.33	3,425,121.50	100.0	18.65	81.
Leather	662,426.67	1,769,916.85	2,432,343.52	100.0	27.23	72.
Stone, Clay & Glass	492,322.53	409,864.10	902,186.63	100.0	54.57	45.
Primary Metals	388,857.53	2,926,305.98	3,315,163.51	100.0	11.73	88.
Fabricated Metals	965,829.54	2,928,022.60	3,893,852.14	100.0	24.80	75.
Machinery, Except Electrical	1,241,501.11	4,801,725.38	6,043,226.49	100.0	20.54	79.
Electric & Electronic Equipment	2,251,283.23	4,247,684.09	6,498,967.32	100.0	34.64	65.
Transportation Equipment	1,113,703.67	1,390,681.41	2,504,385.08	100.0	44.47	55.
Instruments	137,079.35	1,566,268.27	1,703,347.62	100.0	8.05	91.
Misc. Manufacturing	243,637.69	1,253,749.32	1,497,387.01	100.0	16.27	83.
Transportation, Communications & Public Utilities	1,879,082.17	2,308,094.21	4,187,176.38	100.0	44.88	55.
Trade	8,806,955.52	10,841,117.87	19,648,073.39	100.0	44.82	55.
Finance, Insurance & Real Estate	1,012,895.42	697,756.76	1,710,652.18	100.0	59.21	40.
Services	4,699,377.65	6,313,508.01	11,012,885.66	100.0	42.67	57.
INA	785,280.23	613,083.69	1,398,363.92	100.0	56.16	43.
TOTAL	38,882,005.82	77,478,199.82	116,360,205.64	100.0	33.42	66.

APPENDIX TABLE 2

Benefits Charged to Positive and Negative Balance Employers
By Industry
FY 1984

Industry	Dollars			Percent Distribution		
	Positive Balance	Negative Balance	Total Benefits Paid	Percent	Positive Balance	Negative Balance
Agriculture , Forestry & Fishing	$ 805,177.01	$ 2,071,869.93	$ 2,877,046.94	100.0	27.99	72.01
Mining	515,238.48	1,041,852.77	1,557,091.25	100.0	33.09	66.91
Construction	3,667,509.46	12,018,965.09	15,686,474.55	100.0	23.38	76.62
Manufacturing	16,844,958.89	14,014,734.16	30,859,693.05	100.0	54.59	45.41
Food	3,607,633.56	1,311,887.73	4,919,521.29	100.0	73.33	26.67
Textiles	247,073.44	66.77	247,140.21	100.0	99.97	0.03
Apparel	1,000,126.73	1,282,148.80	2,282,275.53	100.0	43.82	56.18
Lumber	1,367,507.81	1,489,708.16	2,857,215.97	100.0	47.86	52.14
Furniture	641,198.34	179,679.03	820,877.37	100.0	78.11	21.89
Paper	337,666.69	178,347.55	516,014.24	100.0	65.44	34.56
Printing	293,231.69	957,275.61	1,250,507.30	100.0	23.45	76.55
Chemicals	525,200.17	269,744.63	794,944.80	100.0	66.07	33.93
Petroleum	51,759.37	482,025.74	533,785.11	100.0	9.70	90.30
Rubber	1,043,771.07	121,369.67	1,165,140.74	100.0	89.58	10.42
Leather	679,783.60	1,225,366.77	1,905,150.37	100.0	35.68	64.32
Stone, Clay & Glass	513,064.29	163,569.09	676,633.38	100.0	75.83	24.17
Primary Metals	578,490.10	1,370,432.96	1,948,923.06	100.0	29.68	70.32
Fabricated Metals	1,533,175.39	1,124,226.17	2,657,401.56	100.0	57.69	42.31
Machinery, Except Electrical	1,275,296.55	429,149.57	1,704,446.12	100.0	74.82	25.18
Electric & Electronic Equipment	2,041,029.39	1,235,804.06	3,276,833.45	100.0	62.29	37.71
Transportation Equipment	811,614.70	424,978.41	1,236,593.11	100.0	65.63	34.37
Instruments	106,072.35	1,547,818.11	1,653,890.46	100.0	6.41	93.59
Misc. Manufacturing	191,263.65	221,135.33	412,398.98	100.0	46.38	53.62
Transportation, Communications & Public Utilities	1,615,386.59	1,667,686.23	3,283,072.82	100.0	49.20	50.80
Trade	7,788,273.43	8,213,079.76	16,001,353.19	100.0	48.67	51.33
Finance, Insurance & Real Estate	876,932.02	751,705.24	1,628,637.26	100.0	53.84	46.16
Services	4,496,344.34	4,844,309.72	9,340,654.06	100.0	48.14	51.86
INA	353,655.46	140,802.00	494,457.46	100.0	71.52	28.48
TOTAL	36,963,475.68	44,765,004.90	81,728,480.58	100.0	45.23	54.77

* Parts may not add to totals due to rounding.

APPENDIX TABLE 3

Benefits Charged to Positive and Negative Balance Employers
By Industry
FY 1985

Industry	Dollars			Percent Distribution		
	Positive Balance	Negative Balance	Total Benefits Paid	Percent	Positive Balance	Negative Balance
Agriculture , Forestry & Fishing	$ 820,095.08	$ 1,838,027.31	$ 2,658,122.39	100.0	30.85	69.15
Mining	563,847.32	1,149,993.93	1,713,841.25	100.0	32.90	67.10
Construction	3,838,557.93	10,987,502.96	14,826,060.89	100.0	25.89	74.11
Manufacturing	17,159,023.20	29,220,663.86	46,379,687.06	100.0	37.00	63.00
Food	3,769,220.00	2,182,464.66	5,951,684.66	100.0	63.33	36.67
Textiles	46,754.51	2,453,495.16	2,500,249.67	100.0	1.87	98.13
Apparel	800,017.54	3,052,909.70	3,852,927.24	100.0	20.76	79.24
Lumber	1,673,036.13	1,808,326.54	3,481,362.67	100.0	48.06	51.94
Furniture	729,207.89	791,872.45	1,521,080.34	100.0	47.94	52.06
Paper	363,179.78	1,027,417.03	1,390,596.81	100.0	26.12	73.88
Printing	786,806.35	106,726.60	893,532.95	100.0	88.06	11.94
Chemicals	606,186.30	169,203.55	775,389.85	100.0	78.18	21.82
Petroleum	60,307.92	223,030.13	283,338.05	100.0	21.28	78.72
Rubber	854,612.93	1,167,625.39	2,022,238.32	100.0	42.26	57.74
Leather	250,861.16	2,024,761.97	2,275,623.13	100.0	11.02	88.98
Stone, Clay & Glass	530,431.59	450,273.71	980,705.30	100.0	54.09	45.91
Primary Metals	476,783.35	2,428,355.03	2,905,138.38	100.0	16.41	83.59
Fabricated Metals	1,128,535.52	1,561,547.83	2,690,083.35	100.0	41.95	58.05
Machinery, Except Electrical	946,141.01	3,691,307.61	4,637,448.62	100.0	20.40	79.60
Electric & Electronic Equipment	2,584,116.38	3,899,672.71	6,483,789.09	100.0	39.86	60.14
Transportation Equipment	906,346.25	502.010.75	1,408,357.00	100.0	64.35	35.65
Instruments	424,028.66	1,115,698.33	1,539,726.99	100.0	27.54	72.46
Misc. Manufacturing	222,449.93	563,964.71	786,414.64	100.0	28.29	71.71
Transportation, Communications & Public Utilities	1,680,250.83	1,543,686.42	3,223,937.25	100.0	52.12	47.88
Trade	7,431,936.40	9,394,255.44	16,826,191.84	100.0	44.17	55.83
Finance, Insurance & Real Estate	868,825.23	983,062.71	1,851,887.94	100.0	46.92	53.08
Services	4,598,884.48	7,374,005.47	11,972,889.95	100.0	38.41	61.59
INA	213,644.34	447,534.47	661,178.81	100.0	32.31	67.69
TOTAL	37,175,064.81	62,938,732.57	100,113,797.38	100.0	37.13	62.87

Benefits Charged to Positive and Negative Balance Employers
By Industry
FY 1986

Industry	Dollars			Percent Distribution		
	Positive Balance	Negative Balance	Total Benefits Paid	Percent	Positive Balance	Negative Balance
Agriculture, Forestry & Fishing	$ 589,499.58	$ 2,437,537.88	$ 3,027,037.46	100.0	19.47	80.53
Mining	314,263.62	3,218,958.26	3,533,221.88	100.0	8.89	91.11
Construction	3,570,886.51	13,453,487.39	17,024,373.90	100.0	20.98	79.02
Manufacturing	15,199,792.86	35,675,267.14	50,875,060.00	100.0	29.88	70.12
Food	2,900,653.87	3,187,706.63	6,088,360.50	100.0	47.64	52.36
Textiles	62,266.23	1,568,257.78	1,630,524.01	100.0	3.82	96.18
Apparel	1,006,459.97	1,022,685.09	2,029,145.06	100.0	49.60	50.40
Lumber	1,395,166.97	2,435,125.12	3,830,292.09	100.0	36.42	63.58
Furniture	578,889.82	1,124,378.83	1,703,268.65	100.0	33.99	66.01
Paper	369,299.77	522,119.18	891,418.95	100.0	41.43	58.57
Printing	945,163.32	202,383.23	1,147,546.55	100.0	82.36	17.64
Chemicals	294,341.25	1,757,057.71	2,051,398.96	100.0	14.35	85.65
Petroleum	101,837.71	372,662.42	474,500.13	100.0	21.46	78.54
Rubber	1,010,581.31	1,080,985.91	2,091,567.22	100.0	48.32	51.68
Leather	408,467.40	1,450,259.73	1,858,727.13	100.0	21.98	78.02
Stone, Clay & Glass	488,675.99	606,745.64	1,095,421.63	100.0	44.61	55.39
Primary Metals	455,961.45	4,889,179.43	5,345,140.88	100.0	8.53	91.47
Fabricated Metals	1,185,479.29	2,747,349.01	3,932,828.30	100.0	30.14	69.86
Machinery, Except Electrical	870,830.39	3,283,549.17	4,154,379.56	100.0	20.96	79.04
Electric & Electronic Equipment	2,127,346.13	6,887,821.66	9,015,167.79	100.0	23.60	76.40
Transportation Equipment	605,171.29	1,223,108.50	1,828,279.79	100.0	33.10	66.90
Instruments	54,437.13	793,675.16	848,112.29	100.0	6.42	93.58
Misc. Manufacturing	338,763.57	520,216.94	858,980.51	100.0	39.44	60.56
Transportation, Communications & Public Utilities	2,080,228.48	2,141,205.08	4,221,433.56	100.0	49.28	50.72
Trade	8,698,611.47	10,288,286.44	18,986,897.91	100.0	45.81	54.19
Finance, Insurance & Real Estate	860,127.06	1,144,155.01	2,004,282.07	100.0	42.91	57.09
Services	4,121,633.59	5,564,666.80	9,686,300.39	100.0	42.55	57.45
INA	150,234.30	346,920.71	497,155.01	100.0	30.22	69.78
TOTAL	35,585,277.47	74,270,484.71	109,855,762.18	100.0	32.39	67.61

* Parts may not add to totals due to rounding.

APPENDIX TABLE 5

Active Charges, Noncharges and Inactive Charges for Positive Balance Employers
By Industry
FY 1983

Industry	Dollars				Percent Distribution*			
	Charges	Noncharges	Inactive Charges	Total Benefits	Charges	Non-charges	Inactive Charges	Total Benefits
Agriculture, Forestry & Fishing	$ 497,527.35	$ 193,319.67	$ 6,866.22	$ 697,713.24	1.69	2.09	2.55	1.79
Mining	380,203.80	94,892.01	5,932.15	481,027.96	1.29	1.03	2.21	1.24
Construction	2,656,305.38	408,054.97	34,348.71	3,098,709.06	9.04	4.42	12.77	7.97
Manufacturing	13,633,490.32	3,712,329.23	75,145.02	17,420,964.57	46.42	40.18	27.94	44.80
Food	2,920,620.70	1,164,520.07	252.82	4,085,393.59	9.94	12.60	0.09	10.51
Textiles	287,793.17	35,804.23	0.00	323,597.40	0.98	0.39	0.00	0.83
Apparel	748,077.93	161,492.71	0.00	909,570.64	2.55	1.75	0.00	2.34
Lumber	1,292,707.60	428,434.08	1,159.71	1,722,301.39	4.40	4.64	0.43	4.43
Furniture	514,353.56	240,306.27	727.05	755,386.88	1.75	2.60	0.27	1.94
Paper	325,758.15	107,904.14	347.71	434,010.00	1.11	1.17	0.13	1.12
Printing	259,628.67	108,947.57	1,434.21	370,010.45	0.88	1.18	0.53	0.95
Chemicals	538,633.83	101,037.37	0.00	639,671.20	1.83	1.09	0.00	1.65
Petroleum	29,278.02	16,187.51	0.00	45,465.53	0.10	0.18	0.00	0.12
Rubber	468,944.71	169,971.46	0.00	638,916.17	1.60	1.84	0.00	1.64
Leather	571,978.14	90,448.53	0.00	662,426.67	1.95	0.98	0.00	1.70
Stone, Clay & Glass	355,256.33	79,388.02	57,678.18	492,322.53	1.21	0.86	21.45	1.27
Primary Metals	281,521.78	107,331.42	4.33	388,857.53	0.96	1.16	0.00	1.00
Fabricated Metals	759,622.07	203,983.26	2,224.21	965,829.54	2.59	2.21	0.83	2.48
Machinery, Except Electrical	1,085,381.13	145,822.61	10 297.37	1,241,501.11	3.70	1.58	3.83	3.19
Electric & Electronic Equipment	1,997,546.05	253,737.18	0.00	2,251,283.23	6.80	2.75	0.00	5.79
Transportation Equipment	909,988.75	203,421.09	293.83	1,113,703.67	3.10	2.20	0.11	2.86
Instruments	93,371.04	43,705.66	2.65	137,079.35	0.32	0.47	0.00	0.35
Misc. Manufacturing	193,028.69	49,886.05	722.95	243,637.69	0.66	0.54	0.27	0.63
Transportation, Communications & Public Utilities	1,341,135.47	523,792.95	14,153.75	1,879,082.17	4.57	5.67	5.26	4.83
Trade	6,167,992.44	2,577,369.50	61,593.58	8,806,955.52	21.00	27.89	22.90	22.65
Finance, Insurance & Real Estate	719,559.32	289,817.15	3,518.95	1,012,895.42	2.45	3.14	1.31	2.61
Services	3,340,001.88	1,310,353.79	49,021.98	4,699,377.65	11.37	14.18	18.23	12.09
INA	636,471.46	130,466.09	18,342.68	785,280.23	2.17	1.41	6.82	2.02
TOTAL	29,372,687.42	9,240,395.36	268,923.04	38,882,005.82	100.00	100.00	100.00	100.00

* May not add to 100% due to rounding.

APPENDIX TABLE 6

Active Charges, Noncharges and Inactive Charges for Positive Balance Employers By Industry FY 1984

Industry	Dollars				Percent Distribution *			
	Charges	Noncharges	Inactive Charges	Total Benefits	Charges	Non-charges	Inactive Charges	Total Benefits
Agriculture, Forestry & Fishing	$ 649,357.91	$ 152,590.38	$ 3,228.72	$ 805,177.01	2.24	1.94	4.08	2.18
Mining	456,282.84	58,796.64	159.00	515,238.48	1.57	0.75	0.20	1.39
Construction	3,332,982.67	331,807.56	2,719.23	3,667,509.46	11.49	4.22	3.44	9.92
Manufacturing	13,510,431.52	3,329,757.76	4,769.61	16,844,958.89	46.57	42.30	6.03	45.57
Food	2,593,525.75	1,014,107.81	0.00	3,607,633.56	8.94	12.88	0.00	9.76
Textiles	205,753.28	41,320.16	0.00	247,073.44	0.71	0.52	0.00	0.67
Apparel	878,636.71	121,490.02	0.00	1,000,126.73	3.03	1.54	0.00	2.71
Lumber	1,016,311.70	351,171.69	24.42	1,367,507.81	3.50	4.46	0.03	3.70
Furniture	418,685.49	222,427.31	85.54	641,198.34	1.44	2.83	0.11	1.73
Paper	243,514.35	94,152.34	0.00	337,666.69	0.84	1.20	0.00	0.91
Printing	197,789.11	95,344.14	98.44	293,231.69	0.68	1.21	0.12	0.79
Chemicals	441,473.18	83,726.99	0.00	525,200.17	1.52	1.06	0.00	1.42
Petroleum	38,917.07	12,842.21	0.09	51,759.37	0.13	0.16	0.00	0.14
Rubber	885,367.26	154,683.94	3,719.87	1,043,771.07	3.05	1.97	4.70	2.82
Leather	615,059.71	64,723.89	0.00	679,783.60	2.12	0.82	0.00	1.84
Stone, Clay & Glass	447,129.05	65,935.24	0.00	513,064.29	1.54	0.84	0.00	1.39
Primary Metals	447,166.94	131,323.16	0.00	578,490.10	1.54	1.67	0.00	1.57
Fabricated Metals	1,314,628.09	218,411.30	136.00	1,533,175.39	4.53	2.77	0.17	4.15
Machinery, Except Electrical	1,148,289.14	126,348.72	658.69	1,275,296.55	3.96	1.61	0.83	3.45
Electric & Electronic Equipment	1,778,396.64	262,632.75	0.00	2,041,029.39	6.13	3.34	0.00	5.52
Transportation Equipment	634,261.76	177,306.38	46.56	811,614.70	2.19	2.25	0.06	2.20
Instruments	80,933.35	25,139.00	0.00	106,072.35	0.28	0.32	0.00	0.29
Misc. Manufacturing	124,592.94	66,670.71	0.00	191,263.65	0.43	0.85	0.00	0.52
Transportation, Communications & Public Utilities	1,116,137.96	492,751.85	6,496.78	1,615,386.59	3.85	6.26	8.21	4.37
Trade	5,768,370.83	1,985,731.09	34,171.51	7,788,273.43	19.88	25.23	43.18	21.07
Finance, Insurance & Real Estate	599,464.38	275,561.02	1,906.62	876,932.02	2.07	3.50	2.41	2.37
Services	3,276,106.96	1,194,675.47	25,561.91	4,496,344.34	11.29	15.18	32.30	12.16
INA	303,699.09	49,823.67	132.70	353,655.46	1.05	0.63	0.17	0.96
TOTAL	29,012,834.16	7,871,495.44	79,146.08	36,963,475.68	100.00	100.00	100.00	100.00

* Percents may not add to 100 due to rounding.

APPENDIX TABLE 7

Active Charges, Noncharges and Inactive Charges for Positive Balance Employers By Industry FY 1985

Industry	Dollars				Percent Distribution*			
	Charges	Noncharges	Inactive Charges	Total Benefits	Charges	Non-charges	Inactive Charges	Total Benefits
Agriculture, Forestry & Fishing	$ 629,995.36	$ 171,302.07	$ 18,797.65	$ 820,095.08	2.36	1.69	5.63	2.21
Mining	455,905.61	107,878.47	63.24	563,847.32	1.71	1.07	0.02	1.52
Construction	3,311,841.26	508,563.34	18,153.33	3,838,557.93	12.39	5.03	5.44	10.33
Manufacturing	12,820,331.29	4,294,576.55	44,115.36	17,159,023.20	47.98	42.44	13.22	46.16
Food	2,336,533.05	1,404,431.47	28,255.48	3,769,220.00	8.74	13.88	8.47	10.14
Textiles	41,144.77	5,609.74	0.00	46,754.51	0.15	0.06	0.00	0.13
Apparel	660,950.41	139,067.13	0.00	800,017.54	2.47	1.37	0.00	2.15
Lumber	1,201,654.60	469,061.50	2,320.03	1,673,036.13	4.50	4.63	0.70	4.50
Furniture	423,513.73	304,663.03	1,031.13	729,207.89	1.58	3.01	0.31	1.96
Paper	268,979.47	94,200.31	0.00	363,179.78	1.01	0.93	0.00	0.98
Printing	588,240.35	197,990.00	576.00	786,806.35	2.20	1.96	0.17	2.12
Chemicals	505,163.05	101,023.25	0.00	606,186.30	1.89	1.00	0.00	1.63
Petroleum	45,131.47	15,176.45	0.00	60,307.92	0.17	0.15	0.00	0.16
Rubber	697,841.73	155,325.31	1,445.89	854,612.93	2.61	1.53	0.43	2.30
Leather	207,534.34	43,326.82	0.00	250,861.16	0.78	0.43	0.00	0.67
Stone, Clay & Glass	433,512.68	96,710.96	207.95	530,431.59	1.62	0.96	0.06	1.43
Primary Metals	320,463.94	154,991.94	1,327.47	476,783.35	1.20	1.53	0.40	1.28
Fabricated Metals	839,367.58	288,355.94	812.00	1,128,535.52	3.14	2.85	0.24	3.04
Machinery, Except Electrical	779,860.70	162,273.88	4,006.43	946,141.01	2.92	1.60	1.20	2.55
Electric & Electronic Equipment	2,275,398.95	307,159.87	1,557.56	2,584,116.38	8.52	3.04	0.47	6.95
Transportation Equipment	637,830.51	265,940.32	2,575.42	906,346.25	2.39	2.63	0.77	2.44
Instruments	389,656.01	34,372.65	0.00	424,028.66	1.46	0.34	0.00	1.14
Misc. Manufacturing	167,553.95	54,895.98	0.00	222,449.93	0.63	0.54	0.00	0.60
Transportation, Communications & Public Utilities	1,123,868.03	542,134.15	14,248.65	1,680,250.83	4.21	5.36	4.27	4.52
Trade	4,483,072.27	2,822,559.73	126,304.40	7,431,936.40	16.78	27.89	37.85	19.99
Finance, Insurance & Real Estate	577,519.09	281,863.21	9,442.93	868,825.23	2.16	2.79	2.83	2.34
Services	3,164,177.58	1,332,656.18	102,050.72	4,598,884.48	11.84	13.17	30.58	12.37
INA	154,348.91	58,779.57	515.86	213,644.34	0.58	0.58	0.15	0.57
TOTAL	26,721,059.40	10,120,313.27	333,692.14	37,175,064.81	100.00	100.00	100.00	100.00

* May not add to 100% due to rounding.

APPENDIX TABLE 8

Active Charges, Noncharges and Inactive Charges for Positive Balance Employers
By Industry
FY 1986

Industry	Dollars				Percent Distribution*			
	Charges	Noncharges	Inactive Charges	Total Benefits	Charges	Non-charges	Inactive Charges	Total Benefits
Agriculture, Forestry & Fishing	$ 380,659.61	$ 204,139.06	$ 4,700.91	$ 589,499.58	1.53	1.95	1.80	1.66
Mining	268,406.41	43,158.21	2,699.00	314,263.62	1.08	0.41	1.04	0.88
Construction	2,991,301.89	564,706.94	14,877.68	3,570,886.51	12.03	5.40	5.71	10.03
Manufacturing	11,057,087.27	4,120,632.60	22,072.99	15,199,792.86	44.48	39.37	8.47	42.71
Food	1,634,279.63	1,266,374.24	0.00	2,900,653.87	6.57	12.10	0.00	8.15
Textiles	54,514.14	7,752.09	0.00	62,266.23	0.22	0.07	0.00	0.17
Apparel	826,578.82	179,628.01	253.14	1,006,459.97	3.33	1.72	0.10	2.83
Lumber	904,646.94	485,813.87	4,706.16	1,395,166.97	3.64	4.64	1.81	3.92
Furniture	350,973.25	224,709.51	3,207.06	578,889.82	1.41	2.15	1.23	1.63
Paper	242,229.92	127,069.85	0.00	369,299.77	0.97	1.21	0.00	1.04
Printing	742,965.02	200,736.57	1,461.73	945,163.32	2.99	1.92	0.56	2.66
Chemicals	244,177.70	49,365.95	797.60	294,341.25	0.98	0.47	0.31	0.83
Petroleum	84,075.04	17,762.67	0.00	101,837.71	0.34	0.17	0.00	0.29
Rubber	836,508.92	171,644.01	2,428.38	1,010,581.31	3.37	1.64	0.93	2.84
Leather	330,604.54	77,862.86	0.00	408,467.40	1.33	0.74	0.00	1.15
Stone, Clay & Glass	347,241.71	141,182.50	251.78	488,675.99	1.40	1.35	0.10	1.37
Primary Metals	326,679.96	129,160.81	120.68	455,961.45	1.31	1.23	0.05	1.28
Fabricated Metals	840,894.88	344,217.47	366.94	1,185,479.29	3.38	3.29	0.14	3.33
Machinery, Except Electrical	735,046.01	135,784.38	0.00	870,830.39	2.96	1.30	0.00	2.45
Electric & Electronic Equipment	1,831,002.92	296,309.86	33.35	2,127,346.13	7.37	2.83	0.01	5.98
Transportation Equipment	450,648.27	146,692.51	7,830.51	605,171.29	1.81	1.40	3.00	1.70
Instruments	24,305.10	30,132.03	0.00	54,437.13	0.10	0.29	0.00	0.15
Misc. Manufacturing	249,714.50	88,433.41	615.66	338,763.57	1.00	0.84	0.24	0.95
Transportation, Communications & Public Utilities	1,292,946.57	764,843.71	22,438.20	2,080,228.48	5.20	7.31	8.61	5.85
Trade	5,560,858.14	3,031,085.38	106,667.95	8,698,611.47	22.37	28.96	40.92	24.44
Finance, Insurance & Real Estate	579,531.81	275,050.51	5,544.74	860,127.06	2.33	2.63	2.13	2.42
Services	2,613,543.17	1,428,037.10	80,053.32	4,121,633.59	10.51	13.64	30.71	11.58
INA	113,680.42	34,916.75	1,637.13	150,234.30	0.46	0.33	0.63	0.42
TOTAL	24,858,015.29	10,466,570.26	260,691.92	35,585,277.47	100.00	100.00	100.00	100.00

* May not add to 100% due to rounding.

APPENDIX TABLE 9

Active Charges, Noncharges and Inactive Charges for Negative Balance Employers
By Industry
FY 1983

Industry	Dollars				Percent Distribution*			
	Charges	Noncharges	Inactive Charges	Total Benefits	Charges	Non-charges	Inactive Charges	Total Benefits
Agriculture, Forestry & Fishing	$ 2,287,197.34	$ 68,414.05	$ 167,053.83	$ 2,522,665.22	3.50	1.85	1.96	3.26
Mining	1,608,154.39	174,403.28	121,308.40	1,903,866.07	2.46	4.72	1.43	2.46
Construction	14,596,266.21	763,859.49	1,917,791.14	17,277,916.84	22.36	20.68	22.55	22.30
Manufacturing	30,330,439.91	1,560,027.85	3,109,723.39	35,000,191.15	46.46	42.24	36.57	45.17
Food	1,434,434.11	176,398.04	195,489.48	1,806,321.63	2.20	4.78	2.30	2.33
Textiles	286 259.67	18 522.38	8,547.12	313 329.17	0.44	0.50	0.10	0.40
Apparel	2,461,080.07	58,079.60	481,978.05	3,001,137.72	3.77	1.57	5.67	3.87
Lumber	2,140,662.34	136,748.70	483,844.14	2,761,255.18	3.28	3.70	5.69	3.56
Furniture	897,332.66	107,802.18	96,365.26	1,101,500.10	1.37	2.92	1.13	1.42
Paper	259,376.59	23,069.42	12,418.49	294,864.50	0.40	0.62	0.15	0.38
Printing	272,925.97	10,054.08	10,870.05	293,850.10	0.42	0.27	0.13	0.38
Chemicals	853,318.80	24,566.45	10,849.43	888,734.68	1.31	0.67	0.13	1.15
Petroleum	448,720.50	7,102.42	2,951.82	458,774.74	0.69	0.19	0.03	0.59
Rubber	2,666,138.95	98,039.09	22,027.29	2,786,205.33	4.08	2.65	0.26	3.60
Leather	1,675,948.35	28,506.16	65,462.34	1,769,916.85	2.57	0.77	0.77	2.28
Stone, Clay & Glass	372,691.28	28,456.08	8,716.74	409,864.10	0.57	0.77	0.10	0.53
Primary Metals	2,810,626.44	112,307.88	3,371.66	2,926,305.98	4.31	3.04	0.04	3.78
Fabricated Metals	2,582,792.68	191,102.02	154,127.90	2,928,022.60	3.96	5.17	1.81	3.78
Machinery, Except Electrical	4,173,453.32	163,097.51	465,174.55	4,801,725.38	6.39	4.42	5.47	6.20
Electric & Electronic Equipment	4,016,453.45	210,694.90	20,535.74	4,247,684.09	6.15	5.70	0.24	5.48
Transportation Equipment	1,069,404.48	47,203.55	274,073.38	1,390,681.41	1.64	1.28	3.22	1.79
Instruments	1,471,348.61	92,377.59	2,542.07	1,566,268.27	2.25	2.50	0.03	2.02
Misc. Manufacturing	437,471.64	25,899.80	790,377.88	1,253,749.32	0.67	0.70	9.30	1.62
Transportation, Communications & Public Utilities	1,464,178.40	118,283.56	725,632.25	2,308,094.21	2.24	3.20	8.53	2.98
Trade	8,801,821.28	652,216.79	1,387,079.80	10,841,117.87	13.48	17.66	16.31	13.99
Finance, Insurance & Real Estate	530,334.39	26,899.27	140,523.10	697,756.76	0.81	0.73	1.65	0.90
Services	5,084,727.59	315,146.12	913,634.30	6,313,508.01	7.79	8.53	10.74	8.15
INA	578,623.18	14,136.80	20,323.71	613,083.69	0.89	0.38	0.24	0.79
TOTAL	65,281,742.69	3,693,387.21	8,503,069.92	77,478,199.82	100.00	100.00	100.00	100.00

* May not add to 100% due to rounding.

Active Charges, Noncharges and Inactive Charges for Negative Balance Employers By Industry FY 1984

Industry	Dollars				Percent Distribution *			
	Charges	Noncharges	Inactive Charges	Total Benefits	Charges	Non-charges	Inactive Charges	Total Benefits
Agriculture, Forestry & Fishing	$ 1,801,541.04	$ 45,405.17	$ 224,923.72	$ 2,071,869.93	5.14	2.77	2.78	4.63
Mining	889,796.65	45,452.06	106,604.06	1,041,852.77	2.54	2.77	1.32	2.33
Construction	9,712,633.60	344,067.66	1,962,263.83	12,018,965.09	27.71	20.99	24.29	26.85
Manufacturing	11,545,491.57	585,063.52	1,884,179.07	14,014,734.16	32.94	35.70	23.32	31.31
Food	1,036,178.54	123,151.69	152,557.50	1,311,887.73	2.96	7.51	1.89	2.93
Textiles	0.00	0.00	66.77	66.77	0.00	0.00	0.00	0.00
Apparel	944,030.22	28,139.24	309,979.34	1,282,148.80	2.69	1.72	3.84	2.86
Lumber	1,168,153.02	66,697.80	254,857.34	1,489,708.16	3.33	4.07	3.15	3.33
Furniture	131,184.94	10,847.34	37,646.75	179,679.03	0.37	0.66	0.47	0.40
Paper	151,202.89	16,142.73	11,001.93	178,347.55	0.43	0.98	0.14	0.40
Printing	723,570.24	82,463.20	151,242.17	957,275.61	2.06	5.03	1.87	2.14
Chemicals	176,481.01	4,018.34	89,245.28	269,744.63	0.50	0.25	1.10	0.60
Petroleum	475,295.12	6,280.62	450.00	482,025.74	1.36	0.38	0.01	1.08
Rubber	52,751.75	1,261.85	67,356.07	121,369.67	0.15	0.08	0.83	0.27
Leather	1,016,292.22	5,956.89	203,117.66	1,225,366.77	2.90	0.36	2.51	2.74
Stone, Clay & Glass	143,789.97	2,477.80	17,301.32	163,569.09	0.41	0.15	0.21	0.37
Primary Metals	1,260,143.43	19,613.27	90,676.26	1,370,432.96	3.60	1.20	1.12	3.06
Fabricated Metals	1,045,539.27	21,461.11	57,225.79	1,124,226.17	2.98	1.31	0.71	2.51
Machinery, Except Electrical	289,717.46	23,696.85	115,735.26	429,149.57	0.83	1.45	1.43	0.96
Electric & Electronic Equipment	1,188,994.55	37,885.60	8,923.91	1,235,804.06	3.39	2.31	0.11	2.76
Transportation Equipment	143,171.38	12,326.28	269,480.75	424,978.41	0.41	0.75	3.34	0.95
Instruments	1,403,504.27	116,194.86	28,118.98	1,547,818.11	4.00	7.09	0.35	3.46
Misc. Manufacturing	195,491.29	6,448.05	19,195.99	221,135.33	0.56	0.39	0.24	0.49
Transportation, Communications & Public Utilities	974,544.85	53,729.21	639,412.17	1,667,686.23	2.78	3.28	7.91	3.73
Trade	5,839,098.44	331,932.14	2,042,049.18	8,213,079.76	16.66	20.25	25.27	18.35
Finance, Insurance & Real Estate	609,633.62	29,133.49	112,938.13	751,705.24	1.74	1.78	1.40	1.68
Services	3,661,713.78	204,324.27	978,271.67	4,844,309.72	10.45	12.47	12.11	10.82
INA	11,948.13	- 225.17	129,079.04	140,802.00	0.03	0.01	1.60	0.31
TOTAL	35,046,401.68	1,638,882.35	8,079,720.87	44,765,004.90	100.00	100.00	100.00	100.00

* Parts may not add to totals due to rounding.

APPENDIX TABLE 11

Active Charges, Noncharges and Inactive Charges for Negative Balance Employers
By Industry
FY 1985

Industry	Dollars				Percent Distribution*			
	Charges	Noncharges	Inactive Charges	Total Benefits	Charges	Non-charges	Inactive Charges	Total Benefits
Agriculture, Forestry & Fishing	$ 1,541,035.46	$ 31,261.95	$ 265,729.90	$ 1,838,027.31	3.10	1.32	2.46	2.92
Mining	956,738.95	56,813.78	136,441.20	1,149,993.93	1.92	2.41	1.26	1.83
Construction	9,427,691.05	292,468.01	1,267,343.90	10,987,502.96	18.94	12.39	11.74	17.46
Manufacturing	23,316,830.34	1,206,055.61	4,697,777.91	29,220,663.86	46.83	51.10	43.52	46.43
Food	1,763,310.70	107,020.23	249,133.73	2,182,464.66	3.54	7.20	2.31	3.47
Textiles	2,380,088.25	73,402.03	4.88	2,453,495.16	4.78	3.11	0.00	3.90
Apparel	2,422,832.61	97,658.26	532,418.83	3,052,909.70	4.87	4.14	4.93	4.85
Lumber	1,344,933.86	108,667.48	354,725.20	1,808,326.54	2.70	4.60	3.29	2.87
Furniture	369,884.12	59,709.29	362,279.04	791,872.45	0.74	2.53	3.36	1.26
Paper	856,945.58	26,511.51	243,959.94	1,027,417.03	1.52	1.12	2.26	1.63
Printing	41,449.63	5,509.34	59,767.63	106,726.60	0.08	0.23	0.55	0.17
Chemicals	128,592.24	3,867.47	36,743.84	169,203.55	0.26	0.16	0.34	0.27
Petroleum	194,414.53	6,701.61	21,913.99	223,030.13	0.39	0.28	0.20	0.35
Rubber	1,068,572.24	73,828.52	25,224.63	1,167,625.39	2.15	3.13	0.23	1.86
Leather	1,842,365.93	116,948.89	65,447.15	2,024,761.97	3.70	4.96	0.61	3.22
Stone, Clay & Glass	387,590.88	45,578.81	17,104.02	450,273.71	0.78	1.93	0.16	0.72
Primary Metals	2,321,417.82	58,658.74	48,278.47	2,428,355.03	4.66	2.49	0.45	3.86
Fabricated Metals	1,372,972.43	74,204.97	114,370.43	1,561,547.83	2.76	3.14	1.06	2.48
Machinery, Except Electrical	2,557,802.87	80,761.35	1,052,743.39	3,691,307.61	5.14	3.42	9.75	5.86
Electric & Electronic Equipment	2,674,496.68	81,835.40	1,143,340.63	3,899,672.71	5.37	3.47	10.59	6.20
Transportation Equipment	219,896.62	49,923.01	232,191.12	502,010.75	0.44	2.12	2.15	0.80
Instruments	1,045,412.78	36,595.57	336,689.98	1,115,698.33	2.10	1.55	0.31	1.77
Misc. Manufacturing	423,850.57	35,673.13	104,441.01	563,964.71	0.85	1.51	0.97	0.90
Transportation, Communications & Public Utilities	755,254.50	66,641.36	721,790.56	1,543,686.42	1.52	2.82	6.69	2.45
Trade	6,805,693.16	397,164.53	2,191,397.75	9,394,255.44	13.67	16.83	20.30	14.93
Finance, Insurance & Real Estate	794,417.21	32,361.47	156,284.03	983,062.71	1.60	1.37	1.45	1.56
Services	5,958,328.92	259,458.12	1,156,218.43	7,374,005.47	11.97	10.99	10.71	11.72
INA	229,327.16	17,780.03	200,427.28	447,534.47	0.46	0.75	1.86	0.71
TOTAL	49,785,316.75	2,360,004.86	10,793,410.96	62,938,732.57	100.00	100.00	100.00	100.00

* May not add to 100% due to rounding.

APPENDIX TABLE 12

Active Charges, Noncharges and Inactive Charges for Negative Balance Employers
By Industry
FY 1986

Industry	Dollars				Percent Distribution*			
	Charges	Noncharges	Inactive Charges	Total Benefits	Charges	Non-charges	Inactive Charges	Total Benefits
Agriculture, Forestry & Fishing	$ 2,076,883.50	$ 91,591.41	$ 269,062.97	$ 2,437,537.88	3.49	2.45	2.43	3.28
Mining	2,320,248.34	176,459.68	722,250.24	3,218,958.26	3.90	4.72	6.53	4.33
Construction	11,366,962.93	476,646.65	1,609,877.81	13,453,487.39	19.11	12.75	14.56	18.11
Manufacturing	29,948,859.52	1,880,149.82	3,846,257.80	35,675,267.14	50.36	50.28	34.78	48.03
Food	2,674,262.60	405,065.90	108,378.13	3,187,706.63	4.50	10.83	0.98	4.29
Textiles	1,522,120.05	46,137.73	0.00	1,568 257.78	2.56	1.23	0.00	2.11
Apparel	291,820.78	16,315.04	714,549.27	1,022,685.09	0.49	0.44	6.46	1.38
Lumber	1,971,294.65	187,815.86	276,014.61	2,435,125.12	3.31	5.02	2.50	3.28
Furniture	617,719.38	122,292.22	384,367.23	1,124,378.83	1.04	3.27	3.48	1.51
Paper	462,415.46	37,434.83	22,268.89	522,119.18	0.78	1.00	0.20	0.70
Printing	130,347.12	12,815.89	59,220.22	202,383.23	0.22	0.34	0.54	0.27
Chemicals	1,683,600.77	69,056.59	4,400.35	1,757,057.71	2.83	1.85	0.04	2.37
Petroleum	69,986.66	0.00	302,675.76	372,662.42	0.12	0.00	2.74	0.50
Rubber	979,973.72	71,738.05	29,274.14	1,080,985.91	1.65	1.92	0.26	1.46
Leather	1,313,101.55	51,423.21	85,734.97	1,450,259.73	2.21	1.38	0.78	1.95
Stone, Clay & Glass	554,567.31	39,922.94	12,255.39	606,745.64	0.93	1.07	0.11	0.82
Primary Metals	4,663,283.42	167,562.35	58,333.66	4,889,179.43	7.84	4.48	0.53	6.58
Fabricated Metals	2,497,897.21	146,607.06	102,844.74	2,747,349.01	4.20	3.92	0.93	3.70
Machinery, Except Electrical	2,339,518.08	179,817.56	764,213.53	3,283,549.17	3.93	4.81	6.91	4.42
Electric & Electronic Equipment	6,013,527.52	153,732.22	720,561.92	6,887,821.66	10.11	4.11	6.52	9.27
Transportation Equipment	990,277.25	154,018.66	78,812.59	1,223,108.50	1.67	4.12	0.71	1.65
Instruments	749,411.24	11,847.21	32,416.71	793,675.16	1.26	0.32	0.29	1.07
Misc. Manufacturing	423,734.75	6,546.50	89,935.69	520,216.94	0.71	0.18	0.81	0.70
Transportation, Communications & Public Utilities	1,438,264.03	194,028.61	508,912.44	2,141,205.08	2.42	5.19	4.60	2.88
Trade	6,911,597.39	586,694.88	2,789,994.17	10,288,286.44	11.62	15.69	25.23	13.85
Finance, Insurance & Real Estate	897,859.00	71,641.62	174,654.39	1,144,155.01	1.51	1.92	1.58	1.54
Services	4,221,679.19	247,653.01	1,095,334.60	5,564,666.80	7.10	6.62	9.91	7.49
INA	290,381.51	14,723.41	41,815.79	346,920.71	0.49	0.39	0.38	0.47
TOTAL	59,472,735.41	3,739,589.09	11,058,160.21	74,270,484.71	100.00	100.00	100.00	100.00

* May not add to totals due to rounding.

APPENDIX TABLE 13

Ineffective Charges for Benefits Paid By Industry FY 1983

Industry	Negative * Balance Employer	Positive Balance Noncharges	Total Ineffective Charges	Total Benefits Paid	Percent Ineffective
Agriculture, Forestry & Fishing	$ 1,554,427.90	$ 193,319.67	$ 1,747,747.57	$ 3,220,378.46	54.27
Mining	1,461,846.51	94,892.01	1,556,738.52	2,384,894.03	65.27
Construction	11,297,155.56	408,054.97	11,705,210.53	20,376,625.90	57.44
Manufacturing	22,269,915.46	3,712,329.23	25,982,244.69	52,421,155.72	49.56
Food	1,288,421.22	1,164,520.07	2,452,941.29	5,891,715.22	41.63
Textiles	60,001.76	35,804.23	95,805.99	636,926.57	15.04
Apparel	2,316,142.18	161,492.71	2,477,634.89	3,910,708.36	63.36
Lumber	1,835,549.96	428,434.08	2,263,984.04	4,483,556.57	50.50
Furniture	676,986.42	240,306.27	917,292.69	1,856,886.98	49.40
Paper	225,489.15	107,904.14	333,393.29	728,874.50	45.74
Printing	253,758.62	108,947.57	362,706.19	663,860.55	54.64
Chemicals	544,805.38	101,037.37	645,842.75	1,528,405.88	42.26
Petroleum	238,935.77	16,187.51	255,123.28	504,240.27	50.60
Rubber	1,927,448.57	169,971.46	2,097,420.03	3,425,121.50	61.24
Leather	960,704.76	90,448.53	1,051,153.29	2,432,343.52	43.22
Stone, Clay & Glass	197,021.45	79,388.02	276,409.47	902,186.63	30.64
Primary Metals	1,472,278.34	107,331.42	1,579,609.76	3,315,163.51	47.65
Fabricated Metals	1,782,980.65	203,983.26	1,986,963.91	3,893,852.14	51.03
Machinery, Except Electrical	3,400,240.25	145,822.61	3,546,062.86	6,043,226.49	58.68
Electric & Electronic Equipment	1,870,303.08	253,737.18	2,124,040.26	6,498,967.32	32.68
Transportation Equipment	1,153,162.99	203,421.09	1,356,584.08	2,504,385.08	54.17
Instruments	933,106.17	43,705.66	976,811.83	1,703,347.62	57.35
Misc. Manufacturing	1,132,578.74	49,886.05	1,182,464.79	1,497,387.01	78.97
Transportation, Communications & Public Utilities	1,570,903.18	523,792.95	2,094,696.13	4,187,176.38	50.03
Trade	6,870,453.02	2,577,369.50	9,447,822.52	19,648,073.39	48.09
Finance, Insurance & Real Estate	456,602.58	289,817.15	746,419.73	1,710,652.18	43.63
Services	4,257,939.73	1,310,353.79	5,568,293.52	11,012,885.66	50.56
INA	356,632.60	130,466.09	487,098.69	1,398,363.92	34.83
TOTAL	50,095,876.54	9,240,395.36	59,336,271.90	116,360,205.64	50.99

* The difference between collections and benefits paid in FY 1983 for negative balance employers.

Ineffective Charges for Benefits Paid
By Industry
FY 1984

Industry	Negative * Balance Employer	Positive Balance Noncharges	Total Ineffective Charges	Total Benefits Paid	Percent Ineffective
Agriculture , Forestry & Fishing	$ 1,223,027.86	$ 152,590.38	$ 1,375,618.24	$ 2,877,046.94	47.81
Mining	559,244.21	58,796.64	618,040.85	1,557,091.25	39.69
Construction	8,340,026.67	331,807.56	8,671,834.23	15,686,474.55	55.28
Manufacturing	9,243,595.63	3,329,757.76	12,573,353.39	30,859,693.05	40.74
Food	1,071,488.17	1,014,107.81	2,085,595.98	4,919,521.29	42.39
Textiles	66.77	41,320.16	41,386.93	247,140.21	16.75
Apparel	1,162,476.78	121,490.02	1,283,966.80	2,282,275.53	56.26
Lumber	1,208,987.13	351,171.69	1,560,158.82	2,857,215.97	54.60
Furniture	132,545.31	222,427.31	354,972.62	820,877.37	43.24
Paper	178,347.55	94,152.34	272,499.89	516,014.24	52.81
Printing	352,885.09	95,344.14	448,229.23	1,250,507.30	35.84
Chemicals	205,824.05	83,726.99	289,551.04	794,944.80	36.42
Petroleum	338,881.39	12,842.21	351,723.60	533,785.11	65.89
Rubber	103,155.36	154,683.94	257,839.30	1,165,140.74	22.13
Leather	809,444.80	64,723.89	874,168.69	1,905,150.37	45.88
Stone, Clay & Glass	74,791.66	65,935.24	140,726.90	676,633.38	20.80
Primary Metals	396,601.74	131,323.16	527,924.90	1,948,923.06	27.09
Fabricated Metals	754,624.97	218,411.30	973,036.27	2,657,401.56	36.62
Machinery, Except Electrical	307,981.04	126,348.72	434,329.76	1,704,446.12	25.48
Electric & Electronic Equipment	871,974.05	262,632.75	1,134,606.80	3,276,833.45	34.63
Transportation Equipment	392,841.19	177,306.38	570,147.57	1,236,593.11	46.11
Instruments	758,756.33	25,139.00	783,895.33	1,653,890.46	47.40
Misc. Manufacturing	121,922.25	66,670.71	188,592.96	412,398.98	45.73
Transportation, Communications & Public Utilities	1,274,236.90	492,751.85	1,766,988.75	3,283,072.82	53.82
Trade	6,226,488.63	1,985,731.09	8,212,219.72	16,001,353.19	51.32
Finance, Insurance & Real Estate	539,169.22	275,561.02	814,730.24	1,628,637.26	50.03
Services	3,429,773.08	1,194,675.47	4,624,448.55	9,340,654.06	49.51
INA	135,561.08	49,823.67	185,384.75	494,457.46	37.49
TOTAL	30,971,123.28	7,871,495.44	38,842,618.72	81,728,480.58	47.53

* The difference between collections and benefits paid in FY1984 for negative balance employers.

APPENDIX TABLE 15

Ineffective Charges for Benefits Paid
By Industry
FY 1985

Industry	Negative* Balance Employer	Positive Balance Noncharges	Total Ineffective Charges	Total Benefits Paid	Percent Ineffective
Agriculture , Forestry & Fishing	$ 1,190,349.52	$ 171,302.07	$ 1,361,651.59	$ 2,658,122.39	51.23
Mining	685,000.12	107,878.47	792,878.59	1,713,841.25	46.26
Construction	7,531,574.08	508,563.34	8,040,137.42	14,826,060.89	54.23
Manufacturing	19,200,813.08	4,294,576.55	23,495,389.63	46,379,687.06	50.66
Food	1,110,691.61	1,404,431.47	2,515,123.08	5,951,684.66	42.26
Textiles	1,991,133.49	5,609.74	1,996,743.23	2,500,249.67	79.86
Apparel	2,081,415.13	139,067.13	2,220,482.26	3,852,927.24	57.63
Lumber	1,215,511.79	469,061.50	1,684,573.29	3,481,362.67	48.39
Furniture	481,573.32	304,663.03	786,236.35	1,521,080.34	51.69
Paper	835,141.39	94,200.31	929,341.70	1,390,596.81	66.83
Printing	81,503.64	197,990.00	279,493.64	893,532.95	31.28
Chemicals	71,682.82	101,023.25	172,706.07	775,389.85	22.27
Petroleum	58,092.98	15,176.45	73,269.43	283,338.05	25.86
Rubber	1,023,754.82	155,325.31	1,179,080.13	2,022,238.32	58.31
Leather	872,161.90	43,326.82	915,488.72	2,275,623.13	40.23
Stone, Clay & Glass	258,234.88	96,710.96	354,945.84	980,705.30	36.19
Primary Metals	1,372,772.42	154,991.94	1,527,764.36	2,905,138.38	52.59
Fabricated Metals	1,245,401.71	288,355.94	1,533,757.65	2,690,083.35	57.02
Machinery, Except Electrical	2,989,366.96	162,273.88	3,151,640.84	4,637,448.62	67.96
Electric & Electronic Equipment	2,141,292.80	307,159.87	2,448,452.67	6,483,789.09	37.76
Transportation Equipment	393,019.52	265,940.32	658,959.84	1,408,357.00	46.79
Instruments	651,858.12	34,372.65	686,230.77	1,539,726.99	44.57
Misc. Manufacturing	326,203.78	54,895.98	381,099.76	786,414.64	48.46
Transportation, Communications & Public Utilities	1,203,069.73	542,134.15	1,745,203.88	3,223,937.25	54.13
Trade	6,221,772.01	2,822,559.73	9,044,331.74	16,826,191.84	53.75
Finance, Insurance & Real Estate	742,143.58	281,863.21	1,024,006.79	1,851,887.94	55.30
Services	5,820,318.02	1,332,656.18	7,152,974.20	11,972,889.95	59.74
INA	258,264.61	58,779.57	317,044.18	661,178.81	47.95
TOTAL	42,853,304.75	10,120,313.27	52,973,618.02	100,113,797.38	52.91

* The difference between collections and benefits paid in FY1985 for negative balance employers.

APPENDIX TABLE 16

Ineffective Charges for Benefits Paid
By Industry
FY 1986

Industry	Negative * Balance Employer	Positive Balance Noncharges	Total Ineffective Charges	Total Benefits Paid	Percent Ineffective
Agriculture, Forestry & Fishing	$ 1,582,406.51	$ 204,139.06	$ 1,786,545.57	$ 3,027,037.46	59.02
Mining	2,552,836.26	43,158.21	2,595,994.47	3,533,221.88	73.47
Construction	9,732,704.80	564,706.94	10,297,411.74	17,024,373.90	60.49
Manufacturing	23,842,069.52	4,120,632.60	27,962,702.12	50,875,060.00	54.96
Food	1,721,538.37	1,266,374.24	2,987,912.61	6,088,360.50	49.08
Textiles	1,102,205.68	7,752.09	1,109,957.77	1,630,524.01	68.07
Apparel	915,845.45	179,628.01	1,095,473.46	2,029,145.06	53.99
Lumber	1,666,751.38	485,813.87	2,152,565.25	3,830,292.09	56.20
Furniture	830,031.08	224,709.51	1,054,740.59	1,703,268.65	61.92
Paper	302,301.89	127,069.85	429,371.74	891,418.95	48.17
Printing	149,124.33	200,736.57	349,860.90	1,147,546.55	30.49
Chemicals	591,375.98	49,365.95	640,741.93	2,051,398.96	31.23
Petroleum	343,129.61	17,762.67	360,892.28	474,500.13	76.06
Rubber	800,868.88	171,644.01	972,512.89	2,091,567.22	46.50
Leather	816,554.54	77,862.86	894,417.40	1,858,727.13	48.12
Stone, Clay & Glass	331,899.63	141,182.50	473,082.13	1,095,421.63	43.19
Primary Metals	4,074,564.80	129,160.81	4,203,725.61	5,345,140.88	78.65
Fabricated Metals	2,189,115.34	344,217.47	2,533,332.81	3,932,828.30	64.42
Machinery, Except Electrical	2,031,635.75	135,784.38	2,167,420.13	4,154,379.56	52.17
Electric & Electronic Equipment	4,532,727.79	296,309.86	4,829,037.65	9,015,167.79	53.57
Transportation Equipment	660,488.64	146,692.51	807,181.15	1,828,279.79	44.15
Instruments	413,186.76	30,132.03	443,318.79	848,112.29	52.27
Misc. Manufacturing	368,723.62	88,433.41	457,157.03	858,980.51	53.22
Transportation, Communications & Public Utilities	1,556,265.70	764,843.71	2,321,109.41	4,221,433.56	54.98
Trade	7,394,672.29	3,031,085.38	10,425,757.67	18,986,897.91	54.91
Finance, Insurance & Real Estate	804,105.01	275,050.51	1,079,155.52	2,004,282.07	53.84
Services	3,902,560.26	1,428,037.10	5,330,597.36	9,686,300.39	55.03
INA	146,273.30	34,916.75	181,190.05	497,155.01	36.45
TOTAL	51,513,893.65	10,466,570.26	61,980,463.91	109,855,762.18	56.42

* The difference between collections and benefits paid in FY 1986 for negative balance employers.

TO: _____ FROM: _____ DATE: _____

TYPE OF REQUEST: Work Search ( ) Wages/Separation ( )

CLAIMANT NAME AND ADDRESS:

_____ S.S. No. _____

_____

_____ Batch No. _____

WORK SEARCH

EMPLOYER NAME: _____

CONTACT PERSON: _____

ADDRESS: _____

TYPE OF WORK APPLIED FOR: _____

DATE APPLIED: _____ TYPE OF CONTACT: In-Person ( ) Phone ( ) Resume ( ) Other ( )

RESULTS: _____

_____

_____

WAGES AND SEPARATION

EMPLOYER NAME: _____

CONTACT PERSON: _____

JOB LOCATION: _____

PAYROLL ADDRESS: _____

CLAIMANT OCCUPATION WITH EMPLOYER: _____

1ST DAY WORKED _____ LAST DAY WORKED _____ RATE OF PAY _____

REASON FOR SEPARATION: _____

_____

_____

WAGES REPORTED: *(for lag, Base Period, current/other quarters)*

Qtr Ending _____ $ _____ Qtr Ending _____ $ _____

Qtr Ending _____ $ _____ Qtr Ending _____ $ _____

Qtr Ending _____ $ _____ Qtr Ending _____ $ _____

WAGES SHOULD BE REPORTED: WHEN PAID ( ) WHEN EARNED ( )

SPECIAL INSTRUCTIONS: _____

_____ *(e.g.: Include any information needed such as sick* _____ *leave wages, days of work, use of specific forms, etc.)* _____

_____

Date Returned _____ _____

Random Audit Supervisor

_____ _____

Verified By Phone

ESD-Ark-RA-15
(Rev. 1-84)

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Helen Manheimer, John Robinson, Norman Harvey, 86-1
William Sheehan and Burman Skrable, Alternative Uses of Unemployment Insurance, Unemployment Insurance Service.
NTIS PB87-118402/AS. Price: $16.95

Norman Harvey, Unemployment Insurance Bibliography, 86-2
Unemployment Insurance Service.
NTIS PB87-118410/AS. Price: $21.95

Walter Corson, Jean Grossman and Walter Nicholson, 86-3
An Evaluation of the Federal Supplemental Compensation Program, Mathematica Policy Research.
NTIS PB86-163144. Price: $16.95

Stuart Kerachsky, Walter Nicholson and Alan Hershey, 86-4
An Evaluation of Short-Time Compensation Programs, Mathematica Policy Research.
NTIS PB86-167616. Price: $22.95

James M. Rosbrow, Fifty Years of Unemployment Insurance--A Legislative History: 1935-1985, 86-5
Unemployment Insurance Service.
NTIS PB87-179834/AS. Price: $18.95

Stephen A. Wandner, (editor) Measuring Structural Unemployment, Unemployment Insurance Service. 86-6
NTIS PB87-209433/AS. Price: $18.95

1987

Burt Barnow and Wayne Vroman, An Analysis of UI Trust Fund Adequacy, Unemployment Insurance Service. 87-1
(Will be available from NTIS)

Esther Johnson, Short-Time Compensation: A Handbook Basic Source Material, Unemployment Insurance Service 87-2
PB88-163589 Price: $19.95

APPENDIX

Instructions for Submittal of Items for UI Research Exchange

Items for inclusion should be camera-ready, on heavy-weight 8 1/2 by 11 inch bond paper. Margins should be one inch all around. Typing should be single spaced with double spaces between paragraphs and before headings.

For research projects planned or in progress, the descriptions should include the following (not exceeding one single-spaced typewritten page):

Study title
Problem to be studied
Method
- Any hypotheses to be tested
- Sampling design
- Data sources
- Method analysis

Expcted completion date
Name, address and telephone number of investigator/contact person for project

For completed research projects, the description should include the following (not exceeding two single-spaced typewritten pages):

Study title
Author
Date of report or publication (if published)
Results, including findings and any conclusions and policy implications
Method
- Any hypotheses tested
- Sampling design
- Data sources
- Methods of analysis

Availability (name, address, phone number of provider)

Items should be mailed to:

John G. Robinson
Division of Actuarial Services
Office of Legislation and Actuarial Services
Unemployment Insurance Services
Employment and Training Administration
Department of Labor
200 Constitution Ave., N.W.
Room S-4519
Washington, D.C. 20210

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