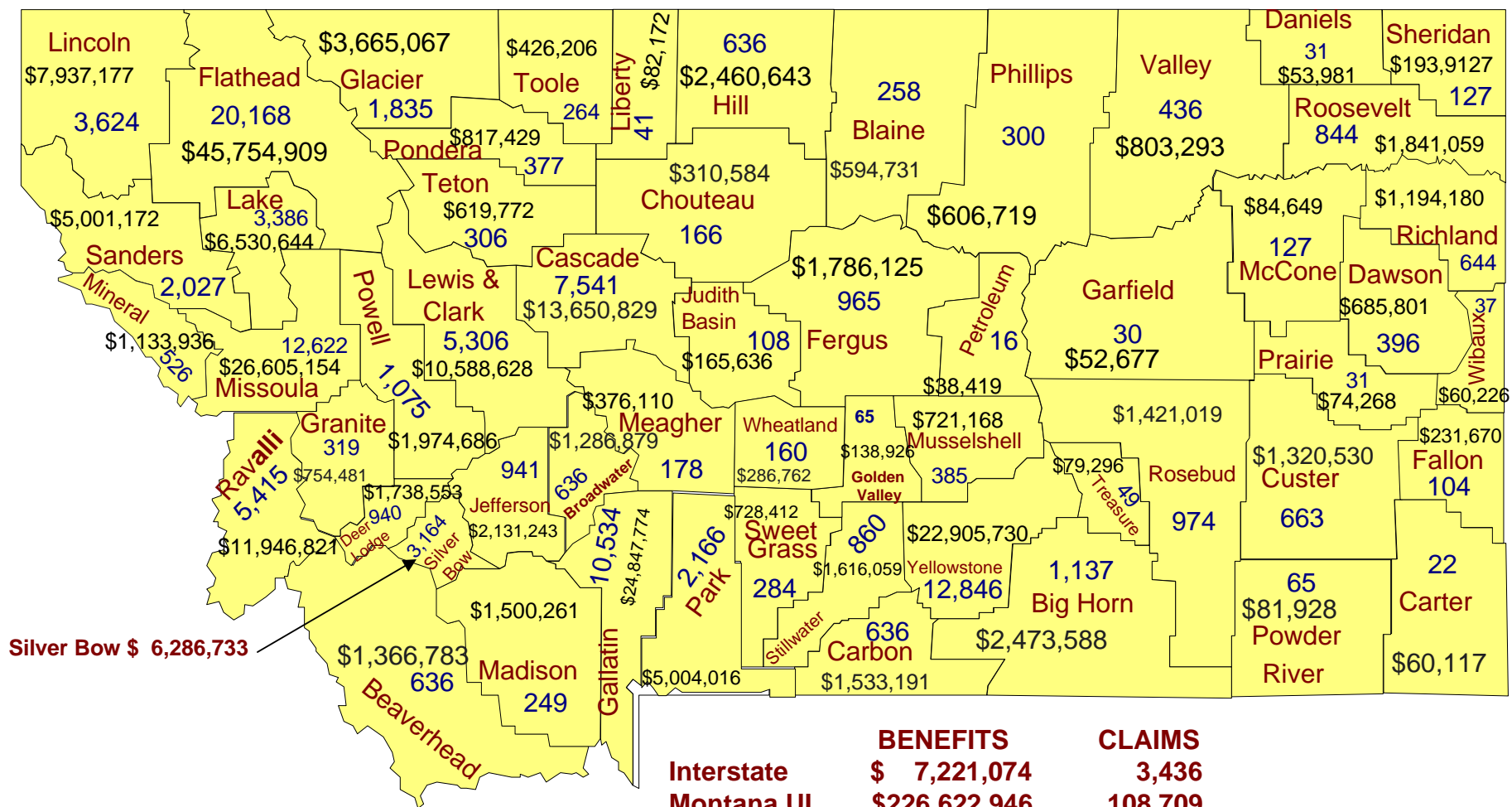


Unemployment Insurance Division

November 17, 2009

Montana Unemployment Insurance Benefits Paid & Claims Filed

Totals By County (SFY2009)

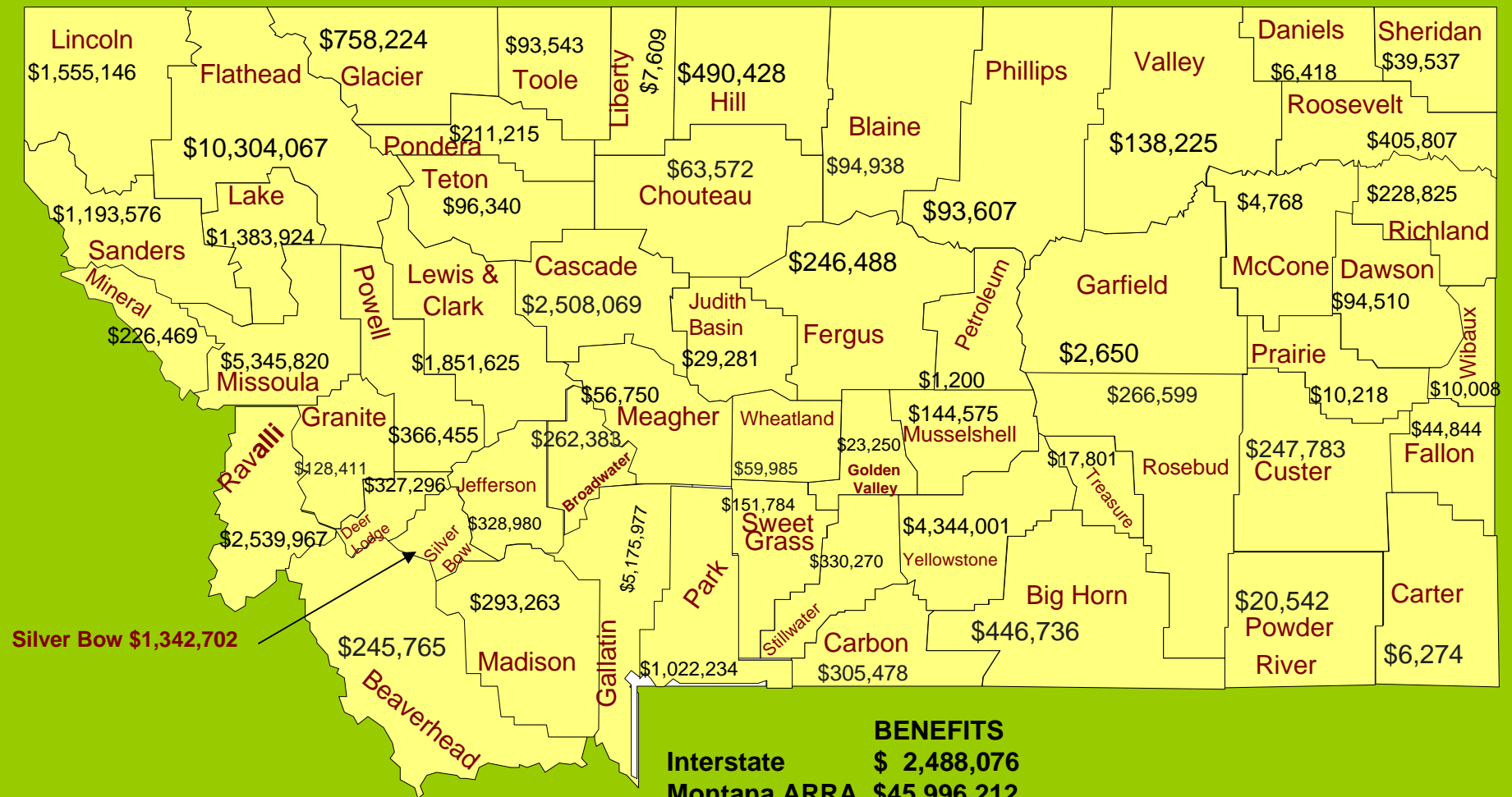


	BENEFITS	CLAIMS
Interstate	\$ 7,221,074	3,436
Montana UI	\$226,622,946	108,709
Montana Total	\$233,844,020	112,145

Data from Unemployment Insurance Division

Montana Unemployment Insurance Benefits Paid

Total ARRA By County (April 2008 to September 2009)



	BENEFITS
Interstate	\$ 2,488,076
Montana ARRA	\$45,996,212
Montana Total	\$48,484,288

Data from Unemployment Insurance Division

Up to 28 Weeks	Up to 26 Weeks	Tier 1 – Up to 20 Weeks Tier 2 Up to 14 weeks Tier 3 – Up to 13 weeks	Up to 13 weeks	N/A	N/A
Regular UI (Includes UCFB/UCX)	TAA/TRA	EUC08 Partial ARRA Funds	EB ARRA	FAC (\$25) ARRA	UI Benefit Modernization ARRA
Claims in effect for 52 weeks	Expands TAA training and TRA benefits to service sector and public agency workers impacted by foreign trade.	Started 7/6/08 No claims filed after 12/26/09. No payments after 5/29/10.	Triggered when the state reaches 5% IUR and 100% of the IUR during the same 13 weeks period in the past two years.	Started 2/28/09 Payable on all claims filed before 12/30/09. No payments made after 7/30/10.	Implement alternate base period (last 4 calendar quarters) for individuals who fail to qualify using the standard base period.
Benefits paid for a maximum of 28 weeks	Payment of TRA benefits made after regular, EUC, and EB exhausted.	Tier I pays up to 20 weeks. Tier II pays additional 13 weeks.	Benefits paid until the 3 rd week after triggers "off". Maximum weeks available 13.	Pays \$25 additional for each week entitlement in any UI payment (regular, EUC, EB, or TRA).	Allow payment of benefits to individuals seeking part time work if majority of base period wages earned in part time work.
Avg benefit claim is 15 weeks	Paid at same rate as regular UI	EUC paid following exhaustion of regular benefits. Ends @when individual eligible to file new claim.	May trigger "on" and "off" anytime IUR reaches trigger. Must be 13 week interval between each EB period.	May not be offset to repay benefit overpayment, child support, etc.	Provide up to 26 weeks of additional training benefits to dislocated workers undergoing approval testing.
Minimum WBA \$102 Maximum WBA \$407 Avg. WBA \$241		Payable at same WBA as regular claim.	Payable at same WBA as regular UI claim.		Must be permanent state law.
100% State Funded UCFB/UCX – 100% Federally Funded	100% federally funded until 12/31/10. Will require Congressional reauthorization thereafter.	100% federally funded.	100% federally funded until 12/31/09. 50% state/federal thereafter.	100% federally funded.	\$19.5 million federal funds. State funded thereafter.
SFY – 08 (7/1/07 – 6/30/08) \$89,730,020	SFY – 08 (7/1/07 – 6/30/08) \$554,863	SFY – 08 (7/1/07 – 6/30/08) \$0	SFY – 08 (7/1/07 – 6/30/08) \$0	SFY – 08 (7/1/07 – 6/30/08) \$0	SFY – 08 (7/1/07 – 6/30/08) \$0
Start Date: Ongoing	Start Date: Ongoing	Start Date: 07/06/2008	Start Date: 03/15/2009 End Date: 07/31/2009	Start Date: 02/24/2009	Start Date: Effective May 17, 2009
SFY – 09 (7/1/08 – 6/30/09) \$180,456,413 Claims 95,967	SFY – 09 (7/1/08 – 6/30/09) \$177,273	SFY – 09 (7/1/08 – 6/30/09) \$41,373,353 Claims 16,178	SFY – 09 (7/1/08 – 6/30/09) \$1,153,082	SFY – 09 (7/1/08 – 6/30/09) \$10,678,051	SFY – 09 (7/1/08 – 6/30/09) \$3,846
July/Sept (SFY10) \$40,745,585 Claims 28,953	July/Sept 2009 (SFY10) \$86,551	July/Sept 2009 (SFY10) \$20,716,215 Claims 5,519	July/Sept 2009 (SFY10) \$676,568	July/Sept 2009 (SFY10) \$6,117,524	July/Sept 2009 (SFY10) \$35,724
Claims 124,920	Not associated with a claim filing.	Claims 21,697	Claims 1,557	Not associated with a claim filing.	Not associated with a claim filing.
SFY09 – SFY10 \$221,199,978	SFY09 – SFY10 \$ 264,224	SFY09 – SFY10 Pre ARRA \$32,589,578 Post ARRA 29,519,990* TOTAL \$62,109,568	SFY09 – SFY10 \$ 1,829,151*	SFY09 – SFY10 \$16,795,575*	SFY09 – SFY10 \$339,572 *

Total ARRA Money to 09/30/2009: \$48,484,288*



Montana UI Benefits Summary

Weeks of Unemployment Benefits Before July 2008

State	State-Federal Extended Benefits*
28	13
Maximum weeks available in Montana	Up to 13 weeks available in states that have certain levels of unemployment.



Weeks of Unemployment Benefits Currently Authorized

State	Emergency Unemployment Compensation **			Extended Benefits ***
28	20	14	13	13
Maximum weeks available in Montana	Tier 1 - Up to 20 weeks available Nation-wide	Tier 2 - Up to 14 weeks available Nationwide.	Tier 3 - Up to an extra 13 weeks paid in high unemployment states	Up to 13 weeks available in states that have certain levels of unemployment.

Dollars of Unemployment Benefits Paid 07/01/2008 or Program Begin Date through 09/30/2009

Claims	State 124,920	Emergency Unemployment Compensation Claims 21,697		Extended Benefits Claims 1,557	FAC - \$25 Payment <small>Not associated with a claim filing</small>	Modernization
	\$221,199,978	\$32,589,578	\$29,519,990	\$1,829,151	\$16,795,575	\$339,572
		Pre ARRA	Post ARRA			
UI, UCFE, UCX, & TAA/TRA		EUC	EUC & EUC Tier 2 100% ARRA Funded	100% ARRA Funded	100% ARRA Funded	100% ARRA Funded
Total ARRA Money to Date: \$48,484,288						

EUC & EUC Tier 2 Total Program \$62,109,568

Legend on Reverse Side

EUC Tier 2 (1 Week) & Tier 3 Total Program (Effective 11/08/2009)

Data Values July 1, 2008 through September 30, 2009

Legend

* Funded 50% by states and 50% by federal government

Federal/State Extended Benefits (EB) - the Insured unemployment rate (IUR) for a 13 consecutive week period in a state is 5% or higher. Benefits paid up to 13 weeks or 50% of the MBA, whichever is less.

** New program. Benefits started July 2008. 100% federally funded until December 2009.

*** 100% federally funded after February 17, 2009.

Federal Additional Compensation (FAC) - Additional \$25 per week added to all benefit checks beginning February 22, 2009. Ends December 31, 2009. 100% federally funded.

State or Total Unemployment Rate - A measure of the total level of unemployed individuals in the economy, including an estimate of the number of self-employed and agricultural workers in the states.

Current State (TUR) = 6.7%

Insured Unemployment Rate - A measure of the number of workers receiving UI claims divided by the total number of workers (both unemployed and working) who would be eligible to receive UI benefits.

Current IUR = 3.51%

Current Unemployment Rate - A measure of the use of the UI fund compared to the prior two years.

Current Unemployment Rate = 247.18%

Extended Benefits are available when the Insured Unemployment Rate reaches or exceeds 5% **and** the state's current unemployment rate is at least 120% higher than the rate was at the same time period during the previous two years.

The extended benefit program terminates once the state's insured unemployment rate drops below the 5% or 120% levels. Montana fell below the 5% level and triggered off of EB effective with the week ending July 18, 2009.

Extended Benefits

- Extended Benefits triggers “on” when a state reaches an Insured Unemployment Rate (IUR) of 5% or greater and the current unemployment rate (CUR) is 120% higher than it was for the same period in the past two years.
- Montana ‘triggered on’ and the first effective date for an initial claim was March 15, 2009.
- Montana “triggered off” on July 18, 2009.
- Between 3/15/09 and 7/18/09 eligible claimants could file for up to 13 weeks of extended benefits.

Extended Benefits

- ARRA had a provision for extended benefits to be funded 100% by federal funds.
- EB has special federal requirements that include:
 - All Claimants must register for work and must make 2 verifiable work searches each week that need to be sent to the UI program.
 - No Phase Out Period for payments

Extended Benefits

- The abrupt ending of the program causes difficulties for claimants.
- UI notified claimants in advance before it “triggered off” to prepare claimants that payments cease and there is no phase out period.
- UI also provided information of other assistance and safety net programs to help them in these difficult times.
- Changes in federal law would need to be made by Congress to change any of these special requirements.

US Department of Labor

RECOMMENDED UI TAX STRUCTURE

FEATURES

PROMOTE SOLVENCY

- 1) Adequate Level of Tax Rates
- 2) Adequate Minimum Tax Rate
- 3) Taxable Wage Base Indexed
- 4) Social Charge Rate
- 5) No Legislative Rate Setting
- 6) Responsive Tax Table Triggers
- 7) Tax Rates Assigned Relative to other Employers (Array System)

PROMOTE INSOLVENCY

- 1) Tax Rates are Too Low
- 2) Low Minimum Tax Rate (Too Many Experience Rating Reductions).
- 3) Low Fixed Wage Base
- 4) No Social Charge Rate
- 5) Legislative Tax Rate Setting
- 6) Non-Responsive Tax Triggers
- 7) Tax Rates Assigned with Fixed Experience Rated Intervals

What does Montana Have?

- 1) Adequate Level of Tax Rates – Eleven Tax Schedules
- 2) Nine of 11 schedules have a minimum rate schedule
- 3) Taxable Wage Base is Indexed to Average Annual Wages
- 4) No separate social charge rate. Social charges are accounted for in the trust fund reserve ratio.
- 5) The rates have been legislatively incorporated into law.
- 6) Montana has responsive tax table triggers which are assigned based on the ratio of the trust fund balance and total wages in covered employment.
- 7) Montana does have an array system.

Taxable Wage Base

- In many states where they have not indexed their taxable wage base to the state average annual wage, have in reality decreased the taxable wage base.
- Example:
- In 1985, if the state average annual wage was \$20,000 and they had a taxable wage base of \$7,000 that is **35%** of the state average annual wage.
- In 2009, if the state average annual wage was \$45,000 and they had a taxable wage base of \$7,000 that is **15.5%** of the state average annual wage.

State Taxable Wage Bases

Indexed Wage Base States

% Of State Average
Annual Wage

Hawaii	100%
Idaho	100% B
Montana	80%
Oregon	80%
Washington	80%
Alaska	75%
Utah	75%
North Dakota	70%
Iowa	67%
Nevada	67% B
Minnesota	60% B
New Mexico	60%
Wyoming	55%
North Carolina	50% B
Oklahoma	50%
New Jersey	28 Times AWW B

Fixed Low Wage Base States

State Wage Base

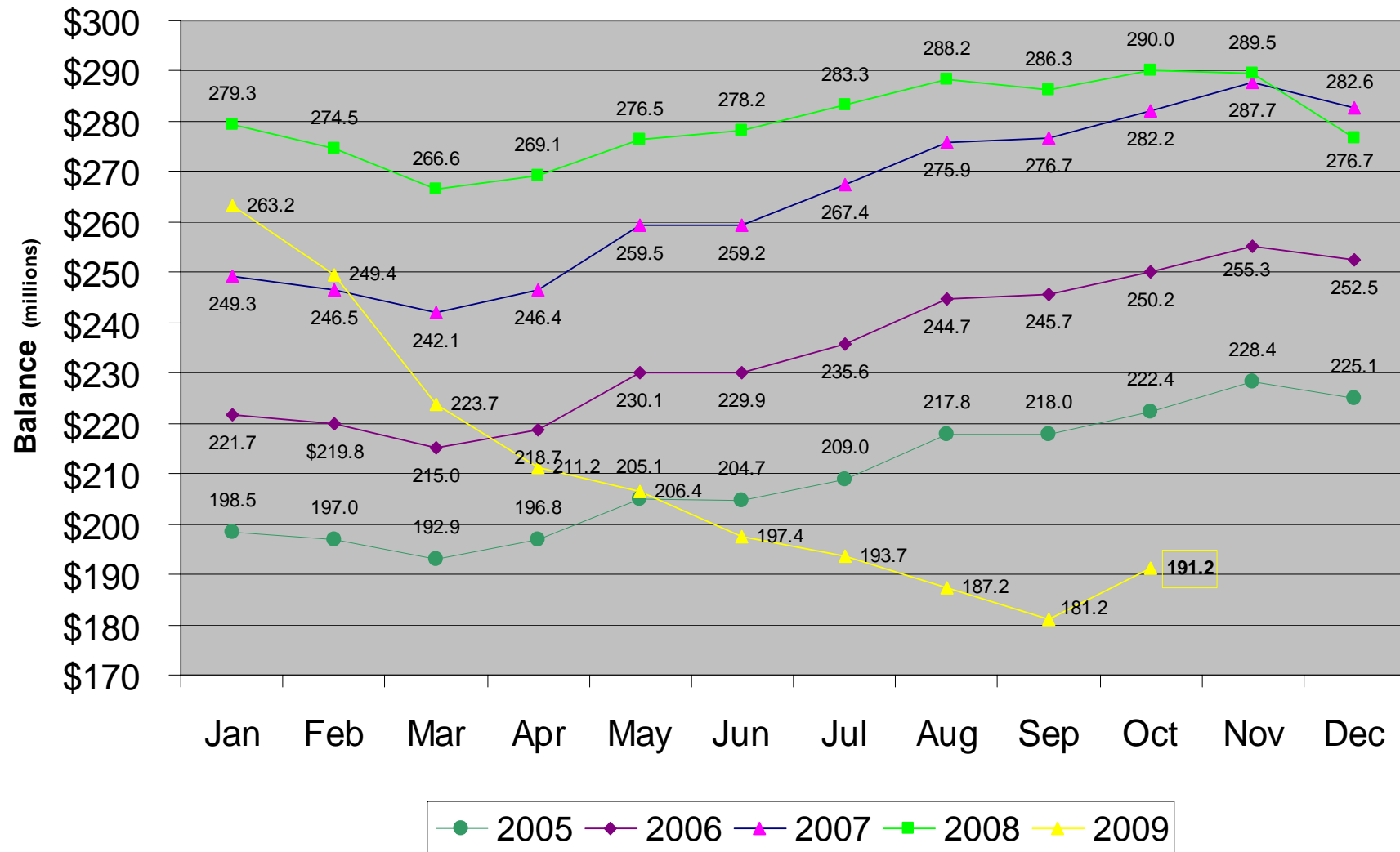
Arizona	\$ 7,000
California	\$ 7,000 B
Indiana	\$ 7,000 B
Florida	\$ 7,000 B
Louisiana	\$ 7,000
Mississippi	\$ 7,000
Tennessee	\$ 7,000
South Carolina	\$ 7,000 B

B = Borrowing From Federal Government for State Trust Fund

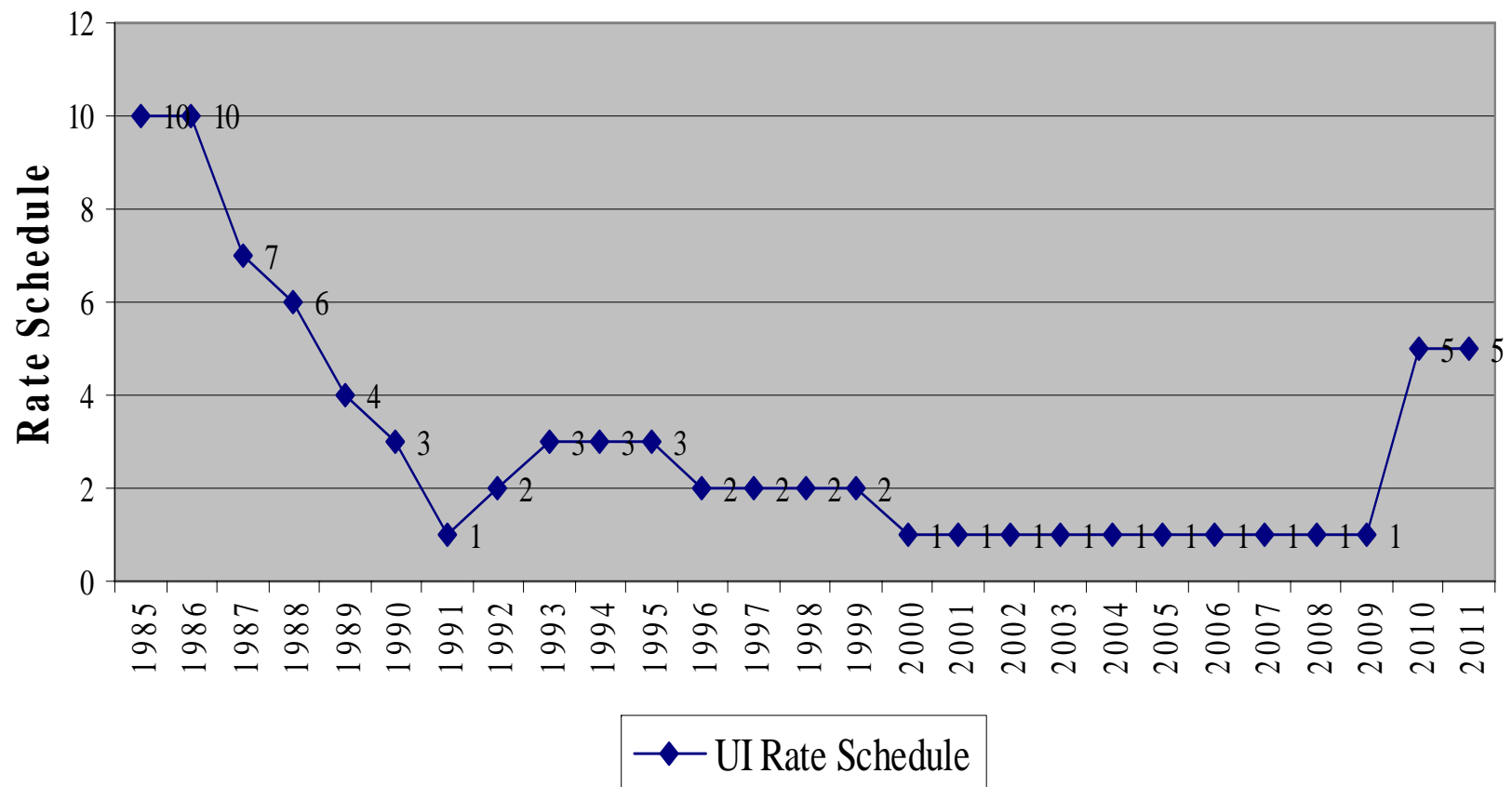
Trust Fund Solvency

- Benefits and Tax sides of the UI program have automatic links to Montana's average wages.
- Taxable wage base is 80% of the state's average annual wage (\$26,000 for CY2010).
- Payouts and revenues automatically keep pace with changes in average wages.
- Eleven rate schedules provide a wide range of effective rates when the balance in the Trust Fund changes.
- The combination of Montana's taxable wage base and eleven tax rate schedules means revenues can respond to restore the trust fund balance should it become depleted during a recession.
- CY2009 – Rate Schedule 1 (0.0% to 6.12%, average rate 1.12%).
- CY2010 – Rate Schedule 5 (.42% to 6.12%, average rate 1.92%)
- Rate Schedule 5 average rate = 1.92%, or .8% increase.

UI Trust Fund Balance



Montana UI Rate Schedule



2010 Unemployment Insurance Contribution Rates & Wage Base

How is an employer's rate determined each year?

An employer's unemployment insurance (UI) contribution rate is based on each year's Schedule of Contribution Rates and the employer's experience rating history. The Rate Schedule determines the range of contribution rates assigned to all employers each calendar year. The Rate Schedule is determined by the ratio of the UI Trust Fund balance to total wages paid in covered employment in the prior state fiscal year. A higher UI Trust Fund balance results in lower unemployment insurance contribution rates. The following data determined the 2010 rate schedule.

$$\text{Trust Fund Balance/Total Covered Wages} = \text{Ratio}$$

$$\text{\$191,203,922} / \text{\$9,801,416,035} = 0.0195$$

The Schedule of Contribution Rates shows the range of rates for each rate schedule. For 2010, the ratio of 0.0195 falls within Rate Schedule V (the ratio ranges from 0.0170 to 0.0199). Employers' rates will range from 0.42% to 6.12%, with an average contribution rate of 1.92%.

Schedule of Contribution Rates

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI
Minimum Ratio of Fund to Total Wages:	(.0260)	(.0245)	(.0225)	(.0200)	(.0170)	(.0135)	(.0095)	(.0075)	(.0050)	(.0025)	(...)
Average Tax Rate:	1.12	1.32	1.52	1.72	1.92	2.12	2.32	2.52	2.72	2.92	3.12
Rate Class	Contribution Rates for Eligible Employers										
1	0.00%	0.00%	0.02%	0.22%	0.42%	0.62%	0.82%	1.02%	1.22%	1.42%	1.62%
2	0.00	0.02	0.22	0.42	0.62	0.82	1.02	1.22	1.42	1.62	1.82
3	0.02	0.22	0.42	0.62	0.82	1.02	1.22	1.42	1.62	1.82	2.02
4	0.22	0.42	0.62	0.82	1.02	1.22	1.42	1.62	1.82	2.02	2.22
5	0.42	0.62	0.82	1.02	1.22	1.42	1.62	1.82	2.02	2.22	2.42
6	0.62	0.82	1.02	1.22	1.42	1.62	1.82	2.02	2.22	2.42	2.62
7	0.82	1.02	1.22	1.42	1.62	1.82	2.02	2.22	2.42	2.62	2.82
8	1.02	1.22	1.42	1.62	1.82	2.02	2.22	2.42	2.62	2.82	3.02
9	1.22	1.42	1.62	1.82	2.02	2.22	2.42	2.62	2.82	3.02	3.22
10	1.42	1.62	1.82	2.02	2.22	2.42	2.62	2.82	3.02	3.22	3.42
Rate Class	Contribution Rates for Deficit Employers										
1	2.92%	3.12%	3.32%	3.52%	3.72%	3.92%	4.12%	4.32%	4.52%	4.72%	4.92%
2	3.12	3.32	3.52	3.72	3.92	4.12	4.32	4.52	4.72	4.92	5.12
3	3.32	3.52	3.72	3.92	4.12	4.32	4.52	4.72	4.92	5.12	5.32
4	3.52	3.72	3.92	4.12	4.32	4.52	4.72	4.92	5.12	5.32	5.52
5	3.72	3.92	4.12	4.32	4.52	4.72	4.92	5.12	5.32	5.52	5.72
6	3.92	4.12	4.32	4.52	4.72	4.92	5.12	5.32	5.52	5.72	5.92
7	4.12	4.32	4.52	4.72	4.92	5.12	5.32	5.52	5.72	5.92	6.12
8	4.32	4.52	4.72	4.92	5.12	5.32	5.52	5.72	5.92	6.12	6.12
9	4.52	4.72	4.92	5.12	5.32	5.52	5.72	5.92	6.12	6.12	6.12
10	4.72	4.92	5.12	5.32	5.52	5.72	5.92	6.12	6.12	6.12	6.12

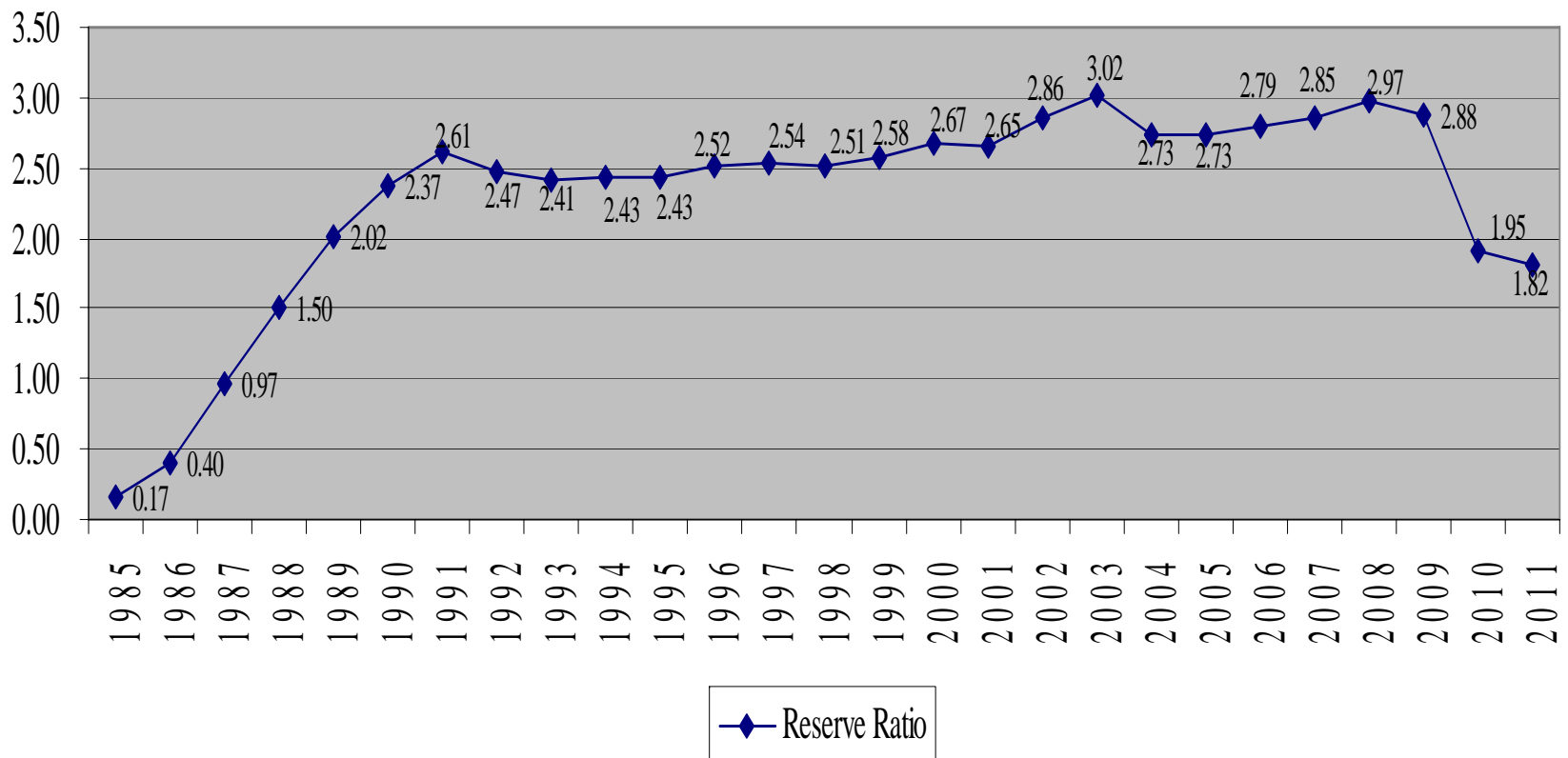
Why did rates increase in 2010?

The economic downturn caused a significant increase in UI benefit payments resulting in a much lower UI trust fund. The trust fund balance is a principal factor in the rate schedule calculation. The trust fund balance on October 31, 2009 was \$191 million whereas on the same date last year, it was \$290 million.

RESERVE RATIO IS AN IMPORTANT FACTOR FOR TRUST FUND SOLVENCY

- How is it Calculated:
- $$\frac{\text{Trust Fund Balance}}{\text{Total Covered Wages}}$$
- Higher Reserve Ratio leads to lower tax rate
- Lower Reserve Ratio leads to higher tax rate
- Montana's current reserve ratio for 2010 is 1.95%

Montana UI Reserve Ratio



Comparison to Other States

- For 2009 tax rates in Montana range from 0.0% to 6.12% on a \$25,100 taxable wage base.
- Nationwide for 2009 tax rates range from 0.0% to 12.27% (Massachusetts) and are applied to wage bases from \$7,000 to \$35,700 (Washington).
- 44 States have a tax base above \$7,000. For 2010 Montana's taxable wage base is \$26,000.
- 3 States have an employee tax (Alaska, New Jersey and Pennsylvania).
- At least 33 states are increasing taxes in 2010.

STATES THAT ARE BORROWING

- As of October 29, 2009, 25 states have outstanding loans in the amount of \$20.3 Billion.
- US Department of Labor projects 40 states will be borrowing up to \$90 Billion by 2012.
- Montana is not projected to borrow.

LOANS FROM THE FEDERAL UNEMPLOYMENT ACCOUNT, 1981-1983

State	1981	1982	1983
Arkansas	64,000	77,042	85,540
Connecticut	320,946	270,461	280,276
Delaware	46,351	53,947	44,202
D.C.	51,122	56,862	63,609
Illinois	1,405,433	2,069,018	2,418,204
Iowa	--	63,362	126,579
Kentucky	52,121	121,396	150,568
Louisiana	--	102,423	520,365
Maine	31,446	20,891	--
Michigan	1,075,000	2,185,816	2,322,272
Minnesota	114,000	288,047	351,753
Missouri	--	89,825	89,825
Montana	--	--	8,556
New Jersey	612,449	520,720	422,339
Ohio	599,933	1,658,127	1,976,065
Pennsylvania	1,566,328	2,145,252	2,617,389
Puerto Rico	80,838	65,619	51,113
Rhode Island	112,034	101,682	89,557
Texas	--	142,863	696,274
Vermont	36,152	31,032	25,183
West Virginia	99,814	144,197	288,082
Wisconsin	--	412,947	627,635
TOTAL	6,267,967	10,625,938	13,368,270
Percent of Wages Paid in Covered Employment	0.5 percent	0.9 percent	1.0 percent

UI TRUST FUND SOLVENCY

Outstanding Loans from the Federal Unemployment Account.
Balances as of October 29, 2009 are:

1. Alabama	\$67,392,286.20
2. Arkansas	\$145,754,513.21
3. California	\$4,698,681,588.44
4. Connecticut	\$58,416,788.65
5. Florida	\$567,100,000.00
6. Idaho	\$75,249,625.22
7. Illinois	\$700,763,378.83
8. Indiana	\$1,310,882,141.54
9. Kentucky	\$489,100,000.00
10. Michigan	\$2,840,260,000.00
11. Minnesota	\$168,264,220.01

12. Missouri	\$350,818,745.20
13. Nevada	\$10,007,065.43
14. New Jersey	\$787,955,333.38
15. New York	\$1,642,289,773.00
16. North Carolina	\$1,306,395,933.83
17. Ohio	\$1,463,837,799.00
18. Pennsylvania	\$1,416,322,840.01
19. Rhode Island	\$107,674,569.00
20. South Carolina	\$610,681,164.00
21. South Dakota	\$1,079,851.39
22. Texas	\$806,892,176.13
23. Virgin Islands	\$4,798,999.62
24. Virginia	\$3,636,200.00
25. Wisconsin	\$721,898,731.37
Total	\$20,356,153,723.46