



# **Unemployment Insurance Trust Fund**

**Annual Report  
CY2014**

**Education and Workforce Development Cabinet**

Thomas O. Zawacki, Secretary  
500 Mero Street, 3rd floor  
Frankfort, Ky. 40601  
502-564-0372

**Department of Workforce Investment**

Beth Kuhn, Commissioner  
500 Mero Street, 3rd floor  
Frankfort, Ky. 40601  
502-564-0372

**Office of Employment and Training**

Jason Dunn, Executive Director  
275 East Main Street  
Frankfort, Ky. 40621  
502-564-5331

Manoj Shanker, Deputy Executive Director & Economist  
275 East Main Street  
Frankfort, Ky. 40601  
502-782-3098

**Division of Unemployment Insurance**

Melissa Beasley, Acting Director  
275 East Main Street 2CD  
Frankfort, Ky. 40621  
502-564-0754

**Unemployment Tax Enforcement Branch**

Andy Hudgins, Branch Manager  
275 East Main Street 2EH  
Frankfort, Ky. 40621  
502-564-3326

**Unemployment Benefits Branch**

Katie Houghlin, Assistant Director  
275 East Main Street 2ED  
Frankfort, Ky. 40621  
502-564-2387

# Kentucky Unemployment Insurance Trust Fund Annual Assessment 2014\*

Each spring, the Office of Employment and Training (OET) prepares an assessment of Kentucky's Unemployment Insurance Trust Fund for review by the Governor and members of Kentucky's General Assembly. This report meets the obligations of KRS §341.125 (4). It also meets the requirements of the credit agreement between the Kentucky Education and Workforce Development Cabinet and JP Morgan Chase Bank. The report is available on the OET website ([www.kentuckycareercenter.com](http://www.kentuckycareercenter.com)).

## Introduction

In January 2009, current employer taxes plus trust fund reserves were no longer sufficient to cover the claims against the Kentucky UI Trust Fund. By the end of that year, Kentucky had borrowed more than \$500 million from the federal government to meet unemployment insurance benefit payment obligations.

Recognizing the need to modernize an outdated system, Governor Steven L. Beshear signed an Executive Order (2009-301) on March 27, 2009, establishing the Unemployment Insurance Task Force. He directed the 19-member bipartisan group – comprised of employers, employees and members of the General Assembly – to study and propose long-term changes to the UI system that would address the fiscal solvency and stability of the UI Trust Fund.

The Task Force made recommendations to restore stability to the trust fund which were implemented in 2011- 2012. Based on the recommendations, the taxable wage base increased from \$8,000 to \$9,000 in 2012 and will increase by \$300 annually until it peaks at \$12,000 in 2022 unless triggered by a freeze due to the trust fund balance on September 30 of a calendar year. During calendar year 2014 the taxable wage base was \$9,600.

## Trust Fund Solvency

On Jan. 1, 2014, Kentucky's Title XII advance balance was \$639.7 million. The Office of Employment and Training has developed cash management strategies to reduce the outstanding balance owed the federal government. Implementing these plans along with other ongoing improvements, referenced in this report, will continue to strengthen the fiscal health of the trust fund.

In 2014, unemployed workers received \$355.2 million in state and federal unemployment benefits. Net state benefit payments totaled \$338.1 million. Payments made under the federally funded programs netted \$17.1 million for the year. Federally funded programs include: Unemployment Compensation for Federal Employees (UCFE) and Unemployment Compensation for Military Employees (UCX).

Kentucky employers paid \$513.3 million in unemployment insurance contributions. Employer contributions exceeded state benefits by \$175.2 million in 2014, marking the third consecutive year employer contributions exceeded benefits. This can be credited in part to an improvement in the labor market. Covered employment increased by 32,000 in 2014. During 1999-2011, benefits exceeded contributions. Employer contributions, recovered state overpayments and Federal Unemployment Tax Act (FUTA) offsets totaled \$278.2 million allowing Kentucky to reduce the outstanding Title XII advance balance to \$361.5 million by Dec. 31, 2014.

## Unemployment Insurance Taxes

FUTA requires states with a Title XII advance loan balance on January 1 for two consecutive years to be subject to an annual credit reduction of 0.3 percent from the standard federal tax credit. Kentucky has been under credit reduction since 2011. Kentucky employers on their 2014 FUTA tax return, incurred a credit reduction of 1.8 percent on their federal taxable wage base of \$7,000. The 2014 tax returns were due Jan. 31, 2015.

Kentucky's law requires the Governor to "make application in 2013 and in subsequent calendar years to the Secretary of the United States Department of Labor to request a cap on...credit reduction." (KRS 341.595(2)). To be eligible for the cap, the average tax rate on total wages needs to be greater or equal to the five-year average benefit cost rate. The Commonwealth did not qualify for the cap in 2014 because the five-year calculations included 2009, the worst year of the recession.

<b>FUTA Rate for Tax Year 2014 due Jan. 31, 2015</b>	
FUTA standard tax rate	6.0%
Less credit allowed	- 5.4%
<b>Equals Net FUTA tax</b>	<b>0.6%</b>
KY FUTA credit reduction for 2014	1.2%
<b>Total FUTA tax</b>	<b>1.8%</b>

## Unemployment Insurance Surcharge

A surcharge was established as a result of legislation enacted by the Kentucky General Assembly in 2012. The money from the surcharge (KRS 341.614) is used to secure funds for interest payments due on advances under Title XII of the Social Security Act, or for the repayment of money, including any interest, received from any source related to the payment of interest. Beginning in 2014, a surcharge in the amount of 0.22 percent of the taxable wages was assessed on the taxable wage base of \$9,600. As of Dec. 31, 2014, the total surcharge amount received from employers during 2014 was approximately \$29.5 million.

## Unemployment Insurance Program

In 2014, OET successfully deployed a system upgrade relating to the Notice of Determination system for UI adjudication resulting in an easier to read notice for our customers and a more streamlined mailing process. It has also improved previous backlog issues in our records section by automatically capturing an image of the determination.

OET continued to promote the States Information Data Exchange System (SIDES), an e-filing system allowing employers to file responses to Division of Unemployment Insurance notices electronically, decreasing the time necessary to receive the response and preventing the risk of mishandling documents. SIDES continued to have a positive effect on prevention of improper payments resulting from delay or non-receipt of employer responses. Kentucky continued to be a leader nationally in employer participation in the SIDES system.

During 2014, efforts continued to identify misclassified workers in our employer community. The Division of Unemployment Insurance conducted 1,516 audits. These audits resulted in the identification of 2,079 misclassified workers with a combined total of unreported wages of nearly \$18.2 million. Kentucky exceeded the minimum federal requirements in each of the four categories for employer records audited.

*\*All references to years in this document refer to the calendar year unless otherwise noted.*

## Kentucky Unemployment Insurance Key Metrics 2014

**Table 1**

	<b>Taxation</b>	<b>National Ranking **</b>
Number of liable employers as of Dec. 31, 2014	91,000	27
Minimum tax rate (Schedule E in effect )	1.00%	
Maximum tax rate	10.00%	
Average tax rate (2014) (taxable wages) +	3.30%	12
Average tax paid per employee (2014)*	\$317	
Net employer UI contributions (2014)	\$513,258,000	
Gross revenue deposits in UI clearing account (2014)	\$536,125,000	23
Taxable wage base CY2014	\$9,600	35
<b>Benefits</b>		
Initial claims filed- regular UI state program	Includes federal and military	209,448
Number of people receiving benefits		126,297
Benefits paid out, by program and total	Gross Regular State UI (State UI Trust Fund)	\$361,643,000
	Net Regular State UI	\$338,145,742
	Net Regular Federal (UCFE)	\$4,590,660
	Net Regular Military (UCX)	\$12,477,371
	<b>TOTAL NET</b>	<b>\$355,213,773</b>
Exhaustion rate		38.8%
Balance of federal advances as of Dec. 31, 2014		\$361,502,000.00
Average weekly benefit (Total UI)		\$291.55
Maximum weekly benefit		\$415.00
Average duration in weeks		20.2
<b>Labor Force</b>		
Reciency Rate - all programs		22%
Total covered employment		1,754,000
Number unemployed (unduplicated headcount)		130,100
Average Total Unemployment Rate (TUR)		6.5%
Average Insured Unemployment Rate (IUR)		1.6%

Sources: US Department of Labor, Division of Fiscal and Actuarial Services, Unemployment Insurance Data Summary; ETA 2112, UI Financial Transaction Summary Unemployment Fund.

\* Excludes Reimbursable Employers.

\*\* Ranked by the U.S. Department of Labor, Office of Unemployment Insurance, Division of Actuarial Services.

+ Lags the rest of the data reported by two quarters.

## Recent Unemployment Insurance Trust Fund History

Historical data of the principal components of the state UI Trust Fund are shown in Table 2. These components determine the tax rate schedule to be used for each calendar year.

**Table 2**

Unemployment Insurance Trust Fund Data (thousands)						
COMPONENT	CY2009	CY2010	CY2011	CY2012	CY2013	CY2014
Contributions	\$367,904	\$422,431	\$443,302	\$489,849	\$498,596	\$513,258
Interest Earned	\$160	N/A	N/A	N/A	N/A	N/A
Benefits Paid	\$1,071,403	\$690,083	\$553,248	\$476,163	\$441,791	\$338,145
Fund Balance	\$3,996	\$2,702	\$63,925	\$36,605	\$0	\$0
Total Wages	\$62,719	\$63,894	\$66,255	\$68,946	\$69,599	\$71,627
Federal Loan Balance as of Dec. 31	\$576,700	\$804,700	\$948,700	\$837,665	\$639,788	\$361,501

Source: Kentucky Education and Workforce Development Cabinet, Office of Employment and Training, ETA 2112 Reports; U.S. Dept. of Labor, Div. of Fiscal & Actuarial Services, Unemployment Insurance Data Summary.

The components of the trust fund are defined as follows:

- **Contributions:** Contributions received from employers as of December 31
- **Interest:** Quarterly federal treasury interest posted to each state's trust fund account
- **Benefits:** State-funded benefit payments less benefit overpayment recoveries
- **Fund Balance:** Adjusted trust fund balance
- **Total Wages:** Total covered payroll wages reported by all covered employers for the period January 1 through December 31
- **Federal Loan Balances:** Amount borrowed from the Federal Unemployment Account to help pay state unemployment benefits, reflects the balance as of December 31 of each year beginning with CY2009

## Unemployment Insurance Trust Fund Outlook

The financial condition of the UI Trust Fund depends on three factors: state benefit outlays, contribution and interest revenues, and taxable wages.

- **Benefit Outlays:** Based on improved economic conditions and changes in the benefit rate, benefit outlays are expected to decrease for 2015 to \$329.1 million.
- **Contribution and Interest Revenues:** Employer contributions are expected to increase to \$569.2 million in 2015 because of higher experience ratings, and an increase in the taxable wage base to \$9,900.
- **Taxable Wages:** Taxable wages increased from \$14.5 billion in 2013 to \$14.7 billion in 2014. Taxable wages for 2015 are expected to be approximately \$14.8 billion. Total wages includes all gross wages or remuneration paid to workers subject to the state UI law. Taxable wages represent the first \$9,600 in 2014 and \$9,900 in 2015.

**Table 3**

State UI Contributions and Benefits (millions)			
Year	Employer Contributions	State Benefit Payments	+ Surplus/ - Deficit
2009	\$367.9	\$1,071.4	-\$703.5
2010	\$422.4	\$690.1	-\$267.7
2011	\$443.3	\$553.2	-\$109.9
2012	\$489.8	\$476.2	+\$13.7
2013	\$498.6	\$441.8	+\$56.8
2014	\$513.3	\$338.1	+\$175.2
2015*	\$569.2	\$329.1	+\$240.1

Sources: US Department of Labor, Division of Fiscal and Actuarial Services, Unemployment Insurance Data Summary and ETA 2112, UI Financial Transaction Summary Unemployment Fund.

\* Forecasted data in italics.

### Additional Information

2014 Federal Overpayments Returned - \$3.33 million (Source: Treasury Direct)

2014 State Overpayments (No published source, netted on federal reports)

2014 Surcharge Collected – Almost \$29.5 million (Source: COT report, footnote on ETA 2112)

2014 Surcharge Interest - Almost \$72 thousand

2014 Combined Surcharge & Surcharge Interest \$29,553,185.54

2014 Sweep Amount - \$548,041,301.53

2014 FUTA Credits - \$100,278,323.54

**Table 4**

<b>Taxable Wages** 2013 and 2014 (millions)</b>		
<b>Quarter Ending</b>	<b>CY2013</b>	<b>CY2014</b>
March 31	\$8,531.3	\$8,949.4
June 30	\$2,806.3	\$3,097.0
September 30	\$1,696.3	NA
December 31	\$1,477.6	NA
<b>Total</b>	<b>\$14,511.5</b>	<b>To be determined</b>

Source: US Department of Labor, Division of Fiscal and Actuarial Services, Unemployment Insurance Data Summary

\*Preliminary, subject to change until October 2015.

\*\*There is a six-month lag in wages. The September 30 and December 31 taxable wages for CY2014 will be reported in the first and second quarters of CY2015 respectively.

## Kentucky Unemployment Insurance Tax Rates

In 2014, Kentucky employers were taxed at the same rate as in 2013, and this has continued into 2015. Schedule E tax rates will range from a minimum of 1 percent to a maximum of 10 percent.

Table 5 is the current tax rate schedules set forth in Kentucky statutes. The triggers that move employers from one tax rate schedule to another are a function of the balance in the trust fund as of the calendar year end.

**Table 5** Tax Rate Schedules

Reserve Ratio	Trust Fund Adequacy Rate	A	B	C	D	E
8.0% and over	0.000%	0.30%	0.40%	0.50%	0.60%	1.00%
7.0% but under 8.0%	0.000%	0.40%	0.50%	0.60%	0.80%	1.05%
6.0% but under 7.0%	0.008%	0.50%	0.60%	0.70%	0.90%	1.10%
5.0% but under 6.0%	0.208%	0.70%	0.80%	1.00%	1.20%	1.40%
4.6% but under 5.0%	0.508%	1.00%	1.20%	1.40%	1.60%	1.80%
4.2% but under 4.6%	0.808%	1.30%	1.50%	1.70%	2.10%	2.30%
3.9% but under 4.2%	1.008%	1.50%	1.70%	2.20%	2.40%	2.70%
3.6% but under 3.9%	1.308%	1.80%	1.80%	2.40%	2.60%	3.00%
3.2% but under 3.6%	1.508%	2.00%	2.10%	2.50%	2.70%	3.10%
2.7% but under 3.2%	1.608%	2.10%	2.30%	2.60%	2.80%	3.20%
2.0% but under 2.7%	1.708%	2.20%	2.50%	2.70%	2.90%	3.30%
1.3% but under 2.0%	1.808%	2.30%	2.60%	2.80%	3.00%	3.40%
0.0% but under 1.3%	1.907%	2.40%	2.70%	2.90%	3.10%	3.50%
-0.5% but under 0.0%	6.500%	6.50%	6.75%	7.00%	7.25%	7.50%
-1.0% but under -	6.750%	6.75%	7.00%	7.25%	7.50%	7.75%
-1.5% but under -	7.000%	7.00%	7.25%	7.50%	7.75%	8.00%
-2.0% but under -	7.250%	7.25%	7.50%	7.75%	8.00%	8.25%
-3.0% but under -	7.500%	7.50%	7.75%	8.00%	8.25%	8.50%
-4.0% but under -	7.750%	7.75%	8.00%	8.25%	8.50%	8.75%
-6.0% but under -	8.250%	8.25%	8.50%	8.75%	9.00%	9.25%
-8.0% but under -	8.500%	8.50%	8.75%	9.00%	9.25%	9.50%
Less than -8.0%	9.000%	9.00%	9.25%	9.50%	9.75%	10.00%

Source: Kentucky Revised Statute 341.270. <http://www.lrc.state.ky.us/krs/341-00/CHAPTER.HTM>

**Table 6** Comparison with Surrounding States

State	Minimum Tax Rate	Maximum Tax Rate	Taxable Wage Base
Kentucky (Schedule E)	1.00%	10.00%	\$9,600
Illinois	0.55%	8.55%	\$12,960
Indiana	0.50%	7.40%	\$9,500
Missouri	0.00%	9.75%	\$13,000
Ohio	0.30%	8.50%	\$9,000
Tennessee	0.15%	10.0%	\$9,000
Virginia	0.52%	6.62%	\$8,000
West Virginia	1.50%	8.50%	\$12,000

Source: US Department of Labor, Division of Fiscal and Actuarial Services, Unemployment Insurance Data Summary and Highlights of State Unemployment Compensation Laws.

## Comparison of Revenue Sources and Expenditures

The most recent data released by the USDOL shows that Kentucky has the sixth lowest total unemployment rate in the bordering state region. Kentucky also has the second lowest aggregate taxable wages and the fifth lowest average weekly benefit.

The average tax rate is a composite of the aggregate experience ratings assigned to employers. In 2014, Kentucky's taxable wage base was \$9,600.

**Table 7**

Comparison of Revenue Sources and Expenditures CY2014 Q2						
State	2014 Taxable Wage Base	Average Tax Rate on*		Total Taxable Wages*+ (millions)	Total Unemployment Rate*	Average Weekly Benefit
		Taxable Wages	Total Wages			
Kentucky	\$9,600	3.30	0.89	\$18,285.6	5.1	\$298.17
Illinois	\$12,960	4.02	1.04	\$72,980.1	5.9	\$325.74
Indiana	\$9,500	2.86	0.74	\$29,041.0	5.7	\$252.07
Missouri	\$13,000	2.17	0.68	\$27,856.1	5.0	\$247.08
Ohio	\$9,000	2.73	0.63	\$55,926.3	4.8	\$331.70
Tennessee	\$9,000	1.49	0.35	\$29,078.6	6.3	\$224.39
Virginia	\$8,000	2.68	0.49	\$43,136.7	4.6	\$300.74
West Virginia	\$12,000	3.02	0.99	\$6,915.3	5.6	\$287.82

Source: US Department of Labor, Division of Fiscal and Actuarial Services, Unemployment Insurance Data Summary.

\*Average Tax Rates and Total Wages lag the rest of the data by two quarters.

+Total Wages Excludes Reimbursable Employers

**Table 8**

2014 Comparison of Gross Revenues (millions)	
Kentucky	\$536,125
Illinois	\$2,605,938
Indiana	\$724,795
Missouri	\$634,947
Ohio	\$1,183,458
Tennessee	\$383,803
Virginia	\$749,821
West Virginia	\$213,648

Source: US Department of Labor, Division of Fiscal and Actuarial Services, Unemployment Insurance Data Summary.

\*State revenues are funds deposited in state accounts in the Trust Fund. These revenues are used to pay state UI Benefits and the state share of extended benefits (EB).

## Employer Protests (Disputed Claim Investigations)

In 2014, a total of 138,522 new UI claims were filed in Kentucky. Of these, 121,542 were monetarily eligible and the rest were not established as claims. Of the eligible claims established, 52,636 (43.3 percent) were protested by employers. Of these protested claims, a total of 28,983 (55.3 percent) were denied benefits while the remainder were potentially approved for benefit payments. An additional 43,419 (35.7 percent of established claims) were determined to have non-separation issues. Of these claims with non-separation issues, 33,489 (77.1 percent) were denied benefits.

**Table 9**

New UI Claims Filed	138,522		Protested by Employers	52,636
Monetarily Eligible Claims Established	121,542		Denied Benefits	28,983
Monetarily In-Eligible Claims Filed	16,980		Benefits Approved	23,653

Source: ETA 207, Nonmonetary Determinations Activity; ETA 218- Benefits Rights and Experience

**Table 10**

Non-Separation Issues	43,419	
Denied Benefits	33,489	77.1%
Benefits Approved	9,930	22.9%

Source: ETA 207, Nonmonetary Determinations Activity; ETA 218- Benefits Rights and Experience

## Appeals

In 2014, a total of 19,430 cases were appealed to the lower authority appeals branch. The appeals branch released 18,150 decisions in 2014. Of the decisions released in 2014, 14.9 percent were appealed by employers, and 85.1 percent were appealed by claimants. Of the cases appealed by employers, 29 percent were in favor of the employer. Of the cases appealed by claimants, 29.4 percent were in favor of the claimant.

**Table 11**

Reportable Appeals Released	18,150	% Reversed
Protested by Employers	2,697	
Decisions in favor of Employers	783	29.0
Protested by Claimants	15,453	
Decisions in favor of Claimants	4,537	29.4

Source: ETA 5130, Benefit Appeals Report

Of the decisions rendered by lower authority appeals, 3,299 decisions were further appealed to the UI Commission, and the commission issued 3,437 decisions. Of the decisions rendered by the UI Commission, 65 cases were appealed to the circuit court.

## 2015 and Forward

Based on current economic conditions and data from the ETA 2112 and ETA 5159 reports, it is projected that approximately \$329.1 million in regular state unemployment benefits will be paid in 2015. This amount would be \$9.0 million less than benefits paid in 2014. Employer contributions for 2015 are estimated to be \$569.2 million in 2015, \$55.9 million higher than 2014.

The UI Trust Fund position continues to improve. We are on the road to accomplish the goal of having a healthy UI Trust Fund in the future. We recognize that solvency, according to the federal government, is not a zero balance in the trust fund but the ability to weather a recession without having to borrow from the federal government. We must continue our efforts to achieve a level of reserve required to meet UI benefit requirements in a future downturn.

Kentucky meets the requirements to qualify for a cap on FUTA credit reduction in 2015. We will submit a cap application with the Secretary of the U.S. Department of Labor by July 1, 2015 as per 20 C.F.R. 606.22(a).

The state will also apply for a waiver and substitution for additional FUTA tax credit reduction for taxable year 2015 as provided under 20 CFR§ 606.25. We have diligently ensured that there is no net decrease in solvency of the UI Trust Fund that would jeopardize the waiver. The waiver saved Kentucky employers an estimated \$100 million in additional FUTA payments for tax year 2014. Once the Title XII loan has been paid by the end of 2015, Kentucky will not have to request waivers in the future.

Looking forward:

- OET has been awarded a supplemental budget request that will be utilized to enhance the UI claim filing experience for military claimants. Currently, former service personnel honorably discharged from the military must report to Kentucky Career Centers, throughout the state, to submit discharge paperwork to career center staff. The information gathered is then sent to central office for processing. The UI Division is improving this process by gathering the necessary discharge documentation at the initial claim level by requiring an electronic submission of the DD-214 during the initial claim filing process. We believe the result will be more prompt service to military personnel seeking Unemployment Insurance benefits.
- OET has been awarded a supplemental budget request for an Appeals Automation Project. This project will create process improvements through: the reduction of manual processes currently used; enabling additional work to be completed in a more efficient manner; and the reduction of resource consumption such as paper and mailing costs.
- Additionally, a request was granted to enhance the NDNH (National Directory of New Hire) cross-match process. This project will allow our procedures for cross matching activity to be compliant with USDOL recommended procedures.

### Summary

Overall, 2014 was a good year for the UI program and the UI Trust Fund. Kentucky was able to pay off nearly half of the remaining outstanding principal balance on the trust fund, reducing the amount owed from \$639.8 million to start the year to \$361.5 million to end the year. Kentucky saw a decline in the unemployment rate, a decline in unemployment insurance benefits, an increase in unemployment contributions and recoupments and an increase in the number of Kentuckians at work.

## Glossary

<b>Average Duration</b>	The number of weeks compensated for the year divided by the number of first payments. (ETA 5159)
<b>Average High-Cost Rate</b>	The average of the three highest calendar year benefit cost rates in the last 20 years (or a period including three recessions, if longer). Benefit cost rates are benefits paid (including the state's share of extended benefits but excluding reimbursable benefits) as a percent of total wages in taxable employment.
<b>Average High-Cost Multiple (AHCM)</b>	Calendar year reserve ratio (or "TF as % of total wages"); divided by the average high cost rate.
<b>Average Tax Rate (Taxable Wages)</b>	Total employer contributions for a 12-month period divided by the total taxable wages for the same time period. (ES 202)
<b>Average Weekly Benefit Amount (AWBA)</b>	Benefits paid for total unemployment divided by weeks compensated for total unemployment. (ETA 5159)
<b>Benefits Paid</b>	The unemployment benefits paid to individuals under a state program, usually the first 26 weeks of benefits, for all weeks compensated including partial payments.
<b>Covered Employment</b>	The number of employees covered by unemployment insurance reported to the states by employers. (ETA 202)
<b>Exhaustion Rate</b>	A rate computed by dividing the average monthly exhaustions by the average monthly first payments. To allow for the normal flow of claimants through the program, the numerator lags the denominator by 26 weeks, e.g., the exhaustion rate for the third quarter of CY 2010 is computed by dividing the average monthly exhaustions for the twelve months ending September 2010, by the average monthly first payments for the twelve months ending March 2010.
<b>Extended Benefits</b>	The supplemental program that pays extended compensation during periods of specified high unemployment in a state to individuals for weeks of unemployment after exhaustion of regular UI benefits. One-half of EB is funded by the state trust fund. (ETA 5159). As a provision of the ARRA, the program was funded 100 percent through federal funds except for state and local government, federally-recognized Indian tribes, federal agencies and the military, which are required to reimburse and will be liable for 100 percent of benefits paid.

<b>High-Cost Multiple (HCM)</b>	TF as a percent of total wages divided by the high cost rate. The high cost rate is the highest historical ratio of benefits to wages for a 12-month period.
<b>Initial Claims</b>	Any notice of unemployment filed (1) to request a determination of entitlement to and eligibility for compensation or (2) to begin a second or subsequent period of eligibility within a benefit year or period of eligibility. Interstate claims are counted in the paying state. (ETA 5159)
<b>Insured Unemployment Rate (IUR)</b>	The rate computed by dividing Insured Unemployed for the current quarter by covered employment for the first four of the last six completed quarters. (ETA 539)
<b>Interest Earned</b>	The amount of interest earned on the UI Trust Fund account. (unpublished US Treasury reports)
<b>Outstanding Loan Balance</b>	Balance, as of the end of the quarter, of advances acquired by the state under Title XII of the Social Security Act. (unpublished US Treasury reports)
<b>Rank</b>	All rankings are from highest to lowest for a particular item. Ties receive the same rank.
<b>Reciency Rate</b>	The insured unemployed in regular programs as a percent of total unemployed.
<b>State Revenue</b>	Funds deposited in state accounts in the Unemployment Trust Fund (UTF). These revenues are used to pay state UI benefits and the state share of EB. (ETA 2112)
<b>Subject Employers</b>	The number of employers subject to UI taxes. (ETA 581)
<b>Tax Year</b>	The 12-month time period in which a state's tax rate schedules and taxable wage base remain constant. This is equivalent to the calendar year for most states, with the exception of NH, NJ, TN, and VT. These four states have July-June tax years.
<b>Taxable Wages</b>	Wages paid to covered employees that are subject to state Unemployment Insurance taxes. (ES 202)
<b>Taxable Wage Base</b>	For each state, the maximum amount of wages paid to an employee by an employer during a tax year which are subject to UI taxes. Wages above this amount are not subject to tax.

<b>Total Unemployed</b>	The average number of individuals, 16 years of age or older, who do not have a job but are available for work and actively seeking work in the week of the 12th for the three months of the quarter. This includes individuals on layoff and waiting to report to a new job within 30 days. (Bureau of Labor Statistics-Not Seasonally Adjusted)
<b>Total Unemployment Rate (TUR)</b>	The rate computed by dividing Total Unemployed by the Civilian Labor Force. (Bureau of Labor Statistics)
<b>Total Wages</b>	All wages or remuneration paid to workers on all payrolls covered by Unemployment Insurance. (ES 202)
<b>Total Wages (Taxable Employers)</b>	All wages or remuneration paid to workers by all taxable employers. (ES 202)
<b>Trust Fund Balance (TF)</b>	The balance in the individual state account in the UI Trust Fund. (unpublished US Treasury reports)
<b>UCFE</b>	Unemployment compensation for federal civilian employees
<b>UCX</b>	Unemployment compensation for ex-service members
<b>Unemployment Trust Fund (UTF)</b>	A fund established in the Treasury of United States which contains all monies deposited by state agencies to the credit of their unemployment fund accounts and federal unemployment taxes collected by the Internal Revenue Service.

If you have comments, suggestions or would like more information, please contact:

**Cathy Lindsey, Communications Director**  
**Education and Workforce Development Cabinet**  
**500 Mero Street, 3rd floor**  
**Frankfort, Ky. 40601**  
**502-564-9908**  
<mailto:cathy.lindsey@ky.gov>