

# Financing Unemployment Benefits in Today's Tough Economic Times



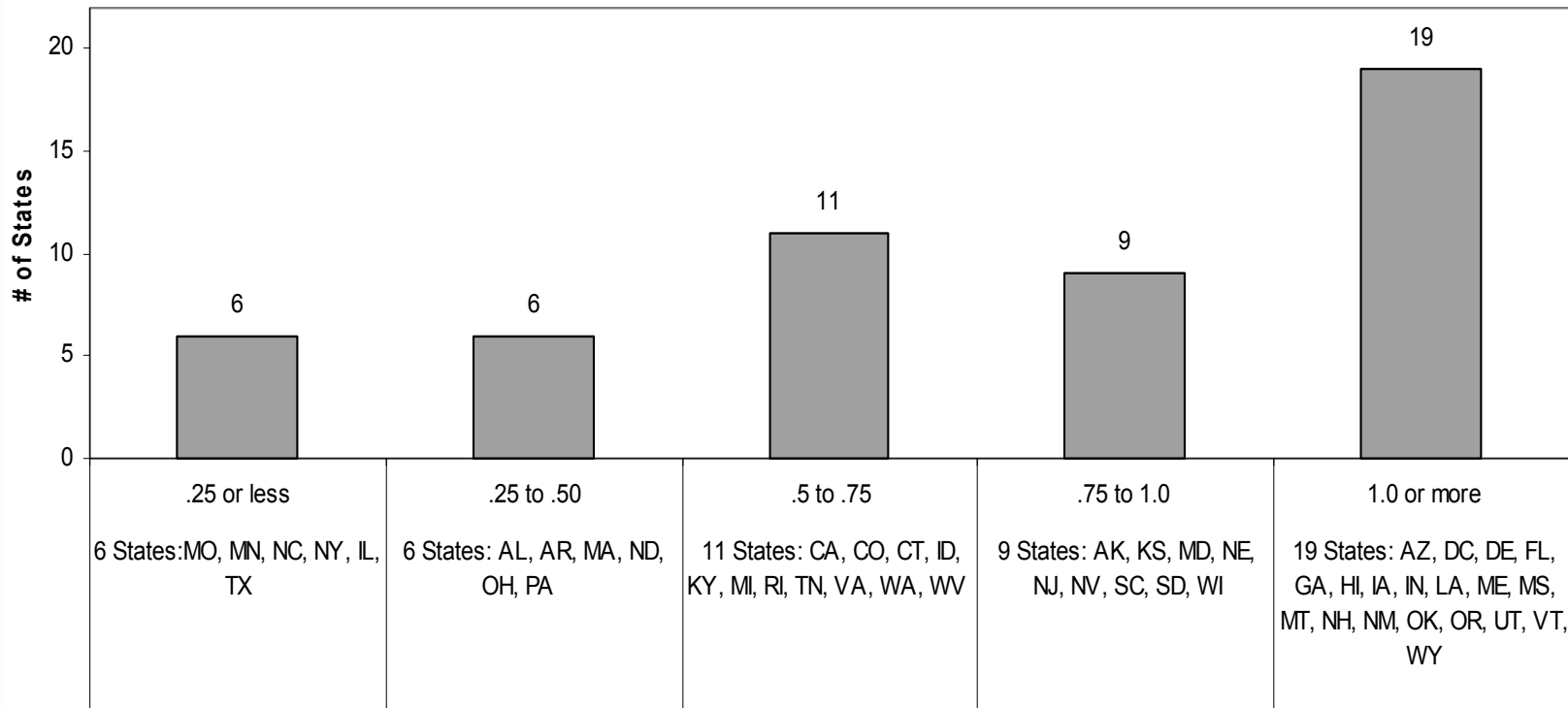
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# Today's Funding Situation

## The Good, the Bad & the Ugly

- Before the recession began (September 2000), the average state had about 11 months of funding to pay benefits at peak recession levels without taking in any additional revenue (“average high cost multiple”, or ACHM).
- 22 months after the recession began (December 2002), the state average was 7 months of recession-level funding, including \$8 billion in “Reed Act” funds distributed in 2002.
- As of December 2002, 19 states were able to pay benefits at peak levels for more than one year (the recommended level of funding going into a recession), and 9 states were above 9 months of recession-level funding.
- 12 states were below six months of recession-level funding
- Six states (Illinois, Missouri, Minnesota, North Carolina, New York, Texas) have applied for federal loans.

## How Many Years of UI Benefits Can States Pay During a Peak Recession? "Average High Cost Multiple" (ACHM) as of December 2002



# How Does the Funding Situation Compare with Prior Recessions?

- Trust funds should have been more solvent heading into this recession given comparatively less severe recession of the early 1990's and the extended expansion that followed.
- The AHCM started off relatively high after the last recession, but never built up to earlier peak levels. Even experienced a drop off in solvency well before the recession began.
- Trust fund balances also did not increase much as a percent of total wages during the 1990s expansion.

# Trust Fund Balance as a Percent of Total Wages and AHCM

## United States

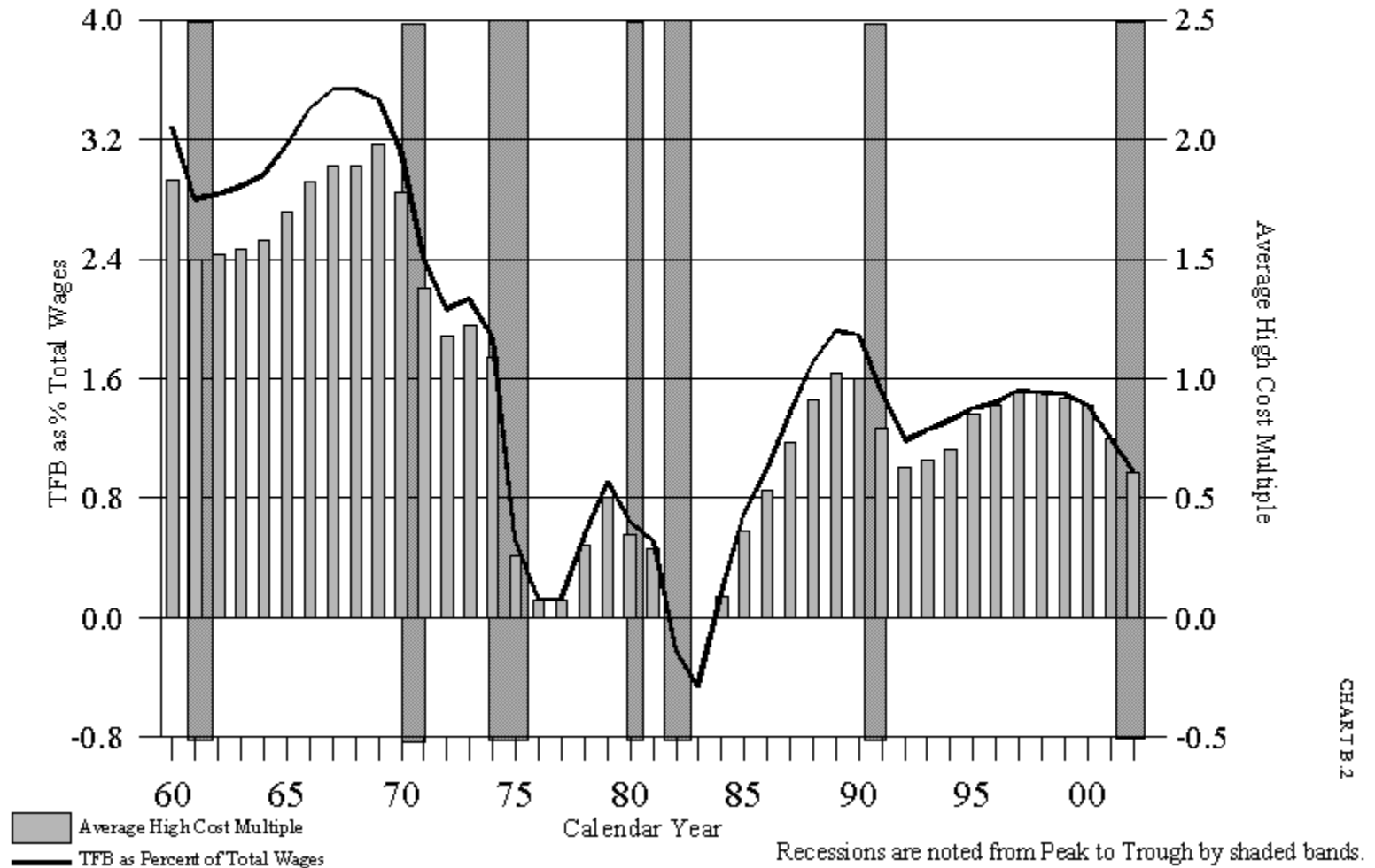
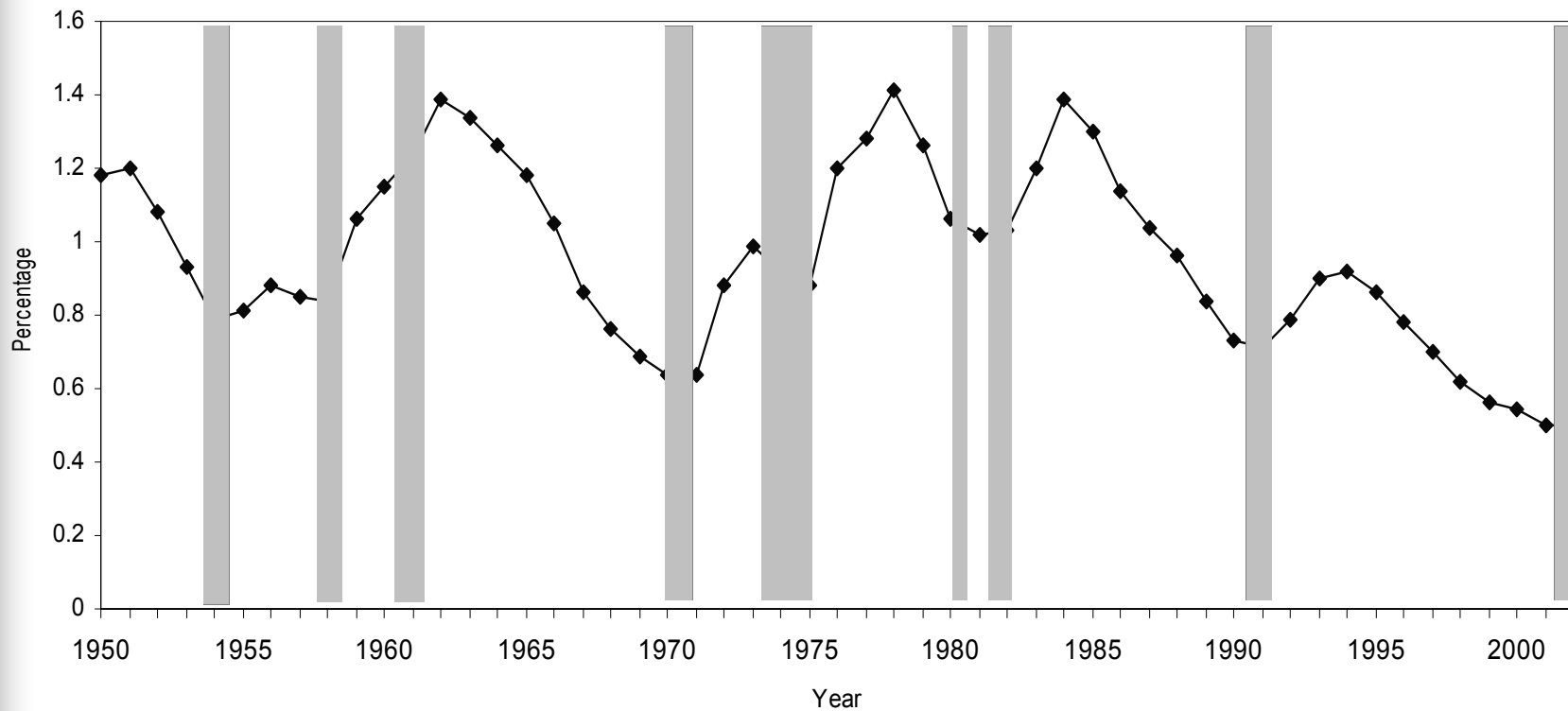


CHART B.2

# Record Low Taxes Account for Low Trust Fund Reserves

- As of December 2002, employers paid an average of 0.5% of their total payroll in UI taxes.
- UI tax rates fell to record low levels, having dropped significantly since the 1980s. In 1994, the national average tax on total wages was .94, or almost double today's rate.
- Shift to “pay as you go” financing in late 1980s brought rates down, and they only increased marginally during the 1990s recovery compared to prior years.
- Low unemployment and experience rating also account for some of the drop in taxes since the 1990s recession.
- Multibillion \$\$\$ Question: Coming out of this recession, will reserves bounce back with the help of solvency taxes and other “flexible financing” mechanisms? Probably not, according to the research projections.

## UI Taxes Paid as a Percent of Total Wages (1950-2002)



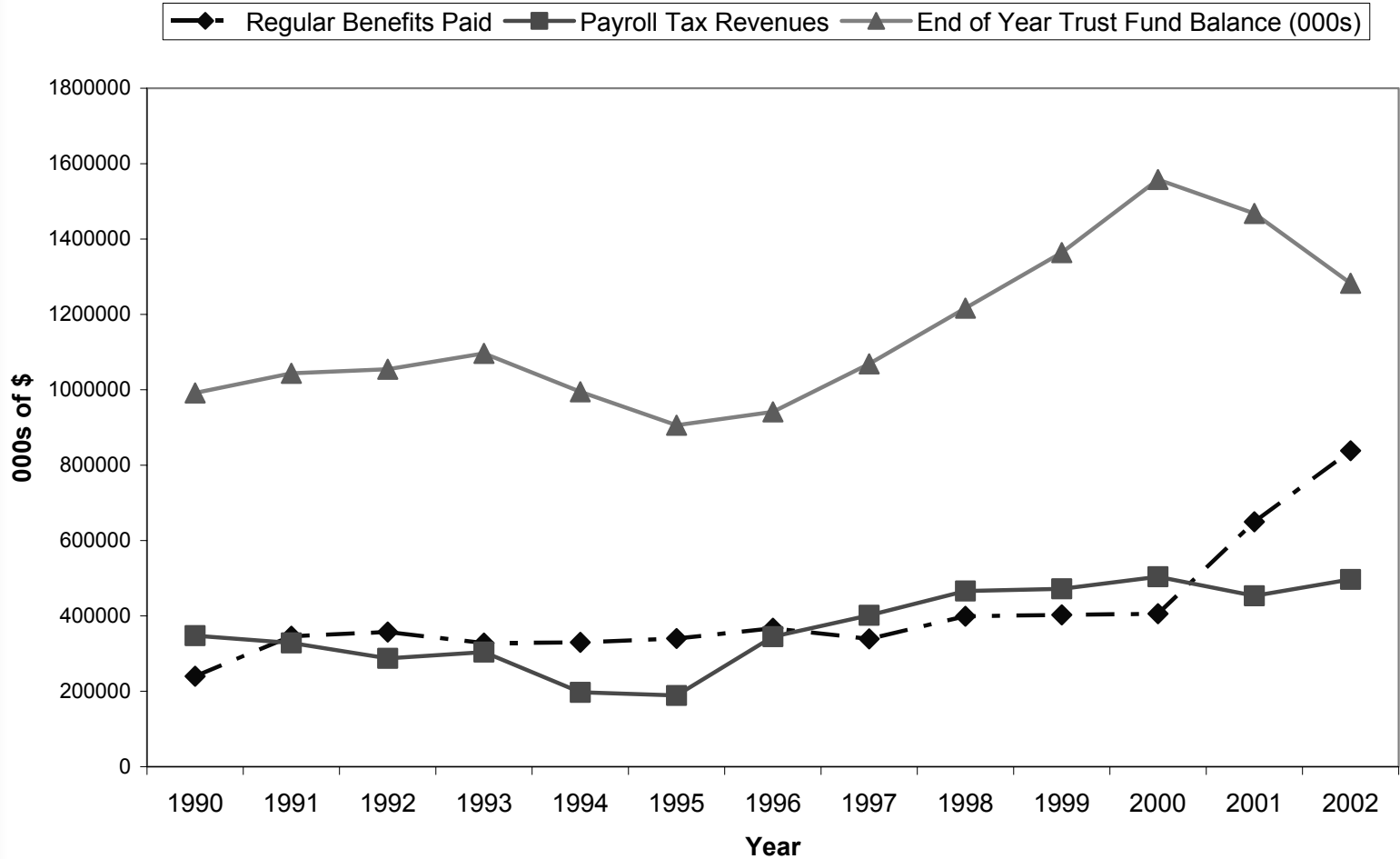
# The Case for “Forward Funding” Versus “Flexible Financing”

- Forward funding raises more revenue during good economic times and pumps money into the economy when it’s needed most.
- Permits states to expand benefits (e.g., state-funded extensions, increased weekly benefits, low-wage worker eligibility reforms).
- Avoids raising taxes significantly and/or pressure to cut benefits when workers/employers can least afford it.
- Allows states to collect significant federal interest on the trust funds (as much as \$100 million a year in large states).
- Avoids federal loans, which leads to millions of dollars spent on interest payments and mandatory tax increases.

# “Forward Funding” Oregon Case Study

- Highest unemployment rate in the nation (8.2%), paying benefits to 50% of the unemployed (above national average).
- Ranks 12<sup>th</sup> on trust fund solvency (1 year, 3 months of recession-level funding).
- \$26,000 taxable wage base, indexed at 80% of the state average annual wage.
- 1.2% average tax on total wages (up from 0.96 in 1994), or \$320.34 per worker.
- 52% of employers pay an average UI tax rate of less than 1% (on taxable wages), or at most \$260 per worker.
- In 2003, Oregon enacted 20-week extension of unemployment benefits without triggering higher tax schedules.

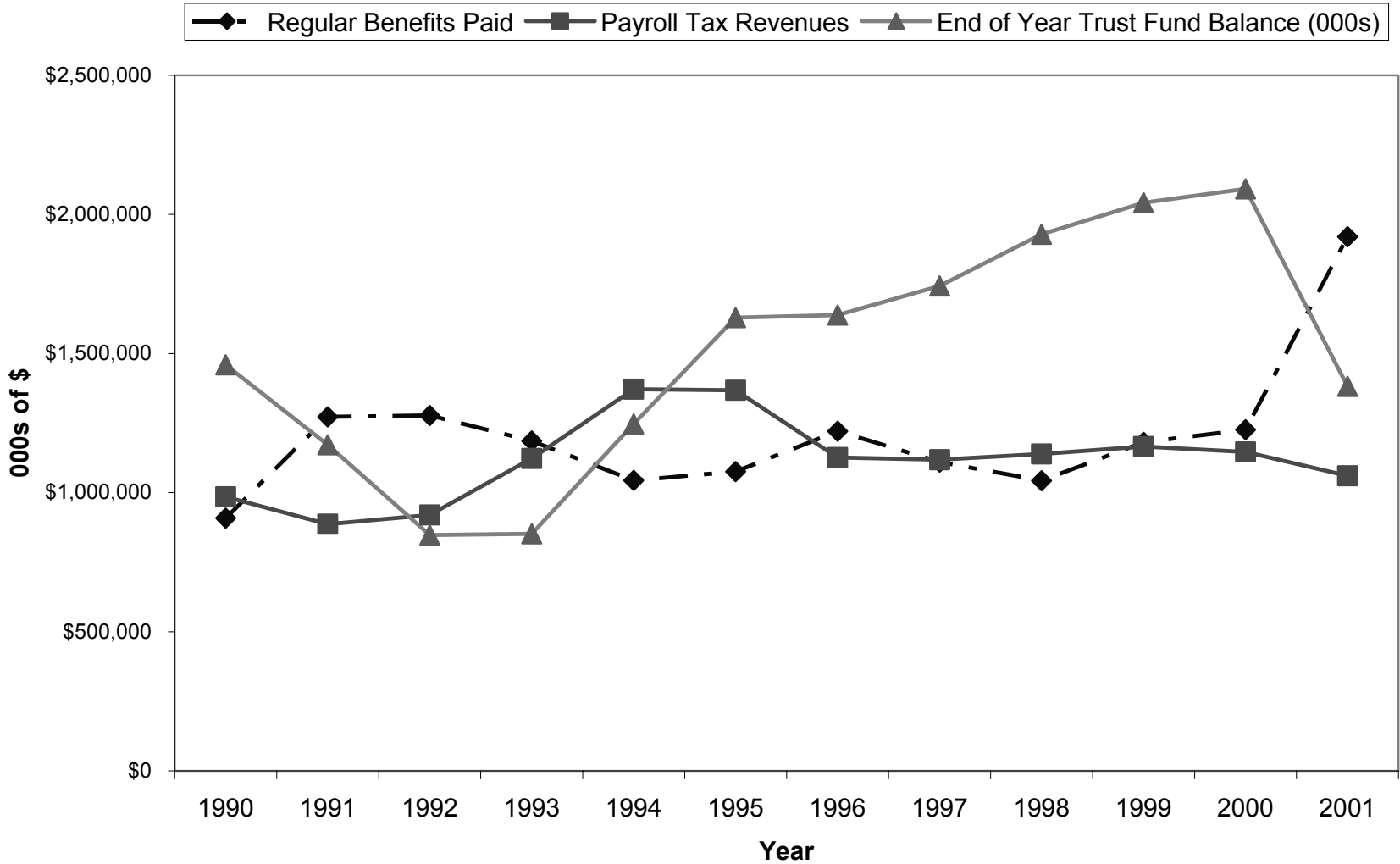
**Figure 1 - Oregon UI Taxes and Benefit Payments 1990-2002**



# “Flexible Financing” Illinois Case Study

- High unemployment state (6.1%), paying benefits to 45% of the unemployed (average nationally).
- In 1988, Illinois established a trust fund trigger of \$750 million (not indexed), keeping taxes artificially low nearly every year thereafter. In 1996, also passed a “bonus” tax cut.
- This year, Illinois applied for a federal loan (\$265 million) to cover benefits.
- \$9,000 taxable wage base, last increased in 1988.
- 0.6% average tax on total wages (fell from 1.10% in 1994), or \$198.48 per worker.
- 74% of all employers pay the minimum tax of 0.6% (on taxable wages), or about \$54 per worker.

### Illinois' UI Taxes and Benefit Payments 1990-2001



# Oregon v. Illinois

- Going into the last recession, Illinois' fund balance dropped far below benefits paid while the Oregon fund was solvent all along.
- During the economic “boom” (1996-2000), Oregon collected more in taxes than it paid in benefits. Illinois collected less in taxes during three years of the economic expansion (another tax cut took effect in 1996).
- Since 1996, Illinois collected \$84 million less in taxes than it paid out, while Oregon collected \$274 million more, not counting substantial federal interest earned on the trust fund.

# Key Financing Issues

- Adequate Taxable Wage Base & Indexing
- “Experience Rating” & Adequate Minimum Tax Rates
- “Flexible Financing” Gimmicks



# Indexing the Taxable Wage Base

## High Priority

- Key to long-term solvency and more effective rebound post-recession is an adequate taxable wage base indexed to reflect growth in wages.
- The average taxable wage base is \$12,661, but 10 states remain at federal minimum of \$7,000 set in 1983.
- 16 states index their taxable wage base (from 50-100% of average annual wages).
- Of the 21 states with the most solvent trust funds, 10 index their taxable wage base.
- If the \$7,000 minimum wage base kept pace with average annual wages since 1983, it would be \$17,500. The Illinois tax base of \$9,000 established in 1988 would now be \$15,000.

# “Experience Rating” 101

- The employer’s layoff history, which is recalculated every year by the state, determines whether the company receives a lower or higher tax rate (“experience rating”).
- Small businesses tend to get bunched both at the top and bottom of the experience distribution. Larger firms tend to be bunched more at the lower end of the experience distribution.
- In practice, about 60% of benefits paid are actually “charged” to a given employer’s experience rate. The rate (called the “Experience Rating Index”) varies from a low of 14% in Georgia to 71% in New York. As a result, tax rates often do not increase for employers and the funds “socialize” the cost of the benefits.

# “Experience Rating” 201

- Step 1: Determine the proportion of employers paying at each of your state’s tax rates. If too many are bunched at the low end that’s indication that your minimum rate may be too low. In Illinois, 74% of all employers pay at the minimum tax rate compared with about 52% in Oregon.
- Step 2: Determine the proportion of “ineffective charges,” which happens when employers reach the maximum tax rate. If the proportion is relatively high, then it makes sense to look at the maximum tax rates so that those employers with a “poor” experience pay their fare share of taxes. Tax “holidays” and other tax freezes are also reflected in ineffective charges, thus Georgia’s rate is 71.5% (meaning \$292 million of the state’s \$408 million paid in unemployment benefits were never charged to an employer).

# “Experience Rating” 201 (cont.)

- Step 3: Determine whether your state has a high rate of “inactive” charges, which happens when employers go out of business or the tax is not passed on new corporate entities. In Montana, 22% of charges (\$13 million in benefits) were listed as inactive in 2002.
- Step 4: Determine the proportion of “new employers” in the state and evaluate their tax rates. After a specific period of time, new employers start paying experience rate taxes. Until then, they pay a flat rate, often the average tax in the state and sometimes the industry average. Some states, especially in the West, have a higher percentage of new employers which may justify adjustments to their tax rates.

# “Flexible Financing” Gimmicks

- Key to avoid setting tax rates or tax schedules at artificial funding levels, especially dollar amounts that are not indexed (e.g., \$750 million in Illinois and \$300 million in Minnesota).
- The research says that solvency taxes (22 states have them now as a result of shift to “flexible financing”) are not a reliable method to improve financing long-term.
- Eliminate “voluntary” payment of unemployment taxes (allowed in 27 states), which allows employers to artificially lower their tax rates (by increasing the balance in their reserve so that a lower rate is assigned which will save more than the amount of the contribution).

# What About the Employer Arguments?

## ■ Employer Arguments

- “UI taxes are too high, killing job creation!”
- “UI taxes are too high compared to China!”

## ■ Some Responses

- #1 Money paid into the system comes back to boost the economy especially in areas hardest hit by unemployment. The stronger the system, the greater the boost to the economy. (County data works great).
- #2 UI taxes are a small percentage of total payroll, on average 0.5% nationally, and they have fallen almost in half since 1994.

# Employer Arguments (cont.)

- #3 Quantify the large proportion of employers (usually at least half) in most states that pay far less than the state's average tax rate (in Illinois, 74% of employers pay only \$54 a worker).
- #4 Don't always believe their numbers. Watch out for the sometimes bogus "\$ per worker" number, especially in states with high taxable wage bases. Can't be used to compare states.

## State UI Tax & Finance Statistics

State	AHCM	Minimum Tax Rate Paid (2002)	Maximum Tax Rate Paid (2002)	Average Tax on Total Wages (2002)	Average Amount of Tax Per Worker (2002)	Experience Rating Index (Average 1999-2002)
Alabama	0.48	0.6%	6.2%	0.4%	\$109.33	63
Alaska	0.99	na	na	1.3%	\$426.11	na
Arizona	1.52	0.1%	5.4%	0.2%	\$70.45	52
Arkansas	0.30	0.5%	5.5%	0.8%	\$163.11	59
California	0.51	na	na	0.6%	\$189.23	61
Colorado	0.64	0.0%	5.6%	0.2%	\$78.99	72
Connecticut	0.63	na	na	0.4%	\$297.87	67
Delaware	1.73	na	na	0.5%	\$144.00	na
District of Columbia	1.09	na	na	0.4%	\$221.33	na
Florida	1.11	0.2%	5.4%	0.3%	\$84.52	59
Georgia	1.17	0.0%	5.4%	0.1%	\$38.10	14
Hawaii	1.42	0.0%	4.8%	0.8%	\$211.35	55
Idaho	0.66	0.2%	5.4%	0.8%	\$177.35	53
Illinois	0.10	0.6%	6.8%	0.6%	\$196.46	77
Indiana	1.10	na	na	0.3%	\$89.64	56
Iowa	1.12	0.1%	7.5%	0.6%	\$157.17	64
Kansas	0.76	0.0%	7.4%	0.6%	\$145.15	60
Kentucky	0.52	0.2%	5.4%	0.6%	\$171.66	67
Louisiana	1.32	na	na	0.4%	\$74.15	64
Maine	1.82	0.7%	5.4%	0.8%	\$188.57	56
Maryland	0.78	na	na	0.4%	\$117.18	na
Massachusetts	0.44	1.4%	6.5%	0.7%	\$270.62	61
Michigan	0.53	na	na	0.7%	\$226.40	70
Minnesota	0.10	na	na	0.4%	\$144.42	54
Mississippi	1.92	0.7%	5.4%	0.5%	\$106.28	46
Missouri	0.15	0.0%	6.6%	0.2%	\$106.32	57
Montana	1.49	0.0%	6.4%	0.7%	\$167.79	48
Nebraska	0.82	0.0%	5.4%	0.3%	\$89.38	47
Nevada	0.91	na	na	0.8%	\$220.44	72
New Hampshire	1.78	0.0%	6.2%	0.2%	\$55.31	63
New Jersey	0.85	0.2%	5.4%	0.5%	\$251.81	56
New Mexico	2.76	na	na	0.5%	\$109.46	54
New York	-0.05	1.0%	9.4%	0.7%	\$272.85	71
North Carolina	0.14	0.0%	5.7%	0.4%	\$118.14	42
North Dakota	0.38	0.0%	2.2%	0.7%	\$142.98	79
Ohio	0.44	na	na	0.4%	\$129.88	na
Oklahoma	1.10	na	na	0.2%	\$73.15	30
Oregon	1.25	0.9%	5.0%	1.2%	\$320.45	53
Pennsylvania	0.40	1.8%	8.9%	0.9%	\$269.54	60
Rhode Island	0.74	1.7%	9.8%	1.1%	\$296.43	72
South Carolina	0.86	0.7%	5.6%	0.4%	\$110.14	56
South Dakota	0.81	0.0%	7.0%	0.2%	\$41.63	49
Tennessee	0.59	na	na	0.5%	\$134.72	58
Texas	-0.04	0.4%	6.5%	0.4%	\$117.06	59
Utah	1.22	na	na	0.3%	\$74.69	na
Vermont	2.31	0.5%	5.4%	0.6%	\$149.54	42
Virginia	0.68	0.0%	6.3%	0.1%	\$48.51	62
Washington	0.72	0.5%	5.4%	1.2%	\$392.60	60
West Virginia	0.57	1.5%	8.5%	1.0%	\$198.42	56
Wisconsin	0.77	0.0%	9.5%	0.6%	\$172.49	60
Wyoming	1.53	0.5%	6.8%	0.4%	\$77.61	54
<b>US Average</b>	<b>0.59</b>	<b>0.4%</b>	<b>6.3%</b>	<b>0.5%</b>	<b>\$ 166.56</b>	<b>58</b>

Source: US Department of Labor, Office of Workforce Security

## State UI Tax & Finance Policies

State	Taxable Wage Base	Indexes Taxable Wage Base	Min Rate possible under law	Max rate possible under law	New Employer Rates	Benefit (BR) or Reserve (RR) State	Allows Prepayment of Taxes	Solvency Taxes
Alabama	\$26,700	N	0.2%	6.8%	2.7	BR	N	N
Alaska	\$8,000	Y	1.0%	5.4%	Avg. industry rate	payroll variation	N	Y
Arizona	\$7,000	N	0.1%	5.4%	2.7	RR	Y	N
Arkansas	\$9,000	N	0.1%	6.8%	3.2	RR	Y	Y
California	\$7,000	N	0.1%	5.4%	3.4	RR	Y <sup>1</sup>	Y
Colorado	\$10,000	N	0.0%	5.4%	1.7 <sup>c</sup>	RR	Y	Y
Connecticut	\$15,000	N	0.5%	6.9%	2.4	BR	N	N
Delaware	\$8,500	N	0.1%	9.5%	Avg. industry rate	benefit-wage-ratio	N	Y
DC	\$9,000	N	0.1%	7.4%	2.7 <sup>*</sup>	RR	N	N
Florida	\$7,000	N	0.0%	6.4%	2.7	BR	N	N
Georgia	\$8,500	N	0.1%	10.8%	2.62	RR	Y	N
Hawaii	\$30,200	Y	0.0%	5.4%	2.4	RR	N	N
Idaho	\$27,600	Y	0.1%	6.8%	1.5	RR	N	N
Illinois	\$9,000	N	0.2%	9.0%	3.1 <sup>*</sup>	BR	N	Y
Indiana	\$7,000	N	0.1%	5.6%	2.7	RR	Y	N
Iowa	\$19,200	Y	0.0%	9.0%	1	BR	N	N
Kansas	\$8,000	N	0.0%	7.4%	Avg. industry rate	RR	Y	N
Kentucky	\$8,000	N	0.3%	10.0%	2.7	RR	Y	N
Louisiana	\$7,000	N	0.1%	6.0%	Avg. industry rate	RR	Y	N
Maine	\$12,000	N	0.5%	7.5%	2.75	RR	Y	N
Maryland	\$8,500	N	0.1%	9.5%	1.8-2.3	BR	N	Y
Massachusetts	\$10,800	N	0.6%	9.3%	2.125	RR	Y	N
Michigan	\$9,000	N	0.0%	10.0%	2.7 <sup>c</sup>	BR	Y	N
Minnesota	\$22,000	Y	0.1%	9.5%	varies	BR	Y	N
Mississippi	\$7,000	N	0.1%	5.4%	2.7	BR	N	Y
Missouri	\$7,500	N	0.0%	8.7%	2.7	RR	Y	Y
Montana	\$19,700	Y	0.0%	6.4%	Avg. industry rate	RR	N	N
Nebraska	\$7,000	N	not specified	5.4%	3.5	RR	Y	N
Nevada	\$21,500	Y	0.3%	5.4%	2.95	RR	N	N
New Hampshire	\$8,000	N	0.1%	6.5%	2.7	RR	N	Y
New Jersey	\$23,900	Y	0.3%	7.0%	2.8	RR	Y	Y
New Mexico	\$16,600	Y	0.1%	5.4%	2.7	RR	Y	N
New York	\$8,500	N	2.4%	8.9%	varies	RR	Y	Y
North Carolina	\$15,900	Y	0.0%	5.4%	1	RR	Y	N
North Dakota	\$18,000	Y	0.1%	not specified	varies	RR	Y	N
Ohio	\$9,000	N	0.1%	6.7%	2.7 <sup>*</sup>	RR	Y	Y
Oklahoma	\$11,700	Y	0.1%	5.5%	1	benefit-wage-ratio	N	Y
Oregon	\$26,000	Y	0.5%	5.4%	3	BR	N	N
Pennsylvania	\$8,000	N	0.3%	10.6%	3.5	RR	Y	Y
Rhode Island	\$12,000	N	0.6%	10.0%	1.86	RR	N	Y
South Carolina	\$7,000	N	0.5%	6.1%	2.64	RR	N	Y
South Dakota	\$7,000	N	0.0%	10.5%	1.2	RR	Y	Y
Tennessee	\$7,000	N	0.0%	10.0%	2.7 <sup>*</sup>	RR	N	N
Texas	\$9,000	N	0.0%	6.0%	2.6 <sup>*</sup>	BR	Y	Y
Utah	\$22,500	Y	0.1%	8.1%	Avg. industry rate	BR	N	N
Vermont	\$8,000	N	0.4%	8.4%	Avg. industry rate	BR	N	N
Virginia	\$8,000	N	0.0%	6.4%	2.5	BR	N	Y
Washington	\$29,700	Y	0.5%	5.4%	Avg. industry rate	BR	Y <sup>1</sup>	N
West Virginia	\$8,000	N	0.0%	8.5%	2.7 <sup>c</sup>	RR	Y	N
Wisconsin	\$10,500	N	0.0%	8.9%	2.7 <sup>c</sup>	RR	Y <sup>1</sup>	Y
Wyoming	\$14,700	Y	0.0%	8.5%	Avg. industry rate	BR	N	Y
US Average	\$ 12,661	16	0.2%	7.4%	2.49		27	22

<sup>c</sup> = construction industry gets a different rate  
<sup>\*</sup> = rates may vary according to industry  
<sup>1</sup> = prepayment is not applicable to certain employers

EXPERIENCE RATING INDEX BY STATE  
RATE YEAR 2002

STATE	Experience Rating System	Ineffective Charges		Inactive Charges		Noncharges		Benefits Paid	ERI
		(\$000s)	as % of BEN	(\$000s)	as % of BEN	(\$000s)	as % of BEN	(\$000s)	
Alabama	BR	44,753	18.00%	10,434	4.20%	48,958	19.70%	248,702	58
Alaska	PD	NA	NA	NA	NA	114,743	100.00%	114,743	NA
Arizona	RR	47,543	28.10%	8,106	4.80%	29,382	17.40%	169,176	50
Arkansas	RR	23,653	11.00%	2,557	1.20%	62,869	29.30%	214,723	59
California	RR	INA	INA	304,176	12.20%	202,037	8.10%	2,484,435	INA
Colorado	RR	30,115	17.20%	15,341	8.80%	7,128	4.10%	174,905	70
Connecticut	BR	40,494	10.80%	44,086	11.80%	33,909	9.10%	374,578	68
Delaware	BWR	NA	NA	3,923	4.90%	20,340	25.30%	80,393	NA
Dist. of Columbia	RR	REPORT NOT SUBMITTED							
Florida	BR	82,616	9.90%	106,952	12.80%	129,084	15.50%	832,559	62
Georgia	RR	291,578	71.50%	32,284	7.90%	25,163	6.20%	407,840	14
Hawaii	RR	28,791	21.50%	12,725	9.50%	23,855	17.80%	133,799	51
Idaho	RR2	28,799	25.00%	1,958	1.70%	22,597	19.60%	115,128	54
Illinois	BR	637,511	35.60%	33,294	1.90%	99,089	5.50%	1,792,796	57
Indiana	RR	153,358	34.40%	44,679	10.00%	51,240	11.50%	446,082	44
Iowa	BR2	33,741	13.10%	16,185	6.30%	48,274	18.80%	257,416	62
Kansas	RR2	32,790	18.00%	13,836	7.60%	29,236	16.10%	182,058	58
Kentucky	RR	87,184	24.10%	19,430	5.40%	20,786	5.70%	361,816	65
Louisiana	RR	26,352	15.00%	4,818	2.70%	31,517	17.90%	175,583	64
Maine	RR2	9,679	11.50%	615	0.70%	34,471	40.90%	84,199	47
Maryland	BR	INA	INA	28,235	9.30%	65,048	21.50%	302,583	INA
Massachusetts	RR	341,319	32.40%	2,207	0.20%	122,056	11.60%	1,052,928	56
Michigan	BR3	INA	INA	193,288	13.70%	164,486	11.70%	1,409,381	INA
Minnesota	BR	266,144	45.50%	77,251	13.20%	64,080	11.00%	584,985	30
Mississippi	BR	37,073	24.90%	16,183	10.90%	30,309	20.30%	149,041	44
Missouri	RR	104,570	26.90%	1,416	0.40%	75,048	19.30%	388,222	53
Montana	RR2	10,332	17.90%	12,823	22.30%	6,993	12.10%	57,616	48
Nebraska	RR	20,046	22.30%	4,776	5.30%	23,943	26.70%	89,768	46
Nevada	RR2	REPORT NOT SUBMITTED							
New Hampshire	RR	INA	INA	7,419	11.50%	10,584	16.40%	64,502	INA
New Jersey	RR	371,080	24.70%	156,693	10.40%	201,690	13.40%	1,503,292	51
New Mexico	RR	INA	INA	5,710	7.80%	15,731	21.60%	72,880	INA
New York	RR	499,069	19.20%	167,261	6.40%	78,872	3.00%	2,603,635	71
North Carolina	RR	134,918	27.80%	29,007	6.00%	112,058	23.10%	485,612	43
North Dakota	RR2	1,343	3.30%	1,992	4.90%	4,463	11.00%	40,716	81
Ohio	RR	REPORT NOT SUBMITTED							
Oklahoma4	BWR	79,789	47.10%	23,715	14.00%	29,380	17.30%	169,403	22
Oregon	BR2	100,379	21.10%	33,313	7.00%	83,094	17.50%	475,111	54
Pennsylvania	BR3	339,581	20.90%	123,557	7.60%	211,187	13.00%	1,627,556	59
Puerto Rico	RR	REPORT NOT SUBMITTED							

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RATE YEAR 2002

STATE	Experience Rating System	Ineffective Charges		Inactive Charges		Noncharges		Benefits Paid	ERI
		(\$000s)	as % of BEN	(\$000s)	as % of BEN	(\$000s)	as % of BEN	(\$000s)	
Rhode Island	RR	16,200	11.60%	8,909	6.40%	16,690	11.90%	139,893	70
South Carolina	RR	57,578	21.70%	35,094	13.20%	34,162	12.90%	264,885	52
South Dakota	RR	7,797	34.40%	1,189	5.20%	3,539	15.60%	22,687	45
Tennessee	RR	113,844	20.30%	80,355	14.30%	76,180	13.60%	561,429	52
Texas	BR	85,517	7.10%	108,993	9.00%	277,469	22.90%	1,209,951	61
Utah	BR	INA	INA	11,326	5.70%	76,292	38.40%	198,556	INA
Vermont	BR2	16,378	27.00%	6,545	10.80%	13,563	22.30%	60,736	40
Virgin Islands	RR	REPORT NOT SUBMITTED							
Virginia	BR	68,946	30.00%	12,185	5.30%	27,925	12.20%	229,517	52
Washington	BR2	125,647	13.20%	114,292	12.00%	172,657	18.10%	951,768	57
West Virginia	RR	28,101	23.30%	14,577	12.10%	9,034	7.50%	120,419	57
Wisconsin	RR	136,576	21.20%	20,928	3.20%	122,903	19.10%	645,053	57
Wyoming	BR	4,943	21.40%	384	1.70%	4,121	17.80%	23,130	59

For NH, NJ, TN, and VT, ERI is for rate year ending June 30, 2003.

DE is a Benefit Wage Ratio state and is not required to report Ineffective Charges.

AK is a Payroll Decline state and is not required to report Ineffective Charges.

<sup>1</sup> Data supplied in the old format

<sup>2</sup> State uses an array method for assigning tax rates.

<sup>3</sup> State also uses reserve ratio elements in its system.

<sup>4</sup> State supplied estimate of IEC

RR - Reserve Ratio; BR - Benefit Ratio; BWR - Benefit Wage Ratio; PD - Payroll Decline

INA- Information Not Available

NA -Not Applicable

Source: US Department of Labor, Office of Workforce Security

**Tax Distribution in Selected States (Tax Rate on Taxable Wages), 2002**

<b>New York</b>	
Rate	%
8%+	2.7%
6-8%	6.1%
4-6%	10.0%
2-4%	28.7%
1-2%	20.4%
0-1%	32.1%
Taxable Wage Base: \$8,500	
Avg. Tax on Taxable Wages: 3.4%	

<b>Kansas</b>	
Rate	%
6%+	6.4%
3-6%	8.0%
2-3%	29.4%
1-2%	19.5%
0.5-1%	11.3%
0-0.5%	25.5%
Taxable Wage Base: \$8,000	
Avg. Tax on Taxable Wages: 1.4%	

<b>Colorado</b>	
Rate	%
4%+	2.4%
3-4%	3.8%
2-3%	0.7%
1-2%	5.1%
0.5-1%	25.3%
0-0.5%	62.6%
Taxable Wage Base: \$10,000	
Avg. Tax on Taxable Wages: 0.9%	

<b>Georgia</b>	
Rate	%
5%+	2.2%
0.05-5%	0.2%
0.03-0.05%	6.2%
0.01-0.02%	35.7%
0	55.6%
Taxable Wage Base: \$8,500	
Avg. Tax on Taxable Wages: 0.5%	

<b>Oregon</b>	
Rate	%
0-1%	52.3%
1-2%	14.6%
2-3%	19.6%
3-4%	10.9%
4%+	2.7%
Taxable Wage Base: \$22,000	
Avg. Tax on Taxable Wages: 1.9%	

<b>Illinois</b>	
Rate	%
0.5-1%	76.6%
1-2%	4.5%
2-3%	5.0%
3-5%	5.5%
5%+	4.8%
Taxable Wage Base: \$9,000	
Avg. Tax on Taxable Wages: 2.2%	

Source: US Department Office of Labor, Workforce Security