unemployment insurance board 2005—2006 Annual Report

Unemployment Insurance Board's 2005-2006 Annual Report

Presented to
Governor Mitchell E. Daniels, Jr.
and the
Indiana General Assembly
by the
Indiana Unemployment Insurance Board

INDIANA WORKFORCE DEVELOPMENT
An Economic Development Partner

Andrew Penca, Commissioner

INDIANA
WORKFORCE
DEVELOPMENT

April 30, 2007

Dear Fellow Hoosier:

On behalf of the Indiana Unemployment Insurance Board, I am pleased to present their *2005-06 Annual Report*.

This continues to be an exciting time for Indiana's unemployment insurance programs. The overhaul and modernization of our system is proceeding on schedule with such efforts as the Unemployment Insurance Modernization (UIM) project, new debit cards and other long overdue improvements. Collectively, these efforts are all designed to provide better customer service as well as introduce needed efficiencies to the system.

While much work remains, we have already made great progress, and I applaud the hard work and efforts of the staff and Board for their leadership these past few years.

It is important, however, that we continue to meet the goals we have established for our new system. The unemployment insurance system plays a unique role in Indiana's economic development efforts, providing both a monetary benefit for Indiana's unemployed workers while helping bring economic stability to our businesses and communities. It is important that the improvements continue unabated and focus upon our broad goal of raising everyone up one level to attain our broad mission of growing jobs and employment in the state.

Please share with me any thoughts and comments you have on this report or on our unemployment insurance system. I look forward to continuing to work with you on these efforts in the months and years ahead.

Sincerely,

Andrew J. Penca
Commissioner

Mitchell E. Daniels, Jr., *Governor*
Andrew J. Penca, *Commissioner*

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An Economic Development Partner

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Presented to:

Governor Mitchell E. Daniels, Jr.

and the

Indiana General Assembly

By the Indiana Unemployment Insurance Board:

Robert Dickerson, President

Brent Schoolcraft, Vice-President

Barry Baer, Member

Maurice "Mo" Davison, Member

Thomas Hargrove, Member

Samuel Schlosser, Member

Sean Seyferth, Member

Dave Thomas, Member

As drafted by the Employment Growth Division on the Board's behalf.

Andrew Penca, Commissioner

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Acknowledgments

This Report has been prepared by the Employment Growth Division of the Indiana Department of Workforce Development at the behest of the Unemployment Insurance Board.

The findings and recommendations reflected herein are those of the Unemployment Insurance Board and do not necessarily reflect the opinions of the Indiana Department of Workforce Development.

If you have any questions regarding information enclosed, please forward them to Andrew Penca, Commissioner; Indiana Department of Workforce Development; 10 N. Senate Ave., Rm. SE 302; Indianapolis IN 46204-2277.

Special thanks go out to staff who helped research and prepare this Report—Teresa Austin, Charlie Baer, Steve Buck, Jennifer Chappell, Jim Cohee, Marsha Feltner, Ron Giveans, Michelle Graves-Moore, Diana Gushrowski, Dorothy Greene, Ed Henze, Nicole Iaria, William McCoskey, Laura Merrion, Bill Peterson, Scott Sanders, Deanna Small, and Teresa Voors.

Table of Contents

Unemployment Insurance Board ..... Page 3
- UI Trust Fund ..... Page 4
- Employment and Training Services Administration Fund ..... Page 6
- Special Employment and Training Services Fund ..... Page 7

Indiana's UI Tax Rate System ..... Page 8

Employment Growth ..... Page 10

- DWD Offices Offering UI Services ..... Page 12
- UI Benefits Process ..... Page 13

Accomplishments for 2006 ..... Page 14

Goals for 2007 ..... Page 19

Statistical Appendix ..... Page 25

- Unemployment Statistics
  - Key Unemployment Facts for Indiana and Neighboring States ..... Page 29
  - Comparison of Taxable Wage Bases ..... Page 30
  - Comparison of Average UI Tax Rate of Total Wages ..... Page 31
  - Comparison of Average Weekly Wages (AWW) ..... Page 32
  - Comparison of Average Weekly Benefit Amounts (AWBA) ..... Page 33
  - Comparison of AWBA as Percent of AWW ..... Page 34
  - Comparison of Months of Benefits in Trust Funds ..... Page 35
  - Comparison of Average UI Tax Rate of Taxable Wages ..... Page 36
  - Comparison of Average High Cost Multiples (AHCM) ..... Page 37
- Historical Data
  - Selected Tax Data (Calendar Year Comparisons) ..... Page 41
  - Selected Benefit Data (Calendar Year Comparisons) ..... Page 42
- Employment Statistics
  - State of Indiana Population ..... Page 45
  - State of Indiana Labor Force ..... Page 46
  - Comparison of Indiana and US Unemployment Rates ..... Page 47
  - Indiana Establishments by Employment Size/Class (March 2006) ..... Page 48
  - UI Covered Employment—Indiana Totals ..... Page 52
  - Midwest Minimum, Average, and Maximum Annual Tax Rates 2006 ..... Page 53
  - Midwest Wages, Benefits, and Wage Replacement Rates June 30, 2005 - June 30, 2006 ..... Page 54

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The Indiana Unemployment Insurance ("UI") Board (the "Board") is established by law and consists of nine (9) members appointed by the Governor who serve staggered four-year terms. The Board consists of a cross-representation of the workforce. There are four (4) members representing the interests of organized labor; two (2) members representing the interests of small employers; two (2) members representing the interests of large employers; and one (1) member representing the state and the public-at-large. Specifically, as of June 30, 2006, the Board consisted of the following[1]:

President, Robert "Bob" Dickerson—Small Employers
Vice-President, Brent Schoolcraft—Large Employers
Member, Barry Baer—Small Employers
Member, Maurice "Mo" Davison—Labor
Member, Tom Hargrove—Labor
Member, Samuel Schlosser—Public-at-Large
Member, Sean Seyferth—Labor
Member, Dave Thomas—Labor

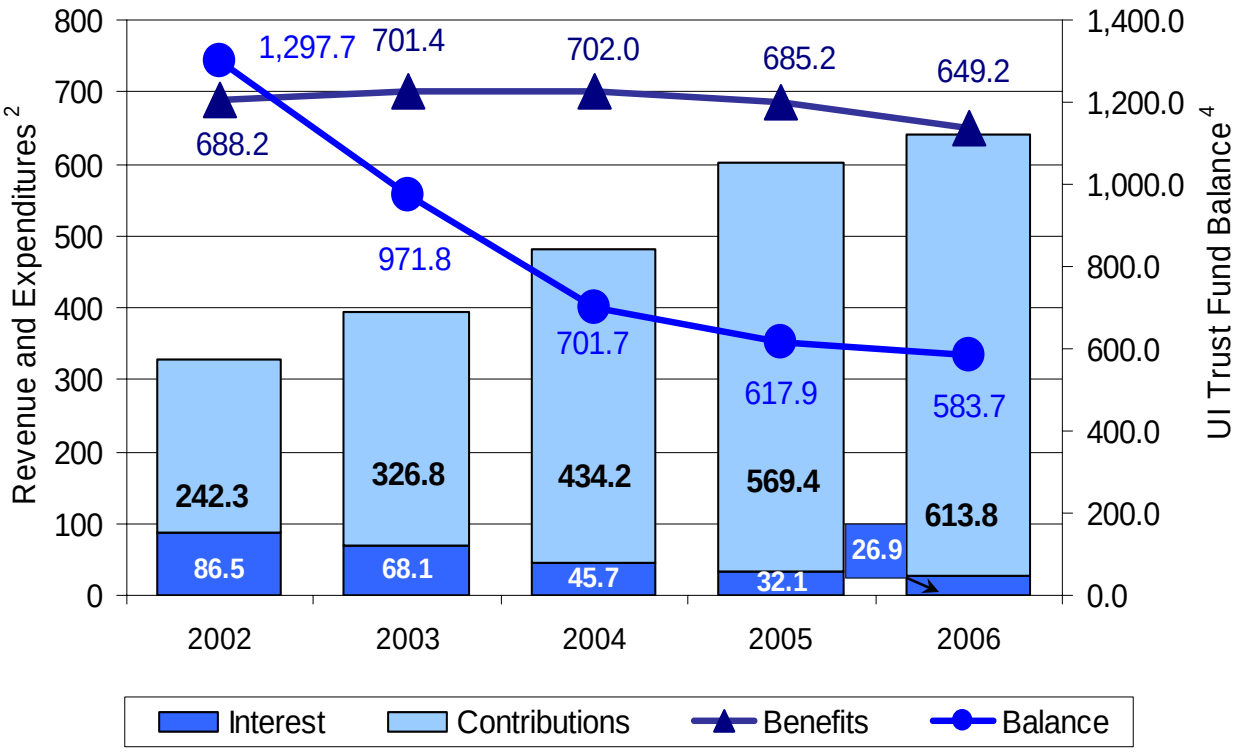
One of the Board's responsibilities under IC 22-4-18-2 is to present this *Annual Report* to the Governor highlighting the status of Indiana's UI program, together with recommendations for maintaining the solvency of the UI Trust Fund. Additionally, this report discusses some recent achievements within the UI program and certain related statistical information.

[1] Large employer vacancy exists.

UI programs were established in 1938 to cushion the impact of an economic downturn for unemployed workers and to help bring economic stability to businesses and communities. Contributions are collected from employers and held for the state in the UI Trust Fund by the US Treasury. The UI Trust Fund is designed to provide a stable funding source for financing unemployment benefits. Indiana's UI Trust Fund balance was $617,917,502 on June 30, 2005. This represents 11.2 months of benefits at the current level.

The balance in the UI Trust Fund is comprised of revenue from tax contributions, Reed Act distributions, and earned interest; less benefits paid and Reed Act expenditures.[1]

UI Trust Fund Transactions by Fiscal Year [3]



1 All numbers are in millions.

2 Reed Act activity is not included in Revenue and Expenditure calculations. A Reed Act distribution comes from trust funds established by the Federal Unemployment Insurance Tax Act (FUTA) and is released to each state by an act of Congress. Indiana does not currently use Reed Act funds for the payment of benefits.

3 Indiana's fiscal year runs from July 1 through June 30.

4 Benefits paid include all unemployment checks written. The balance reflects only checks cashed. As of 2/31/2005, there were $19.1 million in outstanding checks.

Three Year Comparison of Key Factors and Indiana's National Ranking compares selected UI indicators taken from the US Department of Labor (USDOL) *UI Data Summary* for the twelve-month periods ending June 30, 2004-2006.

Three Year Comparison of Key Factors and Indiana's National Ranking

	2004	2005	2006	'04 to '05 % of Change
Benefits paid (millions)	**$702.01**	**$654.81**	**$642.03**	***-1.95%***
National Rank	***15***	***15***	***15***	
Weeks compensated (millions)	**2.7**	**2.5**	**2.3**	***-8.00%***
National Rank	***17***	***14***	***14***	
Average duration (weeks)	**13.9**	**13.2**	**13.0**	***-1.52%***
National Rank	***47***	***42***	***43***	
Average Weekly Benefit Amount (AWBA)	**$264.81**	**$274.16**	**$282.54**	**3.06%**
National Rank	***15***	***14***	***16***	
Average Weekly Wage (AWW)	**$637.62**	**$662.40**	**$676.66**	**2.15%**
National Rank	***29***	***30***	***31***	
AWBA as Percent of AWW	**41.5%**	**42.0%**	**41.9%**	***-0.24%***
National Rank	***16***	***6***	***8***	
Revenue (millions)	**$434.22**	**$565.88**	**$621.32**	**9.80%**
National Rank	***20***	***18***	***17***	
Wages paid (billions)	**$92.33**	**$96.88**	**$99.82**	**3.03%**
National Rank	***16***	***16***	**17**	
Tax rate on total wages	**0.5%**	**0.6%**	**0.7%**	**16.67%**
National Rank	***39***	***38***	***29***	
Tax rate on taxable wages	**1.9%**	**2.4%**	**3.1%**	**29.17%**
National Rank	***23***	***22***	***10***	
Covered employment (millions)	**2.785**	**2.812**	**2.837**	**0.89%**
National Rank	***14***	***14***	***14***	
Total unemployment rate	**5.2%**	**5.3%**	**5.2%**	***-1.89%***
National Rank	***28***	***23***	***13***	
Months of benefits in UI Trust Fund	**12.0**	**11.3**	**11.0**	***-2.65%***
National Rank	***30***	***35***	***40***	
Average High Cost Multiple (AHCM)	**0.83**	**0.59**	**0.54**	***-8.47%***
National Rank	***20***	***27***	***30***	

For further information and/or more current UI Trust Fund data, please contact UI Statistics at (317) 233-0037 or visit the USDOL's website at:
http://workforcesecurity.doleta.gov/unemploy/content/data.asp.

The Employment and Training Services Administration Fund (the "Administrative Fund") is used to pay the administrative costs of Indiana's employment security programs, including the unemployment insurance program.

Funding of the Administrative Fund is derived from taxes established by the Federal Unemployment Tax Act ("FUTA") and paid by employers to the Internal Revenue Service. The FUTA tax is 6.2% of the first $7,000 paid to each employee in a calendar year. Each employer is eligible for a 5.4% credit against FUTA taxes if the state program operates in conformity with federal law. Employers must pay state unemployment taxes on time in order to receive the full 5.4% credit towards their FUTA tax.

In 2006, as a result of the consolidation efforts and cost reduction steps taken during the previous year, the structural deficit had been erased and the State's UI program was back on solid ground. For the federal fiscal year ending on September 30, 2005, the state's UI program had a $554,129 surplus. Total expenditures were $37,958,746 for the twelve-month period ending September 30, 2005.

The Special Employment and Training Services Fund is comprised of interest on delinquent contributions and penalties collected from employers. IC 22-4-25-1 establishes that the fund shall be used by the Board for certain expenses of DWD. These expenses include such items as the payment of refunds of interest on delinquent contributions and penalties and administrative costs which cannot be charged to federal grants or administrative funds. In 2006, the Board disbursed funds as follows:

- Approved the use of an amount of up to five hundred eighty-one thousand, eight hundred sixty-two dollars ($581,862.00) to fund a projected FY05 UI Budget shortfall *(April 5, 2006)*;

- Provided funding of administrative costs related to the UI Modernization (UIM) project in the amount of one million, eight hundred ninety-seven thousand, and eighty-eight dollars ($1,897,088.00) *(June 7, 2006)*; and,

- Supported the Summer Administrative Law Judge (SALJ) program by approving twenty-five thousand dollars ($25,000.00) to be used for payment for use of rental property and other administrative expenses associated with the program *(June 7, 2006)*.

State tax funding for the UI program is provided through a payroll tax on Indiana employers liable under the Indiana Department of Workforce Development Act. The Indiana tax rating system provides for variable tax rates for employers based on each employer's individual unemployment account history and the past year's statewide unemployment activity. A ratio is calculated for each taxable employer based on account experience balance (tax paid less benefits charged) and recent taxable wages reported. This ratio is then applied to a rate schedule determined each year by the economic conditions within the state. This ratio is applied to determine each employer's tax rate for the year.

Provisions of the law may affect employer tax rates such as the number of years or months an employer has been subject to Indiana's law, recent reporting activity, and delinquent report/tax status. Other factors including benefits paid to former employees, voluntary payments, and the complete or partial sale and/or purchase of other businesses by the employer can also impact each employer's rate.

While the Federal Unemployment Tax Act (FUTA), for which Indiana's employers are also liable, establishes a fixed tax rate, the state tax is determined by using a two-step experience rating system. This is similar to business insurance in that a risk assessment is made each year before the tax rate is assigned for the following year.

In the absence of legislative action, a calculated fund ratio determines the schedule to be used. The fund ratio is a numerical evaluation of the UI Trust Fund balance as of a September 30th determination date divided by the total payroll of all subject Indiana employers for the preceding calendar year. The fund ratio is applied to the Fund Ratio Schedule (IC 22-4-11-3-a), which is used to determine the applicable tax schedule.

The following represents 2006's fund ratio computation:

$$\frac{\$544{,}765{,}359.66 \text{ (fund balance as of Sept 30th, 2006)}}{\$82{,}095{,}666{,}658.97 \text{ (total gross payroll for all subject employers in calendar year 2005)}} = 0.66357\%$$

Schedule A is used when the fund ratio is less than 1.0%. Accordingly, Schedule A, which was in effect in 2005-2007, and which will again remain in effect in 2008.

Demographics of UI Covered Employers, Schedule A for Rating Year 2006

(does not include reimbursable employer accounts)[1]

Experience Factor	Current Rate Schedule A	Number of Employers	Percent of All Employer Accounts	Cumulative Number of Employer Accounts	Cumulative Percent of Employer Accounts to All Employer Accounts	Taxable Payroll Previous Year ($000)	Percent of All Taxable Payroll	Cumulative Taxable Payroll of Employers ($000)	Cumulative % of Taxable Payroll of Employers to Taxable Payroll of All Employers	Maximum Annual Tax per Employee
Demographics of Credit Balance Employers										
3.00 & over	1.10%	29,798	25.3%	29,798	25.3%	$1,221,924	6.6%	$1,221,921	6.6%	$77
2.80-2.99	1.30%	5,771	4.9%	35,569	30.3%	$546,750	3.0%	$1,768,674	9.6%	$91
2.60-2.79	1.50%	6,110	5.2%	41,679	35.5%	$1,023,941	5.6%	$2,792,615	15.1%	$105
2.40-2.59	1.70%	6,183	5.3%	47,862	40.7%	$1,146,350	6.2%	$3,938,965	21.4%	$119
2.20-2.39	1.90%	4,998	4.3%	52,860	45.0%	$1,252,007	6.8%	$5,190,972	28.2%	$133
2.00-2.19	2.10%	3,261	2.8%	56,121	47.7%	$1,277,651	6.9%	$6,468,623	35.1%	$147
1.80-1.99	2.30%	2,548	2.2%	58,669	49.9%	$1,423,171	7.7%	$7,891,794	42.8%	$161
1.60-1.79	2.50%	2,070	1.8%	60,739	51.7%	$973,338	5.3%	$8,865,132	48.1%	$175
1.40-1.59	2.70%	1,676	1.4%	62,415	53.1%	$838,474	4.5%	$9,703,606	52.6%	$189
1.20-1.39	2.90%	1,540	1.3%	63,955	54.4%	$759,502	4.3%	$10,501,108	57.0%	$203
1.00-1.19	3.10%	1,255	1.1%	65,210	55.5%	$674,540	3.7%	$11,175,648	60.6%	$217
0.80-0.99	3.30%	1,141	1.0%	66,351	56.4%	$565,588	3.1%	$11,741,236	63.7%	$231
0.60-0.79	3.50%	975	0.8%	67,326	57.3%	$444,880	2.4%	$12,186,116	66.1%	$245
0.40-0.59	3.70%	905	0.8%	68,231	58.0%	$340,833	1.8%	$12,526,949	67.9%	$259
0.20-0.39	3.90%	821	0.7%	69,052	58.7%	$357,060	1.9%	$12,884,009	69.9%	$273
0.00-0.19	4.10%	835	0.7%	69,887	59.5%	$287,007	1.6%	$13,171,013	71.4%	$287
Total Credit Balance Employers		69,887	59.5%			$13,171,016	71.4%			
Demographics of Debit Balance Employers										
Less than 1.5	4.40%	4,491	3.8%	4,491	7.4%	$1,365,426	7.4%	$1,365,426	7.4%	$308
1.50-2.99	4.70%	2,758	2.3%	7,249	3.6%	$661,041	3.6%	$2,026,467	11.0%	$329
3.00-4.49	5.00%	1,811	1.5%	9,060	2.0%	$364,943	2.0%	$2,391,410	13.0%	$350
4.50-5.99	5.30%	1,366	1.2%	10,426	1.5%	$268,652	1.5%	$2,660,062	14.4%	$371
6.00 & over	5.60%	7,586	6.5%	18,012	6.5%	$1,190,631	6.5%	$3,850,693	20.9%	$392
Total Debit Balance Employers		18,012	15.3%			$3,850,693	20.9%			
Demographics of Specially Rated Employers										
Governmental	1.00%	13	0.0%	13	0.0%	$332	0.0%	$332	0.0%	$70
Delinquent Employers	5.60%	5,950	5.1%	5,963	5.1%	$487,862	2.6%	$448,194	2.6%	$392
Total Specially Rated Employers		5,963	5.1%			$488,1942	2.6%			
Demographics of New Credit Balance Employers										
New Credit Balance Employers	2.70%	23,687	20.2%	23,687	20.2%	$926,112	5.0%	$926,112	5.0%	$189
Total All Subject Employers		117,549	100.0%			$18,436,015	100.0%			

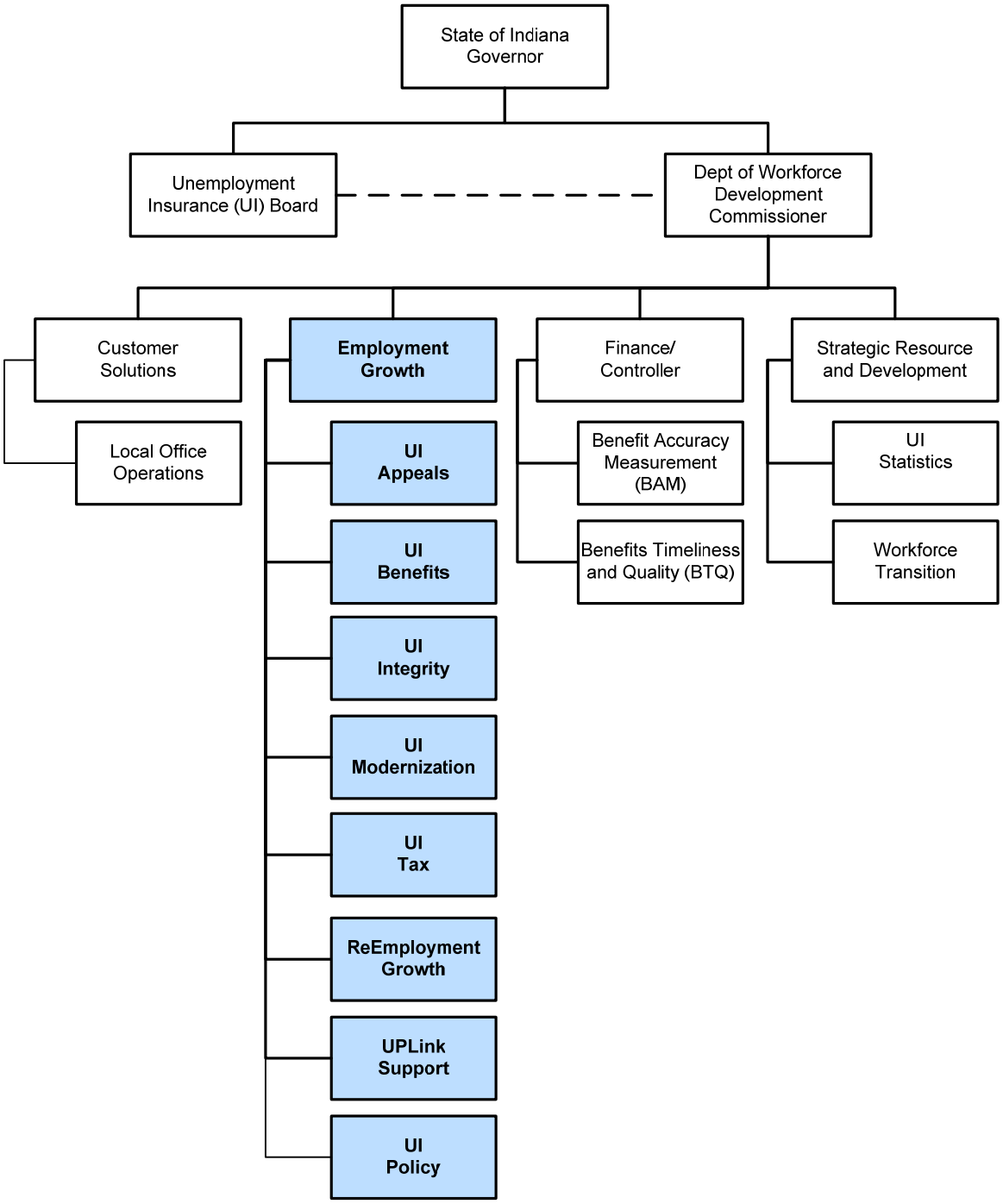
[1] Certain not-for-profit organizations may elect to make monthly payments when benefits are paid to former employees, rather than pay tax quarterly.

During 2005, all aspects of UI service delivery in Indiana were realigned under the new Employment Growth Division of DWD. Employment Growth originally oversaw five divisions: UI Appeals, UI Benefits, UI Integrity, UI Modernization, UI Tax. In 2006, three new divisions were added to Employment Growth: Re-Employment Growth, UI Policy, and the Uplink Customer Support Center.

The Director of Re-Employment Growth works closely with other UI directors and the DWD Lead Team to determine appropriate policies and actions to focus the agency on assisting UI claimants on the path to re-employment.

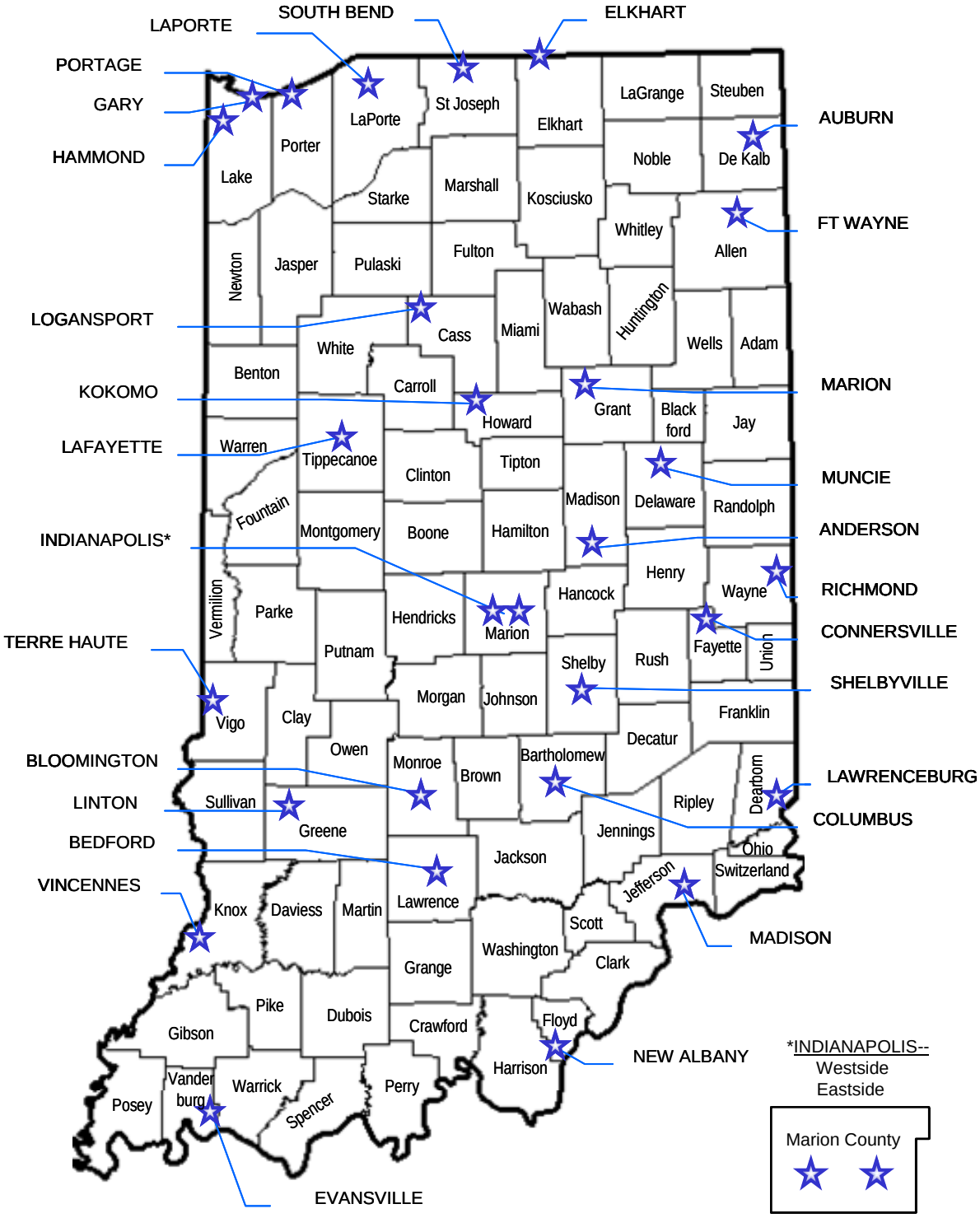
The Director of UI Policy works closely with the other UI directors to ensure that proper policies and procedures are developed and implemented in order to accomplish the agency's goal of delivering premium customer support to employers and UI beneficiaries. The Director of UI Policy is responsible for evaluating and improving current state practices and designing and implementing changes and programs required by federal law. The Director of UI Policy also works closely with the Deputy Commissioner of Employment Growth to oversee special projects, such as the debit card program and plans to address large-scale employer separations.

Finally, the UpLink Customer Support Center (also known as the DWD Call Center) is designed to be DWD's interface with both claimants and employers on all questions and concerns with benefits, taxes, or other special programs (such as debit cards, UpLink systems, and so forth). The specialists in the UpLink Customer Support Center are not only trained in all aspects of UI, they also are intended to be customer services specialists who can resolve issues and questions in one phone call. The UpLink Customer Support Center is a key asset in DWD's overarching goal of providing premium customer service to all Hoosiers.

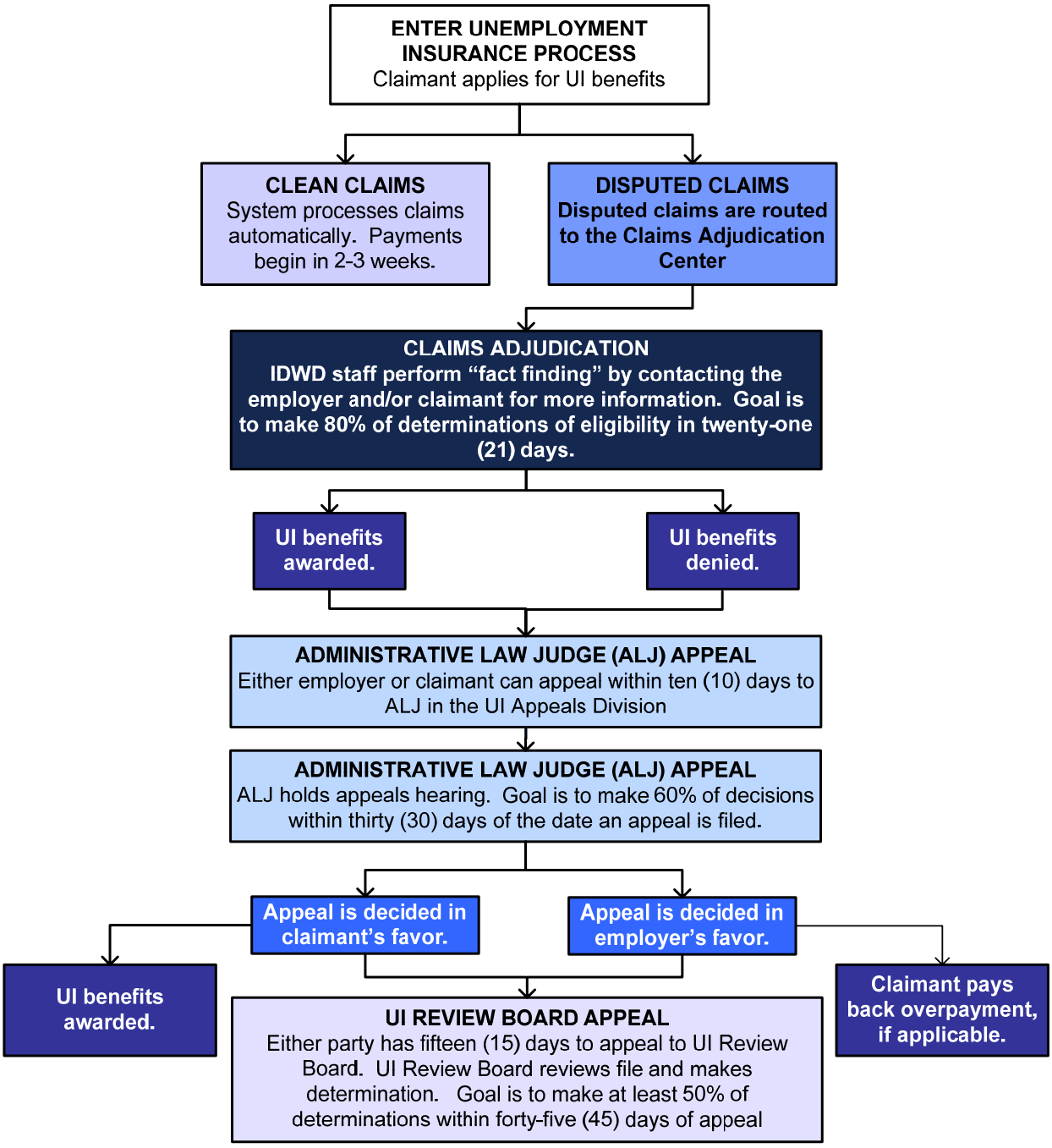

State of Indiana Governor
Unemployment Insurance (UI) Board
Dept of Workforce Development Commissioner
Customer Solutions
Local Office Operations
Employment Growth
UI Appeals
UI Benefits
UI Integrity
UI Modernization
UI Tax
ReEmployment Growth
UPLink Support
UI Policy
Finance/ Controller
Benefit Accuracy Measurement (BAM)
Benefits Timeliness and Quality (BTQ)
Strategic Resource and Development
UI Statistics
Workforce Transition

DWD Offices Offer UI Services

Most UI Services for claimants and employers are handled at the DWD Administration Center. Claimants may also access UI Services at the following sites:



The chart below illustrates the UI claims process from the moment a claim is filed, with the potential outcomes at each step of the process.



UI Appeals

In 2006, UI Appeals built on the operational improvements of 2005, significantly reducing the backlog of cases. Factors that contributed to reduction of the backlog include the summer law student ALJ (SALJ) program, full adoption of digital recording equipment for hearings, more efficient scheduling of hearings, and greater use of telephonic hearings. In addition to reducing the backlog, UI Appeals continued to make substantial improvements in meeting US-DOL timeliness requirements.

With the successful increase in the quantity and timeliness of appeals decisions throughout 2006, UI Appeals was able to shift its focus on increasing and sustaining the quality of those decisions. In aid of this goal, UI Appeals created a quality oversight division. The oversight division will audit ALJ decisions and evaluate the conduct of hearings to ensure quality decisions and premier customer service for parties to administrative hearings.

UI Review Board

The Review Board eliminated its backlog in 2006 and is currently meeting all Department of Labor timeliness requirements. The Review Board was able to achieve this success through better organization, which increased productivity and efficiency.

UI Benefits

Adjudication Center

With the centralization of the Adjudication Center completed in 2005, UI Benefits laid the groundwork for faster and more efficient processing of claimant UI issues, and for increasing the quality and consistency of claims determinations. The backlog of issues in 2006 has decreased when compared with previous years—although the large-scale employer temporary layoffs of July, November, and December 2006 hindered progress toward meeting USDOL timeliness standards.

On-Line Applications

Customers applied for UI benefits and registered with Employment Services in increasing numbers in 2006. During the large-scale separations of November and December 2006, UI applications were entered on-line via computer terminals in WorkOne offices, Ivy Tech, and claimants' homes with internet access. In addition, DWD began to market this convenience to employers, to encourage them to provide computer ready information on their employees, thus streamlining the process further

Debit Cards

In December 2006, DWD's Debit Card program was launched, with an initial mailing of about 5,000 cards to the initial group of recipients. The debit card program represents a significant advancement in client service, and DWD expects an annual savings of about $1.8 million. The launch, rolled out in phases, was completed February 18, 2007.

UI Integrity

Fraud

In July 2006, two Indiana statutes governing the penalties for UI benefits fraud were amended. Pursuant to these amendments, penalties now increase in proportion to the number of occurrences of fraud. For the first occurrence, the penalty is an amount equal to twenty-five percent (25%) of the benefit overpayment; for the second occurrence, it is fifty percent (50%); and, for the third and any subsequent occurrences it is one hundred percent (100%). All weeks of fraud on one claim are considered to be one occurrence.

Interest now accrues on unpaid overpayment balances established after July 1, 2006. In addition, while there remains a six (6) year period in which to seek fraud overpayments, and a three (3) year period for non-fraud overpayments, those periods begin with the later of the dates the overpayment becomes final or the exhaustion of appeals. These changes increase the time in which to collect improperly paid unemployment benefits, restores monies to the Trust Fund, and reduces the benefit charges that are mutualized and spread among all employers.

UI Integrity also increased the performance expectations for Benefit Payment Control (BPC) fraud investigators in order to implement more aggressive measures to combat benefits fraud. These measures included greater cooperation with the UI Tax field audit staff, which ensures better investigation of possible fraud on the part of employers.

Field Audits

In 2006 the Field Audit area implemented measures to improve consistency, quality, and targeting of audits. These efforts included the first update of the auditor manual in several years and a statewide training session—the first in eight years—that included experts from the Internal Revenue Service and DWD's Legal Department to develop new policies to support audit activities. Among the new policies, audit supervisors must make announced and unannounced visits at audit sites. In addition, auditors are required to leave a customer comment card with employers. These comment cards provide valuable feedback and generate follow-up calls as needed.

Another noteworthy accomplishment in 2006 was the Field Audit unit's successful evaluation under the Tax Performance System (TPS) review, which evaluated a number of randomly chosen audits. All audits selected passed the review.

Finally, in 2006, the Field Audit unit greatly increased its focus on employer fraud and abuse. Auditors followed up on tips from a variety of sources: claimants, employers, anonymous calls or letters, e-mail, as well as internal sources such as blocked claims for benefits, benefit fraud investigations, Legal, and Tax Administration. Many of these audits proved fruitful, identifying new employers or resulting in increased gross and taxable wages.

SUTA Dumping

SUTA (State Unemployment Tax Act) dumping is the practice of circumventing or manipulating the state's UI experience rating system to qualify for a reduced tax rate. UI Integrity's Rate Assurance Team was formed in 2006 and charged with implementing Indiana's provisions against SUTA dumping. The Rate Assurance Team detects, investigates, and establishes liability (including civil penalties when appropriate) for employers and advisors involved in UI tax rate manipulation/avoidance schemes that adversely impact Indiana's UI Trust Fund. The unit uses the SUTA Dumping Detection System (SDDS), a sophisticated detection software system which was supplied by the USDOL. This software analyzes UI tax account information and employee movement across UI accounts, and assists the Rate Assurance Team to detect SUTA dumping.

Trust Fund

The Trust Fund Accounting (TFA) unit is responsible for accounting for all UI Trust Fund transactions—taxes in as well as draws against it. In 2006, TFA played an important role in the debit card implementation, revising many internal and external processes without creating any reconciling items between DWD, the Auditor of State and the Treasurer of State. TFA also integrated the acceptance of credit card payments into the benefit recoupment and tax deposit processes.

In addition, TFA engineered changes in the deposit of benefit recoupments to accommodate the implementation of the Data Capture, Imaging and Workflow unit. These changes have had the added benefit of reducing the posting time turnaround on claimant accounts by one business day.

UI Modernization

Background

The overhaul of Indiana's Unemployment Insurance system began in late 2005 with the awarding of the $24 million contract to Carmel-based Haverstick Consulting. The project is supported by funding from the US Department of Labor's Reed Act Redistribution. The state's three-year overhaul of its Unemployment Insurance system (including benefits and tax) will help the DWD improve the efficiency of UI operations.

When fully implemented, the new system will affect virtually every aspect of the unemployment insurance process in Indiana, replacing a computer system built with 1980's technology. The modernization of the state's unemployment insurance system is a major step in Indiana's efforts to upgrade its jobs and employment services for workers and businesses throughout the state.

Phased Implementation

The UIM Project is undergoing a two-phase implementation. The goal for Phased Implementation is to develop and implement critical self-service functions of the new UIM system on a more aggressive timeline than the 2008 full implementation. The two phases that rolled-out during calendar year 2006 are (1) Data Capture, Imaging, and Workflow, and (2) Employer Self Service, part 1.

Data Capture, Imaging and Workflow

The Data Capture, Imaging, and Workflow component of UIM, which provides an improved environment for receiving and processing incoming UI correspondence and forms, was implemented in selected UI areas on November 22, 2006. Data Capture provides the ability to scan, index and process data electronically. Imaging is provided via a repository of scanned incoming correspondence and forms for inquiry and retrieval. Workflow provides electronic routing of incoming work to the appropriate DWD staff. Data Capture, Imaging, and Workflow beginning to have an influence on the way DWD does business internally on a daily basis. Paper documents are being replaced with images for processing—this is beginning to speed up processing and access to incoming documents. As the system gets fully adopted, these changes will also enable real-time work distribution and workload monitoring.

Employer Self-Service (ESS, Part 1)

The Employer Self-Service components of UIM, which provide user-friendly access to the Unemployment Insurance program for employers via the internet, were developed and tested. ESS, Part 1 was implemented on November 20, 2006 and, as a result, Hoosier employers can now do the following on-line on a 24x7 basis: register as new employers, register as employer agents, maintain demographic information, and designate third party correspondence agents.

Extensive Development and Testing: Claimant Self-Service (CSS)

The Claimant Self-Service component, which will provide web-enabled and user friendly access to the Unemployment Insurance program, was developed and tested. Full roll-out will take place in early February 2007. Under CSS, benefits information will be provided in a manner easy for claimants to understand and navigate. CSS will include real-time establishment of claims and fact-finding for identified issues. UI claimants will be able to file initial, reopened, and additional claims on-line. They will also be able to view claim status, claim weekly benefits, and view payments. When using the web, claimants will be able to receive immediate feedback regarding application issues and to correct these issues before their claims are processed. DWD staff will have electronic access to claimant information and the time needed to perform fact finding for claims will be significantly reduced.

Business Transition and Training

Under the UIM Project, a Business Transition and Training (BT2) Team was formed. The BT2 team was formed in early 2006 and provided the following key functions:

- Strategic Communication and Training Plan.
- Solicitation of input from key business owners, partners, stakeholders, customers, and staff through job impact analysis, focus groups, and surveys.
- Engagement of DWD customers (claimants and employers) in ongoing input and feedback on self-service applications.
- Development of a training data base environment for hands-on training and on-line learning tools.

Extensive training to UI staff and customer service units on components rolled-out in 2006.

UI Tax

Collections Enforcement Unit (CEU)

In 2006, CEU joined efforts with the Legal Department to pursue legal action against delinquent employers. In April, a letter was sent out to all delinquent employers informing them that their account would potentially face legal action, if they did not attempt to resolve their account within 30 days. This notification allowed CEU to collect nearly one million additional dollars from delinquent employers.

The CEU has referred nearly 250 delinquent employers to DWD's General Counsel for legal action. DWD's Legal Department attempts to contact each employer and enter into settlement agreements before referring these accounts to the Office of the Attorney General for further legal action.

Through the efforts of the CEU and DWD's Legal Department, DWD has collected nearly $4 million from delinquent employers. This number likely will increase in 2007 as newly established processes for collection of funds continue to improve.

Data Capture, Imaging & Workflow (DCIW)

Late in 2006, UI Tax launched the new DCIW unit, which receives and processes all incoming mail and faxes that are then directed to the appropriate units throughout DWD. The unit was created virtually from whole cloth, but is proving to be a critical element of DWD's UI modernization (UIM) program.

Legislative Accomplishments

In 2006, DWD supported legislation that made a number of changes to the state's unemployment insurance laws. Such changes included, making technical corrections to the SUTA (state unemployment tax act) dumping law enacted in 2005, complying with federal policies regarding making unemployment insurance available to victims of domestic violence, and giving more flexibility for administrative law judges to conduct telephonic hearings. The legislation also reformed the collection of benefit overpayments by eliminating inconsistencies in the manner in which penalties were assessed against claimants who commit fraud and created clear and consistent penalty rates across the board.

Employment Growth

The Employment Growth division of DWD will work to support the agency's mission of raising everyone up one level (increasing educational attainment and per capital personal income levels, and decreasing the employers' UI tax burden).

To fulfill its supporting role, in 2007, Employment Growth will aggressively implement and market UI Modernization solutions (as well as the debit card program) for claimants and employers. In addition, Employment Growth will pay a key role in the agency's implementation of a new regional system, designed to maximize opportunities for Hoosier. As part of this emphasis, Employment Growth will evaluate how existing UI functions and programs may be leveraged to support the agency's overall goals. At a minimum, this will include the use of UI profiling mechanisms to match up UI claimants with jobs, job training, and educational opportunities. Employment Growth will work with other divisions of DWD to devise and implement a long-term plan that harnesses these resources in support of the agency's mission.

Finally, in support of the agency's mission, Employment Growth will continue its emphasis on providing premium customer service to employers and claimants. At a minimum, Employment Growth will accomplish this by implementing advanced unemployment insurance tax and benefit processes (as part of UIM), and will continue to work toward operational improvements that will allow the division to meet, and exceed, federal standards.

UI Appeals

In 2007, UI Appeals will shift its emphasis from quantity and timeliness of appeals to quality and consistency. The UIM project will be central to this shift in operational focus by automating administrative tasks and streamlining the decisions process. ALJs will be involved in all steps of project development. The efficiencies gained through project development, and the new system itself, will dramatically improve quality and consistency. In addition, UI Appeals will implement its oversight division program, which will also greatly enhance quality and consistency of appellate decisions.

Finally, UI Appeals will continue its successful SALJ program in the summer of 2007, and has already begun the process of selecting applicants for these positions. All of these program enhancements will improve federal timeliness and quality standards for appeals.

UI Benefits

Adjudication Center Training

In 2007, UI Benefits will execute its centralized training for adjudications. Starting in January 2007, staff will participate in National Judicial College UI adjudication training. Claims deputies will spend upwards of 12-20 hours on-line over the course of 6 weeks with other claims deputies in other states. This training is expected to increase the knowledge and expertise of staff, directly translating into greater efficiency, quality, and consistency in the issuance of determinations. The USDOL is paying 50% of the tuition.

UI Benefits will leverage this training in order to meet USDOL timeliness and quality standards for adjudications in 2007. In addition, to standardization of training, the unit will overhaul its internal operations and processes to maximize efficiency. Part of this effort is the goal of working with the UI Modernization project to develop and field the new processes that also will assist the unit in meeting the USDOL standards and providing premium customer service in adjudicating claims. Another part of this effort is to devise a yearly plan to prepare for the large influx of claims (and generated issues) during seasonal layoffs. This plan will be in completed draft form by May-June 2007 in order to be tested during the expected July 2007 layoffs. The plan will be finalized in the fall of 2007 in advance of the November-December 2007 layoffs.

Debit Cards

As of early February 2007, DWD has issued some 60,000 cards. DWD will fully implement the debit card program by the end of February 2007. While immediate advantages will accrue to claimants, DWD is also exploring advantages beyond payment of benefits via transfer of funds. The agency will also explore leveraging the cards in other contexts, such as a secure means of logging in to UpLink applications. In addition, other state agencies may take advantage of anticipated successes with the debit card program.

UI Modernization

Five programs will roll out during calendar year 2007:

Employer Self Service (ESS, Part 2) (January 2007)

The Employer Self Service (ESS) components of UIM provide user-friendly access to the Unemployment Insurance program for employers via the internet. ESS, Part 2, coming in late January 2007, will add functionality for employers to submit quarterly wage and contribution reports and make electronic payments on-line as well. DWD will benefit from a reduction of data entry for registrations and from the ability to receive employer's quarterly contribution and wage reports on-line. Employer access to on-line services will provide them with up-to-date account status without the need for phone calls or correspondence by mail.

Claimant Self Service (CSS) (February 2007)

The Claimant Self Service component, which will provide web-enabled and user friendly access to the Unemployment Insurance program, was developed and tested in 2006. Full roll-out of CSS functionality will take place in early February 2007.

Large Scale Employer Separations (LSES) (February 2007)

The LSES component will help DWD address situations that exist at various times each year when plants close or shut down temporarily—during these times, the agency experiences higher volumes of initial claims. LSES will provide a solution for handling these seasonal spikes in workload and reduce the amount of manual data entry associated with these claims. Employers will be able to directly input names and information on employees that are affected in a mass layoff via lists that are pulled from wage files. A common format will be created to allow employers to send this information electronically. Staff will also have the ability to create an employer profile that can be used if manual entry of claims is required.

Adjudication Workflow (March 2007)

This component of UIM will provide for fully automated distribution of work within the Adjudication area of UI Benefits. It will include intelligent skills and workload-based routing of work and allow staff to search for and work imaged documents on-line. The dynamic fact finding capabilities of the system will increase the amount and accuracy of the information collected early in the application process. Intelligent issue creation will roll-up similar issues so that the number of unnecessary issues is reduced. These enhancements will speed up the adjudication process, resulting in improved services to claimants and employers.

Appellate and Review Board (Fall 2007)

The Appellate/Review Board processes under UIM will provide the functionality required to better administer both claimant and employer appeals within the Unemployment Insurance program. Administrative Law Judges and Review Board Members will have greatly improved access to background materials and documents related to cases. The enhancements will provide staff with the ability to quickly research decisions, track status on a real-time basis, and issue more timely correspondence regarding decisions.

UI Integrity

Fraud

One of the primary goals for Benefit Payment Control (BPC) in 2007 is to implement the *National Database of New Hire Information,* which will enable BPC to establish overpayments in a more timely manner. BPC will also maintain its focus on reducing employer fraud, as well as benefit fraud, by forwarding information discovered in the course of investigations to the Field Audit unit for follow-up.

SUTA Dumping

The Rate Assurance Team will continue its investigations of suspected SUTA dumping, making full use of the USDOL's SDDS software. In 2007, the unit will continue to refine its use of the detection software and will closely monitor and report on the results of its investigations in an attempt to assess the impact on the Trust Fund of SUTA dumping activity and improvement of internal processes.

Field Audits

In 2007, the Field Audit unit will continue its focus on improving consistency and quality, while also increasing the number of targeted audits. A primary goal of the Field Audit program is to meet TPS requirements and exceed the USDOL required minimum number of audits. In support of this goal, UI Integrity will continue its emphasis on statewide training programs and improvement of internal processes. In addition, UI Integrity will work to provide auditors with the necessary tools to perform their tasks more efficiently. For example, *QuickBooks 2007* was recently purchased for all auditors, and the unit is in the process of procuring updated laptop computers.

Trust Fund

The Trust Fund Accounting unit will seek to leverage the full implementation of debit cards for benefit payments in 2007 to reduce financial risk and maximize efficiency in processing transactions. Again, the main goal of this unit is to pass the annual State Board of Accounts audit with no findings.

UI Tax

Delinquent Taxes

In 2007, the UI Tax Collection Enforcement Unit (CEU) will continue to work toward the strategic goals set forth in 2006. Among the most important of these is to continue efforts to secure an information sharing database among various state agencies, such as the Secretary of State and Department of Revenue. Such a system would permit CEU easier access to information regarding delinquent employers. In addition, CEU will continue to pursue an arrangement requiring that any entity seeking to form a new corporation, sole proprietorship, LLC, or the like, to furnish the Secretary of State with certification from DWD that the entity has no outstanding Indiana UI Tax liability.

The CEU also plans to continue support for a contract with an outside vendor for collection services. This would allow the CEU to focus its assets on collecting more recent liabilities, while the vendor can pursue collection of older or out-of-state accounts (and pursue independent legal action, if necessary). Increased legal efforts have helped to secure nearly a million additional dollars over the past year, and the CEU will work to continue this positive trend through 2007 and beyond.

Finally, the CEU will continue to evaluate other state's methods/systems for best practices in order to continue improvement of current processes in Indiana.

Data Capture, Imaging & Workflow (DCIW)

DCIW will continue to work closely with all units within DWD to support successful implementation of UIM, including successful rollout of additional phases of development throughout 2007.

Tax Performance System (TPS)

UI Tax has historically struggled to pass 5 of the 13 functions reviewed in the TPS, an annual federal evaluation program. While improvement was made over measures reviewed in 2005, UI Tax again did not successfully pass all of the TPS measures in 2006. UI Tax will design and implement operational improvements in order to meet and surpass all 13 measures in 2007. In addition, the department will continue to evaluate processes and implement longer term procedures to pass these measures in years to come.

Uplink Customer Support Center

The Uplink Customer Support Center will provide premium customer service to both employers and claimants. A critical factor in meeting this requirement is the goal of offering one-call resolution to all customers. To do this, the Uplink Customer Support Center has the following goals for 2007:

- Increase staff by 50% to a full complement of 24 specialists, with the possibility of adding more. The increase in staff will allow the Center to make full use of the 24 available phone lines, and will allow the Center to handle at least 2,200-2,500 calls daily.
- Continue training of current and future staff in all UI functions (tax, benefits, and special programs such as the debit card), with a goal of having fully trained staff by April 2007.
- Develop processes for providing customer support through means other than the phone, such as e-mail or web chat.
- Develop and implement a call flow process by April 2007. This process will allow the agency to maximize quality and consistency of customer service, and will allow more efficient internal feedback.
- Upgrade the existing phone system to allow call monitoring and to generate more detailed reports to assess customer service needs and to implement improvements (including, for example, through customer service and random auditing).
- Continue to evaluate call center operations in other state agencies in order to identify and implement best service practices.
- Relocate the Center to a dedicated location and reconfigure floor layout to maximize efficiency and operational control.

Unemployment Statistics

Key Unemployment Facts for Indiana and Neighboring States ..... Page 29
Comparison of Taxable Wage Bases..... Page 30
Comparison of Average UI Tax Rate of Total Wages ..... Page 31
Comparison of Average Weekly Wages (AWW)..... Page 32
Comparison of Average Weekly Benefit Amounts (AWBA) ..... Page 33
Comparison of AWBA as Percent of AWW..... Page 34
Comparison of Months of Benefits in Trust Fund..... Page 35
Comparison of Average UI Tax Rate of Taxable Wages ..... Page 36
Comparison of Average High Cost Multiples (AHCM) ..... Page 37

Historical Data

Selected Tax Data (Calendar Year Comparisons)..... Page 41
Selected Benefit Data (Calendar Year Comparisons)..... Page 42

Employment Statistics

State of Indiana Population ..... Page 45
State of Indiana Labor Force..... Page 46
Comparison of Indiana and US Unemployment Rates ..... Page 47
Indiana Establishments by Employment Size/Class (March 2006)..... Page 48
UI Covered Employment—Indiana Totals..... Page 52
Midwest Minimum, Average and Maximum Annual Tax Rates 2006..... Page 53
Midwest Wages, Benefits, And Wage Replacement Rates
June 30,2005—June 30, 2006 ..... Page 54

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unemployment statistics

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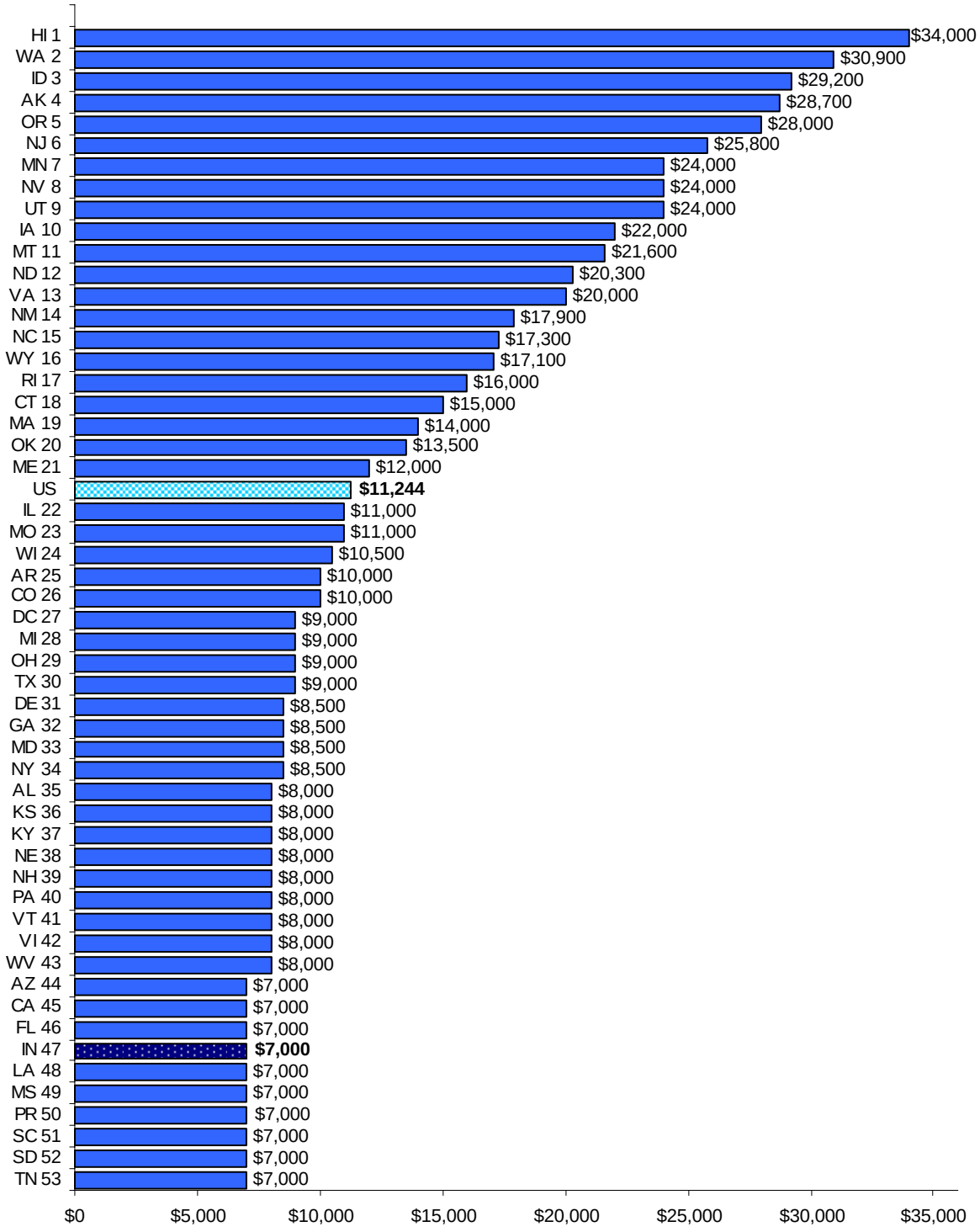
KEY UNEMPLOYMENT FACTS FOR INDIANA AND NEIGHBORING STATES
June 2006

DESCRIPTION	IN	IL	KY	MI	OH	WI	US
Population (000's)[1]	**6,314**	12,832	4,206	10,096	11,478	5,557	299,399
Civilian Labor force (000's)[2]	**3,242**	6,499	2,014	5,109	5,911	3,059	150,191
Ranking[2]	***15***	*5*	*25*	*8*	*7*	*16*	*N/A*
2Q 2006 unemployment rate[2]	**4.9%**	4.7%	5.8%	6.4%	5.2%	4.8%	4.7%
UI TAXES							
Taxable wage base[2]	**$7,000**	$11,000	$8,000	$9,000	$9,000	$10,500	$11,244
Base employer rate[3]	**2.70%**	3.90%	2.70%	2.70%	2.70%	3.25% to 3.40%	N/A
Employer surcharge[3]	**0.0%**	N/A	N/A	N/A	N/A	N/A	N/A
Surcharge reason[3]	**Training**	N/A	N/A	N/A	N/A	N/A	N/A
2006 Minimum tax rate[3]	**1.1%**	0.2%	0.6%	0.06%	0.4%	0.0%	N/A
2006 Maximum tax rate[3]	**5.6%**	7.4%	9.5%	10.3%	9.0%	8.9%	N/A
2006 Avg UI tax rate (taxable wages)[2]	**3.1%**	5.1%	2.8%	4.3%	2.3%	2.9%	2.8%
2006 Avg UI tax rate (total wages)[2]	**0.7%**	1.3%	0.8%	1.0%	0.6%	0.9%	0.8%
Base new employer tax per worker[4]	**$189**	$429	$216	$243	$243	$341	N/A
Minimum tax per worker[4]	**$77**	$108	$40	$5	$18	$5	$67*
Maximum tax per worker[4]	**$392**	$960	$760	$927	$720	$1,029	$938*
Average tax per worker[4]	**$207**	$493	$217	$445	$249	$305	$280*
Trust Fund balance (millions)[2]	**$590**	$1,137	$319	$453	$625	$765	$36,256
Months in Trust Fund[5]	11.0	7.9	10.7	2.9	6.5	11.6	14.3
UI BENEFITS							
Minimum base period wages required[3]	**$2,750**	$1,600	$2,945	$2,964	$3,840	$1,530	N/A
Minimum weekly benefit (January 2006)[6]	**$50**	$51-$63	$39	$81-$111	$96	$51 (computed twice yearly; 19% of max WBA)	N/A
Maximum weekly benefit (January 2006)[6]	**$390**	$350-$475	$365	$362	$343-$462	$341	N/A
Avg weekly wage (last 12 months)[2]	**$676.66**	836.56	$646.30	$789.52	$711.67	$678.85	$771.50
Ranking[2]	***31***	*8*	*34*	*12*	*23*	*29*	*N/A*
Avg weekly benefit (last 12 months)[2]	**$283.66**	$287.85	$261.69	$293.19	$286.56	$257.44	$277.18
Avg benefits per first payment[2]	$3,573	*$5,115*	*$3,432*	*$4,175*	*$4,144*	*$3,133*	*$4,019*
Replacement rate (benefit/wage)[2]	**41.9**	34.4	40.5	37.1	40.3	37.9	35.9
Ranking[2]	***8***	**35**	*27*	*30*	*15*	*27*	*N/A*
Avg UI compensation duration (last 12 months)[2]	**13.0**	17.9	13.7	14.6	15.2	13.5	15.2
Ranking[2]	***43***	*6*	*35*	*25*	*19*	*40*	*N/A*

*Average

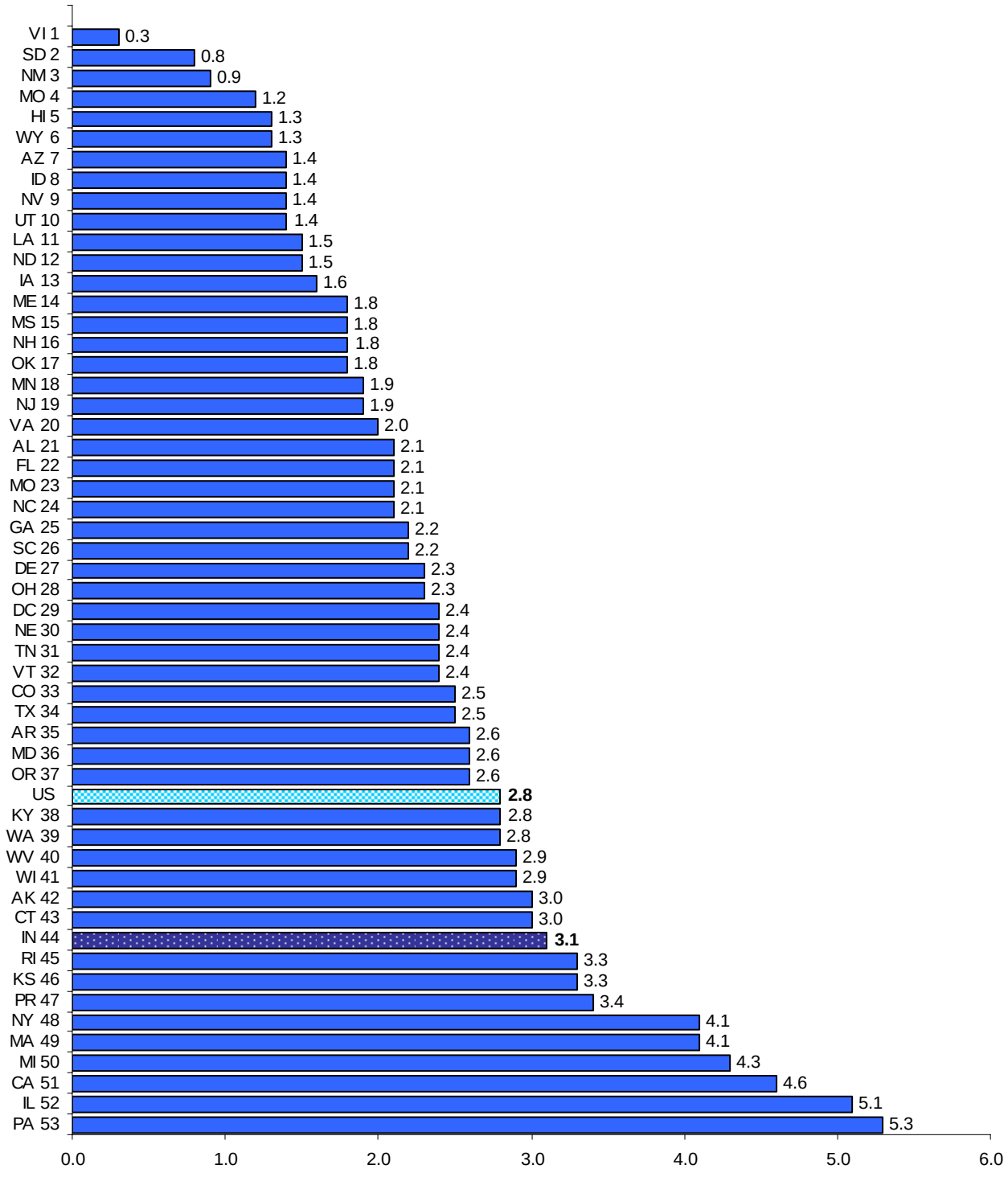
[1] July 1, 2006 US Census - [2] 2Q 2006-UI Data Summary - [3] Highlights of State Unemployment Compensation Laws Jan 2006
[4] Calculated - [5] US DOL/ETA - [6] 2006 Comparison of State UI Laws

Comparison of Taxable Wage Bases



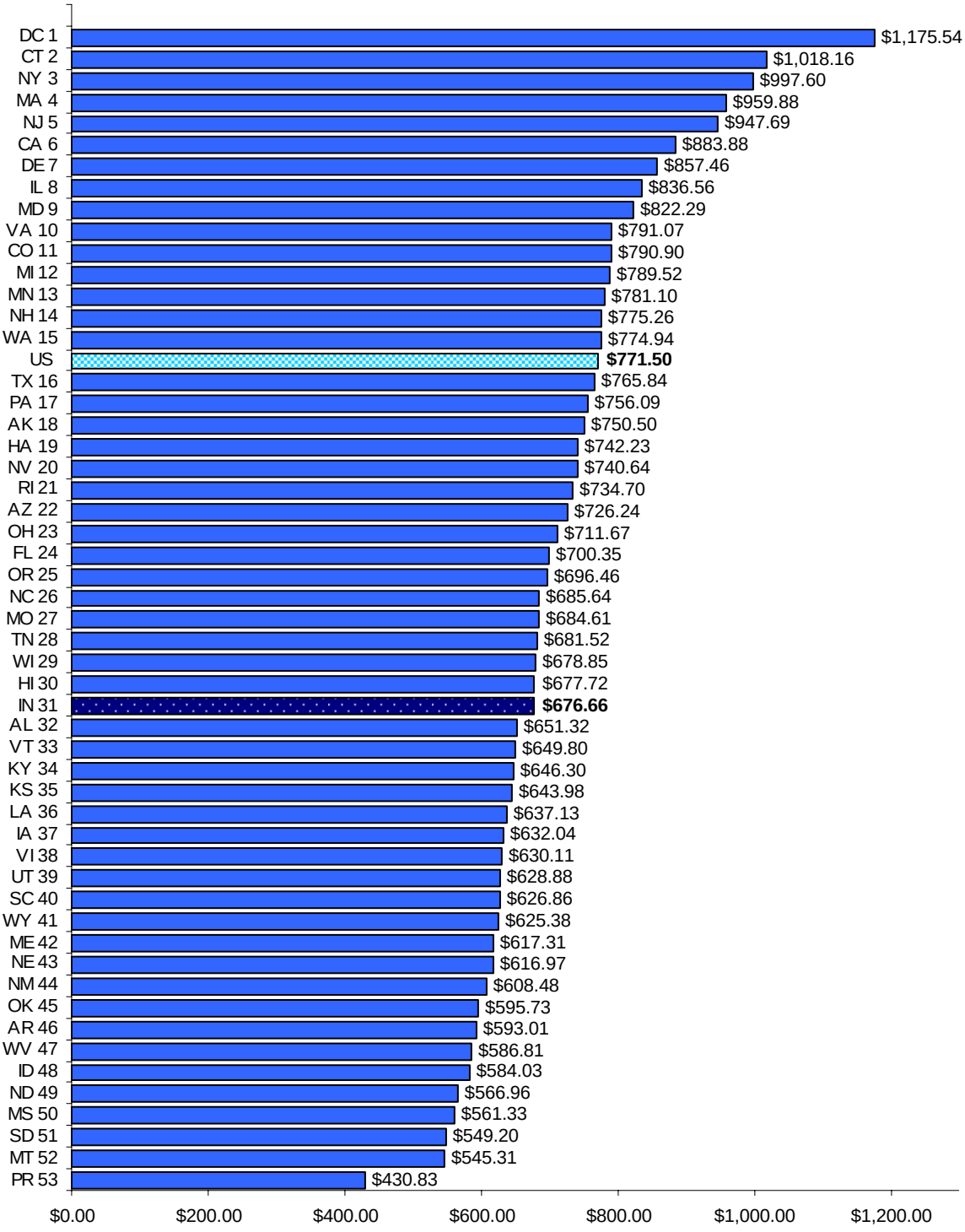
June 1, 2005 - May 31, 2006

Comparison of Average UI Tax Rate of Total Wages



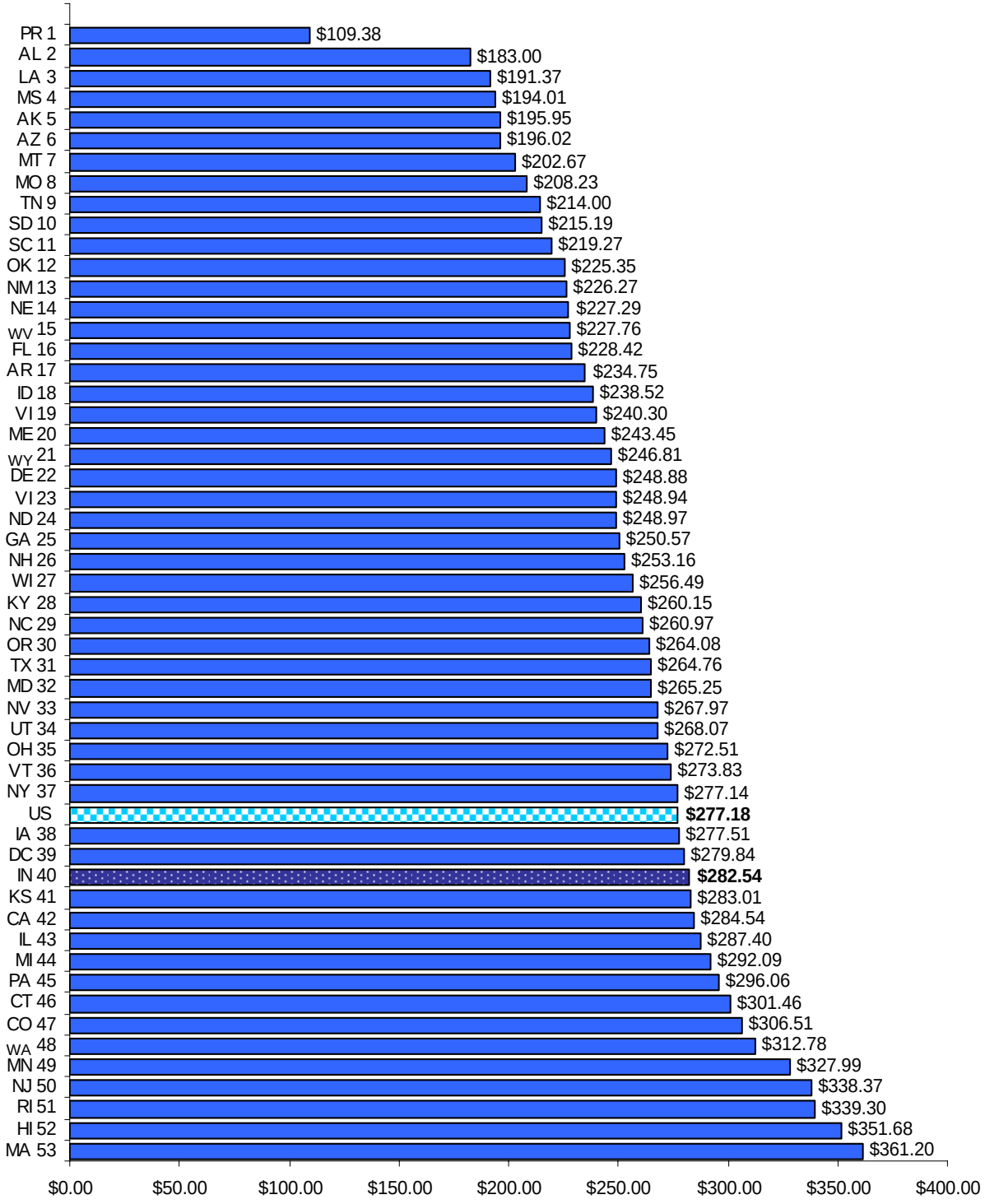
June 1, 2005 - May 31, 2006

Comparison of Average Weekly Wages (AWW)



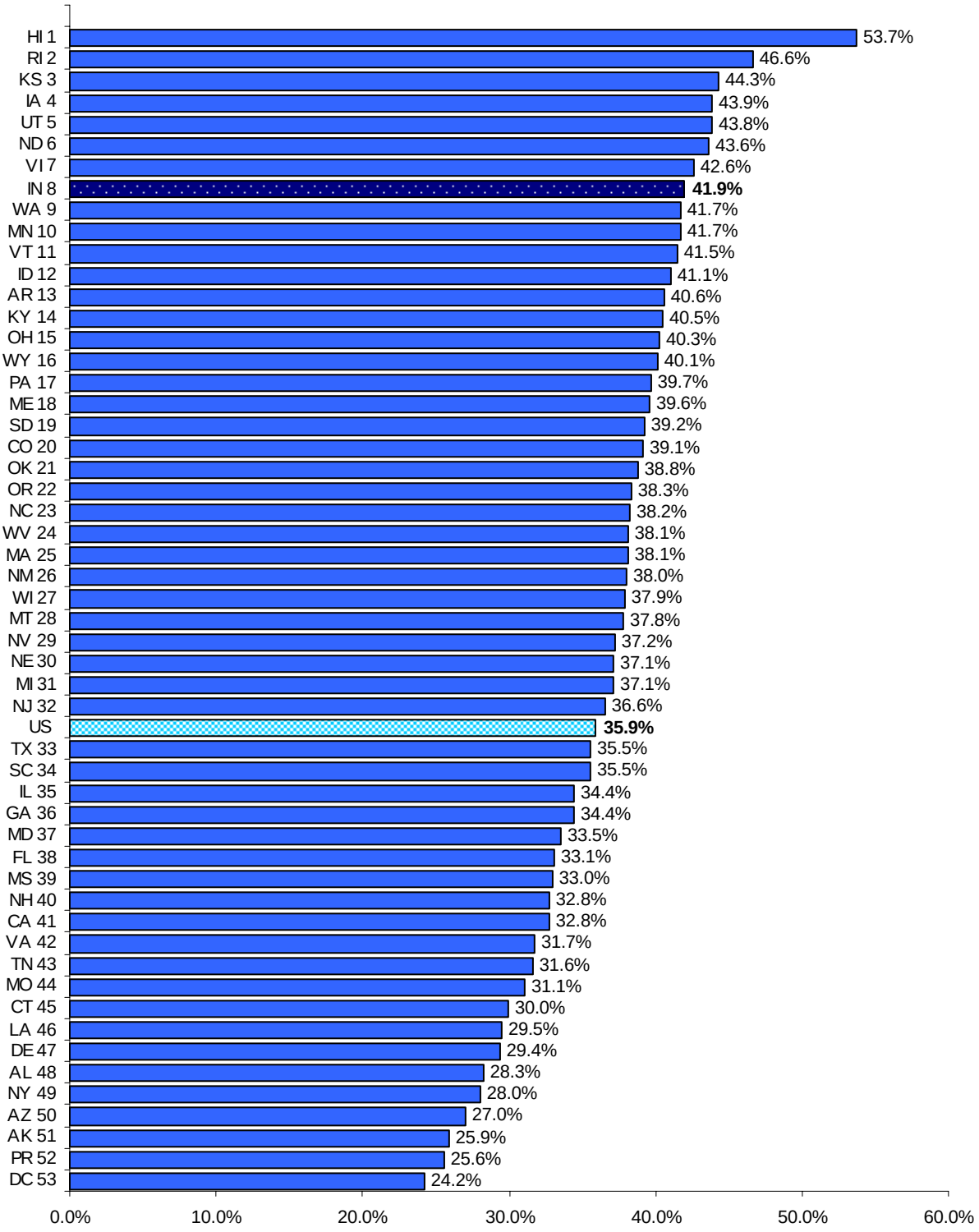
June 1, 2005 - May 31, 2006

Comparison of Average Weekly Benefit Amounts (AWBA)



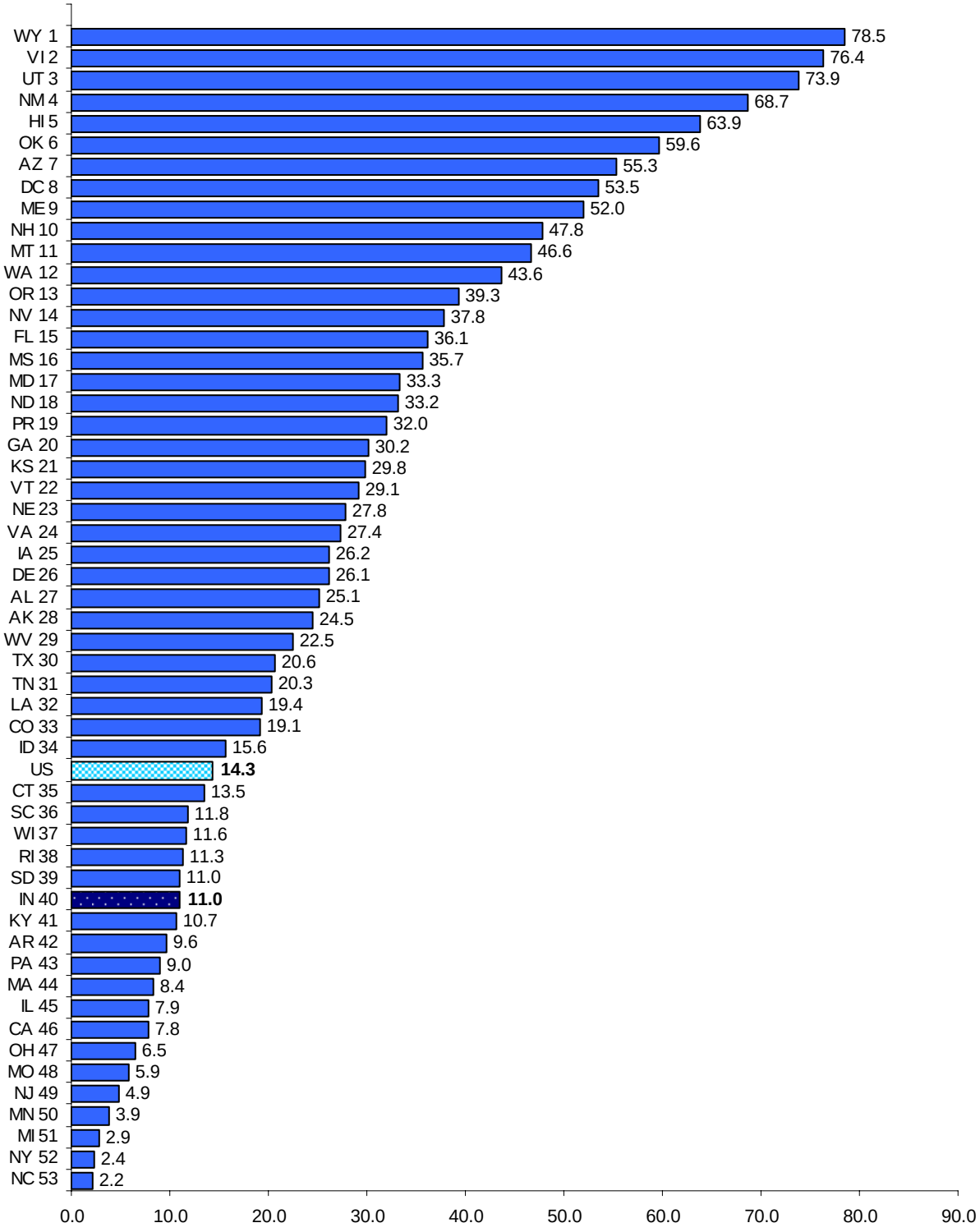
June 1, 2005 - May 31, 2006

Comparison of AWBA as Percent of AWW



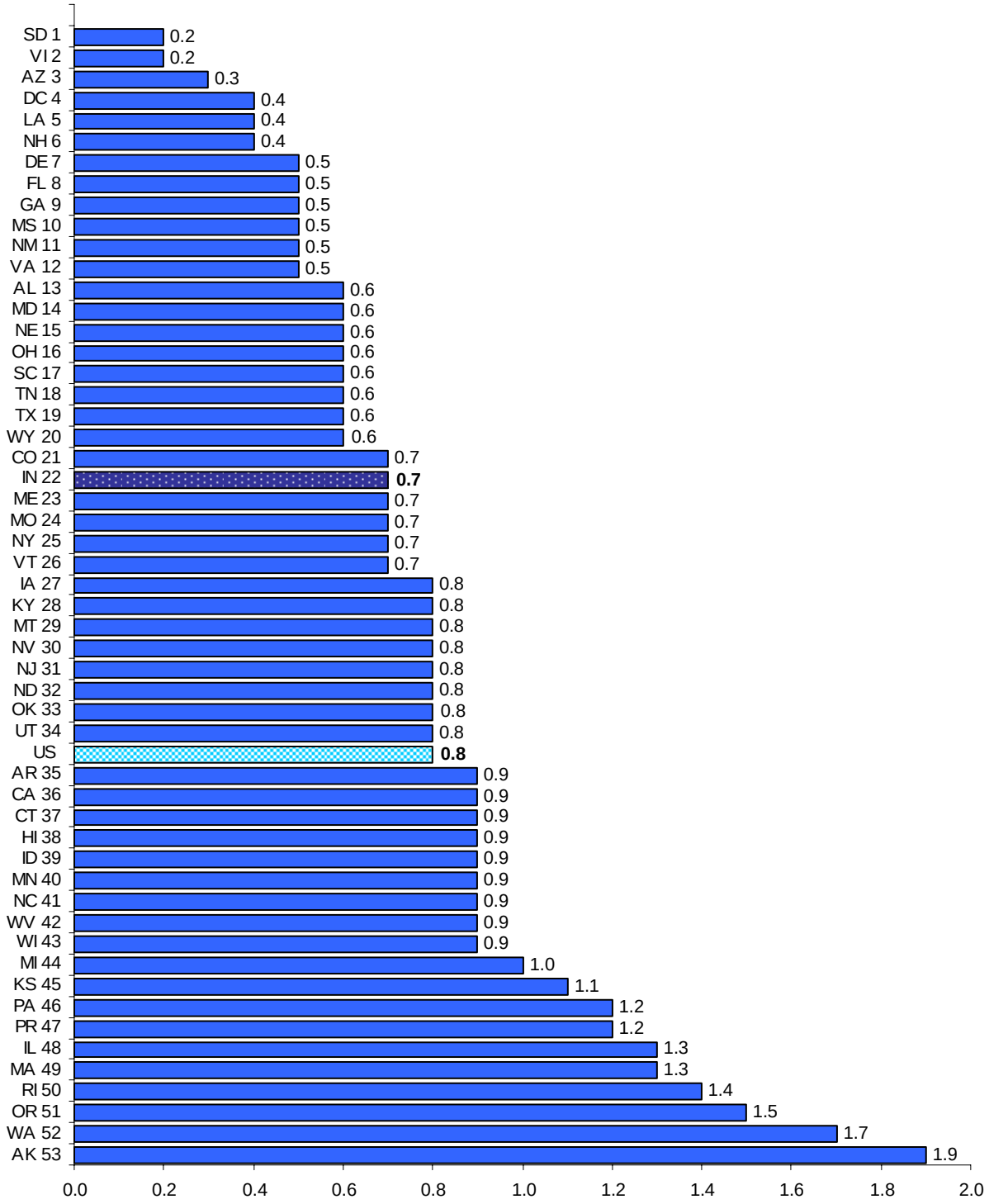
June 1, 2005 - May 31, 2006

Comparison of Months of Benefits in Trust Fund



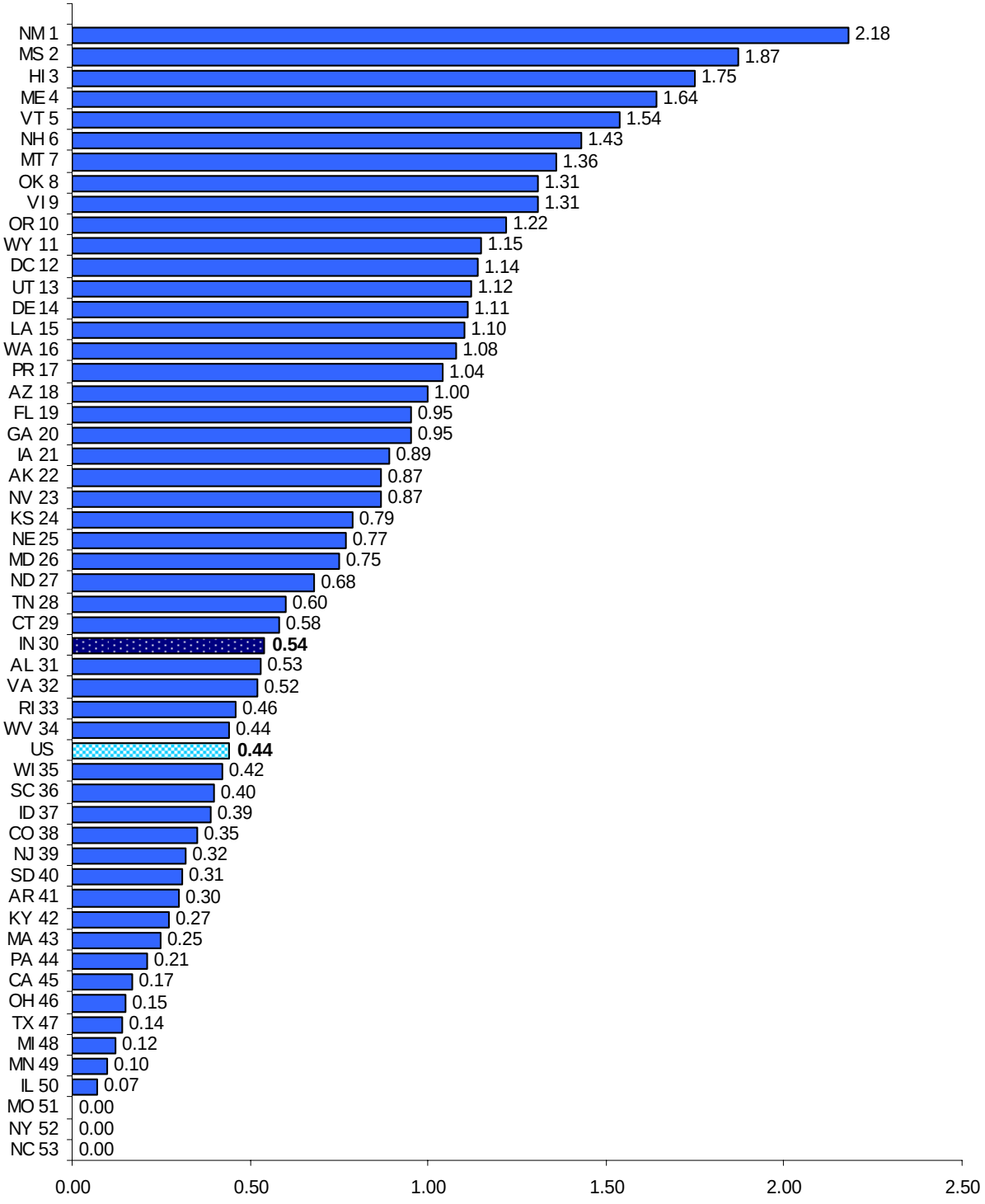
June 1, 2005 - May 31, 2006

Comparison of Average UI Tax Rate of Taxable Wages



June 1, 2005 - May 31, 2006

Comparison of Average High Cost Multiple (AHCM)



June 1, 2005 - May 31, 2006

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historical data

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Selected Tax Data (Calendar Year Comparison)

SELECTED TAX DATA	2006	2005	2004	2003	2002
Number of Employers	127,974	125,532	125,746	125,129	124,673
Tax Paying Employers	125,609	123,394	123,609	123,007	122,530
Total Wages (billions)	$85.001*	$82.357	$79.996	$76.140	$74.925
Taxable Wages (billions)	$19.397*	$19.098	$18.813	$18.347	$18.555
Number of Employees (millions)	2.33*	2.31	2.29	2.27	2.29
Average Weekly Wage (AWW)	$701.94*	$684.57	$670.99	$645.21	$629.20
Reimbursable Employers	2,365	2,138	2,137	2,122	2,143
Total Wages (billions)	$17,962*	$17.472	$16.883	$16.210	$15.633
Number of Employees	525,197*	524,034	519,944	516,186	507,462
Average Weekly Wage (AWW)	$657.71*	$641.16	$624.44	$603.92	$592.43
Total Tax Dollars Collected (millions)	$595.540	$617.917	$467.612	$365.156	$256.044
Total Tax Dollars Delinquent (millions)	$44,855	$34.707	$16.762	$12.635	$8.239
Taxable (millions)	$36,386	$32.457	$13.963	$10.361	$6.120
Reimbursable (millions)	$8.469	$2.250	$2.799	$2.274	$2.119
New Accounts	16,654	17,899	17,252	16,999	17,198
New Establishments	14,698	14,545	13,906	13,452	13,530
Successors	1,956	3,354	3,346	3,547	3,668
Wage Records (millions)	13,052	13,074	13,494	13,487	13,467
Quarterly Reports Mailed	507,503	506,577	503,229	501,052	502,191
Quarterly Reports Processed	523,895	500,946	496,732	489,914	490,058
Tax Assistance Calls (incoming)**	93,900***	87,001	97,057	82,941	91,445
Federal Certifications	4,452	4,628	5,335	5,880	5,344
Recalculations	2,622	3,141	3,162	3,586	3,808
Tax Adjustments	16,829	27,851	25,571	25,572	23,588
Total Audits Completed	3,313	3,481	3,485	3,194	2,983
Large Employer Audits	144	86	53	49	56
Additional Tax Dollars Collected From Audits	$1,181,01	$1,001,96	$679,095	$773,829	$686,738
Trust Fund Balance as of 12/31 (billions)	$0.477	$0.534	$0.600	$0.758	$1.124
# of Months of Benefits in Trust Fund (12/31)	8.4	9.9	10.5	12.2	19.4

* Estimated by LMI based on first two (2) quarters of 2006
** Tax assistance calls include calls for HB1962 implemented in May 2002
*** Tax assistance calls estimated for 2006

Selected Benefit Data (Calendar Year Comparisons)

SELECTED BENEFIT DATA	2006	2005	2004	2003	2002
Initial Claims Filed	435,763	413,383	422,141	458,020	411,387
New Claims Filed	261,895	254,866	270,855	288,315	264,073
Monetary Determinations (% ineligible)	14%	14%	14%	11%	11%
Weeks Claimed Filed (millions)	2.796	2.823	2.919	3.342	3.237
Weeks Paid (millions)	2.420	2.430	2.542	2.915	2.834
Number of First Pays	188,125	187,646	188,128	213,948	199,869
Amount Paid* (millions)	$730.57	$711.26	$723.85	$944.40	$872.74
Number of Claimants Paid	245,177	248,077	263,548	287,524	272,554
Average Number of Weeks Paid - UI	12.8	12.9	13.5	13.6	14.1
Average Weekly Benefit Amount - UI	$286.32	$278.07	$266.88	$263.48	$254.58
Maximum Weekly Benefit Amount	$390	$390**	$369**	$348**	$336**
Non-Monetary Determinations	130,952	126,808	136,737	141,699	136,140
Non-Monetary Denials	73,938	72,317	83,981	86,939	78,928
Percent Denied	*56%*	*57%*	*61%*	*61%*	*58%*
Separation Issues - UI	93,008	89,684	92,908	92,816	86,743
Percent Denied	*47%*	*47%*	*46%*	*45%*	*46%*
Non-Separation Issues - UI	37,824	36,451	43,023	48,198	48,754
Percent Denied	*80%*	*77%*	*77%*	*77%*	*78%*
Appellate Decisions	25,609	27,587	29,820	29,350	26,097
Non-Mon Reversals - UI	10,592	10,661	10,891	10,633	9,874
Percent Reversed	*41%*	*39%*	*37%*	*36%*	*38%*
Claimant Decisions - UI	15,730	15,791	16,748	16,633	14,313
Percent Reversed Claimants Favor	*40%*	*37%*	*34%*	*34%*	*36%*
Employer Decisions - UI	9,772	11,302	12,833	12,505	11,258
Percent Reversed Employers Favor	*44%*	*43%*	*40%*	*40%*	*41%*
Review Board Decisions	3,946	4,887	3,199	2,161	3,003
Decisions That Reverse Appellate - UI	293	265	179	112	84
Percent Reversed	*7%*	*5%*	*6%*	*5%*	*3%*
Claimant Decisions - UI	2,294	3,285	2,057	1,344	1,951
Percent Reversed Claimants Favor	*6%*	*4%*	*6%*	*6%*	*3%*
Employer Decisions - UI	1,647	1,599	1,136	814	1,045
Percent Reversed Employers Favor	*9%*	*9%*	*4%*	*4%*	*2%*

* Regular, TEUC, TRA, and DUA

** Amount increased in July.

employment statistics

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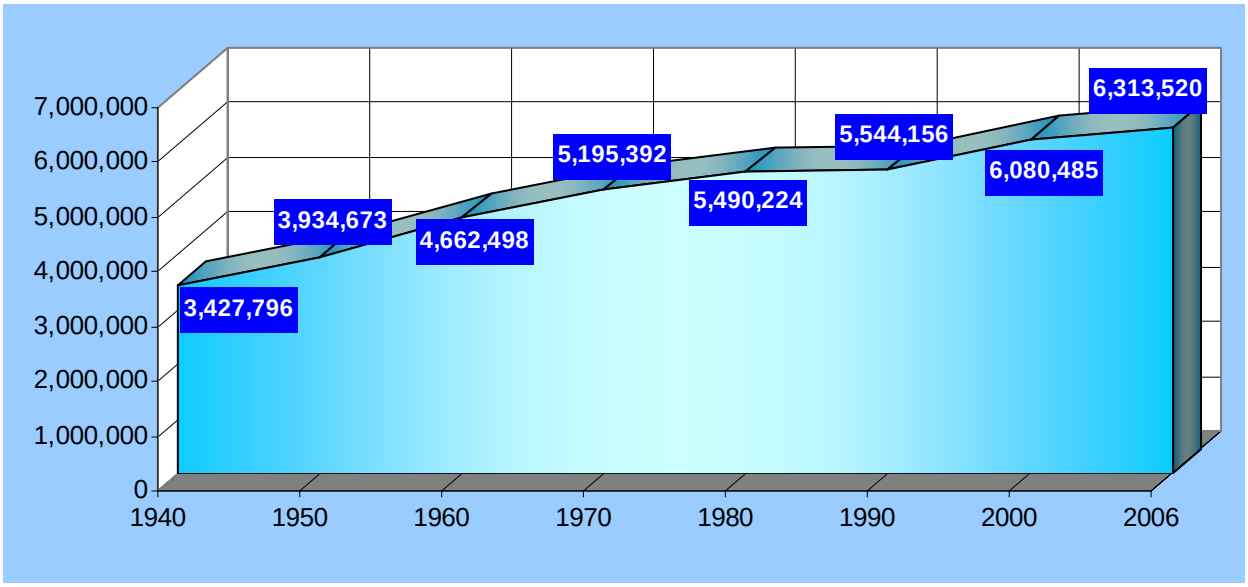
STATE OF INDIANA POPULATION

YEAR	POPULATION	NUMERICAL CHANGE	PERCENTAGE CHANGE
1940	3,427,796	N/A	N/A
1950	3,934,673	506,877	14.8%
1960	4,662,498	727,825	18.5%
1970	5,195,392	532,894	11.4%
1980	5,490,224	294,832	5.7%
1990	5,544,156	53,932	1.0%
2000	6,080,485	536,329	9.7%
2006	6,313,520	180,818	2.8%

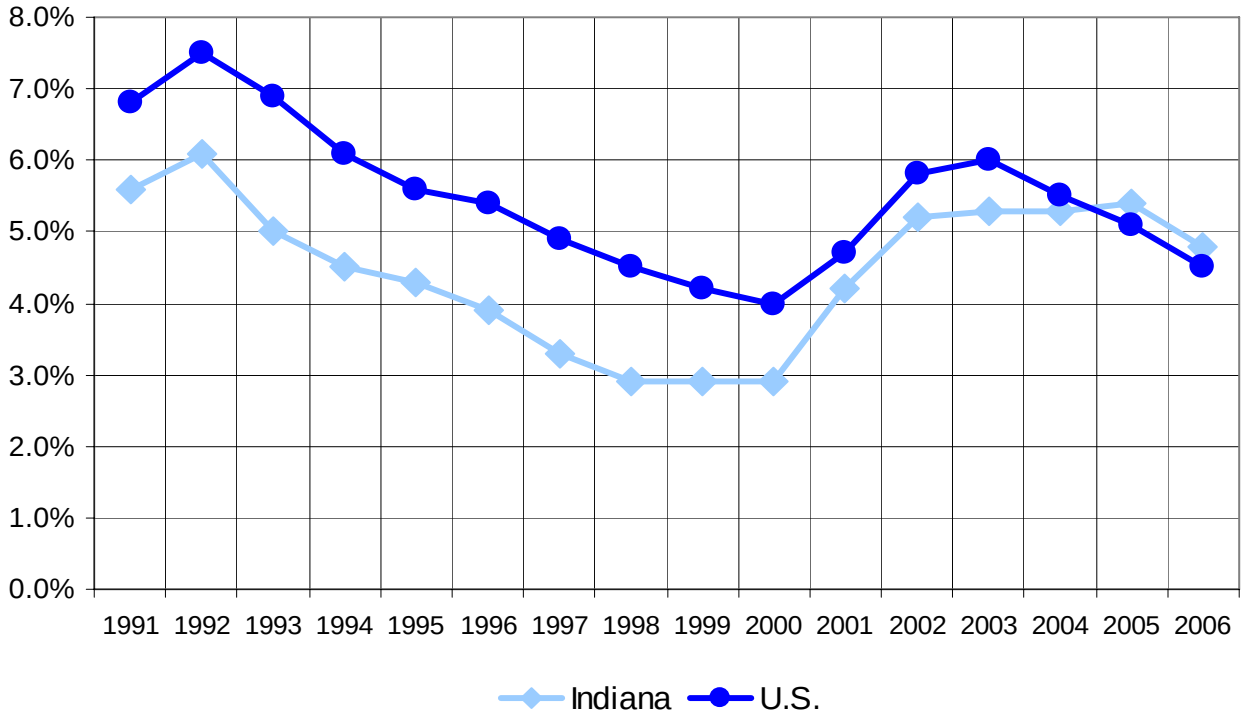
INDIANA POPULATION TO 2006



STATE OF INDIANA LABOR FORCE

YEAR	LABOR FORCE	EMPLOYED	UNEMPLOYED	INDIANA RATE	US RATE
1991	2,816,200	2,657,900	158,300	5.6%	6.8%
1992	2,877,800	2,703,400	174,400	6.1%	7.5%
1993	2,948,300	2,800,700	147,600	5.0%	6.9%
1994	3,049,900	2,911,800	138,100	4.5%	6.1%
1995	3,112,300	2,977,500	134,800	4.3%	5.6%
1996	3,103,000	2,982,800	120,200	3.9%	5.4%
1997	3,117,900	3,014,500	103,400	3.3%	4.9%
1998	3,124,500	3,033,400	91,100	2.9%	4.5%
1999	3,136,600	3,046,900	89,700	2.9%	4.2%
2000	3,144,400	3,052,700	91,700	2.9%	4.0%
2001	3,152,100	3,020,900	131,200	4.2%	4.7%
2002	3,154,600	2,992,000	162,600	5.2%	5.8%
2003	3,167,700	2,999,500	168,200	5.3%	6.0%
2004	3,172,400	3,004,100	168,300	5.3%	5.5%
2005	3,209,000	3,035,200	173,800	5.4%	5.1%
2006	3,280,137	3,122,871	157,266	4.8%	4.5%

COMPARISON OF INDIANA AND US UNEMPLOYMENT RATES

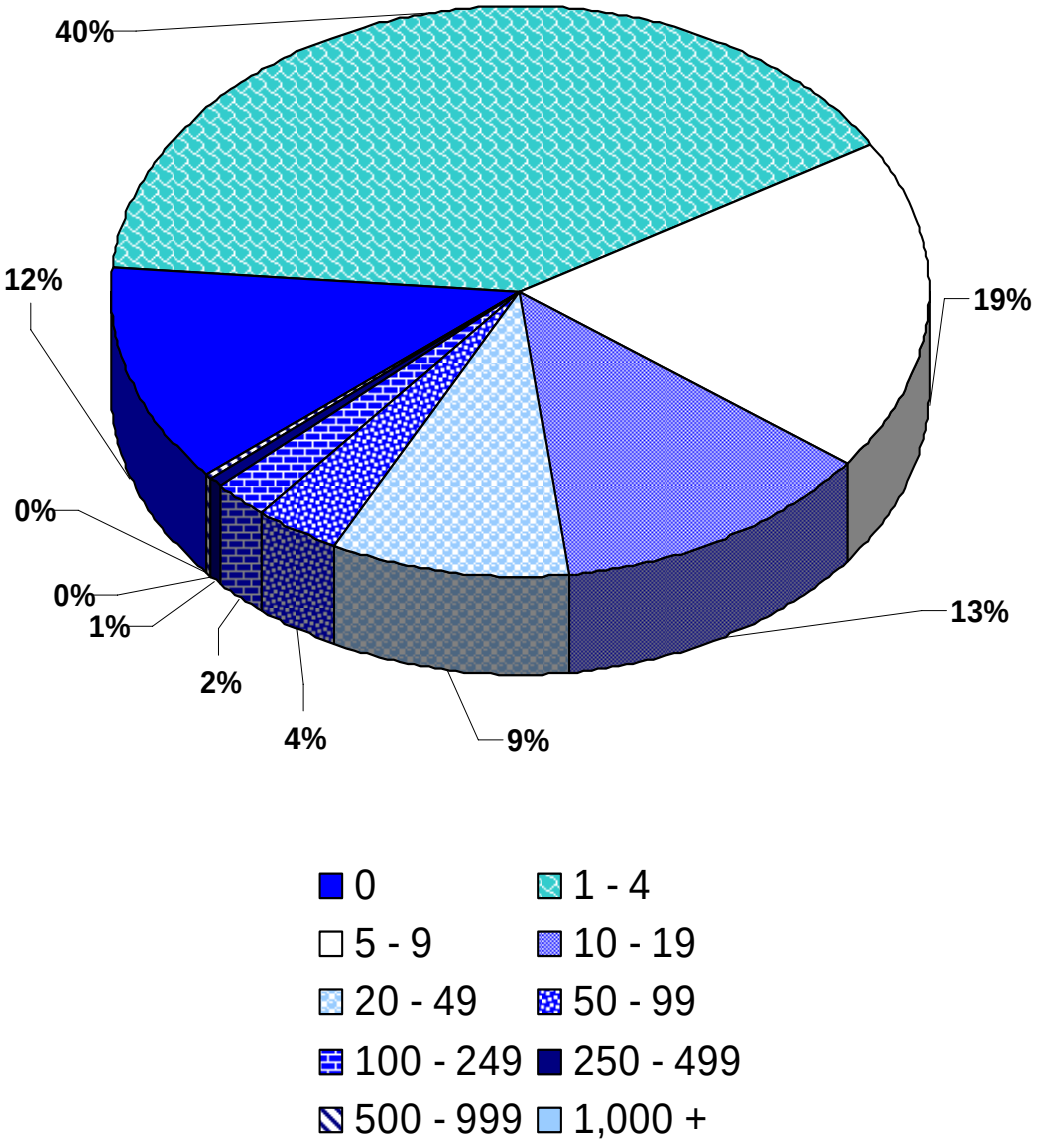


INDIANA ESTABLISHMENTS BY EMPLOYMENT SIZE CLASS, MARCH 2006

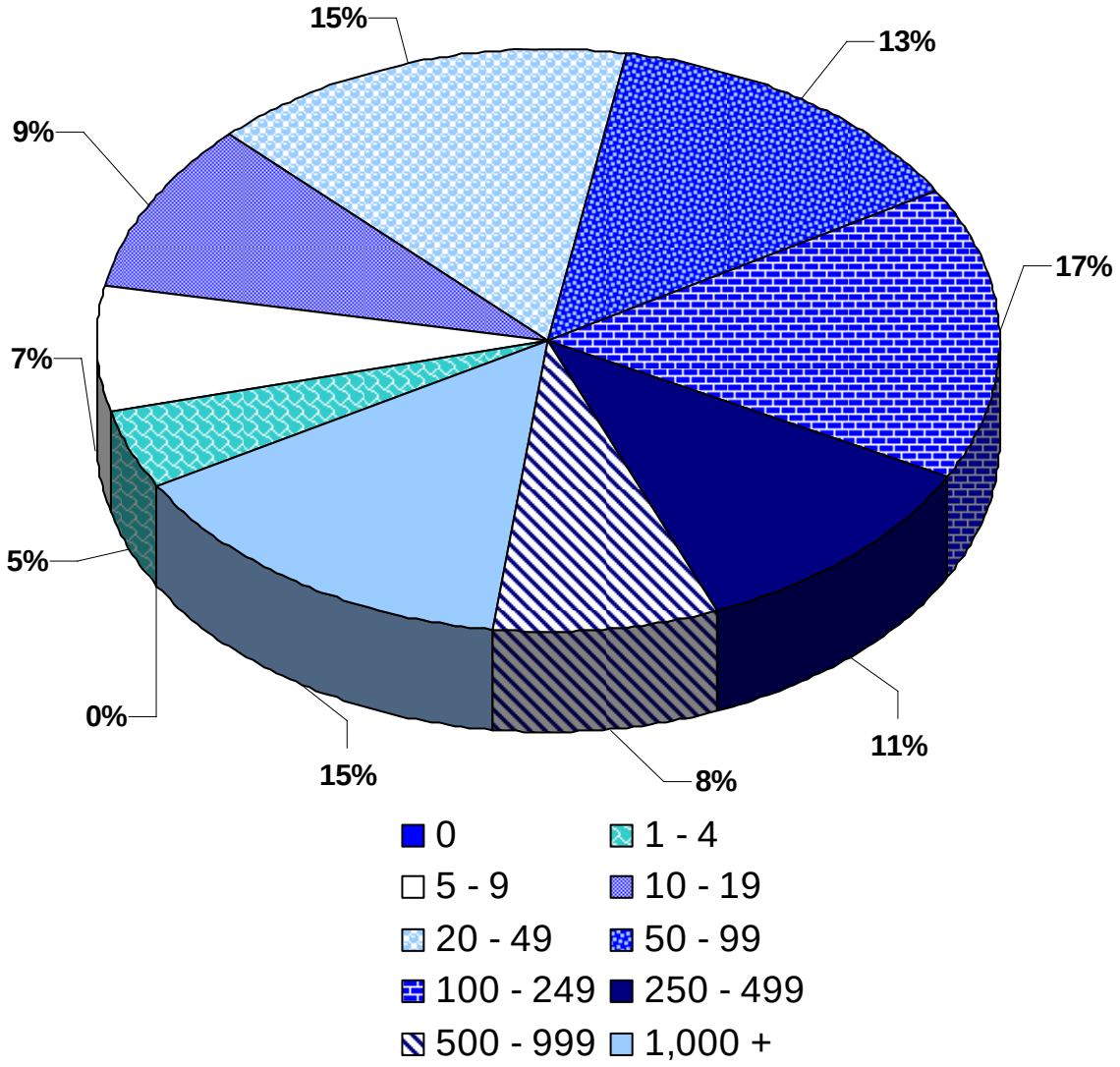
EMPLOYMENT SIZE CLASS	NUMBER OF BUSINESS UNITS 1ST QUARTER OF 2006	EMPLOYMENT BY SIZE OF BUSINESS UNIT MARCH 2006	TOTAL WAGES
0	19,326	0	$ 58,704,408
1 — 4	62,662	131,364	$ 1,080,671,055
5 — 9	29,386	195,045	$ 1,383,234,300
10 — 19	20,105	271,517	$ 1,989,516,467
20 — 49	14,483	441,229	$ 3,483,870,631
50 — 99	5,566	384,169	$ 3,132,060,478
100 — 249	3,150	477,041	$ 4,265,873,409
250 — 499	918	313,791	$ 2,979,015,285
500 — 999	338	230,891	$ 2,436,539,638
1,000 +	202	425,174	$ 5,702,751,971
TOTAL	**156,136**	**2,870,221**	**$ 26,512,237,282**

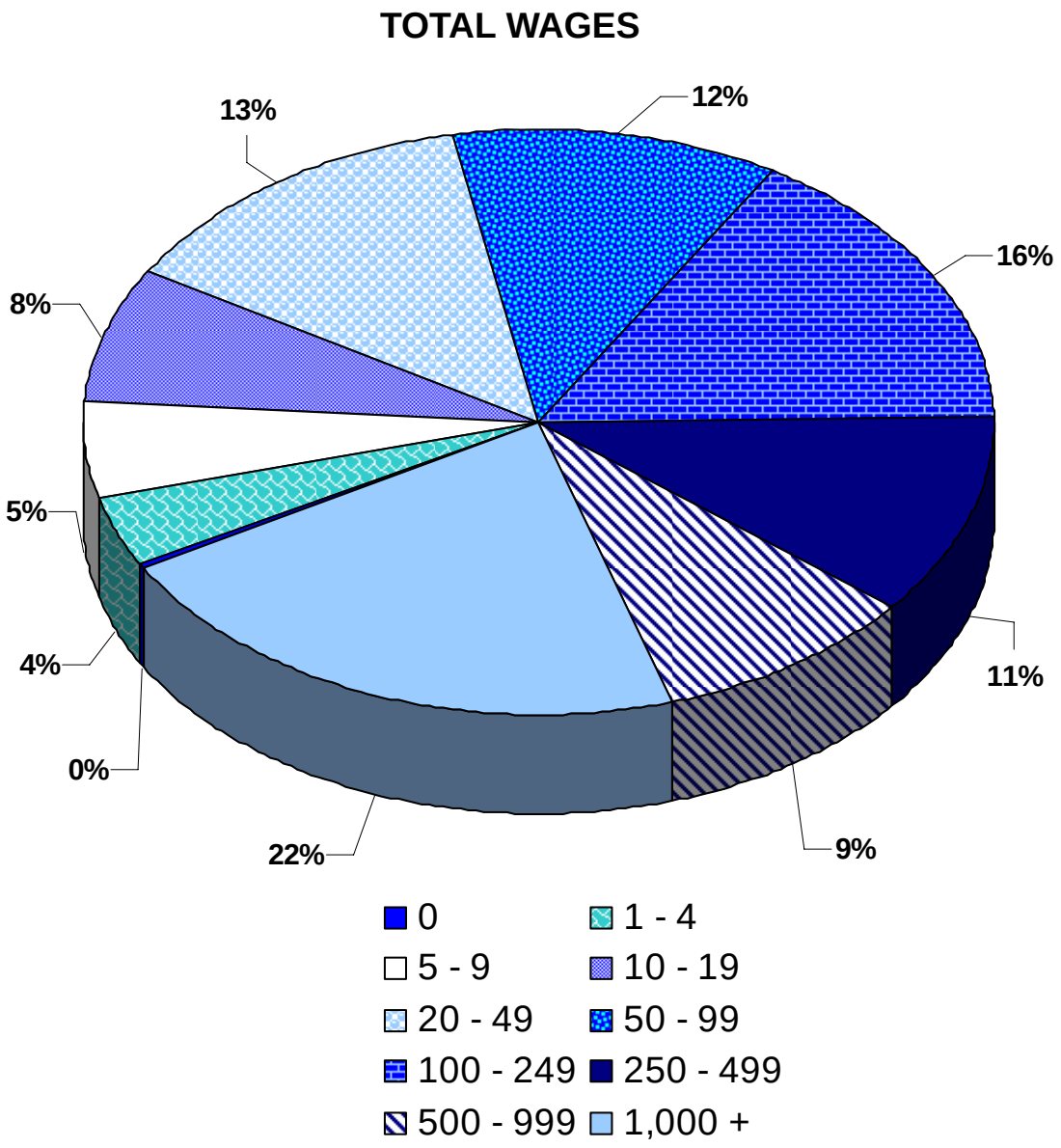
Includes business units with zero employees and federal employees

NUMBER OF BUSINESS UNITS 1ST QUARTER OF 2006



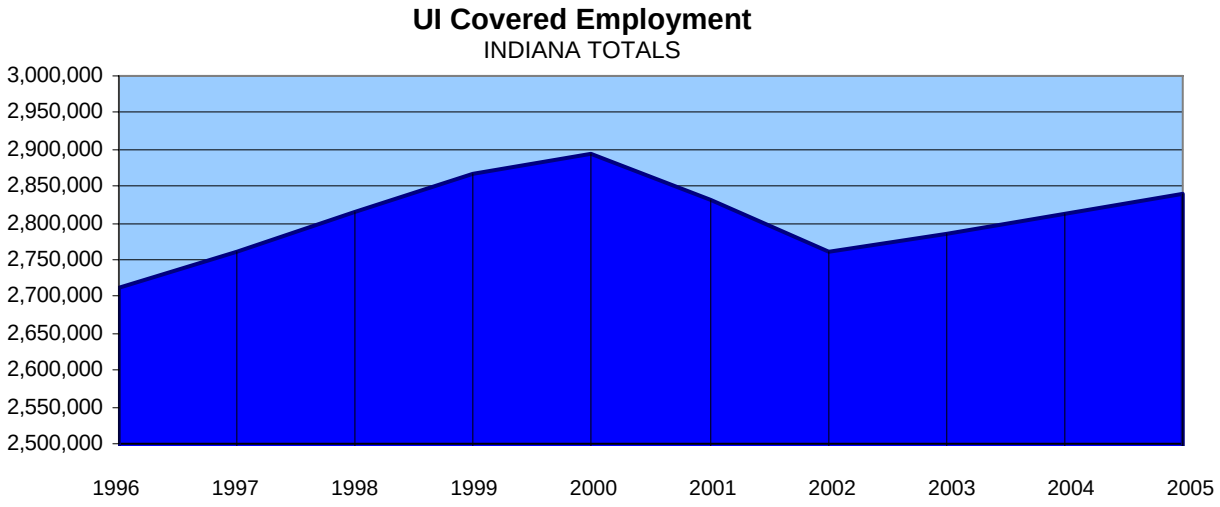
EMPLOYMENT BY SIZE OF BUSINESS UNIT MARCH 2006




TOTAL WAGES
13%
12%
16%
8%
5%
4%
0%
22%
9%
11%
0
1 - 4
5 - 9
10 - 19
20 - 49
50 - 99
100 - 249
250 - 499
500 - 999
1,000 +

UI Covered Employment—Indiana Totals

NAICS SECTORS / OWNERSHIPS	Average Number of Workers	Total Annual Wages	Average Annual Wages
Private Ownership Only	*rounded to tens*	*rounded to hundreds*	*rounded to hundreds*
Agriculture, Forestry, Fishing, and Hunting	12,080	$314,038,100	$26,000
Mining	6,470	$333,841,200	$51,600
Utilities	14,710	$948,147,600	$64,500
Construction	148,290	$6,050,871,400	$40,800
Manufacturing	571,060	$27,536,995,300	$48,200
Wholesale Trade	121,630	$5,769,667,400	$47,400
Retail Trade	332,040	$7,234,730,400	$21,800
Transportation and Warehousing	106,300	$3,801,155,000	$35,800
Information	40,310	$1,750,655,600	$43,400
Finance and Insurance	100,000	$4,947,699,900	$49,500
Real Estate and Rental and Leasing	36,650	$1,100,627,900	$30,000
Professional and Technical Services	90,850	$4,308,564,200	$47,400
Management of Companies and Enterprises	26,290	$1,898,050,800	$72,200
Administrative and Waste Services	157,260	$3,659,832,400	$23,300
Educational Services	40,070	$1,167,701,200	$29,100
Health Care and Social Assistance	310,400	$11,121,989,800	$35,800
Arts, Entertainment, and Recreation	43,680	$1,157,590,200	$26,500
Accommodation and Food Services	233,640	$2,748,552,200	$11,600
Other Services except Public Administration	83,530	$1,933,460,200	$23,100
Unclassified	***Data is included In Total UI Covered***		
Local Government	269,810	$8,755,500,300	$32,500
Educational Services	146,510	$4,927,907,200	$33,600
Health Care and Social Assistance	28,170	$1,012,579,700	$35,900
State Government	91,580	$3,267,337,600	$35,700
Educational Services	51,580	$1,914,315,600	$37,100
Health Care and Social Assistance	4,460	$139,506,600	$31,300
Total UI Covered	**2,837,430**	**$99,831,410,700**	**$35,200**
Federal Government	36,360	$1,988,977,100	$54,700



Midwest Minimum, Average, and Maximum Annual Tax Rates
(2006)

State	Minimum Annual Tax Per Worker	Maximum Annual Tax Per Worker	Average Annual Tax Per Worker
Indiana	**$77.00**	**$392.00**	**$217.00**
Ohio	$36.00	$810.00	$207.00
Kentucky	$40.00	$760.00	$224.00
Wisconsin	$11.00	$1,029.00	$305.00
Michigan	$5.00	$927.00	$387.00
Illinois	$121.00	$979.00	$561.00

Source DWD UI Statistics

Midwest Wages, Benefits, and Wage Replacement Rates
(June 30, 2005 - June 30, 2006)

State	Average Weekly Wage	Average Weekly Benefit Amount	Wage Replacement Rate
Indiana	**$676.66**	**$282.54**	**41.8%**
Kentucky	$646.30	$260.15	40.3%
Wisconsin	$678.85	$256.49	37.8%
Ohio	$711.67	$272.51	38.3%
Michigan	$789.52	$292.09	37.0%
Illinois	$836.56	$287.40	34.4%
US Average	$771.50	$270.36	35.0%

Source: UI Data Summary 2nd Quarter 2006