

# 2008 STATUS REPORT

## IOWA UNEMPLOYMENT COMPENSATION TRUST FUND

This 2008 Status Report of the  
Iowa Unemployment Compensation Trust Fund  
is a publication of  
Iowa Workforce Development





# 2008 Status Report

## On the Iowa Unemployment Compensation Trust Fund

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## **Preface – Guide for Interpretation**

As a guide to the interpretation and application of this chapter, the public policy of this state is declared to be as follows:

Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this state. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and the worker's family. The achievement of social security requires protection against this greatest hazard of our economic life. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The legislature, therefore, declares that in its considered judgment the public good, and the general welfare of the citizens of this state require the enactment of this measure, under the police powers of the state, for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed through no fault of their own. (Iowa Code 96.2)

## Executive Summary

This report evaluates the status of Iowa's unemployment compensation trust fund as of December 31, 2008. It reviews fund expenditures and fund revenue. It also discusses the fund solvency in terms of fund balance, fund balance adjusted for inflation, fund balance adjusted for covered wage growth, and months of benefits in the fund.

**Unemployment Insurance Benefits Payout:** Benefits paid to unemployed Iowa workers rose from \$218 million in 2000 to \$381 million in 2003 due to a slower national economy. Benefits fell through 2005, but increased slightly in 2006 and 2007. The current national recession pushed 2008 benefits up to \$421. Some other facts:

- The number of first payments rose to over 110,000 in 2001 through 2003. First payments fell to around 90,000 in 2004 through 2008. An increase in layoffs caused first payments to exceed 125,000 in 2008.
- Average duration of benefits decreased from 14.1 weeks in 2004 to 12.9 weeks in 2007. Temporary layoffs lowered average duration down to 11.6 weeks in 2008.

**UI Trust Fund Revenue:** Fund revenue primarily comes from UI taxes paid by Iowa employers and interest earned on the fund balance. Combined revenue grew from \$384 million in 2007 to \$404 million in 2008. The benefit payout grew at a faster rate than revenue during 2008. Highlights:

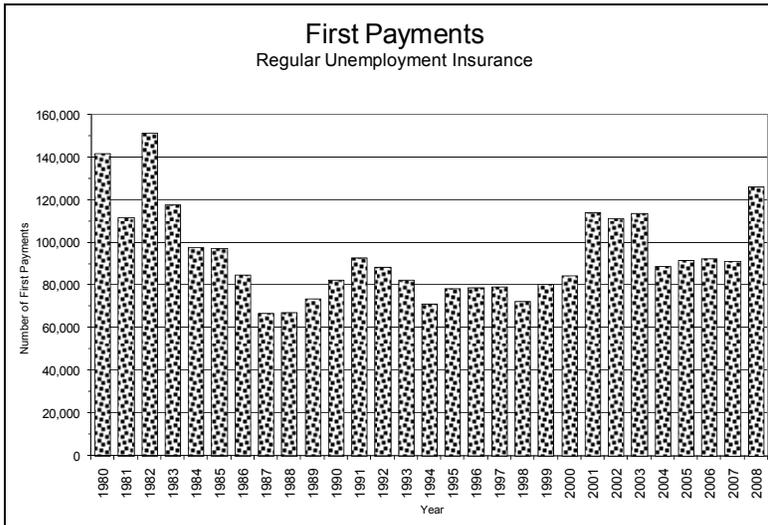
- The average tax rate rose from 1.2% in 2002 to around 1.6% in 2003 through 2008 because tax table 6 was triggered in 2003. This is still well below the average tax rate during the 1980's, which reached 3.4% in 1984.
- About 45% of private employers had a zero UI tax rate in 2008.
- Taxable wages grew by an estimated 4.2% in 2008, slightly slower than 2007.

**UI Trust Fund:** The philosophy guiding this fund requires balances to be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive tax burden on employers. The challenge is to determine adequate reserves to ensure the fund's solvency through an economic downturn. The Iowa UI tax system automatically adjusts employer tax rates based on the strength of the UI trust fund and UI benefit experience.

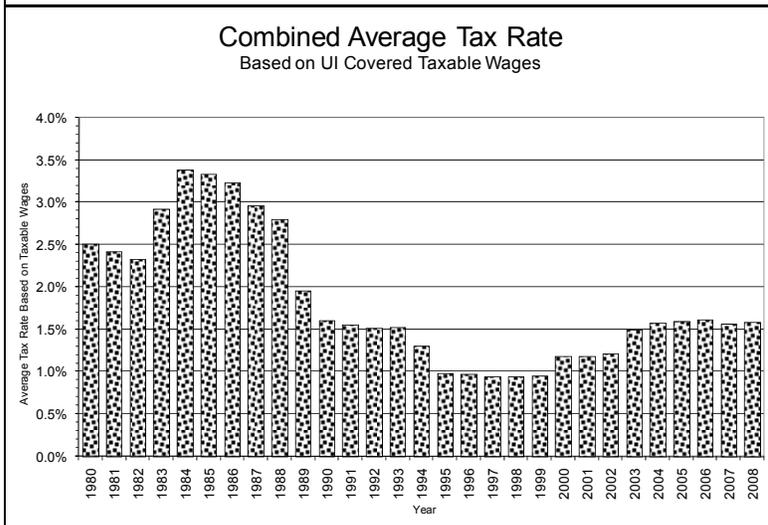
Iowa entered this decade with a year-end combined trust fund balance of \$810 million in 2000. This enabled the fund to withstand record benefit payouts in 2002 and 2003. The fund rebounded to a record \$865 million in 2007 and held steady in 2008. When the fund is adjusted for inflation and wage growth, the strength of the fund is below 2000 levels.

**Conclusions:** Iowa's strong UI trust fund has allowed the fund to pay record benefit payouts in 2002 and 2003 without borrowing from the federal government. Benefit payouts reached a new record in 2008 and the national recession is expected to push benefits even higher in 2009. The state's UI trust fund is expected to remain solvent in 2009. Higher tax rate tables may trigger as a response to higher unemployment levels in order to ensure future fund solvency.

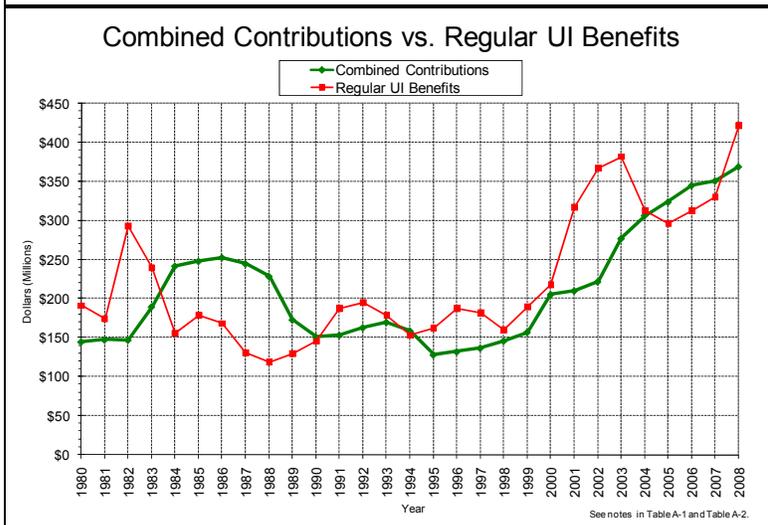
# UI Trust Fund History at a Glance



A slower national economy caused a higher number of first payments during 2001 through 2003. A decline in new layoffs yielded lower first payments levels in 2004 through 2007. First payments have increased during 2008 due to the current national recession.

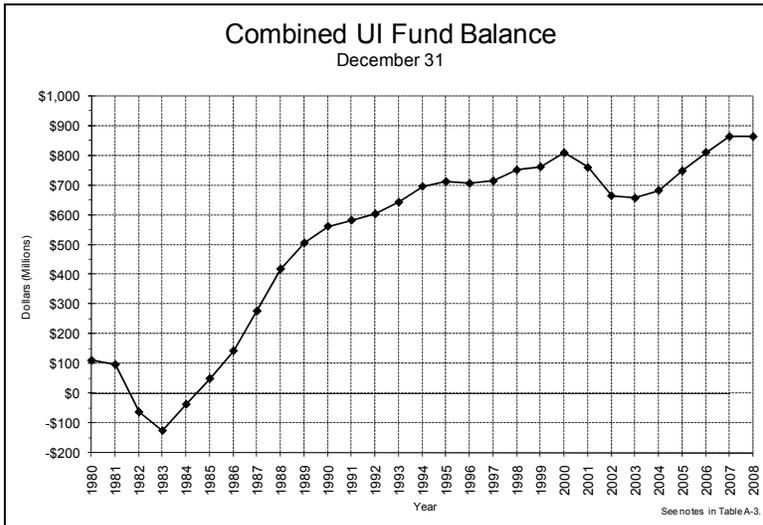


Tax table 6 was triggered for 2003 due to a declining trust fund balance. Tax table 6 will remain in effect through 2009. The 2008 average tax rate of 1.6% is still well below the average tax rates in the 1980's.

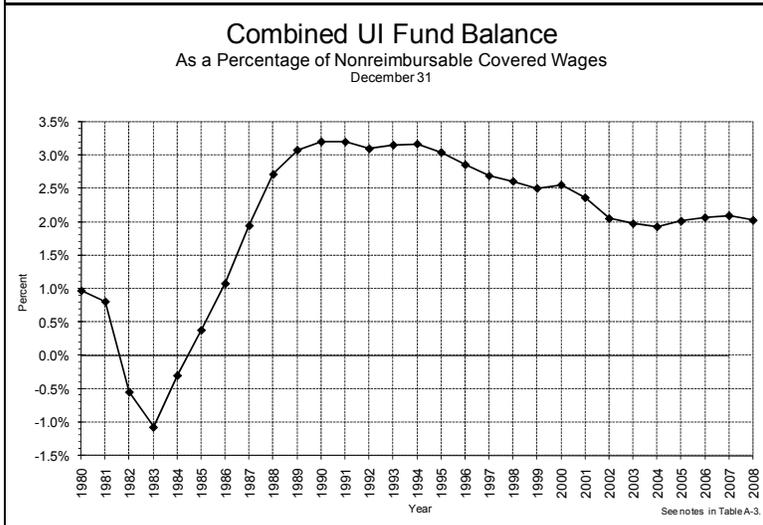


UI benefits have exceeded contributions each year from 1995 through 2004. The fund partially rebounded in 2005 through 2007 as contributions exceeded benefits for the first time in ten years. Benefits increased faster than contributions during 2008.

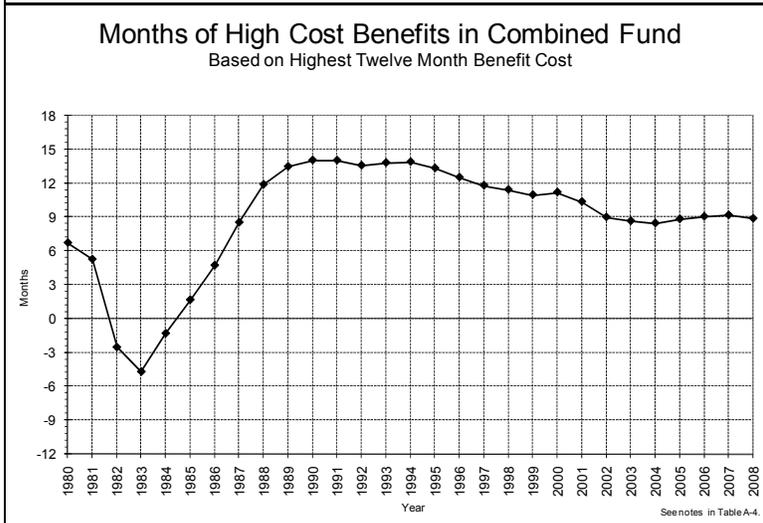
# UI Trust Fund History at a Glance



The year-end combined UI fund balance has grown from 2004 through 2007, but held steady through 2008. The fund balance remains lower than 2000 in inflation adjusted dollars.



The UI fund as a percent of covered wages was over 3.0% during the first half of the 1990's. In 2008 the fund fell to 2.0% of covered wages. UI fund growth has not kept up with covered wage growth over the last fifteen years. Covered wage growth is one measure of potential fund liabilities.



If a recession similar to 1982-1983 were to hit, the fund would be large enough to pay benefits for about nine months. A recession of this magnitude would have pushed 2008 UI benefits to over \$1 billion.

## A. Unemployment Insurance Benefits

Unemployment Insurance (UI) payments reached a record level of \$421 million in 2008. This is \$40 million higher than the previous record of \$381 million in 2003. Most of the increase in UI benefit payout occurred during the fourth quarter of 2008 as the effects of a national recession hit Iowa.

**UI Benefits:** Benefits payments are a function of:

- average weekly benefit amount,
- duration of benefits, and
- number of persons receiving first payments for benefits

**Maximum Weekly Benefit Amount:**

The maximum weekly benefit (MWB) is computed each year based on the previous year's average weekly wage. The maximum weekly benefit increased by about 4.1% from July 2007 to July 2008. The current MWB amounts are listed below:

Number of Dependents	Average Weekly Wage 2007	Percent of Average Weekly Wage	Maximum Weekly Benefit July 2008
<b>0</b>	\$682.95	53%	\$361
<b>1</b>	\$682.95	55%	\$375
<b>2</b>	\$682.95	57%	\$389
<b>3</b>	\$682.95	60%	\$409
<b>4</b>	\$682.95	65%	\$443

**Average Weekly Benefit (AWB):**

Claimants' weekly benefit amounts are based on their high quarter earnings, subject to the above maximums. About half of claimants draw the maximum weekly benefit. A claimant would need high quarter earnings of about \$8,260 to qualify for the maximum weekly benefit.

The average weekly benefit grew by 3.1% from \$280.17 in 2007 to \$288.81 in 2008. This growth rate is slightly lower than the statewide average weekly wage growth.

**Duration of UI Benefits:** The maximum duration of UI benefits in Iowa is 26 weeks. In the case of a plant closing, it is extended to 39 weeks.

The average duration of UI benefits reached 14.1 weeks in 2004. The average duration declined from 12.9 weeks in 2007 to 11.6 weeks in 2008. An increase in temporary layoffs was partially responsible for the decrease in average duration.

**First Payments:** The National Bureau of Economic Research's Business Cycle Dating Committee determined that the expansion that began in November 2001 ended in December 2007.

The national economic slowdown pushed the number of UI claimants who received their first payment of a new benefit year up by 38% from 91,367 in 2007 to 126,309 in 2008. This represents the highest first payment level since 1982.

**Weeks Compensated:** The number of weeks of UI benefits compensated grew by 24% from 1,176,569 in 2007 to 1,459,395 in 2008. The 2008 weeks compensated total was the highest since 2003.

**UI Benefit Summary:** UI benefits increased from \$330 million in 2007 to \$421 million in 2008. UI benefits are expected to continue to increase through 2009.

## B. Unemployment Insurance Revenue

Combined contributions grew by 5.2% from \$351 million in 2007 to \$369 million in 2008. This increase was below estimated taxable wage growth.

**Average Tax Rate:** The average employer tax rate was over 3.0% during 1984 through 1986 as the trust fund was rebuilding from the recession of the early 1980's. The average tax rate fell to around 1.5% when tax table 6 was in effect during 1990 through 1993.

The fund balance was large enough to trigger tax table 8 for 1995 through 1999. The average tax rate was slightly below 1.0% during these five years. Tax table 7 was triggered for 2000 through 2002 and the average tax rate moved to 1.2%.

Tax table 6 was triggered for 2003 because an economic slowdown caused benefits to increase and the fund balance to decrease. The average tax rate rose to around 1.6% in 2003 through 2008.

The Iowa Code has eight tax tables. Tax table 1 has the highest tax rates and tax table 8 has the lowest. Tax tables are triggered based on the relative trust fund strength. The average tax rate for experienced rated employers ranges from 3.5% in table 1 to 1.0% in table 8.

**Individual Employer Tax Rates:** The average combined tax rate for 2008 was 1.58%, but tax rates for individual employers ranged from 0.0% to 8.0% under tax table 6.

Iowa's UI tax rates are dependent on the benefit experience of individual employers. About 45% of private

employers qualified for a zero tax rate because they had no benefit charges or very low charges. About 75% of private employers received a tax rate of 1.0% or lower. Iowa also has a new non-construction rate of 1.0%, the lowest new employer rate permitted by federal law.

**Taxable Wages:** During 2008, Iowa employers paid UI contributions on the first \$22,800 of an employee's wages. This taxable wage base is updated each year based on the average annual wage for UI covered employment.

The national economic slowdown caused taxable wage growth to slow in 2001 through 2003. Growth in covered employment and wage caused taxable wages to grow in 2004 through 2008, but at slower rate than during the late 1990's.

**Contributions:** Combined UI contributions grew by about 5.2% from \$351 million in 2007 to \$369 million in 2008. This increase was slightly above estimated taxable wage growth.

**Interest:** Interest received from the federal government on the trust fund rose by 7.4% to about \$35 million in 2008. The interest rate was 4.8%.

**Revenue Summary:** Fund revenue increased by 5.4% from \$384 million in 2007 to \$404 million in 2008. The benefit payout grew at a much faster rate than revenue during 2008.

## C. UI Fund Balance

The year-end combined trust fund balance fell from a high of \$810 million in 2000 to \$657 in 2003. The fund rebounded to \$865 million in 2008 in terms of current dollars, but it remained below 2000 levels in real (inflation adjusted) dollars.

**Trust Fund Balance History:** The lowest historic year-end trust fund balance was a deficit of \$126 million in 1983. The fund grew rapidly from this low to \$507 million in 1989. This growth was caused by lower levels of insured unemployment and some of the highest average tax rates in trust fund history.

Trust fund growth slowed during the 1990's, as higher trust fund balances triggered lower average tax rates.

The fund reached \$810 million in 2000; economic conditions caused the year-end fund balance to fall to \$665 million in 2002. UI regular benefits hit a record high during 2003. This caused the fund balance to fall to \$657 million in 2003 despite an increase in contributions and a \$40 million Reed Act transfer.

The number of new layoffs declined and UI benefits paid were lower in 2004 through 2007. This enabled the combined trust fund balance to rebound to \$865 million in 2007. The fund grew during the first three quarters of 2008, but fell back \$865 at the end of 2008.

**Effect of Wage Growth:** Examining the trust fund balance in terms of absolute dollar amounts can be misleading. The fund balance must grow as covered wages and covered employment grow in order to keep pace with potential fund liabilities.

**CPI Adjusted Fund Balance:** One method of adjusting the fund balance to account for inflation is to use the Consumer Price Index to adjust the fund to 1982-1984 dollars. Using inflation adjusted dollars the fund balance fell by 12% from 2000 to 2008.

**Fund Balance as a Percent of Covered Wages:** The UI fund is expressed as a percentage of covered wages in order to control for employment and wage growth.

This percentage grew from a deficit during the early 1980's to 3.21% in 1990. This percentage remained relatively unchanged through 1994.

This percentage fell to 1.93% in 2004 and partially rebounded to 2.10% in 2007. The combined fund balance, expressed as a percentage of covered wages, declined by 3.3% to 2.03% in 2008.

**UI Trust Fund Balance Summary:** The year-end fund balance reached \$810 million in 2000, but declined through 2003. A decrease in benefit payments combined with growth in employment and covered wages caused the fund to rebound to \$865 million in 2007 and hold stable at \$865 million in 2008. The Inflation (CPI) adjusted fund balance and the wage growth adjusted fund balance were both below 2000 levels.

## D. UI Fund Solvency

Unemployment Insurance theory requires the trust fund balance be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive tax burden on employers. The challenge is to determine an adequate reserve level to ensure the fund's solvency through an economic downturn.

### **Months of Benefits in Trust Fund:**

A popular measure of fund adequacy is the number of months of benefits in the trust fund. This can be measured in several different ways.

**Months of Current Benefits:** This calculates the number of months of benefits that could be paid at the current benefit level. Benefits could be paid for 25 months if they remain at the 2008 level.

### **Months of Benefits at High Cost:**

The 2008 trust fund balance would be sufficient to pay benefits for 8.9 months at the historic highest benefit level. Iowa compares favorably to the national average of 3.2 months. Fund strength is weaker than the early 1990's when the fund balance was sufficient to pay about 14 months of high cost benefits.

### **Federal Solvency Standards:**

The U. S. Department of Labor recommends a solvency standard of 12 months of benefits at the highest three-year average benefit cost rate. Iowa's 2008 figure was slightly below this standard at 11.3 months.

### **Recession Level Benefits:**

Iowa's highest benefit cost level is based on the twelve-month period ending April 1983. Fund expenditures totaled \$317.5 million and wages totaled \$11.6 billion. Benefits for the twelve-month period equaled 2.7% of wages. If an economic downturn

had pushed 2008 benefits to this 1983 recession level, benefits would have reached \$1.17 billion.

### **Rate Table Calculations:**

The Iowa UI tax system is designed to automatically adjust tax rates based on trust fund strength. This system is designed to maintain fund solvency and minimize rate fluctuations.

If the fund strength starts to decline, the system will trigger to a tax table with higher tax rates. This helps the fund start rebuilding before fund reserves reach a critical point.

The system is designed to fortify the trust fund in small increments. This method diminishes the chances of a drastic tax increase in any single year if a recession should strike.

The system triggered a rate increase to tax table 6 for tax year 2003. This helped slow the trust fund balance decline. Tax table 6 is scheduled to remain in effect through 2009.

### **Fund Solvency Summary:**

The current recession has caused fund solvency problems for several states. Iowa entered the decade with a strong UI trust fund and has not needed to borrow. UI benefits have increased due to the current recession, but the UI Trust Fund is expected to remain solvent. Higher tax rate tables may trigger if in order to ensure future fund solvency.



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Table A-1  
Unemployment Insurance Benefit Data

Year	First Payments		Average Duration (Weeks)		Weeks Compensated		Average Weekly Benefit (\$)		UI Regular Benefits Paid (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1980	141,617	-----	11.9	-----	1,679,090	-----	113.97	-----	191.4	-----
1981	111,712	-21.1%	13.2	10.9%	1,472,110	-12.3%	118.46	3.9%	174.4	-8.9%
1982	151,520	35.6%	14.6	10.6%	2,218,692	50.7%	132.02	11.4%	292.9	67.9%
1983	117,681	-22.3%	15.1	3.4%	1,781,786	-19.7%	134.39	1.8%	239.5	-18.2%
1984	97,603	-17.1%	13.0	-13.9%	1,265,144	-29.0%	123.28	-8.3%	156.0	-34.9%
1985	97,124	-0.5%	14.4	10.8%	1,401,655	10.8%	127.70	3.6%	179.0	14.7%
1986	84,882	-12.6%	14.7	2.1%	1,250,942	-10.8%	134.63	5.4%	168.4	-5.9%
1987	66,865	-21.2%	14.3	-2.7%	955,227	-23.6%	136.78	1.6%	130.7	-22.4%
1988	67,023	0.2%	12.4	-13.3%	831,553	-12.9%	142.79	4.4%	118.7	-9.2%
1989	73,393	9.5%	11.9	-4.0%	874,264	5.1%	148.71	4.1%	130.0	9.5%
1990	82,251	12.1%	11.5	-3.4%	946,804	8.3%	153.74	3.4%	145.6	12.0%
1991	92,823	12.9%	12.7	10.4%	1,176,440	24.3%	159.61	3.8%	187.8	29.0%
1992	88,604	-4.5%	13.5	6.3%	1,200,374	2.0%	162.28	1.7%	194.8	3.7%
1993	82,565	-6.8%	12.9	-4.4%	1,062,863	-11.5%	167.96	3.5%	178.5	-8.4%
1994	71,184	-13.8%	12.4	-3.9%	882,883	-16.9%	173.44	3.3%	153.1	-14.2%
1995	78,467	10.2%	11.2	-9.7%	879,273	-0.4%	184.68	6.5%	162.4	6.1%
1996	78,846	0.5%	12.5	11.6%	984,078	11.9%	190.62	3.2%	187.6	15.5%
1997	79,155	0.4%	11.8	-5.6%	931,796	-5.3%	195.08	2.3%	181.8	-3.1%
1998	72,383	-8.6%	10.8	-8.5%	783,500	-15.9%	204.44	4.8%	160.2	-11.9%
1999	80,519	11.2%	10.8	0.0%	869,517	11.0%	218.08	6.7%	189.6	18.4%
2000	84,455	4.9%	11.2	3.7%	949,794	9.2%	229.25	5.1%	217.7	14.8%
2001	113,983	35.0%	11.6	3.6%	1,324,644	39.5%	239.42	4.4%	317.1	45.7%
2002	111,411	-2.3%	13.4	15.5%	1,498,185	13.1%	244.76	2.2%	366.7	15.6%
2003	113,570	1.9%	13.5	0.7%	1,532,402	2.3%	248.94	1.7%	381.5	4.0%
2004	88,976	-21.7%	14.1	4.4%	1,253,028	-18.2%	249.39	0.2%	312.5	-18.1%
2005	91,540	2.9%	12.5	-11.3%	1,141,540	-8.9%	259.57	4.1%	296.3	-5.2%
2006	92,610	1.2%	12.5	0.0%	1,161,526	1.8%	269.38	3.8%	312.9	5.6%
2007	91,367	-1.3%	12.9	3.2%	1,176,569	1.3%	280.17	4.0%	329.6	5.3%
2008	126,309	38.2%	11.6	-10.1%	1,459,395	24.0%	288.81	3.1%	421.5	27.9%

Regular UI Benefits paid by IWD. Table does not includes extended benefits and net adjustments for transfers to other states. Source: ETA-5159

1/12/2009

Table A-2  
Unemployment Insurance Revenue Data

Year	Combined Average Tax Rate		Taxable Wages (\$ billions)		Combined Contributions (\$ millions)		Interest on Trust Fund (\$ millions)		Other Incm. (\$ mil.)	Combined Total Revenue (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	#	Δ%
1980	2.51%	----	5.63	----	144.5	----	11.8	----	0.0	156.3	----
1981	2.42%	-3.6%	5.87	4.3%	147.3	1.9%	10.0	-15.3%	0.0	157.3	0.6%
1982	2.32%	-4.1%	5.99	2.0%	146.9	-0.3%	5.0	-50.0%	0.0	152.0	-3.4%
1983	2.92%	25.9%	6.24	4.2%	189.6	29.1%	0.0	-100.0%	0.0	189.6	24.7%
1984	3.38%	15.8%	6.97	11.7%	241.9	27.6%	0.0	----	0.0	241.9	27.6%
1985	3.33%	-1.5%	7.28	4.4%	248.0	2.5%	0.9	----	16.5	265.4	9.7%
1986	3.23%	-3.0%	7.67	5.4%	252.7	1.9%	6.5	622.2%	4.5	263.7	-0.6%
1987	2.96%	-8.4%	8.10	5.6%	244.8	-3.1%	15.7	141.5%	0.0	260.6	-1.2%
1988	2.80%	-5.4%	8.02	-1.0%	228.8	-6.5%	26.9	71.3%	0.1	255.8	-1.8%
1989	1.96%	-30.0%	8.65	7.9%	172.9	-24.4%	38.3	42.4%	0.2	211.3	-17.4%
1990	1.60%	-18.4%	9.20	6.4%	151.0	-12.7%	46.1	20.4%	0.0	197.0	-6.8%
1991	1.55%	-3.1%	9.54	3.7%	153.1	1.4%	48.8	5.9%	0.0	201.9	2.5%
1992	1.51%	-2.6%	10.23	7.2%	162.8	6.3%	46.6	-4.5%	0.0	209.4	3.7%
1993	1.52%	0.7%	10.66	4.2%	169.8	4.3%	44.8	-3.9%	0.0	214.5	2.4%
1994	1.30%	-14.5%	11.69	9.7%	158.9	-6.4%	43.9	-2.0%	0.0	202.8	-5.5%
1995	0.98%	-24.6%	12.41	6.2%	128.1	-19.4%	48.1	9.6%	0.0	176.2	-13.1%
1996	0.97%	-1.0%	13.11	5.6%	132.0	3.0%	48.9	1.7%	0.0	180.9	2.7%
1997	0.94%	-3.1%	13.90	6.0%	136.6	3.5%	47.3	-3.3%	0.0	183.9	1.7%
1998	0.94%	0.0%	14.94	7.5%	145.9	6.8%	48.5	2.5%	0.0	194.3	5.7%
1999	0.95%	1.1%	15.98	7.0%	156.9	7.5%	49.8	2.7%	0.0	206.7	6.4%
2000	1.18%	24.2%	16.93	5.9%	205.4	30.9%	51.1	2.6%	0.0	256.4	24.0%
2001	1.18%	0.0%	17.21	1.7%	210.1	2.3%	51.7	1.2%	0.0	261.8	2.1%
2002	1.21%	2.5%	17.40	1.1%	221.7	5.5%	48.7	-5.8%	0.0	270.3	3.2%
2003	1.49%	23.1%	17.76	2.1%	277.1	25.0%	43.2	-11.3%	40.0	360.3	33.3%
2004	1.57%	5.4%	18.60	4.7%	306.5	10.6%	39.3	-9.0%	0.0	345.8	-4.0%
2005	1.60%	1.9%	19.61	5.4%	324.0	5.7%	35.1	-10.7%	0.0	359.1	3.8%
2006	1.61%	0.6%	20.77	5.9%	345.2	6.5%	31.2	-11.1%	0.0	376.5	4.8%
2007	1.56%	-3.1%	21.73	4.6%	351.1	1.7%	32.6	4.5%	0.0	383.7	1.9%
2008	1.58%	1.3%	22.65	4.2%	369.3	5.2%	35.0	7.4%	0.0	404.3	5.4%

Combined contributions include payments made to the Unemployment Trust Fund account of the US Treasury and the Unemployment Compensation Reserve Fund account in the State Treasury. Other Income includes revenue from a trust fund debt repayment tax collected by the federal government in 1985 and 1986 and a one-time Reed Act transfer in 2003. 3/1/2009

Table A-3  
**UI Fund Balances**

December 31

Year	UI Trust Fund Balance		Iowa Reserve Fund Balance		Combined UI Fund Balance					
					Balance (\$ millions)		CPI-U Adjusted (1982-1984=100)		As Percent of Covered Wages	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1980	110.2	----	0.0	----	110.2	----	127.7	----	0.98%	----
1981	96.5	-12.4%	0.0	----	96.5	-12.4%	102.6	-19.7%	0.81%	-17.3%
1982	-63.3	----	0.0	----	-63.3	----	-64.9	----	-0.55%	----
1983	-126.3	----	0.0	----	-126.3	----	-124.7	----	-1.07%	----
1984	-37.4	----	0.0	----	-37.4	----	-35.5	----	-0.30%	----
1985	49.3	----	0.0	----	49.3	----	45.1	----	0.38%	----
1986	142.5	189.0%	0.0	----	142.5	189.0%	129.0	186.0%	1.08%	184.2%
1987	276.9	94.3%	0.0	----	276.9	94.3%	239.9	86.0%	1.95%	80.6%
1988	418.6	51.2%	0.0	----	418.6	51.2%	347.4	44.8%	2.72%	39.5%
1989	506.7	21.0%	0.0	----	506.7	21.0%	401.8	15.7%	3.08%	13.2%
1990	562.4	11.0%	0.0	----	562.4	11.0%	420.3	4.6%	3.21%	4.2%
1991	582.6	3.6%	0.0	----	582.6	3.6%	422.4	0.5%	3.21%	0.0%
1992	604.0	3.7%	0.0	----	604.0	3.7%	425.6	0.8%	3.11%	-3.1%
1993	643.8	6.6%	0.0	----	643.8	6.6%	441.6	3.8%	3.16%	1.6%
1994	696.4	8.2%	0.0	----	696.4	8.2%	465.2	5.3%	3.18%	0.6%
1995	712.9	2.4%	0.0	----	712.9	2.4%	464.5	-0.2%	3.05%	-4.1%
1996	706.9	-0.8%	0.0	----	706.9	-0.8%	445.7	-4.0%	2.87%	-5.9%
1997	715.1	1.2%	0.0	----	715.1	1.2%	443.4	-0.5%	2.70%	-5.9%
1998	752.1	5.2%	0.0	----	752.1	5.2%	458.9	3.5%	2.61%	-3.3%
1999	762.7	1.4%	0.0	----	762.7	1.4%	453.2	-1.2%	2.51%	-3.8%
2000	809.8	6.2%	0.0	----	809.8	6.2%	465.4	2.7%	2.56%	2.0%
2001	760.3	-6.1%	0.0	----	760.3	-6.1%	430.3	-7.5%	2.37%	-7.4%
2002	665.0	-12.5%	0.0	----	665.0	-12.5%	367.6	-14.6%	2.06%	-13.1%
2003	657.2	-1.2%	0.0	----	657.2	-1.2%	356.6	-3.0%	1.98%	-3.9%
2004	635.2	-3.3%	47.5	----	682.8	3.9%	358.8	0.6%	1.93%	-2.5%
2005	643.2	1.3%	105.6	122.3%	748.8	9.7%	380.5	6.0%	2.02%	4.7%
2006	665.8	3.5%	145.4	37.7%	811.2	8.3%	402.0	5.7%	2.07%	2.5%
2007	714.9	7.4%	149.8	3.0%	864.7	6.6%	411.7	2.4%	2.10%	1.4%
2008	714.9	0.0%	149.8	0.0%	864.7	0.0%	411.3	-0.1%	2.03%	-3.3%

The UI Trust Fund balance excludes Reed Act distributions, except for a \$40 million transfer to the trust fund made under S.F. 458 (2003). The Iowa Reserve Fund refers to the principal in the unemployment compensation reserve fund set up to under S.F. 458 (2003). Principal in the fund can only be used to pay UI benefits if the UI trust fund is insufficient to pay benefits.. 3/1/2009

Table A-4  
**UI Fund Solvency Measures**

December 31

Year	Months of Benefits in Combined UI Fund						UI Benefits At Highest Level (\$ millions)	
	Current Benefit Level		Highest Twelve Month Level		Average 3 Year High Level		#	Δ%
	#	Δ%	#	Δ%	#	Δ%		
1980	6.7	----	6.7	----	8.4	----	196.5	----
1981	6.7	0.0%	5.3	-20.9%	7.0	-16.7%	219.6	11.8%
1982	-2.4	----	-2.5	----	-3.4	----	302.5	37.8%
1983	-6.0	----	-4.7	----	-6.0	----	323.6	7.0%
1984	-2.9	----	-1.3	----	-1.6	----	346.3	7.0%
1985	3.3	----	1.7	----	2.1	----	352.5	1.8%
1986	10.4	215.2%	4.7	176.5%	6.0	185.7%	361.6	2.6%
1987	26.3	152.9%	8.5	80.9%	10.8	80.0%	389.5	7.7%
1988	44.0	67.3%	11.9	40.0%	15.1	39.8%	422.6	8.5%
1989	49.3	12.0%	13.5	13.4%	17.1	13.2%	451.3	6.8%
1990	47.7	-3.2%	14.0	3.7%	17.8	4.1%	481.0	6.6%
1991	38.0	-20.3%	14.0	0.0%	17.8	0.0%	498.8	3.7%
1992	38.4	1.1%	13.6	-2.9%	17.2	-3.4%	533.9	7.0%
1993	44.4	15.6%	13.8	1.5%	17.5	1.7%	559.5	4.8%
1994	55.7	25.5%	13.9	0.7%	17.6	0.6%	601.8	7.6%
1995	53.8	-3.4%	13.3	-4.3%	16.9	-4.0%	641.7	6.6%
1996	46.1	-14.3%	12.5	-6.0%	15.9	-5.9%	677.5	5.6%
1997	47.8	3.7%	11.8	-5.6%	15.0	-5.7%	727.7	7.4%
1998	57.1	19.5%	11.4	-3.4%	14.5	-3.3%	789.8	8.5%
1999	48.8	-14.5%	11.0	-3.5%	13.9	-4.1%	834.3	5.6%
2000	45.1	-7.6%	11.2	1.8%	14.2	2.2%	867.8	4.0%
2001	29.2	-35.3%	10.4	-7.1%	13.2	-7.0%	880.6	1.5%
2002	22.0	-24.7%	9.0	-13.5%	11.4	-13.6%	887.0	0.7%
2003	21.2	-3.6%	8.7	-3.3%	11.0	-3.5%	910.6	2.7%
2004	26.5	25.0%	8.5	-2.3%	10.7	-2.7%	969.0	6.4%
2005	30.6	15.5%	8.8	3.5%	11.2	4.7%	1,018.3	5.1%
2006	31.4	2.6%	9.1	3.4%	11.5	2.7%	1,075.2	5.6%
2007	31.5	0.3%	9.2	1.1%	11.7	1.7%	1,130.1	5.1%
2008	24.8	-21.3%	8.9	-3.3%	11.3	-3.4%	1,168.2	3.4%

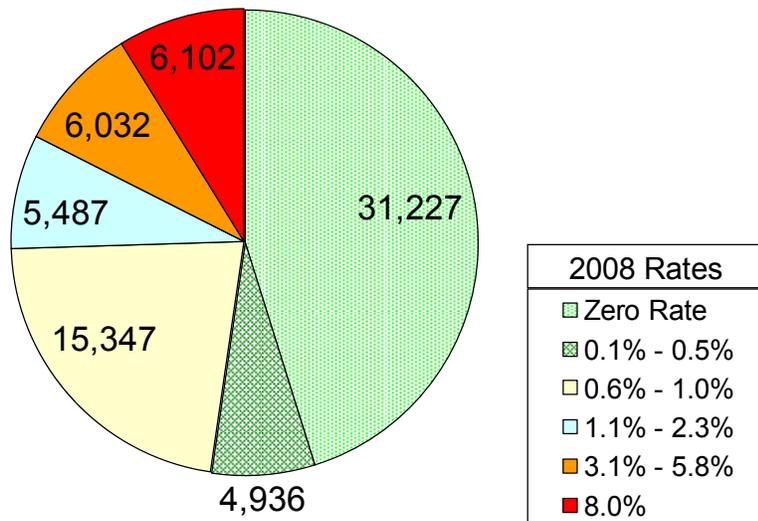
See notes in table A-3.

3/1/2009

Table A-5 Employer Contribution Rate Distribution Based on Original Employer Rate Notices All Private Contributory Employers Rate Year 2008		
Tax Rate Table 6	Private Contributory Firms	
	Number	Percent
Zero Rate	31,227	45.2%
0.1% - 0.5%	4,936	7.1%
0.6% - 1.0%	15,347	22.2%
1.1% - 2.3%	5,487	7.9%
3.1% - 5.8%	6,032	8.7%
8.0%	6,102	8.8%
<b>Total</b>	<b>69,131</b>	<b>100.0%</b>

Table includes private experience rated and unrated (new) employers.  
Iowa Workforce Development

**UI Contribution Rate Distribution**  
Private Experienced Rated and New Employers - 2008

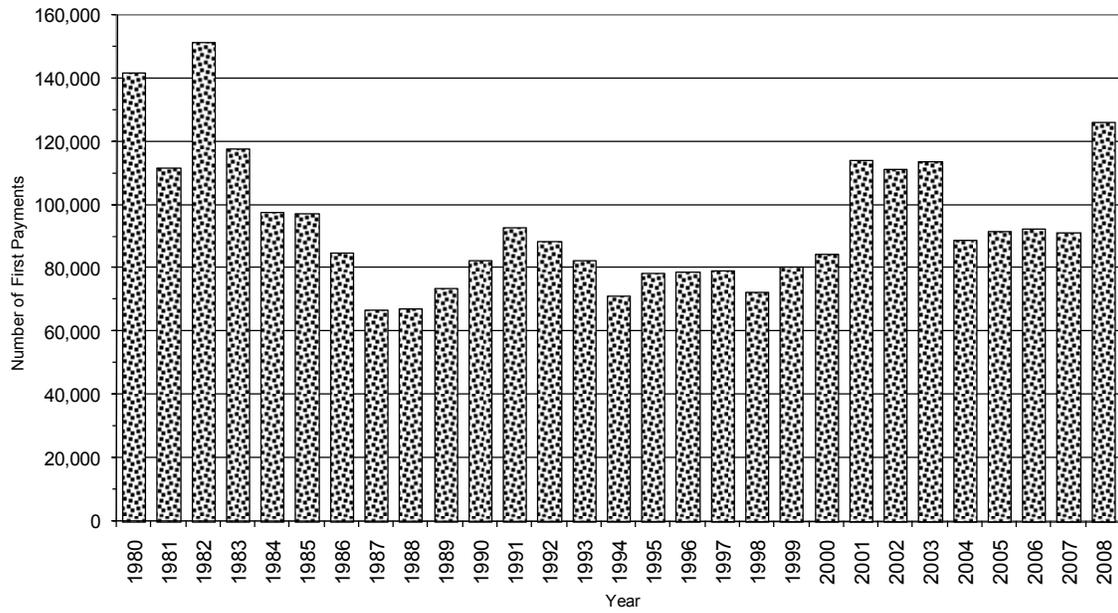


See notes in table A-5.

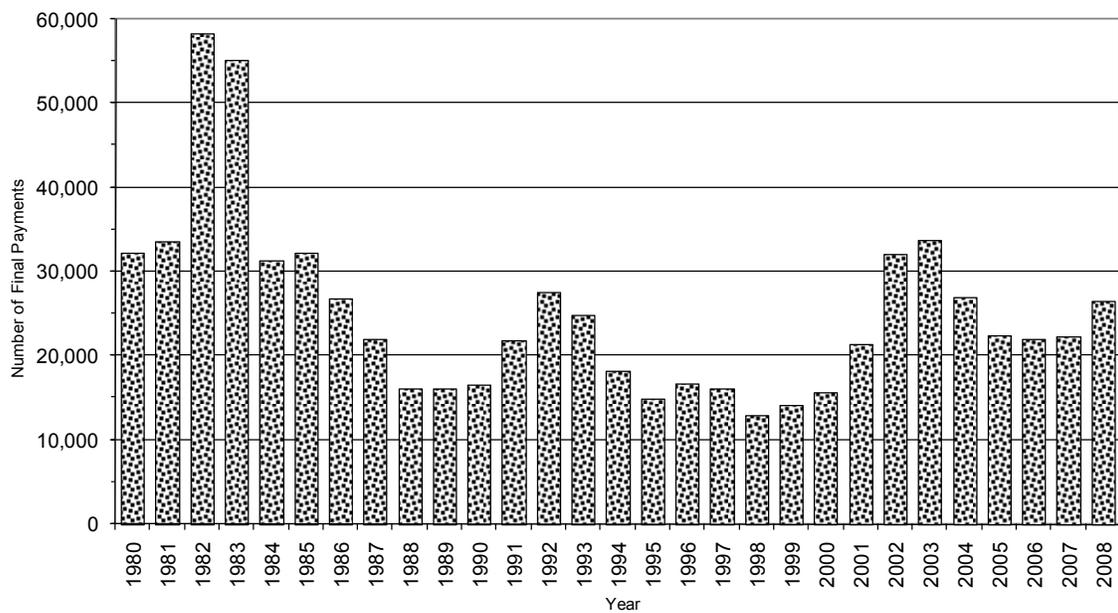
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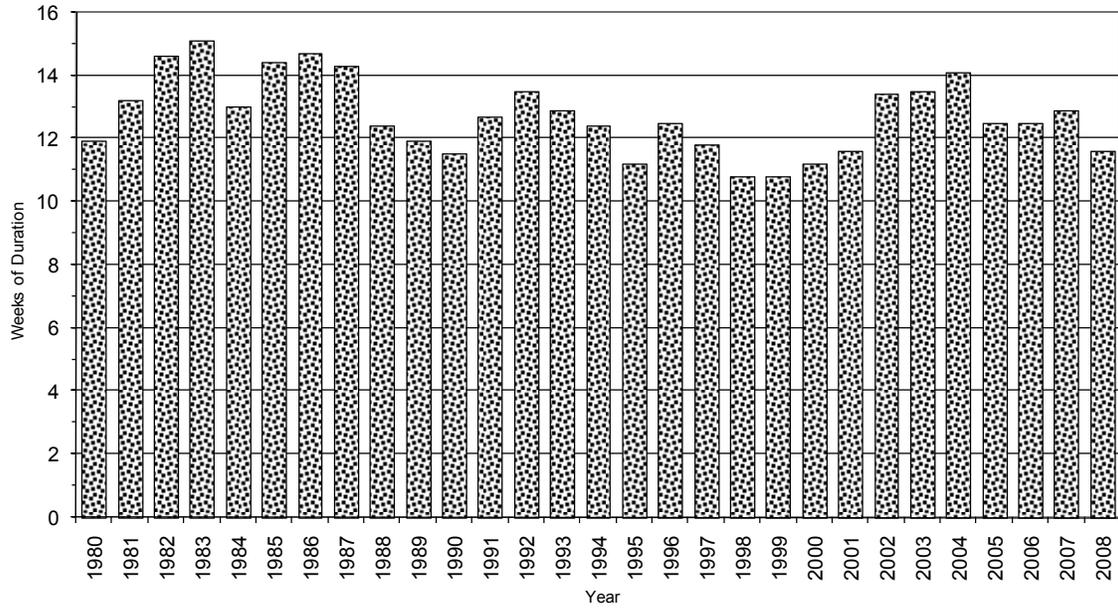
## First Payments Regular Unemployment Insurance



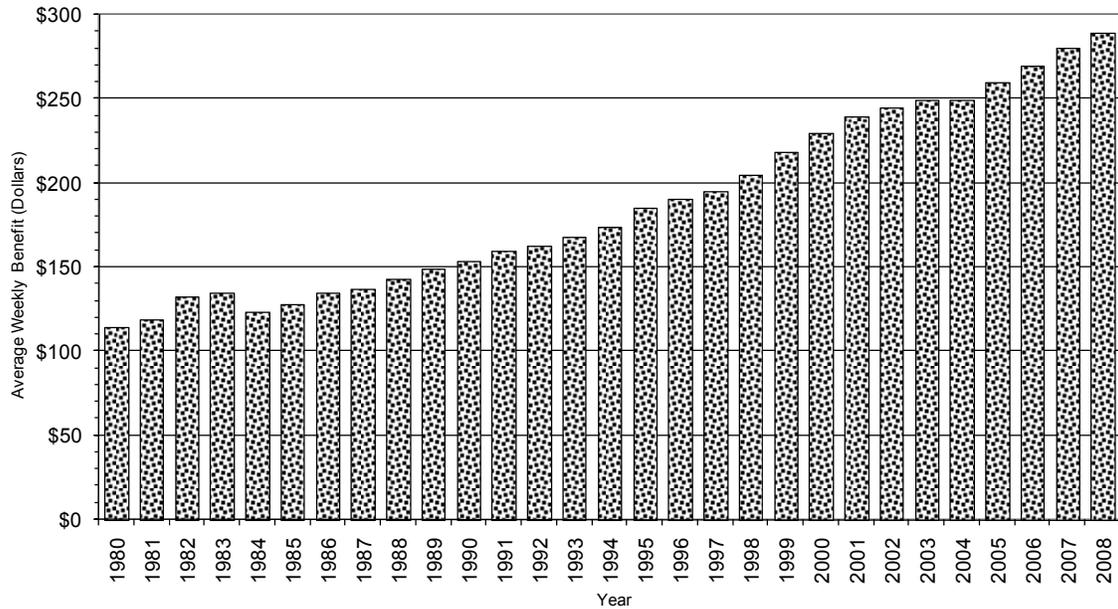
## Final Payments Regular Unemployment Insurance



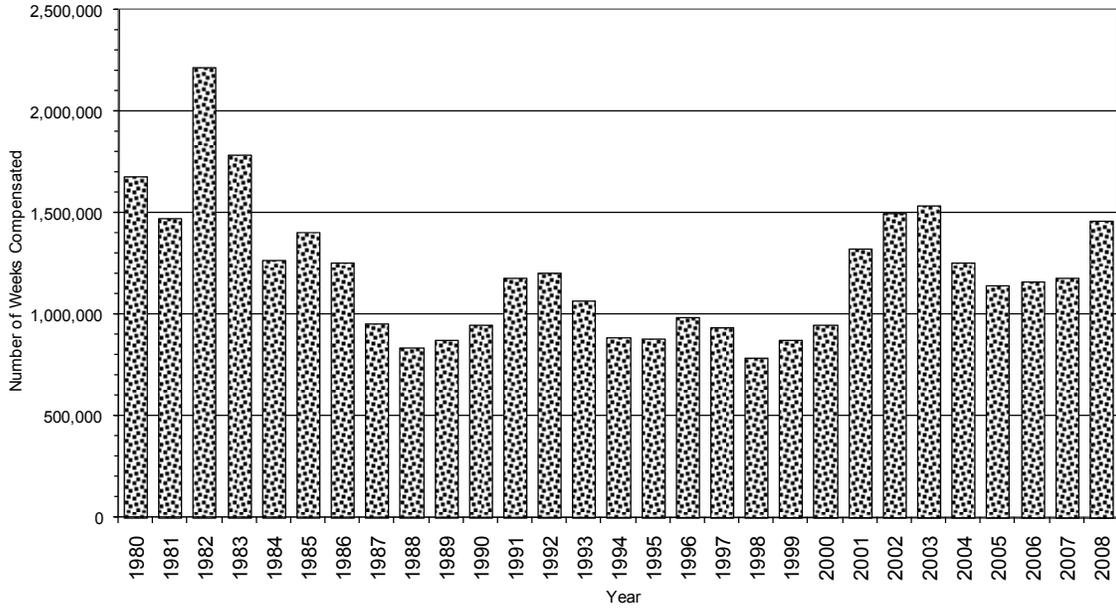
## Average Weeks of Duration Regular Unemployment Insurance



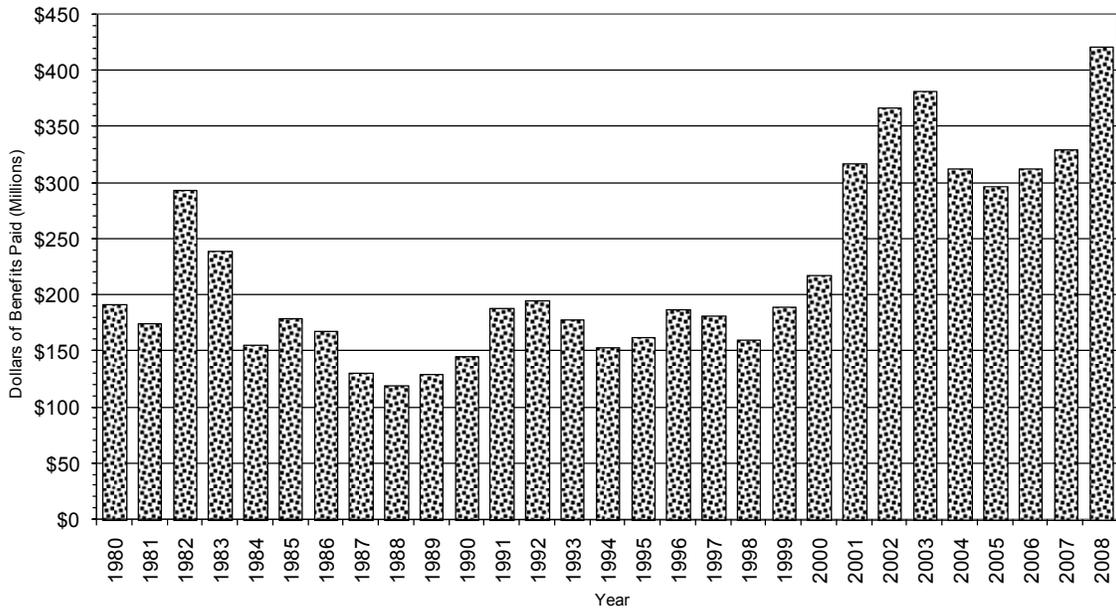
## Average Weekly Benefit Regular Unemployment Insurance



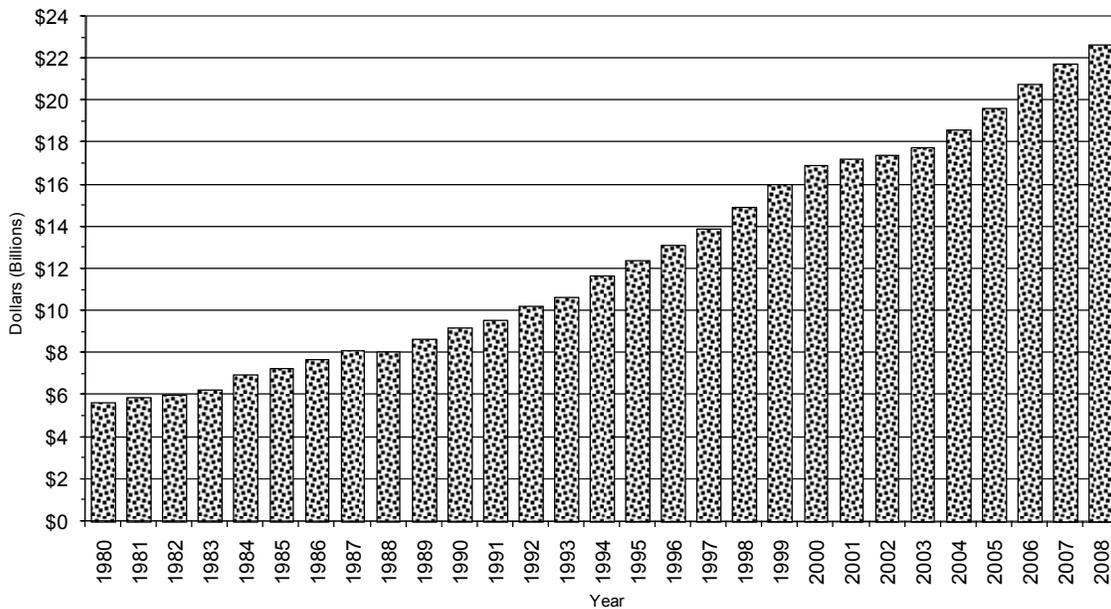
## Weeks Compensated Regular Unemployment Insurance



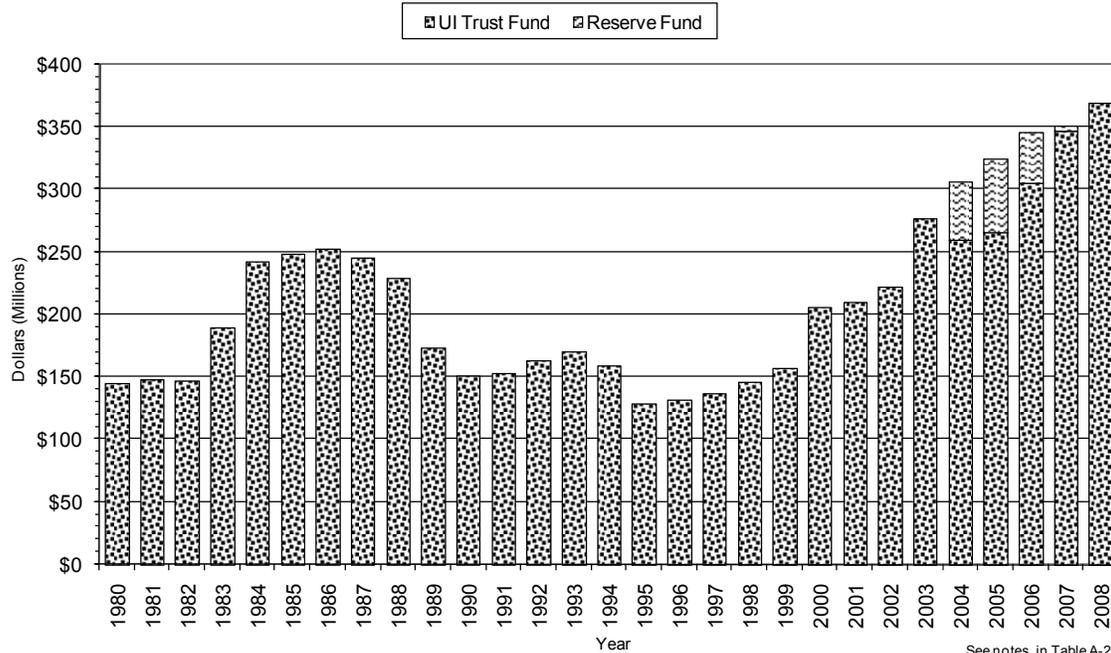
## Unemployment Insurance Benefits Paid Regular UI Benefits



## Taxable Wages UI Covered Employment

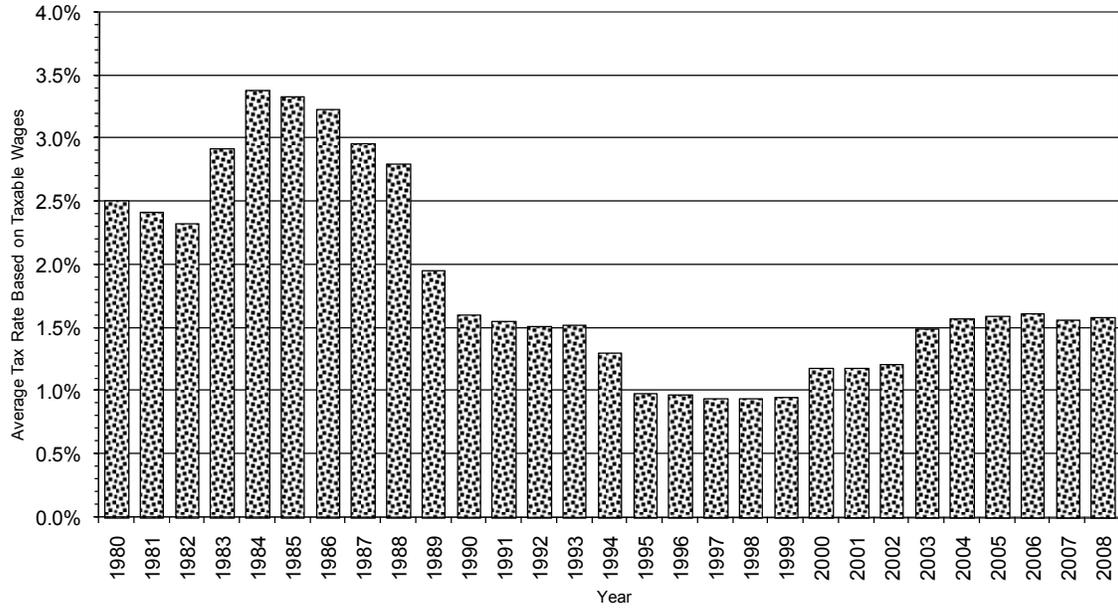


## Total Combined Contributions Unemployment Insurance

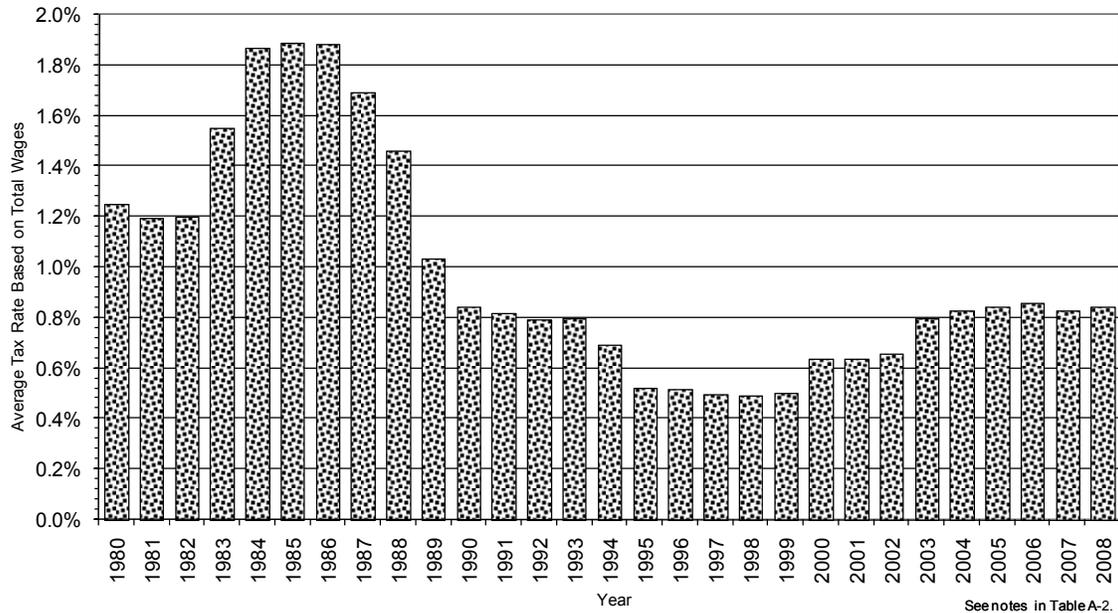


See notes in Table A-2.

## Combined Average Tax Rate Based on UI Covered Taxable Wages



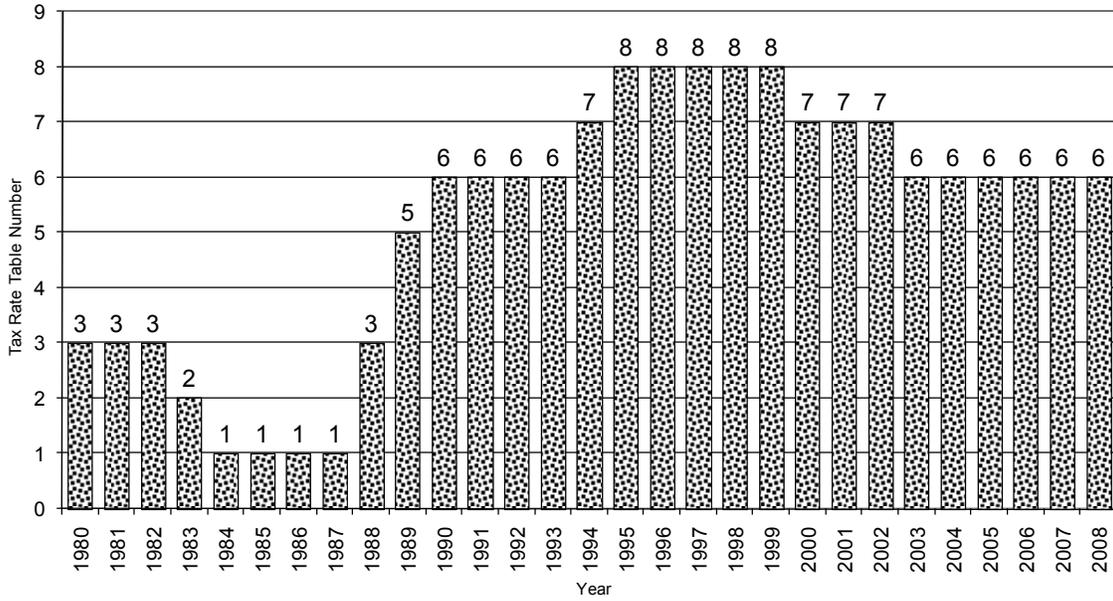
## Combined Average Tax Rate Based on UI Covered Total Wages



See notes in Table A-2.

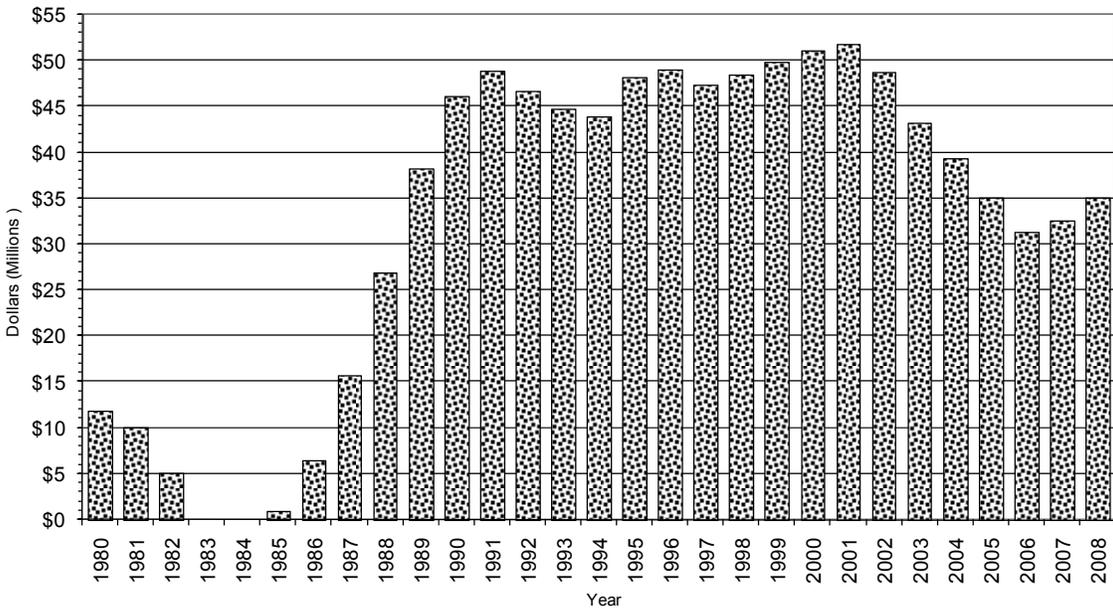
## UI Tax Rate Table

Iowa Code Provides Eight Tax Tables  
(Table 1 = Highest Tax Rates)  
(Table 8 = Lowest Tax Rates)

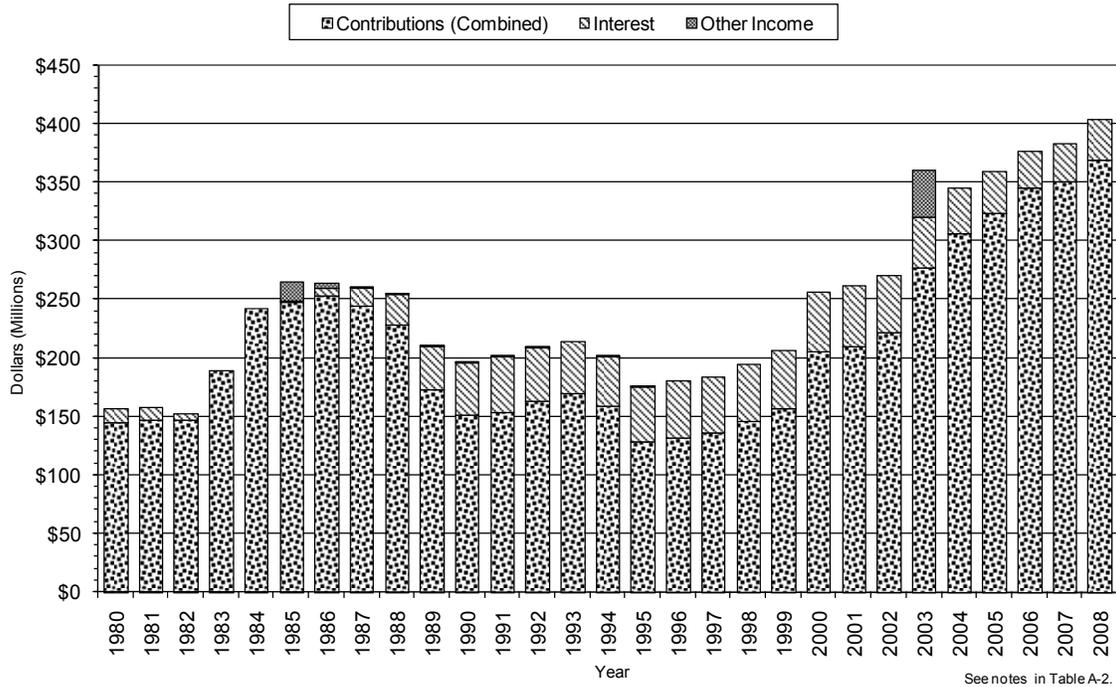


## Interest Received

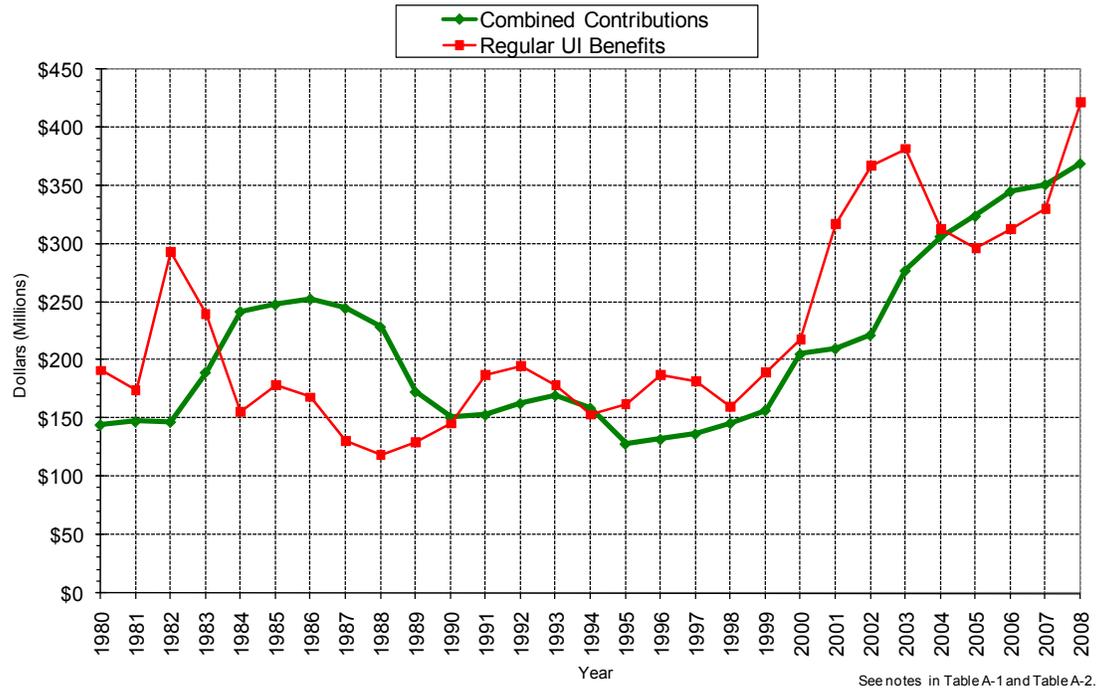
Unemployment Insurance Trust Fund



## Combined UI Fund Revenue

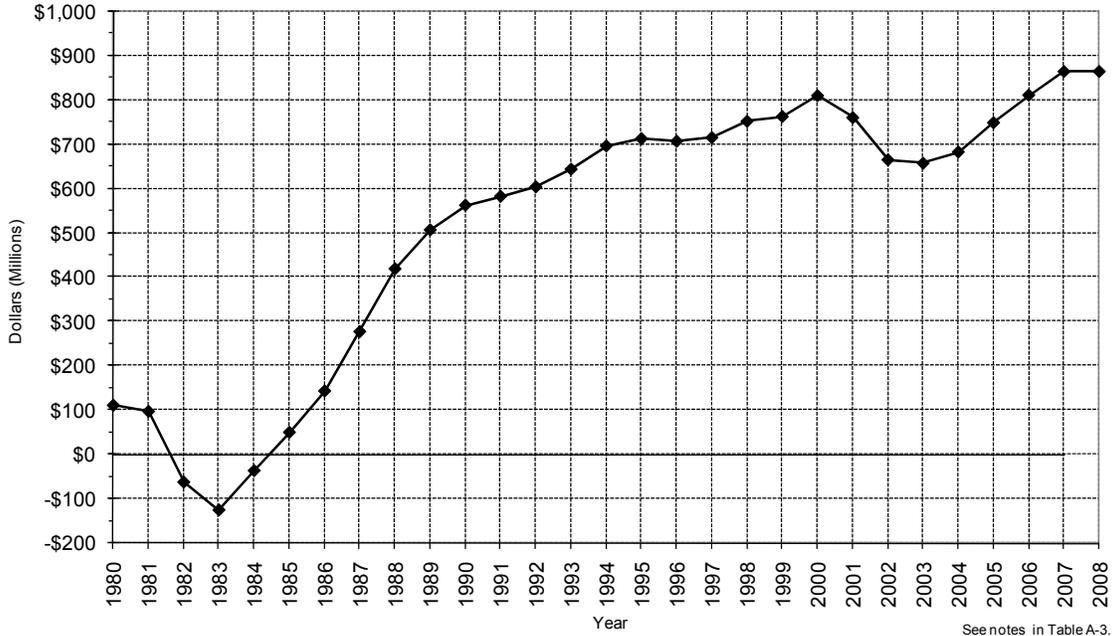


## Combined Contributions vs. Regular UI Benefits



## Combined UI Fund Balance

December 31

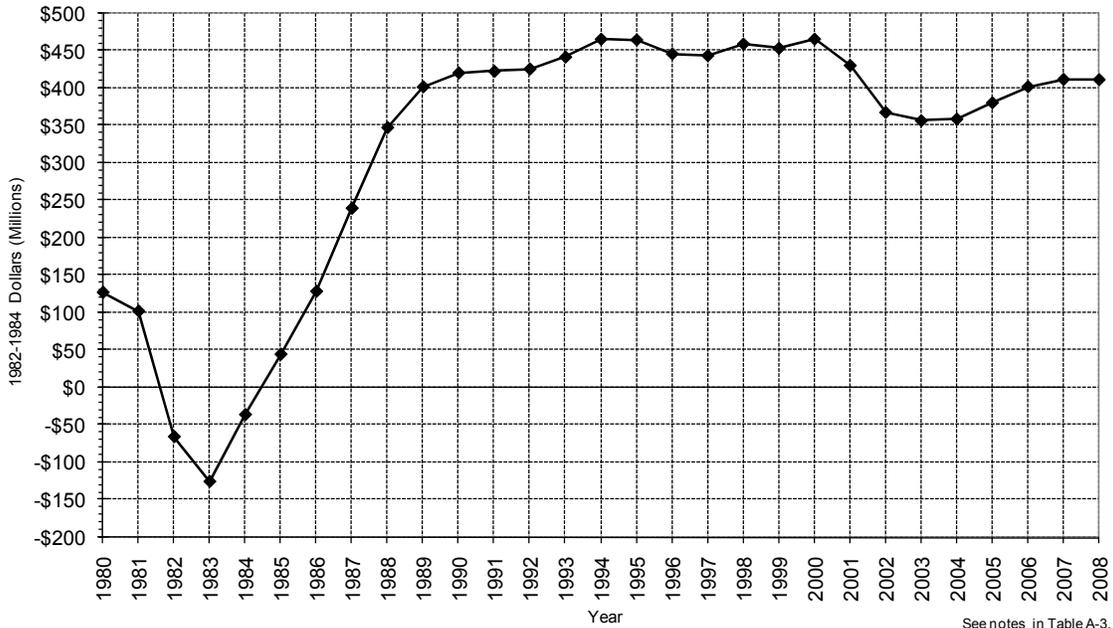


See notes in Table A-3.

## Combined UI Fund Balance

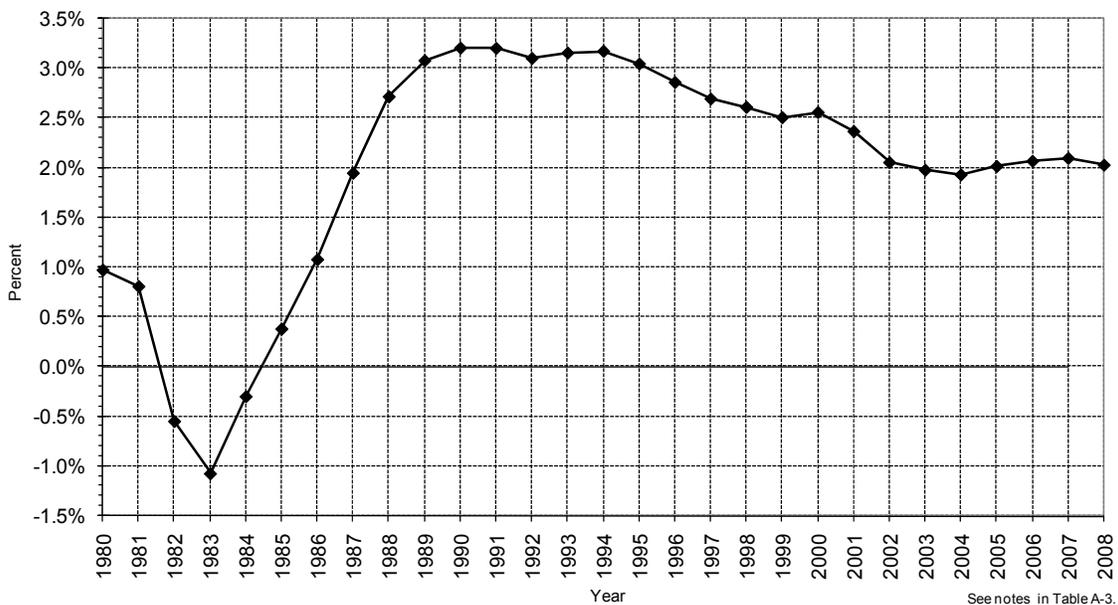
Adjusted Using The CPI-U (1982-84=100)

December 31

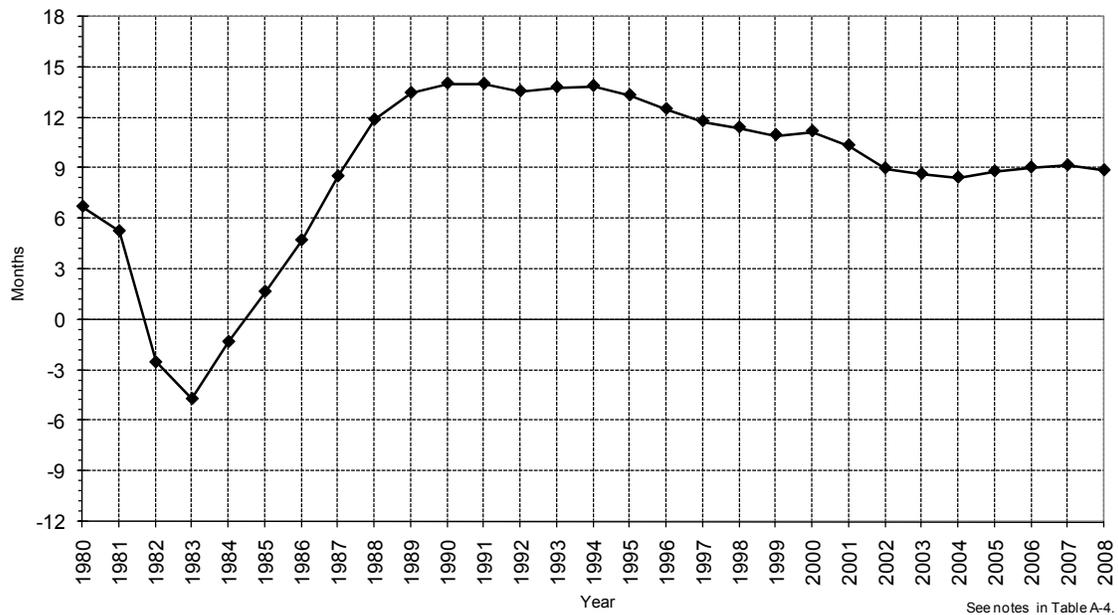


See notes in Table A-3.

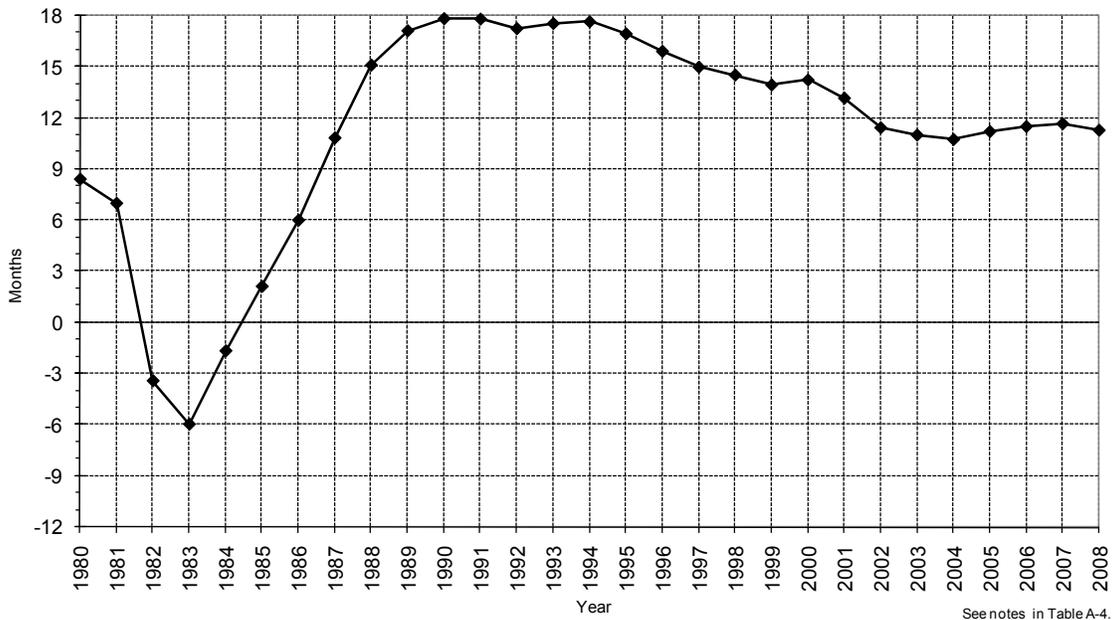
### Combined UI Fund Balance As a Percentage of Nonreimbursable Covered Wages December 31



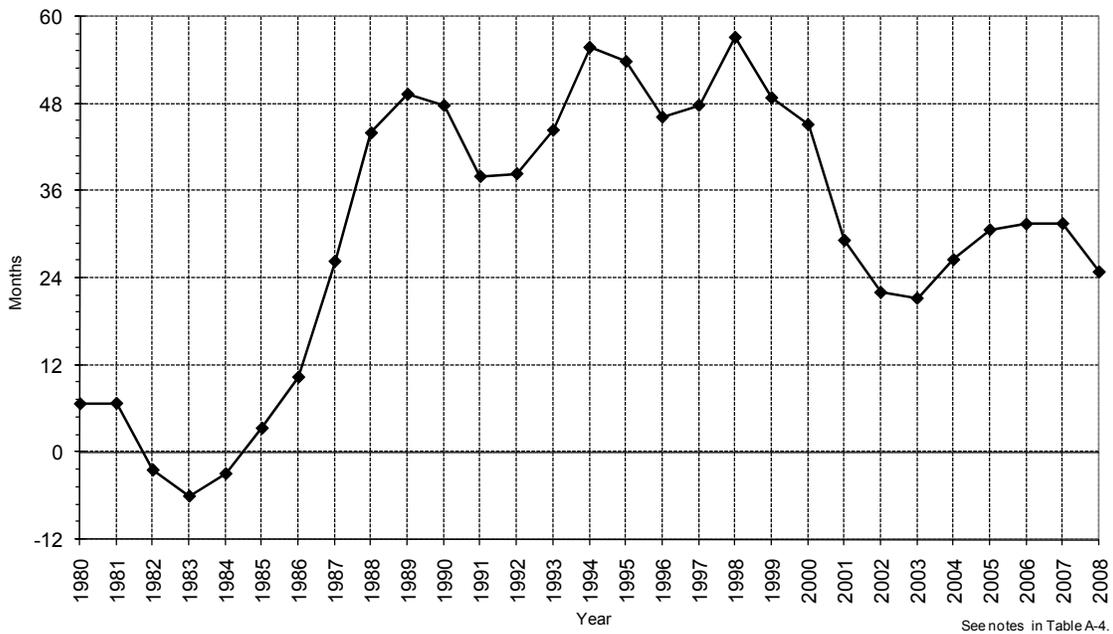
### Months of High Cost Benefits in Combined Fund Based on Highest Twelve Month Benefit Cost



### Months of High Cost Benefits in Combined Fund Based on Highest Three Year Average Benefit Cost

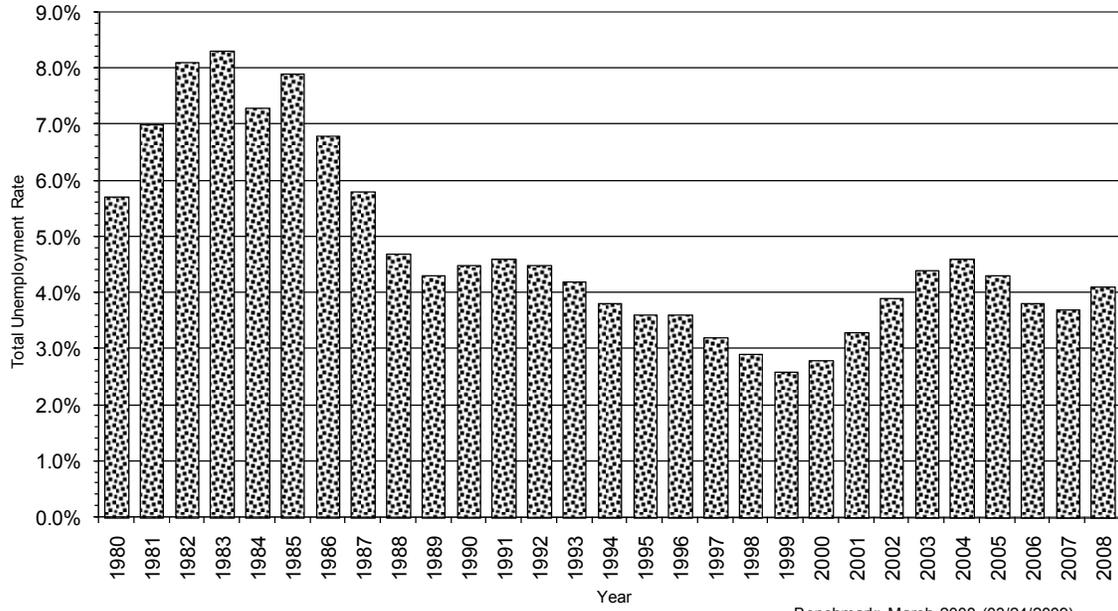


### Months of Benefits in Combined Fund Based on Current Year Benefit Levels



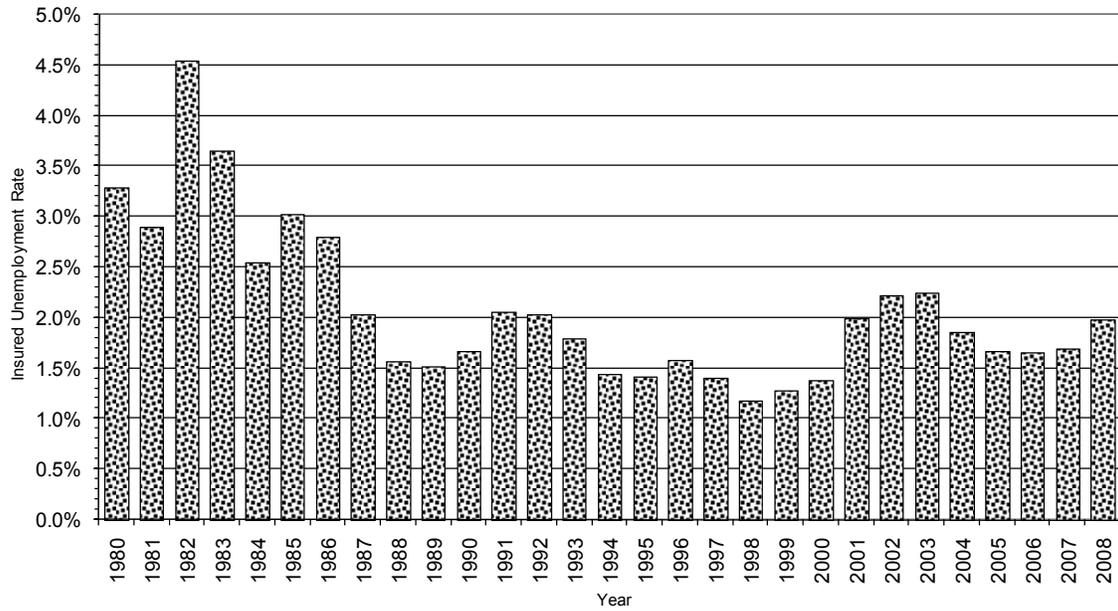
## Iowa Total Unemployment Rate

Bureau of Labor Statistics



## Iowa Insured Unemployment Rate

Average Weeks Claims Divided by Covered Employment



## Appendix C: Definition and Technical Notes

### UI Fund Balance Measures

This report measures the condition of the funds designated to pay unemployment compensation benefits. In the past, unemployment compensation benefits have been paid entirely from the Unemployment Trust Fund. In 2003 the Iowa legislature set up the Unemployment Compensation Reserve Fund in the state treasury to pay benefits if the UI Trust Fund balance is insufficient. Since both funds are available to pay benefits, this report uses the combined balance of the two funds to compute solvency measures.

**Unemployment Trust Fund:** A fund established in the Treasury of the 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.

**UI Trust Fund Balance:** In this report this term refers to the balance in Iowa's individual account in the Unemployment Trust Fund. This also includes the \$40 million transferred from the Reed Act special distribution to the Unemployment Trust Fund under S. F. 458 in 2003.

**Iowa Reserve Fund:** This refers to the principal in the Unemployment Compensation Reserve Fund created in the state treasury under S. F. 458 in 2003. Monies in the reserve fund shall be used to pay benefits to the extent moneys in the unemployment compensation fund are insufficient to pay benefits during a calendar quarter.

**Combined Trust Fund:** This report uses this term to refer to the combined balances of the UI Trust Fund and the Iowa Reserve Fund.

### Other Definitions

Most other terms in this report are defined in the *UI Reports Handbook* and the *UI Data Summary* published by the U. S. Department of Labor. These definitions include:

**Regular UI Benefits Paid:** Unemployment benefits paid under the regular unemployment program. This figure does not include federal unemployment benefits and special programs such as Extended Benefits (EB) and Temporary Emergency Unemployment Compensation (TEUC). (Source: ETA-5159)

**Average Duration:** The number of weeks compensated for the year divided by the number of first payments.

**Exhaustion Rate:** 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,

**First Payments:** The first payment in a benefit year for a week of unemployment claimed under a specific UI program. (Source: ETA-5159).

**Final Payments:** Also called exhaustions. The number of claimants drawing the final payment of their original UI entitlement. (ETA 5159)

**Trust Fund Expenditures:** Trust fund expenditures include regular UI benefits adjusted for net payment to other states and the state's share of extended benefits.

**Trust Fund Interest:** The amount of interest earned on the Unemployment Trust Fund account. Interest paid by the U. S Treasury is credited on the notification date for this report. The interest rate paid to states is available at: [http://www.treasurydirect.gov/govt/rates/rates\\_tfr.htm](http://www.treasurydirect.gov/govt/rates/rates_tfr.htm).





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