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The Unemployment Trust Fund (UTF): State Insolvency and Federal Loans to States

Julie M. Whittaker
Specialist in Income Security

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Summary

Although states have a great deal of autonomy in how they establish and run their unemployment insurance programs, federal law requires states to promptly pay Unemployment Compensation (UC) benefits as provided under state law. During some recessions, current taxes and reserve balances may be insufficient to cover state obligations for UC benefits. States may borrow funds from the federal loan account within the Unemployment Trust Fund (UTF) to meet UC benefit obligations.

This report summarizes how insolvent states may borrow funds from the UTF loan account to meet their UC benefit obligations. It includes the manner in which states must repay federal UTF loans. It also provides details on how the UTF loans may trigger potential interest accrual and explains the timetable for increased net Federal Unemployment Taxes Act (FUTA) taxes if the funds are not repaid promptly.

Outstanding loans listed by state may be found at the Department of Labor's website: http://www.workforcesecurity.doleta.gov/unemploy/budget.asp#tfloans.

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Unemployment Compensation, Unemployment Taxes, and a State's Obligation to Pay Benefits

Unemployment Compensation (UC) is a joint federal-state program financed by federal payroll taxes under the Federal Unemployment Tax Act[1] (FUTA) and by state payroll taxes under State Unemployment Tax Acts (SUTA).[2] These revenues are deposited into the appropriate account within the federal Unemployment Trust Fund (UTF).

Originally, the intent of the UC program, among other things, was to help counter economic fluctuations such as recessions.[3] This intent is reflected in the current UC program's funding and benefit structure. When the economy grows, UC program revenue rises through increased tax revenues. At the same time UC program spending falls as fewer workers are unemployed. The effect of collecting more taxes while decreasing spending on benefits dampens demand in the economy. This also creates a surplus of funds or a "reserve fund" for the UC program to draw upon during a recession. These reserve balances are credited in the state's account within the UTF. In an economic slowdown or recession, UC tax revenue falls and UC program spending rises as more workers lose their jobs and receive UC benefits. The increased amount of UC payments to unemployed workers dampens the economic effect of lost earnings by injecting additional funds into the economy.

State and Federal Unemployment Taxes

State Unemployment Taxes (SUTA)

States levy their own payroll taxes (SUTA) on employers to fund regular UC benefits and the state share (50%) of the Extended Benefit (EB) program.[4] Federal laws and regulations provide broad guidelines for these state taxes. Each states deposit its SUTA revenue into its account within the UTF.

UC benefits are financed by SUTA revenue. Generally, when economic activity is increasing and robust, SUTA revenues are greater than states' UC expenditures and the states' reserves within the UTF grow. This trend is reversed during economic recessions and the early economic recovery period where the state's reserves are drawn down and new SUTA revenues do not always make up a shortfall.

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[1] Sections 3301-3311 of the Internal Revenue Code of 1986 (26 U.S.C. §§3301-33011).

[2] The underlying framework of the UC program is contained in the Social Security Act (SSA). Title III of the SSA authorizes grants to states for the administration of state UC laws, Title IX authorizes the various components of the federal Unemployment Trust Fund (UTF), and Title XII authorizes advances or loans to insolvent state UC programs.

[3] See, for example, President Franklin Roosevelt's remarks at the signing of the Social Security Act at http://www.ssa.gov/history/fdrstmts.html#signing.

[4] The Extended Benefit (EB) program was established by the Federal-State Extended Unemployment Compensation Act of 1970 (EUCA), P.L. 91-373 (26 U.S.C. 3304, note). EUCA may extend receipt of unemployment benefits by 13 or 20 weeks at the state level if certain economic situations exist within the state. For details, see CRS Report RL33362, *Unemployment Insurance: Programs and Benefits*, by Julie M. Whittaker and Katelin P. Isaacs.

If the recession is deep enough and if SUTA revenue is inadequate for long periods of time, states may have insufficient funds to pay for UC benefits. States are required by federal law to pay these benefits. Federal law provides a loan mechanism within the UTF framework that an insolvent state may opt to use in order to meet its UC benefit payment obligations.[5] States must pay back these loans. If they are not paid back quickly (depending on the timing of the beginning of the loan period), states may face interest charges and the states' employers may face increased net FUTA rates until the loans are repaid.

In the years immediately following the most recent recession, many states had insufficient SUTA revenue and UTF account balances to pay UC benefits.

Federal Unemployment Taxes (FUTA)

All FUTA revenue is deposited into the Employment Security Administration Account (ESAA) within the UTF. Federal unemployment taxes pay for the federal share of EB (50%) and administrative grants to the states. Additionally, through the federal loan account within the UTF, FUTA funds may be loaned to insolvent states to assist the payment of the states' UC obligations.

Net FUTA Rate Is 0.6%

FUTA imposes a 6.0% gross federal unemployment tax rate on the first $7,000 paid annually by employers to each employee. Employers in states with programs approved by the U.S. Labor Secretary and with no outstanding federal loans may credit up to 5.4 percentage points of state unemployment taxes paid against the 6.0% tax rate, making the minimum net federal unemployment tax rate 0.6%.[6]

Since most employees earn more than the $7,000 taxable wage ceiling in a calendar year, the FUTA tax typically is $42 per worker per year ($7,000 x 0.6%), or just over two cents per hour for a full-time year-round worker.[7]

States Required to Pay UC Benefits

States have a great deal of autonomy in how they establish and run their unemployment insurance programs. However, the framework established by federal laws is clear and requires states to promptly pay the UC benefits as provided under state law.[8]

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[5] Federal unemployment compensation law does not restrict the states from using loan resources outside of the UTF. Depending on state law, states may have other funding measures available and may be able to use funds from outside of the UTF to pay the benefits (such as issuing bonds).

[6] Section 3304 of FUTA (26 U.S.C. §3304) allows up to 5.4% credit for *actual* state unemployment taxes paid. Additionally, under Section 3303 of FUTA (26 U.S.C. §3303), employers that paid less than a 5.4% rate in state unemployment taxes are eligible for an *additional* state tax credit of up to 5.4%. The total state tax credit (actual and additional) on federal unemployment tax calculation is restricted to be no more than 5.4%. Thus, all employers in states with approved UC programs receive a 5.4% credit in the calculation of FUTA, even if the employer paid less than a 5.4% rate in state unemployment taxes.

[7] Assuming a full-time year-round worker works 52 weeks/year and 40 hours/week (for 2080 hours/year), 42/2080=$0.0202.

In budgetary terms, UC benefits are an entitlement (although the program is financed by a dedicated tax imposed on employers and not by general revenues). Thus, even if a recession hits a given state and as a result that state's trust account is depleted, the state remains legally required to continue paying benefits. To do so, the state might borrow money either from the dedicated loan account[9] within the UTF or from outside sources.

If the state chooses to borrow funds from the UTF, not only will the state be required to continue paying benefits, it will also be required to repay the funds (plus any interest due) it has borrowed from the federal loan account within a few years. Such states may need to raise taxes on their employers or reduce UC benefit levels, actions that dampen economic growth, job creation, and consumer demand. In short, states have strong incentives to keep adequate funds in their trust fund accounts.

If the state borrows from sources outside the UTF, the state would not be subject to the loan restrictions described below; instead, they would be subject to the terms within that outside loan agreement which might offer a different (more favorable) interest rate or repayment schedule but may include fees to establish the loan.

Funds Available for Loans to States Within the UTF

The Federal Unemployment Account (FUA) is the federal loan account within the UTF. There are two automatic funding sources available within the FUA. Additionally, the FUA may borrow funds from other federal accounts within the UTF or (if needed) from the General Fund of the U.S. Treasury. Since FY2009, the FUA has had to borrow funds from the U.S. Treasury in order to finance loans to the state accounts.

1. Excess revenue from Extended Unemployment Compensation Account (EUCA) is deposited into the FUA.[10] In FY2013, the EUCA net balance was an estimated shortfall of (negative) $18.8 billion. Thus, no EUCA funds were distributed to the FUA in FY2013.
2. Revenue from additional FUTA taxes paid by employers when a reduced credit against federal unemployment taxes exists because the state has an outstanding unpaid loan from FUA is deposited into the FUA. (See the discussion below on "Federal Tax Increases on Outstanding Loans Through Credit Reductions" for a more detailed explanation of these additional taxes.)

(...continued)

[8] Section 3304 of FUTA (26 U.S.C. §3304). If the state does not pay the UC benefits, federal law is explicit. The state will not have a UC program meeting federal requirements and thus the federal unemployment tax paid by employers on each employee's annual earnings would be a net tax of 6.0% (with no allowable state tax credit) rather than 0.6% if the state UC program paid benefits and had no outstanding loans.

[9] The Federal Unemployment Account (FUA).

[10] Following federal law, at the end of every month 20% of all newly collected FUTA revenue is deposited into EUCA which is authorized to pay for the federal share of EB. The EUCA balance is limited to the maximum of 0.5% of covered wages ($25.11 billion in FY2013). If the EUCA balance exceeds the limitation, the excess is distributed to the FUA.

3. Federal law allows the FUA to borrow available funds from the other federal (EUCA and ESAA) accounts within the UTF.[11]
4. Federal law also authorizes appropriations as loans from the general fund of the U.S. Treasury if balances in the federal accounts are insufficient to cover their expenditures.[12] (For example, if the states' borrowing needs exceed the available FUA balance.) Such appropriations require discretionary action by Congress and the President.[13]

Mechanism for Receiving a Loan from the UTF

Once a state recognizes that it does not have sufficient funds to pay UC benefits, the mechanism for receiving a loan from the UTF is straightforward. The state's governor (or the governor's designee) must submit a letter requesting that the U.S. Labor Secretary advance funds to the state account within the UTF. Once the loan is approved by the U.S. Labor Secretary, the funds are placed into the state account in monthly increments.

Loan Repayment

States with outstanding loans from the UTF must repay them fully by the November 10 following the second consecutive January 1 on which the state has an outstanding loan. If the outstanding loan is not repaid by that time, the state will face an effective federal tax increase. Thus, a state may have approximately 22 (if borrowing began on January 1) to 34 months (if borrowing began on January 2) to repay the loan without a federal tax increase, depending on when it obtained the outstanding loan.

As of February 18, 2014, approximately $21.2 billion in federal UTF loans to the states were outstanding. A current list of states with outstanding loans may be found at DOL's website, http://www.workforcesecurity.doleta.gov/unemploy/budget.asp#tfloans.

Federal Tax Increases on Outstanding Loans Through Credit Reductions

If the state does not repay a loan by the November 10 of the second year[14], it becomes subject to a reduction in the amount of state unemployment tax credit applied against the federal unemployment tax beginning with the preceding January 1st until the state repays the loan fully.

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[11] 42 U.S.C. 1110.

[12] 42 U.S.C. 1323.

[13] At the end of FY2013, the FUA owed $8.42 billion to the general fund of the U.S. Treasury, and owed an additional $0.4 billion to the other federal accounts within the UTF. The FUA also had $19.96 billion in promissory notes (outstanding loans) that states are required to repay.

[14] The "second year" is the year when the state has outstanding UTF loans on January 1 for the second January 1 in a row. Depending on the timing when the first loan began, it may actually be the third year of the loan.

Depending on the duration of the loan and certain other measures, one or more of three different credit reductions may be required. These reductions are fully catalogued in **Table 1**. At the height of the period following the most recent recession (2011), 20 states and the Virgin Islands faced increased FUTA rates because of outstanding UTF loans.[15]

Basic Credit Reduction

The credit reduction is initially 0.3 percentage points for the year beginning with the calendar year in which the second consecutive January 1 passes during which the loan is outstanding and increases by 0.3 percentage points for each year there is an outstanding loan. For example, in the first year, the credit reduction results in the net federal tax rate increasing from 0.6% to 0.9%—an additional $21 for each employee; in the second year, it would increase to 1.2%—a cumulative additional $42 for each employee.

Additional Credit Reductions: 2.7 Add-on and BCR Add-on

There are two potential additional credit reductions (in addition to the cumulative 0.3 percentage point increases) during the ensuing calendar years in which a state has an outstanding loan:

1. Beginning in the third year, the 2.7 add-on uses a statutory formula that takes into consideration the average annual wages and average employment contribution rate.[16] In 2012, the Virgin Islands was subject to this 2.7 add-on.
2. Beginning in in the fifth year, the Benefit Cost Ratio (BCR) add-on replaces the 2.7 add-on and uses the five-year benefit cost rate as well as average wages in its calculation. [17]

Table 1 presents these reductions and the subsequent net FUTA tax faced by state employers as a result of these unpaid loans. If any January 1 passes without an outstanding balance, the year count starts over with the next loan. The U.S. DOL maintains a list of potential reduced credit states at http://ows.doleta.gov/unemploy/docs/reduced_credit_states.xls.

Table 1. Schedule of State Tax Credit Reduction and Net Federal Unemployment Tax Act (FUTA) Tax

Loan Year	Credit Reduction	Additional Reductions	Net FUTA Tax (0.6% + credit reductions)
Year 1 of outstanding loan	0.0%	None	0.6%
Year 2 (applied retroactively at end of calendar year)	0.3%	None	0.9%

[15] See http://ows.doleta.gov/unemploy/docs/reduced_credit_states.xlsx.

[16] The 2.7 add-on formula is [(2.7% x 7000/ U.S. Annual Average Wage)-Average Annual State Tax Rate on Total Wages] x State Annual Average Wage/7000.

[17] The BCR add-on formula is: Max [Five-year Average State Unemployment UC Outlays/Taxable Wages, 2.7] - Average Annual State Unemployment Tax Rate on Total Wages.

Loan Year	Credit Reduction	Additional Reductions	Net FUTA Tax (0.6% + credit reductions)
Year 3	0.6%	2.7 Add-on	1.2% or more[a]
Year 4	0.9%	2.7 Add-on	1.5% or more[a]
Year 5	1.2%	BCR Add-on	1.8% or more[b]
Year 6	1.5%	BCR Add-on	2.1% or more[b]
Year 7	1.8%	BCR Add-on	2.4% or more[b]
Year 8	2.1%	BCR Add-on	2.7% or more[b]
Year 9	2.4%	BCR Add-on	3.0% or more[b]
Year 10	2.7%	BCR Add-on	3.3% or more[b]
Year 11	3.0%	BCR Add-on	3.6% or more[b]
Year 12	3.3%	BCR Add-on	3.9% or more[b]
Year 13	3.6%	BCR Add-on	4.2% or more[b]
Year 14	3.9%	BCR Add-on	4.5% or more[b]
Year 15	4.2%	BCR Add-on	4.8% or more[b]
Year 16	4.5%	BCR Add-on	5.1% or more[b]
Year 17	4.8%	BCR Add-on	5.4% or more[b]
Year 18	5.1%	BCR Add-on	5.7% or more[b]
Year 19	5.4%	BCR Add-on	6.0%

Source: U.S. Department of Labor, Employment and Training Administration.

Notes: 2.7 Add-on = [(2.7% x 7000/U.S. Annual Average Wage) - Average Annual State Tax Rate on Total Wages] x State Annual Average Wage/7000.

Benefit Cost Ratio (BCR) Add-on = Max [Five-year Average State Unemployment Compensation Outlays /Taxable Wages, 2.7] - Average Annual State Unemployment Tax Rate on Total Wages.

a. Exact tax depends upon 2.7 Add-on calculation.

b. Exact net tax depends upon BCR Add-on calculation (or the 2.7 Add-on calculation, if the BCR Add-on is waived).

Avoiding Some or All of the Credit Reduction

Section 272 of P.L. 97-248 allows a delinquent state the option of repaying—on or before November 9—a portion of its outstanding loans each year through transfer of a specified amount from its account in the UTF to the FUA.

If the state complies with all the requirements listed below, the potential credit reduction is avoided (there is no reduction):

- The state also must repay all loans for the most recent one-year period ending on November 9, plus the potential additional taxes that would have been imposed for the tax year based upon a state tax credit reduction.
- The state must have sufficient amounts in the state account of the UTF to pay all compensation for the last quarter of that calendar year without receiving a loan.

- The state must also have altered its state law to increase the net solvency of its account with the UTF.

In 2011, 2012, and 2013 South Carolina met these requirements. As a result, employers in South Carolina were not subject to a state tax credit reduction in the calculation of their FUTA taxes. (Generally, employers in South Carolina would have paid more in state unemployment taxes to meet these requirements.)

Cap

Once a state begins to have a credit reduction, the state may apply to have the reductions capped if the state meets four criteria:

- No legislative or other action in 12 months ending September 30 has been taken to decrease state unemployment tax effort. (A state cannot actively decrease its expected state unemployment tax revenue from current law.)
- No legislative or other action has been taken to decrease the state trust account's net solvency. (For example, the state would not be allowed to actively increase the average UC benefit amount from current law requirements.)
- Average state unemployment tax rate on total wages must exceed the five-year average benefit cost rate on total wages.
- Balance of outstanding loans as of September 30 must not be greater than the balance three years before.

Waiving the BCR Add-on

The BCR add-on may be waived if the Secretary of Labor determines that the state did not take legislative or other actions to decrease the state trust account's net solvency. The 2.7 add-on would then replace the BCR add-on.

Revenue from Credit Reductions Reduce State UTF Loans

The additional federal taxes attributable to the credit reduction are applied against the state's outstanding UTF loan. Thus, while technically employers are paying additional FUTA taxes, the additional tax pays off a state's debt. The state's employers will pay the additional federal taxes resulting from the credit reduction no later than January 31 of the next calendar year.

Interest Charges on Loans

Since 1982 (P.L. 97-35), states are charged interest on new loans that are not repaid by the end of the fiscal year in which they were obtained.[18] Under previous law, states could receive these loans

[18] The American Recovery and Reinvestment Act of 2009, P.L. 111-5 Section 2004, temporarily waived interest payments and the accrual of interest on loans. The interest payments that were due from the time of enactment (continued...)

interest-free.[19] The interest is the same rate as that paid by the federal government on state reserves in the UTF for the quarter ending December 31 of the preceding year, but not higher than 10% per annum. The interest rate for calendar year loans is determined by Section 1202(b)(4) of the SSA. The interest rate for a calendar year is the earnings yield on the UTF for the quarter ending December 31st of the previous calendar year. The U.S. Treasury Department calculated the fourth quarter earnings yield in 2013 to be 2.3874%. Thus, new loans made in calendar year 2014 will be subject to an interest rate of 2.3874%.[20]

States may not pay the interest directly or indirectly from SUTA revenue or funds in their state account with the UTF. If states do not repay the interest, or pay the interest with funds from SUTA taxes, the U.S. Department of Labor is required by federal law to refuse to certify the state program as being in compliance with federal law.[21] Not being in compliance with federal unemployment law would mean that the state would not be eligible to receive administrative grants and its state employers would not receive the state unemployment tax credit in the calculation of their federal unemployment taxes.

States may borrow funds without interest from the UTF during the year. To receive these interest-free loans, the states must meet five conditions:

1. The states must repay the loans by September 30.
2. For those repaid (by September 30) loans to maintain their interest-free status there cannot be any loans made to that state in October, November, or December of the calendar year of such an interest-free loan. If loans are made in the last quarter of the calendar year, the "interest-free" loans made in the previous fiscal year will retroactively accrue interest charges.
3. The states must meet funding goals relating to their account in the UTF, established under regulations issued by DOL.

(...continued)

(February 17, 2009) until December 31, 2010, were deemed to have been made. No interest on advances accrued during the period. Although interest did not accrue during this period, this did *not* absolve states from repaying the underlying loans. If a state did not pay back funds within the prescribed amount of time or make good progress as determined by the Labor Secretary, the state tax credit was reduced. Beginning on January 1, 2011, the calculation of interest reverted to permanent law on interest charges.

[19] Interest payments can be delayed up to nine months (and no interest on the unpaid interest would accrue) if the most recent 12-month average unemployment rate (from September of the previous year to August of that year) is 13.5% or higher (42 U.S.C. §1322(b)(9)). If the state's January through June average insured unemployment rate (IUR) in the previous year is 6.5% or higher, the state would be required to pay 25% of that current year's interest that is due. (The IUR is the ratio of UC claimants divided by individuals in UC-covered jobs. It excludes unemployed workers who have exhausted their UC benefits, as well as the self-employed.) The state then would pay the remaining 25% in each of the next three years. The (75%) remainder of the interest payment would be not be subject to additional interest calculations (42 U.S.C. §1322(b)(3)(C)). The provisions of P.L. 111-5 did not change the timetable for federal tax increases resulting from a state's outstanding loans.

[20] Employment and Training Administration, U.S. Department of Labor, *Interest Rate on Title XII Advances During Calendar Year (CY) 2014*, Unemployment Insurance Program Letter (UIPL) 8-14, Washington, DC, February 18, 2014, http://wdr.doleta.gov/directives/attach/UIPL/UIPL_8-14.pdf. http://wdr.doleta.gov/directives/attach/UIPL/uipl_9_12_acc.pdf.

[21] 42 C.F.R. §503(c)(3) and 26 U.S.C. §3304(a)(17).

In addition to these first three requirements, the phase-in of two new requirements began in 2014; the full effect of the requirements begins in 2019.[22]

4. States must have had at least one year in the past five calendar years before the year in which advances are taken where its Average High Cost Multiple[23] (AHCM) was greater than or equal to 1.0.
5. Additionally, states must meet two criteria for maintenance of tax effort in every year from most recent year the AHCM was at least 1.0 and the year in which loans are taken.
   a. The average state unemployment tax rate (total state unemployment tax amount collected over total taxable wages) was at least 80% of the prior year's rate.
   b. The average state unemployment tax rate is at least 75% of the average benefit-cost ratio over the preceding five calendar years, where the benefit-cost ratio for a year is defined as the amount of benefits and interest paid in the year divided by the total covered wages paid in the year.

Status of Outstanding Loans, Accrued Interest Owed, and State Tax Credit Reductions

Table 2 lists all states that have outstanding loans. The table also includes information on accrued interest payments for FY2013. The third column provides information on whether a state was subject to a credit reduction for tax year 2013. The last column provides the net FUTA tax faced by employers in each state that had an outstanding loan. If a state is not listed on this table, the state did not have any outstanding loans on February 18, 2014, did not have outstanding interest accruals, and was not subject to a state tax credit reduction on the calculation of the net FUTA tax in 2013.

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[22] Employment and Training Administration, U.S. Department of Labor, "Federal-State Unemployment Compensation Program Funding Goals for Interest-Free Loans," 75 *Federal Register* 57146, September 17, 2010.

[23] The average high-cost multiple (AHCM) is the ratio of actual UTF account balances to the average of the three highest years of benefit payments experienced by the state over the past 20 years. Presumably, the average of the three highest years' outlays would be a good indicator of potential expected UC payments if another recession were to occur. Under these assumptions, if a state had saved enough funds to pay for an average high-year of UC benefit activity, its AHCM would be at least 1.0.

Table 2.Outstanding Loan Balances, Interest Owed, and Potential State Tax Credit Reduction (February18, 2014)

State	Outstanding Advance Balance	Interest for FY2014	2013 Tax Credit Reduction	2013 Net FUTA Tax (0.6% + credit reductions)
Arkansas	$117,171,234	$1,283,070	0.9	1.5%
California	10,001,840,413	93,035,423	0.9	1.5
Connecticut	573,439,549	5,563,804	0.9	1.5
Delaware	71,429,695	693,009	0.6	1.2
Georgia	178,330,019	2,323,617	0.9	1.5
Indiana	1,402,848,658	13,280,588	1.2	1.8
Kentucky	660,492,548	6,162,322	0.9	1.5
Missouri	321,450,890	3,120,669	0.9	1.5
Nevada	0	1,424,741	[a]	0.6
New Jersey	157,217,265	1,084,994	[a]	0.6
New York	3,180,267,258	28,852,558	0.9	1.5
North Carolina	1,762,752,993	18,407,204	0.9	1.5
Ohio	1,619,600,290	15,162,030	0.9	1.5
Pennsylvania	67,412,194	46,446	[a]	0.6
Rhode Island	112,269,970	1,157,282	0.9	1.5
South Carolina	456,512,367	4,475,533	[b]	0.6
Virgin Islands	86,306,176	788,420	1.2	1.8
Wisconsin	432,418,197	3,702,389	0.9	1.5
Totals	**$21,201,759,715**	**$200,564,100**		

Source: Congressional Research Service table prepared using data from the U.S. Bureau of Public Debt, http://www.treasurydirect.gov/govt/reports/tfmp/tfmp_advactivitiessched.htm, and the U.S. Department of Labor http://ows.doleta.gov/unemploy/content/reduced_credit_states.xls.

a. Not applicable. State has not had two consecutive January 1s with an outstanding loan balance.

b. Qualified for avoidance.

Table 3 provides financial information for the unemployment trust fund accounts. The first data column lists the amount of state taxes collected in the previous 12 months. The second column lists the balance of each state's account in the UTF at the end of the 12-month period. The third column calculates the ratio of the trust fund balance to the estimated sum of wages earned by employees in jobs covered by the UC system. The fourth column lists the AHCM where a number less than 1.0 does not meet DOL's definition of minimally solvent. The fifth column reports the outstanding trust fund loan (if any).

The sixth column lists the per employee loan amount (total loans divided by total covered employees). This statistic gives a sense of how much in state taxes per employee would have to be raised if a state were to repay the entire loan amount within one year. The final column lists the ratio of total loans to total covered wages. This ratio aids in the comparison of the size of the loan to the general wage profile in the state.

Table 3. State Unemployment Trust Fund Accounts: Financial Information by State, 3rd Quarter Calendar Year 2013

State	Revenues Past 12 Months ($ in thousands)	Trust Fund Balance ($ in thousands)	Ratio of Trust Fund to Total Covered Wages	Average High Cost Multiple (AHCM)	Outstanding Trust Fund Loan ($ in thousands)	Loan per Covered Employee	Percentage of Loans to Yearly Total Wages in Covered Employment
Alabama	$433,519	$247,503	0.41	0.16	$0	—	—
Alaska	234,363	329,345	2.67	1.02	0	—	—
Arizona	444,466	61,270	0.07	N.A.	0	—	—
Arkansas	371,430	157,336	0.45	N.A.	157,662	$140	0.46
California	6,729,503	31,958	0	N.A.	9,189,069	620	1.36
Colorado	743,263	579,175	0.6	N.A.	0	0	—
Connecticut	858,487	225,661	0.28	N.A.	573,722	360	0.73
Delaware	136,584	37,339	0.23	N.A.	71,465	181	0.44
District of Columbia	160,063	313,954	0.97	0.92	0	—	—
Florida	2,145,175	783,933	0.3	N.A.	0	—	—
Georgia	897,516	221,118	0.15	N.A.	296,330	79	0.20
Hawaii	392,173	261,504	1.43	0.3	0	—	—
Idaho	302,678	406,392	2.35	N.A.	0	—	—
Illinois	3,047,878	1,177,936	0.49	N.A.	0	—	—
Indiana	767,271	7,720	0.01	N.A.	1,352,126	492	1.47
Iowa	565,842	828,923	1.77	1.07	0	—	—
Kansas	413,460	106,300	0.22	0.08	0	—	—
Kentucky	527,773	27	0	N.A.	612,559	357	1.13
Louisiana	251,873	832,749	1.26	1.2	0	—	—
Maine	177,531	297,186	1.87	0.93	0	—	—
Maryland	890,413	954,663	0.98	0.67	0	—	—

State	Revenues Past 12 Months ($ in thousands)	Trust Fund Balance ($ in thousands)	Ratio of Trust Fund to Total Covered Wages	Average High Cost Multiple (AHCM)	Outstanding Trust Fund Loan ($ in thousands)	Loan per Covered Employee	Percentage of Loans to Yearly Total Wages in Covered Employment
Massachusetts	1,877,861	781,444	0.49	0.13	0	—	—
Michigan	1,781,552	1,538,513	1.05	N.A.	0	—	—
Minnesota	1,425,184	990,480	0.96	0.32	0	—	—
Mississippi	237,308	514,457	1.73	1.5	0	—	—
Missouri	648,070	75,958	0.09	N.A.	322,163	127	0.38
Montana	159,806	199,139	1.55	0.91	0	—	—
Nebraska	142,849	364,493	1.32	1.65	0	—	—
Nevada	544,201	12,323	0.03	N.A.	520,153	465	1.26
New Hampshire	174,433	239,926	1.03	0.75	0	—	—
New Jersey	2,998,348	33,039	0.02	N.A.	105,057	28	0.06
New Mexico	215,857	63,699	0.27	0.2	0	—	—.
New York	3,187,090	23,521	0.01	N.A.	2,799,213	333	0.68
North Carolina	1,278,257	222,849	0.17	N.A.	2,002,781	522	1.52
North Dakota	104,589	154,236	0.97	1.13	0	—	—
Ohio	1,228,081	162,090	0.09	N.A.	1,553,203	317	0.91
Oklahoma	561,747	1,027,713	1.91	1.45	0	—	—
Oregon	1,066,294	1,738,304	3.14	1.03	0	—	—
Pennsylvania	3,090,442	521,632	0.25	N.A.	0	—	—
Puerto Rico	201,846	388,379	2.32	0.82	0	—	—
Rhode Island	273,489	33,067	0.21	N.A.	162,967	377	1.08
South Carolina	424,164	241,161	0.43	N.A.	531,529	300	0.96
South Dakota	43,590	62,981	0.59	0.91	0	—	—
Tennessee	642,704	807,881	0.83	0.57	0	—	—
Texas	2,636,812	1,663,034	0.35	N.A.	0	—	—

State	Revenues Past 12 Months ($ in thousands)	Trust Fund Balance ($ in thousands)	Ratio of Trust Fund to Total Covered Wages	Average High Cost Multiple (AHCM)	Outstanding Trust Fund Loan ($ in thousands)	Loan per Covered Employee	Percentage of Loans to Yearly Total Wages in Covered Employment
Utah	361,745	632,260	1.54	1.12	0	—	—
Vermont	143,400	79,457	0.93	0.14	0	—	—
Virgin Islands	6,417	9,907	1.04	N.A.	76,406	1,959	7.55
Virginia	793,765	267,652	0.18	0.04	0	—	—
Washington	1,346,610	2,975,107	2.5	1.1	0	—	—
West Virginia	216,834	122,391	0.61	0.33	0	—	—
Wisconsin	1,208,297	5,629	0.01	N.A.	409,207	156	0.48
Wyoming	137,530	277,512	2.93	1.64	0	—	—

Source: Employment and Training Administration, U.S. Department of Labor, *Unemployment Insurance Data Summary*, 3rd Quarter 2013 Report, Washington, DC, 2013, Table: Financial Information by State for CYQ 2013.3 and individual state reports, http://ows.doleta.gov/unemploy/content/data_stats/datasum11/DataSum_2013_3.pdf.

Notes: Total covered wages are based on extrapolated wages for the most recent 12 months. Trust Fund Balance does not include outstanding debt. States may have obligated some portion of their UTF funds and may be borrowing to fund unemployment benefits even if the state's UTF balance appears to be positive.
N.A. = Not Applicable: these states have outstanding debts that exceed their fund balances. Conversely, "—" no outstanding federal loan (states may have additional loans financed outside of the UTF).