

Unemployment Insurance Computation Formulas

BENEFITS

Weekly Benefit Amount Section 383-22(b), HRS	= highest quarter wages / 21
Highest quarter wage Section 383-22(b), HRS	= quarter in claimant's base period with the highest wages
Maximum potential benefits Section 383-24, HRS	= Weekly Benefit Amount x 26
Maximum Weekly Benefit Amount Section 383-22(b), HRS	= statewide average weekly wage x 75% (2008-2010) = statewide average weekly wage x 70% (from 2011)
Statewide average weekly wage Section 383-22(b), HRS	= total wages / average monthly employment / 52 (contributing employer employment and wages for most recent FY)

TAXES

Taxable Wage Base Section 383-61(b), HRS	= statewide average annual wage x 100%
Statewide average annual wage Section 383-61(b), HRS	= total wages / average monthly employment (contributing employer employment and wages for most recent FY)
Adequate Reserve Fund amount Section 383-63, HRS	= highest benefit cost rate in last 10 years x total wages (2008-2010) highest benefit cost rate in last 10 years x total wages x 1.5 (from 2011)
Benefit cost rate Section 383-63, HRS	= total benefits / total wages
Current Reserve Fund amount Section 383-63, HRS	= Fund balance on November 30
Ratio of Current to Adequate Reserve Fund Section 383-68(c), HRS (used to determine tax schedule)	= Current Reserve Fund / Adequate Reserve Fund

Ratio	Tax Schedule
>1.69	A
1.3-1.69	B
1.0-1.29	C
0.8-0.99	D
0.6-0.79	E
0.4-0.59	F
0.2-0.39	G
<0.2	H

Reserve Ratio
Section 383-67, HRS

= employer's end of year reserve balance / average annual payroll

Reserve balance
Section 383-63, HRS

= all contributions paid minus all benefits charged to employer account

Average annual payroll
Sections 383-61, 383-63, 383-67, HRS

= employer's annual taxable payroll for last three calendar years / 3

Employer's contribution rate for CY
Section 383-68(d), HRS

= rate on Contribution Rate Schedules table for schedule in effect for CY

SCHEDULE	A	B	C	D	E	F	G	H
Ratio Current to Adequate Reserve:	>1.69	1.3 - 1.69	1.0 - 1.29	0.8 - 0.99	0.6 - 0.79	0.4 - 0.59	0.2 - 0.39	<0.2
RESERVE RATIO	CONTRIBUTION RATES							
.1500 and over	0.0%	0.0%	0.0%	0.2%	0.6%	1.2%	1.8%	2.4%
.1400 to .1499	0.0%	0.0%	0.1%	0.4%	0.8%	1.4%	2.0%	2.6%
.1300 to .1399	0.0%	0.0%	0.2%	0.6%	1.0%	1.6%	2.2%	2.8%
.1200 to .1299	0.0%	0.1%	0.4%	0.8%	1.2%	1.8%	2.4%	3.0%
.1100 to .1199	0.0%	0.2%	0.6%	1.0%	1.4%	2.0%	2.6%	3.2%
.1000 to .1099	0.1%	0.3%	0.8%	1.2%	1.6%	2.2%	2.8%	3.4%
.0900 to .0999	0.3%	0.5%	1.0%	1.4%	1.8%	2.4%	3.0%	3.6%
.0800 to .0899	0.5%	0.7%	1.2%	1.6%	2.0%	2.6%	3.2%	3.8%
.0700 to .0799	0.7%	0.9%	1.4%	1.8%	2.2%	2.8%	3.4%	4.0%
.0600 to .0699	0.9%	1.1%	1.6%	2.0%	2.4%	3.0%	3.6%	4.2%
.0500 to .0599	1.1%	1.3%	1.8%	2.2%	2.6%	3.2%	3.8%	4.4%
.0300 to .0499	1.3%	1.5%	2.0%	2.6%	3.0%	3.6%	4.2%	4.8%
.0000 to .0299	1.7%	1.9%	2.4%	3.0%	3.4%	4.0%	4.6%	5.2%
-.0000 to -.0499	2.1%	2.3%	2.8%	3.4%	3.8%	4.4%	5.0%	5.4%
-.0500 to -.0999	2.5%	2.7%	3.2%	4.0%	4.4%	5.0%	5.4%	5.4%
-.1000 to -.4999	2.9%	3.1%	3.6%	4.6%	5.0%	5.4%	5.4%	5.4%
-.5000 to -.9999	3.4%	3.6%	4.2%	5.2%	5.4%	5.4%	5.4%	5.4%
-1.0000 to -1.4999	4.1%	4.2%	4.8%	5.4%	5.4%	5.4%	5.4%	5.4%
-1.5000 to -1.9999	4.7%	4.8%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
-2.0000 and less	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Ineligibles	1.7%	1.9%	2.4%	3.0%	3.4%	4.0%	4.6%	5.2%
Ineligible-Negative Reserve	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Delinquents	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%

Effects of Act 110

A. Adequate Reserve Fund

- For calendar years 2008 through 2010, the formula for computing the adequate reserve was reduced from an amount equal to benefits for one and a half years at the highest cost rate in the last ten years, to an amount equal to one year's benefits.
- The ratio of the fund balance at the end of each November to the adequate reserve amount determines the tax schedule for the next year.
- This change resulted in the lowest tax schedule A being in effect for calendar years 2008 and 2009. Employer tax rates were significantly reduced and 30% of employers paid no taxes.

	Rate Year 2008	Rate Year 2009	Rate Year 2010 (Estimated)
High Cost Rate	1.46%	1.44%	2.23%
Pre-Act 110 formula: 1.5 x HCR x total wages	\$374,784,167	\$385,231,534	\$571,500,000
Act 110: HCR x total wages	\$249,856,112	\$256,821,022	\$381,000,000*
Decrease in Adequate Reserve Fund amount	\$124,928,055	\$128,410,512	\$190,500,000

*Actual to be determined in late December.

B. Taxable wage base

- The taxable wage base was reduced, from 100% of the average annual wage, to \$13,000 for calendar years 2008 and 2009.
- The taxable wage base is the maximum annual wages upon which employers pay unemployment insurance (UI) taxes per employee.
- The wage base would have been \$36,200 in 2008 and \$37,700 in 2009.
- The wage base will revert to the 100% of average annual wage formula for 2010 due to the fund balance falling below the adequate level at the end of November 2009.
- Under the usual formula, UI taxes are paid on approximately 68-69% of all wages. At the \$13,000 wage base, taxes were paid on only 36-37% of all wages.
- The combination of the lower tax schedules and lower wage bases are estimated to have cut UI taxes by \$50 million in 2008 and \$100 million in 2009.

	CY 2008	CY 2009	CY 2010 (Estimated)
Statewide average annual wage (SAAW)	\$36,209.17	\$37,718.93	\$37,800
Pre-Act 110 formula: 100% of SAAW	\$36,200	\$37,700	\$37,800
Act 110: \$13,000	\$13,000	\$13,000	\$37,800*
Decrease in TWB under Act 110	\$23,200	\$24,700	\$0

*Assumes fund balance falls below the adequate reserve at the end of November 2009, reverting the TWB to the 100% of SAAW formula; actual to be determined in late November.

C. Partial earnings disregard

- Partial earnings disregarded for claimants working short hours was permanently increased from \$50 to \$150 beginning in 2008.

- Claimants whose earnings for a week are less than their weekly benefit amount (WBA) may receive benefits for that week but their WBA is reduced by the amount of their wages that exceeds \$150.
- This provision allows claimants to collect more benefits during weeks of low earnings, but does not increase the total amount of benefits they may receive during their benefit year. Total regular benefit entitlement during a claimant's benefit year remains at 26 times their weekly benefit amount.
- This change is estimated to increase benefits by 1% due to claimants who receive more but not all of their entire benefit entitlement during their benefit year. Claimants who exhaust all their benefit entitlement receive the same amount of total benefits, but exhaust earlier in their benefit year.

D. Maximum weekly benefit amount

- The highest (maximum) weekly benefit amount (MWBA) in effect for a calendar year was increased from 70% to 75% of the statewide average weekly wage for calendar years 2008 through 2010.
- A claimant's weekly benefit amount is computed as their wages during the highest quarter of earnings divided by 21. If this amount is greater than the MWBA, it is limited to the MWBA.
- For calendar year 2008 the maximum was \$523 and for 2009 it is \$545. Without this provision, the maximums would have been \$488 and \$509 respectively.
- The MWBA is set for each calendar year and is applied to claimants beginning a new benefit year during that calendar year.
- This provision remains in effect for calendar year 2010 and reverts to the 70% formula from calendar year 2011.
- This change is estimated to have increased benefits by 2.5%.

	CY 2008	CY 2009	CY 2010 (Estimated)
Statewide average weekly wage (SAWW)	\$696.33	\$726.36	\$727
Pre-Act 110 formula: 70% of SAWW	\$488	\$509	\$509
Act 110: 75% of SAWW	\$523	\$545	\$545*
Increase in MWBA under Act 110	\$35	\$36	\$36

*Actual to be determined in late November.

General Discussion of Fund Financing/Solvency Alternatives to Current Law

A. Lower tax schedules

Discussion:

- The ratio derived by dividing the fund balance at the end of each November by the Adequate Reserve Amount determines the tax schedule for the coming year based on tables in the UI law, Chapter 383-68, HRS.
- The law must be amended to change the method used to determine the schedule that will be in effect for a year.
- Law changes could be enacted to:
 1. Retain the schedule computation formulas, but set the schedule for a year to no higher than a specific schedule, such as E for 2010 or G for 2011. If the computation were such that a lower schedule is the computed schedule, that schedule would be in effect. If a higher schedule were the computed schedule, it would be reduced based on the special provision; and/or
 2. Continue to reduce the Adequate Reserve Fund amount to the equivalent of one year of high cost, rather than revert to the one and a half years formula.
- UI tax rates are individually computed once a year for each employer based on their wage, benefit and contribution history. Tax rates for each employer are determined in mid-March and apply to wages paid during the calendar year. Taxes on the first quarter wages are due by the end of April.
- It would be very problematic for the current UI Tax mainframe computer system to accommodate more than one tax rate per employer for a calendar year, or change rates after the initial determination. Therefore, any law changes should allow for the tax schedule for a calendar year to be determined by mid-March of that year. And only one tax schedule should be set for a calendar year.

Pros:

- Employer taxes are reduced.

Cons:

- Fund balance will be lower exposing Hawaii to greater risks of insolvency.
- Fund balance will remain negative for a longer time and may require Hawaii to receive federal loans to continue to pay benefits.
- Interest will accrue on federal loans and employers' federal unemployment (FUTA) taxes may increase due to the loss of FUTA tax credits.

B. Lower taxable wage base

Discussion:

- The taxable wage base can be set at a lower amount by changing the percent used in the annual computation (i.e., less than 100%) or the base can be set at a specific dollar amount as was done under Act 110.

- Under the usual formula, unemployment insurance taxes are paid on approximately 68-69% of all wages. At the \$13,000 wage base, taxes were paid on only 36-37% of all wages.
- Lower wage bases do not benefit (cut taxes for) employers who pay wages less than the wage base. Employers of high wage earners benefit (receive tax reductions) from any provision to lower the wage base.

Pros:

- UI taxes are reduced for employers whose workers are paid annual wages higher than the taxable wage base.

Cons:

- Fund balance will be lower exposing Hawaii to greater risks of insolvency.
- Fund balance will remain negative for a longer time and may require Hawaii to receive federal loans to continue to pay benefits.
- Interest will accrue on federal loans and employers' federal unemployment (FUTA) taxes may increase due to the loss of FUTA tax credits.

C. Lower benefits

Discussion:

- The formula for computing the maximum weekly benefit amount will automatically revert to 70% of the statewide average weekly wage in calendar year 2011. Act 110 had set the percentage at 75% for calendar years 2008 through 2010
- Benefits may be lowered by: 1) cutting claimant's weekly benefit amounts; and/or 2) cutting the maximum weeks of benefits allowed. Act 110 did not change the formulas for these computations.
- A claimant's total regular benefit entitlement is currently 26 times their computed weekly benefit amount (WBA). This is the equivalent of 26 weeks of benefits at the full WBA. Total benefit entitlement could be reduced to a lower multiplier, for example, 20 times WBA.

Pros:

- Fund balance will be higher.
- Fund balance will remain negative for a shorter time.
- Employer taxes may be reduced due to higher fund balances.

Cons:

- Claimant benefits are reduced providing them less money to pay non-deferrable expenses such as housing and food costs.
- Less money is circulated into the economy.
- Federally funded extended benefits are usually set at 50% of regular benefit entitlement. Therefore, if Hawaii's total benefits entitlement was reduced from 26 to 20 times weekly benefit amount, the claimant's federal extended benefit entitlement would also decrease, from 13 to 10 times WBA (or 10 full weeks instead of 13).

Sample alternatives and effects on UI fund

The following tables provide a summary of seven sample alternative changes that could be made to the UI law to cut taxes. Attachment A provides detailed trust fund projections for these alternatives.

As possible changes could include a multitude of variations and/or combinations of the alternatives shown, these are presented as a starting point for refinement into proposals that will meet fund solvency as well as policy objectives.

The alternatives presented are:

Alternative 1: Set Schedule E from 2010 through 2013

Alternative 2: Set Schedule E in 2010, then revert to current law

Alternative 3: Set Schedule E in 2010, Schedule G in 2011, then revert to current law

Alternative 4: Change Adequate Reserve formula from 1.5 to 1 times high cost rate

Alternative 6: Change Taxable Wage Base formula from 100% to 50% of average annual wage

Alternative 7: Cut maximum total benefits from 26 to 20 times weekly benefit amount.

Alternative 5: Set Schedule E in 2010, Schedule G in 2011, change Adequate Reserve formula from 1.5 to 1 times high cost rate (Combination of Alternatives 3 and 4)

UI Trust Fund Projections: Current Law and Alternatives

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%
10/19/2009

The following tables compare UI trust fund status under the current law provisions to alternative UI system change scenarios. Detailed projections for the current law and each scenario are provided in Attachment A.

Notes:

Average Taxes@TWB = taxes on employee with annual wages at or above the taxable wage base at the average tax rate.

Current Law:

	Tax Schedule	Taxes Collected	Benefits Paid	Fund Balance	Adequate Reserve	Average Taxes@TWB	Average Tax Rate	Taxable Wage Base
CY 2010	F	\$275 M	\$409 M	-\$12 M	\$381 M	\$1,040	2.75%	\$37,800
CY 2011	H	\$450 M	\$385 M	\$54 M	\$585 M	\$1,480	3.90%	\$37,900
CY 2012	H	\$493 M	\$348 M	\$203 M	\$606 M	\$1,500	3.90%	\$38,500
CY 2013	G	\$446 M	\$316 M	\$345 M	\$633 M	\$1,300	3.30%	\$39,400

Alternative 1: Schedule E from 2010 through 2013

Pro: Taxes reduced

Con: Fund balance negative through 2013 and beyond; \$30 million in interest payable through 2013.

	Tax Schedule	Taxes Collected	Benefits Paid	Fund Balance	Adequate Reserve	Average Taxes@TWB	Average Tax Rate	Taxable Wage Base
CY 2010	E	\$221 M	\$409 M	-\$67 M	\$381 M	\$830	2.20%	\$37,800
CY 2011	E	\$266 M	\$385 M	-\$186 M	\$585 M	\$830	2.20%	\$37,900
CY 2012	E	\$278 M	\$348 M	-\$256 M	\$606 M	\$850	2.20%	\$38,500
CY 2013	E	\$289 M	\$316 M	-\$283 M	\$633 M	\$870	2.20%	\$39,400

Tax savings compared to current law:

	Tax Schedule	Tax Reduction		Avg per Employee Tax Reduction@TWB
		Annual	Cumulative	
CY 2010	F to E	\$54 M	\$54 M	\$210
CY 2011	H to E	\$184 M	\$238 M	\$650
CY 2012	H to E	\$215 M	\$453 M	\$650
CY 2013	G to E	\$157 M	\$610 M	\$430

Alternative 2: Schedule E in 2010, then Current Law

Pro: Taxes reduced in 2010

Con: Fund balance negative through 1st quarter 2012; \$1 million in interest payable in 2011.

	Tax Schedule	Taxes Collected	Benefits Paid	Fund Balance	Adequate Reserve	Average Taxes@TWB	Average Tax Rate	Taxable Wage Base
CY 2010	E	\$221 M	\$409 M	-\$67 M	\$381 M	\$830	2.20%	\$37,800
CY 2011	H	\$440 M	\$385 M	-\$12 M	\$585 M	\$1,480	3.90%	\$37,900
CY 2012	H	\$493 M	\$348 M	\$135 M	\$606 M	\$1,500	3.90%	\$38,500
CY 2013	G	\$446 M	\$316 M	\$272 M	\$633 M	\$1,300	3.30%	\$39,400

Tax savings compared to current law:

	Tax Schedule	Tax Reduction		Avg per Employee Tax Reduction@TWB
		Annual	Cumulative	
CY 2010	F to E	\$54 M	\$54 M	\$210
CY 2011	H	\$10 M	\$64 M	\$0
CY 2012	H	\$0 M	\$64 M	\$0
CY 2013	G	\$0 M	\$64 M	\$0

Alternative 3: Schedule E in 2010, Schedule G in 2011, then Current Law

Pro: Taxes reduced in 2010 and 2011

Con: Taxes are higher in 2013 than under the current law.

Fund balance negative through 2nd quarter 2012; \$3 million in interest payable in 2011.

	Tax Schedule	Taxes Collected	Benefits Paid	Fund Balance	Adequate Reserve	Average Taxes@TWB	Average Tax Rate	Taxable Wage Base
CY 2010	E	\$221 M	\$409 M	-\$67 M	\$381 M	\$830	2.20%	\$37,800
CY 2011	G	\$378 M	\$385 M	-\$74 M	\$585 M	\$1,250	3.30%	\$37,900
CY 2012	H	\$482 M	\$348 M	\$60 M	\$606 M	\$1,500	3.90%	\$38,500
CY 2013	H	\$513 M	\$316 M	\$262 M	\$633 M	\$1,540	3.90%	\$39,400

Tax savings compared to current law:

	Tax Schedule	Tax Reduction		Avg per Employee Tax Reduction@TWB
		Annual	Cumulative	
CY 2010	F to E	\$54 M	\$54 M	\$210
CY 2011	H to G	\$72 M	\$126 M	\$230
CY 2012	H	\$11 M	\$137 M	\$0
CY 2013	G to H	-\$67 M	\$70 M	-\$240

Alternative 4: Change Adequate Reserve from 1.5x to 1x high cost rate

Pro: Taxes reduced in 2012 and 2013

Con: Maintains fund balance at lower level increasing exposure to future insolvency.

	Tax Schedule	Taxes Collected	Benefits Paid	Fund Balance	Adequate Reserve	Average Taxes@TWB	Average Tax Rate	Taxable Wage Base
CY 2010	F	\$275 M	\$409 M	-\$12 M	\$381 M	\$1,040	2.75%	\$37,800
CY 2011	H	\$450 M	\$385 M	\$54 M	\$390 M	\$1,480	3.90%	\$37,900
CY 2012	G	\$428 M	\$348 M	\$137 M	\$404 M	\$1,270	3.30%	\$38,500
CY 2013	F	\$371 M	\$316 M	\$200 M	\$422 M	\$1,080	2.75%	\$39,400

Tax savings compared to current law:

	Tax Schedule	Tax Reduction		Reduction in Adequate Reserve	Avg per Employee Tax Reduction@TWB
		Annual	Cumulative		
CY 2010	F	\$0 M	\$0 M	\$0 M	\$0
CY 2011	H	\$0 M	\$0 M	\$195 M	\$0
CY 2012	H to G	\$65 M	\$65 M	\$202 M	\$230
CY 2013	G to F	\$75 M	\$140 M	\$211 M	\$220

Alternative 6: Change Taxable Wage Base formula from 100% to 50% of average annual wage

Pro: Taxes reduced

Con: Fund balance negative through 2013 and beyond; \$20 million in interest payable through 2013.

	Tax Schedule	Taxes Collected	Benefits Paid	Fund Balance	Adequate Reserve	Average Taxes@TWB	Average Tax Rate	Taxable Wage Base
CY 2010	F	\$190 M	\$409 M	-\$98 M	\$381 M	\$520	2.75%	\$18,900
CY 2011	H	\$312 M	\$385 M	-\$171 M	\$585 M	\$740	3.90%	\$19,000
CY 2012	H	\$343 M	\$348 M	-\$176 M	\$606 M	\$750	3.90%	\$19,300
CY 2013	H	\$357 M	\$316 M	-\$135 M	\$633 M	\$770	3.90%	\$19,700

Tax savings compared to current law:

	Tax Schedule	Tax Reduction		Reduction in Adequate Reserve	Avg per Employee Tax Reduction@TWB
		Annual	Cumulative		
CY 2010	F	\$85 M	\$85 M		\$520
CY 2011	H	\$138 M	\$223 M		\$740
CY 2012	H	\$150 M	\$373 M		\$750
CY 2013	G to H	\$89 M	\$462 M		\$530

Alternative 7: Cut maximum total benefits from 26 to 20 times weekly benefit amount.

Pro: Taxes reduced

Con: Benefits reduced

	Tax Schedule	Taxes Collected	Benefits Paid	Fund Balance	Adequate Reserve	Average Taxes@TWB	Average Tax Rate	Taxable Wage Base
CY 2010	F	\$275 M	\$369 M	\$29 M	\$381 M	\$1,040	2.75%	\$37,800
CY 2011	H	\$450 M	\$346 M	\$133 M	\$585 M	\$1,480	3.90%	\$37,900
CY 2012	G	\$428 M	\$313 M	\$256 M	\$606 M	\$1,270	3.30%	\$38,500
CY 2013	F	\$374 M	\$284 M	\$360 M	\$633 M	\$1,080	2.75%	\$39,400

Tax savings compared to current law:

	Tax Schedule	Tax Reduction		Benefit Reduction	Avg per Employee Tax Reduction@TWB
		Annual	Cumulative		
CY 2010	F	\$0 M	\$0 M	-\$40 M	\$0
CY 2011	H	\$0 M	\$0 M	-\$39 M	\$0
CY 2012	H to G	\$65 M	\$65 M	-\$35 M	\$230
CY 2013	G to F	\$72 M	\$137 M	-\$32 M	\$220

Alternative 5: Schedule E in 2010, Schedule G in 2011, adequate reserve = 1x

Pro: Taxes reduced in 2010 and 2011

Con: Fund balance negative through 2nd quarter 2012; \$3 M interest payable in 2011

Maintains fund balance at lower level increasing exposure to future insolvency

	Tax Schedule	Taxes Collected	Benefits Paid	Fund Balance	Adequate Reserve	Average Taxes@TWB	Average Tax Rate	Taxable Wage Base
CY 2010	E	\$221 M	\$409 M	-\$67 M	\$381 M	\$830	2.20%	\$37,800
CY 2011	G	\$378 M	\$385 M	-\$74 M	\$390 M	\$1,250	3.30%	\$37,900
CY 2012	H	\$482 M	\$348 M	\$60 M	\$404 M	\$1,500	3.90%	\$38,500
CY 2013	G	\$446 M	\$316 M	\$194 M	\$422 M	\$1,300	3.30%	\$39,400

Tax savings compared to current law:

	Tax Schedule	Tax Reduction		Reduction in Adequate Reserve	Avg per Employee Tax Reduction@TWB
		Annual	Cumulative		
CY 2010	F to E	\$54 M	\$54 M	\$0 M	\$210
CY 2011	H to G	\$72 M	\$126 M	\$195 M	\$230
CY 2012	H	\$11 M	\$137 M	\$202 M	\$0
CY 2013	G	\$0 M	\$137 M	\$211 M	\$0

Attachment A
Detailed Trust Fund Projections for Alternatives 1 to 7

Current Law

Alternative 1: Set Schedule E from 2010 through 2013

Alternative 2: Set Schedule E in 2010, then revert to current law

Alternative 3: Set Schedule E in 2010, Schedule G in 2011, then revert to current law

Alternative 4: Change Adequate Reserve formula from 1.5 to 1 time high cost rate

Alternative 6: Change Taxable Wage Base formula from 100% to 50% of average annual wage

Alternative 7: Cut maximum total benefits from 26 to 20 times weekly benefit amount.

Alternative 5: Set Schedule E in 2010, Schedule G in 2011, change Adequate Reserve formula to 1x high cost rate

Hawaii Unemployment Compensation Fund Projections 2009 through 2013 - Current Law

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%

10/19/2009

	TUR (unadj)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Adequate Reserve Fund	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME Taxes	OUTGO Interest	BALANCE				
Projected from 4th quarter 2009										
2009										
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*	256,821,022		
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	121,200,000	Schedule A		
CY 2009	7.4%	3.51%	20,600	42,000,000	12,100,000	387,100,000	121,200,000*	0.7%	\$13,000	\$90
2010										
1st Qtr		3.70%	21,400	4,600,000	200,000	100,400,000	25,600,000	381,000,000		
2nd Qtr		3.75%	21,700	107,700,000	300,000	102,400,000	31,200,000			
3rd Qtr		3.80%	22,000	92,700,000	200,000	104,500,000	19,600,000			
4th Qtr		3.70%	21,500	70,200,000	0	102,100,000	-12,300,000	Schedule F		
CY 2010	8.1%	3.74%	21,600	275,200,000	700,000	409,400,000	-12,300,000	2.75%	\$37,800	\$1,040
2011										
1st Qtr		3.50%	20,300	49,600,000	0	96,100,000	-58,800,000	585,000,000		
2nd Qtr		3.50%	20,300	158,800,000	0	95,800,000	4,200,000			
3rd Qtr		3.50%	20,300	137,300,000	500,000	96,400,000	45,600,000			
4th Qtr		3.50%	20,300	104,000,000	500,000	96,600,000	53,500,000	Schedule H		
CY 2011	7.5%	3.50%	20,300	449,700,000	1,000,000	384,900,000	53,500,000	3.90%	\$37,900	\$1,480
2012										
1st Qtr		3.10%	18,000	73,000,000	600,000	86,000,000	41,100,000	606,000,000		
2nd Qtr		3.10%	18,000	166,000,000	500,000	87,000,000	120,600,000			
3rd Qtr		3.10%	18,100	144,000,000	1,500,000	87,000,000	179,100,000			
4th Qtr		3.10%	18,100	110,000,000	2,200,000	88,000,000	203,300,000	Schedule H		
CY 2012	6.6%	3.10%	18,050	493,000,000	4,800,000	348,000,000	203,300,000	3.90%	\$38,500	\$1,500
2013										
1st Qtr		2.75%	16,100	76,000,000	2,400,000	78,000,000	203,700,000	633,000,000		
2nd Qtr		2.75%	16,100	146,000,000	2,400,000	79,000,000	273,100,000			
3rd Qtr		2.75%	16,200	127,000,000	3,300,000	79,000,000	324,400,000			
4th Qtr		2.75%	16,200	97,000,000	3,900,000	80,000,000	345,300,000	Schedule G		
CY 2013	5.9%	2.75%	16,200	446,000,000	12,000,000	316,000,000	345,300,000	3.30%	\$39,400	\$1,300

*Title IX (Reed Act) distribution, Feb 2009:	\$2,180,480
*Title IX (Reed Act) withdrawal, Apr 2009:	\$6,850,055
*ARRA UI Modernization received, Jun 2009:	\$10,175,575
*Title IX (Reed Act) withdrawal, Jun 2009:	\$1,040,607
*Title IX (Reed Act) withdrawal, Jul 2009:	\$250,995
*ARRA UI Modernization, Aug 2009:	\$20,351,150
*Title IX (Reed Act) withdrawal, Aug 2009:	\$450,096
*Title IX (Reed Act) withdrawal, Sep 2009:	\$724,364

TUR = Total Unemployment Rate, not seasonally adjusted (2008 rates revised March 2009)

IUR = Insured Unemployment Rate; week including the 12th of the month

13-Wk Avg Claims: 13 week moving average claims for State Unemployment programs, used for IUR, excludes federal and extended benefits

Avg Taxes @TWB = Taxes on employee with annual wages at or above the taxable wage base at average tax rate; actual tax rates range from zero to 5.4%.

Summary:

Based on unemployment increasing through 3rd quarter 2010 (June 2009 UHERO forecast), the fund is projected to go into the negative from December 2010 through the first quarter of 2011.

Taxes will increase in 2010 and 2011 resulting in a positive balance by the end of 2011.

ALTERNATIVE 1: Schedule E from 2010 through 2013

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%

10/19/2009

	TUR (unadj)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Adequate Reserve Fund	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME Taxes	OUTGO Interest	BALANCE				
Projected from 4th quarter 2009										
2009										
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*	256,821,022		
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	121,200,000	Schedule A		
CY 2009	7.4%	3.51%	20,600	42,000,000	12,100,000	387,100,000	121,200,000*	0.7%	\$13,000	\$90
2010										
1st Qtr		3.70%	21,400	4,600,000	200,000	100,400,000	25,600,000	381,000,000		
2nd Qtr		3.75%	21,700	86,000,000	100,000	102,400,000	9,300,000			
3rd Qtr		3.80%	22,000	74,000,000	0	104,500,000	-21,200,000			
4th Qtr		3.70%	21,500	56,000,000	0	102,100,000	-67,300,000	Schedule E		
CY 2010	8.1%	3.74%	21,600	220,600,000	300,000	409,400,000	-67,300,000	2.20%	\$37,800	\$830
2011										
1st Qtr		3.50%	20,300	40,000,000	0	96,100,000	-123,400,000	585,000,000		
2nd Qtr		3.50%	20,300	90,000,000	0	95,800,000	-129,200,000			
3rd Qtr		3.50%	20,300	77,000,000	0	96,400,000	-148,600,000			
4th Qtr		3.50%	20,300	59,000,000	0	96,600,000	-186,200,000	Schedule E		
CY 2011	7.5%	3.50%	20,300	266,000,000	0	384,900,000	-186,200,000	2.20%	\$37,900	\$830
2012										
1st Qtr		3.10%	18,000	41,000,000	0	86,000,000	-231,200,000	606,000,000		
2nd Qtr		3.10%	18,000	94,000,000	0	87,000,000	-224,200,000			
3rd Qtr		3.10%	18,100	81,000,000	0	87,000,000	-230,200,000			
4th Qtr		3.10%	18,100	62,000,000	0	88,000,000	-256,200,000	Schedule E		
CY 2012	6.6%	3.10%	18,050	278,000,000	0	348,000,000	-256,200,000	2.20%	\$38,500	\$850
2013										
1st Qtr		2.75%	16,100	43,000,000	0	78,000,000	-291,200,000	633,000,000		
2nd Qtr		2.75%	16,100	97,000,000	0	79,000,000	-273,200,000			
3rd Qtr		2.75%	16,200	84,000,000	0	79,000,000	-268,200,000			
4th Qtr		2.75%	16,200	65,000,000	0	80,000,000	-283,200,000	Schedule E		
CY 2013	5.9%	2.75%	16,200	289,000,000	0	316,000,000	-283,200,000	2.20%	\$39,400	\$870

Summary:

If the tax schedule is set at E for calendar years 2010 through 2013:

Taxes will range from \$220 to \$290 million per year.

The fund balance will remain negative through 2013, reaching a \$283 million deficit at the end of 2013.

Federal loans can be used to continue to pay benefits when the fund is depleted.

Interest, which cannot be paid from the fund, will be due by September of each year beginning in 2011. This may involve a special tax assessment on employers.

Interest due, estimated by multiplying the end of September fund balance by a 4.6% annual interest rate is:

September 2011: \$7 million

September 2012: \$11 million

September 2013: \$12 million

When a state has an outstanding balance on January 1 of two consecutive years, federal unemployment tax credits are reduced: the first year, by 0.3%, and increased by an additional 0.3% for each following year that the loan balance remains.

ALTERNATIVE 2: Schedule E in 2010 then Current Law

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%

10/19/2009

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Adequate Reserve Fund	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME Taxes	OUTGO Interest	BALANCE				
Projected from 4th quarter 2009										
2009										
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*	256,821,022		
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	121,200,000		Schedule A	
CY 2009	7.4%	3.51%	20,600	42,000,000	12,100,000	387,100,000	121,200,000*		0.7%	\$13,000
2010										
1st Qtr		3.70%	21,400	4,600,000	200,000	100,400,000	25,600,000	381,000,000		
2nd Qtr		3.75%	21,700	86,000,000	100,000	102,400,000	9,300,000			
3rd Qtr		3.80%	22,000	74,000,000	0	104,500,000	-21,200,000			
4th Qtr		3.70%	21,500	56,000,000	0	102,100,000	-67,300,000		Schedule E	
CY 2010	8.1%	3.74%	21,600	220,600,000	300,000	409,400,000	-67,300,000		2.20%	\$37,800
2011										
1st Qtr		3.50%	20,300	40,000,000	0	96,100,000	-123,400,000	585,000,000		
2nd Qtr		3.50%	20,300	159,000,000	0	95,800,000	-60,200,000			
3rd Qtr		3.50%	20,300	137,000,000	0	96,400,000	-19,600,000			
4th Qtr		3.50%	20,300	104,000,000	0	96,600,000	-12,200,000		Schedule H	
CY 2011	7.5%	3.50%	20,300	440,000,000	0	384,900,000	-12,200,000		3.90%	\$37,900
2012										
1st Qtr		3.10%	18,000	73,000,000	0	86,000,000	-25,200,000	606,000,000		
2nd Qtr		3.10%	18,000	166,000,000	100,000	87,000,000	53,900,000			
3rd Qtr		3.10%	18,100	144,000,000	500,000	87,000,000	111,400,000			
4th Qtr		3.10%	18,100	110,000,000	1,100,000	88,000,000	134,500,000		Schedule H	
CY 2012	6.6%	3.10%	18,050	493,000,000	1,700,000	348,000,000	134,500,000		3.90%	\$38,500
2013										
1st Qtr		2.75%	16,100	76,000,000	1,300,000	78,000,000	133,800,000	633,000,000		
2nd Qtr		2.75%	16,100	146,000,000	1,300,000	79,000,000	202,100,000			
3rd Qtr		2.75%	16,200	127,000,000	2,000,000	79,000,000	252,100,000			
4th Qtr		2.75%	16,200	97,000,000	2,500,000	80,000,000	271,600,000		Schedule G	
CY 2013	5.9%	2.75%	16,200	446,000,000	7,100,000	316,000,000	271,600,000		3.30%	\$39,400

Summary:

If the tax schedule is set at E for calendar year 2010 and the current law thereafter:

Taxes will range from \$220 to \$490 million per year.

The fund balance will remain negative through first quarter 2012.

Federal loans can be used to continue to pay benefits when the fund is depleted.

Interest, which cannot be paid from the fund, will be due by September of 2011. This may involve a special tax assessment on employers.

Interest due, estimated by multiplying the end of September fund balance by a 4.6% annual interest rate is:

September 2011: \$1 million

ALTERNATIVE 3: Schedule E in 2010, Schedule G in 2011, then Current Law

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%

10/19/2009

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Adequate Reserve Fund	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME Taxes	OUTGO Interest	BALANCE				
<i>Projected from 4th quarter 2009</i>										
2009										
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*	256,821,022		
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	121,200,000	Schedule A		
CY 2009	7.4%	3.51%	20,600	42,000,000	12,100,000	387,100,000	121,200,000*	0.7%	\$13,000	\$90
2010										
1st Qtr		3.70%	21,400	4,600,000	200,000	100,400,000	25,600,000	381,000,000		
2nd Qtr		3.75%	21,700	86,000,000	100,000	102,400,000	9,300,000			
3rd Qtr		3.80%	22,000	74,000,000	0	104,500,000	-21,200,000			
4th Qtr		3.70%	21,500	56,000,000	0	102,100,000	-67,300,000	Schedule E		
CY 2010	8.1%	3.74%	21,600	220,600,000	300,000	409,400,000	-67,300,000	2.20%	\$37,800	\$830
2011										
1st Qtr		3.50%	20,300	40,000,000	0	96,100,000	-123,400,000	585,000,000		
2nd Qtr		3.50%	20,300	134,000,000	0	95,800,000	-85,200,000			
3rd Qtr		3.50%	20,300	116,000,000	0	96,400,000	-65,600,000			
4th Qtr		3.50%	20,300	88,000,000	0	96,600,000	-74,200,000	Schedule G		
CY 2011	7.5%	3.50%	20,300	378,000,000	0	384,900,000	-74,200,000	3.30%	\$37,900	\$1,250
2012										
1st Qtr		3.10%	18,000	62,000,000	0	86,000,000	-98,200,000	606,000,000		
2nd Qtr		3.10%	18,000	166,000,000	0	87,000,000	-19,200,000			
3rd Qtr		3.10%	18,100	144,000,000	0	87,000,000	37,800,000			
4th Qtr		3.10%	18,100	110,000,000	400,000	88,000,000	60,200,000	Schedule H		
CY 2012	6.6%	3.10%	18,050	482,000,000	400,000	348,000,000	60,200,000	3.90%	\$38,500	\$1,500
2013										
1st Qtr		2.75%	16,100	76,000,000	600,000	78,000,000	58,800,000	633,000,000		
2nd Qtr		2.75%	16,100	172,000,000	600,000	79,000,000	152,400,000			
3rd Qtr		2.75%	16,200	150,000,000	1,500,000	79,000,000	224,900,000			
4th Qtr		2.75%	16,200	115,000,000	2,200,000	80,000,000	262,100,000	Schedule H		
CY 2013	5.9%	2.75%	16,200	513,000,000	4,900,000	316,000,000	262,100,000	3.90%	\$39,400	\$1,540

Summary:

If the tax schedule is set at E for calendar year 2010, G for calendar year 2011, and the current law thereafter:

Taxes will range from \$220 to \$510 million per year.

The fund balance will remain negative through second quarter 2012.

Federal loans can be used to continue to pay benefits when the fund is depleted.

Interest, which cannot be paid from the fund, will be due by September 2011. This may involve a special tax assessment on employers.

Interest due, estimated by multiplying the end of September fund balance by a 4.6% annual interest rate is:

September 2011: \$3 million

ALTERNATIVE 4: Current Tax Schedule provisions; change Adequate Reserve from 1.5x to 1x

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%

10/19/2009

	TUR (unadj)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Adequate Reserve Fund	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB	
				INCOME		OUTGO					BALANCE
				Taxes	Interest						
Projected from 4th quarter 2009											
2009											
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*	256,821,022			
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*				
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*				
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	121,200,000		Schedule A		
CY 2009	7.4%	3.51%	20,600	42,000,000	12,100,000	387,100,000	121,200,000*		0.7%	\$13,000	\$90
2010											
1st Qtr		3.70%	21,400	4,600,000	200,000	100,400,000	25,600,000	381,000,000			
2nd Qtr		3.75%	21,700	107,700,000	300,000	102,400,000	31,200,000				
3rd Qtr		3.80%	22,000	92,700,000	200,000	104,500,000	19,600,000				
4th Qtr		3.70%	21,500	70,200,000	0	102,100,000	-12,300,000		Schedule F		
CY 2010	8.1%	3.74%	21,600	275,200,000	700,000	409,400,000	-12,300,000		2.75%	\$37,800	\$1,040
2011											
1st Qtr		3.50%	20,300	49,600,000	0	96,100,000	-58,800,000	390,000,000			
2nd Qtr		3.50%	20,300	158,800,000	0	95,800,000	4,200,000				
3rd Qtr		3.50%	20,300	137,300,000	500,000	96,400,000	45,600,000				
4th Qtr		3.50%	20,300	104,000,000	500,000	96,600,000	53,500,000		Schedule H		
CY 2011	7.5%	3.50%	20,300	449,700,000	1,000,000	384,900,000	53,500,000		3.90%	\$37,900	\$1,480
2012											
1st Qtr		3.10%	18,000	73,000,000	600,000	86,000,000	41,100,000	404,000,000			
2nd Qtr		3.10%	18,000	140,000,000	500,000	87,000,000	94,600,000				
3rd Qtr		3.10%	18,100	122,000,000	1,100,000	87,000,000	130,700,000				
4th Qtr		3.10%	18,100	93,000,000	1,600,000	88,000,000	137,300,000		Schedule G		
CY 2012	6.6%	3.10%	18,050	428,000,000	3,800,000	348,000,000	137,300,000		3.30%	\$38,500	\$1,270
2013											
1st Qtr		2.75%	16,100	65,000,000	1,700,000	78,000,000	126,000,000	422,000,000			
2nd Qtr		2.75%	16,100	119,000,000	1,500,000	79,000,000	167,500,000				
3rd Qtr		2.75%	16,200	106,000,000	2,000,000	79,000,000	196,500,000				
4th Qtr		2.75%	16,200	81,000,000	2,400,000	80,000,000	199,900,000		Schedule F		
CY 2013	5.9%	2.75%	16,200	371,000,000	7,600,000	316,000,000	199,900,000		2.75%	\$39,400	\$1,080

Summary:

If the tax schedule provisions are left unchanged but the Adequate Reserve Fund amount is changed from 1.5 to 1 times the High Cost Rate:

Taxes will range from \$275 to \$450 million per year.

The fund balance will be negative from 4th quarter 2010 through 1st quarter 2011.

Lower tax schedules will be in effect for 2012 (G instead of H) and 2013 (F instead of G).

ALTERNATIVE 6: Change Taxable Wage Base formula from 100% to 50% of average annual wage

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%

10/19/2009

	TUR (unadj)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Adequate Reserve Fund	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB	
				INCOME		OUTGO					BALANCE
				Taxes	Interest						
<i>Projected from 4th quarter 2009</i>											
2009											
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*	256,821,022	Schedule A	\$13,000	\$90
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*				
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*				
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	121,200,000				
CY 2009	7.4%	3.51%	20,600	42,000,000	12,100,000	387,100,000	121,200,000*				
2010											
1st Qtr		3.70%	21,400	4,000,000	200,000	100,400,000	25,000,000	381,000,000	Schedule F	\$18,900	\$520
2nd Qtr		3.75%	21,700	81,000,000	100,000	102,400,000	3,700,000				
3rd Qtr		3.80%	22,000	58,000,000	0	104,500,000	-42,800,000				
4th Qtr		3.70%	21,500	47,000,000	0	102,100,000	-97,900,000				
CY 2010	8.1%	3.74%	21,600	190,000,000	300,000	409,400,000	-97,900,000				
2011											
1st Qtr		3.50%	20,300	37,000,000	0	96,100,000	-157,000,000	585,000,000	Schedule H	\$19,000	\$740
2nd Qtr		3.50%	20,300	120,000,000	0	95,800,000	-132,800,000				
3rd Qtr		3.50%	20,300	86,000,000	0	96,400,000	-143,200,000				
4th Qtr		3.50%	20,300	69,000,000	0	96,600,000	-170,800,000				
CY 2011	7.5%	3.50%	20,300	312,000,000	0	384,900,000	-170,800,000				
2012											
1st Qtr		3.10%	18,000	55,000,000	0	86,000,000	-201,800,000	606,000,000	Schedule H	\$19,300	\$750
2nd Qtr		3.10%	18,000	125,000,000	0	87,000,000	-163,800,000				
3rd Qtr		3.10%	18,100	90,000,000	0	87,000,000	-160,800,000				
4th Qtr		3.10%	18,100	73,000,000	0	88,000,000	-175,800,000				
CY 2012	6.6%	3.10%	18,050	343,000,000	0	348,000,000	-175,800,000				
2013											
1st Qtr		2.75%	16,100	57,000,000	0	78,000,000	-196,800,000	633,000,000	Schedule H	\$19,700	\$770
2nd Qtr		2.75%	16,100	130,000,000	0	79,000,000	-145,800,000				
3rd Qtr		2.75%	16,200	94,000,000	0	79,000,000	-130,800,000				
4th Qtr		2.75%	16,200	76,000,000	0	80,000,000	-134,800,000				
CY 2013	5.9%	2.75%	16,200	357,000,000	0	316,000,000	-134,800,000				

Summary:

If the taxable wage base formula is changed from 100% to 50% of average annual wages:

Taxable wage base will be half of current formula, ranging from estimated \$18,900 for CY 2010 to \$19,700 for 2013

Taxes will range from \$190 to \$360 million per year.

The fund balance will be negative from second quarter 2011 through 2013 and Schedule H will be in effect from 2011 through 2013.

Federal loans can be used to continue to pay benefits when the fund is depleted.

Interest, which cannot be paid from the fund, will be due by September of each year beginning in 2011. This may involve a special tax assessment on employers.

Interest due, estimated by multiplying the end of September fund balance by a 4.6% annual interest rate is:

September 2011: \$7 million

September 2012: \$7 million

September 2013: \$6 million

When a state has an outstanding balance on January 1 of two consecutive years, federal unemployment tax credits are reduced: the first year, by 0.3%, and increased by an additional 0.3% for each following year that the loan balance remains.

ALTERNATIVE 7: Cut maximum total benefits from 26 to 20 times weekly benefit amount from 2010

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%

10/19/2009

	TUR (unadj)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Adequate Reserve Fund	Taxable Avg Tax Rate Wage Base	Avg Taxes @TWB	
				INCOME		OUTGO				BALANCE
				Taxes	Interest					
Projected from 4th quarter 2009										
2009										
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*	256,821,022		
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	121,200,000	Schedule A		
CY 2009	7.4%	3.51%	20,600	42,000,000	12,100,000	387,100,000	121,200,000*	0.7%	\$13,000 \$90	
2010										
1st Qtr		3.70%	21,400	4,600,000	200,000	90,400,000	35,600,000	381,000,000		
2nd Qtr		3.75%	21,700	107,700,000	300,000	92,200,000	51,400,000			
3rd Qtr		3.80%	22,000	92,700,000	400,000	94,100,000	50,400,000			
4th Qtr		3.70%	21,500	70,200,000	0	91,900,000	28,700,000	Schedule F		
CY 2010	8.1%	3.74%	21,600	275,200,000	900,000	368,600,000	28,700,000	2.75%	\$37,800 \$1,040	
2011										
1st Qtr		3.50%	20,300	49,600,000	0	86,500,000	-8,200,000	585,000,000		
2nd Qtr		3.50%	20,300	158,800,000	0	86,200,000	64,400,000			
3rd Qtr		3.50%	20,300	137,300,000	500,000	86,800,000	115,400,000			
4th Qtr		3.50%	20,300	104,000,000	500,000	86,900,000	133,000,000	Schedule H		
CY 2011	7.5%	3.50%	20,300	449,700,000	1,000,000	346,400,000	133,000,000	3.90%	\$37,900 \$1,480	
2012										
1st Qtr		3.10%	18,000	73,000,000	1,600,000	77,400,000	130,200,000	606,000,000		
2nd Qtr		3.10%	18,000	140,000,000	1,600,000	78,300,000	193,500,000			
3rd Qtr		3.10%	18,100	122,000,000	2,300,000	78,300,000	239,500,000			
4th Qtr		3.10%	18,100	93,000,000	2,900,000	79,200,000	256,200,000	Schedule G		
CY 2012	6.6%	3.10%	18,050	428,000,000	8,400,000	313,200,000	256,200,000	3.30%	\$38,500 \$1,270	
2013										
1st Qtr		2.75%	16,100	65,000,000	3,100,000	70,200,000	254,100,000	633,000,000		
2nd Qtr		2.75%	16,100	122,000,000	3,000,000	71,100,000	308,000,000			
3rd Qtr		2.75%	16,200	106,000,000	3,700,000	71,100,000	346,600,000			
4th Qtr		2.75%	16,200	81,000,000	4,100,000	72,000,000	359,700,000	Schedule F		
CY 2013	5.9%	2.75%	16,200	374,000,000	13,900,000	284,400,000	359,700,000	2.75%	\$39,400 \$1,080	

Summary:

If the maximum total benefits are cut from 26 to 20 times weekly benefit amount from 2010:

Benefits are estimated to be reduced by 10%.

Taxes will range from \$275 to \$450 million per year.

The fund balance will be negative only in the first quarter of 2011.

ALTERNATIVE 5 (Combine Alt 3 & 4): Schedule E in 2010, Schedule G in 2011, change Adequate Reserve from 1.5x to 1x

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%

10/19/2009

	TUR (unadjusted)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Adequate Reserve Fund	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB	
				INCOME		OUTGO					BALANCE
				Taxes	Interest						
Projected from 4th quarter 2009											
2009											
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*	256,821,022			
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*				
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*				
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	121,200,000	Schedule A			
CY 2009	7.4%	3.51%	20,600	42,000,000	12,100,000	387,100,000	121,200,000*	0.7%	\$13,000	\$90	
2010											
1st Qtr		3.70%	21,400	4,600,000	200,000	100,400,000	25,600,000	381,000,000			
2nd Qtr		3.75%	21,700	86,000,000	100,000	102,400,000	9,300,000				
3rd Qtr		3.80%	22,000	74,000,000	0	104,500,000	-21,200,000				
4th Qtr		3.70%	21,500	56,000,000	0	102,100,000	-67,300,000	Schedule E			
CY 2010	8.1%	3.74%	21,600	220,600,000	300,000	409,400,000	-67,300,000	2.20%	\$37,800	\$830	
2011											
1st Qtr		3.50%	20,300	40,000,000	0	96,100,000	-123,400,000	390,000,000			
2nd Qtr		3.50%	20,300	134,000,000	0	95,800,000	-85,200,000				
3rd Qtr		3.50%	20,300	116,000,000	0	96,400,000	-65,600,000				
4th Qtr		3.50%	20,300	88,000,000	0	96,600,000	-74,200,000	Schedule G			
CY 2011	7.5%	3.50%	20,300	378,000,000	0	384,900,000	-74,200,000	3.30%	\$37,900	\$1,250	
2012											
1st Qtr		3.10%	18,000	62,000,000	0	86,000,000	-98,200,000	404,000,000			
2nd Qtr		3.10%	18,000	166,000,000	0	87,000,000	-19,200,000				
3rd Qtr		3.10%	18,100	144,000,000	0	87,000,000	37,800,000				
4th Qtr		3.10%	18,100	110,000,000	400,000	88,000,000	60,200,000	Schedule H			
CY 2012	6.6%	3.10%	18,050	482,000,000	400,000	348,000,000	60,200,000	3.90%	\$38,500	\$1,500	
2013											
1st Qtr		2.75%	16,100	76,000,000	600,000	78,000,000	58,800,000	422,000,000			
2nd Qtr		2.75%	16,100	146,000,000	600,000	79,000,000	126,400,000				
3rd Qtr		2.75%	16,200	127,000,000	1,300,000	79,000,000	175,700,000				
4th Qtr		2.75%	16,200	97,000,000	1,800,000	80,000,000	194,500,000	Schedule G			
CY 2013	5.9%	2.75%	16,200	446,000,000	4,300,000	316,000,000	194,500,000	3.30%	\$39,400	\$1,300	

Summary:

If the tax schedule is set at E for calendar year 2010, G for calendar year 2011, and the adequate reserve formula changed from 1.5 to 1x high cost rate:

Taxes will range from \$220 to \$480 million per year.

The fund balance will remain negative through second quarter 2012.

Federal loans can be used to continue to pay benefits when the fund is depleted.

Interest, which cannot be paid from the fund, will be due by September 2011. This may involve a special tax assessment on employers.

Interest due, estimated by multiplying the end of September fund balance by a 4.6% annual interest rate is:

September 2011: \$3 million

Estimated Effect of Reducing Hawaii Regular UI Maximum Duration from 26 to 20 weeks

Summary:

Cutting the maximum weeks of benefits from 26 to 20 would result in an estimated 10% reduction in total benefits. For calendar year 2010, currently projected trust fund benefit outgo of \$410 million is estimated to decrease by \$41 million.

For calendar year 2010 an estimated 24,000 claimants (45% of all claimants) would be affected by the cut in maximum weeks.

Effect on trust fund: Would still need federal loan in first quarter 2011 and would still go to Schedule H for 2011.

Analysis Data:

Exhaustion rate (12 month moving average Exhaustees as a percent of First Payments) has been increasing and reached 38.7% in September 2009.

2009	
Jan	23.6%
Feb	24.3%
Mar	25.5%
Apr	27.6%
May	29.6%
Jun	32.3%
Jul	34.2%
Aug	36.8%
Sep	38.7%

Assume 45% of claimants affected--38% current exhaustees plus estimated additional 7% who receive 21 to 25 weeks.

Decrease benefits by 6 weeks for 45% of claimants

26	current maximum weeks
6	weeks reduced from maximum (26 minus 20)
23%	percent cut in benefits for exhaustees (6 divided by 26) ; exhaustees who currently receive 26 weeks receive 6 weeks less, or a 23% cut in total benefits.
45%	percent of claimants affected
10%	percent cut in total benefits (23% x 45%); 45% of claimants each receive 23% less benefits.

Estimated cut in total benefits for CY 2010

IUR	Avg Wkly Benefits	Weeks Compensated	Total Benefits	
3.74%	\$416	985,000	\$410 M	(Contributing Employers only)
			\$427 M	(All Programs)
Estimated cut in total benefits (10%):			\$41 M	(Contributing Employers only)
			\$43 M	(All Programs)

Estimated claimants affected in calendar year 2010:

54,000	Estimated first payments (4500/month * 12)
45%	Percent of claimants affected
24,000	Estimated exhaustees affected by cut in maximum benefits (first payments * 45%)

Effect on Trust Fund:

Fund currently projected at -\$12 million at end of 2010; \$41 million decrease in fund outgo would keep fund positive at \$29 million at end of 2010.

Even with \$29 million at end of 2010 would still trigger on Schedule H for 2011.

Effects of Cutting the UI Maximum Weekly Benefit Amount (MWBA)

Current Law

Alternative 8A: Changes MWBA formula back to 70% of average weekly wage from 2010 (will automatically change back in 2011)

Alternative 8B: Changes MWBA formula to 60% of average weekly wages from 2010

Alternative 8C: Changes MWBA formula to 50% of average weekly wages from 2010

Effect on the MWBA

Bold = estimates based on current law

MWBA	2010	2011	2012	2013
75%	546			
70%	509	511	518	531
60%	437	438	444	455
50%	364	365	370	379
Change in MWBA				
75%				
70%	-\$37			
60%	-\$109	-\$73	-\$74	-\$76
50%	-\$182	-\$146	-\$148	-\$152

Current Law:

	Tax Schedule		Taxes Collected	Benefits Paid	Fund Balance	Adequate Reserve	Average Taxes@TWB	Average Tax Rate	Taxable Wage Base
CY 2010	F		\$275 M	\$409 M	-\$12 M	\$381 M	\$1,040	2.75%	\$37,800
CY 2011	H		\$450 M	\$385 M	\$54 M	\$585 M	\$1,480	3.90%	\$37,900
CY 2012	H		\$493 M	\$348 M	\$203 M	\$606 M	\$1,500	3.90%	\$38,500
CY 2013	G		\$446 M	\$316 M	\$345 M	\$633 M	\$1,300	3.30%	\$39,400

ALTERNATIVE 8A: Changes MWBA formula back to 70% of average weekly wage from 2010 (will automatically change back in 2011)

Pro: Fund balances higher

Con: No change to tax schedules through 2013; less benefits to claimants

	Tax Schedule		Taxes Collected	Benefits Paid	Fund Balance	Adequate Reserve	Average Taxes@TWB	Average Tax Rate	Taxable Wage Base
CY 2010	F		\$275 M	\$396 M	\$1 M	\$381 M	\$1,040	2.75%	\$37,800
CY 2011	H		\$450 M	\$385 M	\$67 M	\$585 M	\$1,480	3.90%	\$37,900
CY 2012	H		\$493 M	\$348 M	\$217 M	\$606 M	\$1,500	3.90%	\$38,500
CY 2013	G		\$446 M	\$316 M	\$360 M	\$633 M	\$1,300	3.30%	\$39,400

Tax savings compared to current law:

	Tax Schedule		Tax Reduction		Benefit Reduction	Avg per Employee Tax Reduction@TWB
			Annual	Cumulative		
CY 2010	F		\$0 M	\$0 M	\$13 M	\$0
CY 2011	H		\$0 M	\$0 M	\$0 M	\$0
CY 2012	H		\$0 M	\$0 M	\$0 M	\$0
CY 2013	G		\$0 M	\$0 M	\$0 M	\$0

ALTERNATIVE 8B: Changes MWBA formula to 60% of average weekly wage from 2010

Pro: Fund balances higher; lower taxes in 2012 and 2013

Con: No immediate tax relief; less benefits to claimants

	Tax Schedule		Taxes Collected	Benefits Paid	Fund Balance	Adequate Reserve	Average Taxes@TWB	Average Tax Rate	Taxable Wage Base
CY 2010	F		\$275 M	\$361 M	\$36 M	\$381 M	\$1,040	2.75%	\$37,800
CY 2011	H		\$450 M	\$362 M	\$125 M	\$585 M	\$1,480	3.90%	\$37,900
CY 2012	G		\$428 M	\$328 M	\$233 M	\$606 M	\$1,270	3.30%	\$38,500
CY 2013	F		\$374 M	\$298 M	\$323 M	\$633 M	\$1,080	2.75%	\$39,400

Tax savings compared to current law:

			Tax Reduction		Benefit Reduction	Avg per Employee Tax Reduction@TWB
			Annual	Cumulative		
CY 2010	F		\$0 M	\$0 M	\$48 M	\$0
CY 2011	H		\$0 M	\$0 M	\$23 M	\$0
CY 2012	H to G		\$65 M	\$65 M	\$20 M	\$230
CY 2013	G to F		\$72 M	\$137 M	\$18 M	\$220

ALTERNATIVE 8C: Changes MWBA formula to 50% of average weekly wage from 2010

Pro: Fund balances higher; lower taxes in 2012 and 2013

Con: No immediate tax relief; less benefits to claimants

	Tax Schedule		Taxes Collected	Benefits Paid	Fund Balance	Adequate Reserve	Average Taxes@TWB	Average Tax Rate	Taxable Wage Base
CY 2010	F		\$275 M	\$329 M	\$68 M	\$381 M	\$1,040	2.75%	\$37,800
CY 2011	H		\$450 M	\$331 M	\$188 M	\$585 M	\$1,480	3.90%	\$37,900
CY 2012	G		\$428 M	\$300 M	\$327 M	\$606 M	\$1,270	3.30%	\$38,500
CY 2013	F		\$374 M	\$272 M	\$447 M	\$633 M	\$1,080	2.75%	\$39,400

Tax savings compared to current law:

			Tax Reduction		Benefit Reduction	Avg per Employee Tax Reduction@TWB
			Annual	Cumulative		
CY 2010	F		\$0 M	\$0 M	\$80 M	\$0
CY 2011	H		\$0 M	\$0 M	\$54 M	\$0
CY 2012	H to G		\$65 M	\$65 M	\$48 M	\$230
CY 2013	G to F		\$72 M	\$137 M	\$44 M	\$220

Hawaii Unemployment Compensation Fund Projections 2009 through 2013 - Current Law

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%

10/19/2009

	TUR (unadj)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Adequate Reserve Fund	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME Taxes	OUTGO Interest	BALANCE				
<i>Projected from 4th quarter 2009</i>										
2009										
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*	256,821,022		
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	121,200,000		Schedule A	
CY 2009	7.4%	3.51%	20,600	42,000,000	12,100,000	387,100,000	121,200,000*		0.7%	\$13,000
2010										
1st Qtr		3.70%	21,400	4,600,000	200,000	100,400,000	25,600,000	381,000,000		
2nd Qtr		3.75%	21,700	107,700,000	300,000	102,400,000	31,200,000			
3rd Qtr		3.80%	22,000	92,700,000	200,000	104,500,000	19,600,000			
4th Qtr		3.70%	21,500	70,200,000	0	102,100,000	-12,300,000		Schedule F	
CY 2010	8.1%	3.74%	21,600	275,200,000	700,000	409,400,000	-12,300,000		2.75%	\$37,800
2011										
1st Qtr		3.50%	20,300	49,600,000	0	96,100,000	-58,800,000	585,000,000		
2nd Qtr		3.50%	20,300	158,800,000	0	95,800,000	4,200,000			
3rd Qtr		3.50%	20,300	137,300,000	500,000	96,400,000	45,600,000			
4th Qtr		3.50%	20,300	104,000,000	500,000	96,600,000	53,500,000		Schedule H	
CY 2011	7.5%	3.50%	20,300	449,700,000	1,000,000	384,900,000	53,500,000		3.90%	\$37,900
2012										
1st Qtr		3.10%	18,000	73,000,000	600,000	86,000,000	41,100,000	606,000,000		
2nd Qtr		3.10%	18,000	166,000,000	500,000	87,000,000	120,600,000			
3rd Qtr		3.10%	18,100	144,000,000	1,500,000	87,000,000	179,100,000			
4th Qtr		3.10%	18,100	110,000,000	2,200,000	88,000,000	203,300,000		Schedule H	
CY 2012	6.6%	3.10%	18,050	493,000,000	4,800,000	348,000,000	203,300,000		3.90%	\$38,500
2013										
1st Qtr		2.75%	16,100	76,000,000	2,400,000	78,000,000	203,700,000	633,000,000		
2nd Qtr		2.75%	16,100	146,000,000	2,400,000	79,000,000	273,100,000			
3rd Qtr		2.75%	16,200	127,000,000	3,300,000	79,000,000	324,400,000			
4th Qtr		2.75%	16,200	97,000,000	3,900,000	80,000,000	345,300,000		Schedule G	
CY 2013	5.9%	2.75%	16,200	446,000,000	12,000,000	316,000,000	345,300,000		3.30%	\$39,400

- *Title IX (Reed Act) distribution, Feb 2009: \$2,180,480
- *Title IX (Reed Act) withdrawal, Apr 2009: \$6,850,055
- *ARRA UI Modernization received, Jun 2009: \$10,175,575
- *Title IX (Reed Act) withdrawal, Jun 2009: \$1,040,607
- *Title IX (Reed Act) withdrawal, Jul 2009: \$250,995
- *ARRA UI Modernization, Aug 2009: \$20,351,150
- *Title IX (Reed Act) withdrawal, Aug 2009: \$450,096
- *Title IX (Reed Act) withdrawal, Sep 2009: \$724,364

TUR = Total Unemployment Rate, not seasonally adjusted (2008 rates revised March 2009)

IUR = Insured Unemployment Rate; week including the 12th of the month

13-Wk Avg Claims: 13 week moving average claims for State Unemployment programs, used for IUR, excludes federal and extended benefits

Avg Taxes @TWB = Taxes on employee with annual wages at or above the taxable wage base at average tax rate; actual tax rates range from zero to 5.4%.

Summary:

Based on unemployment increasing through 3rd quarter 2010 (June 2009 UHERO forecast), the fund is projected to go into the negative from December 2010 through the first quarter of 2011.

Taxes will increase in 2010 and 2011 resulting in a positive balance by the end of 2011.

ALTERNATIVE 8A: Changes MWBA formula back to 70% of average weekly wage from 2010 (will automatically change back in 2011)

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%

10/19/2009

	TUR (unadj)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Adequate Reserve Fund	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB	
				INCOME		OUTGO					BALANCE
				Taxes	Interest						
Projected from 4th quarter 2009											
2009											
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*	256,821,022	Schedule A	\$13,000	\$90
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*				
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*				
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	121,200,000				
CY 2009	7.4%	3.51%	20,600	42,000,000	12,100,000	387,100,000	121,200,000*				
2010											
1st Qtr		3.70%	21,400	4,600,000	200,000	97,000,000	29,000,000	381,000,000	Schedule F	\$37,800	\$1,040
2nd Qtr		3.75%	21,700	107,700,000	300,000	99,000,000	38,000,000				
3rd Qtr		3.80%	22,000	92,700,000	300,000	101,000,000	30,000,000				
4th Qtr		3.70%	21,500	70,200,000	0	99,000,000	1,200,000				
CY 2010	8.1%	3.74%	21,600	275,200,000	800,000	396,000,000	1,200,000				
2011											
1st Qtr		3.50%	20,300	49,600,000	0	96,100,000	-45,300,000	585,000,000	Schedule H	\$37,900	\$1,480
2nd Qtr		3.50%	20,300	158,800,000	0	95,800,000	17,700,000				
3rd Qtr		3.50%	20,300	137,300,000	500,000	96,400,000	59,100,000				
4th Qtr		3.50%	20,300	104,000,000	500,000	96,600,000	67,000,000				
CY 2011	7.5%	3.50%	20,300	449,700,000	1,000,000	384,900,000	67,000,000				
2012											
1st Qtr		3.10%	18,000	73,000,000	800,000	86,000,000	54,800,000	606,000,000	Schedule H	\$38,500	\$1,500
2nd Qtr		3.10%	18,000	166,000,000	700,000	87,000,000	134,500,000				
3rd Qtr		3.10%	18,100	144,000,000	1,600,000	87,000,000	193,100,000				
4th Qtr		3.10%	18,100	110,000,000	2,300,000	88,000,000	217,400,000				
CY 2012	6.6%	3.10%	18,050	493,000,000	5,400,000	348,000,000	217,400,000				
2013											
1st Qtr		2.75%	16,100	76,000,000	2,600,000	78,000,000	218,000,000	633,000,000	Schedule G	\$39,400	\$1,300
2nd Qtr		2.75%	16,100	146,000,000	2,600,000	79,000,000	287,600,000				
3rd Qtr		2.75%	16,200	127,000,000	3,400,000	79,000,000	339,000,000				
4th Qtr		2.75%	16,200	97,000,000	4,100,000	80,000,000	360,100,000				
CY 2013	5.9%	2.75%	16,200	446,000,000	12,700,000	316,000,000	360,100,000				

Summary:

If the maximum weekly benefit amount is changed to 70% of average weekly wage from 2010:

Benefits are estimated to be reduced by 3%.

No change from current law in tax schedules.

ALTERNATIVE 8B: Changes MWBA formula to 60% from 2010

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%

10/19/2009

	TUR (unadj)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Adequate Reserve Fund	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB	
				INCOME		OUTGO					BALANCE
				Taxes	Interest						
Projected from 4th quarter 2009											
2009											
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*	256,821,022			
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*				
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*				
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	121,200,000	Schedule A			
CY 2009	7.4%	3.51%	20,600	42,000,000	12,100,000	387,100,000	121,200,000*	0.7%	\$13,000	\$90	
2010											
1st Qtr		3.70%	21,400	4,600,000	200,000	89,000,000	37,000,000	381,000,000			
2nd Qtr		3.75%	21,700	107,700,000	300,000	90,000,000	55,000,000				
3rd Qtr		3.80%	22,000	92,700,000	400,000	92,000,000	56,100,000				
4th Qtr		3.70%	21,500	70,200,000	0	90,000,000	36,300,000	Schedule F			
CY 2010	8.1%	3.74%	21,600	275,200,000	900,000	361,000,000	36,300,000	2.75%	\$37,800	\$1,040	
2011											
1st Qtr		3.50%	20,300	49,600,000	0	90,000,000	-4,100,000	585,000,000			
2nd Qtr		3.50%	20,300	158,800,000	0	90,000,000	64,700,000				
3rd Qtr		3.50%	20,300	137,300,000	500,000	91,000,000	111,500,000				
4th Qtr		3.50%	20,300	104,000,000	500,000	91,000,000	125,000,000	Schedule H			
CY 2011	7.5%	3.50%	20,300	449,700,000	1,000,000	362,000,000	125,000,000	3.90%	\$37,900	\$1,480	
2012											
1st Qtr		3.10%	18,000	73,000,000	1,600,000	81,000,000	118,600,000	606,000,000			
2nd Qtr		3.10%	18,000	140,000,000	1,600,000	82,000,000	178,200,000				
3rd Qtr		3.10%	18,100	122,000,000	2,300,000	82,000,000	220,500,000				
4th Qtr		3.10%	18,100	93,000,000	2,900,000	83,000,000	233,400,000	Schedule G			
CY 2012	6.6%	3.10%	18,050	428,000,000	8,400,000	328,000,000	233,400,000	3.30%	\$38,500	\$1,270	
2013											
1st Qtr		2.75%	16,100	65,000,000	3,100,000	74,000,000	227,500,000	633,000,000			
2nd Qtr		2.75%	16,100	122,000,000	3,000,000	74,000,000	278,500,000				
3rd Qtr		2.75%	16,200	106,000,000	3,700,000	75,000,000	313,200,000				
4th Qtr		2.75%	16,200	81,000,000	4,100,000	75,000,000	323,300,000	Schedule F			
CY 2013	5.9%	2.75%	16,200	374,000,000	13,900,000	298,000,000	323,300,000	2.75%	\$39,400	\$1,080	

Summary:

If the maximum weekly benefit amount is changed to 60% of average weekly wage from 2010:

Benefits are estimated to be reduced by 6%.

Tax schedule G instead of H in 2012, F instead of G in 2013.

ALTERNATIVE 8C: Changes MWBA formula to 50% from 2010

Based on UHERO 9/25/2009 projected total unemployment rates: 2009 7.4%; 2010 8.1%; 2011 7.5%; 2012 6.6%; 2013 5.9%

10/19/2009

	TUR (unadj)	IUR	13-wk Avg Claims	Hawaii Unemployment Compensation Fund			Adequate Reserve Fund	Avg Tax Rate	Taxable Wage Base	Avg Taxes @TWB
				INCOME Taxes	OUTGO Interest	BALANCE				
Projected from 4th quarter 2009										
2009										
1st Qtr		3.25%	19,313	4,990,588	4,532,665	90,247,145	352,215,516*	256,821,022		
2nd Qtr		3.56%	21,088	21,851,384	3,484,701	100,051,509	279,785,005*			
3rd Qtr		3.52%	20,694	9,271,990	2,788,122	95,894,998	214,875,814*			
4th Qtr		3.70%	21,400	5,900,000	1,300,000	100,900,000	121,200,000	Schedule A		
CY 2009	7.4%	3.51%	20,600	42,000,000	12,100,000	387,100,000	121,200,000*	0.7%	\$13,000	\$90
2010										
1st Qtr		3.70%	21,400	4,600,000	200,000	81,000,000	45,000,000	381,000,000		
2nd Qtr		3.75%	21,700	107,700,000	300,000	82,000,000	71,000,000			
3rd Qtr		3.80%	22,000	92,700,000	500,000	84,000,000	80,200,000			
4th Qtr		3.70%	21,500	70,200,000	0	82,000,000	68,400,000	Schedule F		
CY 2010	8.1%	3.74%	21,600	275,200,000	1,000,000	329,000,000	68,400,000	2.75%	\$37,800	\$1,040
2011										
1st Qtr		3.50%	20,300	49,600,000	0	83,000,000	35,000,000	585,000,000		
2nd Qtr		3.50%	20,300	158,800,000	0	82,000,000	111,800,000			
3rd Qtr		3.50%	20,300	137,300,000	500,000	83,000,000	166,600,000			
4th Qtr		3.50%	20,300	104,000,000	500,000	83,000,000	188,100,000	Schedule H		
CY 2011	7.5%	3.50%	20,300	449,700,000	1,000,000	331,000,000	188,100,000	3.90%	\$37,900	\$1,480
2012										
1st Qtr		3.10%	18,000	73,000,000	2,300,000	74,000,000	189,400,000	606,000,000		
2nd Qtr		3.10%	18,000	140,000,000	2,300,000	75,000,000	256,700,000			
3rd Qtr		3.10%	18,100	122,000,000	3,100,000	75,000,000	306,800,000			
4th Qtr		3.10%	18,100	93,000,000	3,700,000	76,000,000	327,500,000	Schedule G		
CY 2012	6.6%	3.10%	18,050	428,000,000	11,400,000	300,000,000	327,500,000	3.30%	\$38,500	\$1,270
2013										
1st Qtr		2.75%	16,100	65,000,000	3,900,000	67,000,000	329,400,000	633,000,000		
2nd Qtr		2.75%	16,100	122,000,000	4,000,000	68,000,000	387,400,000			
3rd Qtr		2.75%	16,200	106,000,000	4,600,000	68,000,000	430,000,000			
4th Qtr		2.75%	16,200	81,000,000	5,200,000	69,000,000	447,200,000	Schedule F		
CY 2013	5.9%	2.75%	16,200	374,000,000	17,700,000	272,000,000	447,200,000	2.75%	\$39,400	\$1,080

Summary:

If the maximum weekly benefit amount is changed to 50% of average weekly wage from 2010:

Benefits are estimated to be reduced by 14%.

Tax schedule G instead of H in 2012, F instead of G in 2013.