

Unemployment Insurance

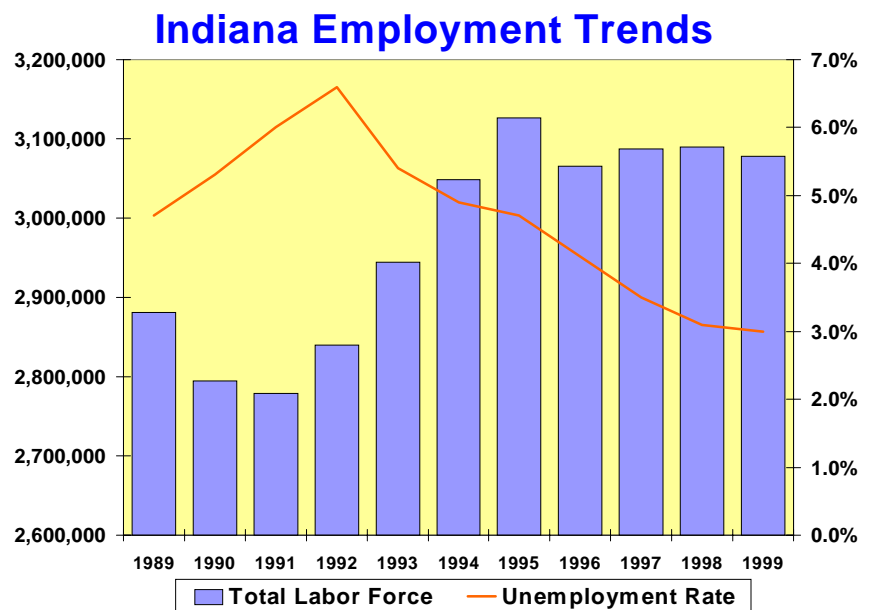
Mission

To provide income maintenance to individuals unemployed through no fault of their own, helping them bridge the gap between becoming unemployed and returning to work.

Summary of Activities

Unemployment insurance programs are administered by the **Department of Workforce Development (DWD)** and overseen by the Unemployment Insurance (UI) Board. The Board is also responsible for presenting an annual report to the Governor regarding the program and the status of three Unemployment Insurance Funds: the Unemployment Insurance Trust Fund, the Employment and Training Services Administration Fund, and the Special Employment and Training Services Fund.

The amount of UI benefits an individual is eligible to receive is determined by the amount of wages earned during their “base period”, which is comprised of the first four of the last five previous calendar quarters. A minimum of \$2,750 must have been earned during the base period to qualify for benefits. The benefit amount is calculated by multiplying the highest wages earned in any one of the four quarters in the base period by two separate but specific percentages. No more than \$6,700 of wages may be counted per quarter. A worker may receive benefits for a maximum of 26 weeks, but the benefits may be received during a 52-week period if the worker finds employment but is then laid off again.



The UI system is financed by the State Unemployment Tax (SUTA), which is collected from Indiana employers. The SUTA tax rate is determined by a statutory schedule, and varies depending on the balance of the UI Trust Fund, the balance of the employer's account, and the amount of unemployment charges to the employer. The DWD collects all SUTA taxes from employers and distributes all UI benefits to workers.

The Special Employment and Training Services Fund is derived from penalties and interest collected on employers' delinquent Indiana unemployment insurance taxes. The UI Board may use this fund for administrative costs and unemployment prevention programs.

External Factors

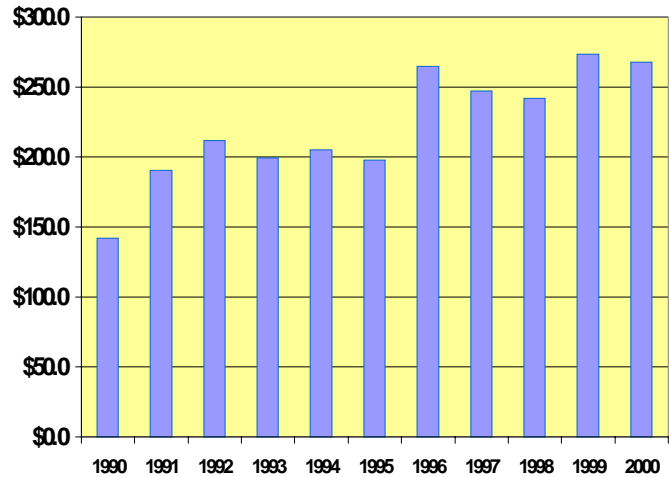
Unemployment insurance expenditures are highly dependant on changes in economic conditions and the overall health of the national economy. Because Indiana's unemployment rate is at a historically low level, the Unemployment Insurance Trust Fund balance is substantial. As a result, increased worker benefits and reduced employer tax rates have been put in effect for Calendar Year 2000 and 2001.

Despite the high balances, delinquent unemployment insurance taxes remain a serious concern. Delinquent liabilities totaling \$5,570,388 were canceled in 1999. The Board works very closely with the DWD to identify and collect delinquent unemployment insurance taxes, and to prosecute fraudulent UI claims.

Evaluation and Accomplishments

- ◆ A new reimbursable account collection process was placed into production in February, 1999. This system has been quite successful in reducing outstanding balances.
- ◆ A new remittance and document tracking system was implemented to improve customer service to employers. This system provides an audit trail of completed and in-process employer account activities.
- ◆ The UI Board approved funding for the Advance Indiana incumbent worker training initiative and high-tech training funds, in cooperation with the Department of Commerce.
- ◆ The Department of Workforce Development has met or exceeded the Desired Levels of Achievement established by the U.S. Department of Labor.

Unemployment Insurance Benefits Paid
(\$millions)



Plans for the Biennium

The DWD will implement the increases in unemployment insurance benefits and unemployment insurance tax cuts mandated by a law passed during the 2000 session of the Indiana General Assembly. The DWD will increase the number of employers utilizing telephone reporting to submit quarterly unemployment tax reports and tax payments, and continue to meet or exceed U.S. Department of Labor Desired Achievement Levels. The agency will also test and implement new software to assist in locating delinquent employers, allowing more timely and efficient collection of delinquent liabilities, as well as increasing the amount collected.

<i>Program: 0225</i>	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Appropriation (All Funds)	\$380,000,000	\$290,000,000	\$290,000,000	\$278,900,000	\$278,900,000
Expenditures	\$292,184,832	\$270,291,536	\$278,700,000		

<p>Sources of Funds FY 2001 (Approp)</p> <p> <input type="checkbox"/> General <input type="checkbox"/> Dedicated <input type="checkbox"/> Federal <input type="checkbox"/> Other </p> <p style="text-align: center;">100%</p>	<p>Uses of Funds FY 2001 (Approp)</p> <p> <input type="checkbox"/> Personal Services <input type="checkbox"/> Distributions <input type="checkbox"/> Capital <input type="checkbox"/> Other </p> <p style="text-align: center;">100%</p>
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