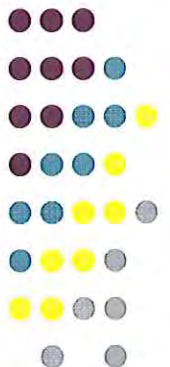


Unemployment Insurance System

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TABLE OF CONTENTS

Introduction.....	1
Overview of the Wisconsin Unemployment Insurance System	1
Federal Role in the Unemployment Insurance System	3
Supplemental Federal Benefits: 2008-2011	4
Wisconsin Unemployment Insurance System.....	5
Covered Employers and Employment	5
Financing Unemployment Insurance Benefits	7
Contribution Financing	8
Reimbursement Financing.....	12
Regular Unemployment Insurance Benefits.....	12
Criteria for Eligibility	12
Special Eligibility Provisions	13
Determination of Unemployment Insurance Benefits.....	17
Partial Employment	19
Administration of the Unemployment Insurance System	19
Benefit Appeals Process	19
Unemployment Insurance Advisory Council	20
Unemployment Insurance Reserve Fund	21
Financial Status of the Unemployment Reserve Fund	22
Appendix I Excluded Employment.....	25
Appendix II Computation of Contribution Liability.....	29
Appendix III Mechanics of Contribution Financing Over Time.....	30
Appendix IV Weekly Benefit Rate Schedule	33

Unemployment Insurance System

In 1932, Wisconsin became the first state in the nation to implement an unemployment insurance program. (Prior to 1998, the program was named the Unemployment Compensation System). As originally designed, this program was intended to further a number of different social goals. Most fundamentally, the program was designed to provide a temporary source of income, financed by employers, for workers who were laid off from their jobs. In addition, the program was implemented to further broader societal goals, which included establishing a policy designed to encourage stable employment practices and a mechanism to provide an economic stimulus during economic downturns.

Although these fundamental principles still underlie the current unemployment insurance system, the scope of the system has increased considerably since its inception. The current system is characterized by interrelated benefit and tax structures, which are affected by provisions of both state and federal law.

The purpose of this paper is to provide a general review of the state's unemployment insurance system. The first section in this paper provides an overview of the system. The following sections provide descriptions of various components of the unemployment insurance system. The final section describes the current financial status of the unemployment insurance reserve fund.

Overview of the Wisconsin Unemployment Insurance System

Wisconsin's unemployment insurance system is designed to provide a source of income to workers during periods of temporary unemployment. In

order to achieve this objective, Wisconsin's unemployment insurance law (Chapter 108, Wisconsin Statutes) provides the following types of benefits for unemployed workers: regular benefits, supplemental benefits, and extended benefits. Supplemental and extended benefits are not available to the same individual at the same time as regular benefits, but are designed in combination to lengthen the amount of time during which an unemployed worker can receive benefits during periods of higher unemployment.

Regular benefits are the main type of benefits that an unemployed worker can receive. In order to receive these benefits, a claimant must have been employed in covered employment and must meet specific minimum qualifying or eligibility criteria. If a claimant is eligible to receive regular benefits, the total amount of benefits available to the claimant depends on the wages earned by the claimant in covered employment in a base period. The maximum benefits available are the lesser of 26 times the weekly benefit rate or 40% of total base-period wages. (The method for determining regular benefit payments is described in a subsequent section.)

Supplemental and extended benefits provided under Wisconsin's unemployment insurance law are designed to lengthen the duration of benefits during periods of high unemployment. Unlike regular benefits, which depend only on the eligibility of the claimant, supplemental and extended benefits also depend on the general unemployment situation. In order for these benefits to be paid, Wisconsin's insured unemployment rate must exceed specified trigger levels. As the insured unemployment rate rises, the first trigger point to be reached is that for Wisconsin supplemental benefits. Specifically, Wisconsin supplemental benefits are triggered when the state insured unemployment rate for the current week and the preceding

12 weeks: (a) equals or exceeds 120% of the average of such rates for the corresponding 13-week period during each of the preceding two calendar years and equals or exceeds 4%; or (b) equals or exceeds 5%. The supplemental benefit period begins the third week after the unemployment rate threshold is triggered.

If the insured unemployment rate continues to rise, the trigger point for extended benefits may be reached. Extended benefits are triggered if the state Department of Workforce Development (DWD) determines that for the current week and the preceding 12 weeks, the state insured unemployment rate: (a) equals or exceeds 120% of the average of such rates for the corresponding 13-week period during each of the preceding two calendar years and equals or exceeds 5%; or (b) equals or exceeds 6%. Once extended benefits are triggered, Wisconsin supplemental benefits are no longer available. Again, the extended benefit period begins the third week after the unemployment rate trigger point is reached.

When the Wisconsin supplemental benefit program is triggered, it acts to increase the maximum amount of state benefits from 26 to 34 times the weekly benefit rate. However, total regular and supplemental benefits cannot exceed 40% of base-period wages. The number of weeks for which the regular and supplemental weekly benefit payment would be received is determined by dividing the total benefit entitlement by the weekly benefit rate. Consequently, the increase in the total amount of benefits from 26 to 34 times the weekly benefit rate also has the effect of increasing the maximum period during which benefits can be received from 26 to 34 weeks. Supplemental benefits are only available to claimants who have exhausted all of their regular benefits.

Once extended benefits are triggered, eligible claimants can receive additional benefit payments equal to the lesser of: (a) one-half of their regular benefit payments; or (b) thirteen times their weekly benefit rate; or (c) 39 times their weekly benefit rate reduced by the amount of regular benefit payments

received. As a result, claimants can receive up to 26 weeks of regular benefit payments and an additional thirteen weeks of extended benefit payments. However, extended benefit payments must be reduced by the amount of supplemental benefits received. To be eligible for extended benefits, claimants must have base-period wages equal to 40 times their weekly benefit rate, exhaust all regular benefits, and meet certain work search requirements.

During the periods of high unemployment during the 2008-2009 recession, state law was amended for extended and supplemental benefits so that the state could obtain 100% federally funded emergency benefit payments in lieu of making payments supported by state funds. Pursuant to 2009 Wisconsin Act 1, no Wisconsin supplemental or extended benefits may be paid for any week of unemployment ending after January 27, 2009, if federally funded benefits (such as Emergency Unemployment Compensation) are payable in this state under federal law. The Governor may suspend this provision by executive order, unless prohibited by federal law, which would become effective at the beginning of the week specified in the executive order. 2009 Wisconsin Act 11 created additional changes to the law regarding extended benefits for weeks of unemployment beginning on or after February 17, 2009, and ending on the last week for which federal sharing is authorized under the American Recovery and Reinvestment Act of 2009 (ARRA) or amendments thereto. Additional information can be found under the section "Supplementary Federal Benefits: 2008-2011."

The net effect of these three benefit programs depends on the insured unemployment rate in Wisconsin. At low rates, an eligible claimant can receive regular unemployment insurance benefit payments for up to 26 weeks. If the insured unemployment rate rises enough to trigger Wisconsin supplemental benefits, an eligible claimant can receive benefit payments for a maximum of 34 weeks (26 weeks of regular benefits plus eight weeks of state supplemental compensation payments). Finally, if the insured unemployment rate rises

enough to trigger extended benefits, an eligible claimant can receive benefits for a maximum of 39 weeks (26 weeks of regular benefits plus 13 weeks of extended benefits).

Along with provisions for establishing benefit programs and determining the eligibility of individual claimants to receive benefits, Wisconsin and federal unemployment insurance laws establish several methods to finance the various benefit programs. The type of financing used varies both by type of employer and type of benefit. However, the payment of benefits to claimants and the amount of these benefits are independent of the type of financing used.

In general, benefits paid to claimants who have been employed by most governmental units and most of the nonprofit organizations in the state are financed through direct reimbursement from the employer. Benefits paid to claimants who have been employed by private, for-profit firms or the remaining governmental units and nonprofit organizations are financed through taxes these employers are required to pay to the state's unemployment reserve fund. The level of taxes an individual employer is required to pay depends on the size of the employer's taxable payroll and the employer's past unemployment experience. Employers with considerable unemployment experience are required to pay higher taxes than those with lesser levels of unemployment experience and the same taxable payroll.

Extended benefits paid to claimants formerly employed by governmental units are financed by direct reimbursement. Extended benefits paid to other claimants are financed on an almost equal basis through state and federal financing methods. The state's share of the cost of extended benefits is financed by charging that share to each employer's account in the unemployment reserve fund in proportion to the employer's share of the total wages of the claimant in the base period upon which the extended benefit payments are based. (Extended benefit payments based on wages from an employer with respect to which the claimant has re-

fused, terminated, or reduced employment under certain conditions, or from which the claimant has been discharged for misconduct are financed from the reserve fund's balancing account, provided that the claimant has performed sufficient additional work to overcome disqualification that would otherwise apply in these situations.)

The Division of Unemployment Insurance within the Department of Workforce Development administers Wisconsin's unemployment insurance law. A review of certain administrative decisions made by the Division can be requested of the Labor and Industry Review Commission (LIRC), which is attached to DWD for limited administrative purposes.

In addition to these organizations, there is an Unemployment Insurance Advisory Council to advise the Department on matters related to unemployment insurance. This council is composed of an equal number of employee and employer representatives and is chaired by an employee of DWD.

Financing for the administration of the unemployment insurance system is provided by the federal government through revenues from the federal unemployment tax. In order for DWD to receive this funding, the state's unemployment insurance law must be approved by the Secretary of the federal Department of Labor. This approval is given on an annual basis and is contingent upon Wisconsin's unemployment insurance law meeting various criteria specified in federal law.

Federal Role in the Unemployment Insurance System

Underlying the unemployment insurance systems developed by each of the states is the federal unemployment insurance law. This law, primarily embodied in the Federal Unemployment Tax Act and portions of the Social Security Act, was originally adopted to encourage the states to

establish their own unemployment insurance systems and to ensure that these systems met certain minimum standards. Today, since all of the states have unemployment insurance systems, federal law serves primarily to maintain certain minimum standards and to provide financial assistance to the individual systems.

A major component of the federal unemployment insurance law is the federal unemployment tax. The tax is paid by most private, for-profit employers and assessed on the first \$7,000 per year paid to each employee for work which is covered by the federal unemployment insurance law. The Federal Unemployment Tax Act (FUTA) tax rate is 6.2%, which includes a federal 0.2% surcharge. However, the federal law provides for an offset credit of up to 5.4% for state unemployment insurance taxes paid. This credit is available to employers where the state unemployment insurance law conforms to federal law and where the state tax rates are experience rated.

For the 2009 federal fiscal year, Wisconsin employers paid approximately \$131 million in federal unemployment taxes. If the Wisconsin unemployment insurance law had not met the standards for federal approval, Wisconsin employers would have had to pay additional taxes due to the elimination of the federal tax credit. The value of the tax credit to Wisconsin's employers serves as a strong incentive to keep the state's unemployment insurance law in compliance with the federal standards.

The revenues the federal government receives from the federal unemployment tax are used for three principal purposes. First, they are used to finance the administration of the unemployment insurance system and job service program at both the federal and state levels. During the 2009 federal fiscal year, Wisconsin received a total of \$88 million in federal unemployment administration funding. Additional federal administrative funds were received for employment service and labor market information. In order to receive this funding, the state's unemployment insurance law must be ap-

proved by the Secretary of the U.S. Department of Labor. Second, federal unemployment tax revenues are used to finance the federal share of extended benefit payments and benefits under some federal supplemental and emergency programs, such as Emergency Unemployment Compensation (EUC), Federal Additional Compensation (FAC), and 100% federally funded Extended Benefits (EB). Additional information regarding these emergency federal benefits is provided in the following section. Finally, these revenues are used to make loans to the unemployment reserve funds of states that need these advances to continue to meet their benefit obligations.

Federal law requires state unemployment insurance systems to cover nonprofit organizations and government entities. In addition, state unemployment insurance tax collections are deposited in the federal unemployment trust fund in the U.S. Treasury and credited to individual state reserve fund accounts. The states draw on these accounts to make benefit payments.

Supplemental Federal Benefits: 2008-2011

In response to the 2008-2009 recession, the federal government passed a series of laws that increased the number of weeks for which unemployment benefits were available to eligible individuals through the four tiered EUC program, provided 100% federal funding for the EB program, and increased the amount of benefits unemployed claimants could receive per week through the FAC program. Certain programs were available only to states which had an unemployment rate high enough to trigger additional benefits, whereas other programs were available to eligible individuals in all states. In certain cases, Wisconsin changed existing unemployment insurance law to maximize the amount of federal funds received for unemployed individuals.

The EUC program provided up to a maximum of 53 weeks of federally funded unemployment insurance benefits for eligible unemployed individuals who had exhausted their 26 weeks of regular state benefits and had a benefit year ending on May 1, 2007, or later. To be eligible for the EUC program, an individual had to meet the following requirements: (a) have an unemployment claim that began on or after May 7, 2006; (b) have base period wages for the EUC claim that are equal to at least 40 times the regular benefit rate; (c) have exhausted regular benefits, have a benefit year ending on May 1, 2007 or later, and be ineligible for a new unemployment insurance benefit claim in any state; (d) be unemployed or working reduced hours; and (e) be able and available and seeking work. The first 34 weeks of EUC benefits are available to eligible individuals in all states, whereas the additional 19 weeks were available in states that have an unemployment rate high enough to trigger each tier of additional EUC benefits. 2009 Wisconsin Act 1 provided the suspension of state funded benefits when allowed by federal law and supplanted by federal benefits, enabling the state to defer state supplemental and extended benefit payments until after an individual had exhausted all available federally funded EUC benefits.

The ARRA increased from 50% to 100% the federal share of funding for existing EB programs. The first 13 weeks of federally funded EB were provided to states eligible to receive normal EB. 2009 Wisconsin Act 11 modified state extended benefit provisions to more closely conform to federal extended benefit requirements, as long as the federal funding rate of 100% was available. These changes allowed the state to receive an additional seven weeks of federally funded high extended benefits by creating a state HEB program when the state's unemployment rate was high enough for individuals to qualify for the additional seven weeks of benefits. The ARRA also created the FAC program, which provided an additional temporary \$25 per week of federally funded unemployment compensation for unemployed workers beginning after the state entered an agreement to make these payments.

As of the publication of this paper, eligible individuals in eligible states may receive up to a maximum of 53 weeks of federally funded EUC benefits through January 3, 2012. Individuals in eligible states may receive the 100% federally-funded maximum of 13 weeks of EB and maximum of seven weeks of HEB benefits through January 4, 2012. The FAC program ended December 12, 2010.

Federal law controls both the final dates of entry into the EUC programs and the periods during which benefits will be phased out. With the federal and state law changes outlined above, Wisconsin claimants were eligible for a maximum of 99 weeks from combined regular unemployment benefits and 100% federal funding of EUC, EB, and HEB programs through August 14, 2010. From August 15, 2010, through October 16, 2010, Wisconsin claimants were eligible for 93 weeks of total benefits. From October 17, 2010, through the publication of this paper, Wisconsin claimants were eligible for a maximum of 86 weeks of benefits. Wisconsin claimants may be eligible for more or fewer weeks of benefit payments depending on federal law, as well as the state adjusted total unemployment rate. Wisconsin claimants were eligible to receive FAC benefits until the program ended December 12, 2010.

Wisconsin Unemployment Insurance System

The following sections provide descriptions of the components of the state's unemployment insurance system.

Covered Employers and Employment

Wisconsin's unemployment insurance law divides employers into three main categories, each of which is treated differently in determining whether or not they are subject to the provisions of this law. All governmental units and Indian Tribes are covered employers regardless of the number of people they employ or the size of their payroll.

Nonprofit organizations that are exempt from the federal income tax are covered employers if they employ at least four individuals for some portion of a day during at least 20 different weeks during the current or preceding year. In general, private, for-profit businesses must make unemployment insurance contribution (tax) payments if they pay wages of at least \$1,500 for employment during a calendar quarter, or if they employ at least one individual for some portion of a day during at least 20 different weeks, during either the current or preceding year.

In addition to these general provisions, certain types of businesses are governed by specific coverage requirements:

a. An agricultural concern is a covered employer if it pays wages of at least \$20,000 for agricultural labor during a calendar quarter, or if it employs at least 10 individuals in agricultural labor for some portion of a day at least 20 different weeks, during the current or preceding year.

b. A concern or individual employing domestic workers is a covered employer if wages of at least \$1,000 are paid for domestic labor during a calendar quarter, during the current or preceding year.

c. A corporation or limited liability company (LLC) treated as a corporation with a taxable payroll of \$500,000 or less can exclude its principal officers (an officer described in the most recent annual report as a principal officer, such as the president, vice president, secretary, and treasurer) from coverage under the state's unemployment insurance law if the officers have a direct or indirect substantial ownership interest in the corporation or LLC. An officer has direct or indirect substantial ownership if 25% of the ownership interest is owed or controlled by the officer.

d. A county department or agency which serves as a fiscal agent or contracts with a fiscal intermediary to perform services for a person re-

ceiving certain long-term support or personal assistance services is not liable for unemployment insurance taxes due from the individuals it is serving as a fiscal agent.

e. A crew leader who furnishes crew members to perform service in agricultural labor for another person is a covered employer if the crew leader is registered under federal law or substantially all the members of the crew operate or maintain tractors, mechanized harvesting or cropdusting equipment, or other mechanized equipment furnished by the crew leader and if the crew leader is not an employee for unemployment insurance purposes.

f. A successor business of a covered employer is also a covered employer.

g. Each partnership consisting of the same partners and each LLC consisting of the same members is a covered employer if each partnership or LLC maintains separate accounting records, otherwise qualifies as an employer under state law, applies to be treated as a covered employer, and receives approval from DWD.

Employers that are not covered by Wisconsin's unemployment insurance law may file a written election with DWD to become a covered employer. Such an election is subject to DWD's approval and is in effect for at least two years. The state's law also contains a provision to ensure that the law remains in compliance with the minimum federal standards. This provision states that an employer is covered by Wisconsin law if the employer is subject to the federal unemployment insurance law or if this coverage is required to obtain the full tax credit against the federal unemployment tax.

In order for an individual to be eligible for unemployment insurance benefits, the individual must have been employed in covered employment. In most situations, this employment will have been at a work location within the state's boundaries. However, in some cases, work for an employer may have been in more than one state (or country).

Special provisions of the state's unemployment insurance law are applied in these cases to determine whether the employment is covered under Wisconsin's law. In some circumstances an employer may execute an agreement which designates either Wisconsin or another state as the state in which the employer's workers will be covered, even though the employment occurs in more than one state.

Most service that is performed in Wisconsin is covered by the state's unemployment insurance law. However, certain types of service are specifically excluded from this coverage, and are listed in Appendix I.

Financing Unemployment Insurance Benefits

Wisconsin's unemployment insurance law establishes two types of financing for unemployment insurance benefits. Private, for-profit employers covered by the unemployment insurance law are required to use contribution financing. Nonprofit organizations, governmental units other than the state, and Indian Tribes have the option of choosing either contribution or reimbursement financing. The state must use reimbursement financing. Most of the nonprofit organizations and almost all of the governmental units have elected to use reimbursement financing.

Employers covered by the state unemployment insurance law are required to submit quarterly wage and contribution reports to DWD. The wage data includes employee names and social security numbers and total gross wages paid during the quarter. In addition, a quarterly contribution report includes wage and tax information. (Employers may file a combined contribution wage report. Reimbursement employers do not pay a quarterly tax, but still must file the quarterly reports.) The due dates for contribution and wage reports are as follows: (a) first calendar quarter -- April 30; (b) second calendar quarter -- July 31; (c) third calendar quarter -- October 31; and (d) fourth calendar quarter -- January 31. Wage and contribution reports may be submitted electronically, by magnetic me-

dia, through the internet or on paper reports.

Each employer of 25 or more employees that does not use an employer agent for filing is required to file its wage and contribution reports electronically in a manner and form prescribed by DWD. The Department can provide a mechanism for employers to determine quarterly contributions electronically and pay the amount owed by the statutory due date. In these cases, the employer would not be required to file quarterly contribution reports. All employer agents that submit wage and contribution reports for employers are required to file those reports electronically, in a manner and form prescribed by DWD.

Employers that file quarterly wage reports after the due date are subject to a tardy filing fee of \$50. Employers and employer agents that do not file quarterly wage reports electronically, in a manner and form prescribed by DWD, can be assessed a penalty fee of \$20 per employee. Employers are subject to a penalty of \$25 per report for not filing a contribution report in a prescribed format. Employer agents are assessed a penalty of \$25 for each employer whose contribution report is not filed in a prescribed format.

Each employer agent is required to pay all contributions for each employer represented by the agent using electronic funds transfer. Individual employers with total net contribution payments paid or payable that are at least \$10,000 for any 12-month period ending on June 30, are required to pay all future contribution payments by electronic funds transfer, beginning with the next calendar year. Any employer or employer agent that is required to make contribution payments by an electronic transfer and that makes such payments by a method inconsistent with that prescribed by the Department is subject to a penalty equal to the greater of \$50 or 0.5% of the total contributions improperly paid. An employer that is delinquent in making a required contribution payment is subject to interest of 1% per month on the delinquent payment.

Contribution Financing

Employers subject to contribution financing are required to make contribution payments to the unemployment insurance reserve fund. These contribution payments must be paid by all covered employers regardless of the nature of the business. However, the amount of these payments will reflect fluctuations in the level of employment. The specific payments made by a business are determined by applying the employer's combined contribution and solvency rates to its taxable payroll. Beginning in calendar year 2009, an employer's taxable payroll is equal to the first \$12,000 in wages paid to each employee working in covered employment. The per employee wage base is scheduled to increase to \$13,000 in 2011, and \$14,000 in 2013 and thereafter.

The employer's contribution rate and, indirectly, its solvency rate, are based on the employer's unemployment experience. This experience is reflected in an employer account balance in the unemployment reserve fund. The account balance is the net of all tax payments less benefit charges for that employer. To determine the applicable contribution rates, each June 30, the balance in an employer's unemployment reserve fund account (which includes tax payments made through July 31 and benefit payments made through June 30) is calculated and divided by the employer's taxable payroll for the preceding four calendar quarters. This computation yields a "reserve percentage" which serves as an indicator of the status of the employer's account in relationship to the size of the employer's taxable payroll. A positive reserve percentage indicates that an employer has paid more in contributions than its employees have drawn in benefits, while a negative reserve percentage indicates that the opposite is true.

To determine an employer's contribution rate, the employer's reserve percentage is compared to a related reserve percentage rate in a statutory table. Since an employer's reserve percentage serves as a relative indicator of the employer's unemployment

experience, the employer's contribution rate will increase as the employer lays off an increasing number of people. The required contribution payment an employer must make is calculated by multiplying the employer's taxable payroll by the employer's contribution rate. This payment is then credited to the employer's account. Each employer account is maintained to keep track of the employer's payment and unemployment experience and does not represent a portion of the unemployment reserve fund that is earmarked for the former employees of each employer. Most of the benefits paid to an employer's laid-off employees are charged against the employer's account, although the benefits are actually paid from a common fund.

The contribution rate paid by an employer for a given year may be affected by two provisions of the state's unemployment insurance law. First, for an employer whose reserve percentage equals or exceeds zero (positive reserve percentage), current law limits to 1% any increase in the contribution rate from one calendar year to the next. Employers with a reserve percentage of less than zero (negative reserve percentage) cannot have an increase in the contribution rate of more than 2% from one year to the next. (The next highest rate in the statutory table is used if there is no rate exactly 1% or 2% higher). Therefore, any increase in the contribution rates paid by an employer from one calendar year to the next is limited even though the employer's reserve percentage might warrant a larger increase.

Second, employers are allowed to make voluntary contributions to their unemployment reserve accounts for the purpose of increasing their reserve percentage which, in turn, would lower the contribution rate. These payments must be received by the Department no later than November 30. However, voluntary contributions can be used to lower the contribution rate only to the next lowest level in the rate schedule. In addition, an employer cannot make a voluntary contribution for five years after having written off a negative balance in the

employer's account to the unemployment reserve fund's balancing account. Any contributions in excess of the amount required to reduce the employer's rate to the extent permitted is applied against any outstanding liability or, in the absence of any liability, is to be refunded or used as a credit against future contributions payable by the employer.

Pursuant to 2009 Act 287, employers may make voluntary contributions to their unemployment reserve account if employee layoffs were a result of a catastrophic event, provided the employer was not primarily responsible for the catastrophic event, in which the employer suffered physical damage to its business. The voluntary contribution can be used as a credit to increase the employer's reserve percentage to no greater than the reserve percentage that would have applied to the employer as of the next computation date had damage not caused the employer to lay off its staff. In order to claim the credit, the voluntary contribution must be paid to the Department between November 30 and November 1 of the year succeeding the catastrophic event.

For new employers and existing employers first subject to contribution payments, the basic contribution rate is 2.5% for the first three calendar years for which they make contributions. (New employers also pay a solvency rate of 1.10% for employers with taxable payrolls under \$500,000 and 1.60% for employers with taxable payrolls over \$500,000 in 2011.) However, new employers with a taxable payroll in excess of \$10 million may elect to pay a contribution rate of 1% of taxable payroll. A further exception is made for new employers in the construction industry, who are assigned rates for the first three calendar years equal to the average rate for all construction industry employers. Once an employer has been subject to contribution payments for three calendar years, the employer's contribution rate is computed in the normal manner and is based on the employer's unemployment experience.

All employers who make regular contributions to the unemployment insurance reserve fund are also required to make solvency contributions. These payments are credited to the unemployment reserve fund's balancing account, not the individual employer's account, so that solvency contributions do not affect the employer's reserve percentage. The solvency contribution rate for each employer is determined by linking the employer's contribution tax rate to the appropriate solvency tax rate in the statutory rate schedule.

Under current law, there are four different sets of contribution and solvency rate schedules. In addition, each solvency rate schedule distinguishes between employers with taxable payrolls of less than \$500,000 and employers with taxable payrolls of \$500,000 or more. The specific rate schedule that applies in a given year depends upon the balance in the state's unemployment reserve fund on the prior June 30. Table 1 shows the statutory contribution and solvency tax rate schedules. Schedule A is effective if the balance in the state's unemployment reserve fund is less than \$300 million. Schedule B is in effect if the balance in the fund is at least \$300 million but less than \$900 million. Schedule C applies if the balance in the fund is at least \$900 million, but less than \$1.2 billion, and Schedule D applies if the balance in the fund exceeds \$1.2 billion. These schedules provide for lower employer contributions for years in which the fund's opening balance is relatively high.

Based on the balance in the state's unemployment reserve fund as of June 30, 2010, Schedule A applies for unemployment insurance taxes due for calendar year 2011. As a result, the contribution rate schedule in effect ranges from 0.07% to 8.50%, while the solvency rate schedule ranges from 0.20% to 1.90%. In Wisconsin, the combined (contribution and solvency) unemployment insurance rate schedule ranges from a minimum of 0.27% to a maximum of 9.80%.

Table 1: Employers' Contribution and Solvency Rate Schedules

<u>Reserve Percent</u>	<i>SCHEDULE A</i>			<i>SCHEDULE B</i>			<i>SCHEDULE C</i>			<i>SCHEDULE D</i>		
	<u>Basic Rate</u>	<u>Solvency Rate</u>		<u>Basic Rate</u>	<u>Solvency Rate</u>		<u>Basic Rate</u>	<u>Solvency Rate</u>		<u>Basic Rate</u>	<u>Solvency Rate</u>	
	All Employers	Employers Under \$500,000	Employers Over \$500,000	All Employers	Employers Under \$500,000	Employers Over \$500,000	All Employers	Employers Under \$500,000	Employers Over \$500,000	All Employers	Employers Under \$500,000	Employers Over \$500,000
15.0% or more	0.07%	0.20%	0.63%	0.00%	0.05%	0.10%	0.00%	0.00%	0.05%	0.00%	0.00%	0.05%
10.0% to 15.0%	0.07	0.20	0.63	0.00	0.25	0.30	0.00	0.22	0.25	0.00	0.12	0.15
9.5% to 10.0%	0.25	0.20	0.80	0.15	0.25	0.35	0.15	0.22	0.25	0.05	0.22	0.25
9.0% to 9.5%	0.33	0.20	0.90	0.25	0.25	0.40	0.25	0.22	0.25	0.15	0.22	0.25
8.5% to 9.0%	0.52	0.40	0.90	0.45	0.40	0.50	0.45	0.30	0.35	0.35	0.30	0.35
8.0% to 8.5%	0.59	0.50	1.00	0.60	0.40	0.55	0.60	0.30	0.40	0.50	0.30	0.40
7.5% to 8.0%	0.66	0.60	1.10	0.70	0.40	0.60	0.70	0.30	0.45	0.60	0.30	0.45
7.0% to 7.5%	0.77	0.70	1.20	0.85	0.45	0.65	0.85	0.35	0.50	0.75	0.35	0.50
6.5% to 7.0%	1.03	0.80	1.20	1.10	0.50	0.70	1.10	0.35	0.55	1.00	0.35	0.55
6.0% to 6.5%	1.28	0.90	1.30	1.40	0.55	0.75	1.40	0.40	0.60	1.30	0.40	0.60
5.5% to 6.0%	1.62	1.00	1.40	1.75	0.65	0.80	1.75	0.45	0.65	1.65	0.45	0.65
5.0% to 5.5%	1.96	1.10	1.50	2.10	0.70	0.85	2.10	0.50	0.70	2.00	0.50	0.70
4.5% to 5.0%	2.30	1.10	1.60	2.45	0.75	0.90	2.45	0.55	0.75	2.35	0.55	0.75
4.0% to 4.5%	2.64	1.20	1.70	2.80	0.80	0.90	2.80	0.60	0.75	2.70	0.60	0.75
3.5% to 4.0%	2.98	1.30	1.80	3.25	0.85	0.90	3.25	0.60	0.75	3.15	0.60	0.75
0.0% to 3.5%	3.37	1.40	1.90	3.80	0.85	0.90	3.80	0.60	0.75	3.70	0.60	0.75
0.0% to -1.0%	5.30	1.30	1.30	5.30	1.30	1.30	5.30	1.10	1.10	5.30	1.10	1.10
-1.0% to -2.0%	5.80	1.30	1.30	5.80	1.30	1.30	5.80	1.10	1.10	5.80	1.10	1.10
-2.0% to -3.0%	6.30	1.30	1.30	6.30	1.30	1.30	6.30	1.10	1.10	6.30	1.10	1.10
-3.0% to -4.0%	6.80	1.30	1.30	6.80	1.30	1.30	6.80	1.10	1.10	6.80	1.10	1.10
-4.0% to -5.0%	7.30	1.30	1.30	7.30	1.30	1.30	7.30	1.20	1.20	7.30	1.20	1.20
-5.0% to -6.0%	7.80	1.30	1.30	7.80	1.30	1.30	7.80	1.25	1.25	7.80	1.25	1.25
-6.0% or less	8.50	1.30	1.30	8.50	1.30	1.30	8.50	1.25	1.35	8.50	1.25	1.25

Schedule A is effective when the Unemployment Reserve Fund balance is less than \$300 million.
 Schedule B is effective when the Unemployment Reserve Fund balance is \$300 million to \$900 million.
 Schedule C is effective when the Unemployment Reserve Fund balance is \$900 million to \$1.2 billion.
 Schedule D is effective when the Unemployment Reserve Fund balance is in excess of \$1.2 billion.

As noted, solvency contributions are credited to the unemployment reserve fund's balancing account rather than the individual employer's account. In certain cases, the balancing account is used to pay benefits which cannot be charged to an individual employer's account. For example, when benefits exceed the contributions paid by an employer who has gone out of business, the unpaid amount is charged to the balancing account. The balancing account is also used to offset individual employer writeoffs. Under current law, negative June 30 unemployment reserve account balances in excess of 10% of the employer's annual payroll can be written off to the balancing account. Thus, when the individual employer's June 30 account balance is negative and is in excess of 10% of the employer's annual payroll, charges in excess of 10% of the payroll can be deleted (written off) from the employer's account and offset by funds in the balancing account.

Employers make contribution payments to the unemployment reserve fund on a quarterly basis. The employer uses the contribution report to determine liability through the following steps:

- a. Listing the total covered wages paid to employees in the previous quarter.
- b. Deducting wages paid to employees after the first \$12,000 per year per employee for 2010. (Taxable wages increase to \$13,000 in 2011, and to \$14,000 in 2013 and thereafter.)
- c. Multiplying the remaining taxable payroll by its total contribution rate to get the total contribution liability.

In order to illustrate the computation of contribution and solvency liability, a detailed example is provided in Appendix II.

As previously described, an employer has one month after the end of each quarter to make the required contribution payment, and if the employer does not meet the due date, late filing fees

are assessed and interest of 1% per month is charged on the amount of tax due. In addition, if an employer neglects or refuses to pay any debt after DWD has made a request for payment, then the Department may collect the debt and any associated expenses by using the powers of levy and distraint on any property owned by the employer.

Any employer that has a first quarter contribution liability of \$1,000 or more may defer payment to later due dates of 60% of its first quarter contribution liability, without interest, as follows:

- a. After paying 40% of the first quarter's contribution liability by the first quarter due date, the employer must pay at least an additional 30% of the first quarter contribution liability by July 31 of the year in which the liability accrues, along with full payment of the second quarter liability;
- b. The employer must pay at least another 20% of the first quarter contribution liability by October 31 of the year in which the liability accrues, along with full payment of the third quarter liability; and
- c. The employer must pay any remaining balance of the first quarter contribution liability, along with full payment of the fourth quarter tax liability, by January 31 of the year after the year in which the liability accrues.

An employer that elects to defer payment of its first quarter contributions is required to file contribution reports and wage reports electronically.

An employer may pay more than the specified minimum deferred contribution liability payment or all of the deferred amount any time before the due date. If an employer fails to pay the specified minimum deferred amount together with the full amount of contributions payable for any subsequent quarter by the specified due date, then all unpaid contribution liability deferred from the first quarter is delinquent and interest on that amount is payable from April 30 of the year in which the li-

ability accrues. If an employer fails to pay at least 40% of the first quarter contribution liability on or before April 30 of the year in which the liability accrues, the employer cannot defer payment of the balance of the liability. An employer may not defer its first quarter contribution liability unless the employer pays all delinquent contributions and any interest, penalties, and fees before April 30 of the year in which the contribution liability accrues.

Interest charged on the unpaid balance is deposited in the unemployment administration account. A detailed example involving a hypothetical employer and illustrating how contribution financing works over a period of time is provided in Appendix III.

Reimbursement Financing

Reimbursement financing is used by almost all governmental units and most nonprofit, nongovernmental organizations. Under Wisconsin's unemployment insurance law, the state is required to use reimbursement financing. Other governmental units must use reimbursement financing unless they elect to use contribution financing. Nonprofit, nongovernmental organizations and Indian Tribes may elect to use reimbursement financing instead of contribution financing. Prior to 2009 Act 287, both nonprofit employers that were nongovernmental entities and Indian tribes electing reimbursement financing were required to post an assurance of reimbursement with the treasurer of the unemployment reserve fund. Effective May 27, 2010, Indian tribes are no longer required to post an assurance of reimbursement. The assurance required of nonprofit employers that are nongovernmental entities must equal at least 4% of the greater of the employer's taxable wages in the past calendar year or the employer's anticipated payroll for the current year, and can be in the form of a surety bond, letter of credit, certificate of deposit, or other nonnegotiable instrument of fixed value. (Reimbursement financing employers must also file the quarterly tax and wage reports.)

Employers that use reimbursement financing

maintain separate accounts in the unemployment reserve fund. Benefits paid to laid off employees are charged to the account and the employers make reimbursement payments to the account for those benefits. Whenever an employer's reimbursement account has a negative balance at the close of a calendar month, the employer is sent a statement showing unemployment insurance benefits paid during the month to current and former employees who are now unemployed. Reimbursement payments are due 20 days after the statement date.

Reimbursement employers are considered delinquent if they do not pay the amount due on or before the due date. If delinquent, interest is charged at the rate of 1% per month. When a nonprofit organization that has filed an assurance of reimbursement becomes delinquent, the Department must exhaust all collection methods at its disposal before liquidating the assurance of payment. For governmental units, excessive delinquent payments can be recovered by withholding any aid payments the units are entitled to receive from the state.

Certain nonprofit employers that elect reimbursement financing are subject to an assessment for payment of uncollectible benefit reimbursements from out-of-business employers if the amount of uncollectible benefit payments exceeds \$5,000. The total annual assessment against all nonprofit employers is limited to \$200,000

Reimbursement financing presents a more direct link between benefits paid to an employer's former employees and the payments that the employer is required to make. This type of financing, therefore, generally does not have implications for the solvency of the state's unemployment insurance system.

Regular Unemployment Insurance Benefits

Criteria for Eligibility

To be eligible for regular unemployment insurance benefits an individual must have been em-

ployed in covered employment either totally or partially, be able and available for work, be conducting a reasonable search for suitable work, and be registered for work with a public employment office. In addition, a claimant must have been paid 35 times his or her weekly benefit rate in the base period including wage payments that are four times the weekly benefit rate in quarters other than that in which the highest wage payments occur. The "base period" is generally the first four of the five most recently completed calendar quarters. An employee who does not qualify for benefits using this base period can use an alternative base period consisting of the four most recently completed calendar quarters preceding the employee's benefit year. Wages used to establish eligibility under this alternative base period cannot be used to establish a future regular benefit year. No benefits are payable to a claimant who is paid less than \$1,350 in the high quarter, which is the amount necessary to generate a minimum weekly benefit payment.

Special Eligibility Provisions

In general, an employee is ineligible for unemployment insurance benefits for any week in which the employee is, with due notice, called by the employer to report for work and is unavailable or unable to perform more than 16 hours of scheduled work. If the employee is unavailable or unable to work, but the scheduled work is 16 or fewer hours for the week, the partial benefits formula is applied to the wages that could have been earned to determine the employee's unemployment insurance benefits. If an employee is terminated or suspended by an employer, because the employee is unavailable or unable to perform work, or if the employee is on a leave of absence, the employee is ineligible for benefits. However, for the first week of separation, if 16 hours or less of scheduled work are missed, unemployment insurance benefits will be determined by applying the partial benefits formula to wages earned and those that could have been earned.

Wisconsin's unemployment insurance law includes several provisions which may render

some individuals ineligible to receive some or all of the regular benefits which they would otherwise receive. These provisions are listed and described below:

1. Discharge for Misconduct. An employee's behavior is misconduct when it shows a willful and substantial disregard for the employer's interest, or is not within standards of behavior employers have a right to expect of all employees. The burden for establishing misconduct is on the employer, and an employee generally must be made aware if he or she is in danger of losing their job.

An employee who is discharged for misconduct connected with his or her employment will have total entitlement for benefits reduced with respect to wages from the discharging employer and is ineligible for benefits based on work for other employers unless he or she requalifies. In order to requalify, seven weeks must elapse since the end of the week in which the discharge occurs and the employee must earn wages in covered employment equal to at least 14 times the weekly benefit rate he or she would have received if termination had not occurred. For purposes of determining total entitlement, the wages paid by the employer that terminates the employment are excluded from base-period wages if the employee requalifies for benefits. As a result, the discharging employer is not liable for requalified employee benefits.

2. Discharge for Failure to Notify Employer of Absenteeism or Tardiness. A disqualification for eligibility for unemployment insurance benefits is provided for excessive tardiness or absenteeism by an employee. An employee who is discharged under this provision is ineligible to receive benefits until six weeks have elapsed after the week of discharge and he or she has earned wages in covered employment equal to at least six times the weekly benefit rate. Once the employee requalifies, he or she is eligible to receive benefits based on the work performed prior to the discharge. Employers that make contribution payments are not charged for benefit payments based on work performed before the discharge. Such benefits are paid from

the balancing account of the unemployment reserve fund. However, reimbursable employers are liable for benefits based on work performed before the discharge.

To deny eligibility for benefits, the discharge must be for unacceptable attendance and the employee must have been: (a) absent without providing notice at least five times in the 12 months prior to the date of discharge; or (b) late for work at least six times in the 12 months before the date of discharge. The employer is required to have a written policy concerning notification of absence or tardiness that applies uniformly to all employees and includes: (a) a definition of what constitutes a single occurrence of absence or tardiness; (b) the procedure for giving proper notice of absence or tardiness; and (c) notification to the employee that failure to provide adequate notice of an absence or tardiness could lead to discharge. Employers must provide a written copy of the policy to each employee and keep a dated, signed statement that the employee read and understood the policy. If an employee fails to notify the employer of absence or tardiness, the employer must give the employee at least one warning that a future violation of the policy may result in a discharge.

In cases where benefit disqualification conditions for absenteeism are not met, an employee may still be subject to disqualification under misconduct provisions.

3. Disciplinary Suspension. A suspension is usually considered good cause when it is reasonable discipline in response to inappropriate behavior or a rule violation. A suspension is considered reasonable when it can be established that the inappropriate behavior was within the employee's ability to control or that the employee was responsible for a work rule violation. An employee who is suspended for misconduct or other good cause connected with his or her employment is ineligible for benefits until three weeks have elapsed since the end of the week in which the suspension occurs unless the suspension ends sooner.

4. Voluntary Termination of Employment. Under most circumstances, an employee who voluntarily terminates his or her employment with an employing unit is ineligible to receive any benefits unless he or she requalifies. An individual whose employer grants the individual's voluntary request to indefinitely reduce the number of hours he or she works may be treated as voluntarily terminating employment. In order to requalify, four weeks must elapse since the end of the week in which the termination occurs and the employee must earn wages equal to at least four times the weekly benefit rate that would have been received had the termination not occurred. The benefits based on wages paid by the employer from whom the claimant voluntarily terminates employment are charged to the unemployment reserve fund's balancing account.

There are a number of exceptions to this general requalification requirement including: termination with good cause attributable to the employer, including sexual harassment where the employer knew or should have known but failed to take corrective action; termination because the employee or employee's family member had a verified illness or disability necessitating care for a time period longer than the employer was willing to grant leave; termination to accept a recall to work from a former employer; termination due to certain transfers to another work shift; termination due to domestic abuse or threats to personal safety of the employee or employee's family member if the employee has acquired a protective order against the harasser, acquired a report by a law enforcement agency documenting the abuse, or concerns are voiced by a health care professional or an employee of a domestic violence shelter; termination of part-time employment (less than 32 hours per week) to accept full-time employment (32 or more hours per week); termination of employment due to honorable discharge from military service; termination if the employee terminated employment to accompany his or her spouse for a job relocation to a place from which it is impractical for the employee to commute to the terminated employment;

and termination to accept another job in covered employment if that job offers the employee better pay, more hours, or longer-term employment, or if it is closer to the employee's home.

5. Suitable Work. The suitable work disqualification is for refusing an offer of suitable work made by a prospective employer and received by a claimant or employee. The job offer must be a bona fide attempt to secure the individual's service. It must be an unconditional offer of work that the individual has the opportunity to accept or reject, and all the specifics of the job (wage, hours, duties, and other conditions) must be explained or available. A claimant may refuse work for good cause and maintain eligibility for unemployment insurance benefits. An individual would have good cause if DWD determined that the new work involved wages, hours, or other conditions that were significantly lower or less favorable than similar work in the locality, and the claimant had not had reasonable opportunity (up to six weeks) to find a new job substantially in line with the individual's prior job.

If it is determined that an employee without good cause, fails to accept suitable work when offered or fails to return to work when recalled, the employee is ineligible to receive any benefits unless he or she requalifies. In order to requalify, four weeks must have elapsed since the employee failed to take work and the employee must earn wages equal to at least four times the weekly benefit rate he or she would have received had the failure to take work not occurred.

6. Labor Disputes. An employee who is unemployed due to a strike or other bona fide labor dispute, other than a lockout, is ineligible for benefits for any week in which the strike or labor dispute is in active progress in the establishment in which he or she was employed. A lockout is defined as the barring of one or more employees from their employment in an establishment by an employer as part of a labor dispute, which is not directly subsequent to a strike or other job action or

which continues after the termination of a strike or other job action.

7. Educational (School-Year) Employees. Specific provisions govern the eligibility of certain educational employees for unemployment insurance benefits during certain periods in which these individuals are not working. The provisions apply specifically to: (a) school-year employees of educational institutions; (b) school-year employees of governmental units, Indian tribes, and nonprofit organizations which provide services to or on behalf of educational institutions; and (c) school-year employees of educational service agencies who perform services in an educational institution or provide services to or on behalf of an educational institution.

"School-year employee" is defined as an employee of an educational institution or an educational service agency or an employee of a governmental unit, Indian tribe, or nonprofit organization which provides services to, or on behalf of, an educational institution, who performs services under an employment contract which does not require that the services be performed on a year-round basis. Employees hired to work for the entire year rather than for an academic year are excluded from the benefit eligibility restrictions. An educational institution is a school that provides education and/or training, maintains a regular faculty and curriculum, and has a regular organized body of students in attendance. An educational service agency is a government entity or Indian tribal unit which is established and operated exclusively for the purpose of providing services to one or more educational institutions.

A school-year employee who performs services in an instructional, research, or principal administrative capacity is ineligible for benefits based on services for any unemployment which occurred:

a. During the period between two successive academic years or terms if the school-year employee performed such services in the first year or

term and if there was a reasonable assurance that he or she would be reemployed in the same capacity by the same type of employer in the second academic year or term.

b. During the period between two regular but not successive terms under an agreement between the employer and school-year employee which provides for such a period, if the school-year employee performed such services in the first term and there was reasonable assurance that he or she would be reemployed in the same capacity by the same type of employer in the second academic year or term.

c. During an established and customary vacation period or holiday recess if the school-year employee performed such services in the period immediately before the vacation period or holiday recess and if there was reasonable assurance that he or she would perform services for the same type of employer in the period immediately following the vacation period or holiday recess.

The restrictions under items (a) and (c) above also apply to school-year employees who perform services that are not in an instructional, research, or principal administrative capacity. Item (b) does not apply to these employees.

"Reasonable assurance" means that the terms and conditions of work to be performed in the subsequent academic year or term, or in the period immediately following a vacation period or holiday recess, are reasonably similar in the terms and conditions of work performed in the period prior to the academic year or term or the vacation period or holiday recess.

8. Approved Training. The availability for work, suitable work, and work search provisions do not apply to an individual who is enrolled in training approved by the Department. The types of programs that may be considered approved training, pursuant to 2009 Act 287, are:

a. A course of vocational training or basic

education which is a prerequisite to such training in which an individual is enrolled if: (1) the course is expected to increase the individual's opportunities to obtain employment; (2) the course is given by a Wisconsin Technical College District school or other DWD approved institution; (3) the individual is enrolled full time as determined by the institution; (4) the course does not grant substantial credit leading to a bachelor's or higher degree; and (5) the individual is attending regularly and making satisfactory progress in the course.

b. A program administered by the Department for the training of unemployed workers, other than the youth apprenticeship program.

c. The plan of any state for training under the Federal Trade Act.

d. A plan for training approved under the Workforce Investment Act.

Benefit disqualification and reduction provisions for an individual being unavailable or unable to perform work, not actively searching for work, not making a systemic effort to obtain work, insufficient evidence of work search, or failure to accept suitable work do not apply to any otherwise eligible individual for any week as a result of the individual's enrollment in approved training. If an individual is enrolled in training approved by the Department, DWD may not reduce benefits or disqualify an individual for the following reasons: (1) suspension or termination because of unavailability or inability to perform work; (2) suspension or termination for being absent 16 hours or less in the first week of leave; (3) failure to be available for work; (4) failure to search for suitable work; (5) inability to perform work that the employee terminated due to illness or disability of an immediate family member; (6) unavailability for suitable work; or (7) voluntary termination of employment for good cause.

The Department cannot deny benefits under the voluntary termination of work provisions if the individual leaves unsuitable work that was tempo-

rarily entered into during a break in training or approved training to enter or continue training upon the commencement of training. Benefits cannot be denied if the individual left on-the-job training within 30 days after commencing training because the training did not meet the requirements of the Federal Trade Act.

Requirements to requalify for benefits as provided under the voluntary termination of work and failure to accept suitable work provisions do not apply while the individual is enrolled in training approved under the Federal Trade Act or the Workforce Investment Act. DWD must charge the fund's balancing account for the cost of benefits paid to an individual that would otherwise be chargeable to the account of an employer that is subject to the contribution requirements if the individual receives benefits while in approved training. To qualify for an approved training course, the Department may require a certification from the training institution showing the individual's attendance and progress in the course.

Determination of Unemployment Insurance Benefits

If an individual meets the qualifying requirements, he or she receives unemployment insurance benefits based on the amount of wages paid in the base period. As previously noted, the base period is generally the first four of the five most recent calendar quarters. The individual must be paid 35 times his or her weekly benefit rate, including four times the weekly benefit rate in one or more quarters other than the quarter in which the highest wages were paid. The weekly benefit rate is equal to 4% of wages paid in the calendar quarter in which the highest wages were paid to the claimant up to a maximum weekly benefit rate of \$363. The minimum weekly benefit rate is \$54. The maximum benefits available are the lesser of 26 times the weekly benefit rate or 40% of total base-period wages. An employee is authorized to establish a benefit year whenever: (a) the employee earns sufficient wages both in the high quarter and outside the high quarter and is eligible to receive benefits;

(b) has experienced at least a 25% reduction in hours worked in one week as compared to the average weekly hours worked for the preceding 13 weeks; and (c) expects to be eligible to receive benefits during the next 13 weeks.

Table 2 includes information which can be used to illustrate the method of determining the unemployment insurance benefits that a hypothetical claimant would receive.

Table 2: Wages Paid to Hypothetical Claimant in First Four of Last Five Quarters

Calendar Quarter	Earnings
Quarter 1	\$4,000
Quarter 2	4,200
Quarter 3	4,500
Quarter 4	<u>11,800</u>
	\$24,500

The table shows that the hypothetical claimant was paid a total of \$24,500 in the base period and \$11,800 in the calendar quarter in which the highest wages were paid. Because the base period generally is the first four of the previous five quarters, in this example, pay in the most recent calendar quarter is not shown in the table and not included in base-period wages.

The first step in computing the claimant's benefit payments is to determine the weekly benefit rate. The weekly benefit rate is equal to 4% of the wages in the calendar quarter in which the highest wages were paid. In this case, that would be 4% of \$11,800 or \$472. Under Wisconsin law, a statutory table is used to perform this calculation. However, because the calculated rate exceeds the maximum weekly benefit rate provided in the statutes, the maximum statutory rate of \$363 would apply. (Appendix IV shows the complete schedule used to determine weekly benefit amounts.)

In order to be eligible for benefits, current law requires that the claimant must be paid total wages in the base period equal to 35 times the weekly benefit rate including payments that are four times

the weekly benefit rate in quarters other than that in which the highest payments occur. With a weekly benefit rate of \$363, the claimant must be paid total wages of $35 \times \$363$ or \$12,705, and $4 \times \$363$ or \$1,452 of that amount must be paid outside the quarter with the highest wages. In the example, the claimant was paid total wages of \$24,500, including \$12,700 outside the high quarter and, as a result, is eligible to receive benefits.

Total benefit payments are the lesser of 26 times the weekly benefit rate or 40% of base-period wages. For the hypothetical claimant that amount would be \$9,438, or 26 times the weekly benefit rate ($26 \times \$363$) rather than 40% of base-period wages, which would be \$9,800 ($.40 \times \$24,500$). The number of weeks for which the weekly benefit payment would be received is determined by dividing total benefit payments by the weekly benefit rate. In this case, that results in 26 weeks during which benefits would be paid ($\$9,438 \div \363).

In general, if a claimant has base-period wages with more than one employer, each employer's account in the unemployment reserve fund is charged for benefits paid in the same proportion that base-period wages paid to the claimant by that employer bear to total base-period wages paid to the claimant. However, employers who pay total wages that are less than 5% of the claimant's base-period wages are generally not charged for benefits based on such wages. Instead, each other employer with a share of base-period wages is charged for these benefits in the same proportion that base-period wages from such employers bear to total base-period wages from such employers.

Generally, compensation in lieu of wages (including temporary worker's compensation payments, back pay, vacation pay, holiday pay, termination pay, and sick pay paid directly by the employer at the employee's usual rate of pay) are treated as base-period wages for the purposes of benefit qualification and the determination of an individual's weekly benefit amount. Also, such payments are treated in the same manner as wages earned in partial employment and can act to reduce

or deny a claimant's benefit payment.

Retirement pay, however, is treated somewhat differently than other nonwage payments. An individual's regular benefit payment will be reduced by the amount of retirement pay paid in that week and financed by contributions made by an employer in the claimant's base period. One-half of the amount is considered to have been financed by the employer and the weekly unemployment insurance benefit payment is reduced by one-half of any pension payments an individual received for that week, unless evidence is provided to DWD that a separately calculated fraction should be used. If an individual receives retirement pay that is entirely financed by employer contributions, his or her unemployment payment for that week will be reduced by the entire amount of the retirement pay. However, social security payments are not subject to this treatment. There is no reduction in unemployment insurance benefits for any amount of social security benefits received.

In addition to reductions made for the receipt of wages or other types of pay, a claimant's weekly benefit payment can be reduced to pay child support obligations. If an agency enforcing a child support order notifies DWD, the Department is required to deduct the amount designated by the child support order from each week's payment. The Department then forwards this amount to the child support enforcement agency.

In order to claim unemployment insurance benefits, an unemployed worker must notify DWD during that week or within seven days after the close of that week by telephone, filing on the internet, or as otherwise permitted by DWD. Subsequently, DWD will determine the claimant's eligibility and weekly benefit rate based on quarterly wage record reports filed by each employer. An employer or a claimant can question the Department's eligibility determination and computation of the weekly benefit rate.

In order to receive regular benefits, an individual must file a weekly certification with the De-

partment by telephone, mail, the internet or other approved means within 14 days after the end of the week for which benefits are claimed. A weekly certification is the method by which a claimant submits information to the Department regarding the claimant's employment status and availability for work, and which establishes a basis for the payment of unemployment benefits. Along with general qualifying information, the information submitted indicates whether the individual earned any wages, income from self-employment, or any vacation, holiday, termination, retirement, or back pay during a given week. Each of these items may have an impact on the amount of the individual's benefit payment or whether the individual will receive a payment at all for that week.

Partial Employment

Regular unemployment benefits may be available to individuals who are partially employed during a week. To determine the benefit payment received by an individual who is partially employed, the first \$30 of wages is excluded and the benefit payment is reduced by 67% of the individual's remaining wages. No benefit payment of less than \$5 may be made.

However, a claimant is ineligible to receive benefits for a week if the claimant was engaged in employment with an employer from which the claimant was paid 80% of his or her base-period wages and: (a) the claimant worked or was, with due notice, called into work for that employer at least 32 hours in that week at the same or greater rate of pay (excluding incentives, overtime, or any other supplement to earnings; but including bonus and profit-sharing payments) as the claimant was paid by that employer in the quarter of the claimant's base period in which the claimant was paid his or her highest wages; (b) the claimant receives or would receive from any available work, sick pay, holiday pay, vacation pay, or termination pay which by itself, or in combination with wages earned in that week, is equivalent to pay for at least 32 hours at the same or greater rate of pay. In

addition, a claimant is ineligible for unemployment insurance benefits for any week in which the claimant worked 40 or more hours for one or more employers.

Administration of the Unemployment Insurance System

The Department of Workforce Development has two call centers, four adjudication centers (including two co-located in the call centers), four regional hearing offices, and seven field offices stationed throughout the state. In addition, DWD has entered into reciprocal arrangements with similar agencies in other states to aid in the administration of unemployment insurance benefits in situations involving employment or employers in more than one state.

Benefit Appeals Process

If a dispute originates over a claim filed by an individual, a regional adjudication center will make an investigation and issue an initial determination. Benefits will either be paid to or withheld from the individual on the basis of this determination, regardless of whether the losing party plans to appeal the decision. If a party to the dispute disagrees with the initial determination, that party has 14 days to file a written request for an appeal, accompanied by a statement of the reason for the disagreement.

After DWD receives a request for an appeal, it schedules a hearing, which is conducted by an administrative law judge. These administrative law judges work out of special unemployment insurance hearing offices in Madison, Milwaukee, Appleton, and Eau Claire, but conduct the hearings in person or by telephone at 20 other locations in 13 cities throughout the state in 2009. The hearings are quasi-judicial proceedings, at which both sides are allowed to give testimony and cross examine each

other under oath. The administrative law judges will ask questions of the parties involved to bring out any relevant facts that would otherwise be omitted. A written decision is issued by the administrative law judge based on the testimony and evidence received at the hearing. The majority of cases involve proof by a "preponderance of the evidence." Whoever has the burden of proof must show it is more probable than not that the claim made is true.

The decision of an administrative law judge can be appealed to the Labor and Industry Review Commission (LIRC) within 21 days of the decision. The Commission will usually accept only exhibits and a synopsis of the hearing record and will not usually take new testimony. However, the Commission is authorized to request additional information. LIRC will review the information and issue a decision. This decision can be appealed within 30 days to the regular judicial system, starting with the circuit court, and 2009 Act 287 specified that DWD must be named as an adverse party if an employer appeals a LIRC case to address any issue other than benefit claims.

At each stage in the appeals process, benefits are either paid or denied based on the most recent decision. If an individual has received benefits during the course of the appeals process, these benefits must be repaid if the final decision is in favor of the employer. If a claimant is denied benefits which are later granted on appeal, the claimant is paid for all the weeks for which benefits were withheld as a result of the issue under appeal.

When benefits must be recovered because of the loss of an appeal, the employer accounts of for-profit employers and nonprofit organizations that make contribution payments are immediately credited for the amount of the benefits paid to the individual. These benefits are then charged to the balancing account of the unemployment reserve fund until they are repaid by the individual. In cases involving governmental units or nonprofit organizations that make reimbursement payments, these

entities are not credited until the benefits are repaid by the individual.

The Department of Justice (DOJ) is specifically authorized to enforce the state unemployment insurance law. DWD's program revenue appropriation for unemployment interest and penalty payments provides funding for DOJ enforcement activities.

Unemployment Insurance Advisory Council

The state's unemployment insurance law also establishes an Unemployment Insurance Advisory Council to advise the Department on matters related to unemployment insurance. This Council is composed of five employer and five employee representatives, who are appointed by the DWD Secretary to serve six-year terms. In making these appointments, the Secretary is required to consider achieving balanced representation of the industrial, commercial, construction, nonprofit, and public sectors of the state's economy and to appoint at least one employer representative who is either the owner of a small business or a representative of an association primarily composed of small businesses. In addition to these voting members, the Secretary must appoint a permanent classified employee of the Department to serve as a nonvoting chairperson. The members of the Council are required to vacate their office if they lose the status upon which their appointment was based.

The Unemployment Insurance Advisory Council is required to advise the Department in carrying out the purposes of the Wisconsin unemployment insurance law. The Council also can submit its recommendations for changes in the unemployment insurance law to the Legislature and report its views on any other pending legislation which relates to unemployment insurance. In order to take action as a body, seven members of the Council must vote for a proposal. DWD is required to give careful consideration to proposals submitted by the Council for legislative or administrative action. In addition, the Department is required to consider

the Council's proposals for administrative or legislative action and to review the Council's legislative proposals for possible incorporation into the Department's legislative recommendations.

Unemployment Insurance Reserve Fund

The Department of Workforce Development is responsible for the administration of the state's unemployment reserve fund. This fund consists of all the contributions and other payments made under the state's unemployment insurance law. Federal law requires that the unemployment reserves in this fund be kept on deposit with the U.S. Treasury. The U.S. Bank, which receives the employers' payments, transfers these funds to the U.S. Treasury, which pays interest on the money in non-debtor states' accounts at the rate of interest on the outstanding federal debt. Unemployment reserve fund revenues can be expended only on unemployment insurance benefit payments.

To withdraw money to make regular unemployment insurance benefit payments, DWD notifies the U.S. Treasury of its estimate of funds needed to cover benefit checks. Upon notification, the Treasury makes a wire transfer of funds from the Wisconsin account at the U.S. Treasury to a separate checking account maintained at U.S. Bank for benefit payments. Benefits are then debited to this account as benefit checks are presented for payment.

If the amounts in Wisconsin's unemployment reserve account at the U.S. Treasury are insufficient to cover anticipated benefit payments, the state can borrow from the federal unemployment account. This borrowing is done at an interest rate which is the lower of 10% or the average rate on specified federal securities. However, no interest is charged if the loan is made January 1 through September 30 and repaid prior to October 1 in the same calendar year, provided that no additional loans are made before the end of the calendar year. In addition, the 2009 ARRA legislation suspended the payment and accrual of interest on federal loans to states for the payment of unemployment benefits from February

17, 2009 through December 31, 2010.

The Department is required to submit information on the status of the unemployment reserve fund to the Legislature on a biennial basis. The Secretary of DWD is required to submit a statement of unemployment insurance financial outlook to the Governor, the majority and minority leaders of the Senate, and the Speaker and minority leader of the Assembly on or about January 15 of each odd-numbered year. This statement must include the following:

- a. Proposed changes in the laws relating to unemployment insurance financing, benefits, and administration, with an explanation for these recommendations;
- b. Projections of unemployment insurance operations, including benefit payments, tax collections, borrowing or debt repayments, and the amount of interest charges, if any, under both current law and the proposed changes;
- c. The economic and public policy assumptions upon which the projections are made and the impact which variations from these assumptions would have on the projections;
- d. If significant cash reserves in the unemployment reserve fund are projected throughout the forecast period, a statement giving the reasons why the reserves should be retained in the fund; and
- e. If unemployment insurance program debt is projected at the end of the forecast period, the reasons why it is not proposed to liquidate the debt.

Along with this statement, the Secretary must submit a report summarizing the deliberations of the Unemployment Insurance Advisory Council and the Council's position, if any, on each of the proposed changes in the unemployment insurance law.

Once the financial statement and report have been submitted, the Governor may convene a special committee to review the statement and report. This committee would consist of the DWD Secretary and the four legislative leaders who received the statement. The Governor is required to convene this committee at the request of two or more of the four legislators. This committee would be required to attempt to reach a consensus concerning the proposed changes to the unemployment insurance law.

The final step in this process is the submission of an updated statement of unemployment insurance financial outlook to each member of the Legislature. This statement must include the Governor's recommendations and an explanation of these recommendations. If a special committee was convened, its recommendations must be submitted along with the updated statement.

Financial Status of the Unemployment Insurance Reserve Fund

In 1982, Wisconsin's unemployment reserve fund experienced operating deficits. As a result, the state borrowed funds from the federal government to finance these operating deficits. These loans were first made to Wisconsin in February, 1982.

In order to reduce the deficits in the unemployment reserve fund and to avoid increased federal unemployment insurance taxes for state employers, the Legislature enacted significant changes to the state's unemployment insurance law in both 1983 and 1985. In each case, unemployment taxes were increased and benefits were reduced. The additional funds generated by these changes in the unemployment reserve fund were used to pay off the federal debt. However, the payment of interest on federal loans from a state's unemployment reserve fund is prohibited. The primary source of funding for interest payments on the federal loans was an annual special assessment levied upon

most employers who were subject to the state's unemployment insurance law. A second source of funds used for interest payments on federal loans was interest and penalties collected from employers who made delinquent tax or reimbursement payments.

Because of these steps taken to improve the solvency of the state's unemployment reserve fund, Wisconsin employers were not subject to a reduction in the federal credit on their federal unemployment insurance taxes. Also, the state qualified for a reduction in the interest rate it paid on the federal loans. By the end of 1986, the state had paid back the principal on all federal loans. Interest on those loans was paid off in September, 1989.

Between 1986 and 1989, the condition of the fund improved substantially. As a result, in 1989, the Legislature enacted three contribution and solvency tax rate schedules, which provided significant tax reductions to most employers. A fourth tax rate schedule which lowered taxes for positive reserve percentage employers took effect in 1998. In addition, benefits were increased from 1994 through 2003, and again in 2006, 2007, and 2009.

Table 3 shows the fund's year-end balance and outstanding debt for 1982 through 2010. During the previous recession in which the state borrowed money from the U.S. Treasury for unemployment insurance benefits, the table shows that the year-end deficit in the reserve fund reached a high of \$637 million at the end of 1983. However, the deficit gradually decreased and the fund had a positive ending balance at the end of 1986. The level of outstanding debt shows a similar pattern, increasing to a maximum of \$628 million in 1983. The level of debt decreased each year beginning in 1983 and was repaid at the end of 1986.

The balance in the unemployment reserve fund declined from a surplus \$1.815 billion at the end of 2000 to an estimated \$1.393 billion year-end deficit in 2010. The decline in the balance from 2001 through 2003 reflects the impact of the 2000 recession. However, the fund balance continued to de-

Table 3: Year-End Unemployment Reserve Fund Balance and Outstanding Loans (In Millions)

Year	Total Receipts*	Benefit Payments	Reed Act Funds Spent for UI Administration	Fund Balance	Outstanding Debt
1982	\$223	\$688	\$0	-\$416	\$413
1983	298	519	0	-637	628
1984	565	347	0	-419	534
1985	573	406	0	-252	328
1986	648	352	0	43	0
1987	658	304	0	397	0
1988	615	266	0	746	0
1989	588	302	0	1,032	0
1990	513	341	0	1,203	0
1991	447	478	0	1,174	0
1992	448	438	0	1,184	0
1993	476	394	0	1,266	0
1994	505	377	0	1,394	0
1995	520	418	0	1,496	0
1996	517	471	0	1,542	0
1997	524	445	0	1,621	0
1998	524	452	0	1,693	0
1999	544	466	0	1,771	0
2000	559	515	0	1,815	0
2001	542	791	0	1,566	0
2002	684	949	0	1,301	0
2003	562	932	0	931	0
2004	644	795	3	777	0
2005	729	752	4	750	0
2006	723	753	3	717	0
2007	686	845	4	554	0
2008	656	996	27+	187	0
2009	769	1,874	0	-918	918
2010**	843	1,319	0	-1,393	1,393

* Includes interest and other payments.

** Estimate.

+ Includes \$19 million in funds that were obligated for future expenses.

Source: Department of Workforce Development

cline from 2004 through 2008. As a result, the fund had insufficient reserves to pay additional benefits during the 2008-2009 recession, and the fund ended 2009 and 2010 with a negative balance.

Beginning in 2004, federal Reed Act monies were used to fund administrative expenses. In 2002, the federal government made a one-time distribution of Reed Act funds to the states. Wisconsin received an allocation of \$166 million, which was placed in the unemployment reserve fund.

2005 Act 86 required DWD to analyze the long-term fiscal stability of the unemployment reserve fund and present the analysis to the Unemployment Insurance Advisory Council. The report indicated that the financing system for the unemploy-

ment reserve fund did not adequately reflect growth in the economy and that assignment of tax rates on the basis of employers' unemployment experiences had declined in importance, because fewer benefits were charged to employer accounts and more benefits were charged to the balancing account of the unemployment reserve fund. Specifically, the report indicated that: (a) employee wages had increased but the employers' taxable wage base was defined as \$10,500 since 1986; (b) covered private employment increased 21% between 1990 and 2005, which resulted in an increase in the number of unemployed workers and UI benefit payments at any given rate of unemployment; and (c) the amount of benefits paid from the balancing account increased from \$42 million in 1990 to \$118 million in 2005, while there was no increase in solvency tax rates, which are used to fund the balancing account. (The increase in charges to the balancing account are primarily due to charges for employees who quit one job, take another, and then are laid off, and for write-offs by employers with negative unemployment reserve fund account balances in excess of 10%.)

A number of changes were included in 2007 Wisconsin Act 59 to address these issues. The taxable wage base was increased from \$10,500 to \$12,000 for 2009 and 2010, and is scheduled to increase to \$13,000 in 2011, and \$14,000 in 2013 and thereafter. The amount of wages necessary to qualify for UI benefits was increased from 30 to 35 times the claimant's weekly benefit rate. The Act increased the solvency rates for all employers and decreased the contribution rates by a corresponding amount. Specifically, on all of the contribution and solvency rate schedules (A, B, C, D) the solvency rates were increased by 0.2% and the contribution rates were decreased by a corresponding 0.2% for employers with positive unemployment insurance reserve fund account balances. The solvency rates were increased by 0.4% and the contribution rates were decreased by a corresponding 0.4% for employers with negative account balances.

Under current law, the U.S. Department of Labor suspended the payment and accrual of interest on borrowed federal funds from February 17, 2009 through December 31, 2010. Beginning in 2011, the state must pay interest on September 30th of each year in which interest has accrued during the prior twelve months. State law requires that DWD determine a special annual assessment on employers subject to the state's unemployment insurance law, the proceeds of which will be used to pay the amount of interest due to the U.S. Treasury. The assessment is based on the employer's taxable payroll. The assessment rate for employers using reimbursement financing must be equal to 75% of the rate imposed on employers using contribution financing. Employers with taxable payroll of \$25,000 or less for the prior calendar year are exempt from the assessment. Subject to these restrictions, DWD must set the assessment rate at a level sufficient to generate the required interest payment. If the amount collected by the assessment is greater than

the amount needed to pay the interest due, the remainder must be credited to the fund's balancing account. As previously noted, interest and penalties collected from employers who make delinquent tax or reimbursement payments may also be used to pay interest payments on federal loans.

Under federal law, the FUTA tax credit to employers for state unemployment insurance taxes is reduced by 0.3% if a state's unemployment reserve fund ended the preceding three years with a negative balance. Wisconsin ended 2009 with a negative balance and is expected to maintain a negative balance through 2011. Beginning in 2012, it is anticipated that the FUTA tax credit of 5.4% will be reduced by 0.3% absent changes to federal law or elimination of the state UI reserve fund deficit. The additional revenue generated by the federal reduction in the FUTA tax credit must be deposited into the state's unemployment reserve fund to reduce the reserve fund deficit.

APPENDIX I

Excluded Employment

The following types of employment are excluded from coverage by Wisconsin's unemployment insurance law:

Governmental Units, Indian Tribes

1. Service as an official elected by vote of the public or as an official appointed to fill the unexpired term of a vacant position normally filled by vote of the public.

2. Service as a member of a legislative body or the judiciary of a state, political subdivision, or an Indian tribe.

3. Service as a member of the Wisconsin national guard in a military capacity.

4. Service as an employee serving solely on a temporary basis in case of fire, storm, snow, earthquake, flood, or similar emergency.

5. Service in a major nontenured policymaking or advisory position, under the laws of this state or of an Indian tribe, or in a policymaking or advisory position taking less than eight hours per week.

Governmental Units, Indian Tribes, or Nonprofit Organizations

1. Service by an individual receiving work relief or work training as part of an unemployment work-relief or work-training program assisted or financed in whole or in part by any federal agency, other governmental agency, or an Indian tribe, unless coverage is required as a condition for participation in the program.

2. Service by an individual receiving

rehabilitation in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age, injury, or physical or mental deficiency.

3. Service by an individual performing remunerative work in a facility which provides remunerative work for individuals who cannot be readily absorbed in the competitive labor market because of impaired physical or mental capacity.

4. Service by an inmate of a custodial or penal institution.

Nonprofit Organizations

1. Service in the employ of a church or a convention or association of churches.

2. Service in the employ of an organization operated primarily for religious purposes and operated, supervised, controlled, or principally supported by a church or a convention or association of churches.

3. Service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his or her ministry or service by a member of a religious order in the exercise of duties required by the order.

Educational Institutions

1. Service by a student who is enrolled and is regularly attending classes at an educational institution.

2. Service by the spouse of such a student, if given written notice at the start of the service that the work is under a program to provide financial

assistance to the student and that the work will not be covered by any program of unemployment insurance.

Specified Employers

1. Service by an individual who is enrolled as a student at a nonprofit or public educational institution that maintains a regular faculty, curriculum, and organized body of students in a full-time program taken for credit which combines academic instruction with work experience as an integral part of the program, unless the program was established by or on behalf of an employer or employers.

2. Service as a student nurse in the employ of a hospital or nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school.

3. Service as an intern in the employ of a hospital by an individual who has completed a four-year course in a medical school.

4. Service in the employ of a hospital by a patient of the hospital.

5. Service in any calendar quarter in the employ of most organizations exempt from the federal income tax if the remuneration for the service is less than \$50.

6. Service by a nonresident alien for the period he or she is temporarily present in the U.S. as a nonimmigrant under federal law if the service is performed to carry out the purpose for which the alien is admitted to the U.S., or service by the spouse or child of the alien, if the spouse or child were also admitted for the same purpose.

7. Service in state and national Americorps programs when payment for the services are federal monthly living allowances and eligibility for educational awards upon completion of services. The exclusion does not apply to Americorps state

and national program participants who are performing service as part of a professional corps program or an educational awards program.

8. Service by an individual to an ill or disabled family member related by blood or adoption as a spouse, parent, child, grandparent, grandchild, step parent, step child, or domestic partner if the service is personal care or companionship and the employee is employed by the ill or disabled family member.

Private For-Profit Employers

1. Service in agricultural labor unless the employer paid wages for agricultural labor of at least \$20,000 in any calendar quarter or employed at least 10 individuals in agricultural labor for some part of a day in at least 20 weeks.

2. Service as a domestic unless the employer paid wages of at least \$1,000 in any calendar quarter for the service of one or more domestics.

3. Service as a caddy on a golf course.

4. Service as an individual selling or distributing newspapers or magazines on the street or from house to house.

5. Service for which unemployment insurance is payable under the federal Railroad Unemployment Insurance Act.

6. Service by an individual working for another person as an insurance agent or solicitor if all such service is performed for remuneration solely by way of commissions.

7. Service by an individual working for another person as a real estate agent or salesperson if all such service is performed for remuneration solely by way of commissions.

8. Service as an unpaid officer of a corporation or association or as an unpaid manager of an

LLC.

9. Service covered by any other unemployment insurance law pursuant to a reciprocal agreement between DWD and the administrative agency of another jurisdiction.

10. Service by an individual in the employ of the individual's son, daughter, or spouse and service by an individual under the age of 18 for his or her parent.

11. Service for an employer who would otherwise be subject to the state unemployment insurance law as a result of federal unemployment insurance law if the employer covers the service under the law of another jurisdiction and approval is granted by DWD.

12. Service by an individual as a court reporter if the individual receives wages on a per diem basis.

13. Service by an individual who makes in-person sales to or solicits orders from ultimate consumers, primarily in the home, if the individual's remuneration consists solely of commissions, overrides, bonuses, or differentials directly related to such sales or other output.

14. Service in any type of maritime service specifically excluded from coverage under the federal Unemployment Tax Act.

15. Service by an individual who leases a motor vehicle used for taxicab purposes or equipment that is attached and that becomes part of the vehicle under a bonifide lease agreement, provided that: (a) the individual retains the income earned through the use of the leased motor vehicle or equipment; (b) the individual receives no direct compensation from the lessor; and (c) the amount of the lease payment is not contingent upon the income generated through the use of the motor vehicle or equipment.

16. Work for a seasonal employer if, prior to such employment, the individual receives written notice from the seasonal employer that such service might not qualify the individual for unemployment insurance benefits unless: (a) the individual is employed by the employer for at least 90 days; or (b) the individual is paid at least \$500 from one or more other covered employers.

DWD is authorized to designate an employer a seasonal employer if:

a. The employer is in a tourism, recreational, or tourist service industry, including operation of a hotel, inn, camp, tourism attraction, restaurant, ice cream or soft drink stand, drive-in theater, race-track, park, carnival, country club, golf course, swimming pool, chair lift, or ski resort, or the employer has been classified by DWD as primarily engaged in agricultural production, agricultural services, forestry or commercial fishing, hunting, or trapping;

b. The employer customarily operates primarily during two calendar quarters within a year;

c. At least 75% of the wages paid by the employer during the preceding year were paid in the two calendar quarters of the business' seasonal operations; and

d. The employer is not delinquent in making unemployment insurance contribution payments or in filing a contribution report.

17. Service provided to a recipient of medical assistance (MA) by an individual who is not an employee of a home health agency if the service is:

a. Private duty nursing service or part-time intermittent care for which MA reimbursement is available as a covered service, provided by an individual who is certified by the Department of Health Services (DHS) as a nurse in independent practice or as an independent nurse practitioner; or

b. Respiratory care service for ventilator-dependent individuals for which MA reimbursement is available as a covered service, provided by an individual who is certified by DHS as a provider of respiratory care services in independent practice.

If the remuneration for employment that is excluded from the state unemployment tax under these provisions is subject to the federal unem-

ployment tax, such remuneration will not be excluded from the state tax during the period in which the remuneration is subject to the federal tax. Also, if employment that is excluded from state coverage is required by the federal Unemployment Tax Act, the Social Security Act, or any other federal law to be employment as a condition for receiving a federal tax credit, then the exclusion does not apply under state law.

APPENDIX II

Computation of Contribution Liability

In order to illustrate how the unemployment insurance contribution tax liability is determined, the following tables provide information for a hypothetical firm. This illustration reflects the increase in taxable payroll to \$13,000 for 2011 and 2012. The taxable wage base will increase to \$14,000 in 2013 and thereafter.

	Payroll Records				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Employee 1	\$15,000	\$15,000	\$15,000	\$15,000	\$60,000
Employee 2	6,250	6,250	6,250	6,250	25,000
Employee 3	5,000	5,000	5,000	5,000	20,000
Employee 4	5,000	5,000	0	0	10,000
Employee 5	<u>0</u>	<u>0</u>	<u>7,000</u>	<u>7,000</u>	<u>14,000</u>
Total Payroll	<u>\$31,250</u>	<u>\$31,250</u>	<u>\$33,250</u>	<u>\$33,250</u>	<u>\$129,000</u>

It is assumed that this firm employs three individuals in covered employment for the entire year and that a fourth employee works half of the year, quits, and then is replaced in the third quarter with a fifth employee. It is further assumed that the firm has a contribution rate of 1.62% and a solvency rate of 1.00% for a total rate of 2.62%. (This would imply a reserve percentage of 5.5% to 6.0% under rate schedule A. The firm is subject to the solvency rate schedule for businesses with a taxable payroll of less than \$500,000.)

	Covered Payroll Over \$13,000 Per Employee				
Employee 1	\$2,000	\$15,000	\$15,000	\$15,000	\$47,000
Employee 2	0	0	5,750	6,250	12,000
Employee 3	0	0	2,000	5,000	7,000
Employee 4	0	0	0	0	0
Employee 5	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>1,000</u>
Total Payroll	<u>\$2,000</u>	<u>\$15,000</u>	<u>\$22,750</u>	<u>\$27,250</u>	<u>\$67,000</u>

	Contribution Liability Computation				
Total Payroll	\$31,250	\$31,250	\$33,250	\$33,250	\$129,000
- Payroll Over \$13,000	<u>- 2,000</u>	<u>- 15,000</u>	<u>- 22,750</u>	<u>- 27,250</u>	<u>- 67,000</u>
Taxable Payroll	<u>\$29,250</u>	<u>\$16,250</u>	<u>\$10,500</u>	<u>\$6,000</u>	<u>\$62,000</u>
X Total Tax Rate	<u>.0262</u>	<u>.0262</u>	<u>.0262</u>	<u>.0262</u>	<u>.0262</u>
Total Liability	\$766	\$426	\$275	\$157	\$1,624

As these tables indicate, this hypothetical employer would pay a total of \$1,624 in unemployment insurance taxes to the unemployment reserve fund. Since most of the employer's workers were employed from the beginning of the year and the contribution liability is based on the first \$13,000 of wages for each employee, most of the contribution payments are paid for the first half of the year (\$1,192 out of \$1,624, or 73.4%). Since contribution payments are based on taxable payroll rather than total payroll, differences in employee turnover can result in differing levels of contributions for em-

ployers with identical total payrolls. In general, employers subject to contribution financing provisions are required to file a contribution report and make the required contribution payments for that calendar quarter at the close of the month following the calendar quarter for which the contributions are made. However, an employer that has a first quarter contribution liability of \$1,000 or more may defer payment to later due dates of 60% of its first quarter contribution liability, without interest if certain conditions are met (described previously in the section on contribution financing).

APPENDIX III

Mechanics of Contribution Financing Over Time

The following tables are designed to reflect the manner in which contribution financing operates over a period of time. (The calculations reflect the increase in the taxable wage base to \$13,000 in 2011 and 2012, and \$14,000 in 2013 and thereafter.) For the purposes of this example, it is assumed that the employer had a June 30, 2010, account balance of \$2,000, that its taxable payroll for the preceding twelve months was \$62,000 and that its regular contribution rate for the 2010 calendar year was 3.37%. (This implies a June, 2009, reserve percentage of 0% to 3.5%. Schedule A of the unemployment insurance tax rate schedules was effective for calendar year 2010. The tax rate schedules were changed beginning in calendar year 2010.) It is also assumed that the employer had a taxable payroll of \$8,000 for the last six months of 2010, and no benefits were paid during this period.

The employer's regular contribution rate for the 2011 calendar year is determined by dividing the June 30, 2010, account balance of \$2,000 by the taxable payroll for the preceding twelve months (\$62,000). This computation yields a reserve percentage of 3.23%. Schedule A of the tax rate schedules is effective for 2011. Comparing this reserve percentage to Schedule A of the unemployment insurance tax rate schedules results in a regular contribution rate of 3.37%. The associated solvency rate is 1.40% for a total rate of 4.77% for calendar year 2011.

The employer's opening balance for calendar year 2011 can be determined by taking the June 30, 2010, account balance of \$2,000, adding regular contributions made during the last six months of 2010 ($3.37\% \times \$8,000 = \270), and subtracting any benefit payments made during that period (\$0).

This calculation results in a January 1, 2011, account balance of \$2,270. The first table shows the employer's contribution and benefit experience for calendar year 2011.

Calendar Year 2011

	Quarter				Year End Summary
	1	2	3	4	
Opening Balance	\$2,270	\$3,214	\$3,905	\$4,215	\$2,270
Taxable Payroll	28,000	20,500	9,200	5,500	63,200
X Contribution Rate	<u>.0337</u>	<u>.0337</u>	<u>.0337</u>	<u>.0337</u>	<u>.0337</u>
Regular Contributions	\$944	\$691	\$310	\$185	\$2,130
Benefits Paid	0	0	0	0	0
Closing Balance	\$3,214	\$3,905	\$4,215	\$4,400	\$4,400

As this table indicates, in 2011, the employer made regular contribution payments of \$2,130 and did not experience any layoffs. To compute the employer's contribution rate for calendar year 2012, the closing balance for the second quarter, \$3,905, is divided by the taxable payroll for the preceding twelve months (\$8,000 for the last six months of 2010, and \$48,500 for the first six months of 2011 = \$56,500). This computation yields a reserve percentage of 6.91% and a corresponding contribution rate of 1.03% on Schedule A. The lack of layoffs and related benefit payments in the period from July 1, 2010, to June 30, 2011, produced a lower contribution rate for the employer. Note that solvency payments are not credited to individual employer accounts and, therefore, are not included in determining employer contribution rates. The second table provides information for calendar year 2012.

Calendar Year 2012

	Quarter				Year End Summary
	1	2	3	4	
Opening Balance	\$4,400	\$4,632	\$5,103	\$1,970	\$4,400
Taxable Payroll	22,500	19,500	6,500	3,200	51,700
X Contribution Rate	<u>.0103</u>	<u>.0103</u>	<u>.0103</u>	<u>.0103</u>	<u>.0103</u>
Regular Contributions	\$232	\$201	\$67	\$33	\$533
Voluntary Contribution	\$0	\$270	\$0	\$0	\$270
Benefits Paid	-0-	-0-	\$3,200	\$3,200	\$6,400
Closing Balance	\$4,632	\$5,103	\$1,970	-\$1,197	-\$1,197

In 2012, the employer made regular contribution payments of \$533, and laid off two workers who received benefits of \$6,400. The calculation of the calendar year regular contribution rate for 2013 is made by dividing the June 30, 2012, closing balance by the taxable payroll for the preceding twelve months. Without a voluntary contribution, the June 30 balance would be \$4,833. The previous twelve-month taxable payroll was \$56,700 (\$14,700 for the last six months of 2011 and \$42,000 for the first six months of 2012). Dividing these numbers results in a reserve percentage of 8.52%, and a corresponding contribution rate for calendar year 2013 of 0.52%. However, the table assumes that the employer makes a voluntary contribution of \$270 in the second quarter (resulting in total contributions of \$803) in order to increase its reserve percentage to 9.0% and reduce its 2013 contribution rate to 0.33%. If the employer expects taxable payroll to continue at about \$56,500, the voluntary contribution would reduce total contribution payments. Also, note that, even though the employer laid off two workers in the second half of the year and ended with a negative account balance, this experience will not be reflected in a higher contribution rate until calendar year 2014.

As the table for calendar year 2013 indicates, the employer made regular contributions of \$212 in 2013, and recalled the two laid-off employees so that no benefits were charged to the employer's account. The contribution rate in 2014 can be computed by dividing the June 30, 2013, closing bal-

ance (-\$1,033) by the prior year's taxable payroll (\$9,700 for the last six months of 2012, and \$49,500 for the first six months of 2013 = \$59,200). This computation produces a reserve percentage of -1.74% and a corresponding contribution rate of 5.8% on Schedule A. However, under Wisconsin law, the contribution rate paid by an employer with a negative account balance cannot increase annually by more than two percentage points. As a result, in 2014, the employer in this example would be subject to a contribution rate of 2.33% (0.33% + 2.0%). Since there is no 2.33% regular contribution rate in Schedule A, the next highest regular contribution rate in the Schedule, 2.64%, is assigned for calendar year 2014. Note again that this increase in the 2014 contribution rate is the result of layoffs during the last six months of 2012.

Calendar Year 2013

	Quarter				Year End Summary
	1	2	3	4	
Opening Balance	-\$1,197	-\$1,106	-\$1,033	-\$1,002	-\$1,197
Taxable Payroll	27,500	22,000	9,300	5,200	64,000
X Contribution Rate	<u>.0033</u>	<u>.0033</u>	<u>.0033</u>	<u>.0033</u>	<u>.0033</u>
Regular Contributions	\$91	\$73	\$31	\$17	\$212
Benefits Paid	0	0	0	0	0
Closing Balance	-\$1,106	-\$1,033	-\$1,002	-\$985	-\$985

During calendar year 2014, the employer made regular contributions of \$1,718 and briefly laid off one employee during the second quarter. The benefits paid to this employee (\$320) would have an impact on the contribution rate for calendar year 2015, since the employer's June 30, 2014, reserve percentage would have been positive, between 0.0% and 3.5%, without the benefit payments. The employer's reserve percentage for determining the 2015 contribution rate is calculated by dividing the June 30, 2014, closing balance of -\$12 by taxable payroll for the previous twelve months (\$14,500 for the last six months of 2013, and \$49,000 for the first six months of 2014 = \$63,500). This results in a reserve percentage of -0.02% and a corresponding

Calendar Year 2014

	Quarter				Year End Summary
	1	2	3	4	
Opening Balance	-\$985	-\$233	-\$12	\$255	-\$985
Taxable Payroll	28,500	20,500	10,100	6,000	65,100
X Contribution Rate	<u>.0264</u>	<u>.0264</u>	<u>.0264</u>	<u>.0264</u>	<u>.0264</u>
Regular Contributions	\$752	\$541	\$267	\$158	\$1,718
Benefits Paid	0	320	0	0	320
Closing Balance	-\$233	-\$12	\$255	\$413	\$413

regular contribution rate of 5.30% for 2015. Again, the employer is subject to rate increase limits, but in this case there is not a rate of 4.64%, and the next highest rate is 5.30%. However, if the employer had made a voluntary contribution of \$13, there would be a positive reserve percentage (between 0% and 3.5%) and the corresponding rate would be

3.37%. If taxable wages remained stable, the employer would reduce contributions by \$1,226 $[(.053 - .0337) \times \$63,500 = \$1,226]$.

This example illustrates the lag which is present in the method of contribution financing under Wisconsin's unemployment insurance law. The hypothetical employer had regular contribution rates of 3.37% in 2011, 1.03% in 2012, 0.33% in 2013, 2.64% in 2014, and 5.3% in 2015. The employer's laid-off workers collected unemployment benefits of \$0 in 2011, \$6,400 in 2012, \$0 in 2013, and \$320 in 2014. The employer paid its lowest contribution rates during the years (2012 and 2013) in which it generated negative account balances. Conversely, it paid relatively higher rates in years in which it had positive account balances (2011 and 2014). This lag makes the financing of unemployment insurance benefits countercyclical in its response to changing unemployment conditions.

APPENDIX IV

Weekly Benefit Rate Schedule

Highest Quarterly Wages Paid		Weekly Benefit Rate	Highest Quarterly Wages Paid		Weekly Benefit Rate	Highest Quarterly Wages Paid		Weekly Benefit Rate	Highest Quarterly Wages Paid		Weekly Benefit Rate
Under	\$1,350.00	50	\$3,275.00	to \$3,299.99	131	\$5,225.00	to \$5,249.99	209	\$7,175.00	to \$7,199.99	287
\$1,350.00	to 1,374.99	54	3,300.00	to 3,324.99	132	5,250.00	to 5,274.99	210	7,200.00	to 7,224.99	288
1,375.00	to 1,399.99	55	3,325.00	to 3,349.99	133	5,275.00	to 5,299.99	211	7,225.00	to 7,249.99	289
1,400.00	to 1,424.99	56	3,350.00	to 3,374.99	134	5,300.00	to 5,324.99	212	7,250.00	to 7,274.99	290
1,425.00	to 1,449.99	57	3,375.00	to 3,399.99	135	5,325.00	to 5,349.99	213	7,275.00	to 7,299.99	291
1,450.00	to 1,474.99	58	3,400.00	to 3,424.99	136	5,350.00	to 5,374.99	214	7,300.00	to 7,324.99	292
1,475.00	to 1,499.99	59	3,425.00	to 3,449.99	137	5,375.00	to 5,399.99	215	7,325.00	to 7,349.99	293
1,500.00	to 1,524.99	60	3,450.00	to 3,474.99	138	5,400.00	to 5,424.99	216	7,350.00	to 7,374.99	294
1,525.00	to 1,549.99	61	3,475.00	to 3,499.99	139	5,425.00	to 5,449.99	217	7,375.00	to 7,399.99	295
1,550.00	to 1,574.99	62	3,500.00	to 3,524.99	140	5,450.00	to 5,474.99	218	7,400.00	to 7,424.99	296
1,575.00	to 1,599.99	63	3,525.00	to 3,549.99	141	5,475.00	to 5,499.99	219	7,425.00	to 7,449.99	297
1,600.00	to 1,624.99	64	3,550.00	to 3,574.99	142	5,500.00	to 5,524.99	220	7,450.00	to 7,474.99	298
1,625.00	to 1,649.99	65	3,575.00	to 3,599.99	143	5,525.00	to 5,549.99	221	7,475.00	to 7,499.99	299
1,650.00	to 1,674.99	66	3,600.00	to 3,624.99	144	5,550.00	to 5,574.99	222	7,500.00	to 7,524.99	300
1,675.00	to 1,699.99	67	3,625.00	to 3,649.99	145	5,575.00	to 5,599.99	223	7,525.00	to 7,549.99	301
1,700.00	to 1,724.99	68	3,650.00	to 3,674.99	146	5,600.00	to 5,624.99	224	7,550.00	to 7,574.99	302
1,725.00	to 1,749.99	69	3,675.00	to 3,699.99	147	5,625.00	to 5,649.99	225	7,575.00	to 7,599.99	303
1,750.00	to 1,774.99	70	3,700.00	to 3,724.99	148	5,650.00	to 5,674.99	226	7,600.00	to 7,624.99	304
1,775.00	to 1,799.99	71	3,725.00	to 3,749.99	149	5,675.00	to 5,699.99	227	7,625.00	to 7,649.99	305
1,800.00	to 1,824.99	72	3,750.00	to 3,774.99	150	5,700.00	to 5,724.99	228	7,650.00	to 7,674.99	306
1,825.00	to 1,849.99	73	3,775.00	to 3,799.99	151	5,725.00	to 5,749.99	229	7,675.00	to 7,699.99	307
1,850.00	to 1,874.99	74	3,800.00	to 3,824.99	152	5,750.00	to 5,774.99	230	7,700.00	to 7,724.99	308
1,875.00	to 1,899.99	75	3,825.00	to 3,849.99	153	5,775.00	to 5,799.99	231	7,725.00	to 7,749.99	309
1,900.00	to 1,924.99	76	3,850.00	to 3,874.99	154	5,800.00	to 5,824.99	232	7,750.00	to 7,774.99	310
1,925.00	to 1,949.99	77	3,875.00	to 3,899.99	155	5,825.00	to 5,849.99	233	7,775.00	to 7,799.99	311
1,950.00	to 1,974.99	78	3,900.00	to 3,924.99	156	5,850.00	to 5,874.99	234	7,800.00	to 7,824.99	312
1,975.00	to 1,999.99	79	3,925.00	to 3,949.99	157	5,875.00	to 5,899.99	235	7,825.00	to 7,849.99	313
2,000.00	to 2,024.99	80	3,950.00	to 3,974.99	158	5,900.00	to 5,924.99	236	7,850.00	to 7,874.99	314
2,025.00	to 2,049.99	81	3,975.00	to 3,999.99	159	5,925.00	to 5,949.99	237	7,875.00	to 7,899.99	315
2,050.00	to 2,074.99	82	4,000.00	to 4,024.99	160	5,950.00	to 5,974.99	238	7,900.00	to 7,924.99	316
2,075.00	to 2,099.99	83	4,025.00	to 4,049.99	161	5,975.00	to 5,999.99	239	7,925.00	to 7,949.99	317
2,100.00	to 2,124.99	84	4,050.00	to 4,074.99	162	6,000.00	to 6,024.99	240	7,950.00	to 7,974.99	318
2,125.00	to 2,149.99	85	4,075.00	to 4,099.99	163	6,025.00	to 6,049.99	241	7,975.00	to 7,999.99	319
2,150.00	to 2,174.99	86	4,100.00	to 4,124.99	164	6,050.00	to 6,074.99	242	8,000.00	to 8,024.99	320
2,175.00	to 2,199.99	87	4,125.00	to 4,149.99	165	6,075.00	to 6,099.99	243	8,025.00	to 8,049.99	321
2,200.00	to 2,224.99	88	4,150.00	to 4,174.99	166	6,100.00	to 6,124.99	244	8,050.00	to 8,074.99	322
2,225.00	to 2,249.99	89	4,175.00	to 4,199.99	167	6,125.00	to 6,149.99	245	8,075.00	to 8,099.99	323
2,250.00	to 2,274.99	90	4,200.00	to 4,224.99	168	6,150.00	to 6,174.99	246	8,100.00	to 8,124.99	324
2,275.00	to 2,299.99	91	4,225.00	to 4,249.99	169	6,175.00	to 6,199.99	247	8,125.00	to 8,149.99	325
2,300.00	to 2,324.99	92	4,250.00	to 4,274.99	170	6,200.00	to 6,224.99	248	8,150.00	to 8,174.99	326
2,325.00	to 2,349.99	93	4,275.00	to 4,299.99	171	6,225.00	to 6,249.99	249	8,175.00	to 8,199.99	327
2,350.00	to 2,374.99	94	4,300.00	to 4,324.99	172	6,250.00	to 6,274.99	250	8,200.00	to 8,224.99	328
2,375.00	to 2,399.99	95	4,325.00	to 4,349.99	173	6,275.00	to 6,299.99	251	8,225.00	to 8,249.99	329
2,400.00	to 2,424.99	96	4,350.00	to 4,374.99	174	6,300.00	to 6,324.99	252	8,250.00	to 8,274.99	330
2,425.00	to 2,449.99	97	4,375.00	to 4,399.99	175	6,325.00	to 6,349.99	253	8,275.00	to 8,299.99	331
2,450.00	to 2,474.99	98	4,400.00	to 4,424.99	176	6,350.00	to 6,374.99	254	8,300.00	to 8,324.99	332
2,475.00	to 2,499.99	99	4,425.00	to 4,449.99	177	6,375.00	to 6,399.99	255	8,325.00	to 8,349.99	333
2,500.00	to 2,524.99	100	4,450.00	to 4,474.99	178	6,400.00	to 6,424.99	256	8,350.00	to 8,374.99	334
2,525.00	to 2,549.99	101	4,475.00	to 4,499.99	179	6,425.00	to 6,449.99	257	8,375.00	to 8,399.99	335
2,550.00	to 2,574.99	102	4,500.00	to 4,524.99	180	6,450.00	to 6,474.99	258	8,400.00	to 8,424.99	336
2,575.00	to 2,599.99	103	4,525.00	to 4,549.99	181	6,475.00	to 6,499.99	259	8,425.00	to 8,449.99	337
2,600.00	to 2,624.99	104	4,550.00	to 4,574.99	182	6,500.00	to 6,524.99	260	8,450.00	to 8,474.99	338
2,625.00	to 2,649.99	105	4,575.00	to 4,599.99	183	6,525.00	to 6,549.99	261	8,475.00	to 8,499.99	339
2,650.00	to 2,674.99	106	4,600.00	to 4,624.99	184	6,550.00	to 6,574.99	262	8,500.00	to 8,524.99	340
2,675.00	to 2,699.99	107	4,625.00	to 4,649.99	185	6,575.00	to 6,599.99	263	8,525.00	to 8,549.99	341
2,700.00	to 2,724.99	108	4,650.00	to 4,674.99	186	6,600.00	to 6,624.99	264	8,550.00	to 8,574.99	342
2,725.00	to 2,749.99	109	4,675.00	to 4,699.99	187	6,625.00	to 6,649.99	265	8,575.00	to 8,599.99	343
2,750.00	to 2,774.99	110	4,700.00	to 4,724.99	188	6,650.00	to 6,674.99	266	8,600.00	to 8,624.99	344
2,775.00	to 2,799.99	111	4,725.00	to 4,749.99	189	6,675.00	to 6,699.99	267	8,625.00	to 8,649.99	345
2,800.00	to 2,824.99	112	4,750.00	to 4,774.99	190	6,700.00	to 6,724.99	268	8,650.00	to 8,674.99	346
2,825.00	to 2,849.99	113	4,775.00	to 4,799.99	191	6,725.00	to 6,749.99	269	8,675.00	to 8,699.99	347
2,850.00	to 2,874.99	114	4,800.00	to 4,824.99	192	6,750.00	to 6,774.99	270	8,700.00	to 8,724.99	348
2,875.00	to 2,899.99	115	4,825.00	to 4,849.99	193	6,775.00	to 6,799.99	271	8,725.00	to 8,749.99	349
2,900.00	to 2,924.99	116	4,850.00	to 4,874.99	194	6,800.00	to 6,824.99	272	8,750.00	to 8,774.99	350
2,925.00	to 2,949.99	117	4,875.00	to 4,899.99	195	6,825.00	to 6,849.99	273	8,775.00	to 8,799.99	351
2,950.00	to 2,974.99	118	4,900.00	to 4,924.99	196	6,850.00	to 6,874.99	274	8,800.00	to 8,824.99	352
2,975.00	to 2,999.99	119	4,925.00	to 4,949.99	197	6,875.00	to 6,899.99	275	8,825.00	to 8,849.99	353
3,000.00	to 3,024.99	120	4,950.00	to 4,974.99	198	6,900.00	to 6,924.99	276	8,850.00	to 8,874.99	354
3,025.00	to 3,049.99	121	4,975.00	to 4,999.99	199	6,925.00	to 6,949.99	277	8,875.00	to 8,899.99	355
3,050.00	to 3,074.99	122	5,000.00	to 5,024.99	200	6,950.00	to 6,974.99	278	8,900.00	to 8,924.99	356
3,075.00	to 3,099.99	123	5,025.00	to 5,049.99	201	6,975.00	to 6,999.99	279	8,925.00	to 8,949.99	357
3,100.00	to 3,124.99	124	5,050.00	to 5,074.99	202	7,000.00	to 7,024.99	280	8,950.00	to 8,974.99	358
3,125.00	to 3,149.99	125	5,075.00	to 5,099.99	203	7,025.00	to 7,049.99	281	8,975.00	to 8,999.99	359
3,150.00	to 3,174.99	126	5,100.00	to 5,124.99	204	7,050.00	to 7,074.99	282	9,000.00	to 9,024.99	360
3,175.00	to 3,199.99	127	5,125.00	to 5,149.99	205	7,075.00	to 7,099.99	283	9,025.00	to 9,049.99	361
3,200.00	to 3,224.99	128	5,150.00	to 5,174.99	206	7,100.00	to 7,124.99	284	9,050.00	to 9,074.99	362
3,225.00	to 3,249.99	129	5,175.00	to 5,199.99	207	7,125.00	to 7,149.99	285	9,075.00	and over	363
3,250.00	to 3,274.99	130	5,200.00	to 5,224.99	208	7,150.00	to 7,174.99	286			