

**Annual Evaluation of the  
Hawai'i Unemployment Compensation Trust Fund**

State of Hawai'i  
Department of Labor & Industrial Relations

December 2018

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## TABLE OF CONTENTS

	Page
<b>Executive Summary</b> .....	1
<b>Background Information</b> .....	3
• Purpose of Report	
• Fund Definition and Requirements	
<b>Status of the Unemployment Compensation Trust Fund</b> .....	4
• Status of the Fund	
• Fund Solvency	
• Tax Rates	
• Taxable Wage Base	
<b>Economic Factors</b> .....	6
• General Conditions	
• Civilian Labor Force Data	
• Insured Unemployment and Employment Covered by the UC Fund	
• Weekly Benefit Amounts and Average Duration	
<b>Experience Rating</b> .....	10
• Description	
• Charged and Noncharged Benefits	
• 2017 Employer Data	
<b>Appendixes</b>	
A Computation of Employer Contribution Rates .....	A-1
B Annual Data from 1970	
• Civilian Labor Force Data (Data from 1976).....	A-2
• Insured Unemployment and Employment Covered by the UC Fund.....	A-3
• Weekly Benefit Amount and Average Duration.....	A-4
• Hawai'i Unemployment Compensation Trust Fund.....	A-5
• Ratio of Current to Adequate Reserve Fund.....	A-6
• Unemployment Insurance Tax Rates.....	A-7
• Total and Taxable Wages .....	A-8
• Charged and Noncharged Benefits.....	A-9
C Benefits Not Charged to Employer Accounts .....	A-10
D The Hawai'i Unemployment Compensation Trust Fund and Economic Conditions: 1970 to the Present .....	A-11

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## EXECUTIVE SUMMARY

### Highlights

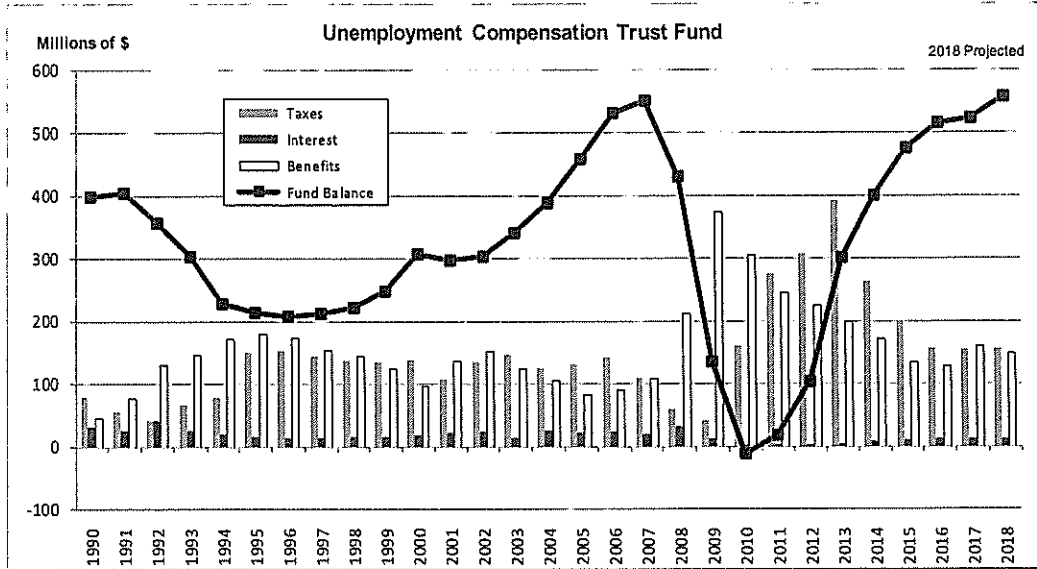
	2017	2018	2019
<b>Unemployment Compensation Trust Fund</b>			
Contributions	\$156 million	\$170 million*	\$185 million*
Interest	\$12 million	\$12 million*	\$13 million*
Benefits	\$160 million	\$147 million*	\$154 million*
Fund Balance (end of year)	\$522 million	\$557 million*	\$601 million*
<b>Unemployment Rates</b>			
Hawai'i Insured Unemployment Rate	1.2%	1.1%*	1.1%*
Hawai'i Total Unemployment Rate	2.4%	2.6%*	2.6%*
U.S. Total Unemployment Rate	4.4%		
<b>Taxable Wage Base</b>	\$44,000	\$45,900	\$46,800
<b>Tax Schedule</b>	Schedule C	Schedule C	Schedule C
<b>Tax Rates</b>			
Minimum	0.0%	0.0%	0.0%
Maximum	5.6%	5.6%	5.6%
Average			
% of Taxable Wages	1.0%	1.0%*	1.0%*
% of Total Wages	0.7%	0.7%*	0.7%*
<b>Weekly Benefit Amount</b>			
Minimum	\$5	\$5	\$5
Maximum	\$592	\$619	\$630
Average	\$484		
<b>Average Benefit Duration</b>	15.6 weeks		

\* estimated

### Status of the Fund

The Hawai'i Unemployment Compensation Trust Fund *balance was \$565.3 million at the end of November 2018*. During the first eleven months of 2018, \$167.5 million in taxes and \$9.1 million in interest were added to the Fund. At the same time, \$133.6 million in benefits were paid out from the Fund. As of November, the fund balance is 1.12 of the adequate level. This amount would finance about one year of unemployment at the worst level experienced during the last ten years.

*Assuming the calendar year 2019 insured unemployment rate averages 1.1%, or about 6,700 claims per week, the fund balance is estimated to be \$601 million at the end of 2019. With this fund balance, Schedule C would continue to be in effect for 2020.*

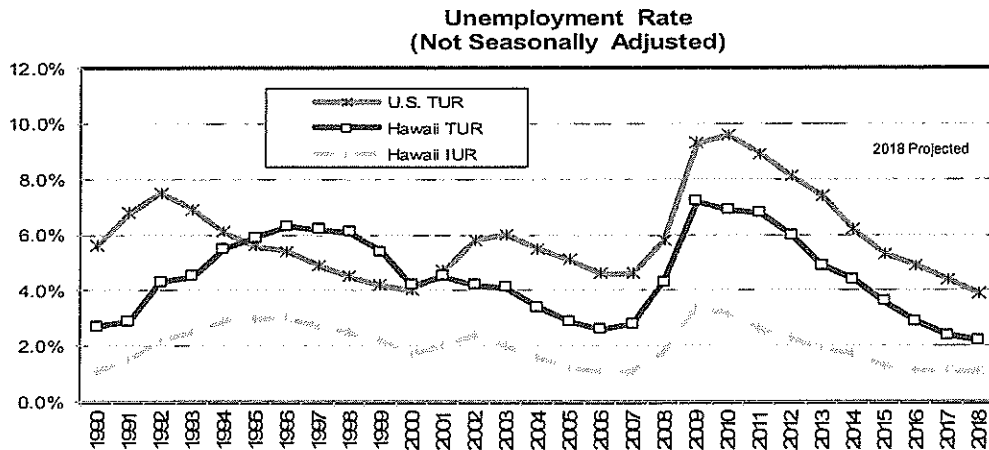


**Economic Factors**

The national not seasonally adjusted total unemployment rate (TUR) was 3.5% as of November 2018, decreasing from the November 2017 rate of 3.9%. Hawaii's not seasonally adjusted total unemployment rate (TUR) was 2.6% in November 2018 as compared to 2.1% in November 2017. Hawaii's total nonagricultural wage and salary job count grew in 2018, averaging 662,600 for the eleven months ending November 2018. This is a 11,100 increase from the average of 651,500 for the same period in 2017.

The insured unemployment rate (IUR), a measure of the unemployed covered by Hawaii's Unemployment Compensation program, is used to project outgo from the Unemployment Compensation Trust Fund. The IUR averaged 1.25% in 2017. It is at 1.08% as of November 2018.

*Projections in this report assume stable unemployment levels in Hawaii through 2019. Trust fund estimates are based on an insured unemployment rate (IUR) of 1.1% in 2018 and 1.1% in 2019.*



**2019 Tax Schedule and Taxable Wage Base**

Taxes will also be stable as Tax Schedule C will remain in effect for 2019 due to a fund balance of \$565.3 million as of November 2018. Tax rates will range from 0.0% to 5.6%. The average tax rate is estimated to be 1.0%. The taxable wage base (maximum annual wages taxable per employee) will be \$46,800 in 2019.

## BACKGROUND INFORMATION

### Purpose of Report

This report is produced to meet the requirements of section 383–126.5, Hawai'i Revised Statutes, which calls for an *annual evaluation of the adequacy of the Hawai'i Unemployment Compensation Trust Fund balance*, taking into account conditions in the State and national economic trends.

### Fund Definition and Requirements

**Establishment of Fund in Hawai'i state law.** The Hawai'i Employment Security Law (Hawai'i Revised Statutes, chapter 383) establishes the Unemployment Compensation Trust Fund under the administration of the Department of Labor and Industrial Relations. Unemployment insurance contributions (taxes) are collected from employers and deposited into this fund. Interest earned on the fund balance is also credited to the fund. The fund can be used *only* to pay unemployment insurance benefits or refunds of overpaid contributions.

**Federal requirements.** Both state and federal laws govern the unemployment insurance program. The Federal Unemployment Tax Act (FUTA), which is part of the U.S. Internal Revenue Code, provides for a federal payroll tax—currently 6.0% of the first \$7,000 in wages per year per employee. Employers receive a tax credit of 5.4% against the Federal tax (resulting in a net tax rate of 0.6%) if their state's law meets all the requirements in the federal laws. The federal tax pays for state and federal administration costs, the federal share of extended benefits, and a loan fund for states that deplete their unemployment funds.

The Social Security Act also contains many requirements relating to the unemployment insurance program.

Three important trust fund related federal requirements are as follows.

- All state Unemployment Compensation Trust funds must be maintained in the U.S. Treasury as part of the federal Unemployment Trust Fund. Each state has an account in the Trust Fund and interest is paid quarterly to the account by the federal government.
- The Trust Fund can be used essentially only for the payment of unemployment benefits.
- Employers receive the full 5.4% federal tax credit only if the state's system for determining individual employer tax rates meets federal standards. For example, the state's maximum tax rate must be at least 5.4% and an employer's tax rate may be reduced from the maximum, but the reduction must be based on that employer's experience with unemployment (experience rating).

Nonconformity to federal standards can result in:

- denial of all credit against the federal tax (employer's federal tax would be the full 6.0% on the \$7,000 wage base);
- denial of additional credit (employer's federal tax would be the difference of the full federal tax minus their state taxes paid); and/or
- denial of administration grants to run the state program.

To insure that Hawai'i employers continue to receive full federal unemployment tax credits, and funding for the state program is not lost, federal standards must be considered in developing laws affecting Hawai'i's Unemployment Compensation Trust Fund.

**Self-financing of benefits by governmental and/or nonprofit employers.** Sections 383-62 and 62.5, Hawai'i Revised Statutes provide that State and County governmental employers, nonprofit organizations described in section 501(c)(3) of the Internal Revenue Code and exempt from income tax under section 501(a) of such code, and Indian tribes may elect exemption from paying contributions by requesting self-financing status.

## STATUS OF THE UNEMPLOYMENT COMPENSATION TRUST FUND

### Status of the Fund

(Historical data from 1970: Appendix B, page A-5)

The fund balance was \$565.3 million at the end of November 2018 compared to \$522.5 million at the end of 2017. During the first eleven months of 2018, \$167.5 million in taxes and \$9.1 million in interest were added to the Fund. At the same time, \$133.6 million in benefits were paid out from the Fund.

*Projections through 2019: For this report, the insured unemployment rate is projected to average 1.1% in 2018 and 1.1% in 2019. This would result in a benefit outgo of about \$154 million in 2019. Taxes and interest are projected at about \$198 million in 2019. On the basis of this forecasted level of unemployment, the fund balance would be about \$601 million by the end of 2019 and Tax Schedule C would be in effect for 2020.*

### HAWAI'I UNEMPLOYMENT COMPENSATION TRUST FUND (in millions of \$)

Year	Taxes	Interest	Benefits	Fund Balance	Federal Loan Balance
2010	\$160.9	\$ 1.9	\$305.2	-\$11.6	\$14.6
2011	\$275.7	\$ 0.2	\$245.3	\$ 18.9	\$0.0
2012	\$308.2	\$ 1.5	\$225.0	\$103.7	\$0.0
2013	\$392.1	\$ 5.0	\$199.1	\$301.8	\$0.0
2014	\$264.1	\$ 8.6	\$172.6	\$400.5	\$0.0
2015	\$200.2	\$ 10.1	\$134.8	\$475.9	\$0.0
2016	\$156.0	\$ 11.3	\$128.1	\$515.1	\$0.0
2017	\$155.6	\$ 11.6	\$159.6	\$522.5	\$0.0
2018					
Jan	\$12.6	\$ 0.0	\$ 16.1	\$518.9	\$0.0
Feb	\$14.1	\$ 0.0	\$ 12.5	\$520.3	\$0.0
Mar	\$ 0.4	\$ 2.9	\$ 11.8	\$511.8	\$0.0
Apr	\$26.3	\$ 0.0	\$ 12.9	\$525.1	\$0.0
May	\$30.5	\$ 0.0	\$ 11.8	\$543.8	\$0.0
Jun	-\$ 1.9	\$ 3.0	\$ 10.9	\$534.0	\$0.0
Jul	\$24.6	\$ 0.0	\$ 12.8	\$546.0	\$0.0
Aug	\$24.0	\$ 0.0	\$ 11.0	\$559.1	\$0.0
Sep	\$ 0.8	\$ 3.2	\$ 10.6	\$552.4	\$0.0
Oct	\$17.0	\$ 0.0	\$ 12.2	\$557.1	\$0.0
Nov	\$19.1	\$ 0.0	\$ 11.0	\$565.3	\$0.0
<i>Projected</i>					
2018	\$170	\$12	\$147	\$557	
2019	\$185	\$13	\$154	\$601	

### Fund Solvency

(Historical data from 1970: Appendix B, page A-6)

The Hawai'i Employment Security Law defines the factors used to measure the adequacy of the Fund and how the tax rate schedule for the coming year is determined based on that adequacy level. Appendix A outlines the method for determining the tax schedule and how each employer's individual tax rate is computed based on the employer's benefit and contribution experience as well as the schedule in effect.

During the 2007 Legislative Session, Act 110 temporarily redefined the *adequate reserve fund* as the amount of benefits that would be paid out during one year of unemployment at the highest level experienced during the most recent ten years. The prior provisions of the law set the amount at one and one-half years at the highest cost rate. During the 2010 Legislative Session, Act 2 permanently redefined the adequate reserve fund amount to the one-year highest cost rate.



On page A-6, Appendix B, the table entitled *Ratio of Current to Adequate Reserve Fund* shows the data used in tax schedule computations since 1970. For the 2019 tax schedule computation, the adequate amount is \$504,636,069. The current reserve fund (actual fund assets as of November 30, 2018) is \$565,254,484. At this fund level, Schedule C will be in effect for 2019.

## **Tax Rates**

*(Historical data from 1970: Appendix B, page A-7)*

One of eight tax schedules, A through H, is in effect for a calendar year as explained in Appendix A. Schedule A has the lowest tax rates, while schedule H has the highest. The average tax rate attainable from a particular tax schedule depends on the distribution of employers by reserve ratio groups. Employers tend to move to higher reserve ratio groups during periods when contributions exceed benefits. During such times, more employers move into the lower tax rate groups and the average tax rate for a schedule decreases. Conversely, during periods of high unemployment, more employers move to the higher tax rate groups and the average tax rate for each schedule automatically increases.

Under Act 2 (2010 Legislative Session), rather than apply the computed tax schedules, Schedule D was set for rate year 2010 and Schedule F was set for rate year 2011. Without Act 2, the tax schedule would have been F for 2010, and G for 2011. Act 6 (2012 Legislative Session) set the 2012 tax schedule at F; under the normal computations, it would have been Schedule H.

Minimum, maximum, and average tax rates are shown on page A-7; Appendix B. Taxes are estimated to average about 1.0% of taxable wages during calendar year 2018 with Schedule C in effect. From 1985 to 2012 the maximum tax rate on each tax schedule was 5.4%. Under Act 263 (2012 Legislative Session) the maximum tax rates on each schedule were increased as shown on Appendix A.

## **Taxable Wage Base**

*(Historical data from 1970: Appendix B, page A-8)*

There is a maximum limit on the amount of taxable annual wages per employee for unemployment insurance tax purposes. The law sets this amount, the *taxable wage base*, at 100% of the statewide average annual wage.

Act 110 (2007 Legislative Session) set the taxable wage base at \$13,000 for 2008 through 2010. Act 110 also contained a provision to increase the wage base back to the regular formula if the fund fell below the adequate reserve fund level. Because the fund fell below adequate at the end of November 2009, the 2010 wage base computation should have returned to the 100% formula. However, Act 2 (2010 Legislative Session) reduced the taxable wage base to 90% of the average annual wage for calendar years 2010 and 2011. From 2012, the 100% formula is in effect. The taxable wage base for calendar year 2019 will be \$46,800, a \$900 increase from the \$45,900 wage base in 2018.

Setting the wage base at the average annual wage results in approximately 69% of all wages being subject to unemployment insurance taxes. The \$13,000 taxable wage base lowered the percent of total wages taxed to about 36%. The 90% formula resulted in about 66% of wages taxed. The *Total and Taxable Wages* table on page A-8, Appendix B shows the taxable wage bases and the proportions of wages taxed since 1970.

The current tax schedule system was designed to work with the currently defined taxable wage base. When the wage base is lowered, the tax schedules will produce lower levels of income than they were designed to produce.

## ECONOMIC FACTORS

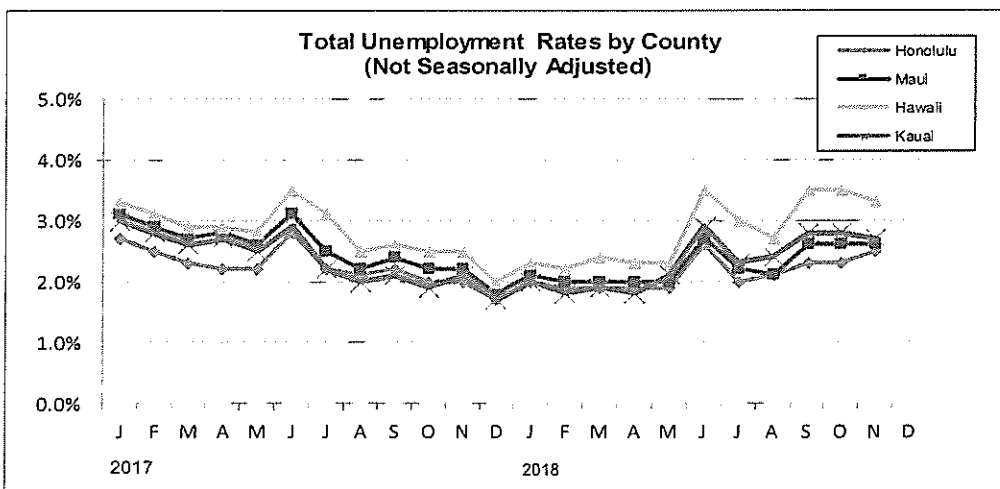
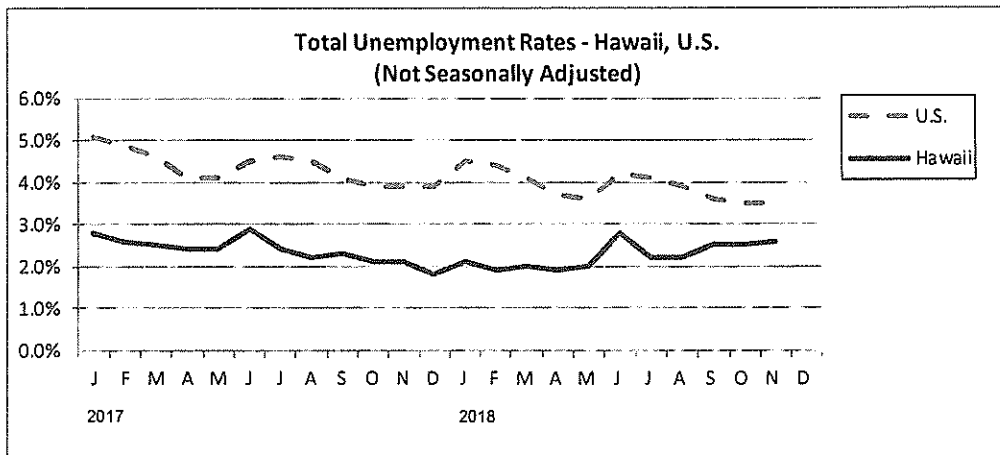
### General Conditions

Hawaii's and the National unemployment rates experienced improvement during 2018. The National not seasonally adjusted total unemployment rate (TUR) was 3.5% for November 2018, decreasing from the November 2017 rate of 3.9%. Hawaii's not seasonally adjusted TUR was 2.6% in November 2018 as compared to 2.1% in November 2017. As shown in the chart below, Hawaii's unemployment rates remained relatively stable except for seasonal months. Unemployment rates started its slight ascent from September to November 2018. For the month of November 2018, unemployment rates were 2.5% for Honolulu, 2.6% for Maui County, 3.3% for Hawaii County, and 2.7% for Kauai County.

Hawaii's total nonagricultural wage and salary job count averaged 662,600 for the eleven months ending November 2018. This is a 11,100 increase from the 651,500 average for the same period in 2017. During this eleven-month period, six of ten major industrial sectors experienced increases in jobs in 2018. The three sectors with the largest job growth were Leisure and Hospitality; Professional and Business Services; and Education and Health Services.

Comparing November 2017 to November 2018, the total job count is up from 661,400 to 673,400. This is a 12,000 or 1.8% increase.

*Outlook:* This report assumes relatively stable unemployment levels for Hawaii through 2019.



## Civilian Labor Force Data

(Historical data from 1976: Appendix B, page A-2)

Total Civilian Labor Force in Hawai'i increased from an annual average of 685,400 in calendar year 2017 to 685,550 in the first eleven months of 2018.

Total employed in Hawai'i increased from an annual average 669,250 in calendar year 2017 to 670,150 during the first eleven months in 2018. Total unemployed decreased from an average of 16,200 in 2017 to 15,350 for the January through November 2018 period.

Hawai'i's not seasonally adjusted total unemployment rate (TUR) averaged 2.2% over the first eleven months of 2018, improving from the calendar year 2017 average of 2.4%.

The not seasonally adjusted total unemployment rate for the U.S. averaged 3.9% for the first eleven months of 2018, decreasing from the calendar year 2017 average of 4.4%.

Projections for this publication assume the Hawai'i total unemployment rate will average 2.2% in 2018 and 2.3% in 2019.

### CIVILIAN LABOR FORCE DATA Not Seasonally Adjusted

Year	Civilian Labor Force				U.S. Total Unempl. Rate (TUR)
	State of Hawai'i			Total Unempl. Rate (TUR)	
	Total	Employed	Unemployed	Total Unempl. Rate (TUR)	
2013 (B)	651,550	619,700	31,850	4.9%	7.4%
2014 (B)	666,650	637,650	29,000	4.4%	6.2%
2015 (B)	675,500	651,450	24,050	3.6%	5.3%
2016 (B)	684,150	664,050	20,150	2.9%	4.9%
2017 (B)	685,400	669,250	16,200	2.4%	4.4%
2018					
Jan	684,800	670,750	14,050	2.1%	4.5%
Feb	684,450	671,150	13,300	1.9%	4.4%
Mar	688,500	674,850	13,600	2.0%	4.1%
Apr	688,900	675,600	13,300	1.9%	3.7%
May	687,100	673,650	13,450	2.0%	3.6%
Jun	690,750	671,650	19,100	2.8%	4.2%
Jul	690,150	674,950	15,150	2.2%	4.1%
Aug	684,100	669,200	14,950	2.2%	3.9%
Sep	680,050	662,800	17,250	2.5%	3.6%
Oct	680,050	662,800	17,250	2.5%	3.5%
Nov (P)	682,100	664,400	17,700	2.6%	3.5%
Projected					
2018				2.2%	
2019				2.3%	

Notes: Except for percent unemployed, rounded to nearest 50.  
Totals may not add due to rounding.  
(B) Data from 2013-2017 reflect revised population controls and model reestimation.  
(P) Preliminary  
Total Unempl Rate: Percent of Labor Force

## Insured Unemployment and Employment Covered by the Unemployment Compensation Trust Fund

(Historical data from 1970: Appendix B, page A-3)

The average monthly number of employees covered by the Fund was 481,001 in 2017, increasing from 475,512 in 2016. Covered employees increased to an average of 483,050 for the 12-month period ending June 2018.

The insured unemployment rate (IUR) is average weekly unemployment insurance claims as a percent of covered employees. The IUR was 1.08% as of November 2018, compared to the 2017 average of 1.25%. The average weekly number of claims filed under the regular state program was 7,666 in 2017. The number of weekly claims averaged 6,710 as of November 2018.

Projections for the IUR: average of 1.1% for 2018 and 1.1% for 2019.

### INSURED UNEMPLOYMENT RATE AND EMPLOYMENT COVERED BY THE UC FUND

Year	Insured Unemployment		Employees Covered By the Fund
	Rate (IUR)	Average Weekly Claims*	
2012	2.28%	12,627	438,486
2013	1.98%	11,221	451,156
2014	1.71%	9,740	458,518
2015	1.33%	7,607	467,820
2016	1.14%	6,879	475,512
2017	1.25%	7,666	481,001
2018			
Jan	1.23%	7,645	480,349
Feb	1.25%	7,764	480,713
Mar	1.23%	7,645	483,979
Apr	1.18%	7,309	482,256
May	1.13%	7,026	482,090
Jun	1.11%	6,871	484,661
Jul	1.12%	6,932	
Aug	1.11%	6,903	
Sep	1.10%	6,843	
Oct	1.06%	6,627	
Nov	1.08%	6,710	
<i>Projected</i>			
2018	1.1%	7,000	
2019	1.1%	7,000	

\*Monthly data are for the week containing the 12<sup>th</sup> of the month and are based on 13-week moving averages. Figures do not include claims under special programs that extend benefits beyond 26 weeks of regular benefits.

## **Weekly Benefit Amounts and Average Duration**

*(Historical data from 1970: Appendix B, page A-4)*

The *maximum weekly benefit amount* payable to claimants will increase to \$630 for the calendar year 2019, \$11 more than the \$619 maximum in 2018. Under Hawaii's law a new maximum weekly benefit amount is normally computed each year as 70% of the current statewide average weekly wage. Prior to 1992, the computation used 2/3 rather than 70%. Effective for calendar years 2008 through 2010, the computation was made with a 75% multiplier due to Act 110 (2007 Legislative Session). Act 2 (2010 Legislative Session) extended the 75% multiplier through the 2011 computation. The computation returned to 70% for January through March 2012. Act 6 of the 2012 Legislative Session changed the computation back to 75% for claims filed from April through December 2012. From 2013 the formula returned to 70%.

*Average weekly benefits* received by claimants averaged \$493 for the 12-month period ending November 2018 as compared to an average of \$484 for calendar year 2017. A weekly benefit amount is computed for each claimant based on prior earnings. Average weekly benefits usually increase over time with increases in earnings. Average benefits increase more rapidly when workers with higher wages experience more unemployment and may decrease when lower wage claimants represent a larger proportion of the unemployed.

Claimants may receive up to the equivalent of 26 weeks of regular benefits at their computed weekly benefit amount. However, many return to work before collecting this entire amount. The *average number of weeks of regular benefits* received per claimant was 15.2 weeks for the twelve-month period ending November 2018. This is lower than the 2017 annual average of 15.6 weeks. These averages do not include benefits paid under special programs that extend benefits beyond the 26 weeks of regular benefits.

## EXPERIENCE RATING

### Description

Experience rating means that each employer's unemployment insurance tax rate is based on the employer's own benefit, contribution, and wage history. For each employer an account is kept of the amount of benefits paid to former employees and the amount of taxes paid into the Unemployment Compensation Trust Fund. At the end of the year, a *reserve ratio* is computed for each employer and that reserve ratio determines the employer's tax rate for the coming year. Appendix A describes this procedure.

### Charged and Noncharged Benefits

*(Historical data from 1970: Appendix B, page A-9)*

For experience rating purposes benefits paid to former employees are usually charged to the employers' individual accounts. However, under certain conditions where the employer may be considered not responsible for the claimant's unemployment, the benefits paid to that former employee is *not* charged to the employer's account. The conditions for noncharging are described in Appendix C. In 2017, 13% of all benefits paid were not charged to an individual employer account. Noncharged benefits are financed by Unemployment Compensation Trust Fund interest income or by employers as a whole by triggering a higher tax schedule due to a lower fund balance.

### 2017 Employer Data

The following tables show 2017 employment, wage, benefit, and contribution data for employers who contribute to the Unemployment Compensation Trust Fund and for whom a tax rate was computed for calendar year 2018. Information on employers who were covered under the Hawai'i unemployment insurance program during 2017, but were no longer covered as of January 1, 2018, are not included in these tables. Data are shown by reserve ratio, county, size of firm, and industry groups. The reserve ratio tables show 2017 data by reserve ratios as of the end of 2017. Also shown on those tables are the 2018 tax rates assigned to each reserve ratio group.

Nineteen percent of all employers were in the highest reserve ratio group with ratios of 0.1500 and higher. These 6,200 employers were assigned the minimum 0.0% tax rate for 2018. Eight percent of the employers were assigned the maximum 5.6% tax rate, mostly due to delinquent filing of tax reports.

## Employer Data

### 2017 Employers and Wage Data by Reserve Ratio

Reserve Ratio End of 2017	2018 Tax Rate	Number of Employers	% of Total	Employment	% of Total	Total Wages \$000	% of Total	Taxable Wages \$000	% of Total
.1500 and over	0.0%	6,161	19	46,683	10	1,922,277	9	1,281,882	8
.1400 to .1499	0.1%	1,513	5	26,961	6	1,236,179	6	826,378	5
.1300 to .1399	0.2%	1,789	6	49,536	10	2,100,091	9	1,531,154	10
.1200 to .1299	0.4%	1,774	6	58,805	12	3,010,947	14	1,945,686	13
.1100 to .1199	0.6%	1,793	6	58,354	12	2,868,067	13	1,881,048	12
.1000 to .1099	0.8%	1,525	5	41,029	9	1,791,475	8	1,248,185	8
.0900 to .0999	1.0%	1,333	4	31,214	7	1,446,023	7	1,001,626	7
.0800 to .0899	1.2%	1,310	4	22,682	5	1,008,030	5	698,786	5
.0700 to .0799	1.4%	2,733	8	35,234	7	1,408,739	6	1,026,139	7
.0600 to .0699	1.6%	1,712	5	25,743	5	1,108,003	5	803,870	5
.0500 to .0599	1.8%	719	2	15,642	3	666,172	3	489,121	3
.0300 to .0499	2.0%	565	2	10,316	2	497,365	2	352,811	2
.0000 to .0299	2.4%	481	2	6,341	1	398,159	2	258,971	2
-.0000 to -.0499	2.8%	451	1	7,827	2	456,899	2	311,446	2
-.0500 to -.0999	3.2%	277	1	3,613	1	193,888	1	128,467	1
-.1000 to -.4999	3.6%	760	2	10,284	2	742,708	3	442,016	3
-.5000 to -.9999	4.2%	261	1	3,275	1	246,540	1	153,151	1
-1.0000 to - 1.4999	4.8%	106	0	1,352	0	94,530	0	62,909	0
-1.5000 to - 1.9999	5.4%	67	0	703	0	42,076	0	30,556	0
-2.0000 and less	5.6%	114	0	367	0	21,660	0	14,583	0
New & Reactive	2.4%	4,302	13	16,210	3	675,986	3	515,999	3
N&R Neg Reserve	5.6%	172	1	394	0	12,857	0	11,740	0
Delinquent	5.6%	2,236	7	6,751	1	264,035	1	237,178	2
Total		32,154	100	479,319	100	22,212,707	100	15,255,702	100

Employment, wages, and percentages may not add to totals due to rounding.

**2017 Benefit and Contribution Data by Reserve Ratio**

Reserve Ratio End of 2017	2018 Tax Rate	Benefits Charged \$000	Benefits Noncharged \$000	Total Benefits \$000	% of Total	Cost Rate* %	Contributions \$000	% of Total	Tax Rate* %
.1500 and over	0.0%	2,624	934	3,558	2	0.28	1,636	1	0.13
.1400 to .1499	0.1%	922	634	1,556	1	0.19	1,041	1	0.13
.1300 to .1399	0.2%	1,759	891	2,650	2	0.17	5,395	3	0.35
.1200 to .1299	0.4%	2,689	2,887	5,575	4	0.29	7,173	5	0.37
.1100 to .1199	0.6%	3,241	1,631	4,872	3	0.26	11,048	7	0.59
.1000 to .1099	0.8%	3,147	1,219	4,366	3	0.35	9,534	6	0.76
.0900 to .0999	1.0%	3,836	1,085	4,921	3	0.49	10,096	6	1.01
.0800 to .0899	1.2%	4,020	1,303	5,323	4	0.76	8,553	5	1.22
.0700 to .0799	1.4%	5,527	1,356	6,883	5	0.67	16,170	10	1.57
.0600 to .0699	1.6%	3,598	1,091	4,689	3	0.58	13,551	9	1.69
.0500 to .0599	1.8%	2,926	794	3,720	2	0.76	7,977	5	1.63
.0300 to .0499	2.0%	4,881	796	5,677	4	1.61	6,439	4	1.83
.0000 to .0299	2.4%	6,120	626	6,746	5	2.60	6,216	4	2.40
-.0000 to -.0499	2.8%	12,009	983	12,992	9	4.17	8,144	5	2.61
-.0500 to -.0999	3.2%	7,028	639	7,666	5	5.97	3,864	2	3.01
-.1000 to -.4999	3.6%	32,136	1,239	33,375	23	7.55	15,792	10	3.57
-.5000 to -.9999	4.2%	15,232	478	15,710	11	10.26	6,406	4	4.18
-1.0000 to -1.4999	4.8%	8,570	129	8,700	6	13.83	2,948	2	4.69
-1.5000 to -1.9999	5.4%	2,474	62	2,535	2	8.30	1,554	1	5.09
-2.0000 and less	5.6%	2,179	29	2,207	1	15.13	801	1	5.49
New & Reactive	2.4%	304	80	383	0	0.07	12,210	8	2.37
N&R Neg Reserve	5.6%	225	14	239	0	2.04	617	0	5.26
Delinquent	5.6%	3,323	311	3,634	2	1.53	2,070	1	0.87
Total		128,767	19,210	147,977	100	0.97	159,235	100	1.04

Benefits, contributions, and percentages may not add to totals due to rounding.

\* Cost Rate: Total Benefits divided by Taxable Wages; average for all employers is indicated on total line.

\* Tax Rate: Contributions divided by Taxable Wages; average for all employers is indicated on total line.



**2017 Employers and Wage Data by County**

County	Number of Employers	% of Total	Employment	% of Total	Total Wages \$000	% of Total	Taxable Wages \$000	% of Total
O'ahu	16,474	51	251,485	53	11,852,667	53	7,875,551	52
Maui	4,362	14	45,385	10	1,925,190	9	1,434,920	9
Hawai'i	3,924	12	38,805	8	1,568,386	7	1,191,281	8
Kaua'i	1,918	6	22,129	5	948,465	4	715,744	5
Interstate	5,476	17	121,515	25	5,917,998	27	4,038,205	26
Total	32,154	100	479,319	100	22,212,707	100	15,255,702	100

Employment, wages, and percentages may not add to totals due to rounding.

**2017 Benefit and Contribution Data by County**

County	Benefits Charged \$000	Benefits Noncharged \$000	Total Benefits \$000	% of Total	Cost Rate* %	Contributions \$000	% of Total	Tax Rate* %
O'ahu	71,264	8,970	80,233	54	1.02	79,133	50	1.00
Maui	11,883	1,985	13,869	9	0.97	16,022	10	1.12
Hawai'i	11,429	1,545	12,974	9	1.09	14,431	9	1.21
Kaua'i	6,691	785	7,477	5	1.04	9,481	6	1.32
Interstate	27,500	5,925	33,424	23	0.83	40,168	25	0.99
Total	128,767	19,210	147,977	100	0.97	159,235	100	1.04

Benefits, contributions, and percentages may not add to totals due to rounding.

- \* Cost Rate: Total Benefits divided by Taxable Wages; average for all employers is indicated on total line.
- \* Tax Rate: Contributions divided by Taxable Wages; average for all employers is indicated on total line.

**2017 Employment and Wage Data by Size of Firm**

Employment Size	Number of Employers	% of Total	Employment	% of Total	Total Wages \$000	% of Total	Taxable Wages \$000	% of Total
Less than 5	20,989	65	33,294	7	1,715,319	8	1,096,415	7
5 to 9	4,710	15	32,873	7	1,452,833	6	977,798	6
10 to 19	2,936	9	40,860	9	1,808,930	8	1,226,150	8
20 to 49	2,057	6	63,136	13	2,855,194	13	1,965,648	13
50 to 99	787	2	54,555	11	2,579,018	12	1,784,591	12
100 to 249	419	1	64,658	13	2,994,531	13	2,089,198	14
250 or more	256	1	189,944	40	8,806,882	40	6,115,903	40
Total	32,154	100	479,319	100	22,212,707	100	15,255,702	100

Employment, wages, and percentages may not add to totals due to rounding.

**2017 Benefit and Contribution Data by Size of Firm**

Employment Size	Benefits Charged \$000	Benefits Noncharged \$000	Total Benefits \$000	% of Total	Cost Rate* %	Contributions \$000	% of Total	Tax Rate* %
Less than 5	13,104	1,283	14,387	10	1.31	14,317	9	1.31
5 to 9	9,042	1,227	10,268	7	1.05	11,530	7	1.18
10 to 19	11,680	1,467	13,147	9	1.07	14,131	9	1.15
20 to 49	24,764	3,060	27,824	19	1.42	24,112	15	1.23
50 to 99	19,444	2,743	22,187	15	1.24	19,656	12	1.10
100 to 249	22,158	2,887	25,045	17	1.20	23,447	15	1.12
250 or more	28,574	6,544	35,118	24	0.57	52,041	33	0.85
Total	126,767	19,210	147,977	100	0.97	159,235	100	1.04

Benefits, contributions, and percentages may not add to totals due to rounding.

\* Cost Rate: Total Benefits divided by Taxable Wages; average for all employers is indicated on total line.

\* Tax Rate: Contributions divided by Taxable Wages; average for all employers is indicated on total line.

2017 Employers and Wage Data by NAICS Industry

Industry	Number of Employers	% of Total	Employment	% of Total	Total Wages \$000	% of Total	Taxable Wages \$000	% of Total
Natural Resources & Mining	416	1	5,363	1	206,044	1	169,678	1
Utilities	41	0	3,810	1	388,463	2	172,526	1
Construction	3,229	10	33,501	7	2,551,451	12	1,543,609	10
Manufacturing	874	3	13,617	3	631,383	3	453,715	3
Wholesale Trade	1,700	5	16,895	3	1,020,347	5	631,359	4
Retail Trade	2,685	8	72,930	15	2,493,311	11	1,963,768	13
Transportation & Warehousing	807	3	28,512	6	1,586,598	7	950,772	6
Information	487	2	8,942	2	557,031	3	346,111	2
Finance & Insurance	1,004	3	18,228	4	1,382,439	6	744,916	5
Real Estate, Rental & Leasing	1,536	5	11,315	2	634,375	3	401,136	3
Professional, Scientific, & Technical Services	4,138	13	21,508	5	1,626,777	7	874,954	6
Management of Companies & Enterprises	256	1	1,634	0	148,021	1	66,919	0
Administrative & Support; Waste Management & Remediation Services	2,272	7	63,068	13	2,346,608	11	1,849,206	12
Educational Services	552	2	4,021	1	109,555	0	86,677	1
Health Care & Social Assistance	2,917	9	36,255	8	1,764,915	8	1,070,397	7
Arts, Entertainment & Recreation	533	2	9,741	2	298,504	1	229,820	2
Accommodation & Food Services	3,040	9	107,587	22	3,659,742	16	3,053,984	20
Other Services (except Public Administration)	3,280	10	21,443	5	743,720	3	605,090	4
Unknown	2,387	7	949	0	63,424	0	41,065	0
Total	32,154	100	479,319	100	22,212,707	100	15,255,702	100

Employment, wages, and percentages may not add to totals due to rounding.

**2017 Benefit and Contribution Data by NAICS Industry**

Industry	Benefits Charged \$000	Benefits Noncharged \$000	Total Benefits \$000	% of Total	Cost Rate* %	Contributions \$000	% of Total	Tax Rate* %
Natural Resources & Mining	2,143	127	2,271	2	1.34	2,311	1	1.36
Utilities	220	65	285	0	0.17	515	0	0.30
Construction	69,640	4,362	74,001	50	4.79	41,311	26	2.68
Manufacturing	2,647	471	3,117	2	0.69	5,301	3	1.17
Wholesale Trade	2,050	605	2,655	2	0.42	4,452	3	0.71
Retail Trade	4,922	1,835	6,757	5	0.34	10,621	7	0.54
Transportation & Warehousing	3,857	2,396	6,254	4	0.66	7,309	5	0.77
Information	3,087	350	3,437	2	0.99	4,582	3	1.32
Finance & Insurance	1,326	556	1,883	1	0.25	3,209	2	0.43
Real Estate, Rental & Leasing	5,402	580	5,982	4	1.49	4,040	2	1.01
Professional, Scientific, & Technical Services	4,716	725	5,442	4	0.62	8,570	5	0.98
Management of Companies & Enterprises	227	30	256	0	0.38	850	1	1.27
Administrative & Support; Waste Management & Remediation Services	13,708	3,002	16,710	11	0.90	24,796	16	1.34
Educational Services	355	121	475	0	0.55	815	1	0.94
Health Care & Social Assistance	2,864	797	3,661	3	0.34	7,401	5	0.69
Arts, Entertainment & Recreation	1,166	207	1,373	1	0.60	1,980	1	0.86
Accommodation & Food Services	7,985	2,385	10,370	7	0.34	25,453	16	0.83
Other Services (except Public Administration)	2,309	550	2,859	2	0.47	4,838	3	0.80
Unknown	143	46	189	0	0.46	881	1	2.15
<b>Total</b>	<b>128,767</b>	<b>19,210</b>	<b>147,977</b>	<b>100</b>	<b>0.97</b>	<b>159,235</b>	<b>100</b>	<b>1.04</b>

Benefits, contributions, and percentages may not add to totals due to rounding.

\* Cost Rate: Total Benefits divided by Taxable Wages; average for all employers is indicated on total line.

\* Tax Rate: Contributions divided by Taxable Wages; average for all employers is indicated on total line.

## APPENDIX A Computation of Employer Contribution Rates

An employer's Hawai'i unemployment insurance tax rate is computed once a year based on the employer's reserve ratio and the tax schedule (one of eight possible schedules, A through H) in effect for the year. The tax rates corresponding to each tax schedule and reserve ratio group are shown below in the **Contribution Rate Schedules** table.

Employers not chargeable with benefits for the 12-month period prior to the rate computation date are ineligible for an experience (reserve ratio) computation and are assigned the tax rate corresponding to a zero reserve ratio; if the ineligible employer has a negative reserve balance, the maximum tax rate on the tax schedule in effect for the calendar year is assigned.

### Computation of Employer Reserve Ratio:

Reserve Ratio = all contributions paid by the employer minus all benefits charged to the employer, divided by 1/3 of the sum of the employer's taxable payrolls for the last 3 consecutive calendar years.

### Determination of Tax Schedule:

#### (a) Compute Adequate Reserve:

Adequate Reserve = \*highest benefit cost rate occurring during the last 10 years, times total wages for last completed fiscal year ending June 30.

Benefit cost rate = total benefits paid during a 12 consecutive month period, divided by total wages for the last 4 completed calendar quarters ending at least 5 months before the end of the 12 consecutive month period.

#### (b) Compute ratio of Current Reserve to Adequate Reserve:

Ratio = Current Reserve (Unemployment Compensation Trust Fund balance as of November 30) divided by Adequate Reserve.

#### (b) Determine Tax Schedule based on ratio of current to adequate reserve as shown below.

\*1.5 times multiplier was in effect for rate years 1970 to 1978 and 1992 to 2007.

Contribution Rate Schedules									Tax Schedule Computation	
Reserve Ratio	A	B	C	D	E	F	G	H	Ratio of Current to Adequate Reserve	Tax Schedule
	Contribution Rates (%)									
.1500 and over	0.0	0.0	0.0	0.2	0.6	1.2	1.8	2.4	More than 1.69	A
.1400 to .1499	0.0	0.0	0.1	0.4	0.8	1.4	2.0	2.6	1.3 to 1.69	B
.1300 to .1399	0.0	0.0	0.2	0.6	1.0	1.6	2.2	2.8	1.0 to 1.29	C
.1200 to .1299	0.0	0.1	0.4	0.8	1.2	1.8	2.4	3.0	0.80 to 0.99	D
.1100 to .1199	0.0	0.2	0.6	1.0	1.4	2.0	2.6	3.2	0.60 to 0.79	E
.1000 to .1099	0.1	0.3	0.8	1.2	1.6	2.2	2.8	3.4	0.40 to 0.59	F
.0900 to .0999	0.3	0.5	1.0	1.4	1.8	2.4	3.0	3.6	0.20 to 0.39	G
.0800 to .0899	0.5	0.7	1.2	1.6	2.0	2.6	3.2	3.8	Less than 0.20	H
.0700 to .0799	0.7	0.9	1.4	1.8	2.2	2.8	3.4	4.0		
.0600 to .0699	0.9	1.1	1.6	2.0	2.4	3.0	3.6	4.2		
.0500 to .0599	1.1	1.3	1.8	2.2	2.6	3.2	3.8	4.4		
.0300 to .0499	1.3	1.5	2.0	2.6	3.0	3.6	4.2	4.8		
.0000 to .0299	1.7	1.9	2.4	3.0	3.4	4.0	4.6	5.2		
-.0000 to -.0499	2.1	2.3	2.8	3.4	3.8	4.4	5.0	5.4		
-.0500 to -.0999	2.5	2.7	3.2	4.0	4.4	5.0	5.4	5.6		
-.1000 to -.4999	2.9	3.1	3.6	4.6	5.0	5.4	5.6	5.8		
-.5000 to -.9999	3.4	3.6	4.2	5.2	5.4	5.6	5.8	6.0		
-1.0000 to -1.4999	4.1	4.2	4.8	5.4	5.6	5.8	6.0	6.2		
-1.5000 to -1.9999	4.7	4.8	5.4	5.6	5.8	6.0	6.2	6.4		
-2.0000 and less	5.4	5.4	5.6	5.8	6.0	6.2	6.4	6.6		

Note: from 1985 to 2012 maximum tax rate on each schedule was 5.4%

**APPENDIX B**  
**Annual Labor Force Data from 1976**

**CIVILIAN LABOR FORCE DATA**

Not Seasonally Adjusted

Annual Averages

Year	Civilian Labor Force				U.S. Total Unempl. Rate (TUR)
	Total	State of Hawaii		Total Unempl. Rate (TUR)	
		Employed	Unemployed		
1976	409,850	371,350	38,500	9.4%	7.7%
1977	416,900	384,050	32,850	7.9%	7.1%
1978	418,450	388,850	29,600	7.1%	6.1%
1979	425,550	399,650	25,900	6.1%	5.8%
1980	438,850	416,800	22,050	5.0%	7.1%
1981	450,200	425,800	24,350	5.4%	7.6%
1982	458,800	429,800	28,950	6.3%	9.7%
1983	471,600	442,500	29,100	6.2%	9.6%
1984	473,000	446,150	26,850	5.7%	7.5%
1985	479,150	453,350	25,800	5.4%	7.2%
1986	491,400	467,950	23,450	4.8%	7.0%
1987	510,650	491,200	19,400	3.8%	6.2%
1988	517,800	501,350	16,450	3.2%	5.5%
1989	527,500	514,150	13,300	2.5%	5.3%
1990	550,900	536,200	14,700	2.7%	5.6%
1991	571,600	555,200	16,400	2.9%	6.8%
1992	584,250	558,950	25,300	4.3%	7.5%
1993	586,400	560,100	26,300	4.5%	6.9%
1994	585,200	552,900	32,300	5.5%	6.1%
1995	586,500	552,000	34,450	5.9%	5.6%
1996	595,600	558,150	37,450	6.3%	5.4%
1997	600,950	563,600	37,350	6.2%	4.9%
1998	601,600	564,950	36,650	6.1%	4.5%
1999	602,900	570,400	32,500	5.4%	4.2%
2000	605,950	580,200	25,750	4.2%	4.0%
2001	610,650	583,200	27,450	4.5%	4.7%
2002	600,900	575,600	25,350	4.2%	5.8%
2003	603,100	578,300	24,800	4.1%	6.0%
2004	610,900	590,150	20,750	3.4%	5.5%
2005	626,900	608,950	17,950	2.9%	5.1%
2006	638,250	621,550	16,700	2.6%	4.6%
2007	638,400	620,550	17,850	2.8%	4.6%
2008	639,700	612,100	27,550	4.3%	5.8%
2009	631,700	586,500	45,150	7.2%	9.3%
2010	647,250	602,300	44,950	6.9%	9.6%
2011	660,250	615,300	44,950	6.8%	8.9%
2012	647,200	608,300	38,900	6.0%	8.1%
2013	651,550	619,700	31,850	4.9%	7.4%
2014	666,650	637,650	29,000	4.4%	6.2%
2015	675,500	651,450	24,050	3.6%	5.3%
2016	684,150	664,050	20,150	2.9%	4.9%
2017	685,400	669,250	16,200	2.4%	4.4%

Sources: Hawai'i Workforce Informer web page ([www.hiwi.org](http://www.hiwi.org))

Total Unempl. Rate: Percent of Labor Force

U.S. Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))

**APPENDIX B continued**

**INSURED UNEMPLOYMENT AND EMPLOYMENT  
COVERED BY THE UC FUND**

Year	Insured Unemployment		Employees Covered by the Fund	
	Rate	Average Weekly Claims	Number	% change
1970	2.4%	6,124	221,498	
1971	3.9%	10,789	225,633	2%
1972	4.8%	12,737	231,338	3%
1973	3.7%	10,527	246,201	6%
1974	4.2%	12,443	252,421	3%
1975	5.2%	16,939	255,772	1%
1976	6.3%	19,427	258,485	1%
1977	4.7%	14,998	267,018	3%
1978	3.4%	10,569	285,172	7%
1979	2.7%	9,798	302,404	6%
1980	2.9%	10,740	309,424	2%
1981	3.0%	11,681	311,997	1%
1982	3.5%	13,411	306,395	-2%
1983	3.5%	12,919	309,752	1%
1984	2.9%	11,104	317,669	3%
1985	2.6%	9,696	328,268	3%
1986	2.2%	8,548	337,832	3%
1987	1.7%	7,045	358,801	6%
1988	1.5%	6,452	371,952	4%
1989	1.1%	5,041	393,693	6%
1990	1.1%	5,547	416,341	6%
1991	1.5%	7,909	415,883	0%
1992	2.2%	11,520	415,275	0%
1993	2.5%	12,721	409,338	-1%
1994	2.9%	14,752	406,316	-1%
1995	3.0%	15,324	402,645	-1%
1996	3.0%	14,854	401,001	0%
1997	2.7%	13,356	400,817	0%
1998	2.5%	12,605	398,354	-1%
1999	2.2%	10,684	401,109	1%
2000	1.7%	8,413	414,768	3%
2001	2.0%	11,545	416,770	0%
2002	2.4%	11,979	414,417	-1%
2003	2.0%	10,327	422,293	2%
2004	1.6%	8,202	435,079	3%
2005	1.2%	6,260	452,366	4%
2006	1.1%	6,234	465,014	3%
2007	1.1%	6,798	472,151	2%
2008	1.8%	11,611	463,561	-2%
2009	3.4%	20,176	435,018	-6%
2010	3.2%	17,302	423,429	-3%
2011	2.6%	14,186	429,306	1%
2012	2.3%	12,627	438,486	2%
2013	2.0%	11,221	451,156	3%
2014	1.7%	9,740	458,518	2%
2015	1.3%	7,607	467,820	2%
2016	1.1%	6,879	475,512	2%
2017	1.2%	7,666	481,001	1%

Sources: Insured Unemployment from ETA 539 Weekly Claims and Extended Benefits Trigger Data; Covered Employment from Quarterly Census of Employment and Wages

Note: Insured unemployment data includes private industry, state and county governments, and nonprofit organizations; it also includes extended benefits for 1971, 1972, 1975 through 1978, and 1980. Employment data is for private industry only.

## APPENDIX B continued

### WEEKLY BENEFIT AMOUNT AND AVERAGE DURATION

Year	Weekly Benefit Amount		Average Benefit Duration (weeks)
	Maximum	Average	
1970	\$79	\$58	15.0
1971	\$86	\$63	18.3
1972	\$90	\$66	19.9
1973	\$93	\$68	16.0
1974	\$98	\$72	16.2
1975	\$104	\$76	16.4
1976	\$112	\$84	18.9
1977	\$120	\$89	16.4
1978	\$126	\$91	16.2
1979	\$134	\$93	13.5
1980	\$144	\$103	13.7
1981	\$157	\$114	14.2
1982	\$169	\$124	14.8
1983	\$178	\$123	15.8
1984	\$188	\$136	14.8
1985	\$194	\$134	14.6
1986	\$200	\$140	14.3
1987	\$212	\$150	13.4
1988	\$223	\$162	13.5
1989	\$239	\$170	12.0
1990	\$256	\$189	11.4
1991	\$275	\$206	13.0
1992	\$306	\$235	14.8
1993	\$322	\$246	17.6
1994	\$337	\$259	17.4
1995	\$344	\$262	16.0
1996	\$347	\$261	17.8
1997	\$351	\$259	17.1
1998	\$356	\$258	16.4
1999	\$364	\$266	16.5
2000	\$371	\$273	15.4
2001	\$383	\$282	12.8
2002	\$395	\$280	19.2
2003	\$407	\$298	15.7
2004	\$417	\$312	15.6
2005	\$436	\$328	14.2
2006	\$459	\$357	13.3
2007	\$475	\$374	13.6
2008	\$523	\$406	13.9
2009	\$545	\$411	18.9
2010	\$559	\$406	19.7
2011	\$549	\$405	18.4
2012	\$523 (Jan-Mar) \$560 (Apr-Dec)	\$413	17.9
2013	\$534	\$416	16.7
2014	\$544	\$422	16.7
2015	\$551	\$433	15.3
2016	\$569	\$447	14.3
2017	\$592	\$471	15.6
2018	\$619		
2019	\$630		

Source: Unemployment Insurance workload data on Gross Benefits, Weeks Compensated and First Payments

Note: Data are for all claim programs, including federal programs.



**APPENDIX B continued**

**HAWAII UNEMPLOYMENT COMPENSATION TRUST FUND**  
(in millions of \$)

Year	Taxes	Interest	Benefits	Fund Balance
1970	\$13.6	\$2.1	\$14.7	\$44.1
1971	\$15.4	\$2.1	\$28.3	\$33.3
1972	\$22.1	\$1.4	\$30.9	\$25.8
1973	\$24.7	\$1.2	\$26.7	\$25.0
1974	\$26.5	\$1.1	\$35.3	\$17.3
1975	\$39.4	\$0.6	\$52.0	\$5.3
1976	\$48.8	\$0.1	\$66.1	-\$11.9
1977	\$63.4	\$0.0	\$50.2	\$1.3
1978	\$73.6	\$0.5	\$38.3	\$37.2
1979	\$69.0	\$3.3	\$31.4	\$78.0
1980	\$58.2	\$7.0	\$42.6	\$100.6
1981	\$53.4	\$9.9	\$57.5	\$106.3
1982	\$54.9	\$11.5	\$71.1	\$101.6
1983	\$70.9	\$11.5	\$61.0	\$123.0
1984	\$67.8	\$13.4	\$63.4	\$140.9
1985	\$60.2	\$15.7	\$54.3	\$162.5
1986	\$65.4	\$12.9	\$49.3	\$191.5
1987	\$75.1	\$24.0	\$42.6	\$248.0
1988	\$51.3	\$22.5	\$44.2	\$277.7
1989	\$64.0	\$25.6	\$35.4	\$331.9
1990	\$79.5	\$31.3	\$45.0	\$397.7
1991	\$55.2	\$26.8	\$76.0	\$403.8
1992	\$40.9	\$41.7	\$129.6	\$356.7
1993	\$67.0	\$25.5	\$145.4	\$303.9
1994	\$77.0	\$19.6	\$171.6	\$228.9
1995	\$150.0	\$15.7	\$180.4	\$214.2
1996	\$152.4	\$14.9	\$173.3	\$208.2
1997	\$144.2	\$14.7	\$154.2	\$212.9
1998	\$136.8	\$15.1	\$143.3	\$221.5
1999	\$134.1	\$15.7	\$124.1	\$247.2
2000	\$138.9	\$17.8	\$96.9	\$307.0
2001	\$106.3	\$21.1	\$136.1	\$298.2
2002	\$103.8	\$24.2	\$152.7	\$304.3
2003	\$147.0	\$14.4	\$123.6	\$342.0
2004	\$124.6	\$26.0	\$104.7	\$388.0
2005	\$130.2	\$21.4	\$82.3	\$457.2
2006	\$142.2	\$23.3	\$90.6	\$532.1
2007	\$108.4	\$19.8	\$108.2	\$552.2
2008	\$59.4	\$31.5	\$212.3	\$430.8
2009	\$42.1	\$12.7	\$381.7	\$134.4
2010	\$160.9	\$1.9	\$308.7	-\$11.6
2011	\$275.7	\$0.2	\$245.4	\$18.9
2012	\$308.2	\$1.5	\$225.0	\$103.7
2013	\$392.1	\$5.0	\$199.1	\$301.8
2014	\$264.1	\$8.6	\$174.1	\$400.5
2015	\$200.2	\$10.1	\$134.8	\$475.9
2016	\$156.0	\$11.3	\$128.0	\$515.1
2017	\$155.6	\$11.6	\$159.6	\$522.5

Source: ETA 2112, UI Financial Transaction Summary, Unemployment Fund

Fund Balance Notes:

- 2002: Includes \$30.8 M, special Federal Reed Act distribution.
- 2009: Includes \$30.5 M in Federal ARRA (American Recovery & Reinvestment Act).
- 2010: -\$11.6 M fund balance equals \$14.64 M federal loan balance minus \$3.07 M special Administration and Reed Act fund account balance.

**APPENDIX B continued**  
**RATIO OF CURRENT TO ADEQUATE RESERVE FUND**

Rate Year	High Cost Rate	Total Wages	Adequate Reserve Fund	Current Reserve Fund	Ratio of Current to Adequate Reserve	Rate Schedule in Effect	Fund Solvency Contribution Rate
1970	1.75%	\$1,184,552,472	\$31,094,502	\$43,936,906	1.41	II	
1971	1.75%	\$1,431,300,051	\$37,571,626	\$46,163,790	1.23	II	
1972	1.75%	\$1,560,306,438	\$40,958,044	\$36,349,934	0.89	I	
1973	2.02%	\$1,643,467,385	\$49,797,062	\$28,304,965	0.57	I	
1974	2.02%	\$1,821,684,864	\$55,197,051	\$27,420,364	0.50	I	
1975	2.02%	\$2,015,606,435	\$61,072,875	\$20,073,147	0.33	I	
1976	2.18%	\$2,247,956,108	\$73,508,165	\$10,730,152	0.15	-	
1977	2.86%	\$2,389,822,190	\$102,523,372	-\$7,426,119	-0.07	-	
1978	2.86%	\$2,578,562,218	\$110,620,319	\$5,992,114	0.05	-	
1979	2.86%	\$2,859,429,314	\$81,779,678	\$39,159,914	0.48		+1.6%
1980	2.86%	\$3,314,556,620	\$94,796,319	\$80,341,186	0.85		+0.8%
1981	2.86%	\$3,769,977,490	\$107,821,356	\$104,980,243	0.97		+0.4%
1982	2.86%	\$4,111,362,943	\$117,584,980	\$112,290,817	0.95		+0.4%
1983	2.86%	\$4,292,985,503	\$122,779,385	\$106,708,377	0.87		+0.8%
1984	2.86%	\$4,498,499,775	\$128,657,094	\$127,176,245	0.99		+0.4%
1985	2.86%	\$4,801,506,793	\$137,323,094	\$147,004,681	1.07		0.0%
1986	2.86%	\$5,037,888,349	\$144,083,607	\$166,408,163	1.15		0.0%
1987	2.76%	\$5,500,278,375	\$151,807,683	\$195,095,469	1.29		0.0%
1988	1.94%	\$6,093,516,291	\$118,214,216	\$246,416,114	2.08		-0.5%
1989	1.68%	\$6,864,348,520	\$115,321,055	\$274,840,914	2.38		-0.5%
1990	1.68%	\$7,756,988,055	\$130,317,399	\$334,252,180	2.56		-0.5%
1991	1.68%	\$8,753,700,993	\$147,062,177	\$401,647,674	2.73		-0.5%
1992	1.68%	\$9,561,673,898	\$240,954,182	\$411,119,192	1.71	A	
1993	1.66%	\$9,996,218,073	\$248,905,830	\$370,277,128	1.49	B	
1994	1.49%	\$10,315,548,416	\$230,552,507	\$315,881,780	1.37	B	
1995	1.65%	\$10,384,936,463	\$257,027,177	\$241,892,817	0.94	D	
1996	1.73%	\$10,401,361,958	\$269,915,343	\$226,972,601	0.84	D	
1997	1.78%	\$10,391,160,430	\$277,443,983	\$222,340,367	0.80	D	
1998	1.78%	\$10,554,781,603	\$281,812,669	\$226,036,037	0.80	D	
1999	1.78%	\$10,782,123,532	\$287,882,698	\$233,020,224	0.81	D	
2000	1.78%	\$11,025,705,500	\$294,386,337	\$256,407,449	0.87	D	
2001	1.78%	\$11,661,028,670	\$311,349,465	\$313,480,166	1.01	C	
2002	1.78%	\$12,294,711,901	\$328,268,808	\$317,703,649	0.97	C*	
2003	1.78%	\$12,412,503,464	\$331,413,842	\$309,477,079	0.93	D	
2004	1.78%	\$13,070,239,827	\$348,975,403	\$352,679,746	1.01	C	
2005	1.78%	\$13,820,414,010	\$369,005,054	\$389,302,103	1.06	C	
2006	1.78%	\$15,032,599,530	\$401,370,407	\$457,851,939	1.14	C	
2007	1.67%	\$16,258,037,800	\$407,263,847	\$532,892,238	1.31	B	
2008	1.46%	\$17,113,432,304	\$249,856,112	\$561,709,268	2.25	A	
2009	1.44%	\$17,834,793,224	\$256,821,022	\$454,058,555	1.77	A	
2010	2.20%	\$17,411,259,934	\$383,047,719	\$161,906,928	0.42	D**	
2011	2.22%	\$16,400,411,316	\$364,089,131	\$9,413,687	0.03	F**	
2012	2.22%	\$16,709,152,489	\$370,943,185	\$37,507,312	0.10	F**	
2013	2.22%	\$17,299,166,791	\$384,041,503	\$117,461,110	0.31	G	
2014	2.22%	\$18,073,144,220	\$401,223,802	\$315,321,135	0.79	E	
2015	2.22%	\$18,735,821,886	\$415,935,246	\$412,585,123	0.99	D	
2016	2.22%	\$19,685,807,805	\$437,024,933	\$482,602,848	1.10	C	
2017	2.22%	\$20,935,035,208	\$464,757,782	\$523,648,600	1.13	C	
2018	2.22%	\$22,096,686,379	\$490,546,438	\$531,346,177	1.08	C	
2019	2.22%	\$22,731,354,470	\$504,636,069	\$565,254,484	1.12	C	

*Rate year:* year during which rate schedule or Fund Solvency Rate is in effect.  
*High Cost Rate:* highest benefit cost rate (benefits as a percent of total wages) in the last ten years.  
*Total Wages:* for last four calendar quarters ending June 30 of calendar year prior to rate year.  
*Adequate Reserve Fund:* 1970 to 1978 and 1992 to 2007 adequate reserve equals 1.5 times high cost rate times total wages. 1979 to 1991 and from 2008, adequate reserve equals high cost rate times total wages.  
*Current Reserve Fund:* UC Trust Fund assets on November 30 of calendar year immediately preceding rate year.  
*Rate Schedule in Effect:* From July 1, 1974 through March 31, 1975 all employers' tax rates were increased by 0.5%, up to a maximum of 3.0%; from April 1975 through the end of 1976, all employers paid 3.0% tax rate; for 1977 and 1978 all employers paid 3.5% tax rate. \*2002: schedule C remained in effect due to special legislation. \*\*2010 and 2011: Act 2 (2010 Legislative Session) set tax schedules at D and F; 2012: Act 6 (2012 Legislative Session) set schedule at F.

## APPENDIX B continued

### UNEMPLOYMENT INSURANCE TAX RATES

Year	Tax Rates (Percent of Taxable Wages)			Taxes as a Percent of Total Wages
	Minimum	Maximum	Average	
1970	0.4%	3.0%	1.2%	0.8%
1971	0.4%	3.0%	1.4%	1.0%
1972	0.8%	3.0%	1.9%	1.3%
1973	0.8%	3.0%	1.8%	1.2%
1974	0.8%/1.3%	3.0%	1.9%	1.2%
1975	1.3%/3.0%	3.0%	2.6%	1.7%
1976	3.0%	3.0%	2.9%	1.9%
1977	3.5%	3.5%	3.5%	2.4%
1978	3.5%	3.5%	3.5%	2.4%
1979	1.8%	4.5%	2.8%	1.9%
1980	1.0%	4.5%	2.1%	1.4%
1981	0.6%	4.5%	1.8%	1.2%
1982	0.6%	4.5%	1.8%	1.3%
1983	1.0%	4.5%	2.3%	1.6%
1984	0.6%	4.5%	1.9%	1.3%
1985	0.2%	5.4%	1.6%	1.1%
1986	0.2%	5.4%	1.7%	1.2%
1987	0.2%	5.4%	1.7%	1.2%
1988	0.0%	5.4%	1.3%	0.6%
1989	0.0%	5.4%	1.3%	0.9%
1990	0.0%	5.4%	1.3%	0.9%
1991	0.0%	5.4%	1.3%	0.5%
1992	0.0%	5.4%	0.6%	0.4%
1993	0.0%	5.4%	1.0%	0.7%
1994	0.0%	5.4%	1.1%	0.8%
1995	0.2%	5.4%	2.2%	1.6%
1996	0.2%	5.4%	2.1%	1.5%
1997	0.2%	5.4%	1.9%	1.4%
1998	0.2%	5.4%	1.8%	1.3%
1999	0.2%	5.4%	1.7%	1.2%
2000	0.2%	5.4%	1.7%	1.2%
2001	0.0%	5.4%	1.1%	0.8%
2002	0.0%	5.4%	1.2%	0.8%
2003	0.2%	5.4%	1.7%	1.2%
2004	0.0%	5.4%	1.2%	0.8%
2005	0.0%	5.4%	1.3%	0.9%
2006	0.0%	5.4%	1.3%	0.9%
2007	0.0%	5.4%	0.8%	0.6%
2008	0.0%	5.4%	0.7%	0.3%
2009	0.0%	5.4%	0.7%	0.3%
2010	0.2%	5.4%	1.8%	1.2%
2011	1.2%	5.4%	2.6%	1.7%
2012	1.2%	5.4%	2.6%	1.8%
2013	1.8%	6.4%	3.2%	2.2%
2014	0.6%	5.8%	1.4%	1.2%
2015	0.2%	5.8%	1.4%	1.0%
2016	0.0%	5.6%	1.0%	0.7%
2017	0.0%	5.6%	1.0%	0.7%
2018	0.0%	5.6%	1.0%	0.7% est
2019	0.0%	5.6%	1.0%	

Source : Quarterly Census of Employment and Wages (QCEW)

Note for 1974 and 1975: Minimum tax rate was 0.8% until July 1, 1974 then all employers' rates were increased by 0.5%, up to a maximum of 3.0%. The additional 0.5% was in effect until April 1, 1975 when all employers' rates became 3.0%.

**APPENDIX B continued**

**TOTAL AND TAXABLE WAGES**

Year	Total Wages	% change	Taxable Wages	% change	% Taxable of Total Wages	Taxable Wage Base
1970	\$1,518,727,161		\$1,032,646,028		68%	\$5,500
1971	\$1,588,451,281	5%	\$1,101,177,779	7%	69%	\$6,000
1972	\$1,707,659,488	8%	\$1,171,863,417	6%	69%	\$6,300
1973	\$1,935,415,073	13%	\$1,310,016,575	12%	68%	\$6,500
1974	\$2,129,778,886	10%	\$1,418,777,880	8%	67%	\$6,800
1975	\$2,319,971,771	9%	\$1,537,695,558	8%	66%	\$7,300
1976	\$2,471,414,660	7%	\$1,634,221,510	6%	66%	\$7,800
1977	\$2,669,873,342	8%	\$1,890,965,749	16%	71%	\$9,300
1978	\$3,084,161,546	16%	\$2,153,653,091	14%	70%	\$9,800
1979	\$3,551,357,801	15%	\$2,443,433,910	13%	69%	\$10,400
1980	\$3,934,930,405	11%	\$2,689,241,050	10%	68%	\$11,200
1981	\$4,227,065,294	7%	\$2,921,073,895	9%	69%	\$12,200
1982	\$4,349,032,222	3%	\$3,030,663,748	4%	70%	\$13,100
1983	\$4,599,981,090	6%	\$3,198,088,181	6%	70%	\$13,800
1984	\$4,891,168,412	6%	\$3,430,347,509	7%	70%	\$14,600
1985	\$5,245,375,308	7%	\$3,661,947,705	7%	70%	\$15,100
1986	\$5,686,112,648	8%	\$3,922,702,338	7%	69%	\$15,600
1987	\$6,402,054,956	13%	\$4,391,057,014	12%	69%	\$16,500
1988	\$7,192,157,365	12%	\$3,314,009,708	-25%	46%	\$8,700
1989	\$8,130,492,059	13%	\$5,518,167,643	67%	68%	\$18,600
1990	\$9,237,628,172	14%	\$6,226,942,266	13%	67%	\$19,900
1991	\$9,599,527,870	4%	\$3,342,374,834	-46%	35%	\$7,000
1992	\$10,155,519,160	6%	\$7,042,429,428	111%	69%	\$22,700
1993	\$10,291,898,574	1%	\$7,251,815,678	3%	70%	\$23,900
1994	\$10,309,424,610	0%	\$7,394,972,486	2%	72%	\$25,000
1995	\$10,320,158,899	0%	\$7,411,024,845	0%	72%	\$25,500
1996	\$10,443,561,580	1%	\$7,420,054,226	0%	71%	\$25,800
1997	\$10,675,517,263	2%	\$7,483,098,627	1%	70%	\$26,000
1998	\$10,899,921,524	2%	\$7,560,072,702	1%	69%	\$26,400
1999	\$11,180,959,288	3%	\$7,748,893,876	2%	69%	\$27,000
2000	\$11,945,344,421	7%	\$8,209,730,134	6%	69%	\$27,500
2001	\$12,299,179,723	3%	\$8,455,669,862	3%	69%	\$28,400
2002	\$12,701,746,952	3%	\$8,701,690,997	3%	69%	\$29,300
2003	\$13,376,170,472	5%	\$9,155,378,879	5%	68%	\$30,200
2004	\$14,461,560,596	8%	\$9,752,243,796	7%	67%	\$31,000
2005	\$15,471,398,437	7%	\$10,545,452,082	8%	68%	\$32,300
2006	\$16,520,578,034	7%	\$11,353,002,832	8%	69%	\$34,000
2007	\$17,508,474,137	6%	\$12,056,590,692	6%	69%	\$35,300
2008	\$17,626,344,437	1%	\$6,452,926,682	-47%	37%	\$13,000
2009	\$16,587,402,171	-6%	\$5,891,874,889	-9%	36%	\$13,000
2010	\$16,292,046,023	-2%	\$10,916,560,473	85%	67%	\$34,900
2011	\$16,728,000,105	3%	\$10,989,382,103	1%	66%	\$34,200
2012	\$17,543,283,316	5%	\$12,051,835,343	10%	69%	\$38,800
2013	\$18,313,312,299	4%	\$12,628,120,662	5%	69%	\$39,600
2014	\$19,068,458,173	4%	\$13,149,245,380	4%	69%	\$40,400
2015	\$20,293,537,427	6%	\$13,772,027,328	5%	68%	\$40,900
2016	\$21,254,705,644	5%	\$14,514,591,883	5%	68%	\$42,200
2017	\$22,177,715,602	4%	\$15,415,651,217	6%	70%	\$44,000
2018						\$45,900
2019						\$46,800

Source: Wages from Quarterly Census of Employment and Wages (QCEW)

## APPENDIX B continued

### CHARGED AND NONCHARGED BENEFITS *(in millions of \$)*

Year	Total Benefits	Charged Benefits	% of Total	Noncharged Benefits	% of Total
1970	\$14.7	\$8.8	60%	\$5.9	40%
1971	\$27.9	\$18.2	65%	\$9.7	35%
1972	\$28.0	\$18.2	65%	\$9.8	35%
1973	\$26.3	\$15.7	60%	\$10.6	40%
1974	\$34.9	\$21.3	61%	\$13.7	39%
1975	\$47.0	\$30.1	64%	\$16.8	36%
1976	\$57.5	\$43.1	75%	\$14.4	25%
1977	\$45.1	\$44.3	98%	\$0.9	2%
1978	\$36.0	\$35.6	99%	\$0.4	1%
1979	\$30.5	\$30.2	99%	\$0.3	1%
1980	\$40.7	\$40.2	99%	\$0.5	1%
1981	\$56.7	\$56.1	99%	\$0.6	1%
1982	\$70.5	\$69.9	99%	\$0.6	1%
1983	\$60.9	\$59.7	98%	\$1.2	2%
1984	\$62.4	\$61.8	99%	\$0.6	1%
1985	\$53.9	\$53.4	99%	\$0.5	1%
1986	\$48.4	\$47.8	99%	\$0.6	1%
1987	\$43.6	\$36.6	84%	\$7.0	16%
1988	\$44.1	\$35.3	80%	\$8.8	20%
1989	\$35.4	\$26.9	76%	\$8.5	24%
1990	\$44.2	\$30.9	70%	\$13.3	30%
1991	\$76.5	\$56.6	74%	\$19.9	26%
1992	\$129.1	\$101.7	79%	\$27.4	21%
1993	\$144.8	\$105.9	73%	\$38.9	27%
1994	\$170.5	\$137.9	81%	\$32.6	19%
1995	\$178.9	\$148.0	83%	\$30.9	17%
1996	\$171.7	\$145.5	85%	\$26.2	15%
1997	\$153.8	\$131.5	85%	\$22.3	15%
1998	\$142.4	\$121.9	86%	\$20.5	14%
1999	\$123.2	\$104.4	85%	\$18.8	15%
2000	\$96.1	\$79.6	83%	\$16.4	17%
2001	\$132.9	\$109.9	83%	\$22.9	17%
2002	\$144.7	\$120.0	83%	\$24.6	17%
2003	\$122.2	\$102.9	84%	\$19.3	16%
2004	\$103.7	\$87.5	84%	\$16.2	16%
2005	\$81.8	\$67.0	82%	\$14.8	18%
2006	\$90.1	\$72.7	81%	\$17.4	19%
2007	\$107.6	\$88.0	82%	\$19.7	18%
2008	\$211.2	\$179.5	85%	\$31.7	15%
2009	\$374.2	\$331.6	89%	\$42.6	11%
2010	\$304.8	\$276.2	91%	\$28.7	9%
2011	\$244.6	\$221.1	90%	\$23.6	10%
2012	\$222.7	\$201.1	90%	\$21.6	10%
2013	\$196.6	\$176.1	90%	\$20.6	10%
2014	\$171.7	\$150.7	88%	\$21.1	12%
2015	\$135.3	\$117.1	87%	\$18.2	13%
2016	\$127.6	\$108.5	85%	\$19.1	15%
2017	\$159.2	\$138.8	87%	\$20.4	13%

Source: ETA-204, Experience Rating Report  
Includes regular program benefits only; does not include extended benefits.

## APPENDIX C

### Benefits Not Charged to Employer Accounts

The following types of unemployment insurance benefits are not charged to individual employer's unemployment insurance accounts:

- a. Benefits paid to a claimant based on wages from an employer from whom the claimant voluntarily quit work without good cause<sup>1</sup>;
- b. Benefits paid to a claimant based on wages from an employer from whom the claimant was discharged for misconduct connected with work;
- c. Benefits paid to a claimant based on wages from an employer from whom the claimant left work voluntarily for a good cause that was not attributable to the employer;
- d. Benefits paid to an individual who during that individual's base period earned wages for part-time employment with an employer, are not charged to that employer if the employer continues to employ the individual to the same extent while the individual is receiving benefits as during the individual's base period;
- e. Benefits paid to an individual for the period that individual is enrolled in and is in regular attendance at an approved training course;
- f. One-half of Extended Benefits (the other half of EB is financed with federal unemployment tax funds)<sup>2</sup>;
- g. Benefits paid to an individual who qualifies to receive benefits by meeting the minimum earnings and employment requirements only by combining the individual's employment and wages earned in two or more states<sup>3</sup>;
- h. Benefits overpaid to a claimant as a result of ineligibility or disqualification, unless the overpayment resulted from the employer's failure to furnish information as required;
- i. Benefits paid to an individual based on wages from an employer from whom the individual is separated as a direct result of a major disaster.<sup>4</sup>

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<sup>1</sup>Benefits described in a, b, and c were chargeable from July 15, 1976 through October 4, 1986.

<sup>2</sup>EB was chargeable from January 1, 1985 through October 4, 1986.

<sup>3</sup>Benefits described in g and h became nonchargeable from July 15, 1976.

<sup>4</sup>Effective from September 13, 1992.

## APPENDIX D

### The Hawai'i Unemployment Compensation Trust Fund and Economic Conditions: 1970 to the Present

- 1970** The 1970s began with a low IUR (Insured Unemployment Rate) of slightly above 2% and high fund reserves in excess of \$40 million.
- 1971** Unemployment increased throughout 1971 in the aftermath of the Mainland recession, and due partly to a lengthy dock strike in the second half of the year. The Extended Benefits program was initiated allowing an additional 13 weeks of unemployment insurance benefits to be paid to claimants who exhaust their 26 weeks of regular benefits during periods of high unemployment. Hawai'i paid extended benefits from October 1971 through December 1972. Increasing unemployment and additional benefits paid out under the Extended Benefits program caused benefit outgo to increase and the fund balance to decline.
- 1972** The fund continued to decline as additional dock strikes and continuing Extended Benefits payments caused benefit outgo to remain high.
- 1973** Unemployment decreased slightly causing the fund balance to remain relatively level.
- 1974** The IUR began to climb again as Mainland recessionary conditions started affecting Hawai'i.
- 1975** Hawai'i began a new Extended Benefits period beginning in February 1975 as unemployment continued to increase. This EB period continued until March 1978 (except for a short break in the program during August 1977).
- 1976** The IUR reached a peak of 7% in the first half of 1976. During the 1974 through 1976 period, the fund balance was drastically reduced by the unprecedented high level of unemployment and corresponding high benefit outgos. The fund was depleted in 1976. Benefits continued to be paid during the year through the use of \$22.5 million in federal loans to the fund.
- 1977** The economy began to improve slightly, although construction strikes caused unemployment to temporarily increase at the end of 1977 and early 1978. In order to rejuvenate the fund, tax rates, which had been gradually increasing during the 1970s, were set at a uniform rate of 3.5% for 1977.
- 1978** The flat 3.5% tax rate continued to be in effect. As the economy improved, the IUR steadily declined until it leveled off at about 3% during the second half of the year. With the increased income and declining outgo, the fund balance was brought out of its negative levels and the federal loan was repaid late in 1978.
- 1979** Varied tax rates for employers (experience rating) was reinstated; this caused fund income to decline slightly from the high 1978 level. Benefits remained relatively low, resulting in a further increase in the fund balance to \$78 million by the end of 1979.
- 1980** Employer tax rates were again decreased based on the healthy fund reserves. Although Hawai'i's unemployment remained low, an Extended Benefits period was triggered on by high national unemployment. This EB period was from July 1980 to January 1981. Fund income exceeded outgo and reserves reached \$100.6 million by the end of 1980.
- 1981-1984** Unemployment was very stable with the IUR fluctuating only between 2.5% and 3.5%, weathering airline, construction, and other strikes occurring during this time. The fund balance was kept at about the adequate reserve level throughout the period
- 1985** Tax schedules were adjusted to include a maximum tax rate of 5.4% in order to allow employers to continue to receive full tax credits under the Federal Unemployment Tax Act (FUTA).
- 1986-1987** The tourism and construction industries were in a boom period resulting in declining unemployment and a growing fund balance.
- 1988** The high fund balance resulted in the triggering of a negative Fund Solvency Rate for the first time. Also, a one-year special law provision cut the Taxable Wage Base to 50% of the statewide average annual wage.
- 1989** Unemployment continued to decline with the IUR reaching an all time low of 0.96% in December 1989. The fund continued to be more than twice the adequate reserve level allowing the negative 0.5% Fund Solvency Rate to remain in effect.
- 1990** Despite Mainland recessionary conditions, Hawai'i tourism and construction continued to do well through 1990. Although a hotel strike during March caused a temporary rise in unemployment, the average IUR for the year remained level with 1989.

## APPENDIX D continued

- 1991** The Persian Gulf War triggered a slowdown in March as tourist traffic declined dramatically and unemployment jumped. Mainland recessionary conditions began affecting Hawai'i's economy as unemployment remained high through the year especially in the construction and tourism related industries. A one-year special provision cut the taxable wage base to \$7,000.
- 1992** A new tax schedule system was implemented and the lowest tax schedule (A) was in effect for 1992. Hurricane Iniki hit the islands in September 1992 resulting in major damage and high unemployment on Kaua'i. Mainland and Japanese recessionary conditions continued to weaken the tourist and construction sectors. The end of year fund balance declined from the previous year for the first time since 1982. Emergency Unemployment Compensation (EUC) benefits were paid to claimants from November 1991 through April 1994. EUC benefits, paid to claimants who exhausted their regular state benefits, were 100% federally funded.
- 1993-1994** Tax schedule B was in effect for 1993 and 1994, keeping the average unemployment tax rate at a low 1%. At the same time, the tourism and construction sectors remained sluggish causing large benefit payouts from the fund.
- 1995-1998** The economy remained flat from 1995 through 1998, with benefit levels declining slightly each year. The fund balance stabilized at around \$210 million and tax schedule D stayed in effect from 1995 through 1998.
- 1999-2000** The economy was on the rise with insured unemployment dropping below 2% and the fund balance reaching \$300 million levels, triggering tax schedule C for 2001.
- 2001-2002** In the aftermath of terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001, the number of unemployed increased and the fund balance began to drop. Special legislation provided Hawai'i claimants exhausting regular benefits between September 11, 2001 and June 30, 2002 with 13 weeks of additional benefits and kept tax schedule C in effect for calendar year 2002. A special federally funded program, Temporary Extended Unemployment Compensation (TEUC) also provided an additional 13 weeks of benefits to claimants, effective from March 10 to December 31, 2002.
- 2003-2004** The federal TEUC program was extended to December 31, 2003 with a transition period for the continuation of payments to individuals, who had balances as of the end of December, to March 31, 2004. Effective from April 20, 2003 through December 28, 2003, displaced airline and related workers who exhausted their 26 weeks of regular benefits received up to 39 weeks of additional federally funded TEUC-A benefits. Throughout 2004, Hawai'i's unemployment dropped significantly resulting in a growing trust fund.
- 2005-2006** Tourism, construction and real estate contributed to a very healthy economy where the insured unemployment rate dropped to 1.0% by the last quarter of 2005. The fund balance grew to more than \$500 million by November 2006 triggering a decrease in tax rates to Tax Schedule B for calendar year 2007.
- 2007** The 2007 Legislature enacted Act 110 which: increased the partial earnings disregard amount from \$50 to \$150; increased the maximum weekly benefit amount formula from 70% to 75% of statewide average annual wages for calendar years 2008 through 2010; set the taxable wage base at \$13,000 for calendar years 2008 through 2010; and changed the adequate reserve formula to remove the one and one-half times multiplier for the calendar years 2008 through 2010 tax schedule computations.
- 2008-2009** Airline closures in April 2008, the departure of major cruise ships, closures of pineapple and sugar operations, and finally major problems with the national financial sector resulted in a downturn in both the national and Hawai'i economies. The tourism and construction industries were especially hard hit. Recessionary conditions on the Mainland and in Hawai'i resulted in the IUR nearly doubling from an average 1.78% in 2008 to 3.36% in 2009, and the fund balance falling from \$552 million at the end of 2007 to \$134 million as of the end of 2009.
- A 100% federally financed Emergency Unemployment Compensation (EUC08) program was enacted to provide claimants who exhaust their regular 26 weeks of benefits with an additional 13 weeks of benefits effective from July 6, 2008. From November 23, 2008 an additional seven weeks were added, for a total of 20 weeks, of EUC08 benefits. Beginning with the week ending May 9, 2009, claimants who exhaust their first 20 weeks of EUC08 benefits (Tier 1) before December 31, 2009 could receive an additional 13 weeks of Tier 2 EUC08 benefits. Effective with the week ending November 14, 2009, claimants are eligible for one additional week of Tier 2, and 13 weeks of Tier 3 EUC08 benefits. This brought the total to 47 weeks of federally funded EUC08 benefits for Hawai'i claimants.



## 2010-2011

The EUC08 program was extended twice in 2010 and is scheduled to end January 3, 2012. Claimants who exhaust their regular or EUC08 tier benefits will not be able to begin a new tier after that date. Claimants may continue to receive benefits under their current tier until June 9, 2012.

Act 2 was enacted during the 2010 Legislative Session resulting in: extending the 75% formula for computing the maximum weekly benefit amount (MWBA) for 2010 and 2011; reducing the taxable wage base formula to 90% of the statewide average annual wage for 2010 and 2011; permanently reducing the adequate reserve fund definition by eliminating the 1.5 times multiplier; and setting the tax schedules at D for 2010 and F for 2011, rather than applying the computed tax schedules which would have been F and G respectively.

Economic conditions slowly improved throughout this period with the IUR declining from 3.4% in January 2010 to 2.4% in November 2011. However, benefit outgo continued to exceed contributions through the first half of 2011. The unemployment fund was depleted in December 2010 requiring Hawai'i to borrow federal Title IX loan funds to continue paying benefits. From December 2010 through August 2011, \$163 million in federal loans were received. All loans were repaid by August 2011.

2012 The EUC08 program was extended from June 2012 to end on January 2, 2013.

Effective January 2012 the MWBA formula returned to the 70% computation. However, it was only in effect from January through March as Act 6 (2012 Legislative Session) changed the formula back to 75% from April to the end of 2012. Act 6 also changed the 2012 tax schedule to F. The highest schedule, H, should have been in effect for 2012 as the fund balance had dropped to less than \$38 million at the end of November 2012.

The unemployment fund was depleted at the end of March 2012 requiring borrowing from the federal loan fund. Borrowing continued during the month of April 2012 with all loans repaid by the end of the month. Improving economic conditions during the second half of 2012 resulted in the fund balance increasing to over \$100 million by the end of November.

2013 The EUC08 program was extended from January 2, 2013 to January 1, 2014 by the American Tax Payer Relief Act of 2012. Last payable week was December 28, 2013.

Under Act 263 (2012 Legislative Session), the maximum tax rates on the tax schedules were increased from 5.4% on each schedule to increasing rates from 5.4% for Schedule A to 6.6% for Schedule H. See Appendix A for rates on each schedule.

Act 100, passed by the 2013 State Legislature and approved by the Governor on June 1, 2013, reclassified the Unemployment Compensation Fund as a trust fund as recommended by the state auditor.

## 2014-2015

The economic conditions continued to improve during this time frame, with the IUR decreasing from 1.88% in January 2014 to 1.13% in November 2015. The healthy labor market with the strong growth in tourism and expansion in construction contributed to the improved economy. The trust fund balance has grown to almost \$485 million at the end of November 2015, which triggered lowering the tax rates to Tax Schedule C for calendar year 2016.

2016 Act 070, passed by the 2016 State Legislature and approved by the Governor on June 17, 2016, provided an additional 13 weeks of unemployment benefits to the dislocated workers of a number of large employers in Maui County. Act 070 will be repealed on October 28, 2017.

## 2017-2018

There was little change in overall unemployment while funds continued to grow slowly and it remained on the third lowest Schedule C for 4 years since 2016.

