



State of Utah

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Dear Employer:

Enclosed is your Unemployment Insurance (UI) Contribution Rate Notice for 2011. Many employers will experience an increase in Contribution (tax) rates this year. With the higher benefit costs associated with the economic downturn, there has been a significant decline in the UI Trust Fund balance over the past two years. The good news is that Utah's UI Trust Fund remains solvent; however, well over half the states have UI Trust Funds that are currently insolvent and these states are borrowing funds to pay benefits.

It became necessary to increase tax rates including minimum rates for 2011 to increase the reserves necessary to ensure the long-term solvency of the fund. If an employer has not had UI benefit costs charged to its account (during the last four fiscal years), it is entitled to the minimum tax rate known as the "Social Costs" and is the same for all employers. Approximately half of all Utah employers have the minimum UI tax rate of .004 (.4%) for the 2011 rate year. This has increased from .002 (.2%) for the 2010 rate year. While we remain sensitive to any rate increase, the 2011 rate is similar to the 2005 and 2006 minimum rates. Based on our current economic forecasts, the department is hopeful the UI Trust Fund will remain solvent in the coming years. While the new rates will be difficult for many Utah employers, most states have also been required to raise their UI tax rates for similar reasons during this period and Utah employers still have lower average UI tax rates in comparison

An employer's overall tax rate is based on a statutory formula that factors in several components to insure the solvency of the Trust Fund and to equitably adjust tax rates on employers that are responsible for generating these costs. A significant component of the tax rate is an employer's past UI benefit charges and taxable payroll for the past four years ending June 30, 2010. The total unemployment benefits paid to your former employees, if any, should agree with the totals found on the Statement of Unemployment Benefit Costs, Form 66, which you receive each quarter. You can also obtain quarterly information of any benefit costs and your taxable wages from our website at <http://jobs.utah.gov/ui/employer/login.aspx> and logging into your account and going to "Display Benefit Costs" (on the left side of the screen).

The taxable wage base has increased from \$28,300 to \$28,600 for calendar year 2011. The taxable wage base is the maximum amount upon which contributions are paid on each employee's wages for the year.

While reviewing your rate notice, please be aware that the Department of Workforce Service is committed to ensuring the Utah UI trust fund remains solvent and all Utah employers are treated equitably and fairly.