



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Oklahoma Employers to Face Higher Unemployment Insurance Tax Rates in 2011

OKLAHOMA CITY, OK (August 3, 2010) – The Oklahoma Employment Security Commission (OESC) issued a notice to business owners today: most Oklahoma employers can expect to see increases in their state unemployment insurance (UI) tax rates for 2011. Funds collected through this tax are deposited in the state's UI trust fund to be used to pay regular state unemployment claims. This tax rate increase is a result of the recent recession, which led to a dramatic jump in the number of Oklahomans receiving unemployment benefits and put a tremendous strain on the UI trust fund. In contrast, federal extended unemployment benefits are paid by the federal government and not from these state UI taxes.

The UI tax rate each Oklahoma employer pays is determined by a formula provided by state law. The two determining factors in the formula are the UI trust fund balance and the amount paid out in regular state unemployment benefits. Official UI tax rates are calculated in September each year and mailed to employers to aid them in preparing for the coming year. Due to the large amount of money paid to unemployment claimants over the past few years, employers are expected to move from the lowest tax rate schedule in 2010 (no conditional factor) to the highest schedule (conditional factor D) for 2011.

So far in 2010, OESC has paid out \$285.8 million in regular unemployment benefits, drawing down the UI trust fund from \$477.9 million at the first of 2010 to an estimated \$334.0 million at the end of July 2010. In December 2007, when the recession began, the UI trust fund balance was at \$831.4 million, and OESC was paying an average of \$3.3 million in regular unemployment claims per week. Today, the agency is paying \$7.9 million per week, down from a high of \$13.9 million in July 2009.

"Because of the strength of Oklahoma's UI trust fund, we've made it this far without having to raise the tax rate," said Lynn Gray, OESC Director of Economic Research & Analysis and agency UI trust fund analyst. "Unfortunately, we're at a point when state law requires us to inject more money into the UI trust fund to avoid completely depleting it. If that were to happen, we would be forced to seek a lifeline from the federal government, adding to the nation's financial burden." A number of other states, including California and Texas, have had to request a loan from the federal government to keep their UI trust funds solvent.

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OKLAHOMA EMPLOYMENT SECURITY COMMISSION

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For more information, contact OESC Public Information Officer John Carpenter at (405) 557-5469 or john.carpenter@oesc.state.ok.us. Please note that calculation of individual UI tax rates is not yet complete, and OESC will be unable to provide any information on individual rates until the official rates are released in September.

About OESC – The Oklahoma Employment Security Commission is Oklahoma's state workforce agency. OESC provides unemployment compensation to support unemployed workers and their communities; matches jobs and workers to benefit local labor markets; prepares a skilled workforce to meet employers' needs; and gathers, analyzes and disseminates information about the labor force to improve local economic decisions.

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