Model State Unemployment Insurance Program Was Solvent Through Recession

RALEIGH— The Unemployment Insurance program of the N. C. Employment Security Commission (ESC) is serving as a model for other states because of its ability to stay solvent through economic downturns.

North Carolina is one of the few states which kept sufficient funds during the 1974-1975 recession and which has built itself back up to respectable levels again, according to Warren Wittmer, director of ESC's Unemployment Insurance division. "Many other states went broke and-or had to borrow money to bolster funds or got down to dangerously low levels during the recession," he said.

"North Carolina was able to weather the recession so well and stay in good shape

Association Holds Annual Meeting

Cupola House Association held its annual meeting on October 8. Reports were given on projects that had been completed over the past year. The outbuilding behind the Cupola House was completed to house the garden tools and the furnace, which will be moved at a later date.

The Cupola House got a new coat of paint which is the original color of the house, determined by a paint study team with the North Carolina State Department of Cultural Resources, Archives and History Division, Site Preservation Section. Approximately \$30,000

worth of furnishings were purchased and paid for over the year. The building and furnishings were made possible by a grant from the Smith Reynolds Foundation. Some new projects for the coming year were discussed. A garden book which was started and er completed will worked on again by Lynn Donovan and Nancy Wood. One of the top priority items for the Cupola House this year will be the replacing of

the roof. Ways in which to pay for this were discussed. State and federal grants will be applied for in order to help. Rosa Davenport, site nanager, reported that Mr. Bob Duncan contacted her office and offered to make a doll house just like the Cupola House. association could raffle this doll house off in order to raise some funds for the necessary repairs, etc. It would take almost a year for the doll house to be completed. The membership voted to accept Mr. Duncan's proposal.

Mrs. Dorothy Graham, chairman of the Nominating Committee, presented the slate of board of directors for the coming year. They were West Byrum, Caroline Abbe, and Virginia Wood for a three year term; and Lynn Donovan for an unexpired term of one year. The slate was accepted unanimously. The board of directors will meet in the very near future and elect officers for the coming year.

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advantages both borrowers and lenders. ndication allows the efent arrangement of a large amount of funds which would otherwise not be sible from any single bank. The underwriting procedure used in the syndication of rocurrency credits may allow the borrowers to btain better terms than those otherwise available." Moore, a professor of conomics at ECU, has rch interests in world old markets and the imact of oil supplies on the orld's economy. He is the uthor of several hundred revious research reports, lost of which have been ublished by the U.S.

because of the willingness of the General Assembly and the employer community to go along with a fund buildup during the 1960s and 1970s," Wittmer said. "A lot of other states saw their funds getting high and revised their laws while we allowed our balance to

North Carolina's Unemployment Insurance fund, now at its highest level

ever at nearly \$600-million, has the third highest cash balance in the nation behind California and Florida. Yet, the state's average tax rate on employers ranks 37th in the nation; and the commission announced October 31 that the 1981 tax schedule would be lowered for the second consecutive year.

apparent contradiction is possible because of a "self-adjusting

system which operates in a counter-cylical way," according to Wittmer. The system, which taxes employers more heavily during periods of economic growth as their payrolls increase, "adjusts to avoid hitting employers until they can best afford it," he said. "It allows for a slow and smooth transition from one tax schedule to another for

Virginia came in June to examine the state's tax formula and the tax collection, experience rating and benefits process to see which of its features were essential to the strength of the program. A blue-ribbon committee pointed by the governor of Alabama, including key **Employment** Security Commission staff members

expected on November 5.

"Evidently, they thought enough of our system to send delegations to find out why we are solvent and they are not doing so well, "Wittmer said. "But this type of visit is not unusual. In fact, we have visited Tennessee to look at their benefit operation and South Carolina to study their mass claims system. Such visits

A delegation from and state legislators, is are informational and may to look at specific acor may not lead to changes in operations."

Neither Alabama nor Virginia has a reserve ratio system, in which tax rates are computed according to the relationship between the fund balance and the statewide taxable payroll, and their systems are not producing the money they need.

"Since Virginia sent a

counting and data processing procedures, it wouldappear that they are using us as a model. What they discovered was that there were no little things we were doing and they weren't or vice versa, that would solve their problem. The fact is that their experience rating system just wasn't producing enough money. Ours is," Wittmer said.



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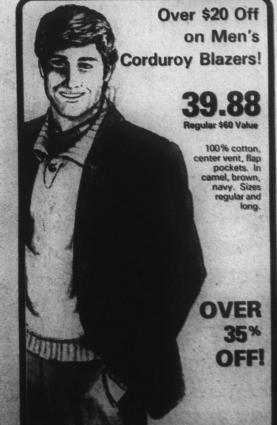
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