

UI REPORTS HANDBOOK NO. 401

ETA 204 Experience Rating Report

Contents

A.	Facsimile of Form ETA 204.....	II-4-2
B.	Purpose.....	II-4-6
C.	Due Date and Transmittal.....	II-4-6
D.	General Reporting Instructions.....	II-4-6
E.	Definitions.....	II-4-7
	1.All Subject Accounts.....	II-4-7
	2.Total Payroll.....	II-4-7
	3.Taxable Payroll.....	II-4-7
	4.Eligible Accounts.....	II-4-7
	5.Ineligible Accounts.....	II-4-8
	6.Benefits (or Benefit Wages) Charged.....	II-4-8
	7.Benefits (or Benefit Wages) Not Charged.....	II-4-8
	8.Active Employers.....	II-4-8
	9.Inactive Employers.....	II-4-8
	10.Amount of Account Balances (Reserve Ratio States Only).....	II-4-8
	11.Tax Rates.....	II-4-8
	12.Regularly Rated Accounts.....	II-4-8
	13.Specially Taxed Accounts.....	II-4-9
	14.Computation Date.....	II-4-9
	15.Rate Year End.....	II-4-9
F.	Item by Item Instructions.....	II-4-9
	1. Section A. Item 3 and Item 4. Subject Accounts with Positive Balance and Subject Accounts with Negative Balance.....	II-4-9
	2. Section B. Summary of Benefits Paid, Charged, and Noncharged.....	II-4-9
	3. Section C. All Active Taxable Subject Accounts: Selected Data.....	II-4-10
	4.Comments.....	II-4-11
G.	Checking the Report.....	II-4-11

UI REPORTS HANDBOOK NO. 401

ETA 204 Experience Rating Report

A. Facsimile of Form

ETA 204, Experience Rating Report

OMB No.: 1205-0164
Expires: 01/31/2003

```

=====
REPORT PERIOD ENDED :                      REGION:                      STATE:
=====
Rate Year End :                          Computation Date :                Rating System :
    
```

SECTION A. All Subject Accounts: Number & Amounts of Total & Taxable Payroll

	No. as of :	Payroll 12 mon. End :		
	LINE NO.	Number of Acct (1)	Total (2)	Taxable (3)
1. Taxable Acct, Total	101			
a. Eligible	102			
b. Ineligible	103			
2. Reimbursable Acct	104			

RESERVE RATIO STATES ONLY:

3. Positive Balanced Acct	201			
a. Eligible	202			
b. Ineligible	203			
4. Negative Balanced Acct	204			
a. Eligible	205			
b. Ineligible	206			

SECTION B. Summary of Benefits Paid, Charged, and Noncharged

	LINE NO.	Amount
5. Total Benefits (or Benefit Wages) Paid During		
12 months Ending :	301	
6. Taxable Employer Accounts	302	
a. Charged	303	
1. Active	304	
2. Inactive	305	
b. Noncharged	306	
7. Reimbursable Employer Accounts	307	
a. Charged	308	
b. Noncharged	309	

Comments:

These reporting instructions have been approved under the Paperwork Reduction Act of 1995, under OMB No. 1205-0164, with an expiration date of 01/31/2003. Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of Workforce Security, Room S-4231, 200 Constitution Ave., NW, Washington, DC, 20210.

UI REPORTS HANDBOOK NO. 401

ETA 204 Experience Rating Report

Facsimile of Reporting Format - Section C

Section C. ALL ACTIVE TAXABLE SUBJECT ACCOUNTS, SELECTED DATA BY EXPERIENCE FACTOR

RESERVE RATIO METHOD OF EXPERIENCE RATING

EXPERIENCE FACTOR		AVG. TAX RATE (%) (1)	NO. OF ACCOUNTS (2)	TOTAL PAYROLL (000) (3)	TAXABLE PAYROLL (000) (4)	BENEFITS CHARGED (000) (5)	EST. CONTRIBUTIONS (000) (6)
GREATER THAN	EQUAL TO OR LESS THAN						
ELIGIBLE - REGULARLY RATED BY FACTOR							
%	-80						
-80	-60						
-60	-40						
-40	-20						
-20	-19						
-19	-18						
-18	-17						
:	:						
-6	-5						
-5	-4.5						
-4.5	-4.0						
:	:						
-0.5	0.0						
0.0	0.5						
:	:						
14.5	15.0						
15	16						
16	17						

These reporting instructions have been approved under the Paperwork Reduction Act of 1995, under OMB No. 1205-0164, with an expiration date of 01/31/2003. Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of Workforce Security, Room S-4231, 200 Constitution Ave., NW, Washington, DC, 20210.

UI REPORTS HANDBOOK NO. 401

ETA 204 Experience Rating Report

RESERVE RATIO (CONTINUED)

:	:						
19	20						
20	25						
25	30						
:	:						
45	%						
SUBTOTAL							
HIGHLY-SPECIALY TAXED							
TOTAL ELIGIBLE							
INELIGIBLE							
TOTAL ALL SUBJECT ACCOUNTS							

These reporting instructions have been approved under the Paperwork Reduction Act of 1995, under OMB No. 1205-0164, with an expiration date of 01/31/2003. Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of Workforce Security, Room S-4231, 200 Constitution Ave., NW, Washington, DC, 20210.

UI REPORTS HANDBOOK NO. 401

ETA 204 Experience Rating Report

BENEFIT RATIO METHOD OF EXPERIENCE RATING

EXPERIENCE FACTOR		AVG. TAX RATE (%) (1)	NO. OF ACCOUNTS (2)	TOTAL PAYROLL (000) (3)	TAXABLE PAYROLL (000) (4)	BENEFITS CHARGED (000) (5)	EST. CONTRIBUTIONS (000) (6)
GREATER THAN	EQUAL TO OR LESS THAN						
ELIGIBLE - REGULARLY RATED BY FACTOR							
0	0.1						
0.1	0.2						
0.2	0.3						
:	:						
7.9	8.0						
8.0	8.5						
8.5	9.0						
:	:						
15.0	%						
SUBTOTAL							
ELIGIBLE-SPECIALY TAXED							
TOTAL ELIGIBLE							
INELIGIBLE							
TOTAL ALL SUBJECT ACCOUNTS							

These reporting instructions have been approved under the Paperwork Reduction Act of 1995, under OMB No. 1205-0164, with an expiration date of 01/31/2003. Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of Workforce Security, Room S-4231, 200 Constitution Ave., NW, Washington, DC, 20210.

UI REPORTS HANDBOOK NO. 401

ETA 204 Experience Rating Report

- B. Purpose. The data submitted annually on the ETA 204 will enable the Employment and Training Administration (ETA) to project revenues for the Unemployment Insurance (UI) program on a State by State basis and to measure the variations in assigned contribution rates which result from different experience rating systems. When used in conjunction with data from the ES 202, Employment, Wages, and Contributions report, the ETA 204 data assists in determining the effects of various factors (e.g., seasonality, stabilization, expansion, or contraction in employment and payroll, etc.) on the employment experience of various groups of employers.

The data also provide to States and the National Office an early signal for potential solvency problems, is useful in analyzing factors which give rise to the potential problems, and permit an evaluation of the effectiveness of the various approaches available to correct the problems detected. Moreover, the data are required as a basis for estimating State average tax rates for the rate year. Finally, the data are the basis for determining an experience rating index; the index allows for the evaluation of the extent to which benefits in States are effectively charged, noncharged, and ineffectively charged. Comparisons in a single State over time are possible.

Thus, the foregoing information is of value to ETA in analyzing statutory provisions regarding experience rating, in preparing recommendations or advising States on proposed legislation involving experience rating, and in responding to inquiries from State agencies, employer groups, unions and others. Further, the data are a vital part of a State's management information system and a tool for the administrator and legislators to enhance the State experience rating system.

- C. Due Date and Transmittal. All States permitting rate variations based on experience rating (i.e., having an experience rating system in place) are required to submit ETA 204 reports. If experience rating is suspended for a given year, only sections A and B need be submitted. Notification of the suspension should be indicated in the comments section.

This report is due in the National Office on the 30th day of the fifth month of the rate year to which the report relates.

- D. General Reporting Instructions. Sections A, B, and C of the report should follow the format prescribed in these instructions. States that use a combination of experience

UI REPORTS HANDBOOK NO. 401

ETA 204 Experience Rating Report

rating methods should decide which system is the predominant system, and report as if the State used the predominant system. In the absence of significant changes in State UI laws from year to year, it is important that States in this situation be consistent in choosing which experience rating system predominates.

Alaska, with a Payroll Decline system of experience rating, and Delaware and Oklahoma with Benefit Wage Ratio systems of experience rating, are exempt from filing section C of this report.

E. Definitions.

1. All Subject Accounts. Subject Accounts, for purposes of the ETA 204 report, consist only of the accounts of those active employers who were declared accountable or subject prior to either the beginning of the new rate year or the date designated by law as the computation date. Accounts of State or local governments, or their instrumentalities, or other units which make payments in lieu of contributions on a reimbursable basis are included only in sections A.2., B.5., and B.7. of the report. These reimbursable accounts are excluded from all other entries. Thus, all accounts for employers who were declared accountable or subject to the State law prior to the date chosen, and who were active in all or part of the 12-month period covered by the report and were charged or chargeable for benefits (or benefit wages) during that period, are included. All subject accounts for active employers declared accountable or subject on or subsequent to the date chosen are excluded.
2. Total Payroll. Total payroll is the total amount of wages paid or payable (depending on the wording of the State law) to covered workers by employers subject to the provisions of the State unemployment insurance law for services performed during the 12 months ending with the computation date. Total wages include both taxable wages, defined below, and the amount of wages which are in excess of the wages subject to the contribution provisions of the State law.
3. Taxable Payroll. Taxable payroll is the part of total payroll which is subject to the contribution provisions of the State unemployment insurance law (i.e., wages up to and including the State's taxable wage base).

UI REPORTS HANDBOOK NO. 401

ETA 204 Experience Rating Report

4. Eligible Accounts. An account is termed eligible if it has had a sufficient period of experience as of the computation date to qualify for an experience rating computation under State law. In addition to accounts for which rates are assigned under the regular experience rating provisions of State law, this category includes: accounts delinquent in paying contributions to which the maximum rate or another special rate has been assigned, accounts which have been suspended from coverage (but not inactivated) because of temporary cessation of operations, and seasonal employers who qualify for special rates.
5. Ineligible Accounts. An account which does not meet the definition for eligible accounts is considered ineligible. Therefore, an ineligible account is one which has had an insufficient period of experience as of the computation date to qualify for an experience rating computation.
6. Benefits (or Benefit Wages) Charged. The total amount of benefit payments (or benefit wages) charged to employer accounts (before voluntary contributions are applied).
7. Benefits (or Benefit Wages) Not Charged. The total amount of benefit payments (or benefit wages) not charged to the account of any employer.
8. Active Employers. An active employer is one that meets the definition of an active employer for the ETA-581 report.
9. Inactive Employers. An inactive employer is one who does not meet the definition of an active employer as defined in section E8, above.
10. Positive/Negative Balance Accounts (Reserve Ratio States Only). The balance shown for an employer's account, i.e., total contributions minus total benefit charges, is termed a positive balance if the figure is positive or zero, or a negative balance if the figure is negative.
11. Tax Rates. The rates used in section C should be the final assigned rates upon which contributions will be paid (including solvency and other rate adjustments, where applicable, but excluding employee contributions) after all adjustments, both individual and overall, have been made, and which 1)

UI REPORTS HANDBOOK NO. 401

ETA 204 Experience Rating Report

reflect the effect of employer voluntary contributions on tax rates, and, 2) were effective at the beginning of the rate year.

Section C requires that employers be grouped according to specific experience factor categories. The average tax rates for these categories are calculated by dividing the sum of estimated contributions (see F.3.c) of employers in each category by total taxable wages of employers in that same category. Show tax rates in percentages.

12. Regularly Rated Accounts. An eligible account is termed "regularly rated" in section C if the rate assigned to the account resulted from a formula computation (of an experience factor) under regular experience-rating provisions of the State law.
 13. Specially Taxed Accounts. An eligible account is considered specially taxed for section C if the rate assigned to the account did not result directly from a formula computation under regular experience-rating provisions of the State law. Examples are: 1) an account which has shown a negative balance for some extraordinary period of time and to which a special rate has been assigned, 2) an account of a seasonal employer which has been given a special rate provided by law or regulation, 3) a State or local government entity taxed according to a special rate schedule, or 4) a delinquent employer assigned a special rate.
 14. Computation Date. The date as of which employers' experience is measured for the purpose of determining tax rates.
 15. Rate Year End. The ending date of the period for which the rates that were determined on the computation date apply. For example, a State that uses experience as of June 30, 1997 (the computation date), to determine tax rates to be applied beginning January 1, 1998, would show a December 31, 1998, rate year ending date.
- F. Item by Item Instructions. Specific instructions are given only to the extent necessary to supplement the titles of the items.
1. Section A. Item 3 and Item 4. Subject Accounts with Positive Balance and Subject Accounts with Negative

UI REPORTS HANDBOOK NO. 401

ETA 204 Experience Rating Report

Balance. These items are filled in only by States using Reserve Ratio systems.

2. Section B. Summary of Benefits Paid, Charged, and Noncharged.

a. Item 5. Benefits (or Benefit Wages) Paid, During 12 Months Ending: on Computation Date. Enter the ending date (usually the computation date) of the last 12-month period used in the formula to measure benefit charges, and the total amount paid (both charged and noncharged) during the period. Include any benefits paid which impact the State trust fund accounts, (e.g., benefits under regular State UI, the State portion of Extended Benefits, and the State's liability for combined wage claim (CWC) payments). Exclude benefits paid under any program other than the State unemployment insurance program (e.g., benefits paid to Puerto Rican sugar workers). Exclude CWC payments for which other States are liable. In States using the benefit wage ratio system of experience rating, total benefit wages are entered instead of total benefits. This entry should be equal to the sums of items 6 and 7. It also should be approximately equal to total State benefits during the corresponding period as shown on the ETA-2112 report (sum of lines 31, 32, 33, 34, 35 and 40).

b. Item 6(a). Charged. Enter the amount of benefits (or benefit wages) included in item 6 which were shown as a charge to any taxable employer's account. Exclude amounts which were charged during the 12-month period but removed before computing the experience rate. Benefit Charges should not reflect any reduction for voluntary contributions.

c. Item 6(b). Noncharged. Enter the amount of benefits (or benefit wages) included in item 6 which is attributable to taxable employer accounts but is not charged to such accounts. Exclude CWC payments for which other States are liable.

3. Section C. All Active Taxable Subject Accounts: Selected Data.

a. Column 1. Average Tax Rate. Enter the final assigned employer tax rate which corresponds with the experience factor shown in the Experience Factor column. If more than one tax rate falls into an

UI REPORTS HANDBOOK NO. 401

ETA 204 Experience Rating Report

experience factor category, an average tax rate should be computed by dividing the sum of estimated contributions, column 6, for those employers by the sum of taxable wages, column 4, attributable to those same employers. Tax rates should be shown as percentages.

- b. Column 5. Benefits Charged. In reserve ratio and benefit ratio States, for each rate group including the ineligible accounts, enter actual benefits charged (before voluntary contributions are applied) during the 12-month period ending with the computation date.
- c. Column 6. Estimated Contributions. Estimated contributions for the group are the sum of contributions for all employers in the rate group.

Estimated contributions for an employer are equal to taxable wages in the computation period multiplied by the employer's assigned tax rate in the current rate year.

4. Comments. Comments should be provided to explain any significant administrative, legal, or economic factors which may affect the data reported. In particular, States should explain significant changes from the prior year in non-charges (Sections B.6.b and B.7.b) and charges to inactive accounts (Section B.6.a.2), both of which are components of the Experience Rating Index. Electronic reporting allows for four screen lines of comments.
 - a. Administrative Factors Affecting Data Reported on the Tabulation. Describe any administrative factors such as rules and regulations which may affect the data reported in such a way that they will lack comparability with data submitted on prior reports.
 - b. Legal Factors Affecting Data Reported on Tabulations. Describe any legal factors such as new laws or amendments to the State unemployment insurance law which may affect the data reported in such a way that they lack comparability with the data submitted on prior reports. For example, changes in tax schedules, either legislated or automatic, should be explained.
 - c. Economic Factors Affecting Data Reported on Tabulations. Describe any economic factors, such as

UI REPORTS HANDBOOK NO. 401

ETA 204 Experience Rating Report

recession in key industries or major plant closings, which may affect the data reported.

G. Checking the Report

- a. In section A, the sum of Eligible and Ineligible Taxable Accounts should equal Total Taxable Accounts for all three columns. ($1a + 1b = 1$).
- b. The sum of Eligible and Ineligible Subject Accounts should equal Subject Accounts, for both positive and negative. ($3a + 3b = 3$; $4a + 4b = 4$).
- c. In section B, the sum of benefits charged to Active and Inactive Accounts should equal the total charged to Taxable Accounts ($6a1 + 6a2 = 6a$).
- d. For both Taxable and Reimbursable accounts, the sum of charged and noncharged benefits should equal total benefits. ($6a + 6b = 6$; $7a + 7b = 7$).
- e. The sum of benefits attributable to taxable employers and benefits attributable to reimbursable employers should equal Total Benefits Paid ($6 + 7 = 5$).
- f. Data for columns 3 through 6 in section C should be shown in thousands.
- g. Subtotals and totals are required for columns 2 through 6 in section C, and they are calculated by summing the appropriate column.
- h. Sum of Section C, Column 5 (Benefits Charged) should equal or be very close to the total benefits charged reported in Section B.6.a.1.