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| TRAINING AND EMPLOYMENT NOTICE | NO. 20-04 |
| | DATE March 15, 2005 |

TO: STATE WORKFORCE AGENCIES

FROM: CHERYL ATKINSON s/s
Administrator
Office of Workforce Security

SUBJECT: Selected Data from Form ETA 581, Contribution Operations for the Quarter Ending March 31, 2004

1. Purpose. To distribute a report of State Workforce Agencies' (SWAs') Unemployment Insurance (UI) tax program performance for the quarter ending March 31, 2004, as derived from Form ETA 581, Contributions Operations.
2. References. ET Handbook No. 401, 3rd Edition, Change 12.
3. Background. Previously these reports have been distributed as UI Information Bulletins (UIIBs). This and subsequent reports will be distributed as Training and Employment Notices (TENs). The earlier reports, issued as UIIBs, will continue to be available at <http://www.workforcesecurity.doleta.gov/> under "Advisories."
4. Discussion. Interested staff may review the TENs by going to the ETA Web site (<http://wdr.doleta.gov/directives/>) and choosing "TEN – Training and Employment Notice." The attachments may then be opened by clicking on the hyperlinks.
5. Action. Please make this information available to appropriate program staff.
6. Inquiries. Inquiries should be directed to the appropriate regional office.
7. Attachments.

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|---|---|
| Summary of National Totals | |
| Chart 1: Employer Growth | Table 1: Status Determination Promptness |
| Chart 2: New Status Determinations Timeliness | Table 2: Filing Reports – Contributory Emp. |
| Chart 3: Number of New Emp. Determinations | Table 3: Filing Reports – Reimbursing Emp. |
| Chart 4: Reports Filed Timely | Table 4: Collection Activity |
| Chart 5: Accounts Receivables | Table 5: % Distribution, Age of Receivables |
| Chart 6: Audit Data | Table 6: Audit Activity |
| | Table 7: Audit Changes in Wages |

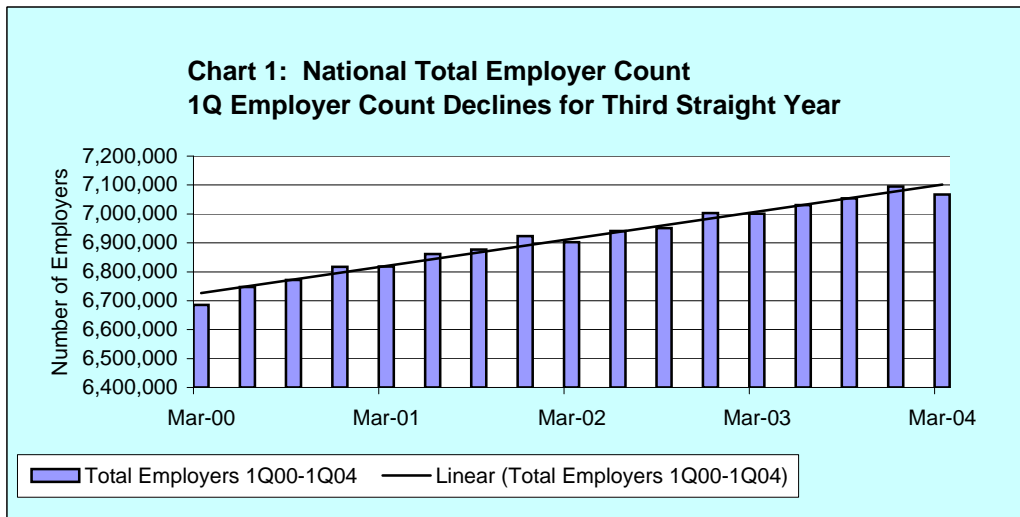
Selected Data from Form ETA 581 1Q2000 - 1Q2004

Quarterly Highlights: Employer Tax Accounts Show Seasonal Drop

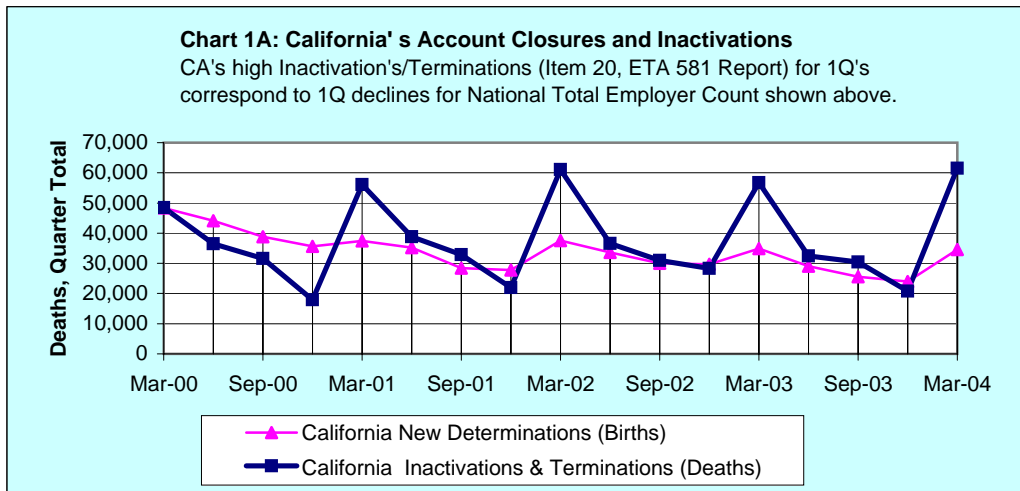
The total number of employers reported by SWAs nationally is continuing a long growth trend. The average growth over the last four years has been approximately 1.5% per year. However, as shown on Chart 1 and the accompanying legend, the national total of all liable and active state employers has consistently declined in the first quarter of the last three years. The pattern of first quarter declines appears to be the result of many states (27 in first quarter, 2004) reporting more inactivations and terminations (deaths) of employers' accounts in first quarters than determinations of new employers and reactivations (births).

The trend is most evident in California, as illustrated in Chart 1A below. Note the pattern of first quarter peaks for California's "Deaths" of accounts followed by a consistent decline in "Deaths" that were reported through the second, third and fourth quarters for each of the four years shown on Chart 1A. Thus, the charts suggest that the decline in total employers as shown in the first quarter of 2004, simply reflects a seasonal trend in the way states open and close employers' accounts, rather than a valid quarterly indicator of an economic downturn in the national economy.

The average national quarterly growth for the 17 quarters shown on the Legend is 22,447 (employers/qtr).



| Quarter/Year | Total Employers |
|--------------|-----------------|
| Mar-00 | 6,685,130 |
| Jun-00 | 6,747,181 |
| Sep-00 | 6,772,336 |
| Dec-00 | 6,817,003 |
| Mar-01 | 6,818,218 |
| Jun-01 | 6,861,163 |
| Sep-01 | 6,877,178 |
| Dec-01 | 6,922,847 |
| Mar-02 | 6,902,476 |
| Jun-02 | 6,941,088 |
| Sep-02 | 6,950,898 |
| Dec-02 | 7,003,066 |
| Mar-03 | 7,000,286 |
| Jun-03 | 7,030,258 |
| Sep-03 | 7,054,398 |
| Dec-03 | 7,095,163 |
| Mar-04 | 7,066,727 |



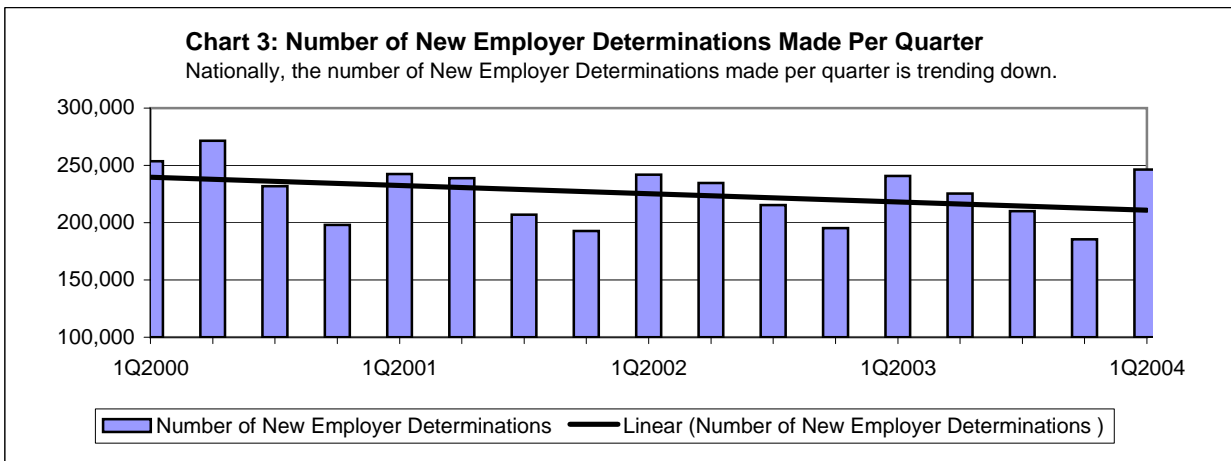
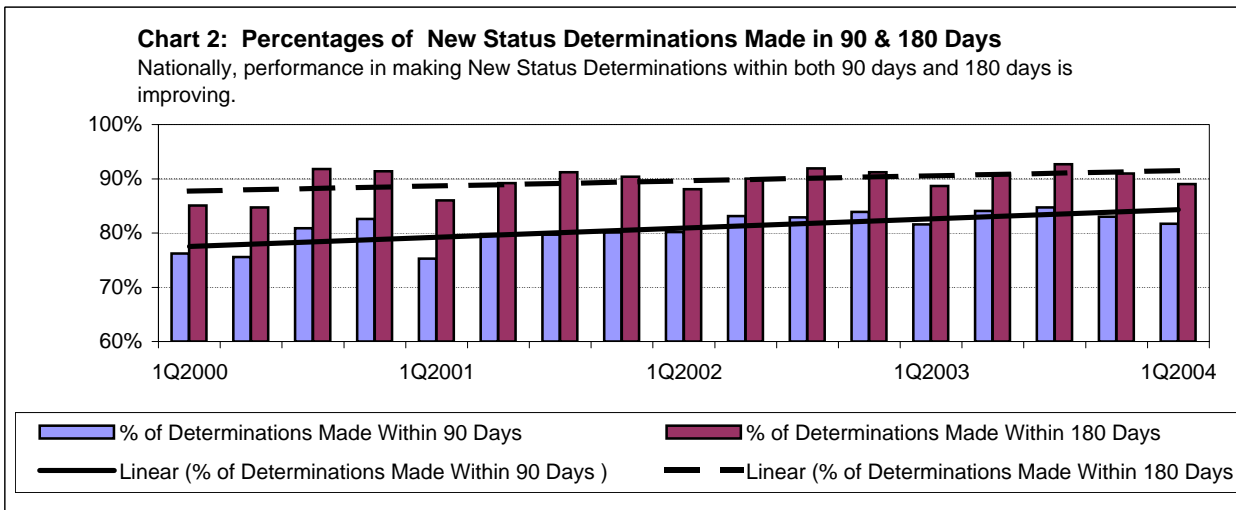
| Average Growth Per Qtr. | |
|---------------------------|---------------|
| Mar-00 | 6,685,130 |
| Mar-04 | 7,066,727 |
| Growth -17 Quarters | 381,597 |
| Average Growth/qtr | 22,447 |

Selected Data from Form ETA 581 1Q2000 - 1Q2004

Quarterly Highlights: Trend lines show improving performance for making timely determinations of new employer liability and reactivations.

The trend lines on Chart 2 show performance improvement for both 90-day and 180-day New Status Determinations and Reactivations. States are making a higher percentage of determinations within the 90 day timeframe in recent quarters than in earlier quarters. However, readers should note that the number of determinations (workload) is trending downward, as shown in Chart 3 below. Interestingly, determinations typically peak in the 1Q, and decline through the balance of the CY. The data and charts suggest that lower workloads in the states may be a factor in the improving performance for the period shown.

Table 1 in the tables section of this report shows that seven of the reporting states failed to meet the proposed UI Performs objective of making at least 70% of their determinations of new liability and reactivations within 90 days of the end of the quarter in which liability was established or re-established. Only three states failed to meet the current 60% objective for the Q/E 3/31/04: Puerto Rico (51.8%), Arkansas (56.4%) and Arizona (47.0%).

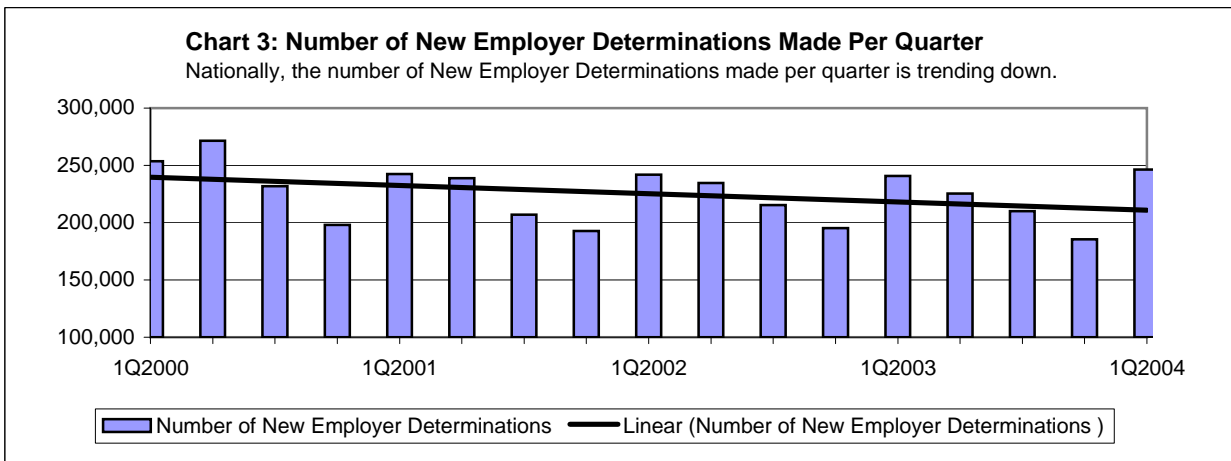
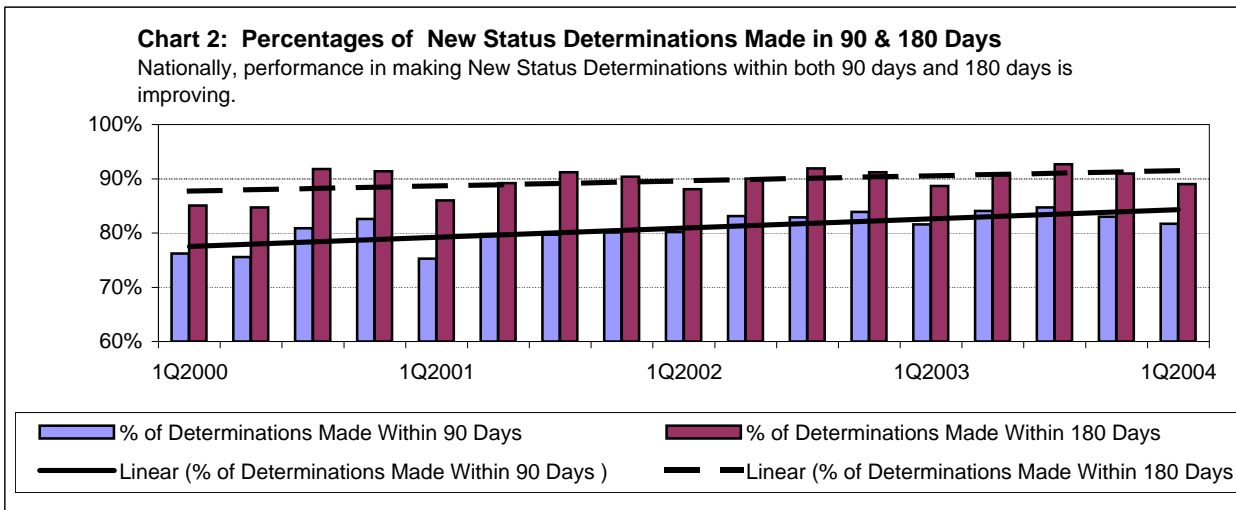


Selected Data from Form ETA 581 1Q2000 - 1Q2004

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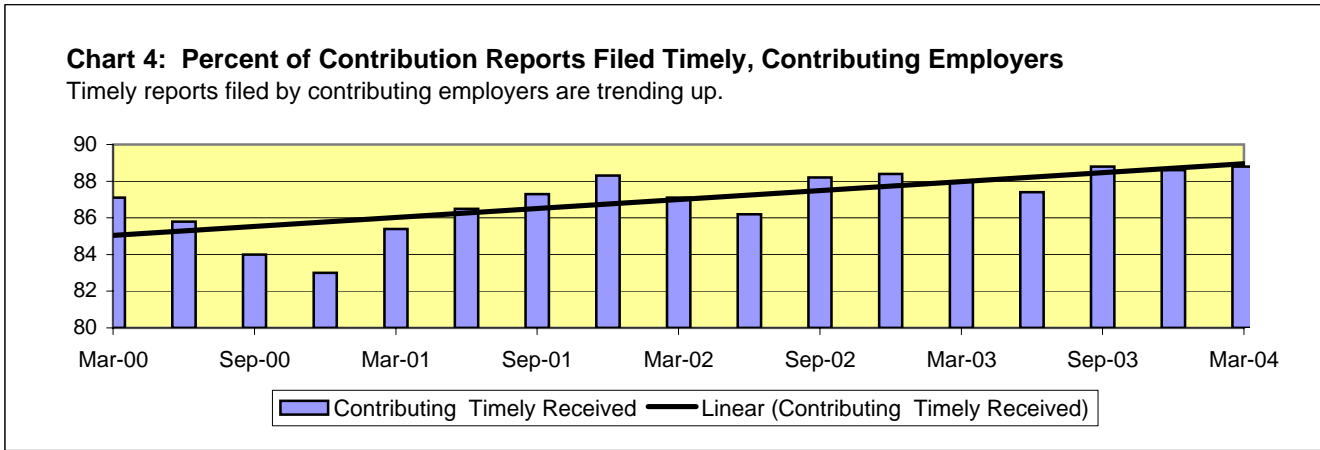
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Selected Data from Form ETA 581 1Q2000 - 1Q2004

Quarterly Highlights: Reports filed timely for contributing employers are trending up.

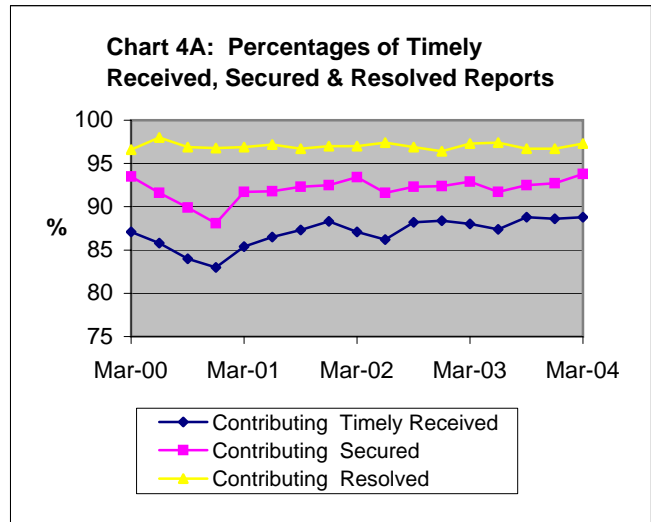
Chart 4 below shows the national percentages of contributing employers' tax reports that were filed timely during the last 17 ETA 581 report quarters. The trend line, showing an increase of approximately 3% on the chart, suggests that states are making progress in motivating more employers to file their Contribution and Wage (C/W) reports timely. Detailed data showing the performance for each state, region and the nation are shown in Table 2 in the tables section of this TEN. In order to be timely, employers must file their C/W reports for the quarter ending 12/31/2003, in most states, by January 31, 2004. These fourth quarter C/W reports are the reports that are being processed during January, February and March and are the reports counted for ETA 581 purposes as Timely (if filed by 1/31/2004) or Secured (if secured by 3/31/2004).



Quarterly Highlights: Chart 4A: Timely, Secured & Resolved Reports

National performance for Resolved Reports during 1Q2004, improved slightly to 97.3% from 96.7% in 4Q2003. Resolved Reports are tax reports from two quarters back (3Q2003 for this ETA 581 report period ending 3/31/04) that have been received or resolved by the end of the ETA 581 report period. Reports may be resolved by a final assessment of tax that is legally due and collectible or by a determination of non-liability.

Secured Reports are contribution reports that are received during the ETA 581 report quarter between the due date of the contribution reports and the end of the report quarter. For example, for the 1Q2004 ETA 581 report quarter, Secured Reports are those 4Q2003 contribution reports received between the due date of 1/31/2004, (for most states) and 3/31/2004.

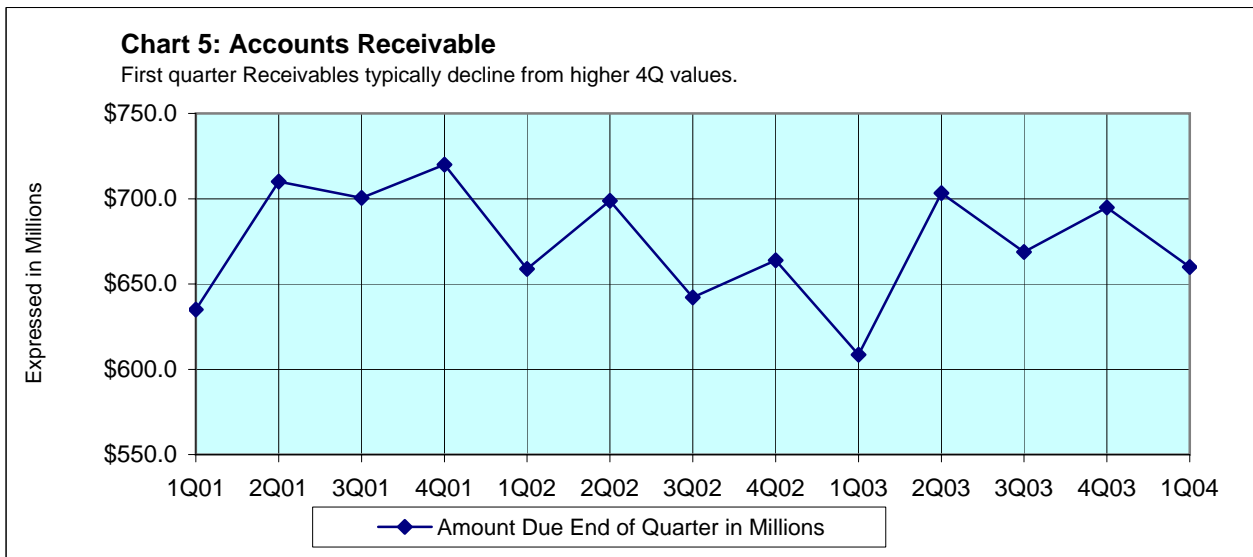


ETA 581 reporting instructions require that states count only a single report for each of their employers, even though some employers, such as those with multiple reporting units (MRUs), may actually submit more than one quarterly C/W report per account. The account should be counted as Timely Filed, Secured or Resolved only after the last report from the account for a quarter has been filed timely, secured or resolved.

**Selected Data from Form ETA 581
Quarter Ending March 31, 2004**

Quarterly Highlights: Accounts Receivable typically falls in first quarter.

Nationally, Receivables (the total amount of due but unpaid contributions for both reimbursing and contributing employers) declined for the first quarter 2004, as is typical for the first quarter of each year. This happens because employers have reached the taxable wage threshold for most of their employees by the fourth quarter of the year. Because less tax is owed, less tax becomes delinquent. Since the fourth quarter contribution reports are received and processed by SWAs during the first quarter of each year, the delinquency as of March 31 is usually the low point for the calendar year.



Several individual states, as shown on the table below, made significant percentage reductions in their Receivables during the January - March quarter. Reductions may come about due to higher collections (see the Amounts Liquidated column), Amounts Declared Uncollectible, or amounts Removed End of Period due to age, all of which are shown in the columns below. All of the states listed below reported that the Amounts Liquidated through their collection efforts exceeded the Amounts Determined Receivable (new delinquent taxes) during the quarter. In other words, progress was achieved from receipts during the quarter by each of the states listed. See Table 5 for more information about receivables.

1Q2004 Receivables Data for Selected States

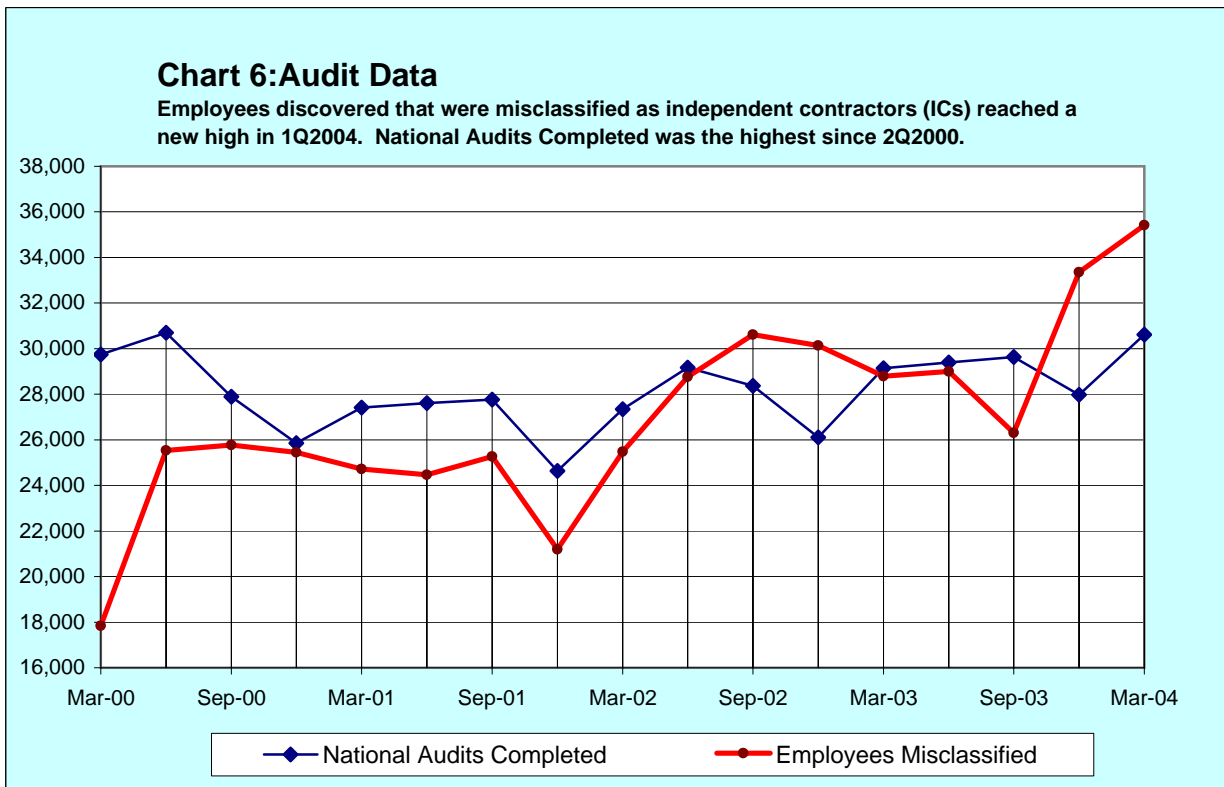
| State | Balance at Beginning of Period | Amounts Determined Receivable | Amounts Liquidated | Amounts Declared Uncollectible | Removed End of Period | Balance at End of Period | % Reduction |
|--------------|--------------------------------|-------------------------------|--------------------|--------------------------------|-----------------------|--------------------------|-------------|
| Alabama | \$7,243,223 | \$1,945,484 | \$5,136,160 | \$25 | \$393,574 | \$3,658,948 | 49% |
| Rhode Island | \$3,010,941 | \$1,221,446 | \$2,578,079 | \$0 | \$53,560 | \$1,600,748 | 47% |
| Kentucky | \$11,413,595 | \$5,690,624 | \$8,103,581 | \$1,479 | \$1,947,327 | \$7,051,832 | 38% |
| Illinois | \$14,544,387 | \$1,690,793 | \$2,835,264 | \$0 | \$3,099,469 | \$10,300,447 | 29% |
| New Mexico | \$2,019,866 | \$339,674 | \$424,548 | \$296,297 | \$113,861 | \$1,524,834 | 25% |

Selected Data from Form ETA 581 Quarter Ending March 31, 2004

Quarterly Highlights: Audits completed was the highest since 2Q2000.

As shown on the audit chart below, the first quarter 2004 was an unusually high quarter for both completed audits and discovery of employees who had been misclassified as independent contractors (ICs). Across the nation, a record high of 35,484 misclassifications were discovered with 15 states each reporting 1,000 or more employee misclassifications. NJ (4,032), IN (2,856), IL (2,813) and CA (2,417) were the leading states. Reporting the number of employees discovered during audits that have been misclassified as ICs has been required since 1/1/2000 (see ET Handbook No. 401, 2nd Edition, Change 19). Almost all states are now complying with this requirement. Some of the increase shown in employee misclassifications is due to more states complying with the reporting requirements for this item. As shown on Table 6 in the Tables section of this report, Delaware, DC (completed no audits), Virginia and Alaska are the only states still unable to provide this required information in Item 52.

Typically, audit production lags in the fourth quarter, improves in the first quarter, and peaks in the second and third quarters of each year. Each year states are expected to complete audits totaling 2% of the number of contributing employers reported on their ETA 581 report for the quarter ending 9/30 of the preceding year. Although 30,610 audits were completed in the first quarter of 2004, in order to meet the national 2% objective states should complete approximately 34,800 audits each quarter in CY 2004. Thus, states fell short of reaching the national quarterly objective by 4,190 audits. However, if California's objective of 5,115 audits and its 238 completed audits were both excluded from the national totals, the SWAs would have exceeded the national objective; i.e., 29,685 audits would have been required and 30,372 audits would have been completed.



Summary of National Totals
Selected Data From State ETA 581 Reports
Quarter Ending March 31, 2004

1/28/2005

Subject Employers - Nationally

| | |
|--|------------------------|
| Total Number of Contributory Employers Reported: | 6,967,159 ¹ |
| Total Number of Reimbursing Employers Reported: | 99,568 ² |
| Total of all Liable and Active Employers Reported: | 7,066,727 |

Status Determination Promptness (Detailed on Table 1)

| | <u>Total Number of Determinations</u> | <u>% Completed in 90 Days or Less</u> | <u>% Completed in 180 Days or Less</u> |
|---------------------|---|---|--|
| New Employers | 246,351 | 81.7% | 89.0% |
| Successor Employers | 34,931 | 75.8% | 84.5% |

Employer Report Filing (Detailed on Tables 2 & 3)

| | <u>% Filed Timely</u> | <u>% Secured</u> | <u>% Resolved</u> |
|------------------------|-----------------------|------------------|-------------------|
| Contributory Employers | 88.8% | 93.8% | 97.3% |
| Reimbursing Employers | 89.0% | 95.3% | 96.2% |

Receivables (Detailed on Table 4)

Contributory & Reimbursable Combined

| | | | |
|--------------------|---------------|------------------------|---------------|
| Beginning Balance | \$696,896,080 | New Receivables | \$473,121,302 |
| Amount Liquidated | \$413,250,408 | Declared Uncollectible | \$11,417,332 |
| Removed Due to Age | \$85,677,863 | Ending Balance | \$659,671,779 |

National Audit Activity (Detailed on Tables 6 & 7)

| | | | |
|----------------------------|---------------|------------------------------|--------------------|
| Audits Completed | 30,610 | Average Hours per Audit | 7.0 |
| Large Employer Audits | 754 | Average Quarters Audited | 4.5 |
| Change Audits | 12,520 | Audit Penetration-Qtr. | 0.44% ³ |
| Total Wages Under Reported | \$451,195,027 | Contributions Under Reported | \$5,995,424 |
| Total Wages Over Reported | \$127,108,809 | Contributions Over Reported | \$1,414,291 |
| Gross Change | \$579,303,836 | Gross Change | \$7,409,715 |

¹ Total does not include the Virgin Islands (estimated to have about 5,000 contributing employers).

² Total does not include the Virgin Islands (estimated to have about 100 reimbursing employers).

³ During the 1Q2004, SWAs completed 0.44% of the national, annual 2% audit objective for the 2004 year. In order to be on target for completing the national objective, 0.5000% should have been completed. The audit objective for 2004 is computed by taking 2.0% of the contributing employers counted on 9/30/2003.

STATUS DETERMINATION PROMPTNESS
Quarter Ending March 31, 2004

1/21/05

| State | New Employers | | | Successor Employers | | |
|----------------------|-----------------------|------------------|-------------------|-----------------------|------------------|-------------------|
| | Number Determinations | % Within 90 Days | % Within 180 Days | Number Determinations | % Within 90 Days | % Within 180 Days |
| Connecticut | 2,320 | 85.6% | 90.0% | 834 | 72.9% | 80.8% |
| Maine | 1,157 | 78.5% | 87.6% | 319 | 77.4% | 85.3% |
| Massachusetts | 4,760 | 80.1% | 89.8% | 653 | 86.2% | 92.8% |
| New Hampshire | 1,326 | 83.8% | 91.0% | 303 | 82.8% | 87.5% |
| New Jersey | 8,087 | 69.7% | 81.1% | 611 | 16.9% | 19.8% |
| New York | 16,550 | 88.4% | 95.5% | 1,425 | 84.6% | 92.8% |
| Puerto Rico | 1,304 | 51.8% | 72.7% | 129 | 49.6% | 71.3% |
| Rhode Island | 1,085 | 93.5% | 95.8% | 393 | 75.8% | 76.8% |
| Vermont | 637 | 68.4% | 81.5% | 255 | 80.8% | 88.2% |
| Virgin Islands * | 0 | 0.0% | 0.0% | 0 | 0.0% | 0.0% |
| REGION 01 | 37,226 | 81.2% | 89.9% | 4,922 | 72.0% | 78.8% |
| Delaware | 1,003 | 82.3% | 87.9% | 45 | 86.7% | 93.3% |
| District of Columbia | 1,449 | 76.0% | 83.3% | 59 | 67.8% | 76.3% |
| Maryland | 6,380 | 77.6% | 81.8% | 611 | 93.5% | 96.2% |
| Pennsylvania | 9,112 | 78.4% | 89.4% | 1,493 | 77.7% | 87.7% |
| Virginia | 7,041 | 75.0% | 87.2% | 1,303 | 70.2% | 80.1% |
| West Virginia | 1,079 | 87.2% | 91.0% | 311 | 75.9% | 81.4% |
| REGION 02 | 26,064 | 77.7% | 86.6% | 3,822 | 77.5% | 85.8% |
| Alabama | 2,549 | 81.0% | 87.4% | 846 | 76.5% | 88.4% |
| Florida | 18,551 | 82.6% | 92.3% | 1,430 | 88.5% | 94.9% |
| Georgia | 8,316 | 90.7% | 94.4% | 1,009 | 64.4% | 74.2% |
| Kentucky | 2,405 | 84.4% | 90.6% | 826 | 64.9% | 70.7% |
| Mississippi | 1,715 | 77.8% | 85.2% | 502 | 82.3% | 90.4% |
| North Carolina | 6,967 | 78.7% | 89.9% | 974 | 74.3% | 83.6% |
| South Carolina | 3,149 | 84.1% | 89.3% | 657 | 88.7% | 93.8% |
| Tennessee | 4,853 | 85.0% | 90.7% | 866 | 82.9% | 92.4% |
| REGION 03 | 48,505 | 83.6% | 91.4% | 7,110 | 77.9% | 86.1% |
| Arkansas | 2,369 | 56.4% | 56.4% | 386 | 73.6% | 73.6% |
| Colorado | 6,085 | 95.2% | 98.5% | 342 | 78.1% | 95.6% |
| Louisiana | 2,845 | 76.6% | 83.8% | 805 | 78.5% | 86.8% |
| Montana | 1,420 | 75.1% | 78.9% | 172 | 87.8% | 91.3% |
| New Mexico | 1,704 | 83.0% | 88.9% | 230 | 73.5% | 99.1% |
| North Dakota | 507 | 78.3% | 88.0% | 150 | 92.7% | 94.7% |
| Oklahoma | 2,706 | 77.6% | 85.7% | 465 | 70.1% | 85.6% |
| South Dakota | 359 | 73.8% | 84.1% | 234 | 89.7% | 94.0% |
| Texas | 15,567 | 77.5% | 85.2% | 1,896 | 81.8% | 89.6% |
| Utah | 3,423 | 91.7% | 94.2% | 401 | 87.0% | 93.3% |
| Wyoming | 676 | 79.7% | 86.7% | 220 | 60.0% | 64.1% |
| REGION 04 | 37,661 | 80.5% | 86.3% | 5,301 | 79.4% | 88.1% |

STATUS DETERMINATION PROMPTNESS
Quarter Ending March 31, 2004

| STATE | New Employers | | | Successor Employers | | |
|------------|-----------------------|------------------|-------------------|-----------------------|------------------|-------------------|
| | Number Determinations | % Within 90 Days | % Within 180 Days | Number Determinations | % Within 90 Days | % Within 180 Days |
| Illinois | 7,286 | 73.1% | 88.9% | 1,634 | 69.1% | 81.4% |
| Indiana | 3,956 | 80.5% | 87.2% | 962 | 77.9% | 81.3% |
| Iowa | 1,717 | 64.9% | 79.9% | 668 | 62.9% | 81.9% |
| Kansas | 1,593 | 71.0% | 83.5% | 347 | 69.7% | 83.6% |
| Michigan | 6,645 | 78.0% | 87.1% | 969 | 50.2% | 65.0% |
| Minnesota | 4,411 | 88.4% | 92.7% | 708 | 92.5% | 95.1% |
| Missouri | 4,118 | 74.7% | 86.3% | 1,094 | 70.6% | 83.9% |
| Nebraska | 1,432 | 79.0% | 86.5% | 346 | 91.0% | 98.0% |
| Ohio | 6,154 | 88.0% | 92.7% | 1,076 | 70.0% | 79.8% |
| Wisconsin | 3,526 | 68.0% | 82.6% | 897 | 86.1% | 92.2% |
| REGION 05 | 40,838 | 78.0% | 87.9% | 8,701 | 72.3% | 82.7% |
| Alaska ** | 453 | 85.2% | 90.5% | 2 | 0.0% | 0.0% |
| Arizona | 3,659 | 47.0% | 66.5% | 1,078 | 47.0% | 66.4% |
| California | 34,604 | 89.3% | 91.7% | 610 | 71.5% | 78.5% |
| Hawaii | 1,147 | 89.2% | 93.1% | 127 | 81.9% | 90.6% |
| Idaho | 1,874 | 84.9% | 89.5% | 523 | 78.4% | 94.1% |
| Nevada | 2,922 | 86.5% | 92.7% | 406 | 69.7% | 81.8% |
| Oregon | 3,748 | 86.6% | 92.5% | 846 | 92.6% | 95.6% |
| Washington | 7,650 | 86.7% | 90.4% | 1,483 | 95.4% | 97.0% |
| REGION 06 | 56,057 | 85.7% | 90.0% | 5,075 | 77.6% | 86.3% |
| US TOTAL | 246,351 | 81.7% | 89.0% | 34,931 | 75.8% | 84.5% |

* No report was filed.

** Due to system problems Alaska was unable to report accurate data.

FILING REPORTS - CONTRIBUTORY EMPLOYERS
Quarter Ending March 31, 2004

1/21/05

| State | Timely and Secured | | | Resolved | |
|----------------------|----------------------|------------------|-------------------|----------------------|---------------------------------|
| | Actual No. Employers | % Reports Timely | % Reports Secured | Actual No. Employers | % Previous Qtr Reports Resolved |
| Connecticut | 94,540 | 92.0% | 94.2% | 95,056 | 97.2% |
| Maine | 38,622 | 94.5% | 97.7% | 38,353 | 100.1% |
| Massachusetts | 173,045 | 90.8% | 94.3% | 172,130 | 103.2% |
| New Hampshire | 38,596 | 94.3% | 94.1% | 38,295 | 99.8% |
| New Jersey | 266,218 | 79.7% | 81.5% | 272,009 | 82.2% |
| New York | 468,040 | 93.3% | 99.4% | 466,688 | 102.6% |
| Puerto Rico | 49,808 | 69.7% | 75.1% | 49,532 | 79.6% |
| Rhode Island | 31,300 | 94.2% | 97.5% | 31,297 | 98.6% |
| Vermont | 20,063 | 92.7% | 100.0% | 20,064 | 102.1% |
| Virgin Islands * | 0 | 0.0% | 0.0% | 0 | 0.0% |
| REGION 01 | 1,180,232 | 88.9% | 92.9% | 1,183,424 | 96.3% |
| Delaware | 24,938 | 96.1% | 96.1% | 25,578 | 97.4% |
| District of Columbia | 26,162 | 91.5% | 93.7% | 26,512 | 98.9% |
| Maryland | 132,930 | 88.4% | 92.1% | 133,872 | 97.9% |
| Pennsylvania | 264,844 | 92.6% | 95.1% | 264,666 | 96.4% |
| Virginia | 166,274 | 90.4% | 92.2% | 165,337 | 98.6% |
| West Virginia | 36,386 | 91.2% | 98.3% | 36,285 | 101.9% |
| REGION 02 | 651,534 | 91.2% | 93.9% | 652,250 | 97.7% |
| Alabama | 84,605 | 89.2% | 93.7% | 84,197 | 96.2% |
| Florida | 423,194 | 82.8% | 91.7% | 420,370 | 101.9% |
| Georgia | 195,422 | 88.7% | 92.7% | 195,069 | 99.7% |
| Kentucky | 80,016 | 92.0% | 94.9% | 80,267 | 99.0% |
| Mississippi | 52,819 | 90.8% | 96.4% | 52,772 | 100.2% |
| North Carolina | 177,830 | 89.3% | 97.1% | 177,394 | 102.0% |
| South Carolina | 90,259 | 88.7% | 95.1% | 89,636 | 97.5% |
| Tennessee | 109,146 | 93.5% | 97.4% | 109,070 | 103.1% |
| REGION 03 | 1,213,291 | 87.5% | 94.0% | 1,208,775 | 100.7% |
| Arkansas | 59,500 | 90.1% | 97.3% | 59,689 | 99.0% |
| Colorado | 142,959 | 86.8% | 91.0% | 141,088 | 96.9% |
| Louisiana | 92,880 | 86.2% | 92.3% | 93,144 | 103.8% |
| Montana | 33,142 | 57.1% | 94.0% | 32,984 | 97.0% |
| New Mexico | 41,174 | 91.4% | 95.1% | 41,119 | 95.6% |
| North Dakota | 17,755 | 99.9% | 106.4% | 17,807 | 106.6% |
| Oklahoma | 74,562 | 80.6% | 98.4% | 74,322 | 102.8% |
| South Dakota | 22,416 | 95.1% | 101.4% | 22,269 | 102.8% |
| Texas | 395,610 | 94.8% | 101.2% | 393,936 | 102.5% |
| Utah | 57,930 | 93.7% | 98.6% | 56,855 | 101.4% |
| Wyoming | 19,089 | 54.8% | 85.8% | 19,085 | 88.7% |
| REGION 04 | 957,017 | 89.2% | 97.5% | 952,298 | 100.9% |

FILING REPORTS - CONTRIBUTORY EMPLOYERS
Quarter Ending March 31, 2004

1/21/05

| State | Timely and Secured | | | Resolved | |
|------------|----------------------|------------------|-------------------|----------------------|---------------------------------|
| | Actual No. Employers | % Reports Timely | % Reports Secured | Actual No. Employers | % Previous Qtr Reports Resolved |
| Illinois | 277,736 | 91.6% | 95.7% | 276,134 | 98.2% |
| Indiana | 123,007 | 92.3% | 93.7% | 122,421 | 95.6% |
| Iowa | 66,562 | 93.7% | 96.6% | 66,393 | 99.6% |
| Kansas | 67,553 | 87.6% | 99.3% | 67,273 | 99.4% |
| Michigan | 205,520 | 81.2% | 90.6% | 205,536 | 90.7% |
| Minnesota | 129,412 | 90.7% | 95.5% | 129,053 | 101.8% |
| Missouri | 129,150 | 70.9% | 100.6% | 128,851 | 105.4% |
| Nebraska | 44,116 | 95.4% | 99.4% | 43,922 | 100.5% |
| Ohio | 224,698 | 93.7% | 98.1% | 229,744 | 97.0% |
| Wisconsin | 119,995 | 94.2% | 97.5% | 119,011 | 101.1% |
| REGION 05 | 1,387,749 | 88.7% | 96.1% | 1,388,338 | 98.1% |
| Alaska | 16,650 | 92.4% | 96.7% | 16,586 | 98.8% |
| Arizona | 108,936 | 93.1% | 97.9% | 109,064 | 101.5% |
| California | 1,057,831 | 87.9% | 87.9% | 1,023,073 | 89.3% |
| Hawaii | 29,029 | 89.2% | 96.0% | 28,848 | 98.8% |
| Idaho | 40,617 | 90.0% | 98.5% | 40,514 | 100.0% |
| Nevada | 48,652 | 92.2% | 97.6% | 48,191 | 100.1% |
| Oregon | 100,271 | 89.6% | 93.4% | 99,405 | 96.7% |
| Washington | 204,652 | 87.8% | 91.1% | 204,784 | 97.2% |
| REGION 06 | 1,606,638 | 88.6% | 90.1% | 1,570,465 | 92.5% |
| US TOTAL | 6,996,461 | 88.8% | 93.8% | 6,955,550 | 97.3% |

* No report was filed.

FILING REPORTS - REIMBURSING EMPLOYERS
Quarter Ending March 31, 2004

1/21/05

| State | Timely and Secured | | | Resolved | |
|----------------------|----------------------|------------------|-------------------|----------------------|---------------------------------|
| | Actual No. Employers | % Reports Timely | % Reports Secured | Actual No. Employers | % Previous Qtr Reports Resolved |
| Connecticut | 1,429 | 87.2% | 95.3% | 1,428 | 95.8% |
| Maine | 1,069 | 97.5% | 99.0% | 1,065 | 99.7% |
| Massachusetts * | INA | INA | INA | INA | INA |
| New Hampshire | 912 | 95.4% | 98.5% | 908 | 100.1% |
| New Jersey | 1,985 | 92.5% | 93.1% | 1,988 | 94.1% |
| New York | 10,230 | 67.2% | 83.2% | 10,176 | 83.0% |
| Puerto Rico | 431 | 57.3% | 60.3% | 426 | 71.6% |
| Rhode Island | 1,294 | 98.6% | 98.9% | 1,287 | 98.4% |
| Vermont | 859 | 95.2% | 100.0% | 858 | 100.5% |
| Virgin Islands ** | 0 | 0.0% | 0.0% | 0 | 0.0% |
| REGION 01 | 18,209 | 78.0% | 88.3% | 18,136 | 88.7% |
| Delaware * | INA | INA | INA | INA | INA |
| District of Columbia | 471 | 90.2% | 95.1% | 473 | 100.2% |
| Maryland | 1,517 | 96.0% | 98.5% | 1,517 | 99.3% |
| Pennsylvania | 6,615 | 95.6% | 97.6% | 6,606 | 98.6% |
| Virginia | 1,253 | 96.0% | 97.0% | 1,254 | 100.0% |
| West Virginia | 758 | 78.8% | 98.8% | 757 | 99.6% |
| REGION 02 | 10,614 | 94.3% | 97.6% | 10,607 | 99.0% |
| Alabama | 1,163 | 93.7% | 97.2% | 1,165 | 98.2% |
| Florida | 3,051 | 90.1% | 93.2% | 3,031 | 96.6% |
| Georgia | 1,499 | 96.3% | 98.5% | 1,496 | 101.3% |
| Kentucky | 1,391 | 95.9% | 96.7% | 1,394 | 99.2% |
| Mississippi | 822 | 83.8% | 88.2% | 823 | 88.2% |
| North Carolina | 1,750 | 91.8% | 97.6% | 1,748 | 99.8% |
| South Carolina | 739 | 90.9% | 97.0% | 739 | 97.2% |
| Tennessee | 1,281 | 97.1% | 100.0% | 1,287 | 101.2% |
| REGION 03 | 11,696 | 92.6% | 96.0% | 11,683 | 98.1% |
| Arkansas | 916 | 95.5% | 98.5% | 1,040 | 87.3% |
| Colorado | 862 | 94.4% | 98.0% | 861 | 99.7% |
| Louisiana | 1,557 | 76.3% | 80.6% | 1,554 | 86.2% |
| Montana | 849 | 78.9% | 98.9% | 845 | 102.1% |
| New Mexico | 557 | 93.9% | 96.4% | 557 | 98.0% |
| North Dakota | 1,062 | 99.0% | 101.4% | 1,067 | 101.2% |
| Oklahoma | 924 | 98.2% | 99.6% | 924 | 101.4% |
| South Dakota | 745 | 98.3% | 99.7% | 748 | 99.7% |
| Texas | 3,318 | 98.2% | 100.9% | 3,313 | 102.8% |
| Utah | 577 | 95.0% | 98.3% | 576 | 99.7% |
| Wyoming | 527 | 82.4% | 98.7% | 528 | 99.6% |
| REGION 04 | 11,894 | 92.5% | 97.1% | 12,013 | 98.1% |

FILING REPORTS - REIMBURSING EMPLOYERS
Quarter Ending March 31, 2004

1/21/05

| State | Timely and Secured | | | Resolved | |
|------------|----------------------|------------------|-------------------|----------------------|---------------------------------|
| | Actual No. Employers | % Reports Timely | % Reports Secured | Actual No. Employers | % Previous Qtr Reports Resolved |
| Illinois | 4,133 | 96.6% | 98.7% | 4,125 | 99.9% |
| Indiana | 2,122 | 95.3% | 96.7% | 2,123 | 97.9% |
| Iowa | 2,175 | 97.0% | 98.9% | 2,181 | 99.6% |
| Kansas | 542 | 93.9% | 104.6% | 541 | 105.9% |
| Michigan * | INA | INA | INA | INA | INA |
| Minnesota | 4,007 | 71.0% | 95.8% | 4,077 | 94.8% |
| Missouri | 2,314 | 65.4% | 101.0% | 2,319 | 102.0% |
| Nebraska | 1,479 | 98.7% | 100.6% | 1,495 | 100.5% |
| Ohio | 4,950 | 90.1% | 92.6% | 4,950 | 93.1% |
| Wisconsin | 3,805 | 97.2% | 98.6% | 3,805 | 99.9% |
| REGION 05 | 25,527 | 88.6% | 97.3% | 25,616 | 97.9% |
| Alaska | 175 | 95.4% | 98.3% | 174 | 98.9% |
| Arizona | 756 | 95.0% | 98.3% | 754 | 99.5% |
| California | 5,399 | 99.7% | 99.8% | 5,397 | 98.6% |
| Hawaii | 188 | 89.9% | 98.9% | 190 | 99.5% |
| Idaho | 922 | 93.0% | 99.0% | 921 | 100.1% |
| Nevada | 277 | 91.7% | 99.6% | 274 | 100.7% |
| Oregon | 2,591 | 90.2% | 92.5% | 2,605 | 95.2% |
| Washington | 2,047 | 90.5% | 92.5% | 2,043 | 94.2% |
| REGION 06 | 12,355 | 95.0% | 96.9% | 12,358 | 97.4% |
| US TOTAL | 90,295 | 89.0% | 95.3% | 90,413 | 96.2% |

** No Report was filed.

* Delaware, Massachusetts and Michigan are unable to report data for this measure.

COLLECTION ACTIVITIES
(Contributory and Reimbursable Receivables)
Quarter Ending March 31, 2004

1/21/05

| State | Balance at Beginning of Period | Amounts Determined Receivable | Amounts Liquidated | Amounts Declared Uncollectible | Removed End of Period | Balance at End of Period |
|----------------------|--------------------------------------|-------------------------------------|-----------------------|--------------------------------------|-----------------------------|--------------------------------|
| Connecticut | \$7,995,755 | \$5,065,274 | \$3,815,253 | \$39,777 | \$1,434,713 | \$7,771,286 |
| Maine | \$904,196 | \$923,722 | \$768,725 | \$0 | \$143,259 | \$915,934 |
| Massachusetts | \$11,187,065 | \$16,829,181 | \$14,287,104 | \$975,764 | \$2,113,490 | \$10,639,888 |
| New Hampshire | \$344,002 | \$341,321 | \$308,755 | \$0 | \$46,139 | \$330,429 |
| New Jersey | \$58,787,493 | \$23,659,525 | \$23,834,105 | \$0 | \$7,313,601 | \$51,299,312 |
| New York | \$92,128,835 | \$63,515,167 | \$54,849,010 | \$2,913,081 | \$19,521,679 | \$78,360,232 |
| Puerto Rico | \$28,102,293 | \$5,994,278 | \$2,974,201 | \$0 | \$5,706,458 | \$25,415,912 |
| Rhode Island | \$3,010,941 | \$1,221,446 | \$2,578,079 | \$0 | \$53,560 | \$1,600,748 |
| Vermont | \$464,654 | \$615,626 | \$488,053 | \$52,176 | \$179,139 | \$360,912 |
| Virgin Islands * | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| REGION 01 | \$202,925,234 | \$118,165,540 | \$103,903,285 | \$3,980,798 | \$36,512,038 | \$176,694,653 |
| Delaware | \$7,649,160 | \$1,998,887 | \$1,982,295 | \$700 | \$143,894 | \$7,521,158 |
| District of Columbia | \$6,346,097 | \$1,359,007 | \$1,056,837 | \$0 | \$732,603 | \$5,915,664 |
| Maryland | \$20,615,431 | \$10,427,211 | \$12,210,648 | \$0 | \$1,646,495 | \$17,185,499 |
| Pennsylvania | \$37,387,682 | \$15,946,936 | \$13,389,290 | \$544,508 | \$1,338,078 | \$38,062,742 |
| Virginia | \$11,107,592 | \$5,591,276 | \$4,743,870 | \$192 | \$150,513 | \$11,804,293 |
| West Virginia | \$4,802,810 | \$1,919,501 | \$1,520,033 | \$1,328 | \$926,583 | \$4,274,367 |
| REGION 02 | \$87,908,772 | \$37,242,818 | \$34,902,973 | \$546,728 | \$4,938,166 | \$84,763,723 |
| Alabama | \$7,243,223 | \$1,945,484 | \$5,136,160 | \$25 | \$393,574 | \$3,658,948 |
| Florida | \$62,809,507 | \$39,016,815 | \$35,503,504 | \$1,158,545 | \$5,279,882 | \$59,884,391 |
| Georgia | \$7,826,850 | \$8,736,476 | \$6,374,085 | \$23,344 | \$300,460 | \$9,865,437 |
| Kentucky | \$11,413,595 | \$5,690,624 | \$8,103,581 | \$1,479 | \$1,947,327 | \$7,051,832 |
| Mississippi | \$25,453,832 | \$5,294,829 | \$6,043,663 | \$6,532 | \$1,086,744 | \$23,611,722 |
| North Carolina | \$11,343,478 | \$24,976,360 | \$22,718,372 | \$228,703 | \$593,885 | \$12,778,878 |
| South Carolina | \$6,005,786 | \$2,179,848 | \$2,632,376 | \$75,119 | \$0 | \$5,478,139 |
| Tennessee | \$8,548,829 | \$4,405,472 | \$4,379,104 | \$244,554 | \$1,232,722 | \$7,097,921 |
| REGION 03 | \$140,645,100 | \$92,245,908 | \$90,890,845 | \$1,738,301 | \$10,834,594 | \$129,427,268 |
| Arkansas | \$3,129,884 | \$3,542,549 | \$2,861,841 | \$0 | \$472,099 | \$3,338,493 |
| Colorado | \$3,866,639 | \$28,875,950 | \$28,774,951 | \$156,456 | \$378,340 | \$3,432,842 |
| Louisiana | \$9,546,981 | \$4,998,412 | \$4,274,713 | \$0 | \$1,205,760 | \$9,064,920 |
| Montana | \$2,696,940 | \$1,800,420 | \$1,794,557 | \$0 | \$326,908 | \$2,375,895 |
| New Mexico | \$2,019,866 | \$339,674 | \$424,548 | \$296,297 | \$113,861 | \$1,524,834 |
| North Dakota | \$560,495 | \$2,026,465 | \$1,983,596 | \$281 | \$55,763 | \$547,320 |
| Oklahoma | \$5,532,611 | \$3,918,676 | \$4,195,315 | \$0 | \$374,120 | \$4,881,852 |
| South Dakota | \$243,068 | \$89,688 | \$52,328 | \$32,806 | \$0 | \$247,622 |
| Texas | \$28,425,385 | \$47,234,105 | \$47,428,248 | \$1,572,582 | \$3,645,954 | \$23,012,706 |
| Utah | \$789,203 | \$1,254,014 | \$1,110,101 | \$197,303 | \$0 | \$735,813 |
| Wyoming | \$1,374,822 | \$438,574 | \$606,090 | \$0 | \$64,709 | \$1,142,597 |
| REGION 04 | \$58,185,894 | \$94,518,527 | \$93,506,288 | \$2,255,725 | \$6,637,514 | \$50,304,894 |

COLLECTION ACTIVITIES
(Contributory and Reimbursable Receivables)
Quarter Ending March 31, 2004

1/21/05

| State | Balance at Beginning of Period | Amounts Determined Receivable | Amounts Liquidated | Amounts Declared Uncollectible | Removed End of Period | Balance at End of Period |
|------------|--------------------------------------|-------------------------------------|-----------------------|--------------------------------------|-----------------------------|--------------------------------|
| Illinois | \$14,544,387 | \$1,690,793 | \$2,835,264 | \$0 | \$3,099,469 | \$10,300,447 |
| Indiana | \$10,000,073 | \$3,303,926 | \$2,362,850 | \$18,974 | \$2,849,779 | \$8,072,396 |
| Iowa | \$4,134,340 | \$2,492,516 | \$1,434,951 | \$0 | \$412,071 | \$4,779,834 |
| Kansas | \$3,895,680 | \$3,860,429 | \$4,013,027 | \$26,785 | \$9,578 | \$3,706,719 |
| Michigan | \$28,714,693 | \$11,141,013 | \$10,941,726 | \$0 | \$4,237,102 | \$24,676,878 |
| Minnesota | \$14,553,063 | \$8,025,894 | \$4,772,341 | \$99,540 | \$1,128,030 | \$16,579,046 |
| Missouri | \$9,753,681 | \$5,309,453 | \$5,819,421 | \$55,425 | \$1,023,186 | \$8,165,102 |
| Nebraska | \$901,519 | \$2,411,241 | \$2,384,632 | \$31,878 | \$87,210 | \$809,040 |
| Ohio | \$13,188,384 | \$6,911,825 | \$5,386,475 | \$4,993 | \$1,731,868 | \$12,976,873 |
| Wisconsin | \$7,123,050 | \$7,799,814 | \$5,712,457 | \$2,179,698 | \$953,226 | \$6,077,483 |
| REGION 05 | \$106,808,870 | \$52,946,904 | \$45,663,144 | \$2,417,293 | \$15,531,519 | \$96,143,818 |
| Alaska | \$3,354,836 | \$14,353,053 | \$14,081,932 | \$291 | \$0 | \$3,625,666 |
| Arizona | \$3,137,045 | \$1,727,582 | \$1,527,194 | \$0 | \$623,365 | \$2,714,068 |
| California | \$64,457,683 | \$46,174,419 | \$15,173,028 | \$93,130 | \$8,171,699 | \$87,194,245 |
| Hawaii | \$3,808,946 | \$2,106,707 | \$1,724,605 | \$1,348 | \$489,537 | \$3,700,163 |
| Idaho | \$803,308 | \$1,726,248 | \$1,461,723 | \$215 | \$64,159 | \$1,003,459 |
| Nevada | \$3,895,908 | \$2,925,121 | \$2,647,244 | \$3,408 | \$404,240 | \$3,766,137 |
| Oregon | \$8,366,676 | \$6,049,137 | \$6,145,658 | \$34,754 | \$528,058 | \$7,707,343 |
| Washington | \$12,597,808 | \$2,939,338 | \$1,622,489 | \$345,341 | \$942,974 | \$12,626,342 |
| REGION 06 | \$100,422,210 | \$78,001,605 | \$44,383,873 | \$478,487 | \$11,224,032 | \$122,337,423 |
| US TOTAL | \$696,896,080 | \$473,121,302 | \$413,250,408 | \$11,417,332 | \$85,677,863 | \$659,671,779 |

* No report was filed.

PERCENT DISTRIBUTION OF AGE OF RECEIVABLES
(Contributory and Reimbursable Receivables)
Quarter Ending March 31, 2004

1/21/2005

| State - Region | Total Receivables End of Period | % 6 Months or less | % 7- 9 Months | % 10-12 Months | % 13-15 Months | % Over 15 Months |
|----------------------|------------------------------------|-----------------------|---------------|----------------|----------------|---------------------|
| Connecticut | \$7,771,286 | 44.8 | 19.2 | 19.9 | 3.7 | 12.4 |
| Maine | \$915,934 | 43 | 11.2 | 11.4 | 9.3 | 25.1 |
| Massachusetts | \$10,639,888 | 33.6 | 12.4 | 22.7 | 6.3 | 25 |
| New Hampshire | \$330,429 | 34.4 | 17.8 | 18.1 | 5.3 | 24.4 |
| New Jersey | \$51,299,312 | 35.1 | 14.1 | 18.4 | 12.7 | 19.8 |
| New York | \$78,360,232 | 32 | 10.7 | 24.2 | 8.2 | 24.9 |
| Puerto Rico | \$25,415,912 | 37.4 | 21.6 | 11.5 | 13.2 | 16.2 |
| Rhode Island | \$1,600,748 | 47.3 | 9.2 | 10 | 3.6 | 29.9 |
| Vermont | \$360,912 | 28.5 | 21.2 | 26.6 | 6.6 | 17.2 |
| Virgin Islands * | 0 | 0 | 0 | 0 | 0 | 0 |
| REGION 01 | \$176,694,653 | 34.5 | 13.8 | 20.2 | 9.9 | 21.7 |
| Delaware | \$7,521,158 | 6.4 | 4.6 | 7.8 | 2.2 | 79 |
| District of Columbia | \$5,915,664 | 18.5 | 13.8 | 15.5 | 15.4 | 36.9 |
| Maryland | \$17,185,499 | 12.1 | 11.8 | 11.5 | 32 | 32.7 |
| Pennsylvania | \$38,062,742 | 37.5 | 14 | 24.1 | 8.5 | 15.9 |
| Virginia | \$11,804,293 | 21.5 | 6.8 | 14.1 | 2.6 | 54.9 |
| West Virginia | \$4,274,367 | 22.8 | 18 | 15.9 | 10.1 | 33.1 |
| REGION 02 | \$84,763,723 | 25.3 | 11.9 | 17.7 | 12.4 | 32.7 |
| Alabama | \$3,658,948 | 24.9 | 21.3 | 26 | 7.3 | 20.5 |
| Florida | \$59,884,391 | 31.9 | 22.8 | 26.1 | 5.3 | 13.9 |
| Georgia | \$9,865,437 | 76.9 | 5.2 | 9.4 | 2.6 | 5.9 |
| Kentucky | \$7,051,832 | 29.6 | 18.1 | 25.5 | 8.2 | 18.6 |
| Mississippi | \$23,611,722 | 44.2 | 10.7 | 8.9 | 9.2 | 27 |
| North Carolina | \$12,778,878 | 41.2 | 19.7 | 15.5 | 6.5 | 17 |
| South Carolina | \$5,478,139 | 33.6 | 14.5 | 14.9 | 8.5 | 28.5 |
| Tennessee | \$7,097,921 | 35.4 | 18.5 | 20.9 | 8 | 17.2 |
| REGION 03 | \$129,427,268 | 38.4 | 18 | 19.8 | 6.4 | 17.2 |
| Arkansas | \$3,338,493 | 25.2 | 18.3 | 14.9 | 10.5 | 31.1 |
| Colorado | \$3,432,842 | 33.6 | 15 | 23.3 | 9 | 19 |
| Louisiana | \$9,064,920 | 30.4 | 17.1 | 18.1 | 11.7 | 22.7 |
| Montana | \$2,375,895 | 24 | 12 | 14.2 | 11.7 | 38.2 |
| New Mexico | \$1,524,834 | 18 | 22 | 18.8 | 14.8 | 26.4 |
| North Dakota | \$547,320 | 46.5 | 10.9 | 9.6 | 10.1 | 22.9 |
| Oklahoma | \$4,881,852 | 31.5 | 20.9 | 28.6 | 8 | 11 |
| South Dakota | \$247,622 | 18 | 12.1 | 11.2 | 24.4 | 34.3 |
| Texas | \$23,012,706 | 38 | 14.3 | 28.5 | 5.5 | 13.7 |
| Utah | \$735,813 | 51.8 | 11.8 | 5.9 | 4.5 | 26 |
| Wyoming | \$1,142,597 | 11.7 | 46.4 | 12.5 | 4.7 | 24.6 |
| REGION 04 | \$50,304,894 | 33.2 | 16.5 | 23.4 | 8.1 | 18.7 |

PERCENT DISTRIBUTION OF AGE OF RECEIVABLES
(Contributory and Reimbursable Receivables)
Quarter Ending March 31, 2004

1/21/2005

| State - Region | Total Receivables End of Period | 6 Months or less % | 7- 9 Months % | 10-12 Months % | 13-15 Months % | Over 15 Months % |
|----------------|------------------------------------|--------------------------|------------------|-------------------|-------------------|------------------------|
| Illinois | \$10,300,447 | 0 | 1.5 | 34.1 | 12.7 | 51.6 |
| Indiana | \$8,072,396 | 20.3 | 11.8 | 29.9 | 7.9 | 30.2 |
| Iowa | \$4,779,834 | 36.2 | 15.5 | 15.3 | 9.9 | 23 |
| Kansas | \$3,706,719 | 81.5 | 5.4 | 5 | 3.9 | 4.2 |
| Michigan | \$24,676,878 | 25.8 | 20.1 | 29.5 | 5.4 | 19.3 |
| Minnesota | \$16,579,046 | 45.6 | 17.1 | 14.2 | 7.7 | 15.4 |
| Missouri | \$8,165,102 | 42.2 | 15.9 | 19.3 | 6.6 | 15.8 |
| Nebraska | \$809,040 | 29.7 | 16.7 | 24.1 | 8.7 | 20.8 |
| Ohio | \$12,976,873 | 19.1 | 13.7 | 20.9 | 10.7 | 35.6 |
| Wisconsin | \$6,077,483 | 37.4 | 16.6 | 16.3 | 7.7 | 22 |
| REGION 05 | \$96,143,818 | 29.9 | 14.6 | 22.8 | 7.9 | 24.7 |
| Alaska | \$3,625,666 | 99.3 | 0.3 | 0.1 | 0 | 0.2 |
| Arizona | \$2,714,068 | 25.1 | 10.4 | 26.4 | 8.7 | 29.3 |
| California | \$87,194,245 | 51.3 | 2.9 | 3.7 | 23.4 | 18.7 |
| Hawaii | \$3,700,163 | 31.5 | 17.5 | 20 | 8.6 | 22.3 |
| Idaho | \$1,003,459 | 60.6 | 10.1 | 8.7 | 7.4 | 13.2 |
| Nevada | \$3,766,137 | 35.3 | 18.8 | 16.9 | 9.8 | 19.1 |
| Oregon | \$7,707,343 | 49.2 | 16.4 | 11.1 | 7.3 | 16.1 |
| Washington | \$12,626,342 | 41.3 | 15.3 | 14.2 | 19 | 10.2 |
| REGION 06 | \$122,337,423 | 50 | 6.1 | 6.6 | 19.9 | 17.4 |
| US TOTAL | \$659,671,779 | 36.2 | 13.3 | 17.9 | 11 | 21.6 |

* No report was filed.

AUDIT ACTIVITY
Quarter Ending March 31, 2004

1/28/2005

| State | <u>Employees Misclassified as Independent Contractors</u> | | | | | | | | | | | |
|----------------------|---|------------------|------------------------------|----------------------------|----------------------|----------------|--------------------------|--------|---------------------|-------------------|----------------------|-------|
| | <u>2% Audit Objective</u> | | <u>Large Employer Audits</u> | | <u>Change Audits</u> | | <u>Average Per Audit</u> | | <u>Current Qtr.</u> | <u>Prior Qtr.</u> | <u>Year Ago Qtr.</u> | |
| | Quarterly Objective 1st Qtr. | Completed Audits | Percent Number of Total | Percent Number of Total | Quarters Audited | Hours Spent | Number | Number | Number | Change | | |
| Connecticut | 475 | 534 | 7 | 1.3% | 216 | 40.4% | 4.8 | 8.9 | 1,083 | 785 | 812 | 271 |
| Maine | 192 | 231 | 2 | 0.9% | 58 | 25.1% | 4.1 | 3.9 | 618 | 109 | 98 | 520 |
| Massachusetts | 861 | 342 | 17 | 5.0% | 186 | 54.4% | 4.6 | 8 | 1,070 | 447 | 649 | 421 |
| New Hampshire | 191 | 200 | 7 | 3.5% | 88 | 44.0% | 4 | 5.3 | 135 | 171 | 65 | 70 |
| New Jersey | 1,360 | 1,670 | 63 | 3.8% | 685 | 41.0% | 4.2 | 5.6 | 4,032 | 3,957 | 2,989 | 1,043 |
| New York | 2,333 | 2,381 | 38 | 1.6% | 975 | 40.9% | 5.3 | 7.7 | 1,882 | 4,645 | 1,874 | 8 |
| Puerto Rico | 248 | 169 | 3 | 1.8% | 65 | 38.5% | 5.6 | 13.3 | 435 | 61 | 142 | 293 |
| Rhode Island | 156 | 187 | 10 | 5.3% | 67 | 35.8% | 6 | 8.3 | 113 | 128 | 280 | -167 |
| Vermont | 100 | 177 | 3 | 1.7% | 88 | 49.7% | 6 | 3.3 | 234 | 116 | 55 | 179 |
| Virgin Islands * | 25 | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | 0 |
| Region 01 | 5,941 | 5,891 | 150 | 2.5% | 2,428 | 41.2% | 4.9 | 7.1 | 9,602 | 10,419 | 6,964 | 2,638 |
| Delaware | 128 | 85 | 0 | 0.0% | 10 | 11.8% | 3.7 | 6.7 | 0 | 8 | 1 | -1 |
| District of Columbia | 133 | 0 | 0 | 0.0% | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | 0 |
| Maryland | 669 | 609 | 21 | 3.4% | 231 | 37.9% | 4.2 | 3.6 | 896 | 995 | 1,227 | -331 |
| Pennsylvania | 1,323 | 1,372 | 17 | 1.2% | 477 | 34.8% | 5 | 4.4 | 163 | 57 | 0 | 163 |
| Virginia | 827 | 697 | 6 | 0.9% | 258 | 37.0% | 4.8 | 4 | 0 | 0 | 0 | 0 |
| West Virginia | 181 | 233 | 21 | 9.0% | 107 | 45.9% | 4 | 7.8 | 422 | 262 | 180 | 242 |
| Region 02 | 3,261 | 2,996 | 65 | 2.2% | 1,083 | 36.1% | 4.7 | 4.5 | 1,481 | 1,322 | 1,408 | 73 |
| Alabama | 421 | 553 | 1 | 0.2% | 100 | 18.1% | 4 | 2 | 97 | 54 | 76 | 21 |
| Florida | 2,102 | 2,412 | 47 | 1.9% | 929 | 38.5% | 4 | 9.7 | 1,252 | 853 | 781 | 471 |
| Georgia | 975 | 692 | 14 | 2.0% | 201 | 29.0% | 4 | 4.9 | 95 | 374 | 61 | 34 |
| Kentucky | 401 | 56 | 0 | 0.0% | 43 | 76.8% | 4 | 8.7 | 34 | 0 | 0 | 34 |
| Mississippi | 264 | 236 | 3 | 1.3% | 31 | 13.1% | 4 | 1.9 | 1 | 13 | 49 | -48 |
| North Carolina | 887 | 1,037 | 25 | 2.4% | 492 | 47.4% | 5 | 10.6 | 247 | 775 | 74 | 173 |
| South Carolina | 448 | 662 | 14 | 2.1% | 232 | 35.0% | 4.3 | 2.5 | 368 | 804 | 537 | -169 |
| Tennessee | 545 | 638 | 0 | 0.0% | 227 | 35.6% | 4 | 6.6 | 237 | 386 | 304 | -67 |
| Region 03 | 6,043 | 6,286 | 104 | 1.7% | 2,255 | 35.9% | 4.2 | 7.3 | 2,331 | 3,259 | 1,882 | 449 |

Table 6, page 2

AUDIT ACTIVITY
Quarter Ending March 31, 2004

1/21/2005

| State | <u>2% Audit Objective</u> | | <u>Large Employer Audits</u> | | <u>Change Audits</u> | | <u>Average Per Audit</u> | | <u>Employees Misclassified as Independent Contractors</u> | | | |
|--------------|---------------------------|--------------|------------------------------|----------------|----------------------|----------------|--------------------------|--------------|---|-------------------|----------------------|--------|
| | <u>Objective</u> | <u>Total</u> | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> | <u>Quarters</u> | <u>Hours</u> | <u>Current Qtr.</u> | <u>Prior Qtr.</u> | <u>Year Ago Qtr.</u> | |
| | 1st Qtr. | Audits | | of Total | | of Total | Audited | Spent | Number | Number | Number | Change |
| Arkansas | 298 | 158 | 3 | 1.9% | 56 | 35.4% | 4.5 | 5.8 | 855 | 133 | 337 | 518 |
| Colorado | 705 | 802 | 27 | 3.4% | 464 | 57.9% | 4 | 3.7 | 1,914 | 1,598 | 1,081 | 833 |
| Louisiana | 466 | 545 | 9 | 1.7% | 181 | 33.2% | 4.1 | 6.3 | 334 | 121 | 273 | 61 |
| Montana | 165 | 72 | 3 | 4.2% | 42 | 58.3% | 4.6 | 10.2 | 124 | 11 | 193 | -69 |
| New Mexico | 206 | 242 | 5 | 2.1% | 62 | 25.6% | 4 | 4.4 | 147 | 141 | 157 | -10 |
| North Dakota | 89 | 91 | 3 | 3.3% | 40 | 44.0% | 4 | 6.4 | 33 | 64 | 22 | 11 |
| Oklahoma | 372 | 391 | 8 | 2.0% | 170 | 43.5% | 4.1 | 4.8 | 152 | 455 | 443 | -291 |
| South Dakota | 111 | 117 | 4 | 3.4% | 42 | 35.9% | 4 | 3.3 | 153 | 16 | 234 | -81 |
| Texas | 1,970 | 2,505 | 24 | 1.0% | 915 | 36.5% | 4 | 4.9 | 857 | 733 | 1,249 | -392 |
| Utah | 284 | 372 | 10 | 2.7% | 223 | 59.9% | 4.2 | 4.7 | 1,436 | 415 | 461 | 975 |
| Wyoming | 95 | 70 | 0 | 0.0% | 43 | 61.4% | 4.1 | 6.7 | 90 | 106 | 70 | 20 |
| Region 04 | 4,761 | 5,365 | 96 | 1.8% | 2,238 | 41.7% | 4.1 | 4.9 | 6,095 | 3,793 | 4,520 | 1,575 |
| Illinois | 1,381 | 1,020 | 56 | 5.5% | 537 | 52.6% | 4 | 17.8 | 2,813 | 1,662 | 2,112 | 701 |
| Indiana | 612 | 852 | 14 | 1.6% | 523 | 61.4% | 5.1 | 14.4 | 2,856 | 3,487 | 254 | 2,602 |
| Iowa | 332 | 187 | 0 | 0.0% | 58 | 31.0% | 4 | 5.8 | 22 | 55 | 20 | 2 |
| Kansas | 336 | 471 | 3 | 0.6% | 149 | 31.6% | 4 | 2.3 | 176 | 310 | 62 | 114 |
| Michigan | 1,028 | 553 | 47 | 8.5% | 306 | 55.3% | 4 | 12.2 | 661 | 348 | 1,129 | -468 |
| Minnesota | 645 | 340 | 36 | 10.6% | 160 | 47.1% | 4 | 7.9 | 238 | 1,039 | 0 | 238 |
| Missouri | 644 | 930 | 30 | 3.2% | 340 | 36.6% | 4.1 | 6.3 | 142 | 267 | 87 | 55 |
| Nebraska | 220 | 236 | 26 | 11.0% | 144 | 61.0% | 4.3 | 3.2 | 153 | 45 | 115 | 38 |
| Ohio | 1,149 | 1,550 | 60 | 3.9% | 709 | 45.7% | 4 | 5.4 | 1,454 | 1,149 | 1,165 | 289 |
| Wisconsin | 595 | 743 | 15 | 2.0% | 369 | 49.7% | 5.8 | 5.7 | 1,644 | 1,705 | 1,731 | -87 |
| Region 05 | 6,942 | 6,882 | 287 | 4.2% | 3,295 | 47.9% | 4.4 | 8.9 | 10,159 | 10,067 | 6,675 | 3,484 |
| Alaska | 83 | 1 | 0 | 0.0% | 0 | 0.0% | 4 | 3 | 0 | 40 | 40 | -40 |
| Arizona | 545 | 507 | 10 | 2.0% | 152 | 30.0% | 4.6 | 6.1 | 1,834 | 0 | 1,950 | -116 |
| California | 5,115 | 238 | 14 | 5.9% | 186 | 78.2% | 5.2 | 28.3 | 2,417 | 2,411 | 4,168 | -1,751 |
| Hawaii | 144 | 139 | 1 | 0.7% | 66 | 47.5% | 4.2 | 11.1 | 39 | 169 | 157 | -118 |
| Idaho | 203 | 213 | 1 | 0.5% | 136 | 63.8% | 4.8 | 5.2 | 286 | 674 | 256 | 30 |
| Nevada | 241 | 233 | 18 | 7.7% | 128 | 54.9% | 4.6 | 9.9 | 162 | 57 | 85 | 77 |
| Oregon | 497 | 413 | 6 | 1.5% | 196 | 47.5% | 6.4 | 11.6 | 1,054 | 1,142 | 922 | 132 |
| Washington | 1,024 | 1,446 | 2 | 0.1% | 357 | 24.7% | 4.7 | 3.6 | 24 | 0 | 21 | 3 |
| Region 06 | 7,852 | 3,190 | 52 | 1.6% | 1,221 | 38.3% | 4.9 | 7.7 | 5,816 | 4,493 | 7,599 | -1,783 |
| US | 34,800 | 30,610 | 754 | 2.5% | 12,520 | 40.9% | 4.5 | 7.0 | 35,484 | 33,353 | 29,048 | 6,436 |

* No report was filed.

AUDIT CHANGE IN TOTAL WAGES AND CONTRIBUTIONS
Quarter Ending March 31, 2004

1/21/2005

| State | Change In Total Wages | | | Change In Contributions | | | | Net | Net |
|----------------------|-----------------------|-------------------|---------------|-------------------------|-------------------|-------------|-------------|----------------------------|---------------------------|
| | Under- Reported | Over- Reported | Gross | Under- Reported | Over- Reported | Gross | Net | Contributions Per Audit | Contributions Per Hour |
| Connecticut | \$10,294,770 | \$1,065,392 | \$11,360,162 | \$170,935 | \$26,796 | \$197,731 | \$144,139 | \$269.92 | \$30.37 |
| Maine | \$612,654 | \$117,796 | \$730,450 | \$8,107 | \$2,275 | \$10,382 | \$5,832 | \$25.25 | \$6.51 |
| Massachusetts | \$15,591,088 | \$1,211,023 | \$16,802,111 | \$261,581 | \$18,177 | \$279,758 | \$243,404 | \$711.71 | \$89.03 |
| New Hampshire | \$2,254,190 | \$1,182,301 | \$3,436,491 | \$3,363 | \$1,697 | \$5,060 | \$1,666 | \$2.06 | \$1.57 |
| New Jersey | \$27,998,843 | \$2,854,964 | \$30,853,807 | \$622,689 | \$41,331 | \$664,020 | \$581,358 | \$348.12 | \$62.02 |
| New York | \$73,856,918 | \$7,446,267 | \$81,303,185 | \$1,530,706 | \$649,720 | \$2,180,426 | \$880,986 | \$370.01 | \$47.87 |
| Puerto Rico | \$8,791,593 | \$75,549 | \$8,867,142 | \$171,447 | \$4,646 | \$176,093 | \$166,801 | \$986.99 | \$74.27 |
| Rhode Island | \$917,035 | \$823,668 | \$1,740,703 | \$28,297 | \$7,314 | \$35,611 | \$20,983 | \$112.21 | \$13.44 |
| Vermont | \$1,363,032 | \$134,220 | \$1,497,252 | \$12,663 | \$6,751 | \$19,414 | \$5,912 | \$33.40 | \$10.02 |
| Virgin Islands * | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| REGION 01 | \$141,680,123 | \$14,911,180 | \$156,591,303 | \$2,809,788 | \$758,707 | \$3,568,495 | \$2,051,081 | \$315.60 | \$49.30 |
| Delaware | \$96,969 | \$10,338 | \$107,307 | \$66 | \$74 | \$140 | (\$8) | (\$0.09) | (\$0.01) |
| District of Columbia | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | INA | INA |
| Maryland | \$5,467,633 | \$1,012,115 | \$6,479,748 | \$43,982 | \$10,826 | \$54,808 | \$33,156 | \$54.44 | \$15.03 |
| Pennsylvania | \$28,523,090 | \$3,244,313 | \$31,767,403 | \$536,653 | \$26,402 | \$563,055 | \$510,251 | \$371.90 | \$84.39 |
| Virginia | \$2,512,765 | \$707,434 | \$3,220,199 | \$4,221 | \$1,373 | \$5,594 | \$2,848 | \$4.09 | \$1.01 |
| West Virginia | \$2,265,992 | \$63,236 | \$2,329,228 | \$37,067 | \$9,653 | \$46,720 | \$27,414 | \$117.66 | \$15.09 |
| REGION 02 | \$38,866,449 | \$5,037,436 | \$43,903,885 | \$621,989 | \$48,328 | \$670,317 | \$573,661 | \$191.48 | \$42.62 |
| Alabama | \$498,585 | \$126,046 | \$624,631 | \$3,860 | \$3,857 | \$7,717 | \$3 | \$0.01 | \$0.00 |
| Florida | \$14,644,363 | \$10,701,155 | \$25,345,518 | \$90,927 | \$78,682 | \$169,609 | \$12,245 | \$5.08 | \$0.52 |
| Georgia | \$1,147,384 | \$464,299 | \$1,611,683 | \$111,360 | \$1,933 | \$113,293 | \$109,427 | \$158.13 | \$32.24 |
| Kentucky | \$94,472 | \$98 | \$94,570 | \$4,991 | \$7,163 | \$12,154 | (\$2,172) | (\$38.79) | (\$4.46) |
| Mississippi | \$85,355 | \$905,676 | \$991,031 | \$910 | \$19,718 | \$20,628 | (\$18,808) | (\$79.69) | (\$42.55) |
| North Carolina | \$4,388,684 | \$2,389,918 | \$6,778,602 | \$61,360 | \$38,691 | \$100,051 | \$22,669 | \$21.86 | \$2.05 |
| South Carolina | \$7,133,188 | \$1,094,575 | \$8,227,763 | \$97,491 | \$13,117 | \$110,608 | \$84,374 | \$127.45 | \$50.83 |
| Tennessee | \$1,420,911 | \$733,113 | \$2,154,024 | \$12,758 | \$10,507 | \$23,265 | \$2,251 | \$3.53 | \$0.54 |
| REGION 03 | \$29,412,942 | \$16,414,880 | \$45,827,822 | \$383,657 | \$173,668 | \$557,325 | \$209,989 | \$33.41 | \$4.59 |

AUDIT CHANGE IN TOTAL WAGES AND CONTRIBUTIONS
Quarter Ending March 31, 2004

| State | Change In Total Wages | | | Change In Contributions | | | | Net | Net |
|--------------|-----------------------|-------------------|---------------|-------------------------|-------------------|-------------|-------------|----------------------------|---------------------------|
| | Under- Reported | Over- Reported | Gross | Under- Reported | Over- Reported | Gross | Net | Contributions Per Audit | Contributions Per Hour |
| Arkansas | \$6,325,982 | \$97,022 | \$6,423,004 | \$160,234 | \$12,186 | \$172,420 | \$148,048 | \$937.01 | \$160.23 |
| Colorado | \$9,190,350 | \$1,773,111 | \$10,963,461 | \$73,649 | \$14,926 | \$88,575 | \$58,723 | \$73.22 | \$20.00 |
| Louisiana | \$3,332,338 | \$998,571 | \$4,330,909 | \$23,608 | \$7,227 | \$30,835 | \$16,381 | \$30.06 | \$4.78 |
| Montana | \$585,395 | \$38,019 | \$623,414 | \$6,798 | \$1,950 | \$8,748 | \$4,848 | \$67.33 | \$6.58 |
| New Mexico | \$1,097,507 | \$25,457 | \$1,122,964 | \$4,398 | \$1,051 | \$5,449 | \$3,347 | \$13.83 | \$3.17 |
| North Dakota | \$86,501 | \$22,903 | \$109,404 | \$464 | \$382 | \$846 | \$82 | \$0.90 | \$0.14 |
| Oklahoma | \$2,714,318 | \$566,476 | \$3,280,794 | \$13,410 | \$3,498 | \$16,908 | \$9,912 | \$25.35 | \$5.31 |
| South Dakota | \$121,446 | \$122,767 | \$244,213 | \$565 | \$1,636 | \$2,201 | (\$1,071) | (\$9.15) | (\$2.77) |
| Texas | \$36,302,351 | \$34,282,804 | \$70,585,155 | \$30,018 | \$28,407 | \$58,425 | \$1,611 | \$0.64 | \$0.13 |
| Utah | \$2,406,092 | \$802,816 | \$3,208,908 | \$8,902 | \$3,226 | \$12,128 | \$5,676 | \$15.26 | \$3.24 |
| Wyoming | \$144,038 | \$8,743 | \$152,781 | \$1,290 | \$361 | \$1,651 | \$929 | \$13.27 | \$1.98 |
| REGION 04 | \$62,306,318 | \$38,738,689 | \$101,045,007 | \$323,336 | \$74,850 | \$398,186 | \$248,486 | \$46.32 | \$9.39 |
| Illinois | \$40,349,371 | \$700,516 | \$41,049,887 | \$470,790 | \$28,084 | \$498,874 | \$442,706 | \$434.03 | \$24.38 |
| Indiana | \$47,733,786 | \$9,185,278 | \$56,919,064 | \$119,223 | \$13,342 | \$132,565 | \$105,881 | \$124.27 | \$8.63 |
| Iowa | \$375,577 | \$1,149,341 | \$1,524,918 | \$736 | \$1,555 | \$2,291 | (\$819) | (\$4.38) | (\$0.75) |
| Kansas | \$712,402 | \$224,775 | \$937,177 | \$4,318 | \$3,650 | \$7,968 | \$668 | \$1.42 | \$0.62 |
| Michigan | \$4,717,430 | \$901,221 | \$5,618,651 | \$54,338 | \$18,088 | \$72,426 | \$36,250 | \$65.55 | \$5.37 |
| Minnesota | \$3,376,200 | \$911,241 | \$4,287,441 | \$28,863 | \$4,818 | \$33,681 | \$24,045 | \$70.72 | \$8.96 |
| Missouri | \$2,345,920 | \$952,138 | \$3,298,058 | \$23,706 | \$7,355 | \$31,061 | \$16,351 | \$17.58 | \$2.77 |
| Nebraska | \$1,650,587 | \$767,437 | \$2,418,024 | \$24,069 | \$10,480 | \$34,549 | \$13,589 | \$57.58 | \$18.14 |
| Ohio | \$7,941,376 | \$16,204,972 | \$24,146,348 | \$86,872 | \$55,201 | \$142,073 | \$31,671 | \$20.43 | \$3.77 |
| Wisconsin | \$12,186,141 | \$4,409,953 | \$16,596,094 | \$235,206 | \$69,902 | \$305,108 | \$165,304 | \$222.48 | \$39.13 |
| REGION 05 | \$121,388,790 | \$35,406,872 | \$156,795,662 | \$1,048,121 | \$212,475 | \$1,260,596 | \$835,646 | \$121.42 | \$13.63 |
| Alaska * | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Arizona | \$9,440,112 | \$24,512 | \$9,464,624 | \$77,288 | \$3,934 | \$81,222 | \$73,354 | \$144.68 | \$23.77 |
| California | \$27,022,908 | \$669,739 | \$27,692,647 | \$415,253 | \$10,562 | \$425,815 | \$404,691 | \$1,700.38 | \$60.18 |
| Hawaii | \$673,115 | \$407,880 | \$1,080,995 | \$11,273 | \$10,023 | \$21,296 | \$1,250 | \$8.99 | \$0.81 |
| Idaho | \$3,120,282 | \$278,818 | \$3,399,100 | \$37,171 | \$3,740 | \$40,911 | \$33,431 | \$156.95 | \$30.09 |
| Nevada | \$3,925,452 | \$3,755,587 | \$7,681,039 | \$19,743 | \$15,215 | \$34,958 | \$4,528 | \$19.43 | \$1.96 |
| Oregon | \$10,592,083 | \$775,445 | \$11,367,528 | \$182,022 | \$26,035 | \$208,057 | \$155,987 | \$377.69 | \$32.49 |
| Washington | \$3,766,453 | \$10,687,771 | \$14,454,224 | \$65,783 | \$76,754 | \$142,537 | (\$10,971) | (\$7.59) | (\$2.13) |
| REGION 06 | \$58,540,405 | \$16,599,752 | \$75,140,157 | \$808,533 | \$146,263 | \$954,796 | \$662,270 | \$207.61 | \$26.80 |
| US TOTAL | \$452,195,027 | \$127,108,809 | \$579,303,836 | \$5,995,424 | \$1,414,291 | \$7,409,715 | \$4,581,133 | \$146.75 | \$21.47 |

* The Virgin Islands did not file a report. Due to IT system problems Alaska was unable to provide this data.