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MAINE **DEPARTMENT OF** **LABOR**

**Report to the Second Session of the
119th Legislature**

SETTING THE PLANNED YIELD FOR THE UNEMPLOYMENT CONTRIBUTION SYSTEM

February 15, 2000

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BACKGROUND AND EXECUTIVE SUMMARY

The Unemployment Compensation Program has two major components: collection of contributions and payment of benefits. It is intended to be counter-cyclical, i.e., revenues are accumulated during relatively good economic times to fund the payment of benefits during high unemployment periods. Unemployment benefits act as an economic stabilizer by providing partial wage replacement to individuals to pay for basic needs and by infusing money into local communities and the state to counteract the multiplier effect of unemployment. The contributions paid by employers are the "premiums" that fund the "insurance" benefits paid to unemployed workers.

The solvency of Maine's Unemployment Compensation Fund has been an issue since the last high unemployment period in the early 1990's. Four times, in 1993, 1995, 1997, and 1998, legislation was enacted that increased contributions and decreased benefits as temporary measures to prevent the need to borrow to pay benefits and to accumulate some reserves in the Fund. A Study Commission issued Majority and Minority reports on the solvency issue in 1998 and the Department of Labor issued a report in early 1999.

The consequences of insufficient Fund reserves during the next high unemployment period are higher contributions and/or lower benefits during the high unemployment period and/or borrowing to pay benefits and incurring of interest charges. Contribution increases and possible benefit cuts would then be necessary to generate cash flow to repay such loans and interest. Increasing contributions or cutting benefits during the high unemployment period dampens the ability of the unemployment program to help stabilize the economy and slows economic recovery.

During the first session of the 119th Legislature, L. D. 1970 was enacted to address the long-term solvency of the Unemployment Compensation Fund. The bill included adjustments to unemployment benefits, an increase in the taxable wage base from \$7,000 to \$12,000, and the implementation of an array system to set contribution rates for employers. One part of the array system was not completed in last year's legislation. This was the method by which the array system will determine the total contributions to be payable for a calendar year. The array system does this by setting the **planned yield** for each calendar year.

L. D. 1970 set the planned yield at 1.1% as an interim measure and directed the Department of Labor to study the methods for setting the planned yield for future rate years and to address the issue of a cap on the Unemployment Compensation Fund.

This report presents fourteen different options for setting the planned yield. Each of these options was modeled over six different economic scenarios for the next decade. Then the performance of each of the options was evaluated with respect to Fund balance levels experienced, the need for interest bearing loans, and the variance in the planned yield and contribution levels during the economic cycle. Each option's ability to cap the balance in the Fund was also tested.

The performance of the options was compared and the best performing options were identified. The report recommends implementation of Option 3D. This option would set the planned yield at 1.1% of total wages (the same planned yield in effect for 2000) when the Fund balance is between 6 and 18 months of benefits. Lower planned yields would be in effect when the Fund balance exceeds 18 months of benefits and higher planned yields when the Fund balance is less than 6 months of benefits. Refer to page 202 for a detailed explanation of Option 3D.

Option 3D caps the Fund balance at approximately 24 months of benefits. This means that up to 24 months of benefits could be accumulated in the Fund during an extended period of economic prosperity. This is a much higher Fund cap than has been discussed over the past several years. Having such higher Fund reserves raises issues about the perception that these reserves would warrant, by themselves, an expansion of benefits. In addition, higher Fund reserves raise employers' concerns about attempts to increase benefits, thereby ultimately increasing contributions. As a result, the report recommends enactment of a provision that would require a corresponding adjustment to contribution levels whenever unemployment benefits are increased.

PLANNED YIELD

- The planned yield for a calendar year is the total amount of contributions that are to be payable for that year. Therefore, it is the major driver of the unemployment contribution array system.
- The planned yield is expressed as a percentage of total wages. For example, if the planned yield is 1.1% and total wages are \$12 Billion, then contributions are set at \$132 Million.

$$1.1\% \text{ of } \$12 \text{ Billion} = \$132 \text{ Million}$$

- This report explores a variety of ways to set the planned yield.

PROCESS USED IN DEVELOPMENT OF RECOMMENDATIONS

- Fourteen different options to set the planned yield were developed.
- Each of these options was modeled over six different economic scenarios for the next decade.
- The performance of each of the options was evaluated with respect to the Fund balance, need for loans, and the variance in the planned yield during the economic cycle. Each option's ability to cap the balance in the Fund was also tested.

ECONOMIC SCENARIOS

- To determine how the planned yield options would perform under different economic conditions, each was modeled over five economic scenarios that extend from 2000 through 2009.
 - Economic Scenario 1 Moderate to Severe Recession in 2002-2003
 - Economic Scenario 2 Light to Moderate Recession in 2002-2003
 - Economic Scenario 3 Moderate to Severe Recession in 2006-2007
 - Economic Scenario 4 Light to Moderate Recession in 2006-2007
 - Economic Scenario 5 Back to Back Recessions in 2002-2005
- In addition, the planned yield options were modeled over a sixth economic scenario that assumes no recessions from 2000 through 2009. This economic scenario was included to test the ability of the various options to “cap” the balance in the Unemployment Compensation Fund.
 - Economic Scenario 6 No Recessions 2000 through 2009
- Attachment #1 contains the economic assumptions for these economic scenarios: average weekly wage increases, increase in the total labor force, insured unemployment rates, and interest rates.

OVERVIEW OF THE OPTIONS TO SET THE PLANNED YIELD

- Flat Planned Yield Options
 - Options 1A, 1B, 1C, and 1D all have a flat planned yield throughout the economic cycle.
 - **Option 1A** has a flat planned yield of 1.0%.
 - **Option 1B** has a flat planned yield of 1.1%.
 - **Option 1C** has a flat planned yield of 1.2%.
 - **Option 1D** has a flat planned yield of 1.15%.
 - The planned yield does not change from year to year. For example, contributions each year would be 1.0% of total wages with Option 1A. The actual dollar amount of contributions would increase over the years as total wages increase but contributions would remain at 1.0% of those total wages.
 - The flat planned yield options are based on the premise that benefits will equal a certain percentage of total wages over time. Attachment #2 lists the benefit cost rates for 1969 through 1998 and the 5, 10, 15, 20, 25, and 30-year average benefit cost rates for those years.
 - The flat planned yield options are the most counter-cyclical approach to setting the planned yield because contribution levels (as a percentage of total wages) remain the same throughout the economic cycle.
 - The flat planned yield options tend to build up larger fund balances during prolonged periods of prosperity and higher debt during prolonged high unemployment periods. For this reason, these options are more likely than the other options to need legislative action during such periods.

- Variable Planned Yield Options

- Options 2A, 2B, 2C, 2D, 2E, and 2F all have a variable planned yield that is determined by the balance in the Unemployment Compensation Fund. The planned yield in effect for a year is based on the fund balance on September 30th of the prior year.

▪ Option 2A	Fund Balance on 9/30	Planned Yield
	> 18 months	0.5%
	15-18 months	0.7%
	12-15 months	0.9%
	9-12 months	1.1%
	6- 9 months	1.3%
	< 6 months	1.5%

▪ Option 2B	Fund Balance on 9/30	Planned Yield
	> 18 months	0.6%
	15-18 months	0.8%
	12-15 months	1.0%
	9-12 months	1.2%
	6- 9 months	1.4%
	< 6 months	1.6%

▪ Option 2C	Fund Balance on 9/30	Planned Yield
	> 18 months	0.8%
	15-18 months	0.9%
	12-15 months	1.0%
	9-12 months	1.1%
	6- 9 months	1.2%
	< 6 months	1.3%

▪ Option 2D	Fund Balance on 9/30	Planned Yield
	> 18 months	0.3%
	15-18 months	0.5%
	12-15 months	0.7%
	9-12 months	0.9%
	6- 9 months	1.1%
	3- 6 months	1.3%
	0- 3 months	1.5%
	< 0 months	1.7%

▪ Option 2E	Fund Balance on 9/30	Planned Yield
	> 18 months	1.00%
	15-18 months	1.05%
	12-15 months	1.10%
	9-12 months	1.15%
	6- 9 months	1.20%
	3- 6 months	1.25%
	< 3 months	1.30%

▪ Option 2F	Fund Balance on 9/30	Planned Yield
	> 24 months	0.90%
	21-24 months	0.95%
	18-21 months	1.00%
	15-18 months	1.05%
	12-15 months	1.10%
	9-12 months	1.15%
	6- 9 months	1.20%
	3- 6 months	1.25%
	< 3 months	1.30%

- The variable planned yield options have planned yields that change from year to year and can change dramatically during the economic cycle. For example, in Option 2A contributions could vary from 0.5% to 1.5% of total wages, a three fold increase.
- The variable planned yield options are the least counter-cyclical approach to setting the planned yield because contribution levels (as a percentage of total wages) vary during the economic cycle and tend to increase substantially during the recession and recovery periods.
- The variable planned yield options tend to hold down fund balances during prolonged periods of prosperity and also hold down debt during prolonged high unemployment periods. However, fund balances and debt are held down at the cost of much higher contribution levels during the recession and recovery periods. The more that fund balances are held down in "good" economic periods, the more that contributions need to be increased to limit and/or recover from debt in "bad" economic periods.

- Hybrid Options

- Options 3A, 3B, 3C, and 3D are hybrids of the flat and variable planned yield options. Like the variable planned options, they have a planned yield that is determined by the balance in the Unemployment Compensation Fund. The planned yield in effect for a year is based on the fund balance on September 30th of the prior year..

▪ Option 3A	Fund Balance on 9/30	Planned Yield
	> 18 months	1.0%
	0-18 months	1.1%
	< 0 months	1.2%

In addition, the planned yield will increase by 0.1 for each additional year the fund balance remains less than zero.

▪ Option 3B	Fund Balance on 9/30	Planned Yield
	> 21 months	0.9%
	> 18 months	1.0%
	6-18 months	1.1%
	0- 6 months	1.2%
	< 0 months	1.3%

In addition, the planned yield will increase by 0.1 for each additional year the fund balance remains less than zero and is less than the prior year's fund balance.

▪ Option 3C	Fund Balance on 9/30	Planned Yield
	> 18 months	1.0%
	6-18 months	1.1%
	< 6 months	1.2%

▪ Option 3D	Fund Balance on 9/30	Planned Yield
	> 24 months	0.8%
	21-24 months	0.9%
	18-21 months	1.0%
	6-18 months	1.1%
	- 6-+6 months	1.2%
	< - 6 months	1.3%

- The hybrid planned yield options are an attempt to blend the strengths of the flat and variable planned yield options.

EVALUATION CRITERIA

Each option's performance was evaluated with respect to each economic scenario in each of three categories: Fund Balance, Loans, and the Variance in the Planned Yield. The categories and evaluation criteria are listed below

- **Fund Balance**—The ideal system would accumulate sufficient fund reserves to pay benefits during a recession while accumulating no more fund reserves than necessary to accomplish this. Therefore, each option is evaluated based on how close the fund balance gets to zero at the low point of the economic cycle.

An option's performance may be downgraded one level if it is unable to recover from a recession in a reasonable time. Such a downgrade will be explained in the narrative portion of the evaluation grid for the affected option and economic scenario

- **Excellent** September 30th Fund Balance between 0 and 3 months of benefits at lowest point in economic cycle.
- **Good** September 30th Fund Balance between –3 and 0 months of benefits OR between 3 and 6 months of benefits at lowest point in economic cycle.
- **Fair** September 30th Fund Balance between –6 and -3 months of benefits OR between 6 and 9 months of benefits at lowest point in economic cycle.
- **Poor** September 30th Fund Balance less than –6 months of benefits OR more than 9 months of benefits at lowest point in economic cycle.

- **Loans**—The ideal system would not incur interest bearing debt. Therefore, each option is evaluated based on the number of years and amount of interest bearing debt that are incurred.

- **Excellent** No loans or cash flow loans only.
- **Good** 1-2 years of interest bearing loans with a maximum < 100 million
- **Fair** 2 years of interest bearing loans with a maximum > 100 million, or 3-4 years of interest bearing loans
- **Poor** More than 4 years of interest bearing loans.

- **Variance in Planned Yield**—The ideal system would vary the planned yield as little as possible over the economic cycle thereby avoiding increases in contributions during a recession or recovery period. Therefore, each option is evaluated based on the percentage increase in the planned yield over the economic cycle.
 - Excellent 0% to 10% variance in planned yield over the economic cycle.
 - Good 11% to 40% variance in planned yield over the economic cycle.
 - Fair 41% to 70% variance in planned yield over the economic cycle.
 - Poor More than 70% variance in planned yield over the economic cycle.

EVALUATION OF THE OPTIONS TO SET THE PLANNED YIELD

The following sections of this report include data that illustrates how each of the options performed in each economic scenario. An evaluation of the performance is also given. Each section contains the following:

- 2-page summary for each option
 - Description of the option
 - Summary of the option performance evaluations for economic scenarios 1 through 5 in the three categories: Fund Balance, Loans, and the Variance in the Planned Yield
 - Data summary of the option performance for economic scenarios 1 through 6
 - Maximum and minimum September 30th fund balances in months
 - Maximum and minimum September 30th fund balances in dollars
 - Years of interest bearing debt
 - Maximum interest bearing debt
 - Years of cash flow debt
 - Maximum cash flow debt
 - Maximum and minimum planned yields
 - Percentage increase in the planned yield
 - Maximum planned yield during the recession
 - Maximum planned yield during the recovery

- 2-page data sheet and performance evaluation for each option/economic scenario combination
 - Table for 1999 through 2009 listing:
 - September 30th fund balances in dollars
 - September 30th fund balances in months
 - Planned yield in effect
 - Loan types and maximum amount: IB = Interest Bearing and CF = Cash Flow
 - Recession years are shown in **bold** type
 - Graph of September 30th fund balances in dollars
 - Table for 1999 through 2009 listing:
 - Planned yield in effect
 - Benefits
 - Contributions
 - Interest
 - December 31st fund balance in dollars
 - Loan types and maximum amount: IB = Interest Bearing and CF = Cash Flow
 - Table listing the performance evaluation for 2001 through 2009 (for economic scenarios 1 through 5) in three categories:
 - Fund Balance
 - Loans
 - Variance in Planned Yield
 - An evaluation of the fund capping mechanism (for economic scenario 6)

OPTION 1A—FLAT PLANNED YIELD OF 1.0
Performance Evaluation for 2001-2009

- Option 1A has a flat planned yield of 1.0%.
- Overall performance judged unacceptable because of the amount of debt accumulated and the inability of this option to recover from that debt in a reasonable period of time.
- Option 1A does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow although slowly.

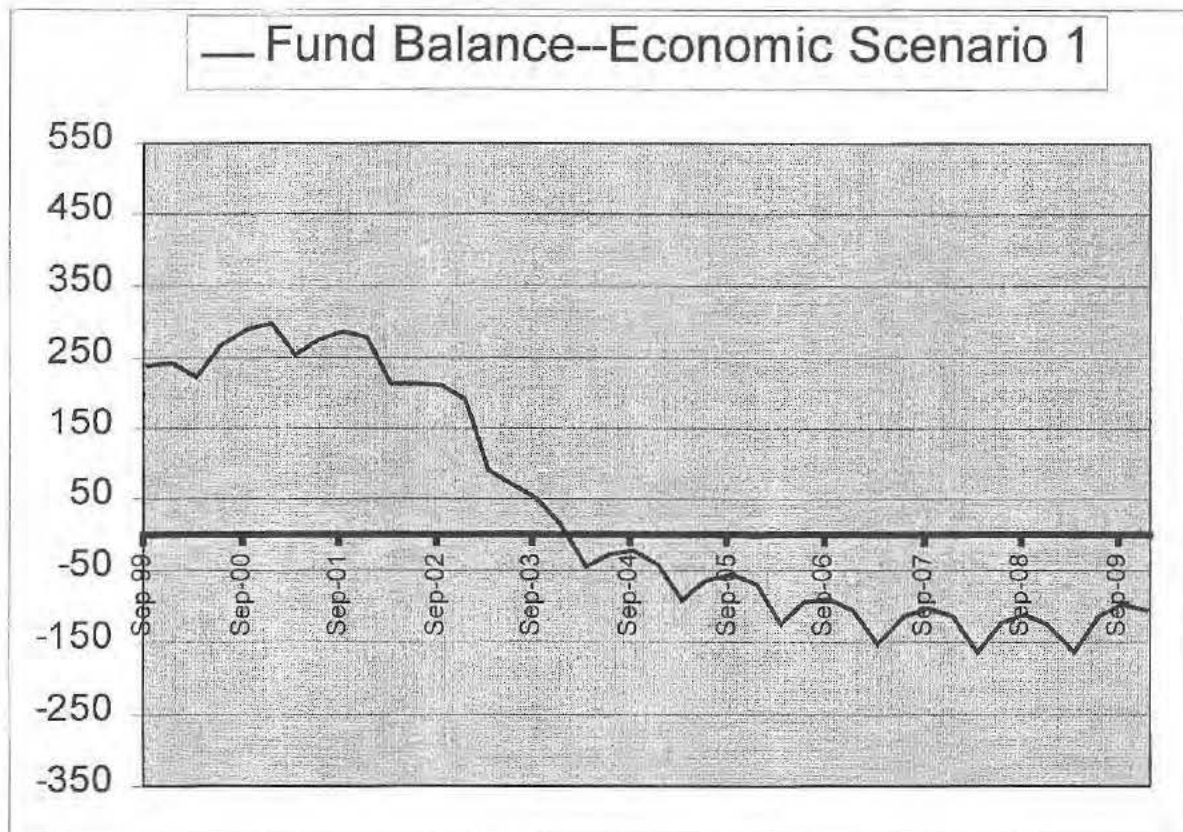
SUMMARY OF THE PERFORMANCE OF OPTION 1A

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Poor	Good	Fair	Fair	Poor
Loans	Poor	Excellent	Fair	Excellent	Poor
Variance in Planned Yield	Excellent	Excellent	Excellent	Excellent	Excellent

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	14.9	14.9	19.8	21.1	14.9	28.0
Min. 9/30 Fund Balance (mo.)	- 3.8	5.4	- 1.6	7.9	- 11.0	17.5
Max. 9/30 Fund Balance (\$\$)	285.6 m	285.6 m	385.6 m	410.9 m	285.6 m	713.6
Min. 9/30 Fund Balance (\$\$)	- 111.1 m	127.8 m	- 45.5 m	210.8 m	- 293.8 m	337.2
Years of Interest Bearing Debt	6+	0	2+	0	6+	0
Max. Interest Bearing Debt (\$\$)	164.5 m	0	92.3 m	0	346.9 m	0
Years of Cash Flow Debt	0	0	0	0	0	0
Maximum Cash Flow Debt (\$\$)	0	0	0	0	0	0
Maximum Planned Yield	1.0	1.0	1.0	1.0	1.0	1.0
Minimum Planned Yield	1.0	1.0	1.0	1.0	1.0	1.0
% Increase in Planned Yield	0 %	0 %	0 %	0 %	0 %	N/A
Maximum Planned Yield during Recession	1.0	1.0	1.0	1.0	1.0	N/A
Maximum Planned Yield during Recovery	1.0	1.0	1.0	1.0	1.0	N/A

OPTION 1A—FLAT PLANNED YIELD OF 1.0
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	285.6 m	14.9	1.0		
2002	209.8 m	10.6	1.0		
2003	52.3 m	2.6	1.0		
2004	(22.6) m	(1.0)	1.0	Interest Bearing	43.8
2005	(56.0) m	(2.3)	1.0	Interest Bearing	91.3
2006	(88.8) m	(3.5)	1.0	Interest Bearing	123.3
2007	(102.6) m	(3.7)	1.0	Interest Bearing	151.2
2008	(111.1) m	(3.8)	1.0	Interest Bearing	162.9
2009	(97.3) m	(3.2)	1.0	Interest Bearing	164.5



OPTION 1A—FLAT PLANNED YIELD OF 1.0
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

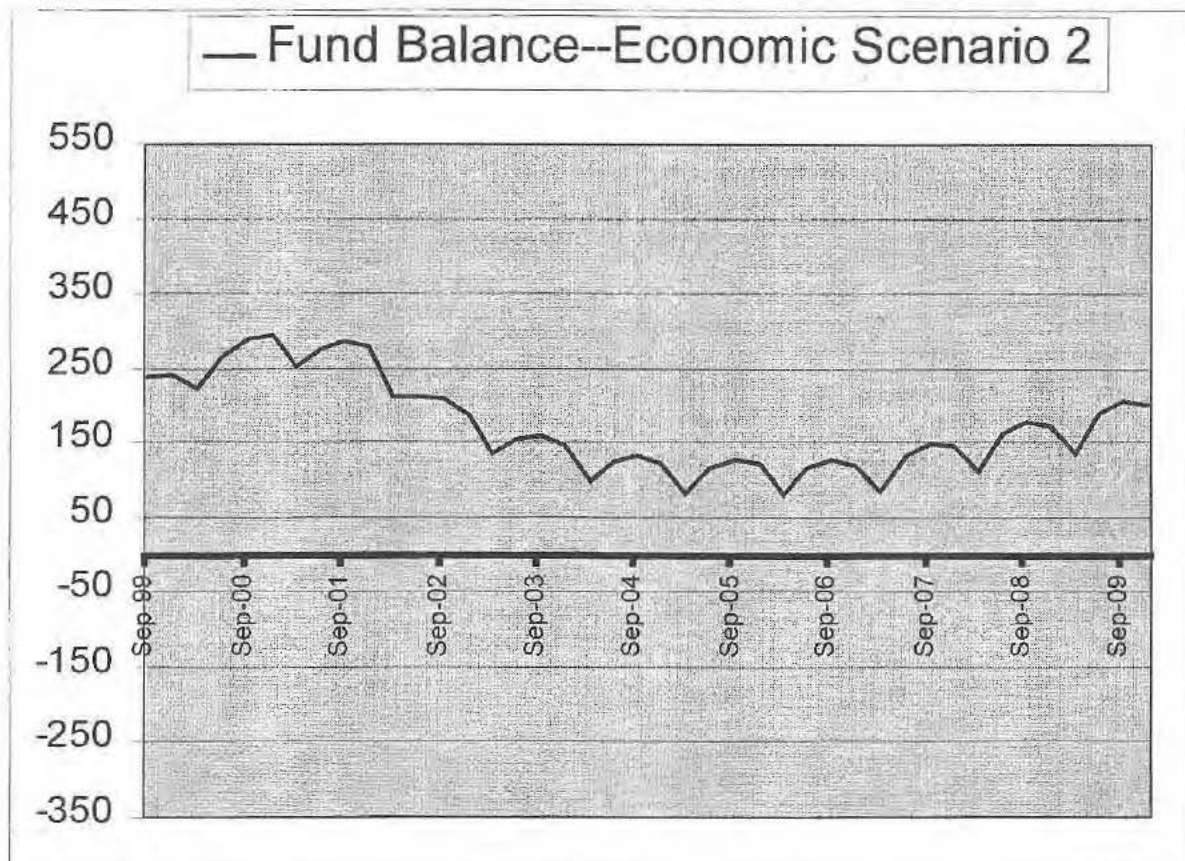
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.0	164.9	129.8	17.1	277.4		
2002	1.0	221.3	119.3	14.0	189.4		
2003	1.0	300.7	120.5	6.2	15.4		
2004	1.0	186.8	131.4	0.3	(39.7)	IB	43.8
2005	1.0	171.4	141.6	0.0	(69.5)	IB	91.3
2006	1.0	178.9	144.3	0.0	(104.1)	IB	123.3
2007	1.0	160.9	151.1	0.0	(113.9)	IB	151.2
2008	1.0	167.7	157.9	0.0	(123.7)	IB	162.9
2009	1.0	146.5	164.9	0.0	(105.3)	IB	164.5

Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of -3.8 months at lowest point Performance downgraded due to extremely slow recovery from debt Benefits exceed contributions except when IUR very low
Loans	Poor	6+ years of interest bearing loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.0

OPTION 1A—FLAT PLANNED YIELD OF 1.0
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	285.6 m	14.9	1.0		
2002	209.3 m	10.6	1.0		
2003	158.4 m	7.8	1.0		
2004	132.0 m	6.1	1.0		
2005	127.9 m	5.6	1.0		
2006	127.8 m	5.4	1.0		
2007	149.2 m	6.1	1.0		
2008	177.5 m	6.8	1.0		
2009	206.8 m	7.7	1.0		



OPTION 1A—FLAT PLANNED YIELD OF 1.0
Economic Scenario 2—Light to Moderate Recession in 2002—2003

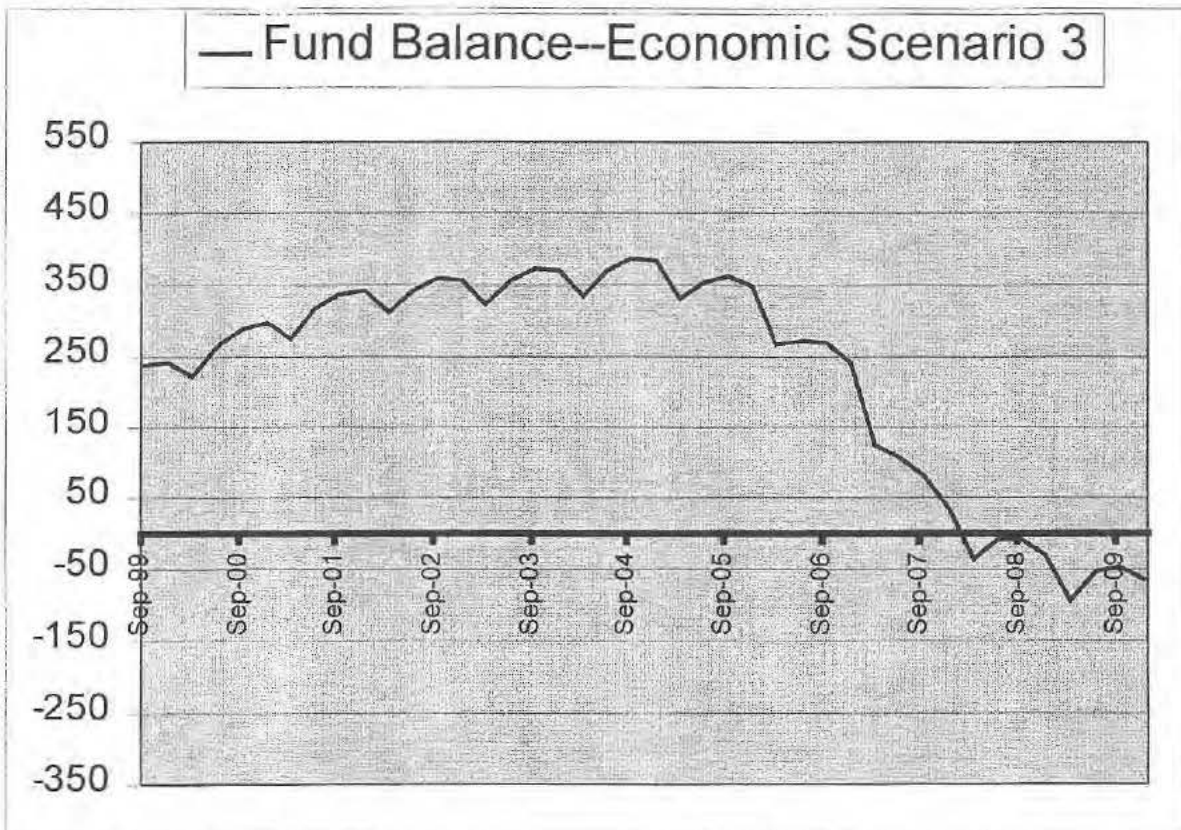
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	1.0	164.9	129.8	17.1	277.4	
2002	1.0	221.1	118.6	14.0	188.9	
2003	1.0	179.0	124.7	9.9	144.5	
2004	1.0	164.3	133.2	7.7	121.1	
2005	1.0	147.6	140.3	7.0	120.8	
2006	1.0	154.0	145.9	6.9	119.6	
2007	1.0	134.6	153.0	7.6	145.6	
2008	1.0	140.5	158.8	9.2	173.1	
2009	1.0	146.6	164.3	10.9	201.7	

Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of 5.4 months at lowest point Very slow build up of fund Benefits exceed contributions except when IUR very low
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.0

OPTION 1A—FLAT PLANNED YIELD OF 1.0
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	336.5 m	17.5	1.0		
2002	356.5 m	17.8	1.0		
2003	370.5 m	18.8	1.0		
2004	385.6 m	19.8	1.0		
2005	360.2 m	17.8	1.0		
2006	268.0 m	12.8	1.0		
2007	81.5 m	3.4	1.0		
2008	(6.7) m	(0.2)	1.0	Interest Bearing	35.8
2009	(45.5) m	(1.6)	1.0	Interest Bearing	92.3



OPTION 1A—FLAT PLANNED YIELD OF 1.0
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

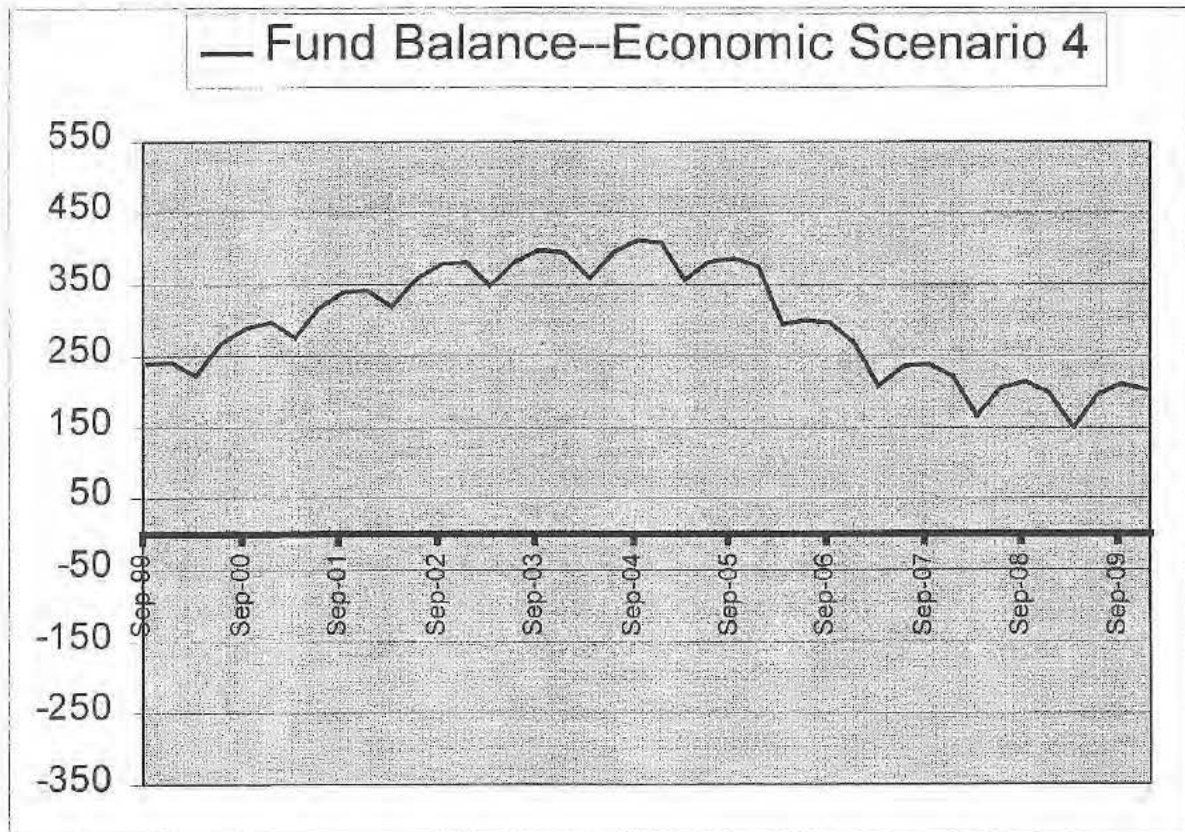
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.0	104.5	131.4	18.9	341.2		
2002	1.0	130.0	122.9	20.8	354.9		
2003	1.0	135.6	127.6	21.6	368.5		
2004	1.0	141.6	133.9	22.4	383.2		
2005	1.0	195.0	136.6	21.8	346.6		
2006	1.0	262.4	140.1	17.7	242.0		
2007	1.0	356.6	141.7	8.6	35.7		
2008	1.0	221.4	155.5	0.6	(29.6)	IB	35.8
2009	1.0	203.2	168.6	0.0	(64.2)	IB	92.3

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of -1.6 months at lowest point Performance downgraded due to the failure to recover after the recession—debt expected to continue to grow for at least 3 years after the recession Benefits exceed contributions except when IUR very low
Loans	Fair	2+ years of interest bearing loans Debt expected to increase in 2010 and future years
Variance in Planned Yield	Excellent	Flat planned yield of 1.0

OPTION 1A—FLAT PLANNED YIELD OF 1.0
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	337.2 m	17.5	1.0		
2002	376.0 m	18.7	1.0		
2003	395.4 m	19.9	1.0		
2004	410.9 m	21.1	1.0		
2005	386.8 m	19.1	1.0		
2006	295.7 m	14.2	1.0		
2007	238.6 m	9.8	1.0		
2008	212.5 m	8.3	1.0		
2009	210.8 m	7.9	1.0		



OPTION 1A—FLAT PLANNED YIELD OF 1.0
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.4	137.4	15.8	295.5	
2001	1.0	104.5	132.2	18.9	342.1	
2002	1.0	108.8	124.4	21.5	379.2	
2003	1.0	135.7	127.0	23.0	393.5	
2004	1.0	141.6	132.8	24.0	408.7	
2005	1.0	195.0	136.5	23.4	373.6	
2006	1.0	262.2	139.2	19.3	269.9	
2007	1.0	212.4	148.6	14.7	220.8	
2008	1.0	194.7	159.5	12.6	198.2	
2009	1.0	175.0	165.6	11.7	200.5	

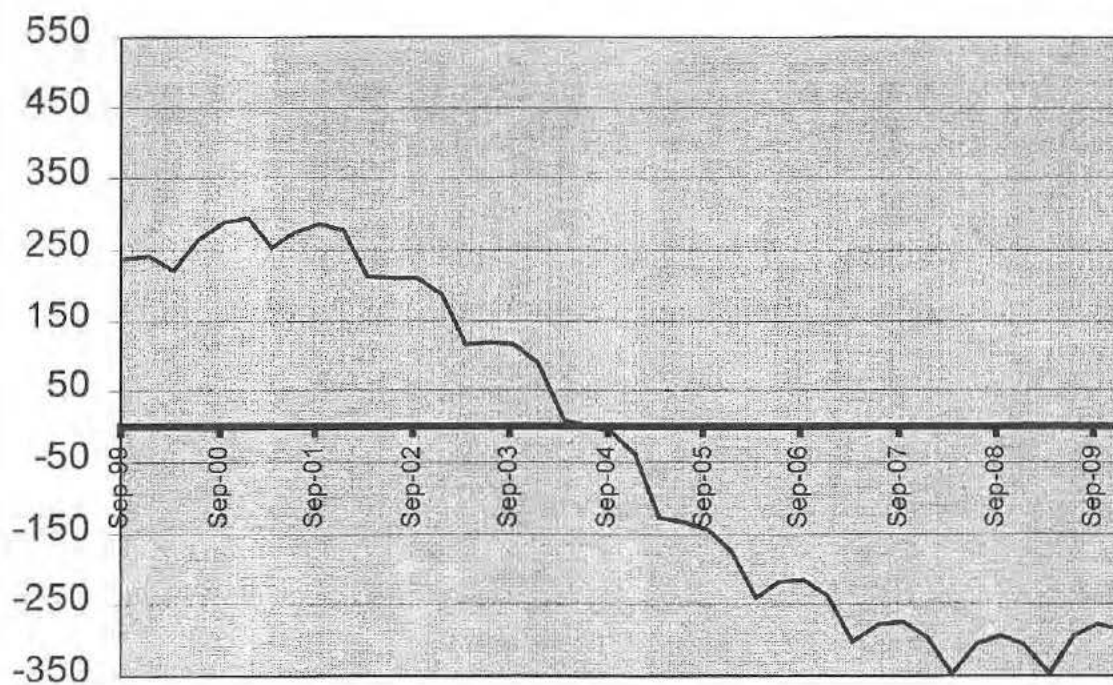
Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of 7.9 months at lowest point Very slow build up of fund Benefits exceed contributions except when IUR very low
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.0

OPTION 1A—FLAT PLANNED YIELD OF 1.0
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	285.6 m	14.9	1.0		
2002	209.5 m	10.6	1.0		
2003	114.4 m	5.6	1.0		
2004	(8.2) m	(0.4)	1.0	Interest Bearing	39.0
2005	(144.3) m	(6.5)	1.0	Interest Bearing	176.9
2006	(216.8) m	(9.0)	1.0	Interest Bearing	241.5
2007	(275.6) m	(10.8)	1.0	Interest Bearing	303.2
2008	(293.8) m	(11.0)	1.0	Interest Bearing	346.4
2009	(278.4) m	(9.8)	1.0	Interest Bearing	346.9

— Fund Balance—Economic Scenario 5



OPTION 1A—FLAT PLANNED YIELD OF 1.0
Economic Scenario 5—Back to Back Recessions in 2002—2005

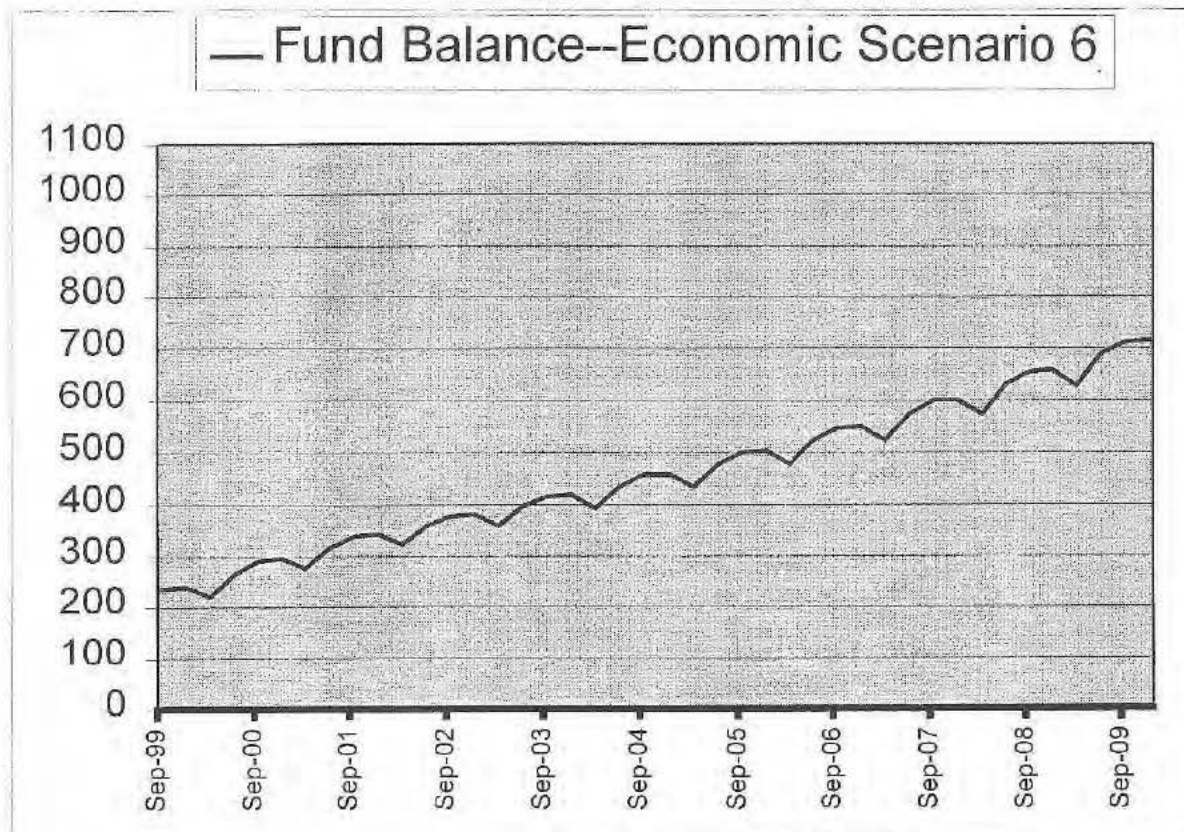
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.0	164.9	129.8	17.1	277.4		
2002	1.0	221.2	118.9	14.0	189.1		
2003	1.0	229.4	123.3	8.3	91.3		
2004	1.0	261.3	129.4	1.6	(39.0)	IB	39.0
2005	1.0	272.4	134.5	0.0	(176.9)	IB	176.9
2006	1.0	203.5	143.8	0.0	(236.6)	IB	241.5
2007	1.0	212.4	152.1	0.0	(296.9)	IB	303.2
2008	1.0	167.7	158.4	0.0	(306.2)	IB	346.4
2009	1.0	146.5	166.5	0.0	(286.2)	IB	346.9

Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of -11.0 months at lowest point Extremely slow recovery from debt Benefits exceed contributions except when IUR very low
Loans	Poor	6+ years of interest bearing loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.0

OPTION 1A—FLAT PLANNED YIELD OF 1.0
Economic Scenario 6—No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	337.2 m	17.5	1.0		
2002	375.9 m	18.7	1.0		
2003	413.7 m	20.9	1.0		
2004	455.2 m	22.1	1.0		
2005	499.8 m	23.2	1.0		
2006	547.1 m	24.4	1.0		
2007	598.5 m	25.6	1.0		
2008	654.5 m	26.8	1.0		
2009	713.6 m	28.0	1.0		



OPTION 1A—FLAT PLANNED YIELD OF 1.0
Economic Scenario 6—No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.0	104.5	132.2	18.9	342.0		
2002	1.0	108.8	124.3	21.5	379.0		
2003	1.0	113.5	127.3	23.7	416.5		
2004	1.0	118.6	134.2	26.1	458.2		
2005	1.0	123.6	139.6	28.6	502.8		
2006	1.0	129.0	144.7	31.5	550.0		
2007	1.0	134.6	151.7	34.4	601.5		
2008	1.0	140.5	158.6	37.8	657.4		
2009	1.0	146.6	164.3	41.1	716.2		

Evaluation of Fund Capping Mechanism

- Option 1A does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow although quite slowly.

OPTION 1B--FLAT PLANNED YIELD OF 1.1
Performance Evaluation for 2001-2009

- Option 1B has a flat planned yield of 1.1%.
- Option 1B does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow.

SUMMARY OF THE PERFORMANCE OF OPTION 1B

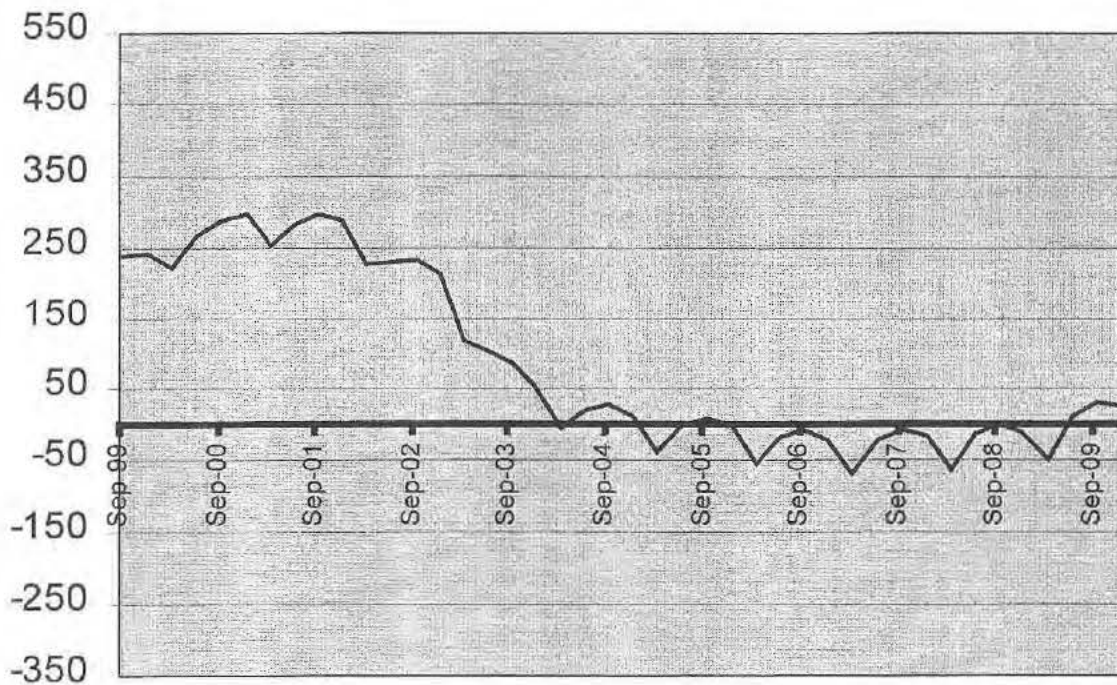
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Good	Fair	Good	Poor	Poor
Loans	Fair	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Excellent	Excellent	Excellent	Excellent	Excellent

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	15.4	15.4	22.6	23.9	15.4	34.3
Min. 9/30 Fund Balance (mo.)	- 0.4	8.6	3.6	13.6	- 7.0	18.1
Max. 9/30 Fund Balance (\$\$)	295.3 m	364.8 m	438.6 m	464.2 m	295.3 m	874.5
Min. 9/30 Fund Balance (\$\$)	- 8.4 m	184.2 m	108.1 m	345.0 m	- 182.0 m	347.1
Years of Interest Bearing Debt	4	0	0	0	5+	0
Max. Interest Bearing Debt (\$\$)	67.5 m	0	0	0	247.0 m	0
Years of Cash Flow Debt	2	0	0	0	0	0
Maximum Cash Flow Debt (\$\$)	49.8	0	0	0	0	0
Maximum Planned Yield	1.1	1.1	1.1	1.1	1.1	1.1
Minimum Planned Yield	1.1	1.1	1.1	1.1	1.1	1.1
% Increase in Planned Yield	0 %	0 %	0 %	0 %	0 %	N/A
Maximum Planned Yield during Recession	1.1	1.1	1.1	1.1	1.1	N/A
Maximum Planned Yield during Recovery	1.1	1.1	1.1	1.1	1.1	N/A

OPTION 1B—FLAT PLANNED YIELD OF 1.1
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.5 m	11.8	1.1		
2003	88.5 m	4.3	1.1		
2004	28.3 m	1.2	1.1	Cash Flow	3.9
2005	10.0 m	0.4	1.1	Interest Bearing	36.6
2006	(8.4) m	(0.4)	1.1	Interest Bearing	54.0
2007	(6.9) m	(0.2)	1.1	Interest Bearing	67.5
2008	0.3 m	0.0	1.1	Interest Bearing	64.0
2009	30.9 m	1.1	1.1	Cash Flow	49.8

— Fund Balance--Economic Scenario 1



OPTION 1B—FLAT PLANNED YIELD OF 1.1
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	164.9	141.4	17.3	289.2		
2002	1.1	221.3	131.0	15.1	214.0		
2003	1.1	300.7	132.5	8.1	53.9		
2004	1.1	186.8	144.7	1.8	13.6	CF	3.9
2005	1.1	171.4	155.9	0.5	(1.4)	IB	36.6
2006	1.1	178.9	158.6	0.0	(21.7)	IB	54.0
2007	1.1	160.9	166.3	0.0	(16.3)	IB	67.5
2008	1.1	167.7	173.7	0.0	(10.3)	IB	64.0
2009	1.1	146.5	181.5	0.7	25.4	CF	49.8

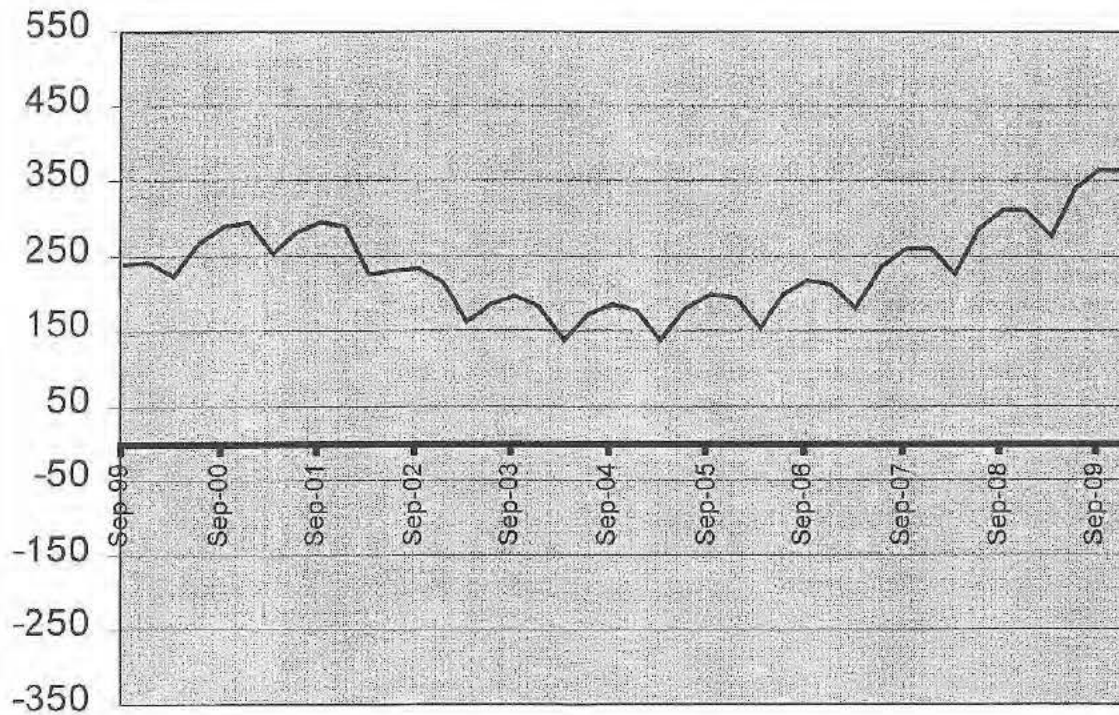
Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of -0.4 months at lowest point
Loans	Fair	4 years of interest bearing loans 2 years of cash flow loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.1

OPTION 1B—FLAT PLANNED YIELD OF 1.1
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.0 m	11.8	1.1		
2003	194.7 m	9.5	1.1		
2004	184.2 m	8.6	1.1		
2005	197.6 m	8.8	1.1		
2006	216.4 m	9.1	1.1		
2007	259.1 m	10.6	1.1		
2008	310.4 m	12.0	1.1		
2009	364.8 m	13.6	1.1		

— Fund Balance—Economic Scenario 2



OPTION 1B—FLAT PLANNED YIELD OF 1.1
Economic Scenario 2—Light to Moderate Recession in 2002—2003

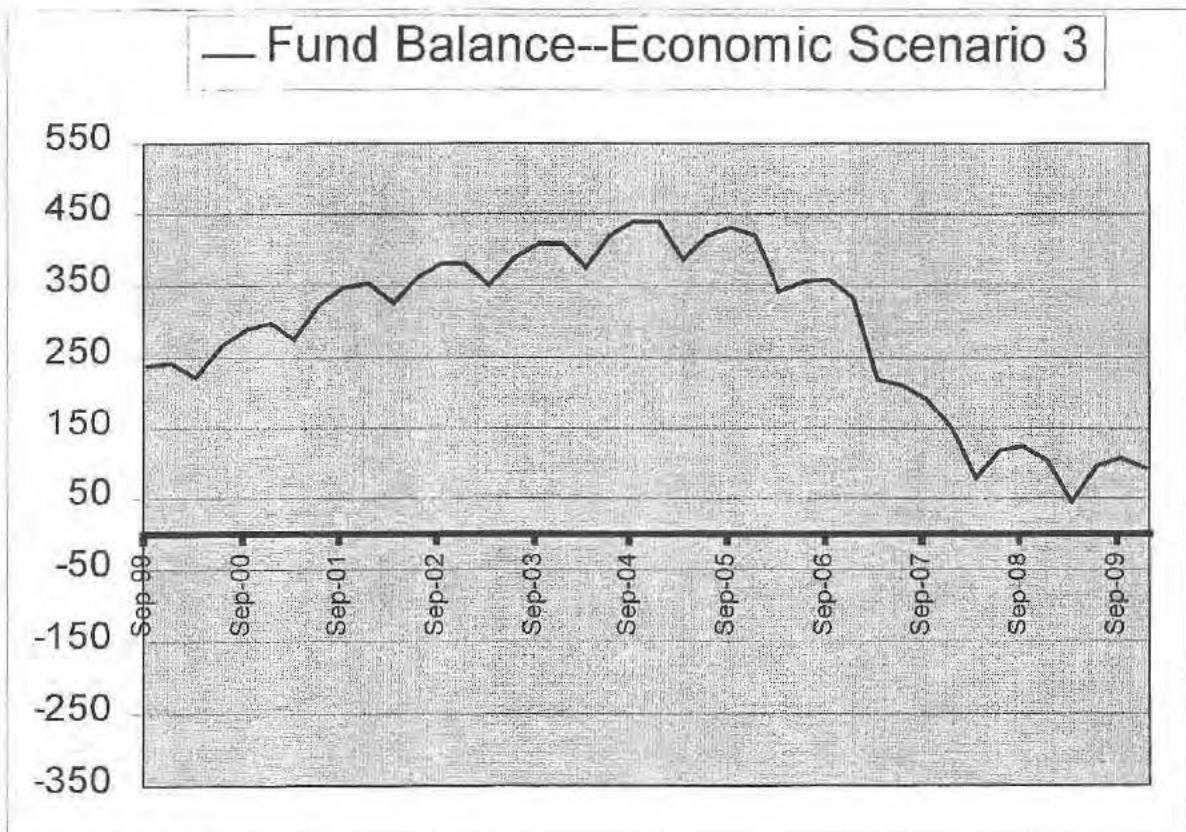
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	164.9	141.4	17.3	289.2		
2002	1.1	221.1	130.3	15.1	213.5		
2003	1.1	179.0	136.9	11.7	183.1		
2004	1.1	164.3	146.8	10.5	176.1		
2005	1.1	147.6	154.1	10.7	193.3		
2006	1.1	154.0	160.3	11.8	211.4		
2007	1.1	134.6	168.5	13.8	259.1		
2008	1.1	140.5	174.7	16.7	310.0		
2009	1.1	146.6	180.9	20.0	364.3		

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of 8.6 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.1

OPTION 1B—FLAT PLANNED YIELD OF 1.1
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	346.1 m	18.1	1.1		
2002	379.5 m	19.0	1.1		
2003	407.9 m	20.6	1.1		
2004	438.6 m	22.6	1.1		
2005	430.3 m	21.2	1.1		
2006	356.8 m	17.0	1.1		
2007	190.5 m	7.9	1.1		
2008	124.0 m	4.6	1.1		
2009	108.1 m	3.6	1.1		



OPTION 1B—FLAT PLANNED YIELD OF 1.1
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	1.1	104.5	143.1	19.0	353.0	
2002	1.1	130.0	135.1	21.9	380.0	
2003	1.1	135.6	140.4	23.4	408.2	
2004	1.1	141.6	147.1	25.1	438.8	
2005	1.1	195.0	150.3	25.6	419.7	
2006	1.1	262.4	154.0	22.7	334.0	
2007	1.1	356.6	156.0	14.6	148.0	
2008	1.1	221.4	171.1	7.4	105.1	
2009	1.1	203.2	185.6	5.7	93.2	

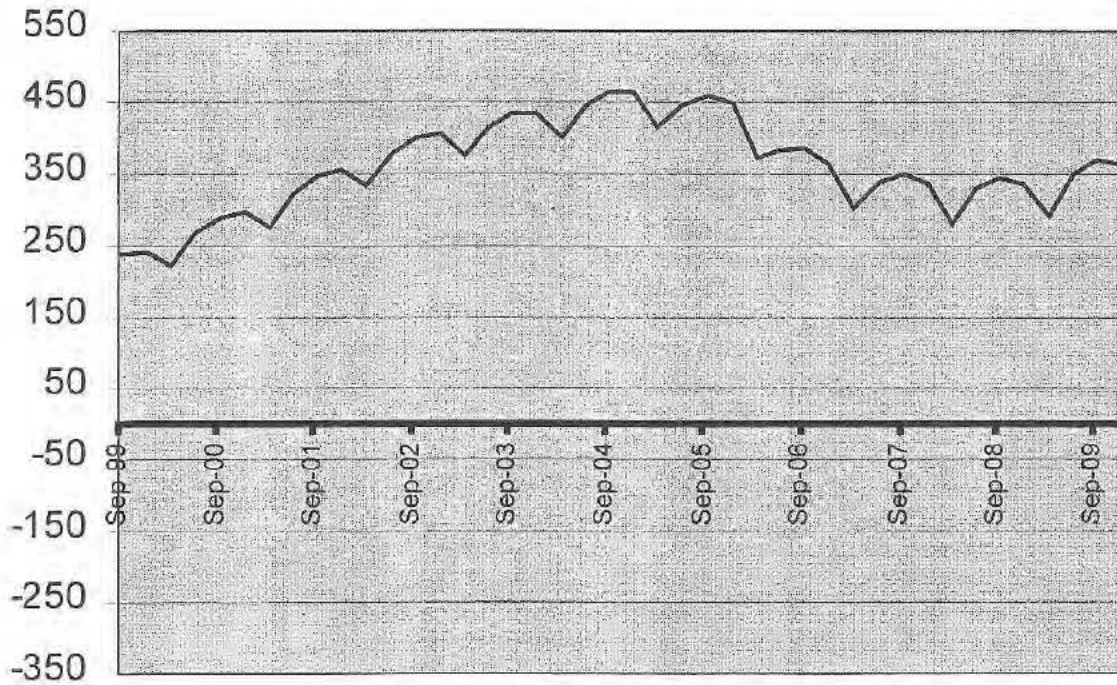
Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of 3.6 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.1

OPTION 1B—FLAT PLANNED YIELD OF 1.1
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	347.1 m	18.1	1.1		
2002	399.4 m	19.9	1.1		
2003	433.1 m	21.8	1.1		
2004	464.2 m	23.9	1.1		
2005	457.3 m	22.6	1.1		
2006	385.0 m	18.5	1.1		
2007	348.6 m	14.4	1.1		
2008	345.0 m	13.6	1.1		
2009	368.7 m	13.8	1.1		

— Fund Balance--Economic Scenario 4



OPTION 1B—FLAT PLANNED YIELD OF 1.1
Economic Scenario 4—Light to Moderate Recession in 2006—2007

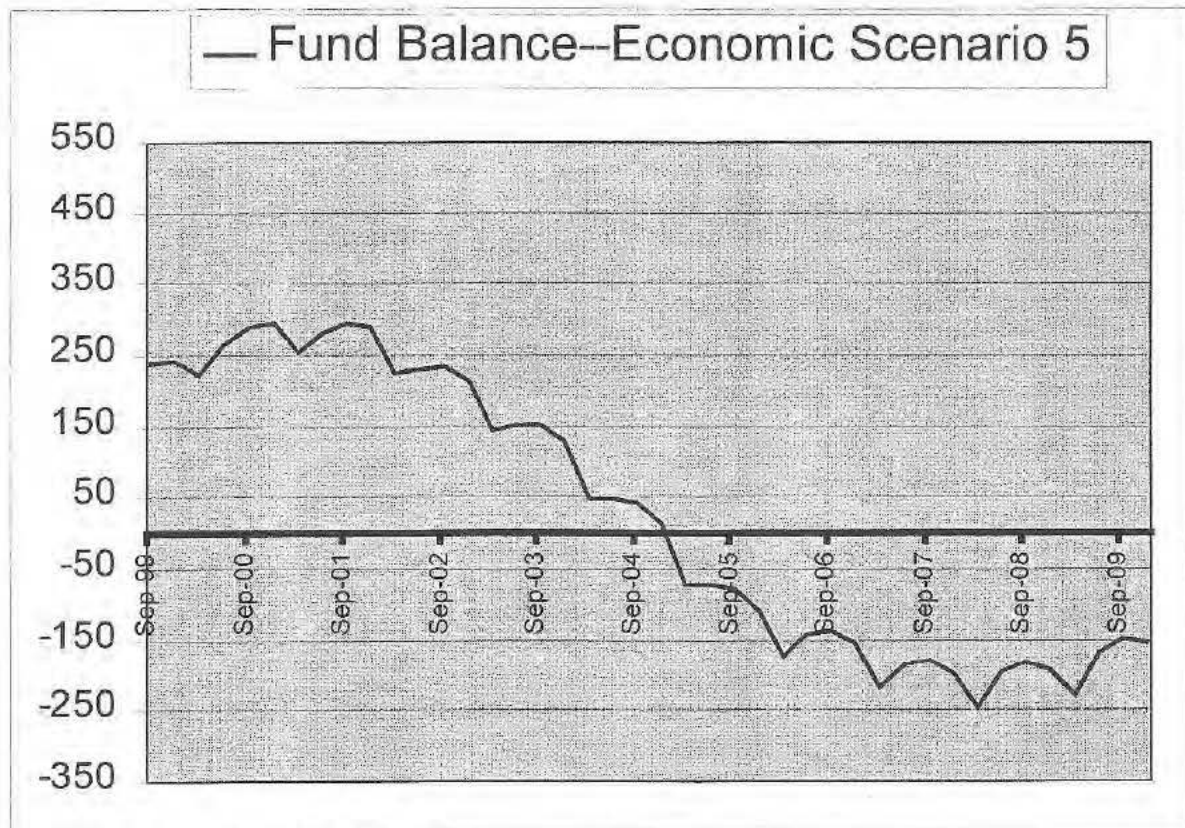
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.4	137.4	15.8	295.5		
2001	1.1	104.5	144.0	19.1	354.1		
2002	1.1	108.8	136.8	22.5	404.6		
2003	1.1	135.7	139.8	24.9	433.6		
2004	1.1	141.6	146.0	26.7	464.7		
2005	1.1	195.0	150.2	27.2	447.1		
2006	1.1	262.2	153.1	24.4	362.4		
2007	1.1	212.4	163.5	20.7	334.2		
2008	1.1	194.7	175.4	19.9	334.8		
2009	1.1	175.0	182.3	20.8	362.9		

Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of 13.6 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.1

OPTION 1B—FLAT PLANNED YIELD OF 1.1
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.5 m	11.8	1.1		
2003	150.8 m	7.4	1.1		
2004	43.6 m	2.0	1.1		
2005	(77.9) m	(3.5)	1.1	Interest Bearing	108.8
2006	(136.0) m	(5.6)	1.1	Interest Bearing	172.3
2007	(179.3) m	(7.0)	1.1	Interest Bearing	219.3
2008	(182.0) m	(6.8)	1.1	Interest Bearing	247.0
2009	(148.5) m	(5.3)	1.1	Interest Bearing	230.4



OPTION 1B—FLAT PLANNED YIELD OF 1.1
Economic Scenario 5—Back to Back Recessions in 2002—2005

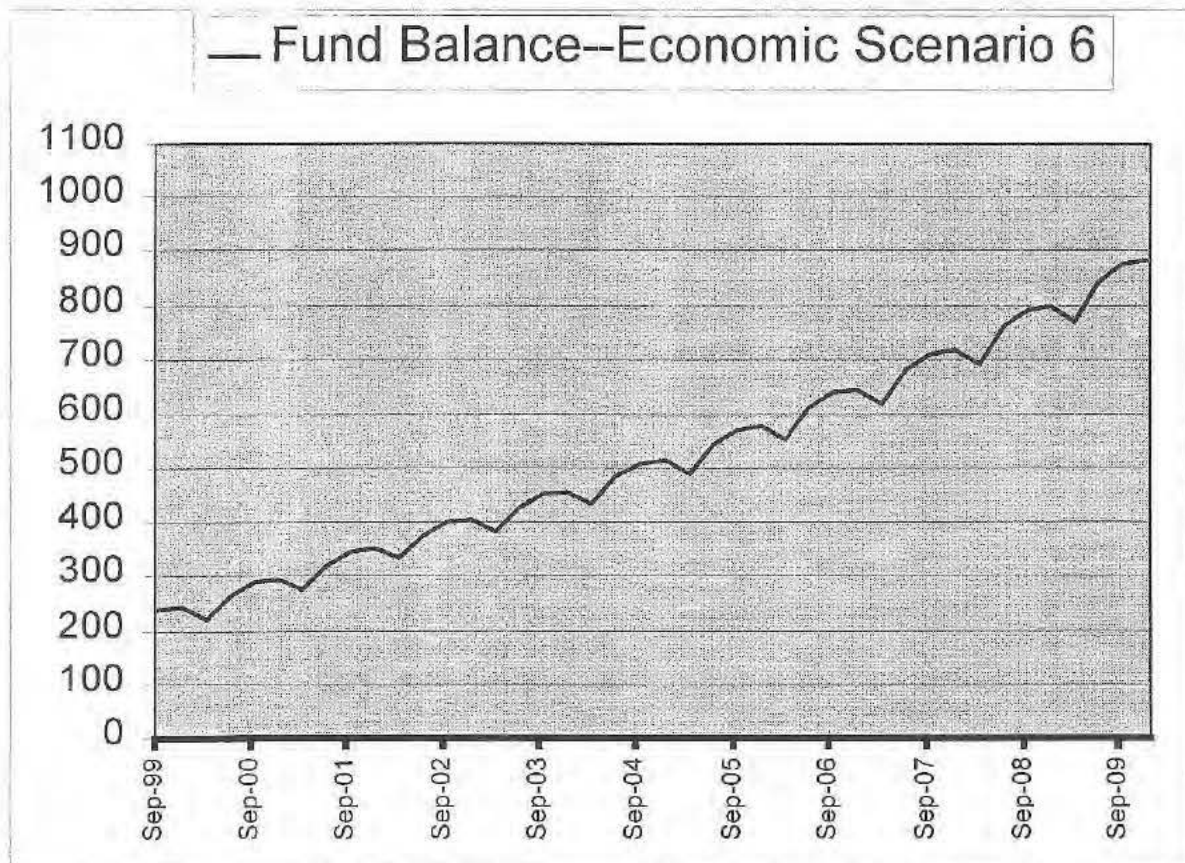
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	164.9	141.4	17.3	289.2		
2002	1.1	221.2	131.0	15.1	214.1		
2003	1.1	229.4	135.1	10.1	129.9		
2004	1.1	261.3	142.4	4.3	15.3		
2005	1.1	272.4	148.1	0.2	(108.8)	IB	108.8
2006	1.1	203.5	158.4	0.0	(153.9)	IB	172.3
2007	1.1	212.4	167.6	0.0	(198.7)	IB	219.3
2008	1.1	167.7	174.0	0.0	(192.4)	IB	247.0
2009	1.1	146.5	184.6	0.0	(154.3)	IB	230.4

Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of -7.0 months at lowest point
Loans	Poor	5+ years of interest bearing loans Debt expected to extend through 2012
Variance in Planned Yield	Excellent	Flat planned yield of 1.1

OPTION 1B—FLAT PLANNED YIELD OF 1.1
Economic Scenario 6--No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	347.1 m	18.1	1.1		
2002	399.5 m	19.9	1.1		
2003	451.9 m	22.8	1.1		
2004	509.2 m	24.7	1.1		
2005	571.6 m	26.5	1.1		
2006	638.3 m	28.4	1.1		
2007	711.2 m	30.4	1.1		
2008	790.3 m	32.3	1.1		
2009	874.5 m	34.3	1.1		



OPTION 1B—FLAT PLANNED YIELD OF 1.1
Economic Scenario 6—No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	104.5	144.0	19.1	354.0		
2002	1.1	108.8	137.1	22.5	404.8		
2003	1.1	113.5	140.2	25.6	457.1		
2004	1.1	118.6	147.5	28.9	514.9		
2005	1.1	123.6	153.8	32.5	577.6		
2006	1.1	129.0	159.4	36.6	644.6		
2007	1.1	134.6	167.1	40.8	717.9		
2008	1.1	140.5	174.5	45.3	797.2		
2009	1.1	146.6	180.9	50.3	881.8		

Evaluation of Fund Capping Mechanism

- Option 1B does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow.

OPTION 1C—FLAT PLANNED YIELD OF 1.2
Performance Evaluation for 2001-2009

- Option 1C has a flat planned yield of 1.2%.
- Option 1C does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow substantially.

SUMMARY OF THE PERFORMANCE OF OPTION 1C

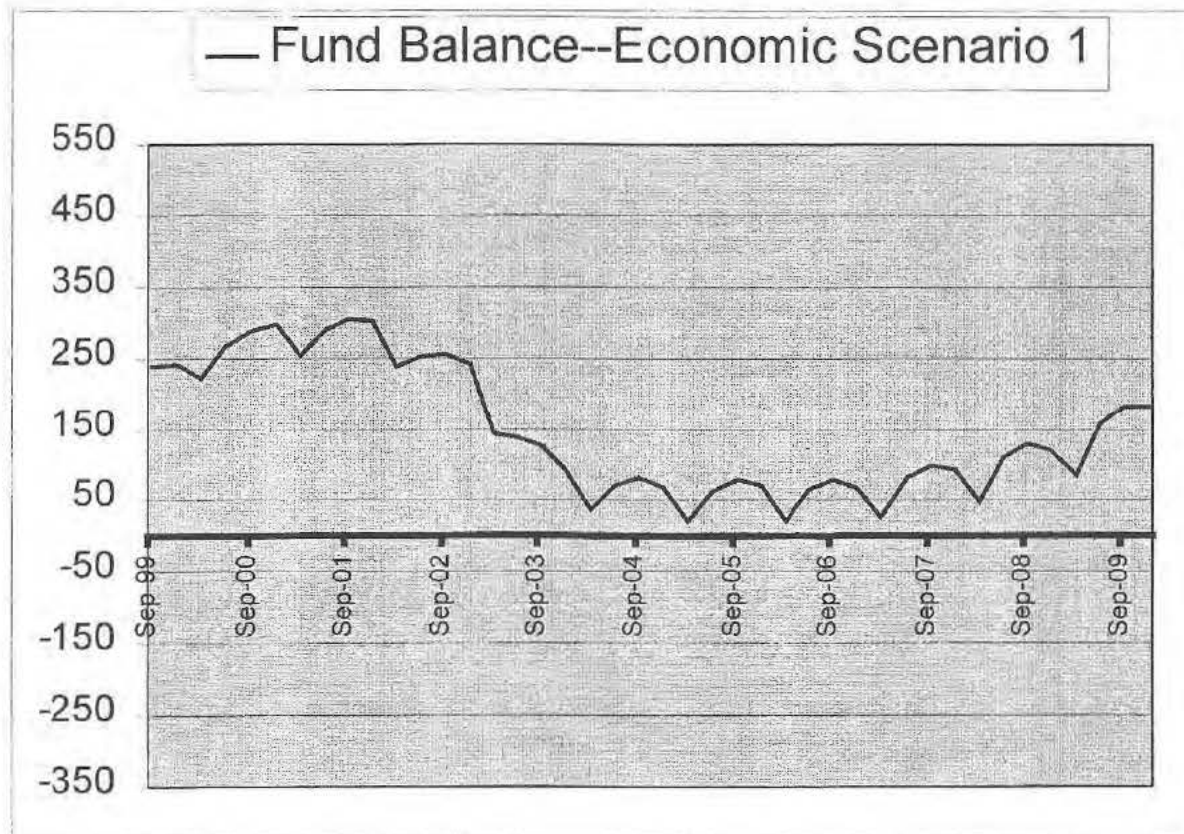
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Poor	Poor	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Excellent	Excellent	Excellent	Excellent	Excellent

Economic Scenarios

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	16.0	19.4	25.4	26.6	16.0	40.6
Min. 9/30 Fund Balance (mo.)	3.0	11.0	9.1	18.6	- 3.2	18.6
Max. 9/30 Fund Balance (\$\$)	305.1 m	524.5 m	501.9 m	529.1 m	305.1 m	1034.9
Min. 9/30 Fund Balance (\$\$)	79.3 m	232.2 m	256.7 m	357.1 m	- 83.1 m	357.1
Years of Interest Bearing Debt	0	0	0	0	5	0
Max. Interest Bearing Debt (\$\$)	0	0	0	0	147.6 m	0
Years of Cash Flow Debt	0	0	0	0	0	0
Maximum Cash Flow Debt (\$\$)	0	0	0	0	0	0
Maximum Planned Yield	1.2	1.2	1.2	1.2	1.2	1.2
Minimum Planned Yield	1.2	1.2	1.2	1.2	1.2	1.2
% Increase in Planned Yield	0 %	0 %	0 %	0 %	0 %	N/A
Maximum Planned Yield during Recession	1.2	1.2	1.2	1.2	1.2	N/A
Maximum Planned Yield during Recovery	1.2	1.2	1.2	1.2	1.2	N/A

OPTION 1C—FLAT PLANNED YIELD OF 1.2
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	305.1 m	16.0	1.2		
2002	255.8 m	13.0	1.2		
2003	125.7 m	6.1	1.2		
2004	80.7 m	3.5	1.2		
2005	79.3 m	3.2	1.2		
2006	79.3 m	3.0	1.2		
2007	99.9 m	3.7	1.2		
2008	128.4 m	4.6	1.2		
2009	183.4 m	6.1	1.2		



OPTION 1C—FLAT PLANNED YIELD OF 1.2
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

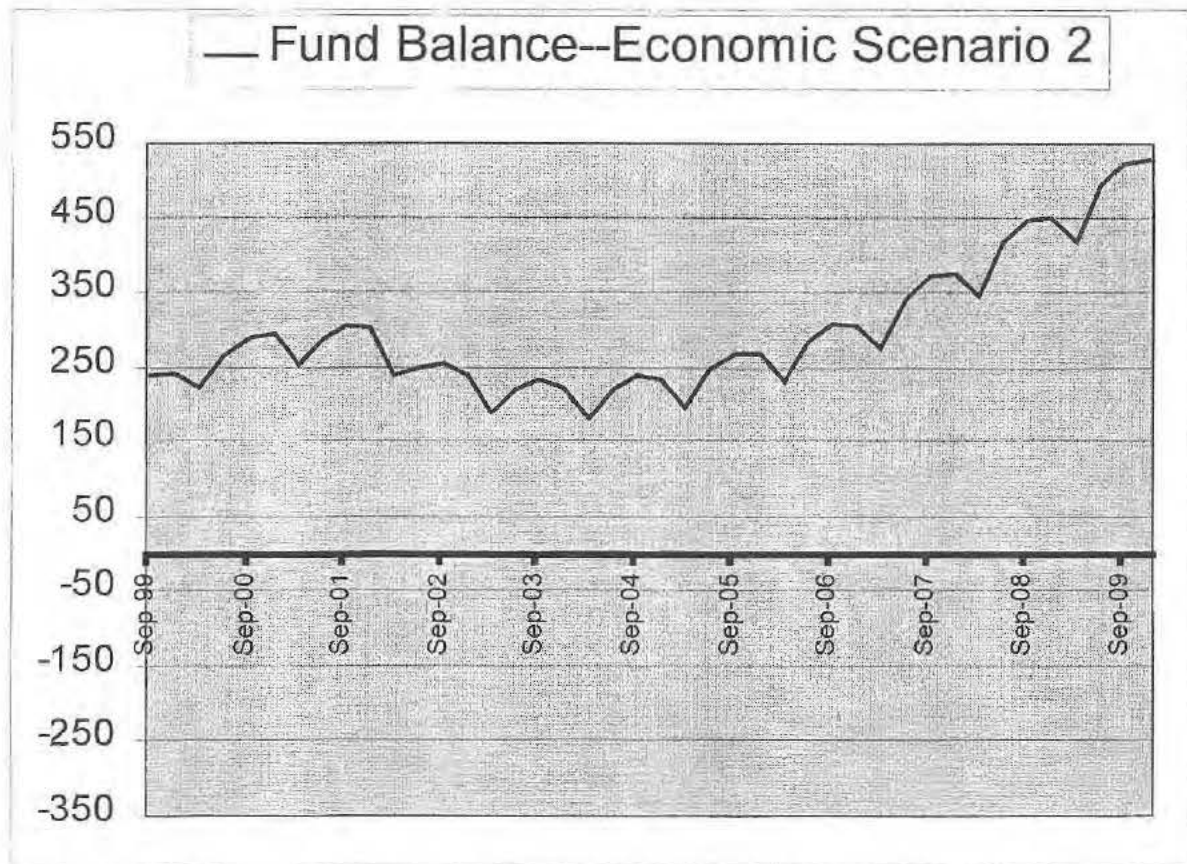
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	1.2	164.9	153.1	17.6	301.2	
2002	1.2	221.3	143.3	16.2	239.4	
2003	1.2	300.7	144.7	9.9	93.3	
2004	1.2	186.8	157.6	4.5	68.6	
2005	1.2	171.4	170.0	3.7	70.9	
2006	1.2	178.9	173.1	3.9	69.0	
2007	1.2	160.9	181.4	4.6	94.1	
2008	1.2	167.7	189.4	6.0	121.8	
2009	1.2	146.5	198.1	8.7	182.1	

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 3.0 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.2

OPTION 1C—FLAT PLANNED YIELD OF 1.2
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	305.1 m	16.0	1.2		
2002	255.1 m	13.0	1.2		
2003	232.2 m	11.4	1.2		
2004	237.4 m	11.0	1.2		
2005	268.6 m	11.9	1.2		
2006	306.9 m	13.0	1.2		
2007	370.7 m	15.0	1.2		
2008	445.1 m	17.3	1.2		
2009	524.5 m	19.4	1.2		



OPTION 1C—FLAT PLANNED YIELD OF 1.2
Economic Scenario 2—Light to Moderate Recession in 2002—2003

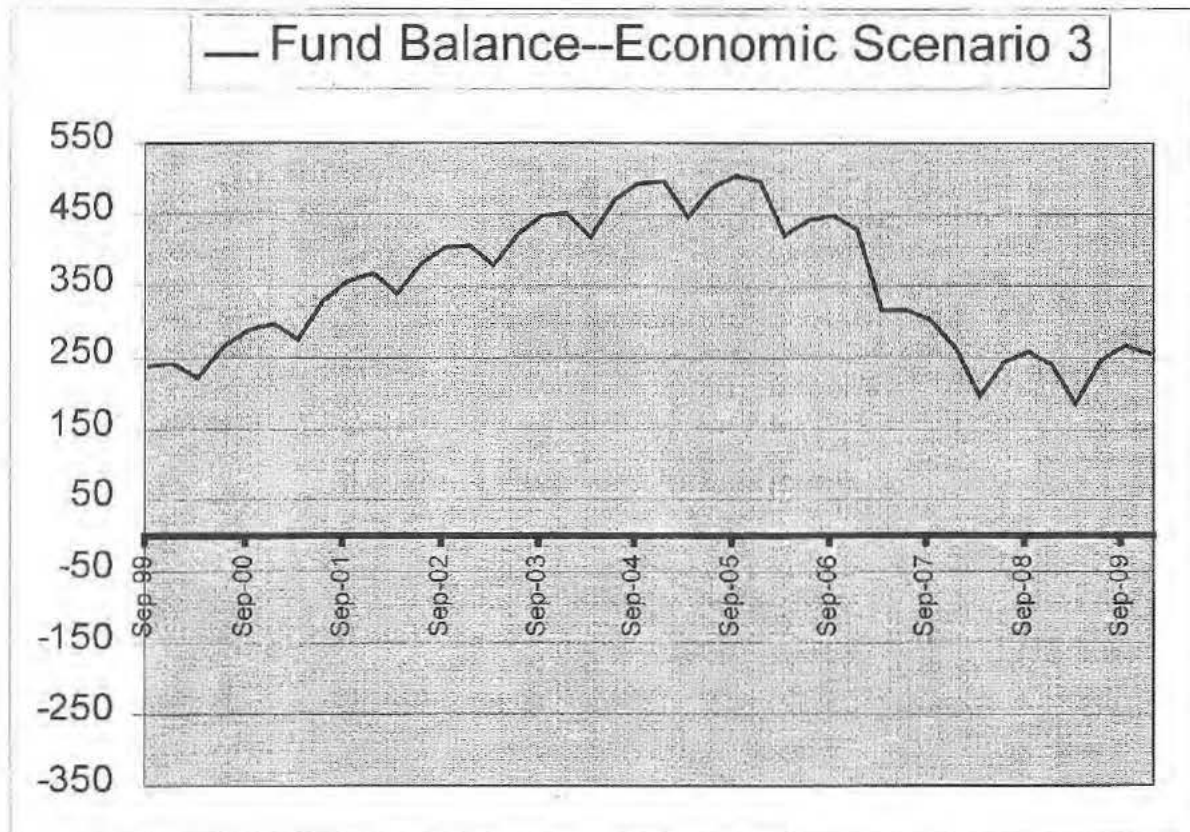
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.2	164.9	153.1	17.6	301.2		
2002	1.2	221.1	142.4	16.2	238.7		
2003	1.2	179.0	149.8	13.6	223.1		
2004	1.2	164.3	159.8	13.4	232.0		
2005	1.2	147.6	168.4	14.5	267.3		
2006	1.2	154.0	175.0	16.9	305.2		
2007	1.2	134.6	183.8	20.1	374.5		
2008	1.2	140.5	190.5	24.3	448.8		
2009	1.2	146.6	197.0	29.0	528.2		

Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of 11.0 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.2

OPTION 1C—FLAT PLANNED YIELD OF 1.2
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	356.1 m	18.6	1.2		
2002	403.2 m	20.2	1.2		
2003	446.1 m	22.6	1.2		
2004	492.7 m	25.4	1.2		
2005	501.9 m	24.7	1.2		
2006	447.0 m	21.4	1.2		
2007	300.8 m	12.5	1.2		
2008	256.7 m	9.4	1.2		
2009	265.8 m	9.1	1.2		



OPTION 1C—FLAT PLANNED YIELD OF 1.2
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

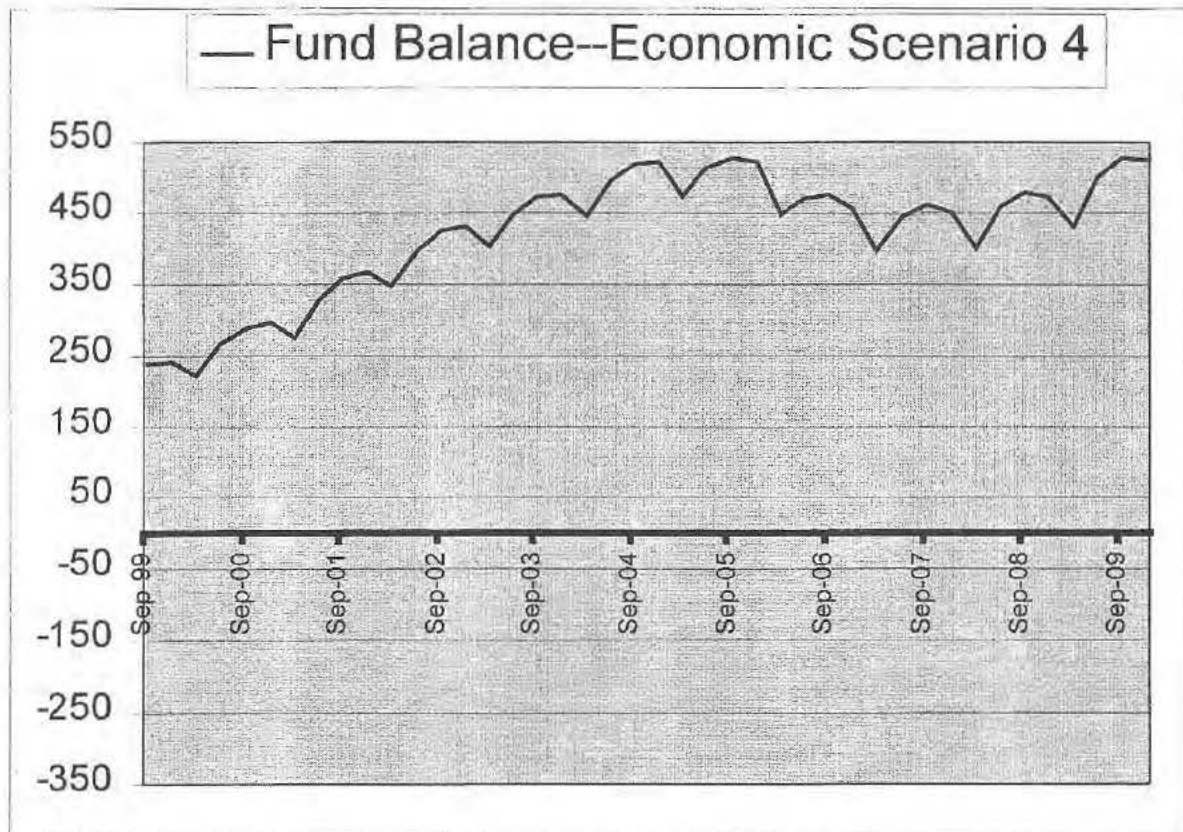
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	1.2	104.5	154.8	19.4	365.1	
2002	1.2	130.0	147.8	23.0	405.9	
2003	1.2	135.6	153.1	25.4	448.8	
2004	1.2	141.6	160.4	28.0	495.6	
2005	1.2	195.0	164.0	29.6	494.2	
2006	1.2	262.4	168.0	27.6	427.4	
2007	1.2	356.6	170.0	20.9	261.7	
2008	1.2	221.4	186.5	14.9	241.7	
2009	1.2	203.2	202.2	14.6	255.3	

Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of 9.1 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.2

OPTION 1C—FLAT PLANNED YIELD OF 1.2
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	357.1 m	18.6	1.2		
2002	423.3 m	21.1	1.2		
2003	471.5 m	23.8	1.2		
2004	518.5 m	26.6	1.2		
2005	529.1 m	26.2	1.2		
2006	475.3 m	22.7	1.2		
2007	459.5 m	19.0	1.2		
2008	478.9 m	18.8	1.2		
2009	527.5 m	19.8	1.2		



OPTION 1C—FLAT PLANNED YIELD OF 1.2
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.4	137.4	15.8	295.5		
2001	1.2	104.5	155.9	19.4	366.3		
2002	1.2	108.8	149.6	23.6	430.7		
2003	1.2	135.7	152.5	26.9	474.4		
2004	1.2	141.6	159.3	29.6	521.7		
2005	1.2	195.0	163.9	31.2	521.8		
2006	1.2	262.2	167.0	29.4	456.0		
2007	1.2	212.4	178.3	26.9	448.8		
2008	1.2	194.7	191.1	27.4	472.6		
2009	1.2	175.0	198.7	29.8	526.1		

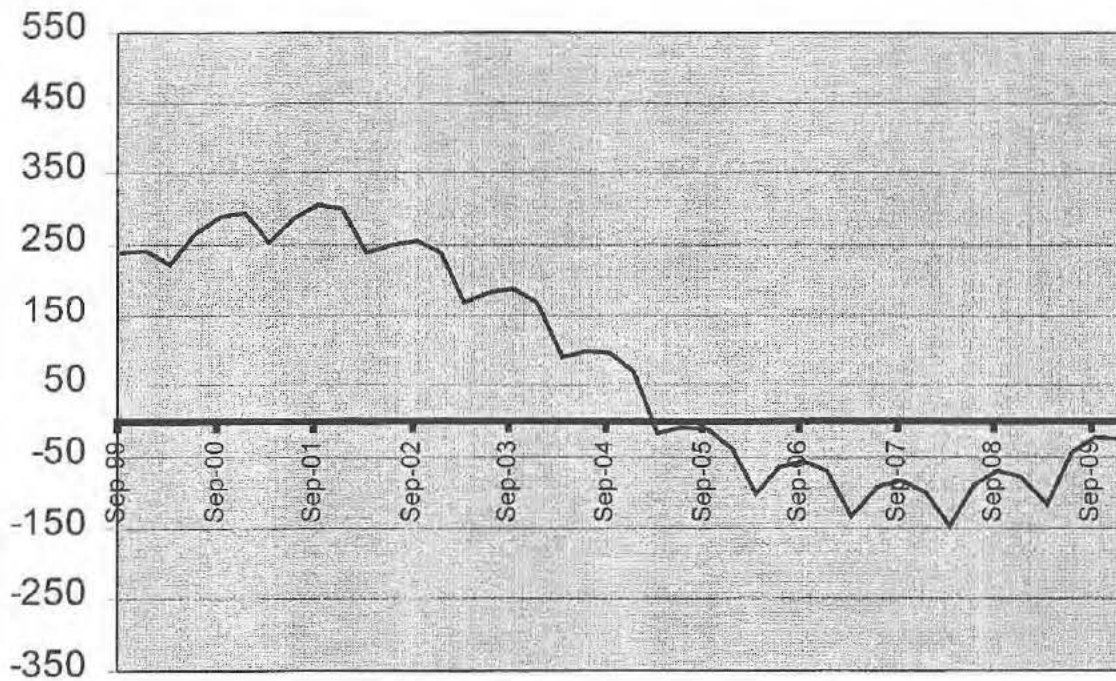
Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of 18.8 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.2

OPTION 1C—FLAT PLANNED YIELD OF 1.2
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	305.1 m	16.0	1.2		
2002	255.8 m	13.0	1.2		
2003	188.3 m	9.2	1.2		
2004	96.5 m	4.6	1.2		
2005	(10.4) m	(0.5)	1.2	Interest Bearing	39.5
2006	(54.5) m	(2.3)	1.2	Interest Bearing	102.0
2007	(83.1) m	(3.2)	1.2	Interest Bearing	134.8
2008	(69.6) m	(2.6)	1.2	Interest Bearing	147.6
2009	(20.9) m	(0.7)	1.2	Interest Bearing	116.0

— Fund Balance--Economic Scenario 5



OPTION 1C—FLAT PLANNED YIELD OF 1.2
Economic Scenario 5—Back to Back Recessions in 2002—2005

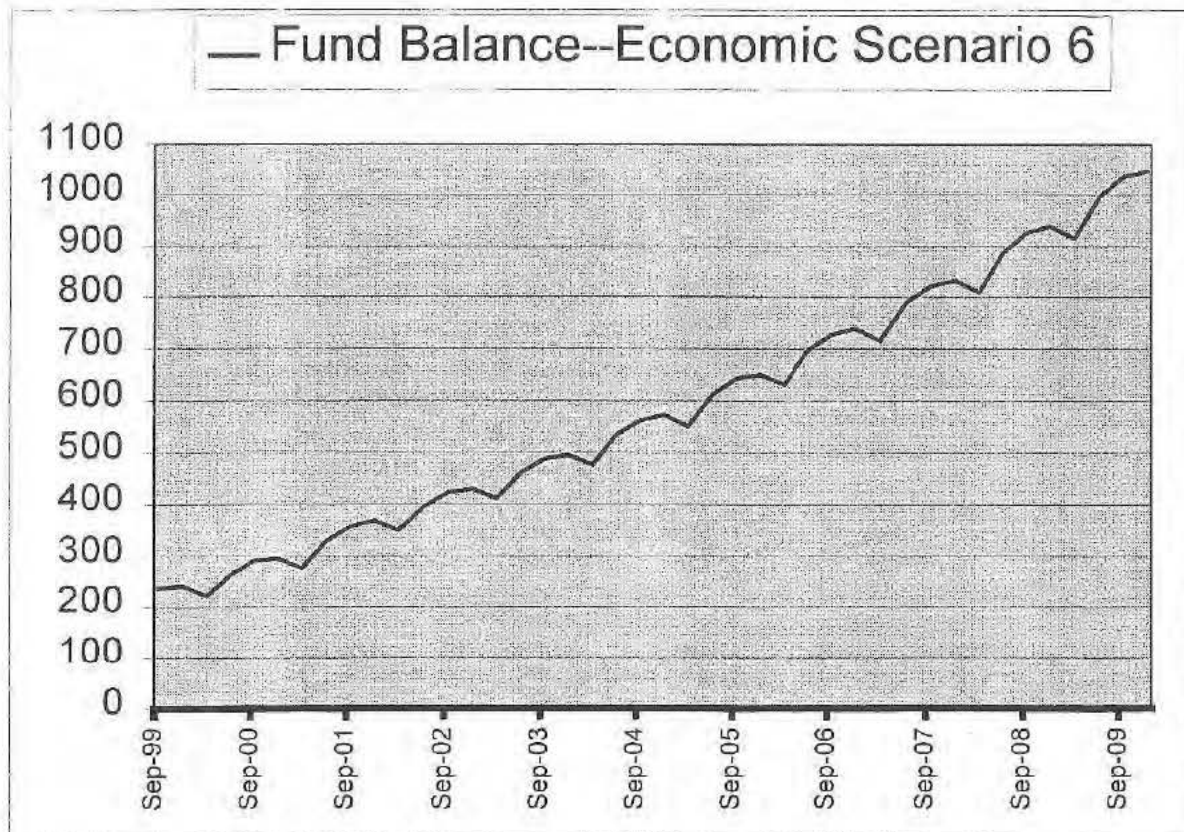
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.2	164.9	153.1	17.6	301.2		
2002	1.2	221.2	143.3	16.2	239.5		
2003	1.2	229.4	147.6	12.1	169.8		
2004	1.2	261.3	155.2	7.1	70.8		
2005	1.2	272.4	161.1	1.0	(39.5)	IB	39.5
2006	1.2	203.5	172.5	0.0	(70.5)	IB	102.0
2007	1.2	212.4	182.4	0.0	(100.5)	IB	134.8
2008	1.2	167.7	190.2	0.0	(78.0)	IB	147.6
2009	1.2	146.5	199.8	0.0	(24.7)	IB	116.0

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of -3.2 months at lowest point
Loans	Poor	5+ years of interest bearing loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.2

OPTION 1C—FLAT PLANNED YIELD OF 1.2
Economic Scenario 6—No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	357.1 m	18.6	1.2		
2002	423.1 m	21.1	1.2		
2003	489.8 m	24.7	1.2		
2004	563.2 m	27.2	1.2		
2005	643.1 m	29.9	1.2		
2006	729.1 m	32.5	1.2		
2007	823.0 m	35.2	1.2		
2008	925.1 m	37.8	1.2		
2009	1034.9 m	40.6	1.2		



OPTION 1C—FLAT PLANNED YIELD OF 1.2
Economic Scenario 6--No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.2	104.5	155.9	19.4	366.2		
2002	1.2	108.8	149.5	23.6	430.5		
2003	1.2	113.5	152.9	27.6	497.5		
2004	1.2	118.6	160.9	31.8	571.6		
2005	1.2	123.6	167.8	36.4	652.2		
2006	1.2	129.0	173.9	41.5	738.6		
2007	1.2	134.6	182.4	47.0	833.4		
2008	1.2	140.5	190.3	52.9	936.1		
2009	1.2	146.6	197.6	59.5	1046.6		

Evaluation of Fund Capping Mechanism

- Option 1C does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow substantially.

OPTION 1D--FLAT PLANNED YIELD OF 1.15
Performance Evaluation for 2001-2009

- Option 1D has a flat planned yield of 1.15%.
- Option 1D does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow.

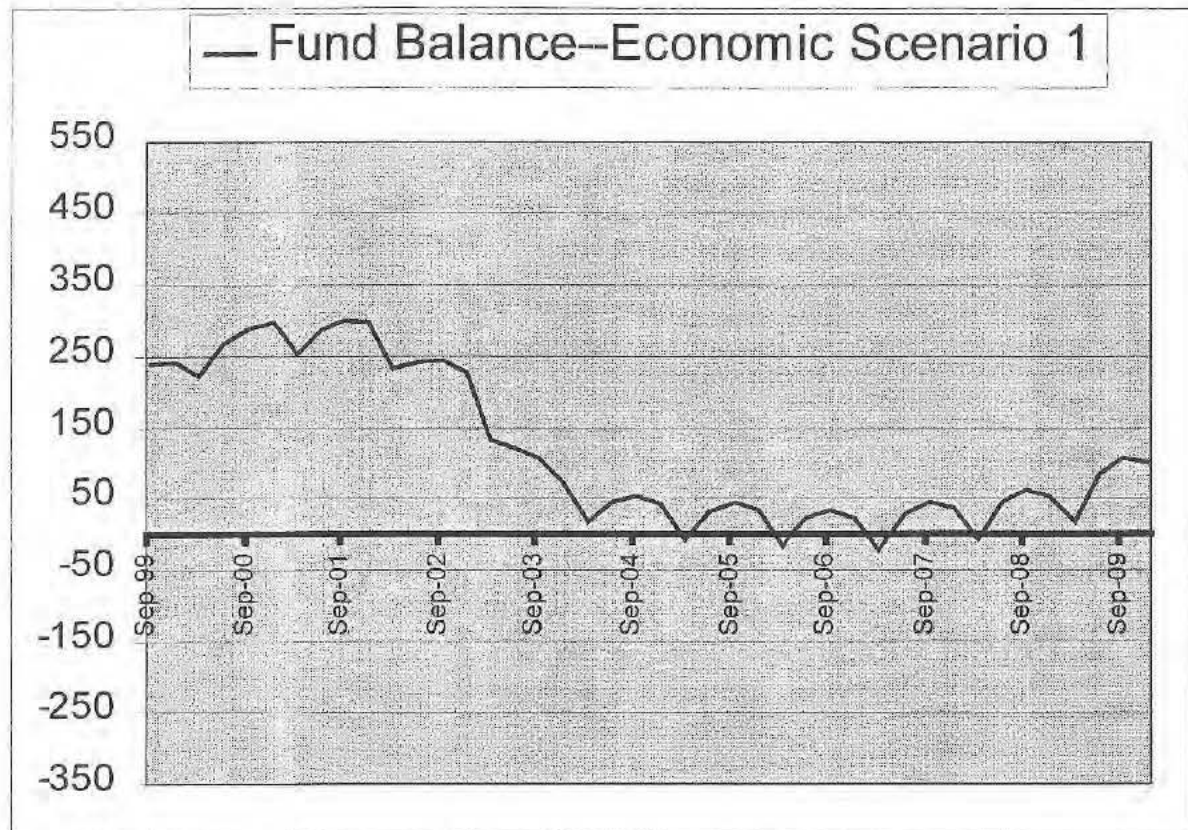
SUMMARY OF THE PERFORMANCE OF OPTION 1D

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Poor	Fair	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Excellent	Excellent	Excellent	Excellent	Excellent

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	15.7	16.6	24.0	25.3	15.7	37.4
Min. 9/30 Fund Balance (mo.)	1.3	9.8	6.4	16.2	- 5.2	18.4
Max. 9/30 Fund Balance (\$\$)	300.5 m	447.4 m	466.7 m	493.9 m	300.5 m	955.7
Min. 9/30 Fund Balance (\$\$)	35.3 m	211.8 m	187.4 m	352.2 m	- 131.3 m	352.2
Years of Interest Bearing Debt	0	0	0	0	5+	0
Max. Interest Bearing Debt (\$\$)	0	0	0	0	197.3 m	0
Years of Cash Flow Debt	4	0	0	0	0	0
Maximum Cash Flow Debt (\$\$)	21.3	0	0	0	0	0
Maximum Planned Yield	1.15	1.15	1.15	1.15	1.15	1.15
Minimum Planned Yield	1.15	1.15	1.15	1.15	1.15	1.15
% Increase in Planned Yield	0 %	0 %	0 %	0 %	0 %	N/A
Maximum Planned Yield during Recession	1.15	1.15	1.15	1.15	1.15	N/A
Maximum Planned Yield during Recovery	1.15	1.15	1.15	1.15	1.15	N/A

OPTION 1D—FLAT PLANNED YIELD OF 1.15
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	300.5 m	15.7	1.15		
2002	244.5 m	12.4	1.15		
2003	107.6 m	5.3	1.15		
2004	55.2 m	2.4	1.15		
2005	44.7 m	1.8	1.15	Cash Flow	7.6
2006	35.3 m	1.3	1.15	Cash Flow	16.7
2007	45.6 m	1.7	1.15	Cash Flow	21.3
2008	63.3 m	2.3	1.15	Cash Flow	8.4
2009	105.6 m	3.6	1.15		



OPTION 1D—FLAT PLANNED YIELD OF 1.15
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

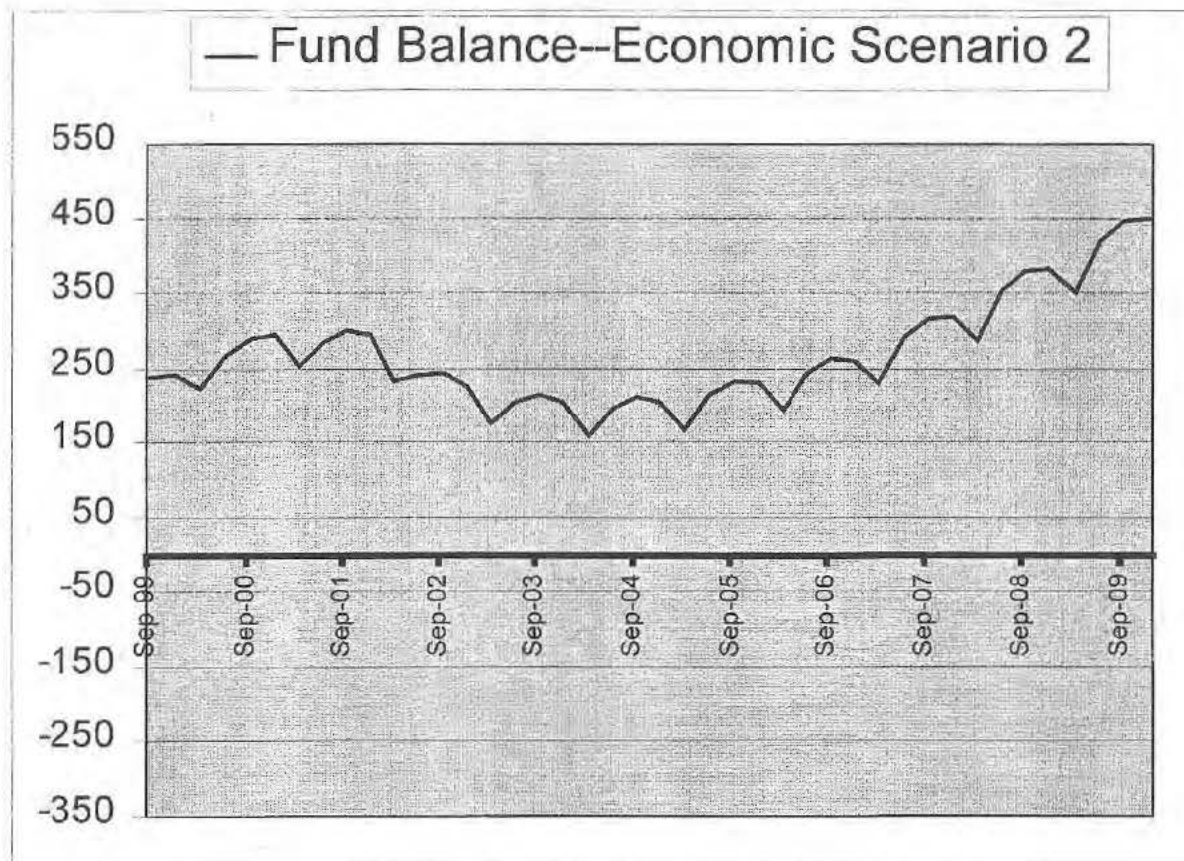
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.10	99.5	137.4	15.8	295.4		
2001	1.15	164.9	147.4	17.5	295.4		
2002	1.15	221.3	137.3	15.7	227.1		
2003	1.15	300.7	138.7	9.1	74.2		
2004	1.15	186.8	151.0	3.3	41.7		
2005	1.15	171.4	162.7	1.8	34.8	CF	7.6
2006	1.15	178.9	166.1	1.5	23.5	CF	16.7
2007	1.15	160.9	173.8	1.6	38.0	CF	21.3
2008	1.15	167.7	181.9	2.5	54.7	CF	8.4
2009	1.15	146.5	189.8	4.1	102.1		

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 1.3 months at lowest point
Loans	Excellent	4 years of cash flow loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.15

OPTION 1D—FLAT PLANNED YIELD OF 1.15
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	300.5 m	15.7	1.15		
2002	243.9 m	12.4	1.15		
2003	213.8 m	10.4	1.15		
2004	211.8 m	9.8	1.15		
2005	234.2 m	10.4	1.15		
2006	263.3 m	11.2	1.15		
2007	316.6 m	12.8	1.15		
2008	380.1 m	14.8	1.15		
2009	447.4 m	16.6	1.15		



OPTION 1D—FLAT PLANNED YIELD OF 1.15
Economic Scenario 2—Light to Moderate Recession in 2002—2003

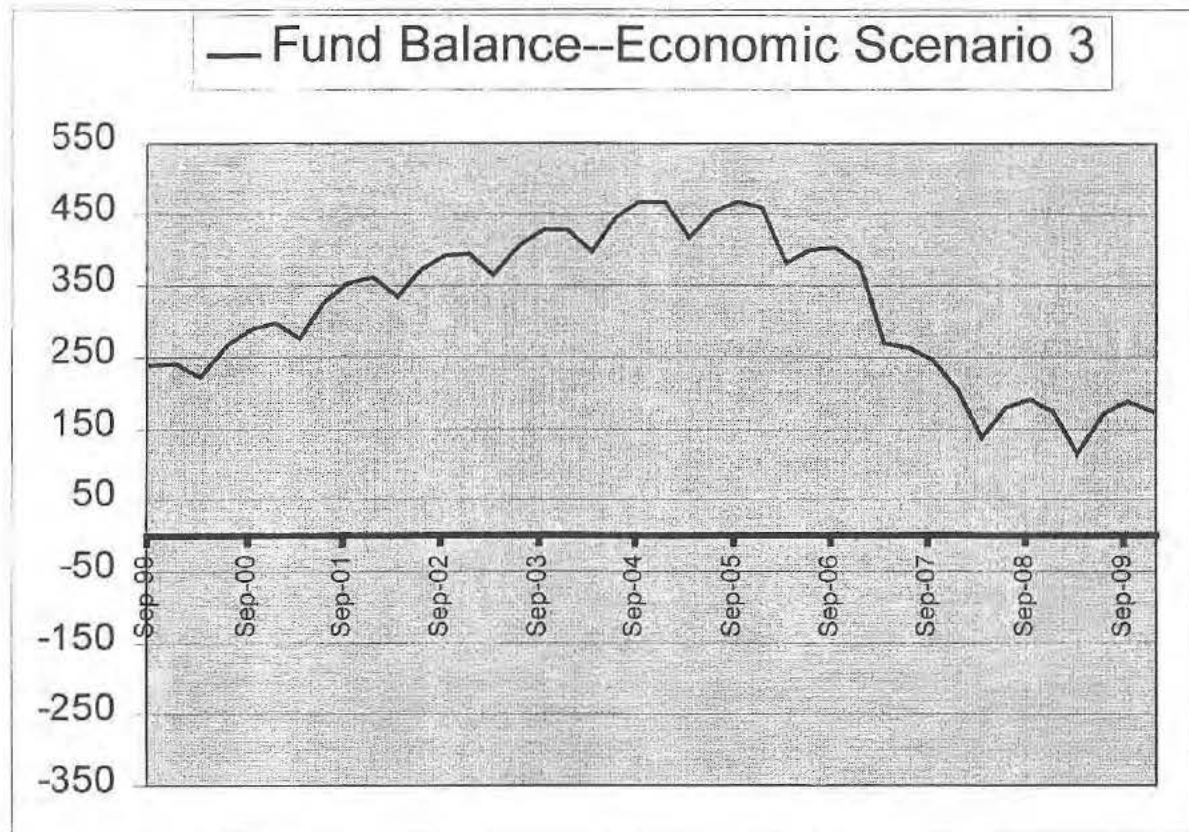
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.10	99.5	137.4	15.8	295.4		
2001	1.15	164.9	147.4	17.5	295.4		
2002	1.15	221.1	136.5	15.6	226.4		
2003	1.15	179.0	143.4	12.7	203.5		
2004	1.15	164.3	153.7	12.1	205.0		
2005	1.15	147.6	161.5	12.7	231.6		
2006	1.15	154.0	168.0	14.4	260.0		
2007	1.15	134.6	176.1	17.1	318.6		
2008	1.15	140.5	182.9	20.8	381.8		
2009	1.15	146.6	189.2	24.7	449.1		

Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of 9.8 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.15

OPTION 1D—FLAT PLANNED YIELD OF 1.15
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	351.4 m	18.4	1.15		
2002	391.7 m	19.6	1.15		
2003	427.1 m	21.7	1.15		
2004	466.1 m	24.0	1.15		
2005	466.7 m	23.0	1.15		
2006	402.4 m	19.3	1.15		
2007	246.0 m	10.2	1.15		
2008	190.5 m	7.0	1.15		
2009	187.4 m	6.4	1.15		



OPTION 1D—FLAT PLANNED YIELD OF 1.15
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

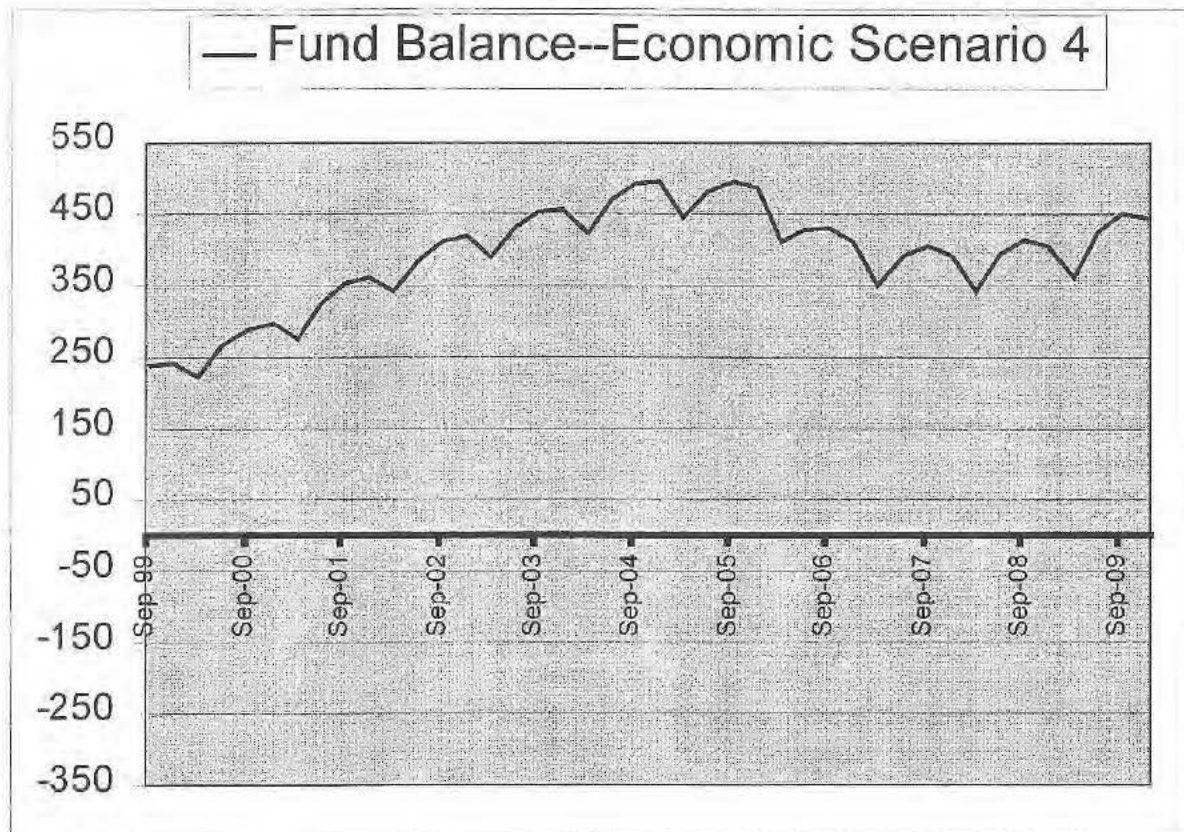
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.10	99.5	137.4	15.8	295.4	
2001	1.15	104.5	149.2	19.2	359.3	
2002	1.15	130.0	141.6	22.4	393.3	
2003	1.15	135.6	146.6	24.4	428.7	
2004	1.15	141.6	154.0	26.6	467.7	
2005	1.15	195.0	157.1	27.7	457.5	
2006	1.15	262.4	160.9	25.2	381.2	
2007	1.15	356.6	162.8	17.8	205.2	
2008	1.15	221.4	178.6	11.1	173.5	
2009	1.15	203.2	194.1	10.2	174.6	

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of 6.4 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.15

OPTION 1D—FLAT PLANNED YIELD OF 1.15
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	352.2 m	18.4	1.15		
2002	411.6 m	20.5	1.15		
2003	452.4 m	22.9	1.15		
2004	492.0 m	25.3	1.15		
2005	493.9 m	24.5	1.15		
2006	430.7 m	20.6	1.15		
2007	404.5 m	16.7	1.15		
2008	412.5 m	16.2	1.15		
2009	449.0 m	16.8	1.15		



OPTION 1D—FLAT PLANNED YIELD OF 1.15
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.10	99.4	137.4	15.8	295.5	
2001	1.15	104.5	150.1	19.2	360.3	
2002	1.15	108.8	143.4	23.1	418.0	
2003	1.15	135.7	146.0	25.9	454.2	
2004	1.15	141.6	153.0	28.2	493.8	
2005	1.15	195.0	157.0	29.4	485.2	
2006	1.15	262.2	159.8	26.9	409.7	
2007	1.15	212.4	170.9	23.9	392.1	
2008	1.15	194.7	183.0	23.8	404.2	
2009	1.15	175.0	190.9	25.4	445.5	

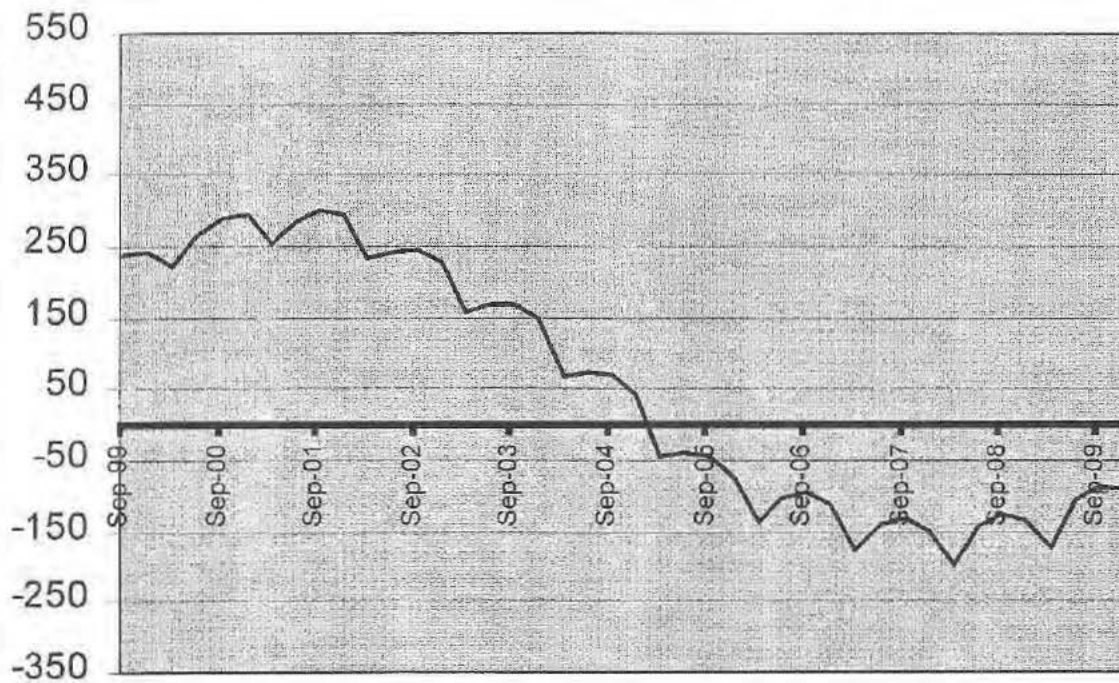
Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of 16.2 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Flat planned yield of 1.15

OPTION 1D—FLAT PLANNED YIELD OF 1.15
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	300.5 m	15.7	1.15		
2002	244.1 m	12.4	1.15		
2003	169.9 m	8.3	1.15		
2004	70.5 m	3.2	1.15		
2005	(44.0) m	(2.0)	1.15	Interest Bearing	73.9
2006	(95.1) m	(4.0)	1.15	Interest Bearing	136.8
2007	(131.3) m	(5.2)	1.15	Interest Bearing	177.0
2008	(125.9) m	(4.7)	1.15	Interest Bearing	197.3
2009	(85.5) m	(3.0)	1.15	Interest Bearing	173.9

— Fund Balance—Economic Scenario 5



OPTION 1D—FLAT PLANNED YIELD OF 1.15
Economic Scenario 5—Back to Back Recessions in 2002—2005

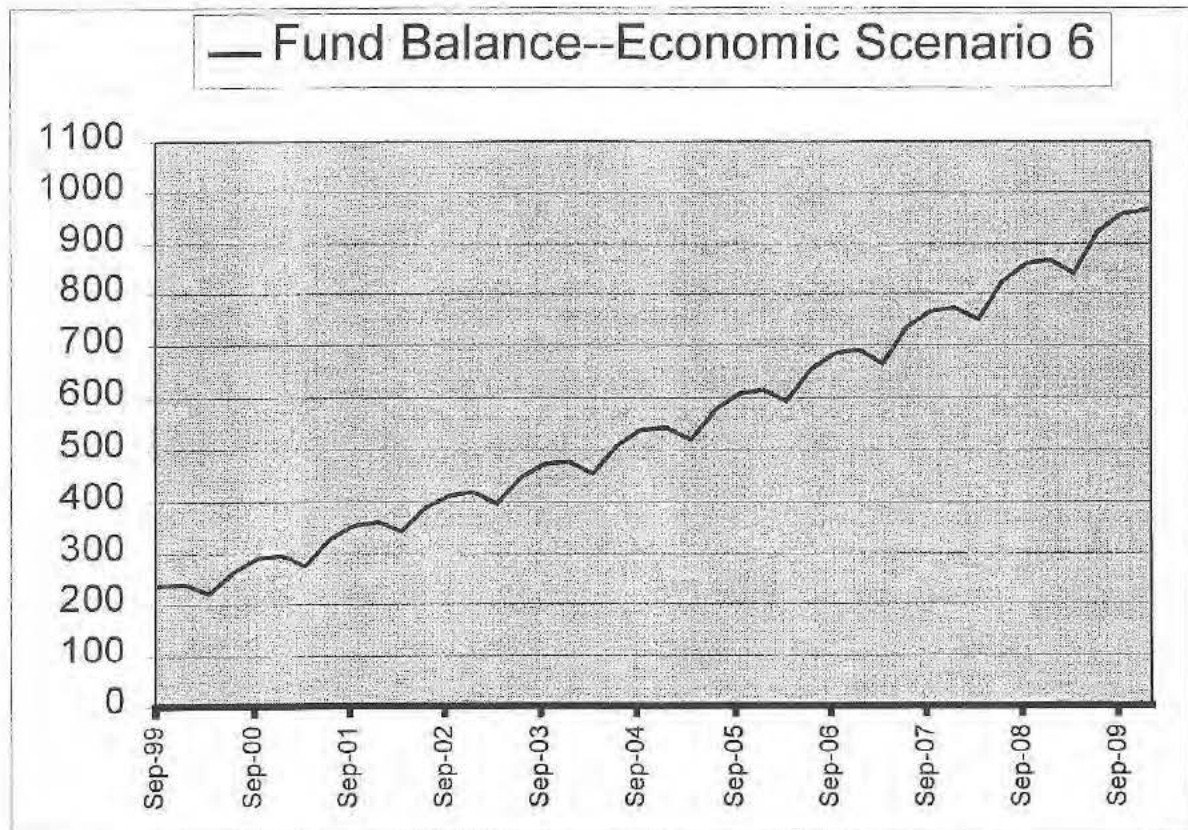
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.10	99.5	137.4	15.8	295.4		
2001	1.15	164.9	147.4	17.5	295.4		
2002	1.15	221.2	136.8	15.6	226.6		
2003	1.15	229.4	141.9	11.1	150.2		
2004	1.15	261.3	148.8	5.7	43.4		
2005	1.15	272.4	154.5	0.6	(73.9)	IB	73.9
2006	1.15	203.5	165.3	0.0	(112.1)	IB	136.8
2007	1.15	212.4	174.8	0.0	(149.7)	IB	177.0
2008	1.15	167.7	182.1	0.0	(135.3)	IB	197.3
2009	1.15	146.5	191.5	0.0	(90.3)	IB	173.9

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of -5.2 months at lowest point
Loans	Poor	5+ years of interest bearing loans Debt expected to extend through 2011
Variance in Planned Yield	Excellent	Flat planned yield of 1.15

OPTION 1D—FLAT PLANNED YIELD OF 1.15
Economic Scenario 6--No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	352.2 m	18.4	1.15		
2002	411.4 m	20.5	1.15		
2003	470.7 m	23.8	1.15		
2004	536.5 m	26.0	1.15		
2005	607.7 m	28.2	1.15		
2006	684.2 m	30.5	1.15		
2007	767.8 m	32.8	1.15		
2008	858.6 m	35.2	1.15		
2009	955.7 m	37.4	1.15		



OPTION 1D—FLAT PLANNED YIELD OF 1.15
Economic Scenario 6—No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.10	99.5	137.4	15.8	295.4		
2001	1.15	104.5	150.1	19.2	360.2		
2002	1.15	108.8	143.2	23.1	417.7		
2003	1.15	113.5	146.4	26.6	477.2		
2004	1.15	118.6	154.6	30.4	543.6		
2005	1.15	123.6	160.7	34.6	615.3		
2006	1.15	129.0	166.8	39.1	692.2		
2007	1.15	134.6	174.9	43.8	776.3		
2008	1.15	140.5	182.7	49.1	867.6		
2009	1.15	146.6	189.2	54.9	965.1		

Evaluation of Fund Capping Mechanism

- Option 1D does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow.

OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Performance Evaluation for 2001-2009

- Option 2A has a variable planned yield that is determined by the balance in the Unemployment Compensation Fund. The planned yield in effect for a year is based on the fund balance on September 30th of the prior year.

Fund Balance on 9/30	Planned Yield
> 18 months	0.5%
15-18 months	0.7%
12-15 months	0.9%
9-12 months	1.1%
6- 9 months	1.3%
< 6 months	1.5%

- Option 2A caps the balance in the Unemployment Compensation Fund between 14.5 and 15.0 months of benefits

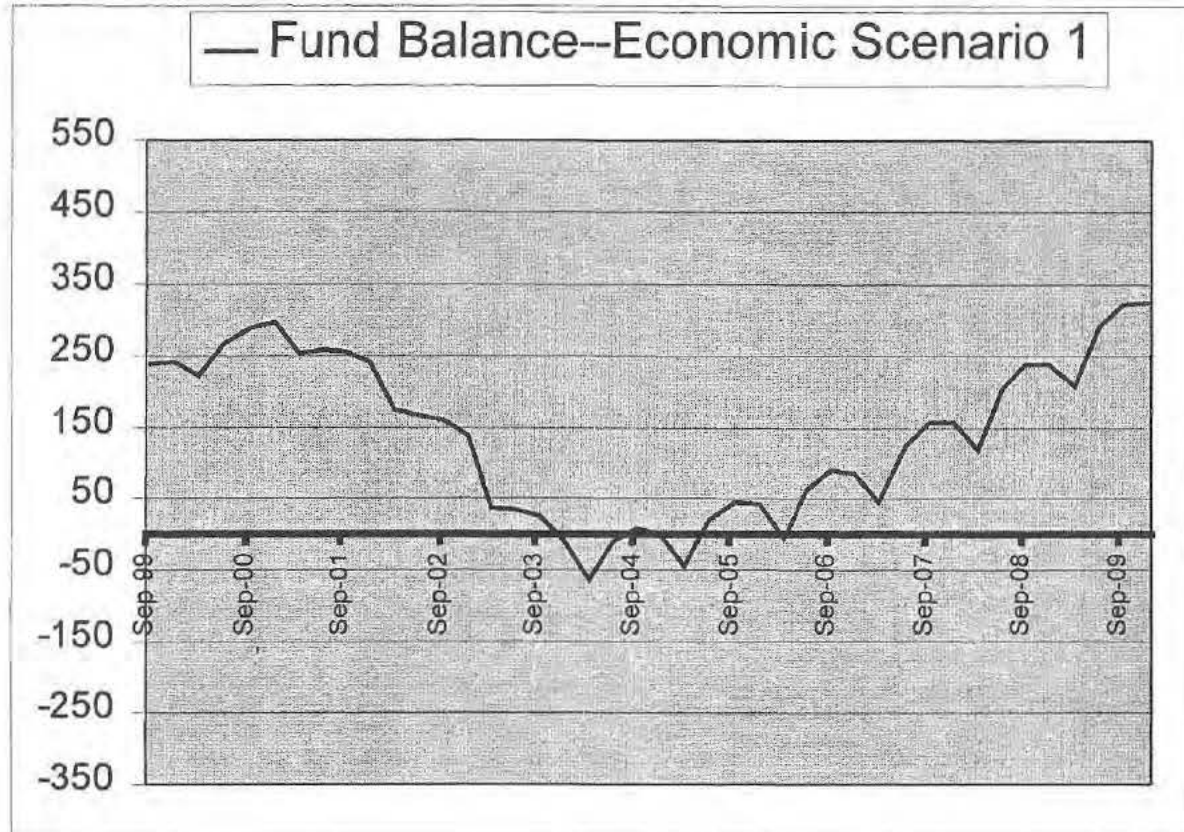
SUMMARY OF THE PERFORMANCE OF OPTION 2A

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Good	Good	Good
Loans	Good	Excellent	Fair	Excellent	Fair
Variance in Planned Yield	Poor	Poor	Poor	Poor	Poor

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	13.3	13.6	16.0	16.0	13.3	16.0
Min. 9/30 Fund Balance (mo.)	0.4	6.5	- 1.6	4.2	- 2.0	14.2
Max. 9/30 Fund Balance (\$\$)	322.3 m	363.6 m	306.5 m	307.0 m	255.9 m	368.2
Min. 9/30 Fund Balance (\$\$)	9.0 m	131.7 m	- 41.8 m	102.7 m	- 46.5 m	293.9
Years of Interest Bearing Debt	1	0	3	0	3	0
Max. Interest Bearing Debt (\$\$)	7.3 m	0	133.9 m	0	128.5 m	0
Years of Cash Flow Debt	3	0	0	0	3	0
Maximum Cash Flow Debt (\$\$)	63.9 m	0	0	0	84.2 m	0
Maximum Planned Yield	1.5	1.3	1.5	1.5	1.5	0.9
Minimum Planned Yield	0.7	0.7	0.7	0.7	0.7	0.7
% Increase in Planned Yield	114 %	86 %	114 %	114 %	114 %	N/A
Maximum Planned Yield during Recession	1.3	1.3	1.3	1.3	1.5	N/A
Maximum Planned Yield during Recovery	1.5	1.3	1.5	1.5	1.5	N/A

OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	255.9 m	13.3	0.7		
2002	159.8 m	8.0	0.9		
2003	25.0 m	1.2	1.3	Interest Bearing	7.3
2004	9.0 m	0.4	1.5	Cash Flow	63.9
2005	46.5 m	1.9	1.5	Cash Flow	44.5
2006	89.1 m	3.5	1.5	Cash Flow	3.5
2007	156.3 m	5.8	1.5		
2008	237.0 m	8.4	1.5		
2009	322.3 m	10.8	1.3		



OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

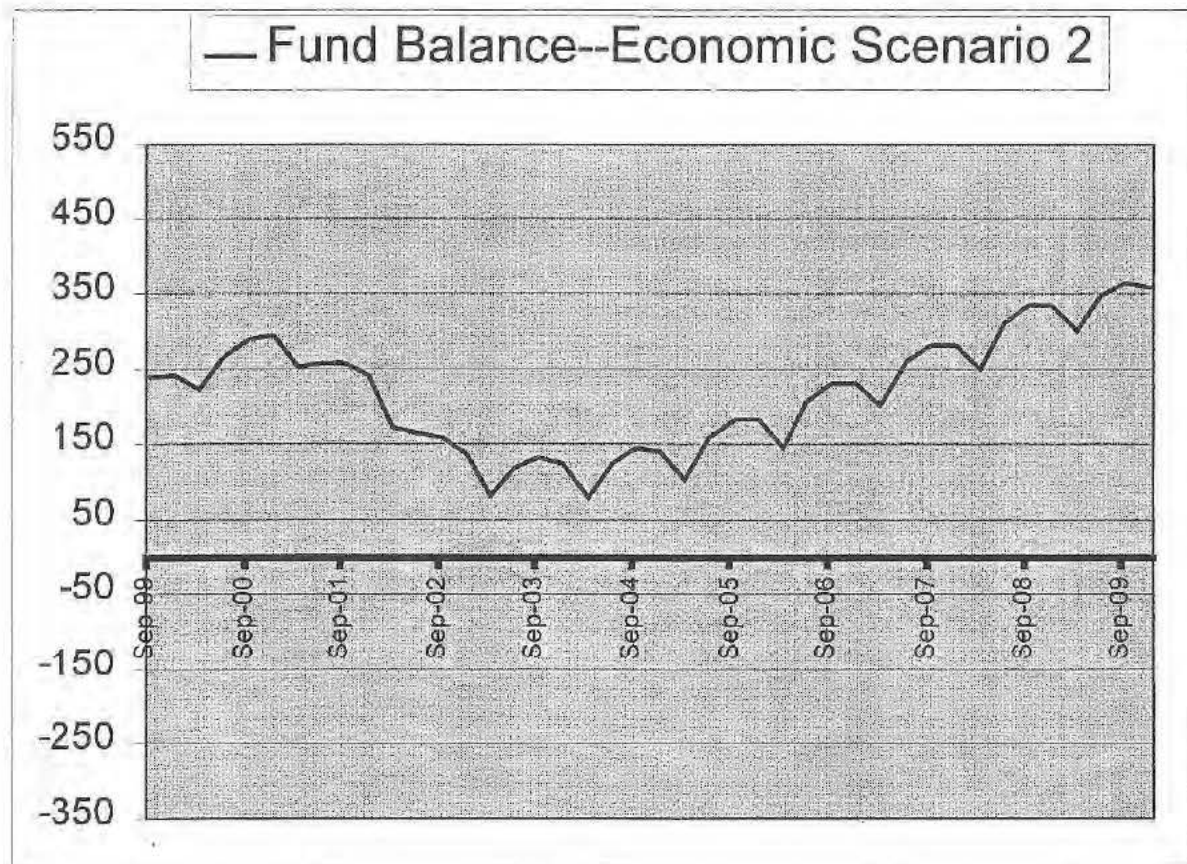
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.7	164.9	94.9	16.2	241.6		
2002	0.9	221.3	105.2	11.4	136.9		
2003	1.3	300.7	152.8	3.7	(7.3)	IB	7.3
2004	1.5	186.8	195.1	0.2	1.2	CF	63.9
2005	1.5	171.4	212.4	1.2	43.4	CF	44.5
2006	1.5	178.9	216.8	3.4	84.7	CF	3.5
2007	1.5	160.9	226.7	6.6	157.1		
2008	1.5	167.7	237.3	11.3	238.0		
2009	1.3	146.5	217.3	16.5	325.3		

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 0.4 months at lowest point
Loans	Good	1 year of interest bearing loans 3 years of cash flow loans
Variance in Planned Yield	Poor	Planned yield varies from 0.7 to 1.5 114% increase

OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.1	
2001	255.9 m	13.3	0.7	
2002	159.3 m	8.0	0.9	
2003	131.7 m	6.5	1.3	
2004	144.3 m	6.7	1.3	
2005	183.6 m	8.2	1.3	
2006	231.4 m	9.8	1.3	
2007	281.6 m	11.4	1.1	
2008	334.4 m	13.0	1.1	
2009	363.6 m	13.6	0.9	



OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Economic Scenario 2—Light to Moderate Recession in 2002—2003

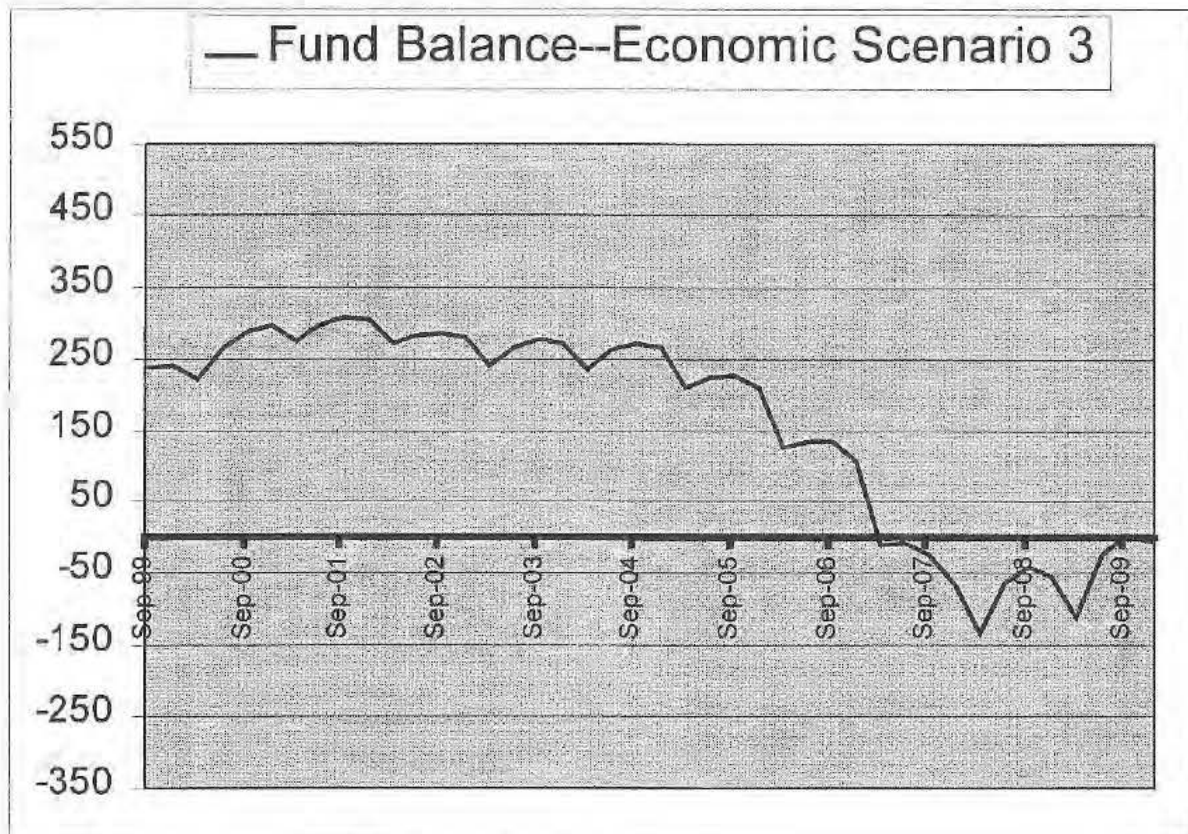
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	0.7	164.9	94.9	16.2	241.6	
2002	0.9	221.1	104.6	11.3	136.4	
2003	1.3	179.0	157.9	7.4	122.7	
2004	1.3	164.3	173.3	7.5	139.2	
2005	1.3	147.6	182.3	9.1	183.0	
2006	1.3	154.0	189.5	12.0	230.5	
2007	1.1	134.6	171.0	15.0	281.9	
2008	1.1	140.5	174.7	18.2	334.3	
2009	0.9	146.6	150.5	20.8	359.0	

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of 6.5 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Poor	Planned yield varies from 0.7 to 1.3 86% increase

OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	306.5 m	16.0	0.7		
2002	286.4 m	14.3	0.7		
2003	277.0 m	14.0	0.9		
2004	272.6 m	14.0	0.9		
2005	226.2 m	11.2	0.9		
2006	133.9 m	6.5	1.1		
2007	(22.7) m	(1.0)	1.3	Interest Bearing	64.7
2008	(41.8) m	(1.6)	1.5	Interest Bearing	133.9
2009	3.5 m	0.1	1.5	Interest Bearing	111.4



OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

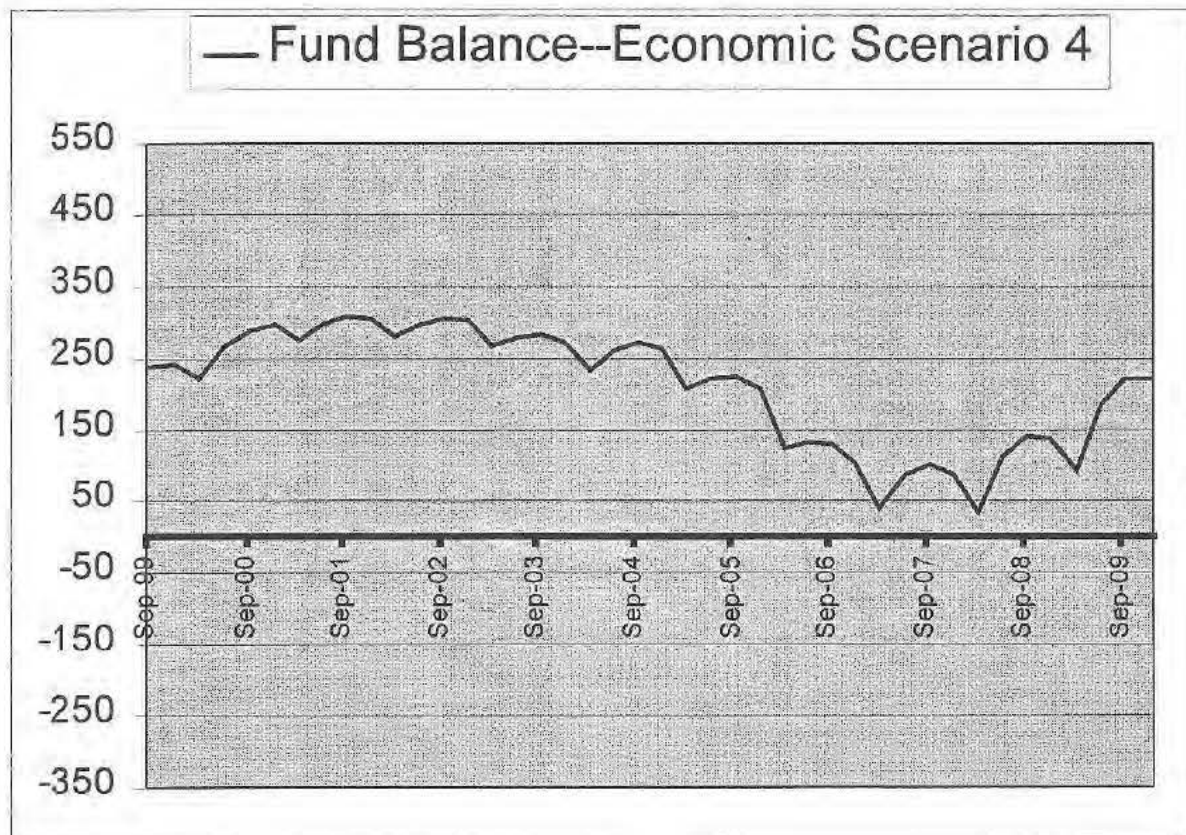
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.7	104.5	96.0	18.0	304.9		
2002	0.7	130.0	86.0	17.5	278.4		
2003	0.9	135.6	112.6	16.3	271.7		
2004	0.9	141.6	120.5	16.0	266.6		
2005	0.9	195.0	123.0	14.3	208.9		
2006	1.1	262.4	151.8	9.4	107.7		
2007	1.3	356.6	182.6	1.6	(64.7)	IB	64.7
2008	1.5	221.4	231.2	0.0	(54.9)	IB	133.9
2009	1.5	203.2	253.1	0.1	(4.9)	IB	111.4

Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of -1.6 months at lowest point
Loans	Fair	3 years of interest bearing loans
Variance in Planned Yield	Poor	Planned yield varies from 0.7 to 1.5 114% increase

OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.1	
2001	307.0 m	16.0	0.7	
2002	305.5 m	15.2	0.7	
2003	281.7 m	14.2	0.7	
2004	270.5 m	13.9	0.9	
2005	223.3 m	11.0	0.9	
2006	130.5 m	6.2	1.1	
2007	102.7 m	4.2	1.3	
2008	141.7 m	5.5	1.5	
2009	220.2 m	8.3	1.3	



OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Economic Scenario 4—Light to Moderate Recession in 2006—2007

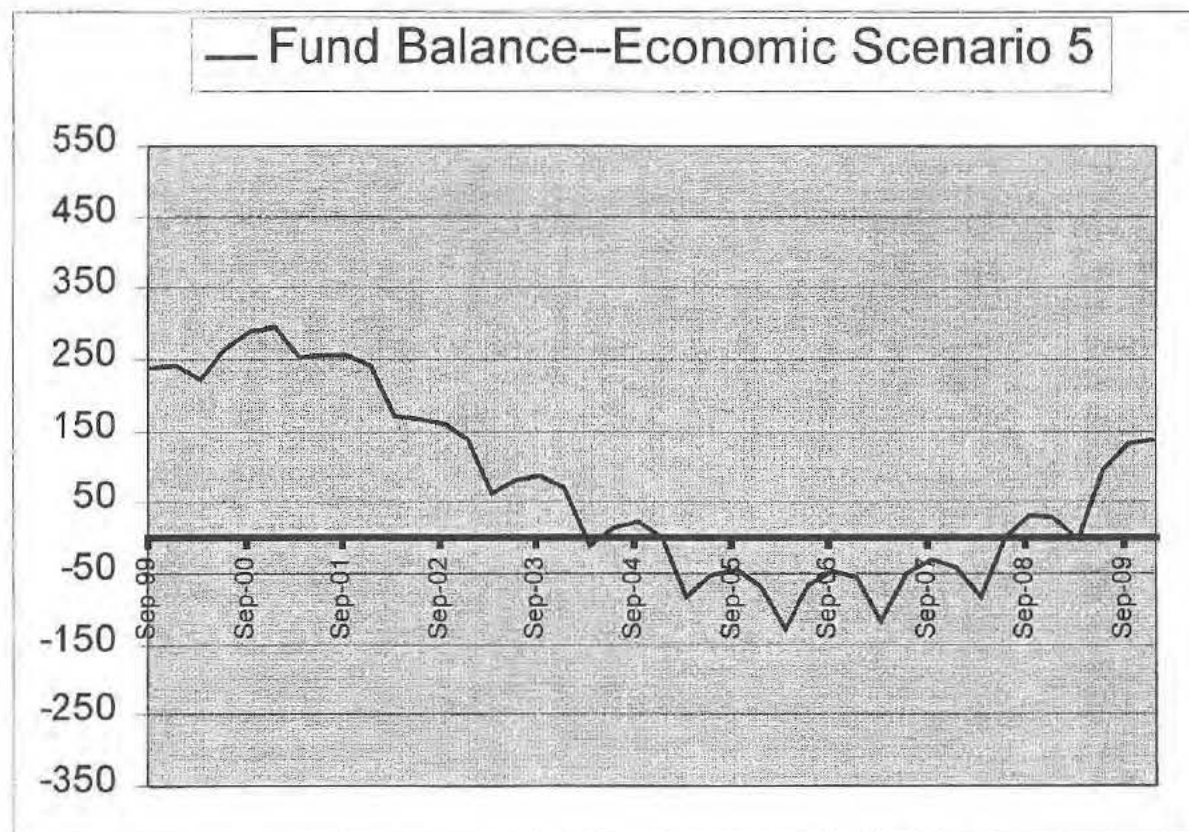
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.4	137.4	15.8	295.5		
2001	0.7	104.5	96.5	18.0	305.5		
2002	0.7	108.8	87.2	18.2	302.1		
2003	0.7	135.7	89.0	17.3	272.7		
2004	0.9	141.6	117.2	15.9	264.2		
2005	0.9	195.0	122.7	14.1	206.0		
2006	1.1	262.2	151.0	9.2	104.0		
2007	1.3	212.4	191.5	5.4	88.5		
2008	1.5	194.7	236.5	6.0	136.3		
2009	1.5	175.0	248.6	10.1	220.0		

Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of 4.2 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Poor	Planned yield varies from 0.7 to 1.5 114% increase

OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	255.9 m	13.3	0.7		
2002	159.4 m	8.0	0.9		
2003	87.6 m	4.3	1.3		
2004	23.3 m	1.1	1.5	Cash Flow	11.7
2005	(45.5) m	(2.0)	1.5	Interest Bearing	82.4
2006	(46.5) m	(1.9)	1.5	Interest Bearing	128.5
2007	(29.3) m	(1.2)	1.5	Interest Bearing	117.7
2008	31.9 m	1.2	1.5	Cash Flow	84.2
2009	133.3 m	4.8	1.5	Cash Flow	3.6



OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Economic Scenario 5—Back to Back Recessions in 2002—2005

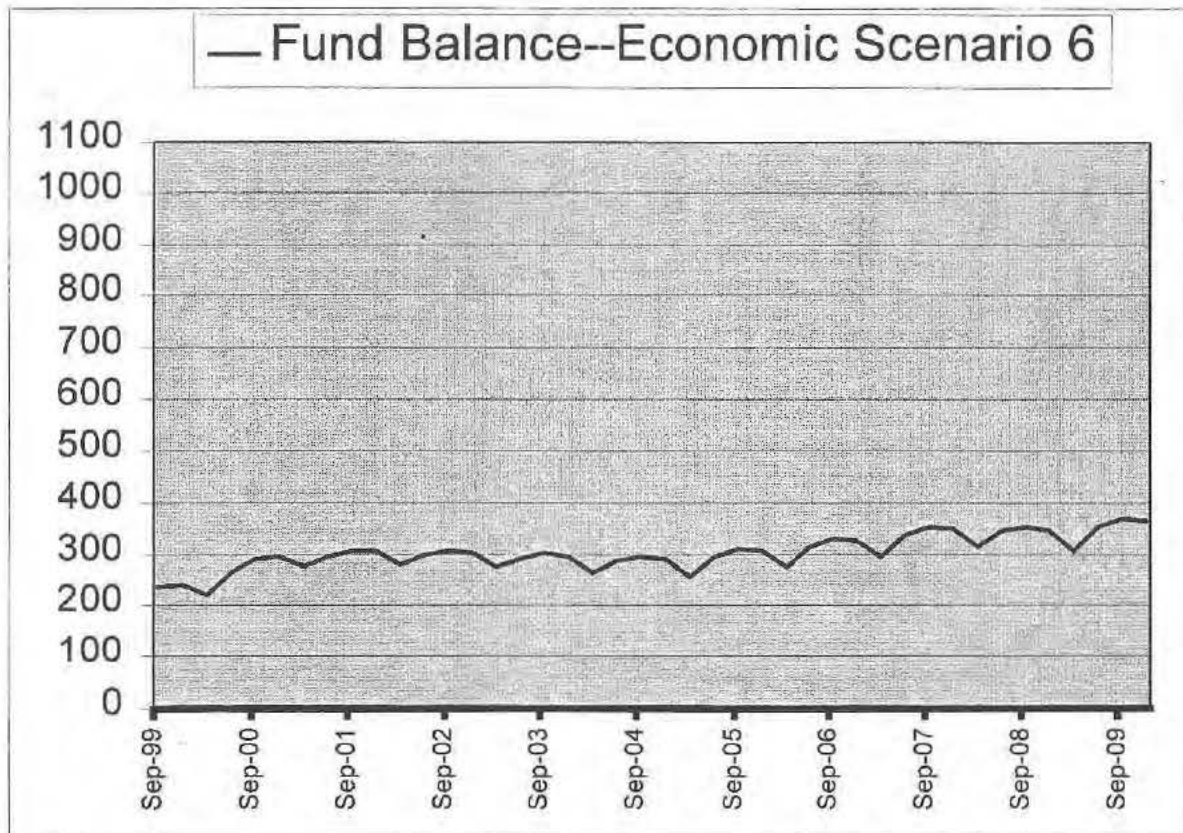
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.7	164.9	94.9	16.2	241.6		
2002	0.9	221.2	104.8	11.3	136.5		
2003	1.3	229.4	156.3	5.8	69.2		
2004	1.5	261.3	192.1	1.7	1.7	CF	11.7
2005	1.5	272.4	201.5	0.0	(69.2)	IB	82.4
2006	1.5	203.5	215.8	0.0	(56.9)	IB	128.5
2007	1.5	212.4	228.4	0.0	(40.9)	IB	117.7
2008	1.5	167.7	237.9	0.6	29.9	CF	84.2
2009	1.5	146.5	249.9	4.4	137.7	CF	3.6

Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of -2.0 months at lowest point
Loans	Fair	3 years of interest bearing loans 3 years of cash flow loans
Variance in Planned Yield	Poor	Planned yield varies from 0.7 to 1.5 114% increase

OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Economic Scenario 6—No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.1	
2001	307.0 m	16.0	0.7	
2002	305.7 m	15.2	0.7	
2003	300.4 m	15.1	0.7	
2004	293.9 m	14.2	0.7	
2005	308.1 m	14.3	0.9	
2006	329.1 m	14.6	0.9	
2007	352.1 m	15.0	0.9	
2008	351.4 m	14.4	0.7	
2009	368.2 m	14.4	0.9	



OPTION 2A—PLANNED YIELD VARIES FROM 0.5 TO 1.5
Economic Scenario 6—No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	0.7	104.5	96.5	18.0	305.4	
2002	0.7	108.8	87.6	18.2	302.4	
2003	0.7	113.5	89.2	17.9	296.0	
2004	0.7	118.6	93.9	17.5	288.8	
2005	0.9	123.6	123.6	17.6	306.4	
2006	0.9	129.0	130.6	18.8	326.8	
2007	0.9	134.6	137.0	20.2	349.4	
2008	0.7	140.5	114.0	20.9	343.8	
2009	0.9	146.6	145.5	21.0	363.7	

Evaluation of Fund Capping Mechanism

- Option 2A caps the balance in the Unemployment Compensation Fund between 14.5 and 15.0 months of benefits

OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Performance Evaluation for 2001-2009

- Option 2B has a variable planned yield that is determined by the balance in the Unemployment Compensation Fund. The planned yield in effect for a year is based on the fund balance on September 30th of the prior year.

Fund Balance on 9/30	Planned Yield
> 18 months	0.6%
15-18 months	0.8%
12-15 months	1.0%
9-12 months	1.2%
6- 9 months	1.4%
< 6 months	1.6%

- Option 2B caps the balance in the Unemployment Compensation Fund between 15.5 and 17.0 months of benefits

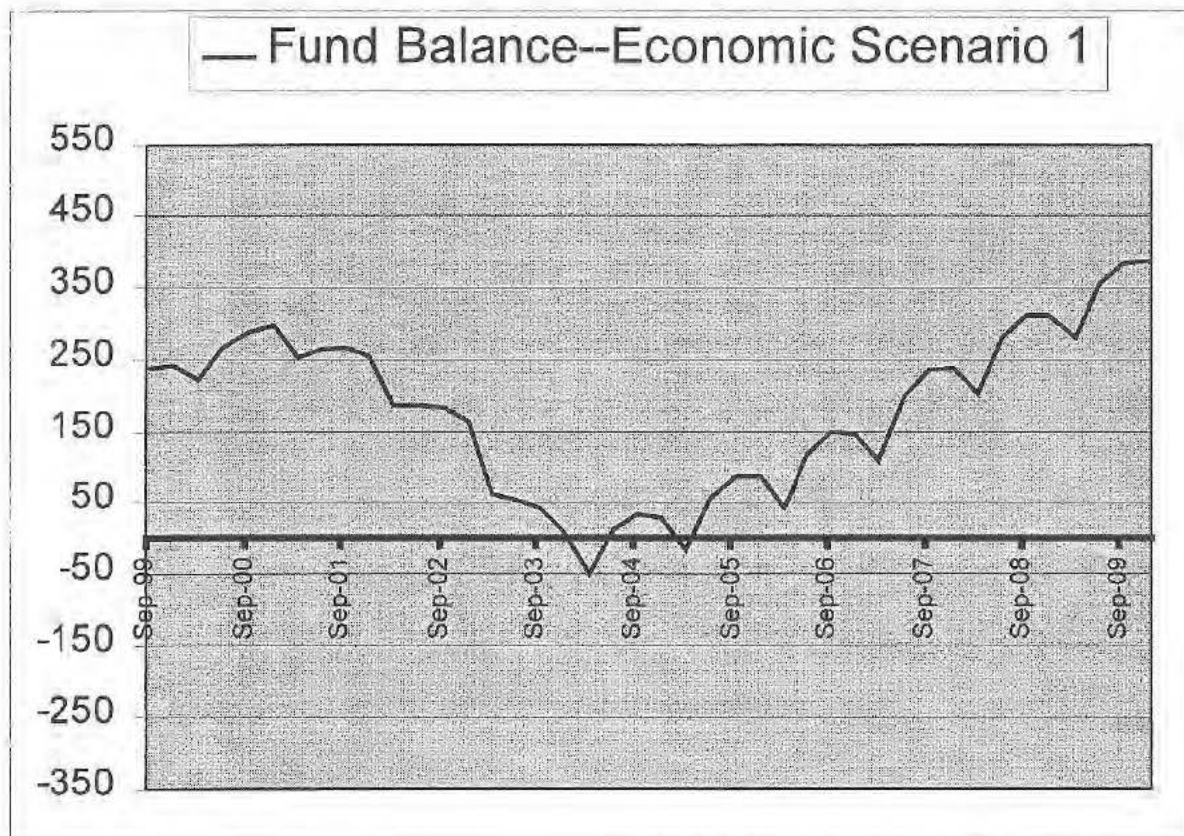
SUMMARY OF THE PERFORMANCE OF OPTION 2B

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Good	Good	Good
Loans	Excellent	Excellent	Fair	Excellent	Good
Variance in Planned Yield	Poor	Poor	Poor	Poor	Poor

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	13.8	15.5	16.4	16.6	13.8	17.0
Min. 9/30 Fund Balance (mo.)	1.6	7.3	- 0.4	5.0	- 0.2	15.5
Max. 9/30 Fund Balance (\$\$)	383.2 m	415.5 m	316.5 m	328.9 m	265.8 m	395.4
Min. 9/30 Fund Balance (\$\$)	35.3 m	149.1 m	- 10.0 m	119.8 m	- 4.7 m	317.2
Years of Interest Bearing Debt	0	0	2	0	1	0
Max. Interest Bearing Debt (\$\$)	0	0	115.0 m	0	52.5 m	0
Years of Cash Flow Debt	2	0	1	0	3	0
Maximum Cash Flow Debt (\$\$)	48.5 m	0	76.4 m	0	84.9 m	0
Maximum Planned Yield	1.6	1.4	1.6	1.6	1.6	0.8
Minimum Planned Yield	0.8	0.8	0.8	0.8	0.8	0.8
% Increase in Planned Yield	100 %	175 %	100 %	100 %	100 %	N/A
Maximum Planned Yield during Recession	1.2	1.2	1.4	1.4	1.6	N/A
Maximum Planned Yield during Recovery	1.6	1.4	1.6	1.6	1.6	N/A

OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	265.8 m	13.8	0.8		
2002	182.5 m	9.2	1.0		
2003	42.5 m	2.0	1.2		
2004	35.3 m	1.6	1.6	Cash Flow	48.5
2005	88.5 m	3.6	1.6	Cash Flow	14.3
2006	148.1 m	5.8	1.6		
2007	234.3 m	8.6	1.6		
2008	310.1 m	10.9	1.4		
2009	383.2 m	13.0	1.2		



OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

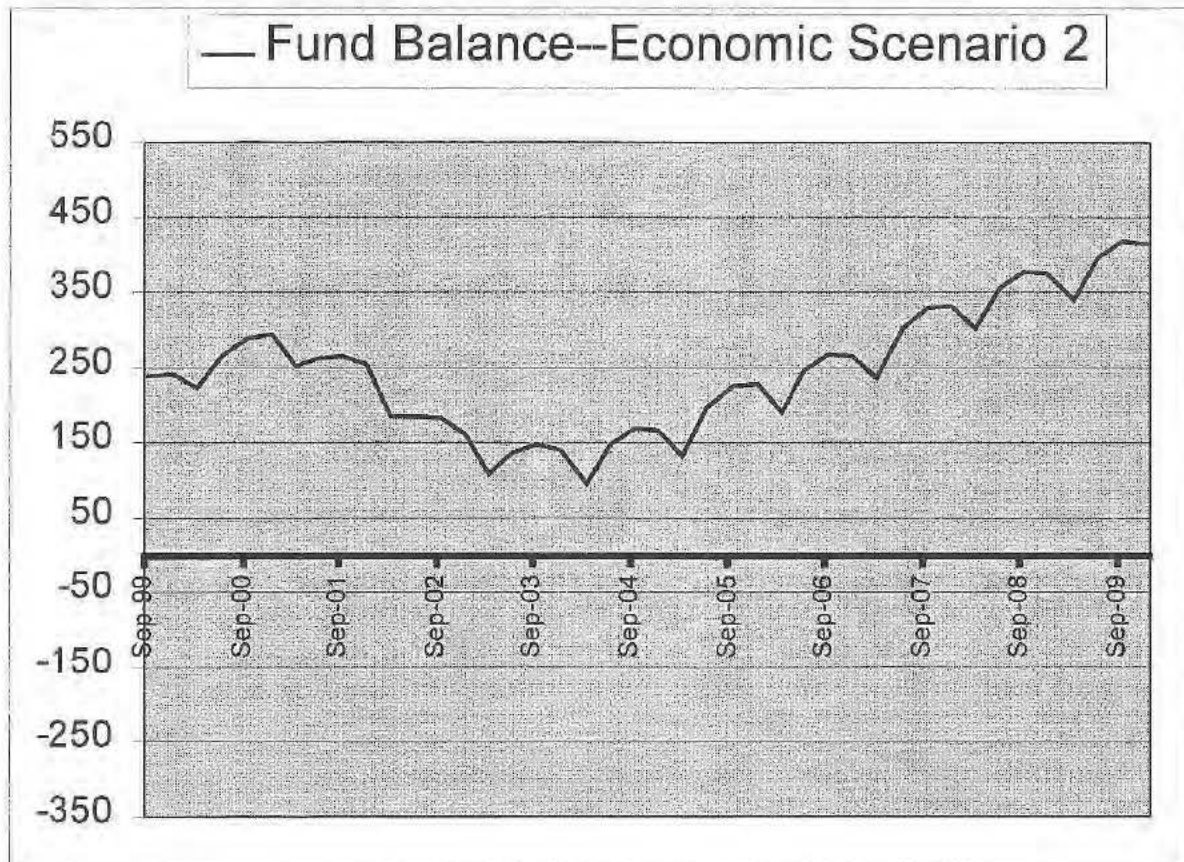
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.8	164.9	106.6	16.5	253.6		
2002	1.0	221.3	117.0	12.4	161.7		
2003	1.2	300.7	142.8	5.1	8.9		
2004	1.6	186.8	206.6	1.1	29.8	CF	48.5
2005	1.6	171.4	226.6	2.9	87.9	CF	14.3
2006	1.6	178.9	231.2	6.4	146.6		
2007	1.6	160.9	241.9	10.8	238.4		
2008	1.4	167.7	223.4	16.1	310.2		
2009	1.2	146.5	200.7	20.6	385.0		

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 1.6 months at lowest point
Loans	Excellent	2 years of cash flow loans
Variance in Planned Yield	Poor	Planned Yield varies from 0.8 to 1.6 100% increase

OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.1	
2001	265.8 m	13.8	0.8	
2002	182.5 m	9.2	1.0	
2003	149.1 m	7.3	1.2	
2004	170.0 m	7.9	1.4	
2005	224.3 m	10.0	1.4	
2006	266.5 m	11.3	1.2	
2007	327.6 m	13.3	1.2	
2008	373.8 m	14.5	1.0	
2009	415.5 m	15.5	1.0	



OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	0.8	164.9	106.6	16.5	253.6	
2002	1.0	221.1	117.0	12.4	161.9	
2003	1.2	179.0	147.0	8.8	138.7	
2004	1.4	164.3	184.2	8.6	167.2	
2005	1.4	147.6	196.4	11.4	227.4	
2006	1.2	154.0	177.5	14.5	265.4	
2007	1.2	134.6	183.8	17.7	332.3	
2008	1.0	140.5	161.4	21.1	374.3	
2009	1.0	146.6	164.3	23.5	415.5	

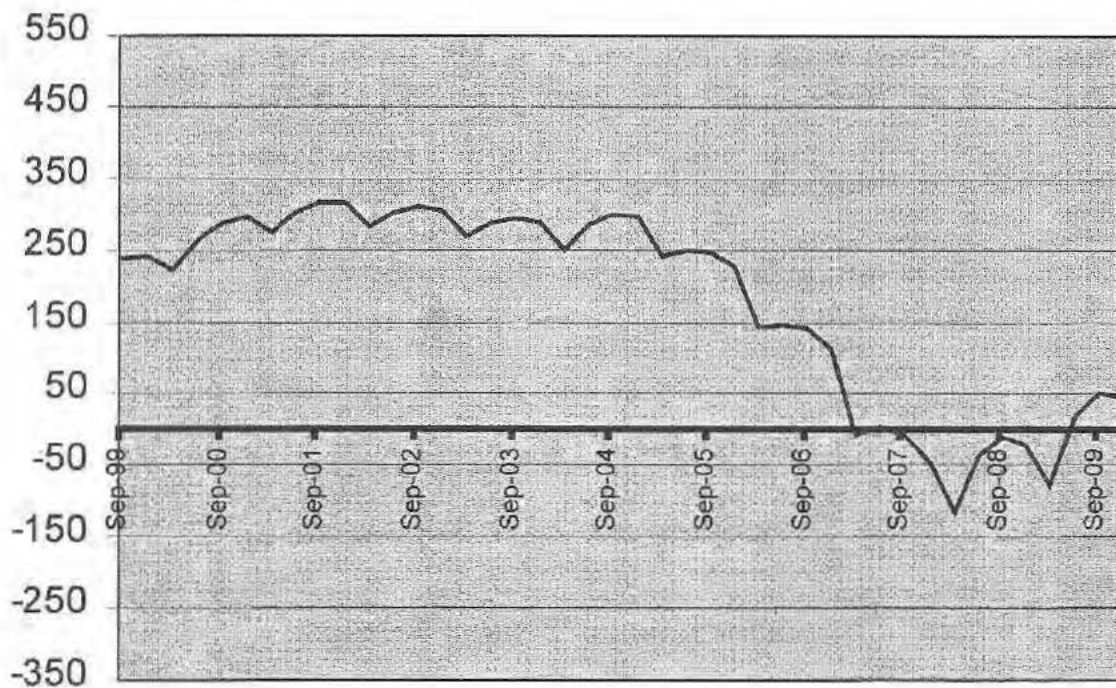
Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of 7.3 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Poor	Planned Yield varies from 0.8 to 1.4 175% increase

OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	316.5 m	16.4	0.8		
2002	309.5 m	15.5	0.8		
2003	294.8 m	14.9	0.8		
2004	298.9 m	15.4	1.0		
2005	246.5 m	12.1	0.8		
2006	141.3 m	6.7	1.0		
2007	(6.6) m	(0.2)	1.4	Interest Bearing	46.8
2008	(10.0) m	(0.4)	1.6	Interest Bearing	115.0
2009	52.5 m	1.8	1.6	Cash Flow	76.4

— Fund Balance--Economic Scenario 3



OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

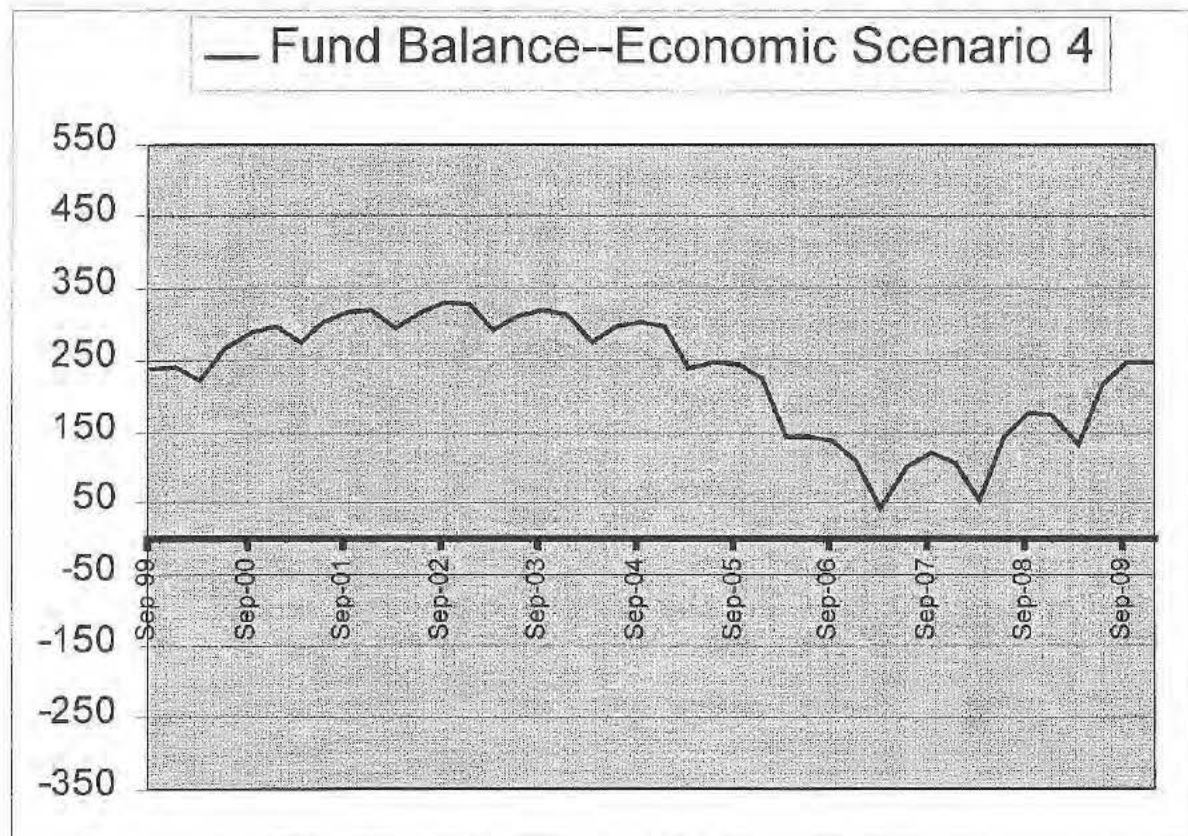
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.8	104.5	107.8	18.2	316.9		
2002	0.8	130.0	98.2	18.5	303.6		
2003	0.8	135.6	102.3	17.7	288.0		
2004	1.0	141.6	131.5	17.3	295.2		
2005	0.8	195.0	111.5	15.9	227.6		
2006	1.0	262.4	138.0	10.2	113.4		
2007	1.4	356.6	194.6	1.8	(46.8)	IB	46.8
2008	1.6	221.4	247.1	0.0	(21.1)	IB	115.0
2009	1.6	203.2	269.8	1.3	46.8	CF	76.4

Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of -0.4 months at lowest point
Loans	Fair	2 years interest bearing loans > 100 million 1 year cash flow loans
Variance in Planned Yield	Poor	Planned Yield varies from 0.8 to 1.6 100% increase

OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	317.2 m	16.6	0.8		
2002	328.9 m	16.4	0.8		
2003	319.3 m	16.1	0.8		
2004	303.1 m	15.6	0.8		
2005	244.3 m	12.1	0.8		
2006	138.4 m	6.6	1.0		
2007	119.8 m	5.0	1.4		
2008	176.6 m	7.0	1.6		
2009	247.1 m	9.2	1.4		



OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.4	137.4	15.8	295.5	
2001	0.8	104.5	108.4	18.4	317.8	
2002	0.8	108.8	99.4	19.2	327.6	
2003	0.8	135.7	101.7	19.2	312.8	
2004	0.8	141.6	106.1	18.2	295.5	
2005	0.8	195.0	109.1	15.7	225.3	
2006	1.0	262.2	137.1	10.0	110.2	
2007	1.4	212.4	203.9	6.1	107.8	
2008	1.6	194.7	252.8	7.7	173.6	
2009	1.4	175.0	234.7	12.1	245.4	

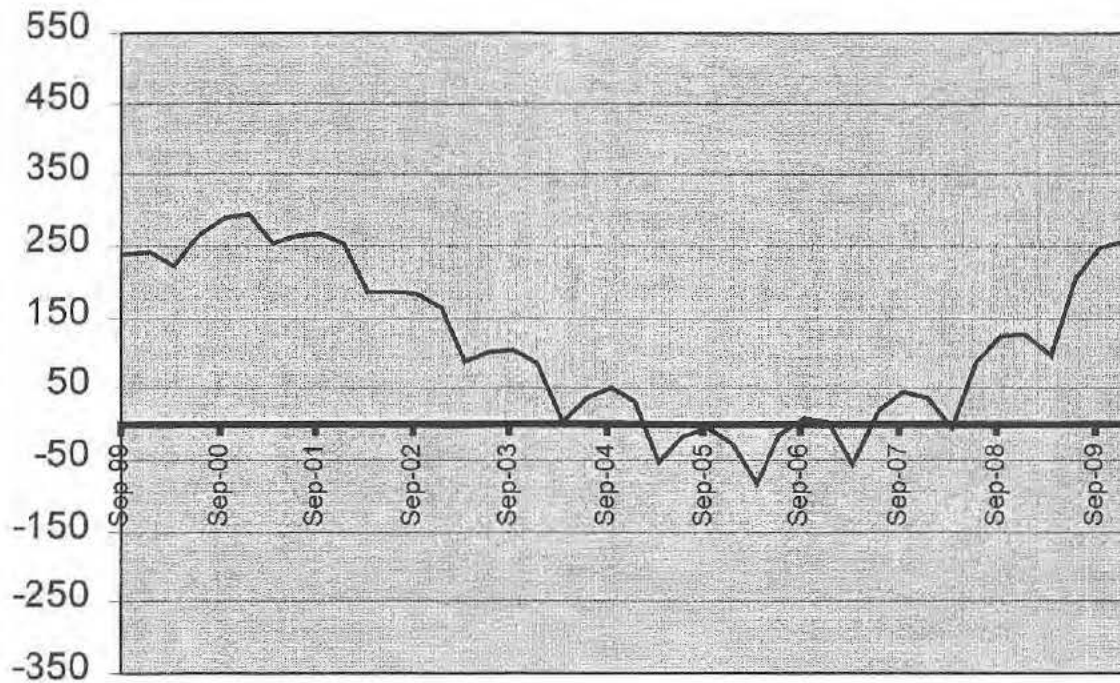
Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of 5.0 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Poor	Planned Yield varies from 0.8 to 1.6 100% increase

OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	265.8 m	13.8	0.8		
2002	182.5 m	9.2	1.0		
2003	105.0 m	5.2	1.2		
2004	49.6 m	2.3	1.6		
2005	(4.7) m	(0.2)	1.6	Interest Bearing	52.5
2006	10.0 m	0.5	1.6	Cash Flow	84.9
2007	44.7 m	1.8	1.6	Cash Flow	56.1
2008	124.0 m	4.7	1.6	Cash Flow	6.0
2009	248.0 m	8.9	1.6		

— Fund Balance--Economic Scenario 5



OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Economic Scenario 5—Back to Back Recessions in 2002—2005

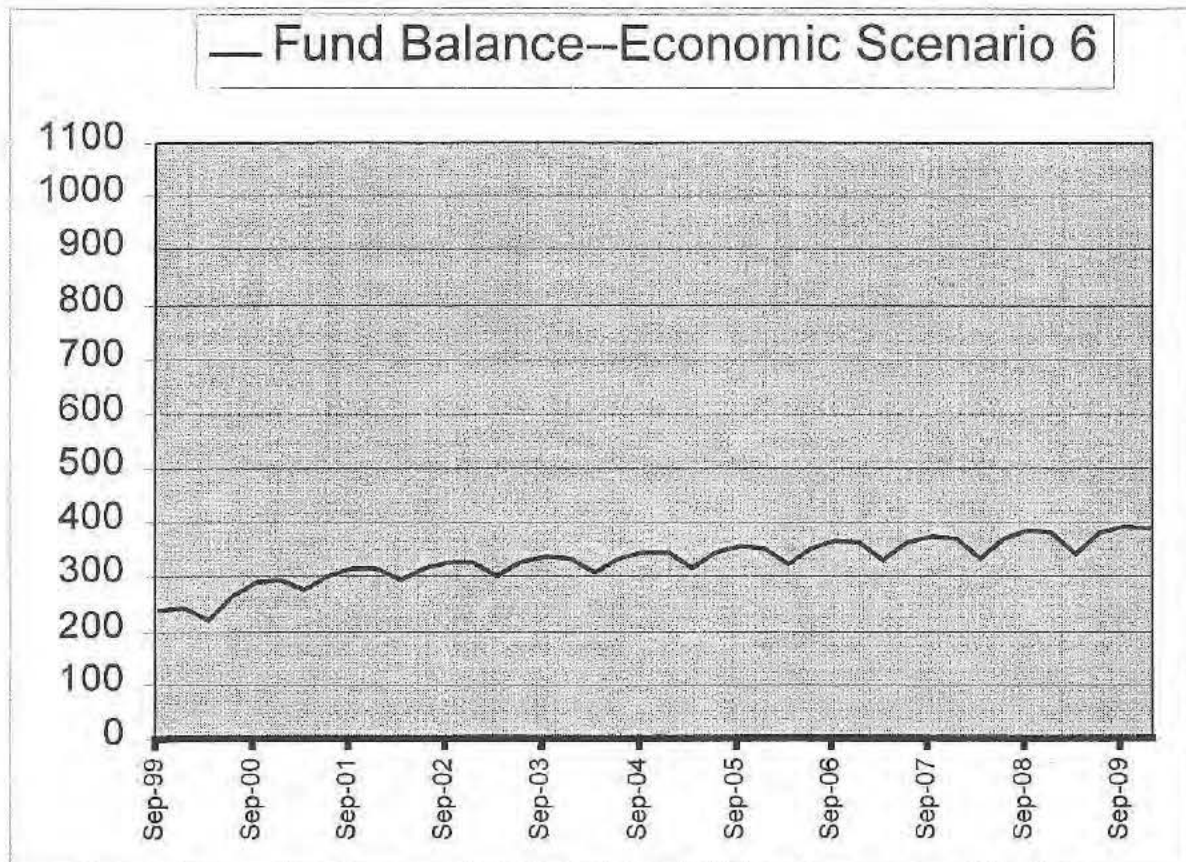
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.8	164.9	106.6	16.5	253.6		
2002	1.0	221.2	117.0	12.4	161.8		
2003	1.2	229.4	145.7	7.1	85.2		
2004	1.6	261.3	203.4	3.0	30.3		
2005	1.6	272.4	215.1	0.4	(26.6)	IB	52.5
2006	1.6	203.5	232.1	0.2	2.2	CF	84.9
2007	1.6	212.4	244.7	1.1	35.6	CF	56.1
2008	1.6	167.7	253.4	4.1	125.4	CF	6.0
2009	1.6	146.5	266.5	10.6	256.0		

Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of -0.2 months at lowest point
Loans	Good	1 year of interest bearing loans 3 years of cash flow loans
Variance in Planned Yield	Poor	Planned Yield varies from 0.8 to 1.6 100% increase

OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Economic Scenario 6—No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.1	
2001	317.2 m	16.6	0.8	
2002	329.1 m	16.4	0.8	
2003	338.2 m	17.0	0.8	
2004	347.6 m	16.8	0.8	
2005	357.4 m	16.6	0.8	
2006	366.6 m	16.3	0.8	
2007	376.3 m	16.1	0.8	
2008	386.2 m	15.8	0.8	
2009	395.4 m	15.5	0.8	



OPTION 2B—PLANNED YIELD VARIES FROM 0.6 TO 1.6
Economic Scenario 6—No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.8	104.5	108.4	18.4	317.7		
2002	0.8	108.8	99.8	19.2	327.9		
2003	0.8	113.5	101.9	19.9	336.2		
2004	0.8	118.6	107.3	20.3	345.2		
2005	0.8	123.6	112.1	20.9	354.6		
2006	0.8	129.0	116.0	21.4	363.0		
2007	0.8	134.6	121.7	22.0	372.1		
2008	0.8	140.5	127.1	22.5	381.2		
2009	0.8	146.6	131.6	23.1	389.3		

Evaluation of Fund Capping Mechanism

- Option 2B caps the balance in the Unemployment Compensation Fund between 15.5 and 17.0 months of benefits

OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Performance Evaluation for 2001-2009

- Option 2C has a variable planned yield that is determined by the balance in the Unemployment Compensation Fund. The planned yield in effect for a year is based on the fund balance on September 30th of the prior year.

Fund Balance on 9/30	Planned Yield
> 18 months	0.8%
15-18 months	0.9%
12-15 months	1.0%
9-12 months	1.1%
6- 9 months	1.2%
< 6 months	1.3%

- Option 2C caps the balance in the Unemployment Compensation Fund between 17.0 and 19.0 months of benefits

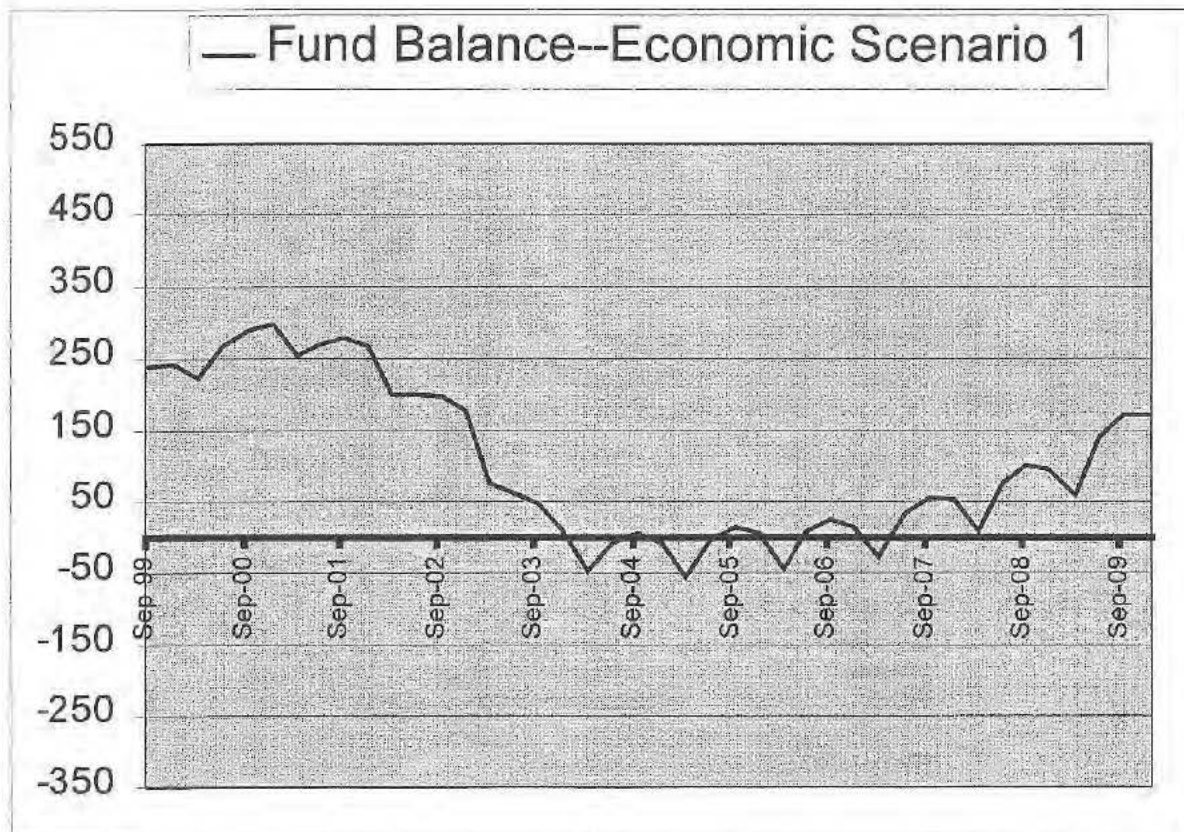
SUMMARY OF THE PERFORMANCE OF OPTION 2C

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Good	Good	Fair
Loans	Good	Excellent	Fair	Excellent	Poor
Variance in Planned Yield	Fair	Good	Fair	Fair	Fair

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	14.3	14.3	17.0	18.1	14.3	19.0
Min. 9/30 Fund Balance (mo.)	0.2	7.0	- 1.4	5.8	- 4.7	17.0
Max. 9/30 Fund Balance (\$\$)	275.6 m	363.4 m	333.0 m	357.7 m	275.6 m	454.5
Min. 9/30 Fund Balance (\$\$)	5.6 m	150.5 m	- 39.7 m	148.6 m	- 118.2 m	327.2
Years of Interest Bearing Debt	1	0	3	0	6	0
Max. Interest Bearing Debt (\$\$)	46.6 m	0	115.7 m	0	182.1 m	0
Years of Cash Flow Debt	3	0	0	0	0	0
Maximum Cash Flow Debt (\$\$)	53.9 m	0	0	0	0	0
Maximum Planned Yield	1.3	1.2	1.3	1.3	1.3	0.9
Minimum Planned Yield	0.9	0.9	0.9	0.8	0.9	0.8
% Increase in Planned Yield	44 %	33 %	44 %	63 %	44 %	N/A
Maximum Planned Yield during Recession	1.1	1.1	1.1	1.1	1.3	N/A
Maximum Planned Yield during Recovery	1.3	1.2	1.3	1.3	1.3	N/A

OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	275.6 m	14.3	0.9		
2002	196.0 m	10.0	1.0		
2003	47.1 m	2.3	1.1		
2004	5.6 m	0.2	1.3	Interest Bearing	46.6
2005	14.4 m	0.6	1.3	Cash Flow	53.9
2006	25.4 m	1.0	1.3	Cash Flow	43.1
2007	58.2 m	2.2	1.3	Cash Flow	26.9
2008	100.1 m	3.6	1.3		
2009	170.0 m	5.8	1.3		



OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

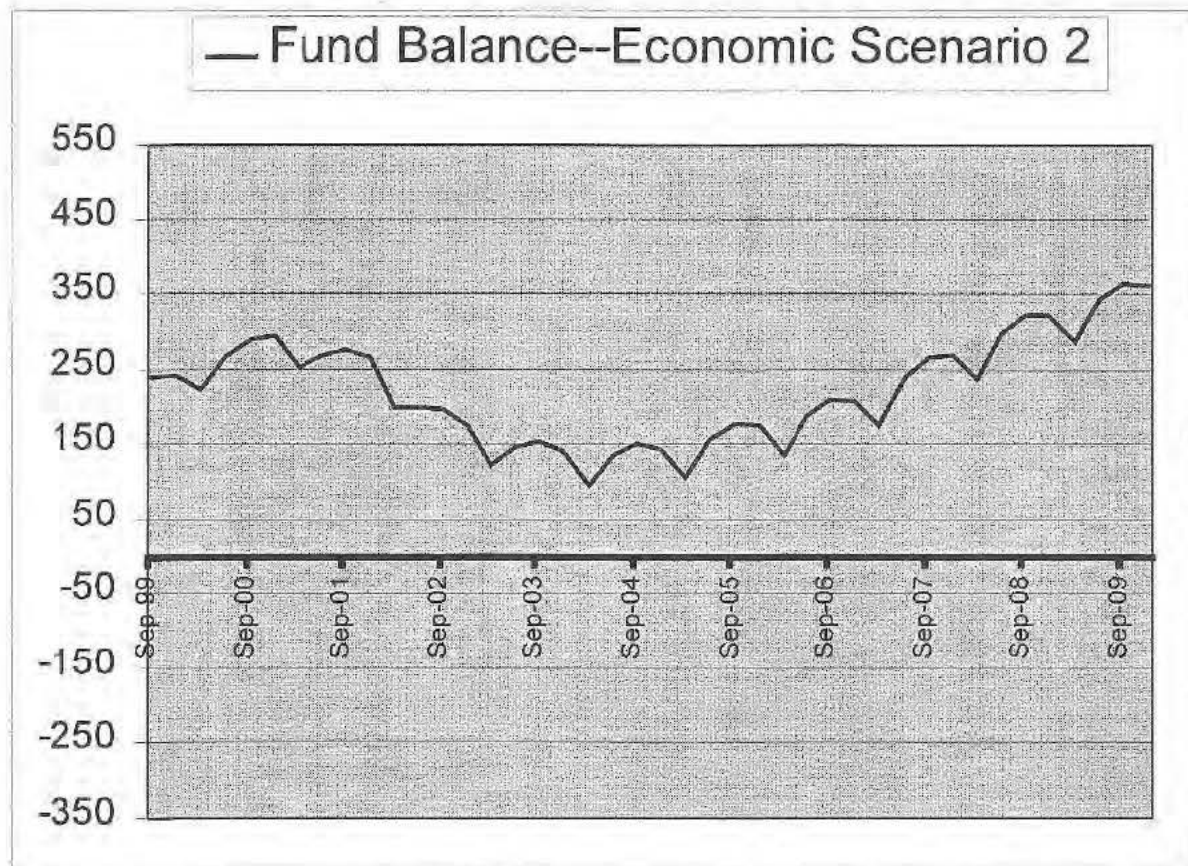
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.9	164.9	118.2	16.7	265.4		
2002	1.0	221.3	118.1	13.2	175.4		
2003	1.1	300.7	131.5	5.6	11.8		
2004	1.3	186.8	168.8	0.3	(5.9)	IB	46.6
2005	1.3	171.4	183.9	0.3	6.9	CF	53.9
2006	1.3	178.9	187.6	0.7	16.3	CF	43.1
2007	1.3	160.9	196.4	1.8	53.6	CF	26.9
2008	1.3	167.7	205.2	4.0	95.1		
2009	1.3	146.5	214.6	7.4	170.6		

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 0.2 months at lowest point
Loans	Good	1 year of interest bearing loans 3 years of cash flow loans
Variance in Planned Yield	Fair	Planned Yield varies from 0.9 to 1.3 44% increase

OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.1	
2001	275.6 m	14.3	0.9	
2002	196.0 m	10.0	1.0	
2003	153.4 m	7.6	1.1	
2004	150.5 m	7.0	1.2	
2005	176.3 m	7.8	1.2	
2006	208.7 m	8.9	1.2	
2007	266.2 m	10.8	1.2	
2008	321.6 m	12.5	1.1	
2009	363.4 m	13.6	1.0	



OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	0.9	164.9	118.2	16.7	265.4	
2002	1.0	221.1	118.1	13.2	175.6	
2003	1.1	179.0	135.2	9.4	141.2	
2004	1.2	164.3	158.7	8.1	143.7	
2005	1.2	147.6	168.4	9.1	173.6	
2006	1.2	154.0	175.0	10.9	205.5	
2007	1.2	134.6	183.8	13.7	268.4	
2008	1.1	140.5	176.0	17.4	321.3	
2009	1.0	146.6	165.7	20.3	360.7	

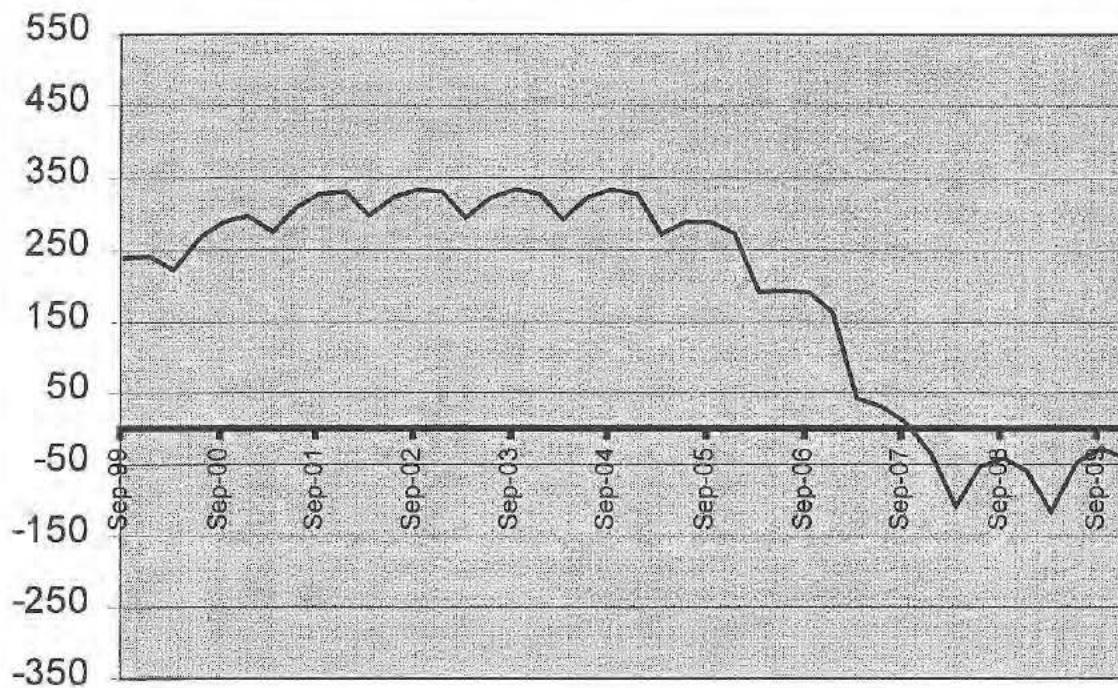
Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of 7.0 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Good	Planned Yield varies from 0.9 to 1.2 33% increase

OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	326.4 m	17.0	0.9		
2002	333.0 m	16.6	0.9		
2003	332.7 m	16.9	0.9		
2004	331.9 m	17.0	0.9		
2005	289.1 m	14.3	0.9		
2006	189.5 m	9.0	1.0		
2007	9.7 m	0.4	1.1	Interest Bearing	35.5
2008	(39.7) m	(1.4)	1.3	Interest Bearing	106.7
2009	(27.8) m	(1.0)	1.3	Interest Bearing	115.7

— Fund Balance—Economic Scenario 3



OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

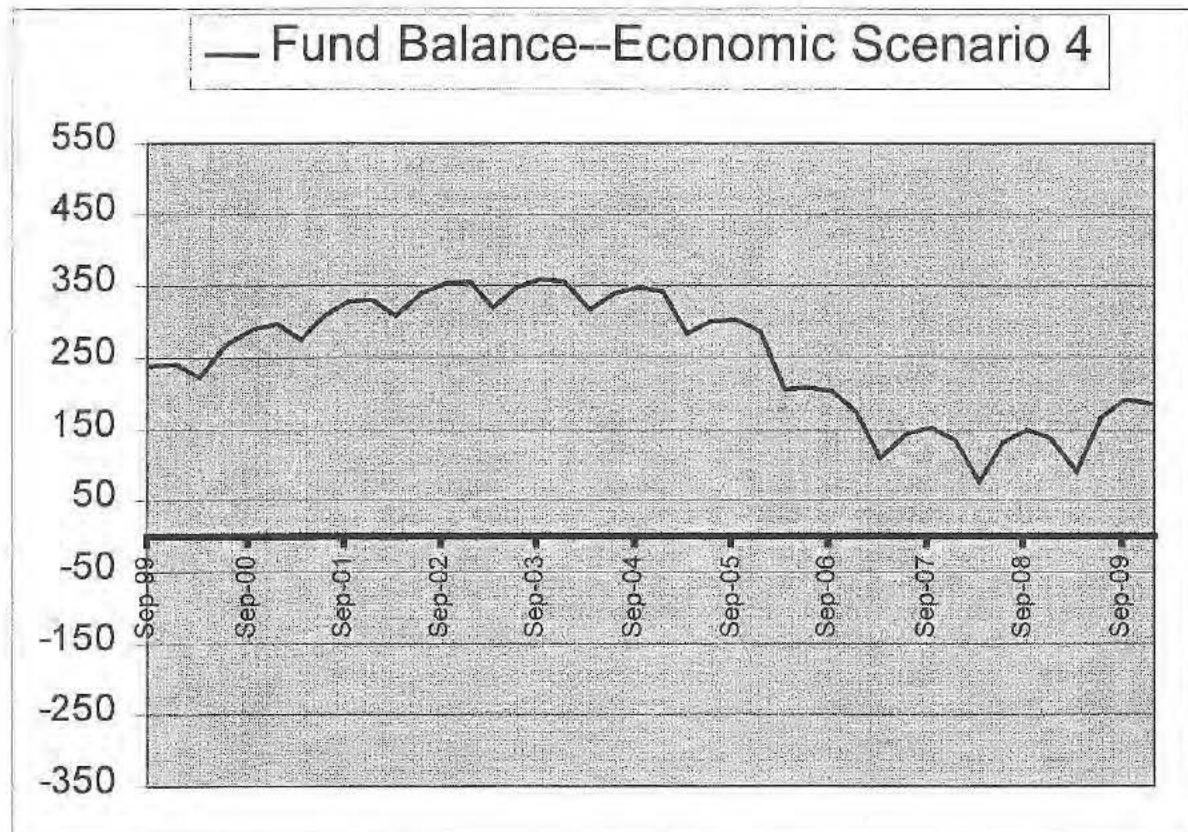
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.9	104.5	119.5	18.5	328.9		
2002	0.9	130.0	110.8	19.6	329.3		
2003	0.9	135.6	115.0	19.6	328.3		
2004	0.9	141.6	120.5	19.6	326.8		
2005	0.9	195.0	123.0	17.9	272.7		
2006	1.0	262.4	139.0	13.0	162.3		
2007	1.1	356.6	154.9	3.9	(35.5)	IB	35.5
2008	1.3	221.4	200.2	0.0	(56.7)	IB	106.7
2009	1.3	203.2	219.5	0.0	(40.4)	IB	115.7

Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of -1.4 months at lowest point
Loans	Fair	3 years of interest bearing loans
Variance in Planned Yield	Fair	Planned Yield varies from 0.9 to 1.3 44% increase

OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.1	
2001	327.2 m	17.0	0.9	
2002	352.7 m	17.6	0.9	
2003	357.7 m	18.1	0.9	
2004	347.0 m	17.9	0.8	
2005	301.7 m	14.9	0.9	
2006	202.4 m	9.7	1.0	
2007	151.7 m	6.2	1.1	
2008	148.6 m	5.8	1.2	
2009	190.3 m	7.1	1.3	



OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.4	137.4	15.8	295.5	
2001	0.9	104.5	120.3	18.6	329.9	
2002	0.9	108.8	112.2	20.4	353.7	
2003	0.9	135.7	114.4	21.2	353.6	
2004	0.8	141.6	107.3	20.8	340.1	
2005	0.9	195.0	121.7	18.7	285.5	
2006	1.0	262.2	138.1	13.8	175.2	
2007	1.1	212.4	162.4	9.1	134.3	
2008	1.2	194.7	189.9	7.8	137.3	
2009	1.3	175.0	214.3	9.2	185.8	

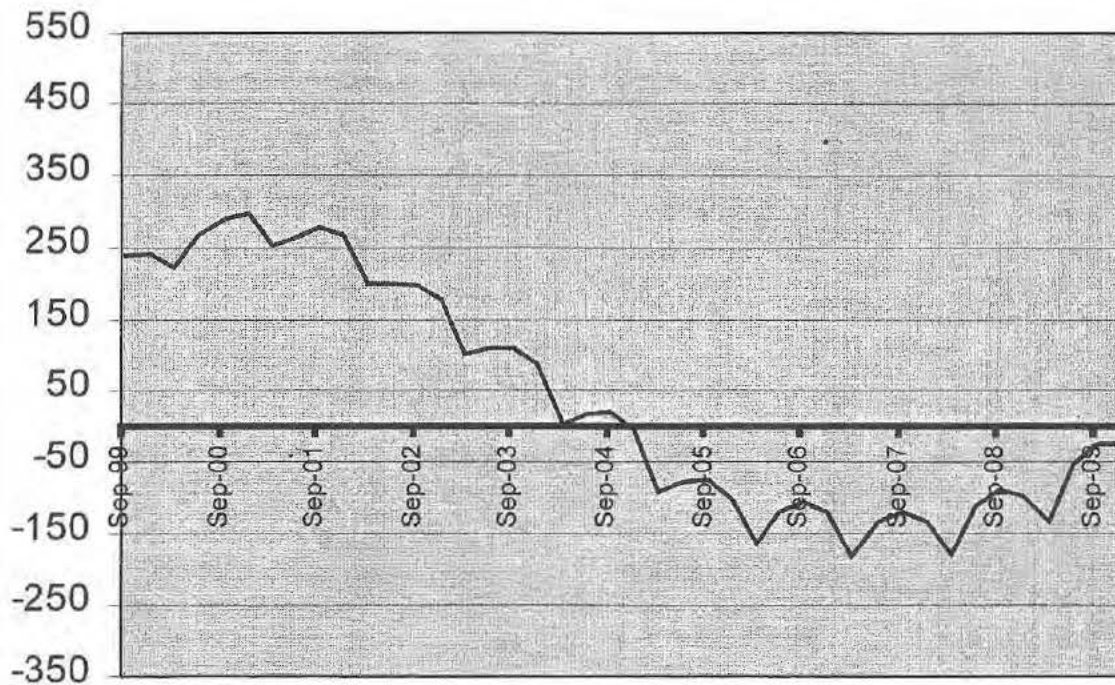
Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of 5.8 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Fair	Planned Yield varies from 0.8 to 1.3 63% increase

OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	275.6 m	14.3	0.9		
2002	196.0 m	10.0	1.0		
2003	109.4 m	5.4	1.1		
2004	20.3 m	1.0	1.3	Interest Bearing	4.9
2005	(75.4) m	(3.4)	1.3	Interest Bearing	102.6
2006	(104.8) m	(4.3)	1.3	Interest Bearing	164.0
2007	(118.2) m	(4.7)	1.3	Interest Bearing	182.1
2008	(89.0) m	(3.4)	1.3	Interest Bearing	179.5
2009	(23.5) m	(0.8)	1.3	Interest Bearing	132.1

— Fund Balance--Economic Scenario 5



OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 5—Back to Back Recessions in 2002—2005

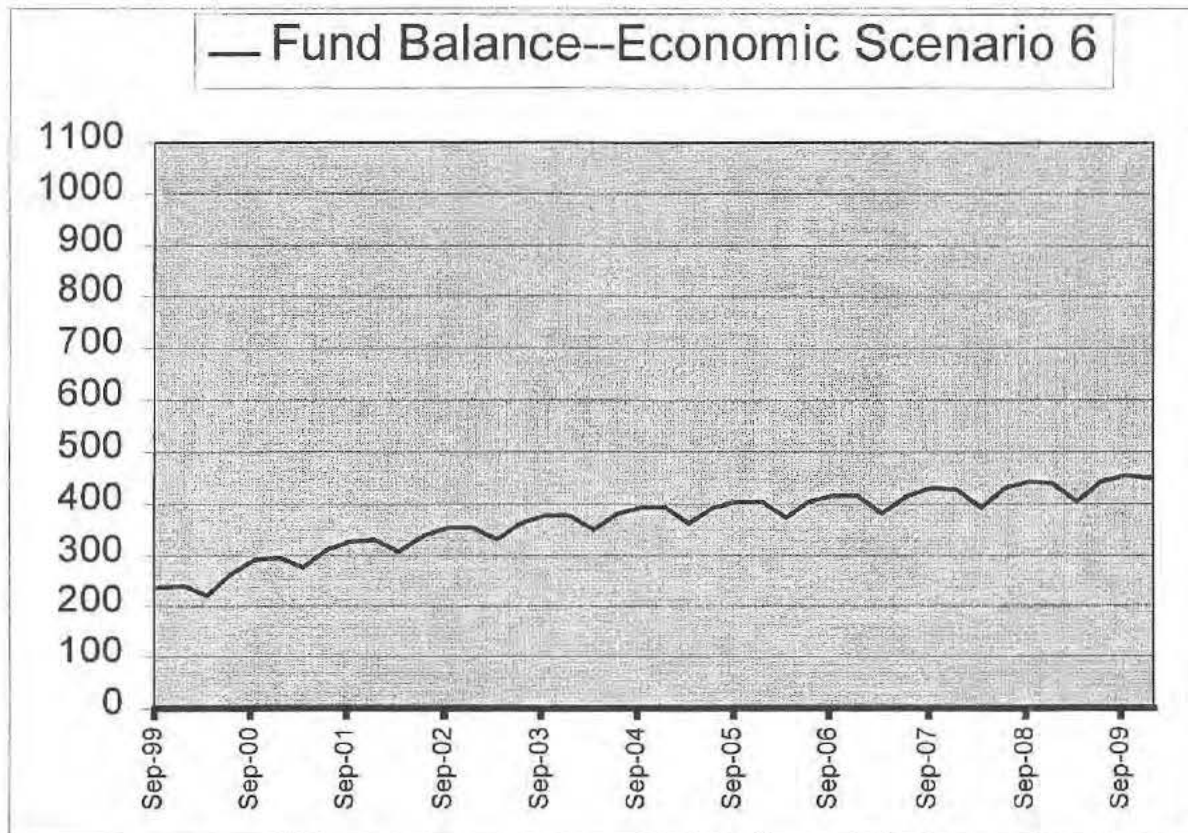
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.9	164.9	118.2	16.7	265.4		
2002	1.0	221.2	118.1	13.2	175.5		
2003	1.1	229.4	134.1	7.7	87.9		
2004	1.3	261.3	166.3	2.2	(4.9)	IB	4.9
2005	1.3	272.4	174.7	0.0	(102.6)	IB	102.6
2006	1.3	203.5	187.1	0.0	(119.0)	IB	164.0
2007	1.3	212.4	197.7	0.0	(133.7)	IB	182.1
2008	1.3	167.7	206.0	0.0	(95.4)	IB	179.5
2009	1.3	146.5	216.8	0.0	(25.1)	IB	132.1

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of -4.7 months at lowest point
Loans	Poor	6 years of interest bearing loans
Variance in Planned Yield	Fair	Planned Yield varies from 0.9 to 1.3 44% increase

OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 6—No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.1	
2001	327.2 m	17.0	0.9	
2002	352.5 m	17.6	0.9	
2003	375.9 m	19.0	0.9	
2004	391.0 m	19.0	0.8	
2005	403.6 m	18.7	0.8	
2006	415.7 m	18.5	0.8	
2007	428.6 m	18.2	0.8	
2008	441.8 m	18.1	0.8	
2009	454.5 m	17.8	0.8	



OPTION 2C—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 6—No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.9	104.5	120.3	18.6	329.8		
2002	0.9	108.8	112.1	20.4	353.5		
2003	0.9	113.5	114.6	21.8	376.4		
2004	0.8	118.6	108.6	22.9	389.3		
2005	0.8	123.6	112.1	23.7	401.5		
2006	0.8	129.0	116.0	24.4	412.9		
2007	0.8	134.6	121.7	25.1	425.1		
2008	0.8	140.5	127.1	26.0	437.7		
2009	0.8	146.6	131.6	26.6	449.3		

Evaluation of Fund Capping Mechanism

- Option 3A caps the balance in the Unemployment Compensation Fund between 17.0 and 19.0 months of benefits

OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Performance Evaluation for 2001-2009

- Option 2D has a variable planned yield that is determined by the balance in the Unemployment Compensation Fund. The planned yield in effect for a year is based on the fund balance on September 30th of the prior year.

Fund Balance on 9/30	Planned Yield
> 18 months	0.3%
15-18 months	0.5%
12-15 months	0.7%
9-12 months	0.9%
6- 9 months	1.1%
3- 6 months	1.3%
0- 3 months	1.5%
< 0 months	1.7%

- Option 2D caps the balance in the Unemployment Compensation Fund between 11.5 and 12.5 months of benefits

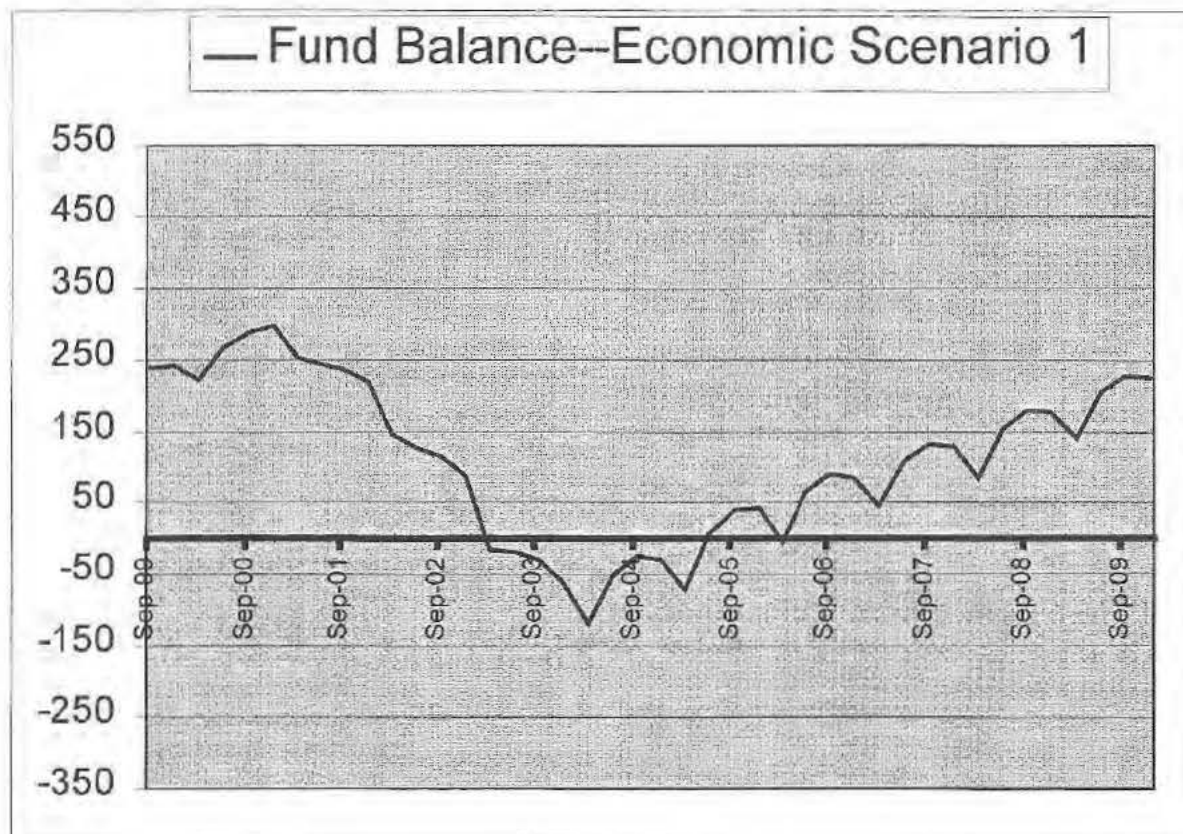
SUMMARY OF THE PERFORMANCE OF OPTION 2D

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Good	Good	Fair	Excellent	Fair
Loans	Fair	Excellent	Fair	Excellent	Fair
Variance in Planned Yield	Poor	Poor	Poor	Poor	Poor

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	12.4	12.4	14.9	15.0	12.4	15.0
Min. 9/30 Fund Balance (mo.)	- 1.4	3.8	- 3.8	1.3	- 3.7	11.3
Max. 9/30 Fund Balance (\$\$)	236.2 m	285.7 m	286.5 m	286.9 m	236.2 m	300.0
Min. 9/30 Fund Balance (\$\$)	- 28.8 m	77.5 m	- 91.6 m	31.8 m	- 80.5 m	233.6
Years of Interest Bearing Debt	2	0	3	0	4	0
Max. Interest Bearing Debt (\$\$)	118.1 m	0	202.8 m	0	158.0 m	0
Years of Cash Flow Debt	2	0	0	0	1	0
Maximum Cash Flow Debt (\$\$)	72.3 m	0	0	0	54.5 m	0
Maximum Planned Yield	1.7	1.3	1.7	1.5	1.7	0.9
Minimum Planned Yield	0.5	0.5	0.5	0.5	0.5	0.5
% Increase in Planned Yield	240 %	160 %	240 %	200 %	240 %	N/A
Maximum Planned Yield during Recession	1.3	1.3	1.3	1.3	1.7	N/A
Maximum Planned Yield during Recovery	1.7	1.3	1.7	1.5	1.7	N/A

OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	236.2 m	12.4	0.5		
2002	114.2 m	5.8	0.7		
2003	(28.8) m	(1.4)	1.3	Interest Bearing	61.5
2004	(24.6) m	(1.1)	1.7	Interest Bearing	118.1
2005	41.0 m	1.7	1.7	Cash Flow	72.3
2006	89.5 m	3.5	1.5	Cash Flow	3.1
2007	132.6 m	4.9	1.3		
2008	179.2 m	6.2	1.3		
2009	227.2 m	7.7	1.1		



OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

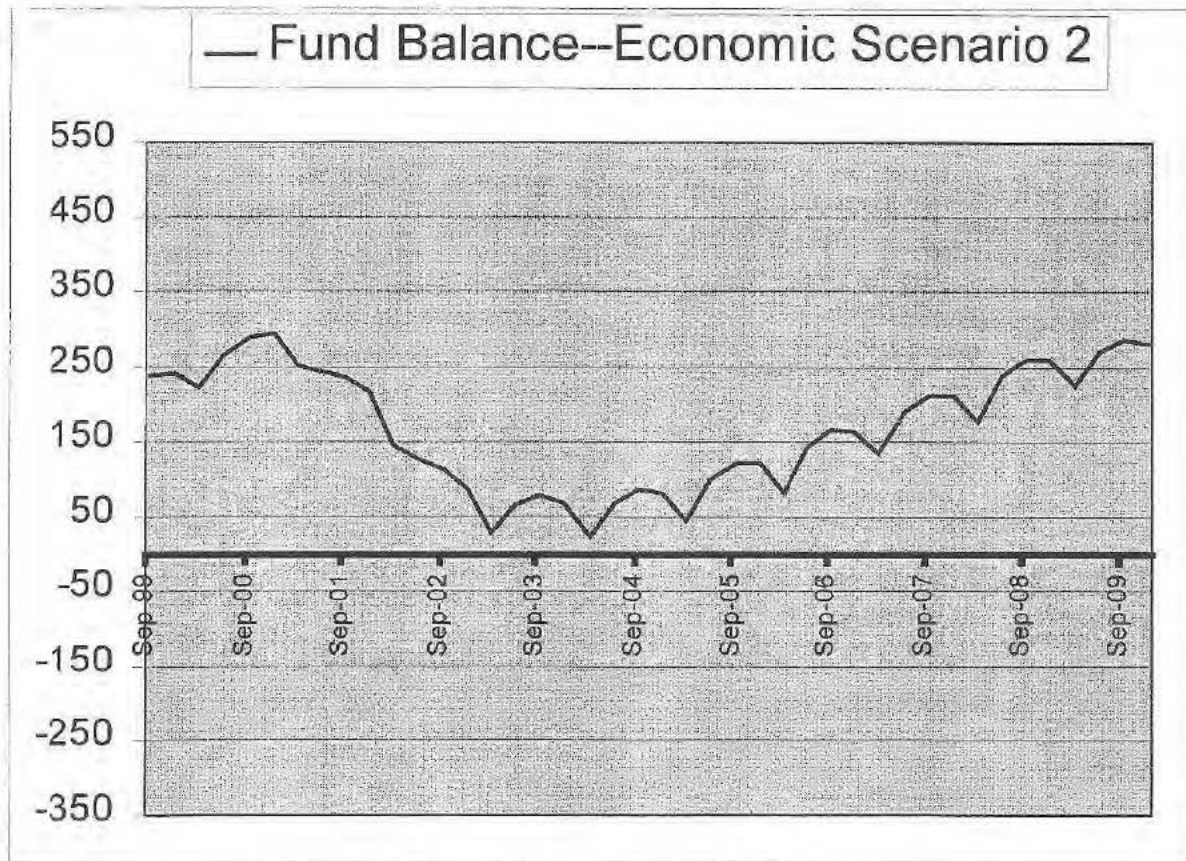
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.5	164.9	71.6	15.7	217.8		
2002	0.7	221.3	81.2	9.4	87.1		
2003	1.3	300.7	150.9	1.2	(61.5)	IB	61.5
2004	1.7	186.8	219.5	0.0	(28.2)	IB	118.1
2005	1.7	171.4	240.9	0.9	41.6	CF	72.3
2006	1.5	178.9	219.1	3.3	85.1	CF	3.1
2007	1.3	160.9	199.0	6.0	129.2		
2008	1.3	167.7	205.2	8.7	175.4		
2009	1.1	146.5	184.1	11.7	224.7		

Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of –1.4 months at lowest point
Loans	Fair	2 years of interest bearing loans > 100 million 2 years of cash flow loans
Variance in Planned Yield	Poor	Planned Yield varies from 0.5 to 1.7 240% increase

OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.1	
2001	236.2 m	12.4	0.5	
2002	113.8 m	5.8	0.7	
2003	77.5 m	3.8	1.3	
2004	86.6 m	4.1	1.3	
2005	122.4 m	5.4	1.3	
2006	166.3m	7.1	1.3	
2007	212.5 m	8.6	1.1	
2008	261.0 m	10.1	1.1	
2009	285.7 m	10.6	0.9	



OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.5	164.9	71.6	15.7	217.8		
2002	0.7	221.1	80.8	9.3	86.8		
2003	1.3	179.0	155.8	4.1	67.7		
2004	1.3	164.3	173.3	4.0	80.7		
2005	1.3	147.6	182.3	5.5	120.9		
2006	1.3	154.0	189.5	8.0	164.4		
2007	1.1	134.6	171.0	11.0	211.8		
2008	1.1	140.5	174.7	13.8	259.8		
2009	0.9	146.6	150.5	16.2	279.9		

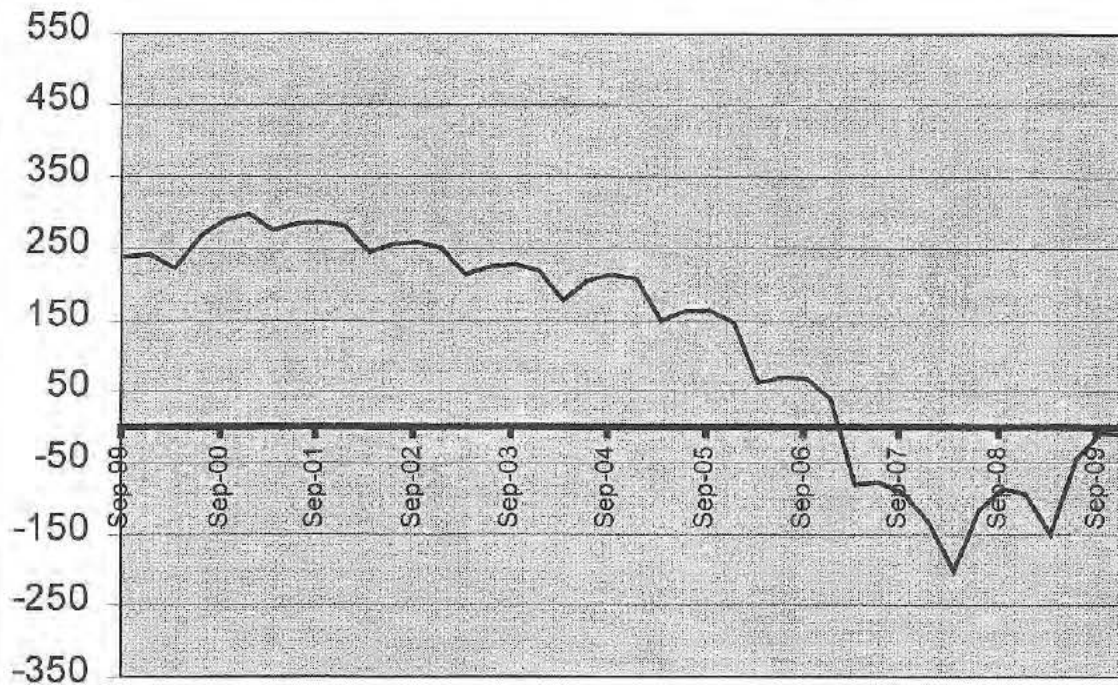
Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of 3.8 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Poor	Planned Yield varies from 0.5 to 1.3 160% increase

OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	286.5 m	14.9	0.5		
2002	258.4 m	12.8	0.7		
2003	227.3 m	11.5	0.7		
2004	213.4 m	11.0	0.9		
2005	163.3 m	8.0	0.9		
2006	67.1 m	3.1	1.1		
2007	(91.6) m	(3.8)	1.3	Interest Bearing	133.6
2008	(85.4) m	(3.1)	1.7	Interest Bearing	202.8
2009	(6.6) m	(0.2)	1.7	Interest Bearing	148.7

— Fund Balance—Economic Scenario 3



OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.5	104.5	72.4	17.4	280.7		
2002	0.7	130.0	83.4	15.9	250.0		
2003	0.7	135.6	89.2	14.0	217.6		
2004	0.9	141.6	118.0	12.5	206.5		
2005	0.9	195.0	123.0	10.5	145.0		
2006	1.1	262.4	151.8	5.5	39.9		
2007	1.3	356.6	182.6	0.5	(133.6)	IB	133.6
2008	1.7	221.4	260.4	0.0	(94.6)	IB	202.8
2009	1.7	203.2	286.6	0.0	(11.2)	IB	148.7

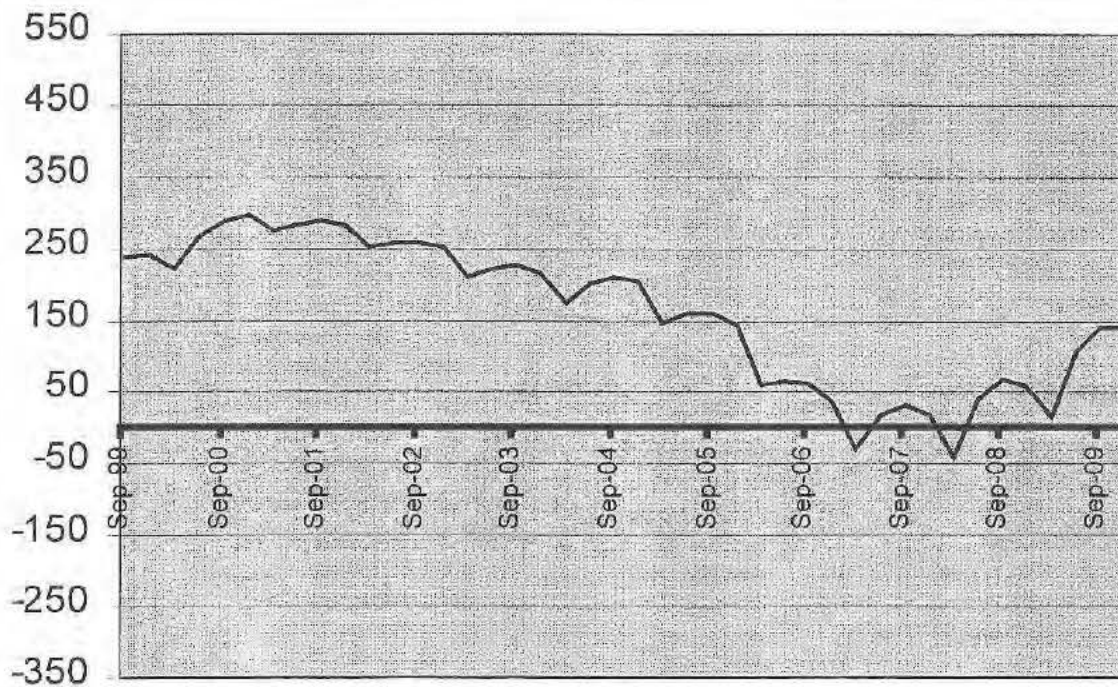
Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of -3.8 months at lowest point
Loans	Fair	3+ years of interest bearing loans
Variance in Planned Yield	Poor	Planned Yield varies from 0.5 to 1.7 240% increase

OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	286.9 m	15.0	0.5		
2002	258.6 m	12.8	0.5		
2003	225.7 m	11.4	0.7		
2004	211.1 m	10.9	0.9		
2005	160.2 m	7.9	0.9		
2006	63.5 m	3.0	1.1		
2007	31.8 m	1.3	1.3	Cash Flow	30.2
2008	66.9 m	2.6	1.5	Cash Flow	39.5
2009	140.7 m	5.3	1.5		

— Fund Balance--Economic Scenario 4



OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.4	137.4	15.8	295.5		
2001	0.5	104.5	72.8	17.4	281.2		
2002	0.5	108.8	62.4	16.1	250.9		
2003	0.7	135.7	86.7	14.0	215.9		
2004	0.9	141.6	117.2	12.4	203.9		
2005	0.9	195.0	122.7	10.4	142.0		
2006	1.1	262.2	151.0	5.2	36.0		
2007	1.3	212.4	191.5	1.4	16.5	CF	30.2
2008	1.5	194.7	236.5	2.1	60.4	CF	39.5
2009	1.5	175.0	248.6	5.3	139.3		

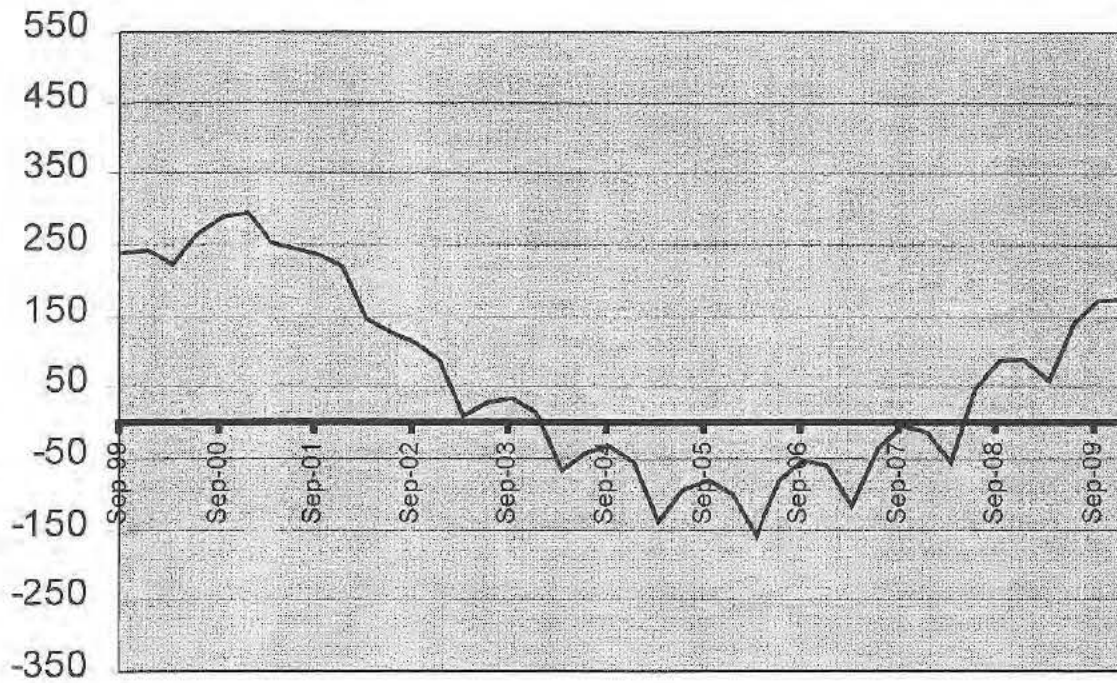
Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 1.3 months at lowest point
Loans	Excellent	2 years of cash flow loans
Variance in Planned Yield	Poor	Planned Yield varies from 0.5 to 1.5 200% increase

OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	236.2 m	12.4	0.5		
2002	114.0 m	5.8	0.7		
2003	33.6 m	1.7	1.3		
2004	(32.7) m	(1.6)	1.5	Interest Bearing	67.4
2005	(80.5) m	(3.7)	1.7	Interest Bearing	138.8
2006	(53.3) m	(2.3)	1.7	Interest Bearing	158.0
2007	(5.7) m	(0.2)	1.7	Interest Bearing	118.3
2008	87.2 m	3.2	1.7	Cash Flow	54.5
2009	172.1 m	6.1	1.3		

— Fund Balance—Economic Scenario 5



OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Economic Scenario 5—Back to Back Recessions in 2002—2005

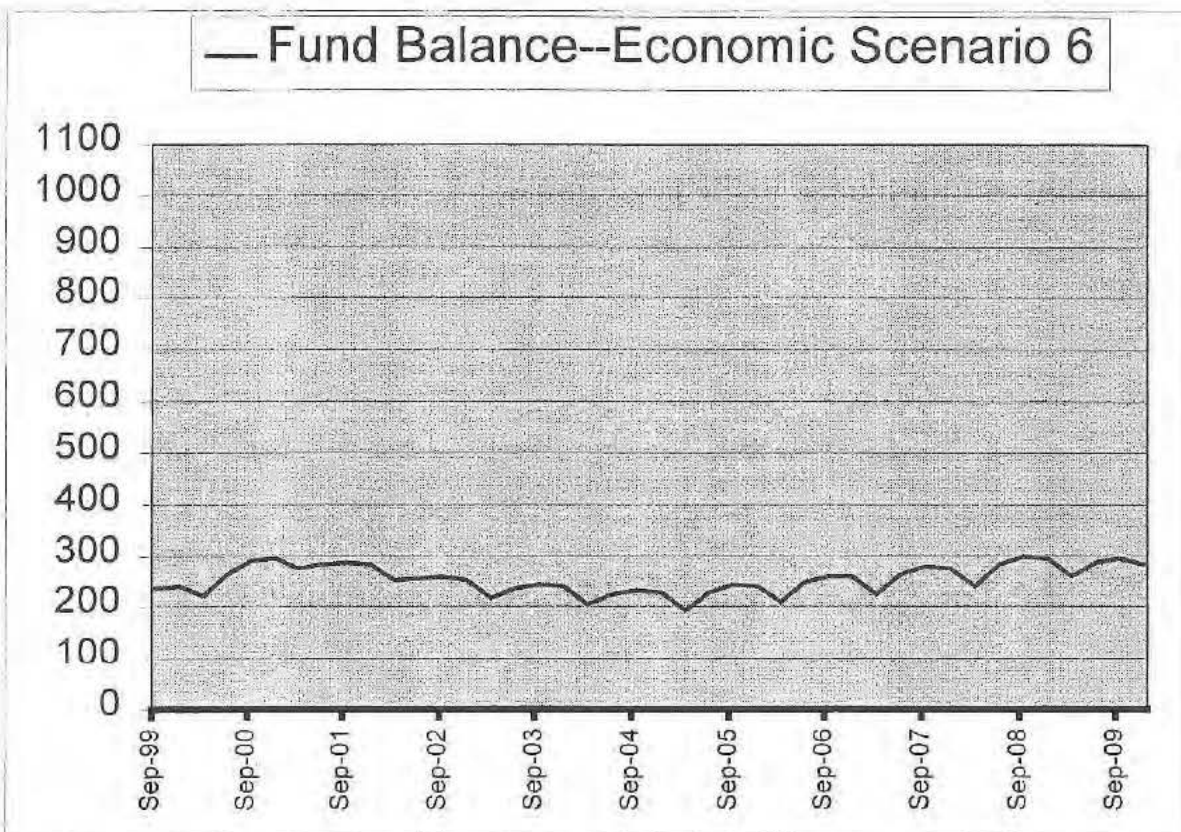
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	0.5	164.9	71.6	15.7	217.8		
2002	0.7	221.2	81.0	9.3	86.9		
2003	1.3	229.4	154.2	2.6	14.3		
2004	1.5	261.3	192.1	0.2	(54.7)	IB	67.4
2005	1.7	272.4	226.4	0.0	(100.7)	IB	138.8
2006	1.7	203.5	244.3	0.0	(59.9)	IB	158.0
2007	1.7	212.4	258.7	0.0	(13.6)	IB	118.3
2008	1.7	167.7	269.2	2.2	90.1	CF	54.5
2009	1.3	146.5	222.1	7.5	173.2		

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of -3.7 months at lowest point
Loans	Fair	4 years of interest bearing loans 1 year of cash flow loans
Variance in Planned Yield	Poor	Planned Yield varies from 0.5 to 1.7 240% increase

OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Economic Scenario 6—No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	286.9 m	15.0	0.5		
2002	258.4 m	12.8	0.5		
2003	243.7 m	12.4	0.7		
2004	233.6 m	11.3	0.7		
2005	244.1 m	11.3	0.9		
2006	261.1 m	11.6	0.9		
2007	279.8 m	11.9	0.9		
2008	300.0 m	12.2	0.9		
2009	293.8 m	11.5	0.7		



OPTION 2D—PLANNED YIELD VARIES FROM 0.3 TO 1.7
Economic Scenario 6—No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	0.5	104.5	72.8	17.4	281.1	
2002	0.5	108.8	62.3	16.0	250.6	
2003	0.7	113.5	86.8	14.5	238.4	
2004	0.7	118.6	93.9	13.9	227.6	
2005	0.9	123.6	123.6	13.8	241.4	
2006	0.9	129.0	130.6	14.8	257.8	
2007	0.9	134.6	137.0	15.8	276.0	
2008	0.9	140.5	143.1	17.0	295.6	
2009	0.7	146.6	117.8	17.4	284.2	

Evaluation of Fund Capping Mechanism

- Option 2D caps the balance in the Unemployment Compensation Fund between 11.5 and 12.5 months of benefits

OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Performance Evaluation for 2001-2009

- Option 2E has a variable planned yield that is determined by the balance in the Unemployment Compensation Fund. The planned yield in effect for a year is based on the fund balance on September 30th of the prior year.

Fund Balance on 9/30	Planned Yield
> 18 months	1.00%
15-18 months	1.05%
12-15 months	1.10%
9-12 months	1.15%
6- 9 months	1.20%
3- 6 months	1.25%
< 3 months	1.30%

- Option 2E does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow.

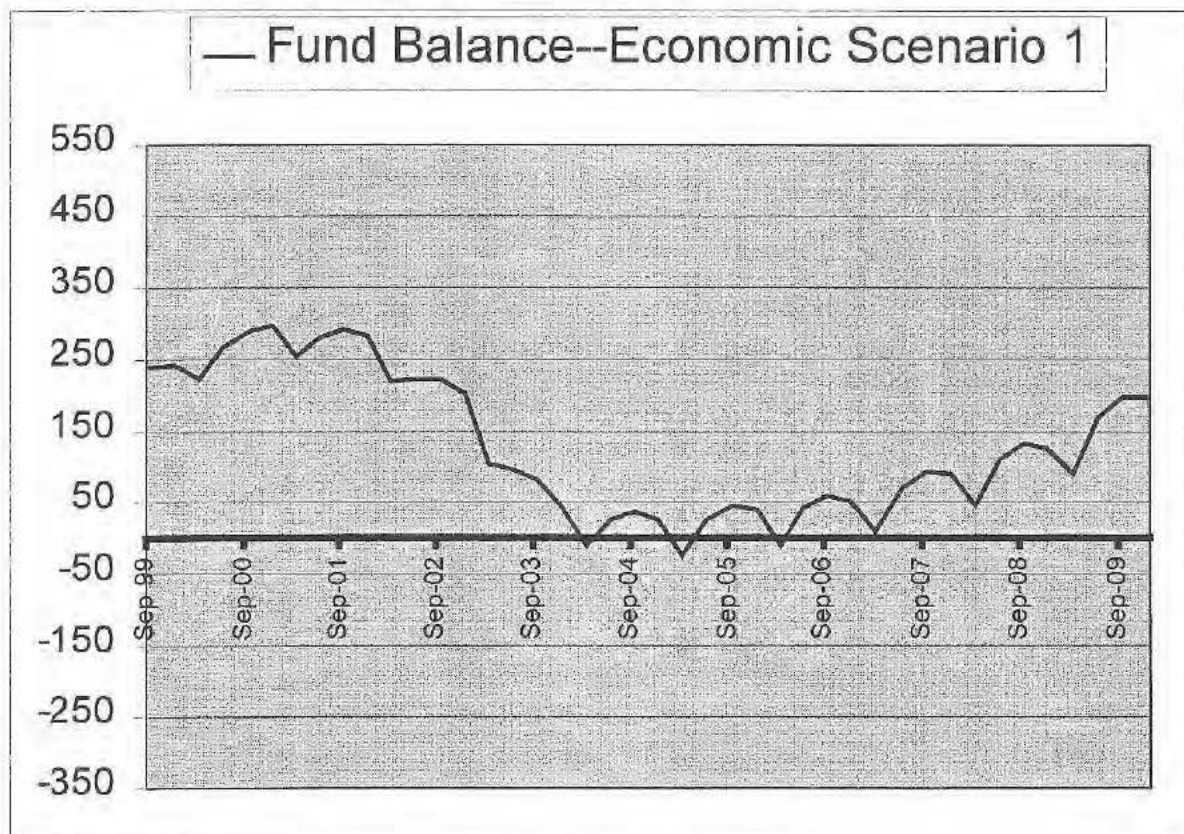
SUMMARY OF THE PERFORMANCE OF OPTION 2E

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Excellent	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Good	Good	Good	Good	Good

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	15.1	15.2	20.6	22.0	15.1	28.8
Min. 9/30 Fund Balance (mo.)	1.6	8.5	2.2	10.4	- 3.7	17.9
Max. 9/30 Fund Balance (\$\$)	290.8 m	410.9 m	400.6 m	426.0 m	290.8 m	733.8
Min. 9/30 Fund Balance (\$\$)	37.4 m	183.4 m	59.0 m	267.2 m	- 93.2 m	342.3
Years of Interest Bearing Debt	0	0	0	0	5+	0
Max. Interest Bearing Debt (\$\$)	0	0	0	0	157.2 m	0
Years of Cash Flow Debt	3	0	2	0	0	0
Maximum Cash Flow Debt (\$\$)	22.9 m	0	16.9 m	0	0	0
Maximum Planned Yield	1.30	1.20	1.30	1.15	1.30	1.05
Minimum Planned Yield	1.05	1.05	1.00	1.00	1.05	1.00
% Increase in Planned Yield	24 %	14 %	30 %	15 %	24 %	N/A
Maximum Planned Yield during Recession	1.15	1.15	1.10	1.10	1.30	N/A
Maximum Planned Yield during Recovery	1.30	1.20	1.30	1.15	1.30	N/A

OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	290.8 m	15.1	1.05		
2002	221.9 m	11.3	1.05		
2003	80.8 m	4.0	1.15		
2004	37.4 m	1.6	1.25	Cash Flow	10.3
2005	46.3 m	1.9	1.30	Cash Flow	22.9
2006	59.4 m	2.3	1.30	Cash Flow	10.1
2007	94.1 m	3.5	1.30		
2008	132.3 m	4.7	1.25		
2009	195.6 m	6.6	1.25		



OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

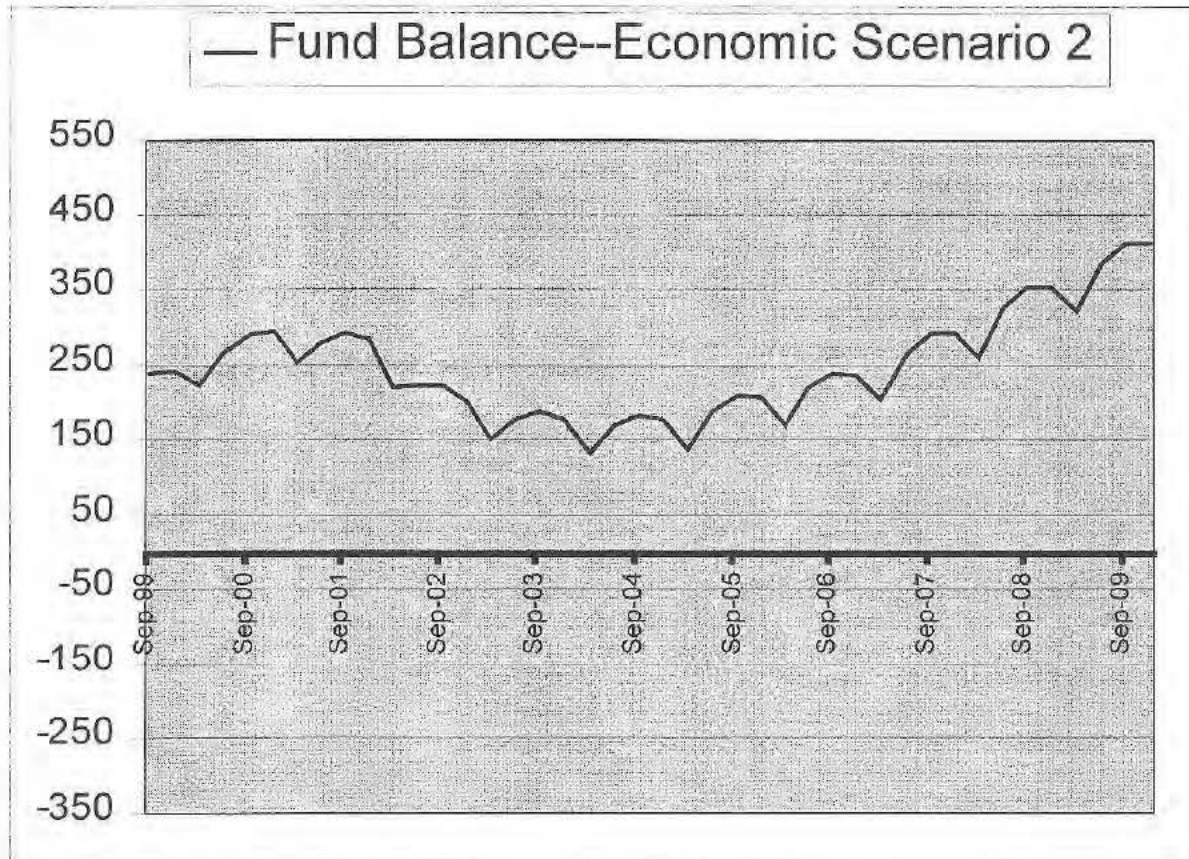
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.10	99.5	137.4	15.8	295.4		
2001	1.05	164.9	135.9	17.3	283.7		
2002	1.05	221.3	125.4	14.6	202.4		
2003	1.15	300.7	137.8	7.5	47.0		
2004	1.25	186.8	163.4	1.8	25.4	CF	10.3
2005	1.30	171.4	183.8	1.6	39.4	CF	22.9
2006	1.30	178.9	188.0	2.2	50.7	CF	10.1
2007	1.30	160.9	196.5	3.8	90.1		
2008	1.25	167.7	198.1	6.2	126.7		
2009	1.25	146.5	206.3	9.1	195.6		

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 1.6 months at lowest point
Loans	Excellent	3 years of cash flow loans
Variance in Planned Yield	Good	Planned Yield varies from 1.05 to 1.30 24% increase

OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	290.8 m	15.1	1.05		
2002	221.3 m	11.3	1.05		
2003	187.2 m	9.1	1.15		
2004	183.4 m	8.5	1.15		
2005	209.6 m	9.2	1.20		
2006	238.6 m	10.1	1.15		
2007	290.4 m	11.8	1.15		
2008	352.0 m	13.7	1.15		
2009	410.9 m	15.2	1.10		



OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Economic Scenario 2—Light to Moderate Recession in 2002—2003

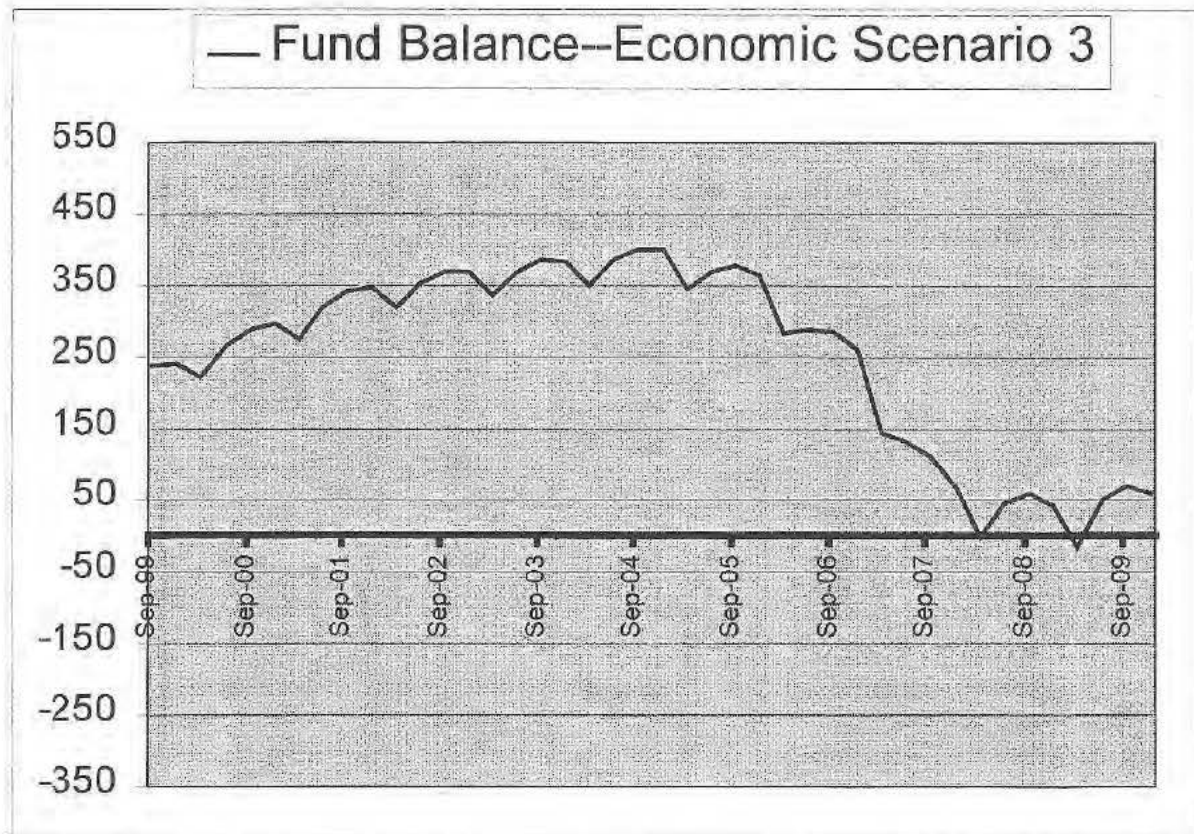
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.10	99.5	137.4	15.8	295.4	
2001	1.05	164.9	135.9	17.3	283.7	
2002	1.05	221.1	124.7	14.6	201.9	
2003	1.15	179.0	142.4	11.2	176.5	
2004	1.15	164.3	153.7	10.2	176.1	
2005	1.20	147.6	167.8	11.1	207.4	
2006	1.15	154.0	168.6	13.0	235.0	
2007	1.15	134.6	176.1	15.5	292.0	
2008	1.15	140.5	182.9	18.9	353.3	
2009	1.00	146.6	181.6	22.8	411.1	

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of 8.5 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Good	Planned Yield varies from 1.05 to 1.20 14% increase

OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	341.5 m	17.8	1.05		
2002	368.5 m	18.4	1.05		
2003	384.7 m	19.6	1.00		
2004	400.6 m	20.6	1.00		
2005	376.2 m	18.6	1.00		
2006	285.1 m	13.7	1.00		
2007	111.4 m	4.6	1.10		
2008	59.0 m	2.2	1.25	Cash Flow	2.4
2009	71.9 m	2.4	1.30	Cash Flow	16.9



OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

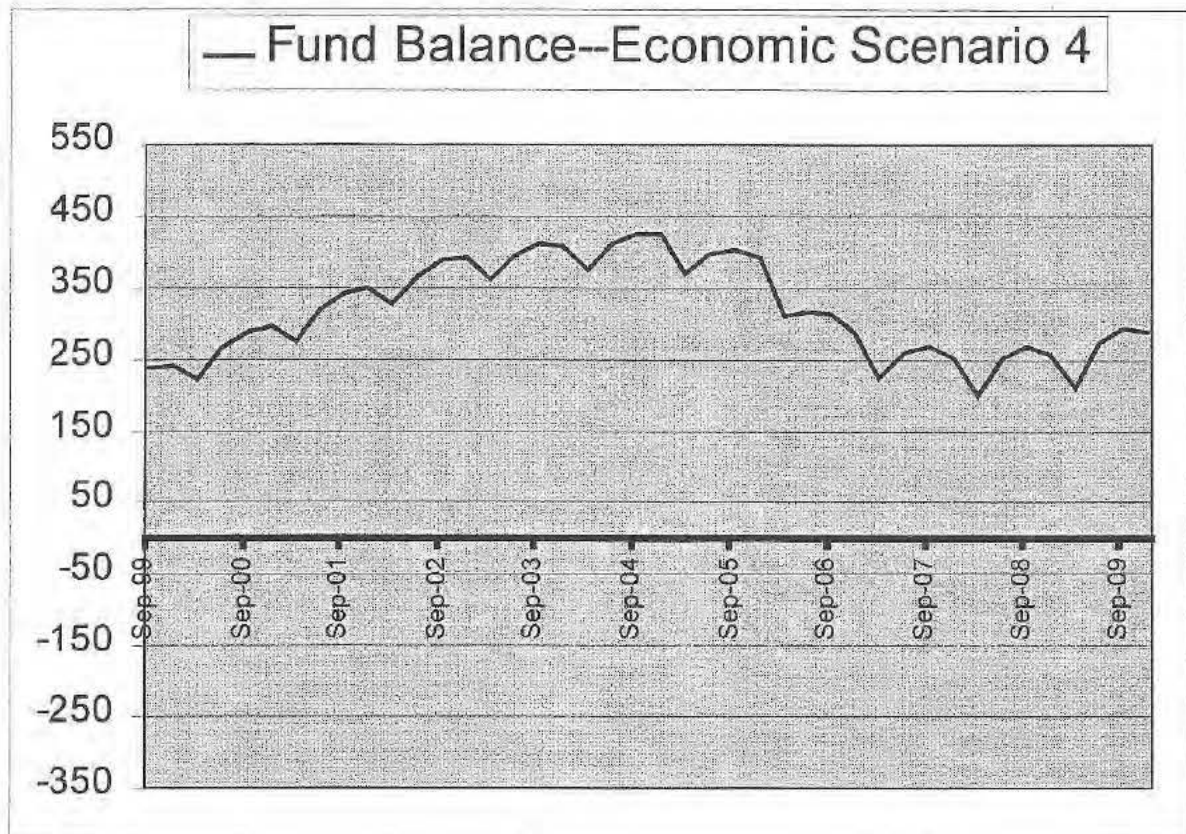
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.10	99.5	137.4	15.8	295.4		
2001	1.05	104.5	137.4	18.9	347.2		
2002	1.05	130.0	129.4	21.3	367.9		
2003	1.00	135.6	128.2	22.4	382.9		
2004	1.00	141.6	133.9	23.2	398.4		
2005	1.00	195.0	136.6	22.9	362.9		
2006	1.00	262.4	140.1	18.8	259.4		
2007	1.10	356.6	154.9	10.0	67.7		
2008	1.25	221.4	192.7	3.0	42.0	CF	2.4
2009	1.30	203.2	219.0	2.6	60.4	CF	16.9

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 2.2 months at lowest point
Loans	Excellent	2 years of cash flow loans
Variance in Planned Yield	Good	Planned Yield varies from 1.00 to 1.30 30% increase

OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.10	
2001	342.2 m	17.8	1.05	
2002	388.0 m	19.4	1.05	
2003	409.6 m	20.6	1.00	
2004	426.0 m	22.0	1.00	
2005	402.9 m	19.9	1.00	
2006	313.0 m	15.0	1.00	
2007	268.6 m	11.2	1.10	
2008	267.2 m	10.4	1.15	
2009	294.6 m	11.0	1.15	



OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.10	99.4	137.4	15.8	295.5	
2001	1.05	104.5	138.3	18.9	348.1	
2002	1.05	108.8	131.0	21.9	392.2	
2003	1.00	135.7	127.6	23.9	408.0	
2004	1.00	141.6	132.8	24.8	424.0	
2005	1.00	195.0	136.5	24.5	390.0	
2006	1.00	262.2	139.2	20.5	287.5	
2007	1.10	212.4	161.6	16.1	252.8	
2008	1.15	194.7	183.7	15.0	256.8	
2009	1.15	175.0	190.9	16.0	288.7	

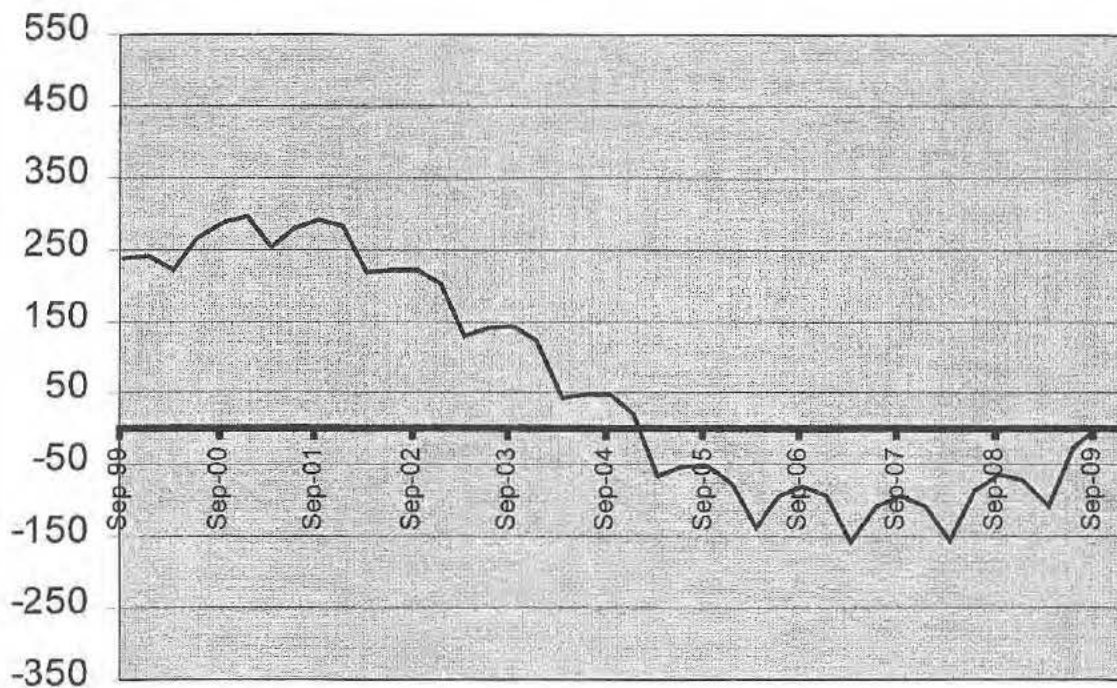
Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of 10.4 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Good	Planned Yield varies from 1.00 to 1.15 15% increase

OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	290.8 m	15.1	1.05		
2002	221.6 m	11.3	1.05		
2003	143.2 m	7.0	1.15		
2004	47.2 m	2.2	1.20		
2005	(50.5) m	(2.3)	1.30	Interest Bearing	77.7
2006	(79.9) m	(3.4)	1.30	Interest Bearing	139.1
2007	(93.2) m	(3.7)	1.30	Interest Bearing	157.2
2008	(64.1) m	(2.4)	1.30	Interest Bearing	154.6
2009	1.4 m	0.1	1.30	Interest Bearing	107.2

— Fund Balance--Economic Scenario 5



OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Economic Scenario 5—Back to Back Recessions in 2002—2005

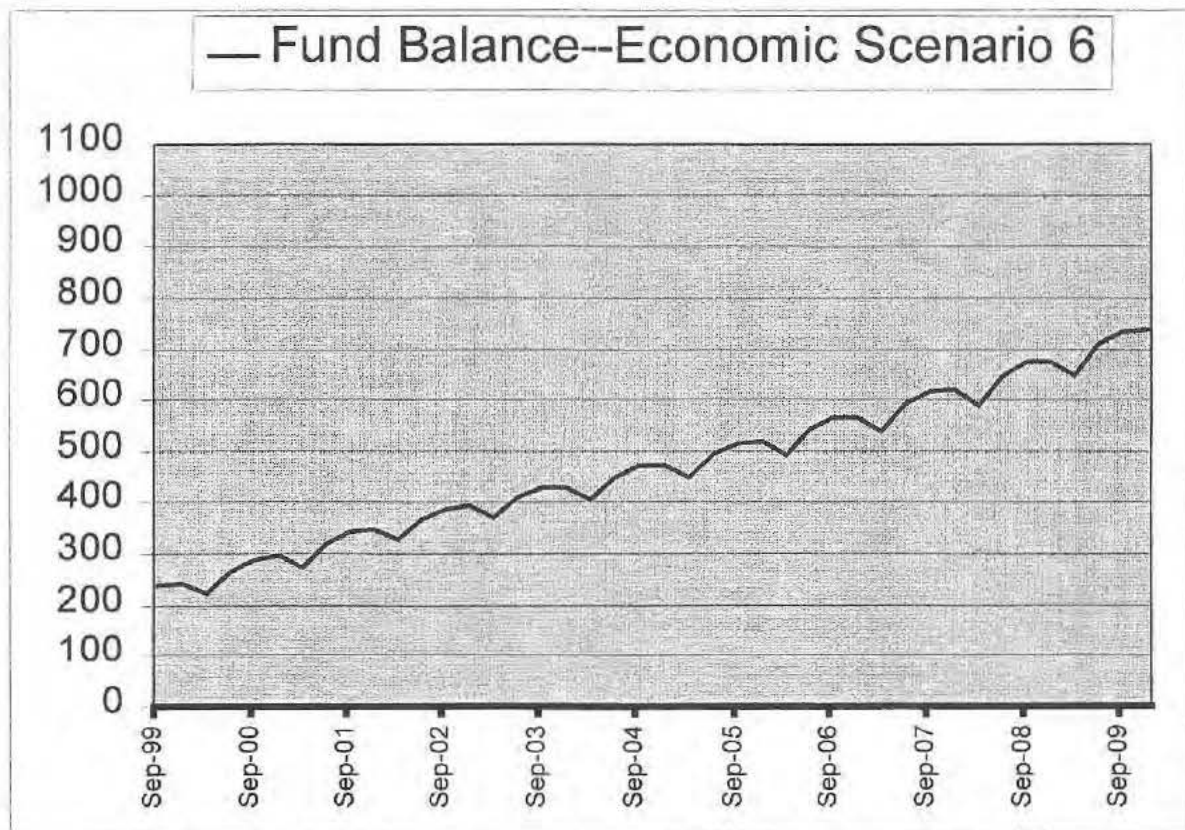
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.10	99.5	137.4	15.8	295.4		
2001	1.05	164.9	135.9	17.3	283.7		
2002	1.05	221.2	125.0	14.6	202.1		
2003	1.15	229.4	140.9	9.5	123.1		
2004	1.20	261.3	154.8	4.1	20.7		
2005	1.30	272.4	173.7	0.3	(77.7)	IB	77.7
2006	1.30	203.5	187.1	0.0	(94.1)	IB	139.1
2007	1.30	212.4	197.8	0.0	(108.7)	IB	157.2
2008	1.30	167.7	205.9	0.0	(70.5)	IB	154.6
2009	1.30	146.5	216.8	0.1	(0.1)	IB	107.2

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of -3.7 months at lowest point
Loans	Poor	5+ years of interest bearing loans
Variance in Planned Yield	Good	Planned Yield varies from 1.05 to 1.30 24% increase

OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Economic Scenario 6—No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.10	
2001	342.3 m	17.9	1.05	
2002	388.0 m	19.4	1.05	
2003	428.0 m	21.6	1.00	
2004	470.4 m	22.8	1.00	
2005	515.9 m	23.9	1.00	
2006	564.2 m	25.1	1.00	
2007	616.6 m	26.3	1.00	
2008	673.5 m	27.5	1.00	
2009	733.8 m	28.8	1.00	



OPTION 2E—PLANNED YIELD VARIES FROM 1.0 TO 1.3
Economic Scenario 6—No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.10	99.5	137.4	15.8	295.4		
2001	1.05	104.5	138.3	18.9	348.1		
2002	1.05	108.8	130.9	21.9	392.1		
2003	1.00	113.5	127.9	24.5	431.0		
2004	1.00	118.6	134.2	27.0	473.6		
2005	1.00	123.6	139.6	29.6	519.2		
2006	1.00	129.0	144.7	32.4	567.3		
2007	1.00	134.6	151.7	35.5	619.9		
2008	1.00	140.5	158.6	38.7	676.7		
2009	1.00	146.6	164.3	42.3	736.7		

Evaluation of Fund Capping Mechanism

- Option 2E does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow.

OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Performance Evaluation for 2001-2009

- Option 2F has a variable planned yield that is determined by the balance in the Unemployment Compensation Fund. The planned yield in effect for a year is based on the fund balance on September 30th of the prior year.

Fund Balance on 9/30	Planned Yield
> 24 months	0.90%
21-24 months	0.95%
18-21 months	1.00%
15-18 months	1.05%
12-15 months	1.10%
9-12 months	1.15%
6- 9 months	1.20%
3- 6 months	1.25%
< 3 months	1.30%

- Option 2F does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow although by less than half a month of benefits per year.

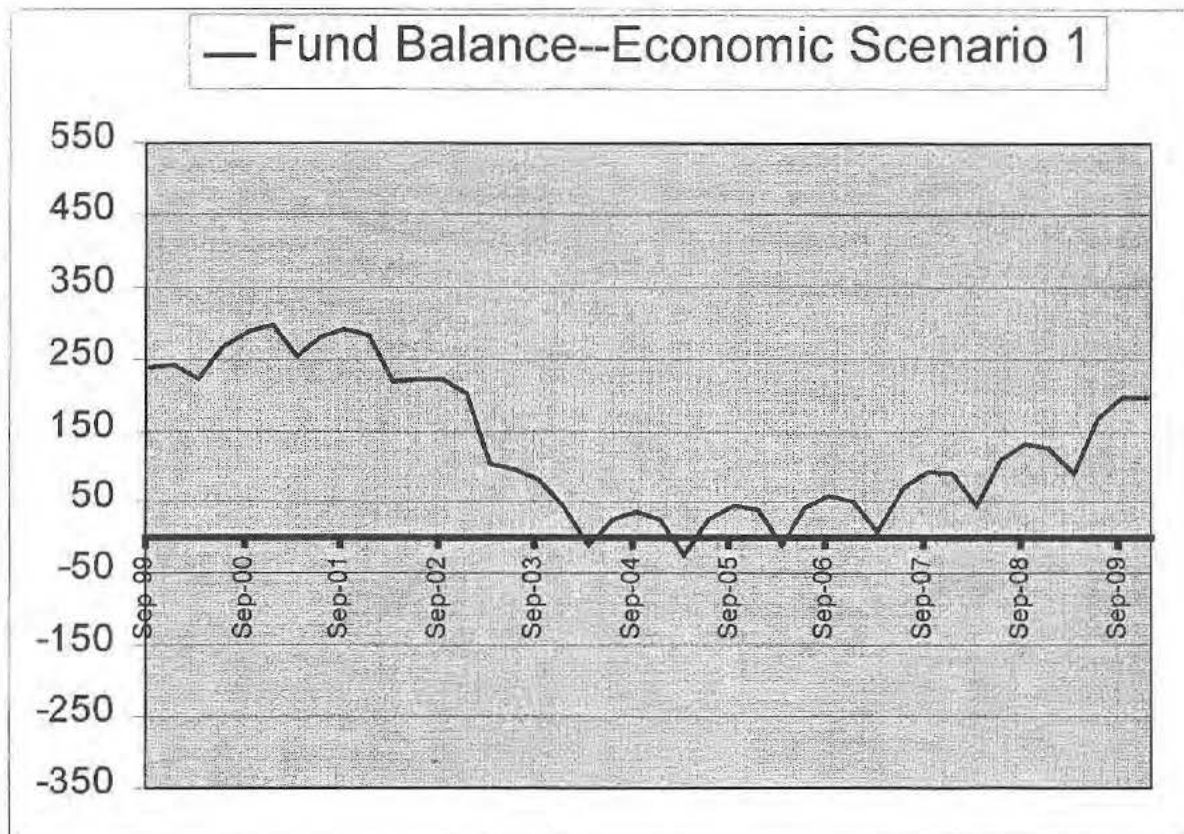
SUMMARY OF THE PERFORMANCE OF OPTION 2F

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Excellent	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Good	Good	Good	Good	Good

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	15.1	15.2	20.6	22.0	15.1	25.9
Min. 9/30 Fund Balance (mo.)	1.6	8.5	2.2	10.2	- 3.7	17.9
Max. 9/30 Fund Balance (\$\$)	290.8 m	410.9 m	400.6 m	426.0 m	290.8 m	661.9
Min. 9/30 Fund Balance (\$\$)	37.4 m	183.4 m	59.0 m	259.6 m	- 93.2 m	342.3
Years of Interest Bearing Debt	0	0	0	0	5+	0
Max. Interest Bearing Debt (\$\$)	0	0	0	0	157.2 m	0
Years of Cash Flow Debt	3	0	2	0	0	0
Maximum Cash Flow Debt (\$\$)	22.9 m	0	16.9 m	0	0	0
Maximum Planned Yield	1.30	1.20	1.30	1.15	1.30	1.05
Minimum Planned Yield	1.05	1.05	1.00	0.95	1.05	0.90
% Increase in Planned Yield	24 %	14 %	30 %	21 %	24 %	N/A
Maximum Planned Yield during Recession	1.15	1.15	1.10	1.10	1.30	N/A
Maximum Planned Yield during Recovery	1.30	1.20	1.30	1.15	1.30	N/A

OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	290.8 m	15.1	1.05		
2002	221.9 m	11.3	1.05		
2003	80.8 m	4.0	1.15		
2004	37.4 m	1.6	1.25	Cash Flow	10.3
2005	46.3 m	1.9	1.30	Cash Flow	22.9
2006	59.4 m	2.3	1.30	Cash Flow	10.1
2007	94.1 m	3.5	1.30		
2008	132.3 m	4.7	1.25		
2009	195.6 m	6.6	1.25		



OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

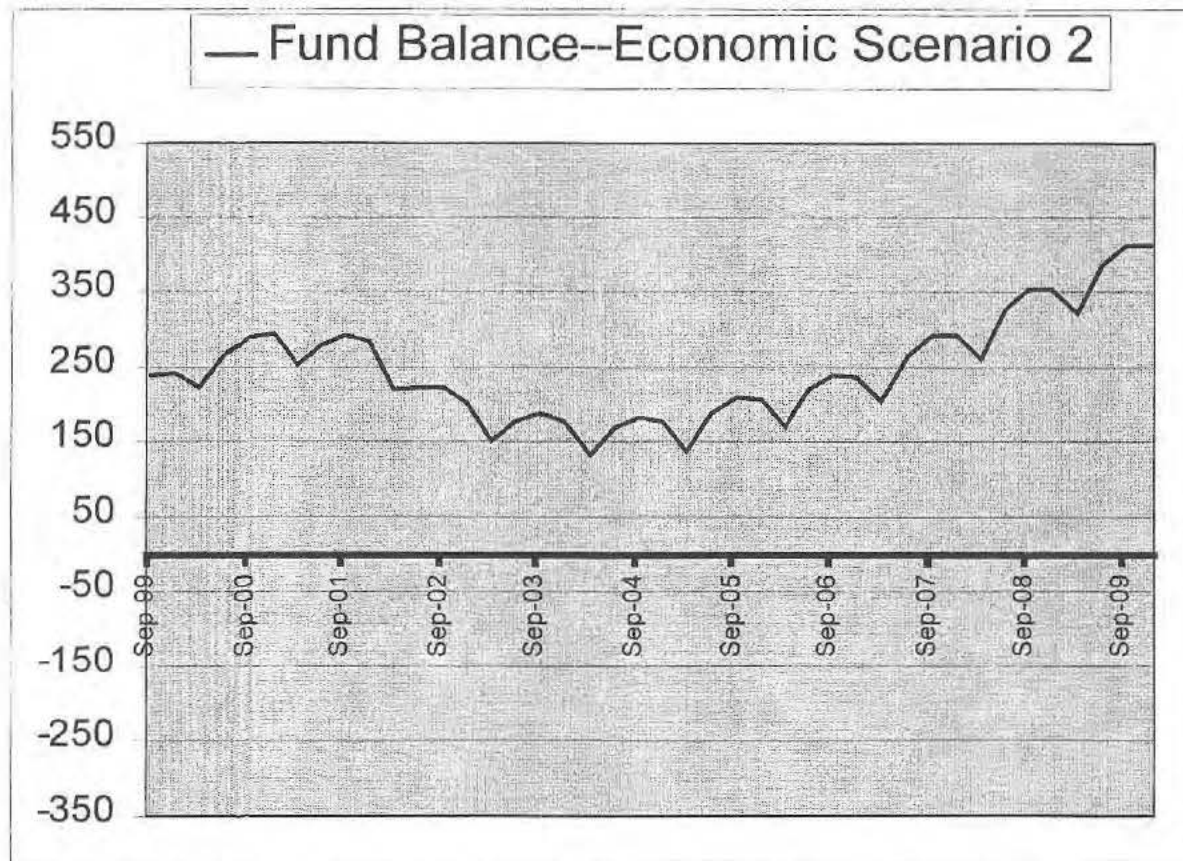
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.10	99.5	137.4	15.8	295.4		
2001	1.05	164.9	135.9	17.3	283.7		
2002	1.05	221.3	125.4	14.6	202.4		
2003	1.15	300.7	137.8	7.5	47.0		
2004	1.25	186.8	163.4	1.8	25.4	CF	10.3
2005	1.30	171.4	183.8	1.6	39.4	CF	22.9
2006	1.30	178.9	188.0	2.2	50.7	CF	10.1
2007	1.30	160.9	196.5	3.8	90.1		
2008	1.25	167.7	198.1	6.2	126.7		
2009	1.25	146.5	206.3	9.1	195.6		

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 1.6 months at lowest point
Loans	Excellent	3 years of cash flow loans
Variance in Planned Yield	Good	Planned Yield varies from 1.05 to 1.30 24% increase

OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	290.8 m	15.1	1.05		
2002	221.3 m	11.3	1.05		
2003	187.2 m	9.1	1.15		
2004	183.4 m	8.5	1.15		
2005	209.6 m	9.2	1.20		
2006	238.6 m	10.1	1.15		
2007	290.4 m	11.8	1.15		
2008	352.0 m	13.7	1.15		
2009	410.9 m	15.2	1.10		



OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Economic Scenario 2—Light to Moderate Recession in 2002—2003

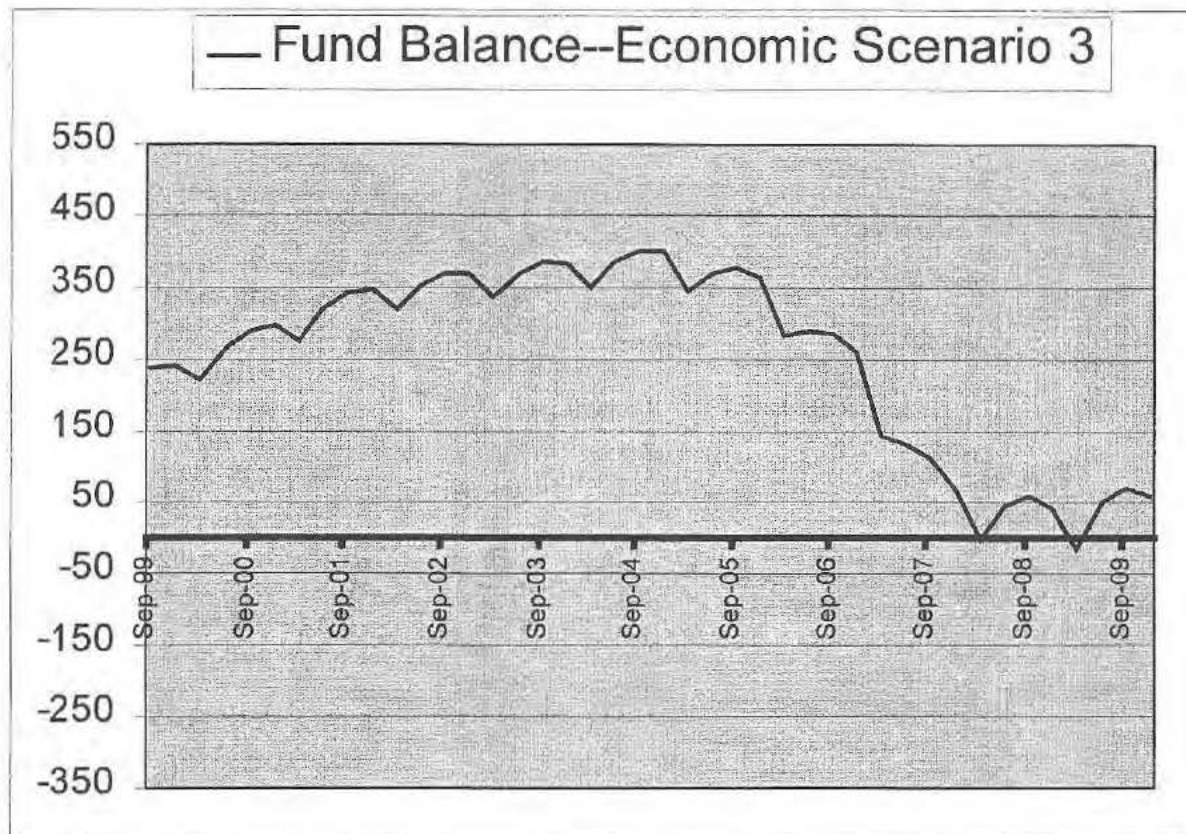
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.10	99.5	137.4	15.8	295.4	
2001	1.05	164.9	135.9	17.3	283.7	
2002	1.05	221.1	124.7	14.6	201.9	
2003	1.15	179.0	142.4	11.2	176.5	
2004	1.15	164.3	153.7	10.2	176.1	
2005	1.20	147.6	167.8	11.1	207.4	
2006	1.15	154.0	168.6	13.0	235.0	
2007	1.15	134.6	176.1	15.5	292.0	
2008	1.15	140.5	182.9	18.9	353.3	
2009	1.00	146.6	181.6	22.8	411.1	

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of 8.5 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Good	Planned Yield varies from 1.05 to 1.20 14% increase

OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	341.5 m	17.8	1.05		
2002	368.5 m	18.4	1.05		
2003	384.7 m	19.6	1.00		
2004	400.6 m	20.6	1.00		
2005	376.2 m	18.6	1.00		
2006	285.1 m	13.7	1.00		
2007	111.4 m	4.6	1.10		
2008	59.0 m	2.2	1.25	Cash Flow	2.4
2009	71.9 m	2.4	1.30	Cash Flow	16.9



OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

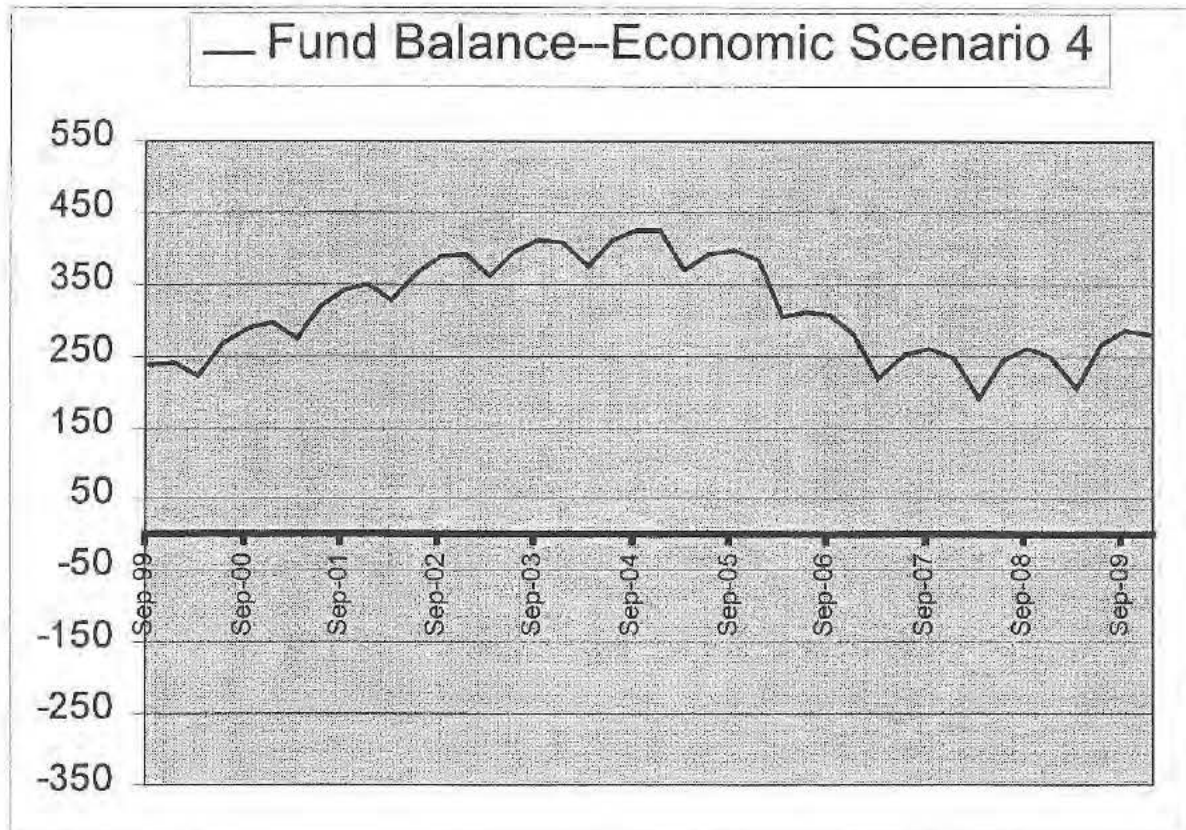
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.10	99.5	137.4	15.8	295.4		
2001	1.05	104.5	137.4	18.9	347.2		
2002	1.05	130.0	129.4	21.3	367.9		
2003	1.00	135.6	128.2	22.4	382.9		
2004	1.00	141.6	133.9	23.2	398.4		
2005	1.00	195.0	136.6	22.9	362.9		
2006	1.00	262.4	140.1	18.8	259.4		
2007	1.10	356.6	154.9	10.0	67.7		
2008	1.25	221.4	192.7	3.0	42.0	CF	2.4
2009	1.30	203.2	219.0	2.6	60.4	CF	16.9

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 2.2 months at lowest point
Loans	Excellent	2 years of cash flow loans
Variance in Planned Yield	Good	Planned Yield varies from 1.00 to 1.30 30% increase

OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.10	
2001	342.2 m	17.8	1.05	
2002	388.0 m	19.4	1.05	
2003	409.6 m	20.6	1.00	
2004	426.0 m	22.0	1.00	
2005	397.8 m	19.7	0.95	
2006	306.2 m	14.6	1.00	
2007	261.4 m	10.8	1.10	
2008	259.6 m	10.2	1.15	
2009	286.6 m	10.8	1.15	



OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.10	99.4	137.4	15.8	295.5	
2001	1.05	104.5	138.3	18.9	348.1	
2002	1.05	108.8	131.0	21.9	392.2	
2003	1.00	135.7	127.6	23.9	408.0	
2004	1.00	141.6	132.8	24.8	424.0	
2005	0.95	195.0	130.7	24.3	384.0	
2006	1.00	262.2	138.7	20.1	280.6	
2007	1.10	212.4	161.6	15.7	245.5	
2008	1.15	194.7	183.7	14.6	249.1	
2009	1.15	175.0	190.9	15.6	280.6	

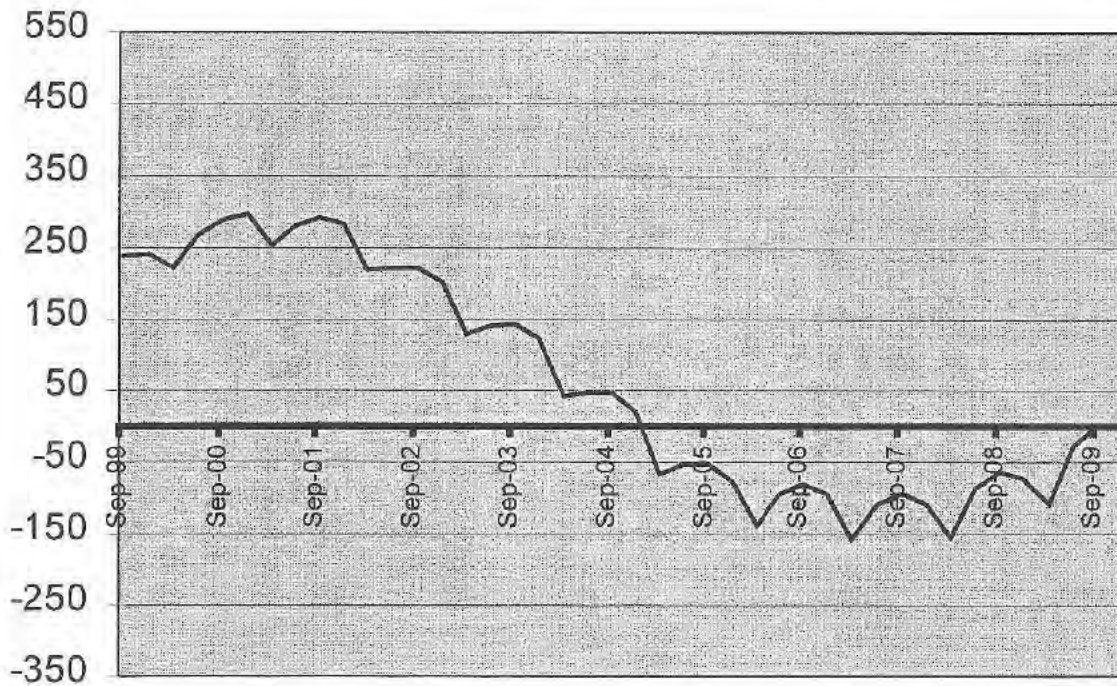
Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of 10.2 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Good	Planned Yield varies from 0.95 to 1.15 21% increase

OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.10		
2001	290.8 m	15.1	1.05		
2002	221.6 m	11.3	1.05		
2003	143.2 m	7.0	1.15		
2004	47.2 m	2.2	1.20		
2005	(50.5) m	(2.3)	1.30	Interest Bearing	77.7
2006	(79.9) m	(3.4)	1.30	Interest Bearing	139.1
2007	(93.2) m	(3.7)	1.30	Interest Bearing	157.2
2008	(64.1) m	(2.4)	1.30	Interest Bearing	154.6
2009	1.4 m	0.1	1.30	Interest Bearing	107.2

— Fund Balance--Economic Scenario 5



OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Economic Scenario 5—Back to Back Recessions in 2002—2005

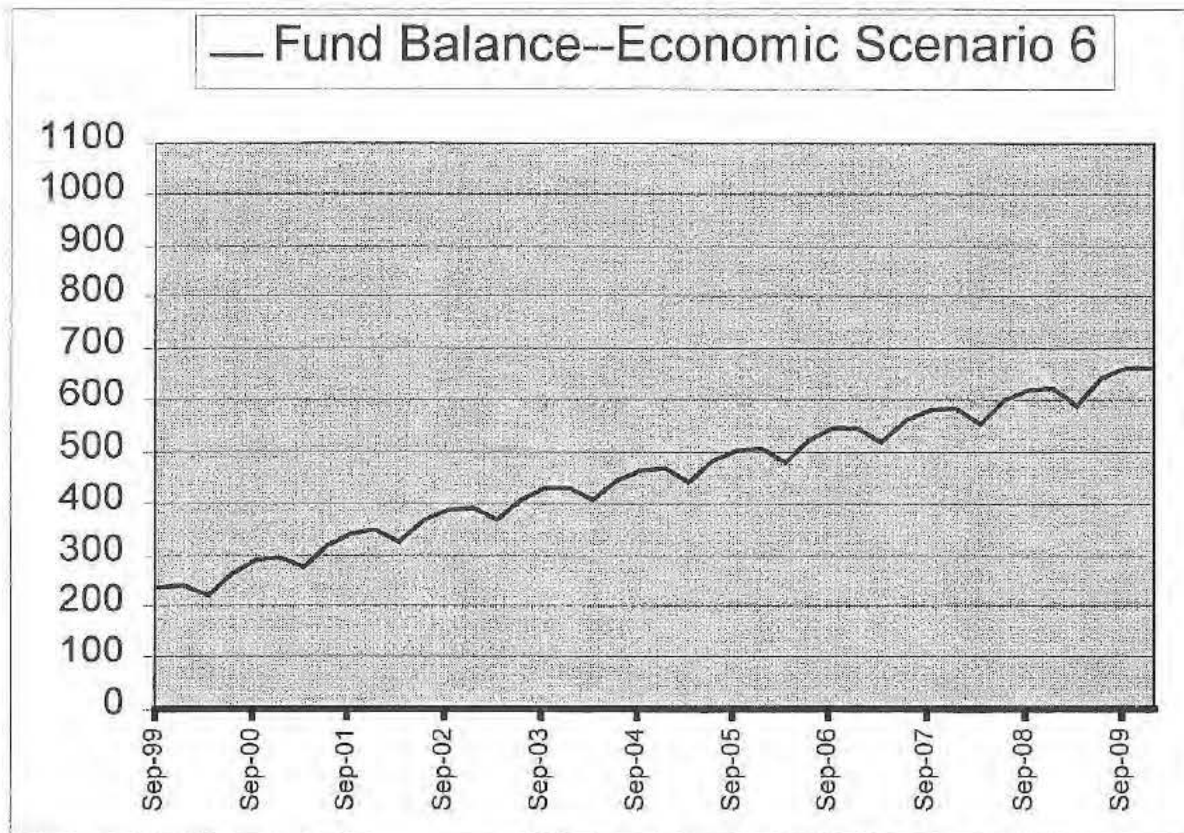
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.10	99.5	137.4	15.8	295.4		
2001	1.05	164.9	135.9	17.3	283.7		
2002	1.05	221.2	125.0	14.6	202.1		
2003	1.15	229.4	140.9	9.5	123.1		
2004	1.20	261.3	154.8	4.1	20.7		
2005	1.30	272.4	173.7	0.3	(77.7)	IB	77.7
2006	1.30	203.5	187.1	0.0	(94.1)	IB	139.1
2007	1.30	212.4	197.8	0.0	(108.7)	IB	157.2
2008	1.30	167.7	205.9	0.0	(70.5)	IB	154.6
2009	1.30	146.5	216.8	0.1	(0.1)	IB	107.2

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of -3.7 months at lowest point
Loans	Poor	5+ years of interest bearing loans
Variance in Planned Yield	Good	Planned Yield varies from 1.05 to 1.30 24% increase

OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Economic Scenario 6—No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A	
2000	288.8 m	15.7	1.10	
2001	342.3 m	17.9	1.05	
2002	388.0 m	19.4	1.05	
2003	428.0 m	21.6	1.00	
2004	465.2 m	22.6	0.95	
2005	503.9 m	23.4	0.95	
2006	544.3 m	24.2	0.95	
2007	582.2 m	24.8	0.90	
2008	621.2 m	25.4	0.90	
2009	661.9 m	25.9	0.90	



OPTION 2F—PLANNED YIELD VARIES FROM 0.9 to 1.3
Economic Scenario 6—No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.10	99.5	137.4	15.8	295.4		
2001	1.05	104.5	138.3	18.9	348.1		
2002	1.05	108.8	130.9	21.9	392.1		
2003	1.00	113.5	127.9	24.5	431.0		
2004	0.95	118.6	128.3	26.8	467.5		
2005	0.95	123.6	133.2	29.0	506.1		
2006	0.95	129.0	137.7	31.4	546.2		
2007	0.90	134.6	137.6	33.8	583.0		
2008	0.90	140.5	143.1	36.1	621.7		
2009	0.90	146.6	148.3	38.5	661.9		

Evaluation of Fund Capping Mechanism

- Option 2F does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow although by less than half a month of benefits per year.

OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Performance Evaluation for 2001-2009

- Option 3A has a variable planned yield that is determined by the balance in the Unemployment Compensation Fund. The planned yield in effect for a year is based on the fund balance on September 30th of the prior year.

Fund Balance on 9/30	Planned Yield
> 18 months	1.0%
0-18 months	1.1%
< 0 months	1.2%

In addition, the planned yield will increase by 0.1 for each addition year the fund balance remains less than zero.

- Option 3A does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow although slowly.

SUMMARY OF THE PERFORMANCE OF OPTION 3A

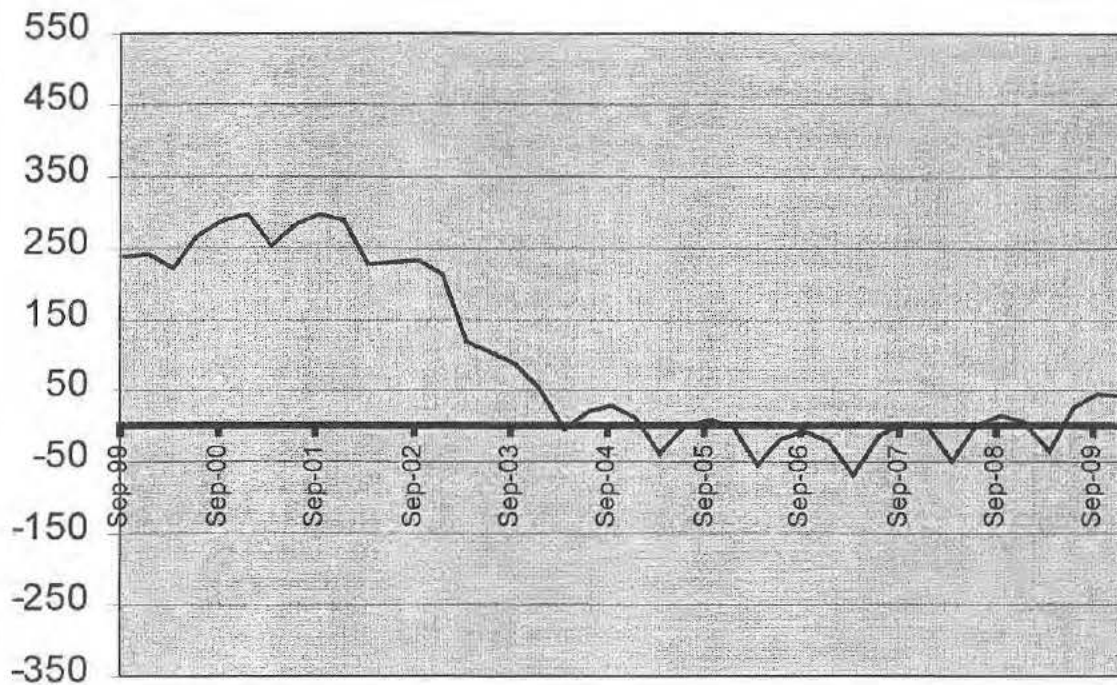
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Good	Fair	Excellent	Poor	Fair
Loans	Fair	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Excellent	Excellent	Excellent	Excellent	Good

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	15.4	15.4	20.6	22.0	15.4	28.8
Min. 9/30 Fund Balance (mo.)	- 0.4	8.6	0.7	10.3	- 5.8	18.1
Max. 9/30 Fund Balance (\$\$)	295.3 m	364.8 m	401.0 m	426.7 m	295.3 m	734.8
Min. 9/30 Fund Balance (\$\$)	- 8.4 m	184.2 m	19.9 m	261.4 m	- 141.2 m	347.1
Years of Interest Bearing Debt	3	0	0	0	5	0
Max. Interest Bearing Debt (\$\$)	67.5 m	0	0	0	205.1 m	0
Years of Cash Flow Debt	3	0	2	0	0	0
Maximum Cash Flow Debt (\$\$)	48.7 m	0	40.7 m	0	0	0
Maximum Planned Yield	1.2	1.1	1.1	1.1	1.5	1.1
Minimum Planned Yield	1.0	1.1	1.0	1.0	1.1	1.0
% Increase in Planned Yield	9 %	0 %	9 %	9 %	36 %	N/A
Maximum Planned Yield during Recession	1.1	1.1	1.1	1.1	1.1	N/A
Maximum Planned Yield during Recovery	1.1	1.1	1.1	1.1	1.3	N/A

OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.5 m	11.8	1.1		
2003	88.5 m	4.3	1.1		
2004	28.3 m	1.2	1.1	Cash Flow	3.9
2005	10.0 m	0.4	1.1	Interest Bearing	36.6
2006	(8.4) m	(0.4)	1.1	Interest Bearing	54.0
2007	5.0 m	0.1	1.2	Interest Bearing	67.5
2008	15.7 m	0.6	1.1	Cash Flow	48.7
2009	47.0 m	1.6	1.1	Cash Flow	34.0

— Fund Balance—Economic Scenario 1



OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

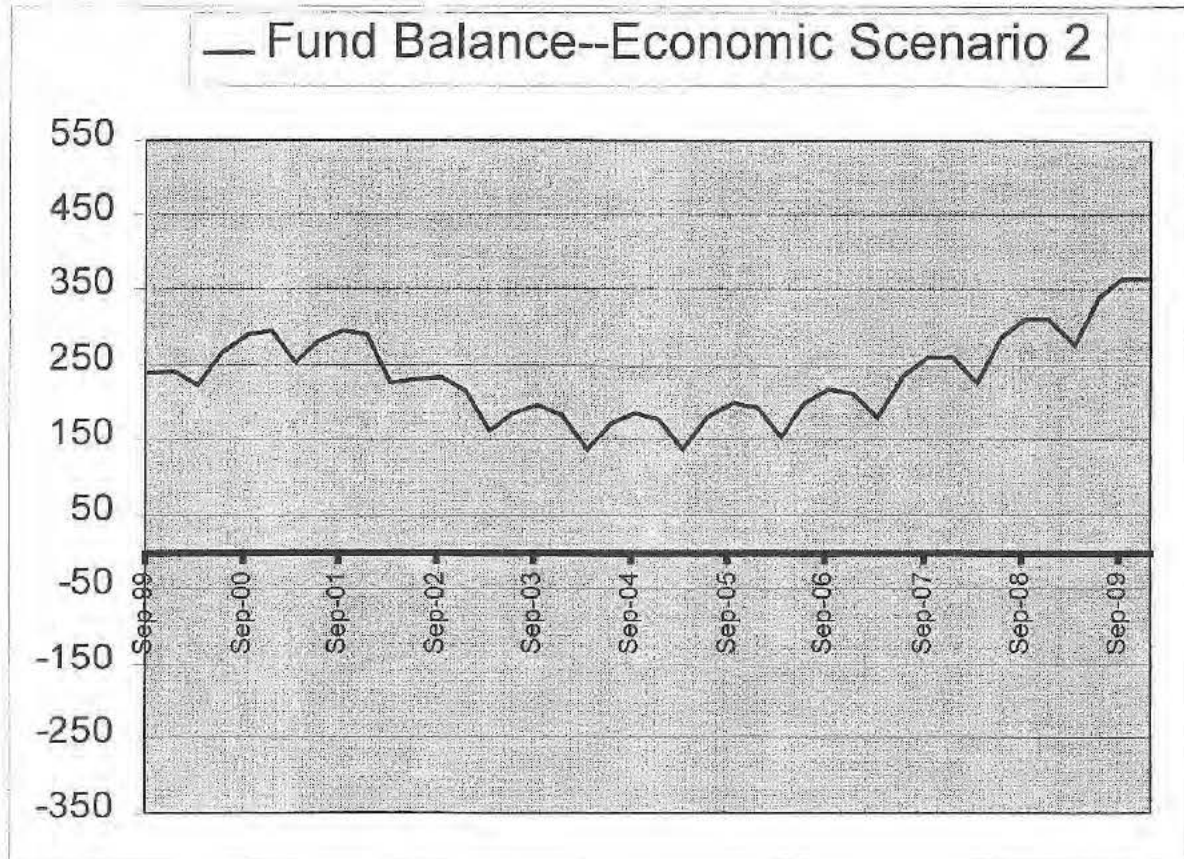
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	164.9	141.4	17.3	289.2		
2002	1.1	221.3	131.0	15.1	214.0		
2003	1.1	300.7	132.5	8.1	53.9		
2004	1.1	186.8	144.7	1.8	13.6	CF	3.9
2005	1.1	171.4	155.9	0.5	(1.4)	IB	36.6
2006	1.1	178.9	158.6	0.0	(21.7)	IB	54.0
2007	1.2	160.9	180.2	0.1	(2.3)	IB	67.5
2008	1.1	167.7	175.0	0.4	5.4	CF	48.7
2009	1.1	146.5	181.5	1.4	41.8	CF	34.0

Performance Evaluation for 2001-2009

Fund Balance	Good	Balance of -0.4 months at lowest point
Loans	Fair	3 years of interest bearing loans 3 years of cash flow loans
Variance in Planned Yield	Excellent	Planned Yield varies from 1.1 to 1.2 9% increase

OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.0 m	11.8	1.1		
2003	194.7 m	9.5	1.1		
2004	184.2 m	8.6	1.1		
2005	197.6 m	8.8	1.1		
2006	216.4 m	9.1	1.1		
2007	259.1 m	10.6	1.1		
2008	310.4 m	12.0	1.1		
2009	364.8 m	13.6	1.1		



OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Economic Scenario 2—Light to Moderate Recession in 2002—2003

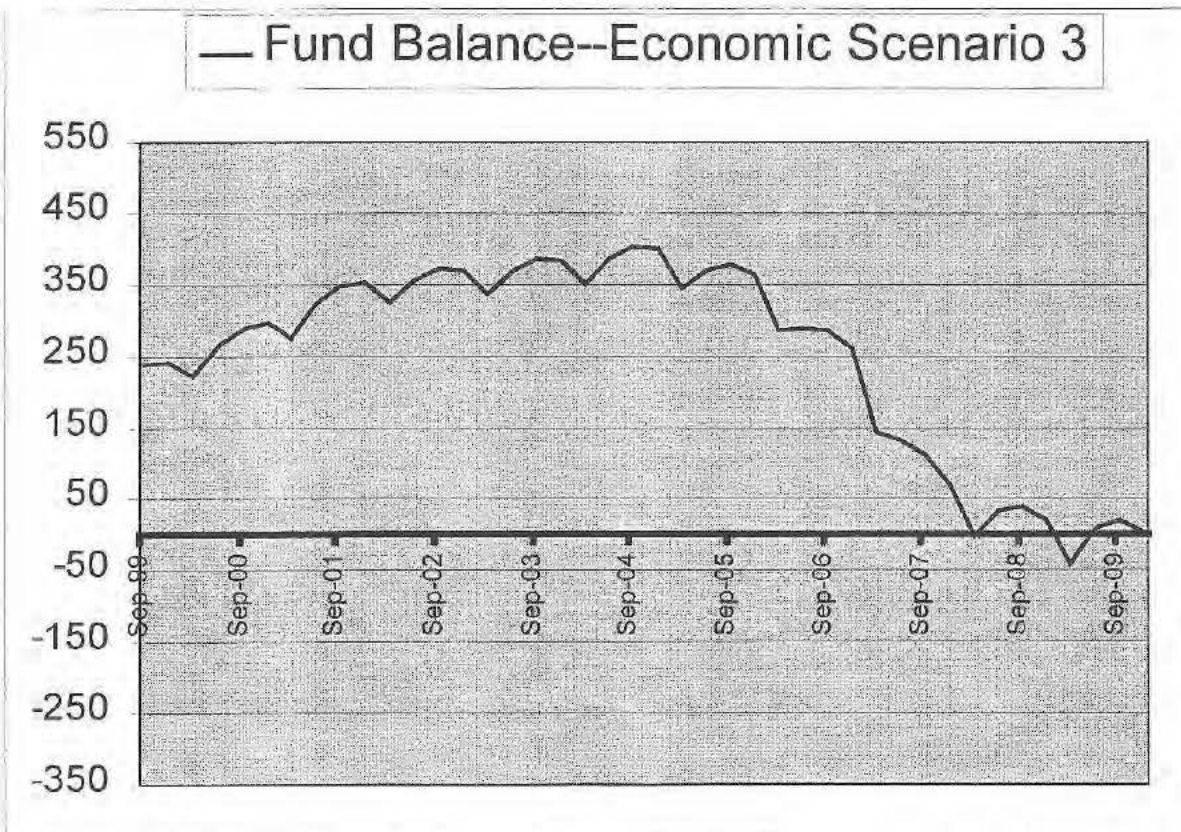
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	1.1	164.9	141.4	17.3	289.2	
2002	1.1	221.1	130.3	15.1	213.5	
2003	1.1	179.0	136.9	11.7	183.1	
2004	1.1	164.3	146.8	10.5	176.1	
2005	1.1	147.6	154.1	10.7	193.3	
2006	1.1	154.0	160.3	11.8	211.4	
2007	1.1	134.6	168.5	13.8	259.1	
2008	1.1	140.5	174.7	16.7	310.0	
2009	1.1	146.6	180.9	20.0	364.3	

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of 8.6 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Planned Yield remains 1.1 throughout period

OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	346.1 m	18.1	1.1		
2002	370.3 m	18.5	1.0		
2003	385.1 m	19.6	1.0		
2004	401.0 m	20.6	1.0		
2005	376.6 m	18.6	1.0		
2006	285.6 m	13.7	1.0		
2007	111.9 m	4.6	1.1		
2008	40.5 m	1.4	1.1	Cash Flow	1.9
2009	19.9 m	0.7	1.1	Cash Flow	40.7



OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

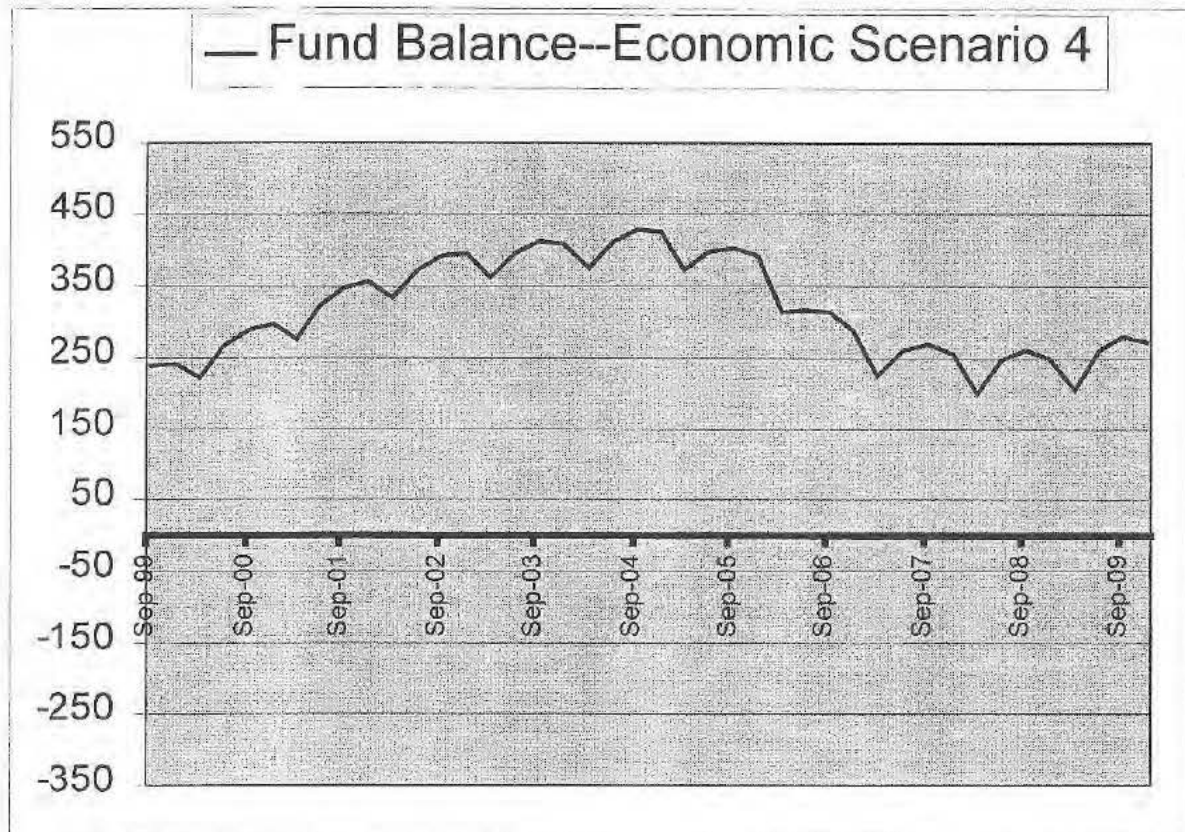
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	104.5	143.1	19.0	353.0		
2002	1.0	130.0	124.3	21.6	368.9		
2003	1.0	135.6	127.6	22.4	383.3		
2004	1.0	141.6	133.9	23.2	398.8		
2005	1.0	195.0	136.6	22.9	363.3		
2006	1.0	262.4	140.1	18.9	259.9		
2007	1.1	356.6	154.9	10.0	68.2		
2008	1.1	221.4	171.1	2.5	20.4	CF	1.9
2009	1.1	203.2	185.6	0.8	3.6	CF	40.7

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 0.7 months at lowest point
Loans	Excellent	2 years of cash flow loans
Variance in Planned Yield	Excellent	Planned Yield varies from 1.0 to 1.1 9% increase

OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	347.1 m	18.1	1.1		
2002	390.0 m	19.4	1.0		
2003	410.3 m	20.8	1.0		
2004	426.7 m	22.0	1.0		
2005	403.6 m	19.9	1.0		
2006	313.7 m	15.0	1.0		
2007	269.9 m	11.2	1.1		
2008	261.4 m	10.3	1.1		
2009	279.8 m	10.4	1.1		



**OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Economic Scenario 4—Light to Moderate Recession in 2006—2007**

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.4	137.4	15.8	295.5	
2001	1.1	104.5	144.0	19.1	354.1	
2002	1.0	108.8	125.8	22.3	393.4	
2003	1.0	135.7	127.0	24.0	408.7	
2004	1.0	141.6	132.8	24.8	424.7	
2005	1.0	195.0	136.5	24.5	390.7	
2006	1.0	262.2	139.2	20.5	288.2	
2007	1.1	212.4	162.4	16.1	254.3	
2008	1.1	194.7	175.4	14.9	249.9	
2009	1.1	175.0	182.3	15.4	272.6	

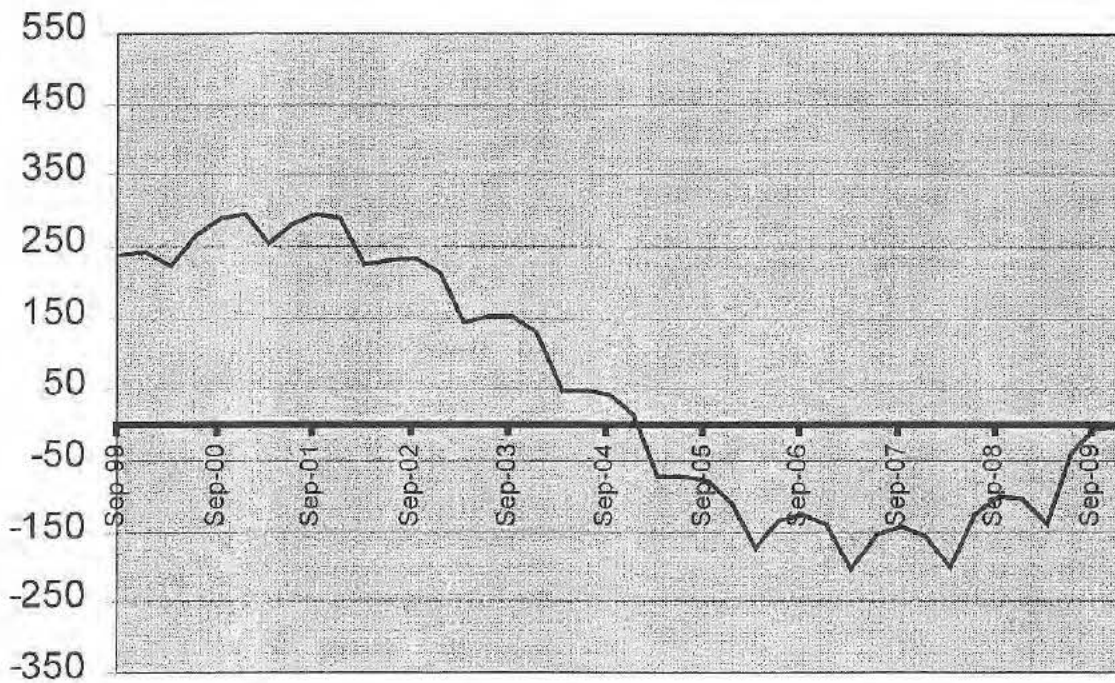
Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of 10.3 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Planned Yield varies from 1.0 to 1.1 9% increase

OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.5 m	11.8	1.1		
2003	150.8 m	7.4	1.1		
2004	43.6 m	2.0	1.1		
2005	(77.9) m	(3.5)	1.1	Interest Bearing	108.8
2006	(124.8) m	(5.4)	1.2	Interest Bearing	172.3
2007	(141.2) m	(5.8)	1.3	Interest Bearing	205.1
2008	(99.5) m	(4.0)	1.4	Interest Bearing	202.5
2009	(4.2) m	(0.1)	1.5	Interest Bearing	139.3

— Fund Balance--Economic Scenario 5



OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Economic Scenario 5—Back to Back Recessions in 2002—2005

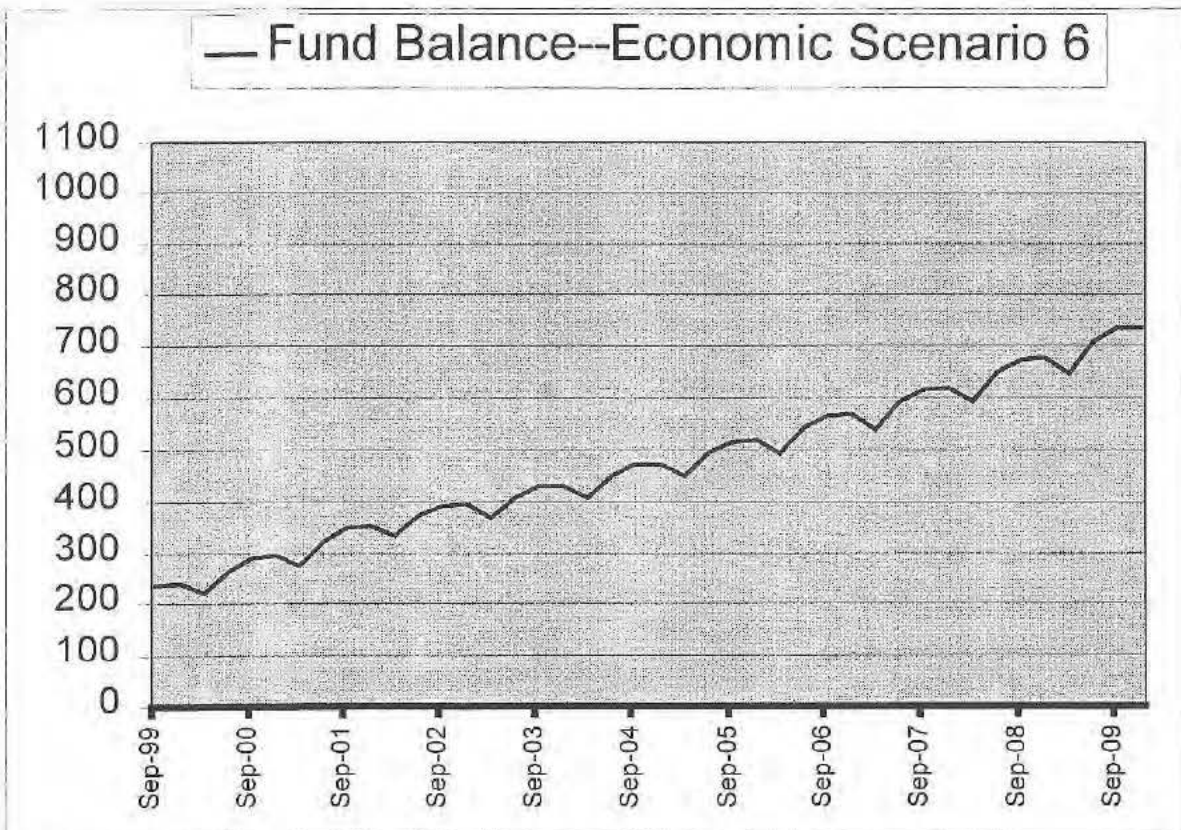
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	164.9	141.4	17.3	289.2		
2002	1.1	221.2	131.0	15.1	214.1		
2003	1.1	229.4	135.1	10.1	129.9		
2004	1.1	261.3	142.4	4.3	15.3		
2005	1.1	272.4	148.1	0.2	(108.8)	IB	108.8
2006	1.2	203.5	171.5	0.0	(140.8)	IB	172.3
2007	1.3	212.4	196.5	0.0	(156.7)	IB	205.1
2008	1.4	167.7	220.4	0.0	(104.0)	IB	202.5
2009	1.5	146.5	248.6	0.0	(1.9)	IB	139.3

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of -5.8 months at lowest point
Loans	Poor	5 years of interest bearing loans
Variance in Planned Yield	Good	Planned Yield varies from 1.1 to 1.5 36% increase

OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Economic Scenario 6—No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	347.1 m	18.1	1.1		
2002	389.9 m	19.4	1.0		
2003	428.5 m	21.6	1.0		
2004	471.0 m	22.8	1.0		
2005	516.6 m	24.0	1.0		
2006	564.9 m	25.1	1.0		
2007	617.3 m	26.3	1.0		
2008	674.4 m	27.6	1.0		
2009	734.8 m	28.8	1.0		



OPTION 3A—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2+ (BAL<0)
Economic Scenario 6—No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.4	137.4	15.8	295.4	
2001	1.1	104.5	144.0	19.1	354.0	
2002	1.0	108.8	125.7	22.3	393.2	
2003	1.0	113.5	127.3	24.6	431.6	
2004	1.0	118.6	134.2	27.0	474.2	
2005	1.0	123.6	136.6	29.7	519.9	
2006	1.0	129.0	144.7	32.4	568.0	
2007	1.0	134.6	151.7	35.5	620.6	
2008	1.0	140.5	158.6	38.9	677.6	
2009	1.0	146.6	164.3	42.4	737.7	

Evaluation of Fund Capping Mechanism

- Option 3A does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow although slowly.

OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Performance Evaluation for 2001-2009

- Option 3B has a variable planned yield that is determined by the balance in the Unemployment Compensation Fund. The planned yield in effect for a year is based on the fund balance on September 30th of the prior year.

Fund Balance on 9/30	Planned Yield
> 21 months	0.9%
18-21 months	1.0%
6-18 months	1.1%
0- 6 months	1.2%
< 0 months	1.3%

In addition, the planned yield will increase by 0.1 for each addition year the fund balance remains less than zero and is less than the prior year's fund balance.

- Option 3B caps the balance in the Unemployment Compensation Fund between 23 and 25 months of benefits.

SUMMARY OF THE PERFORMANCE OF OPTION 3B

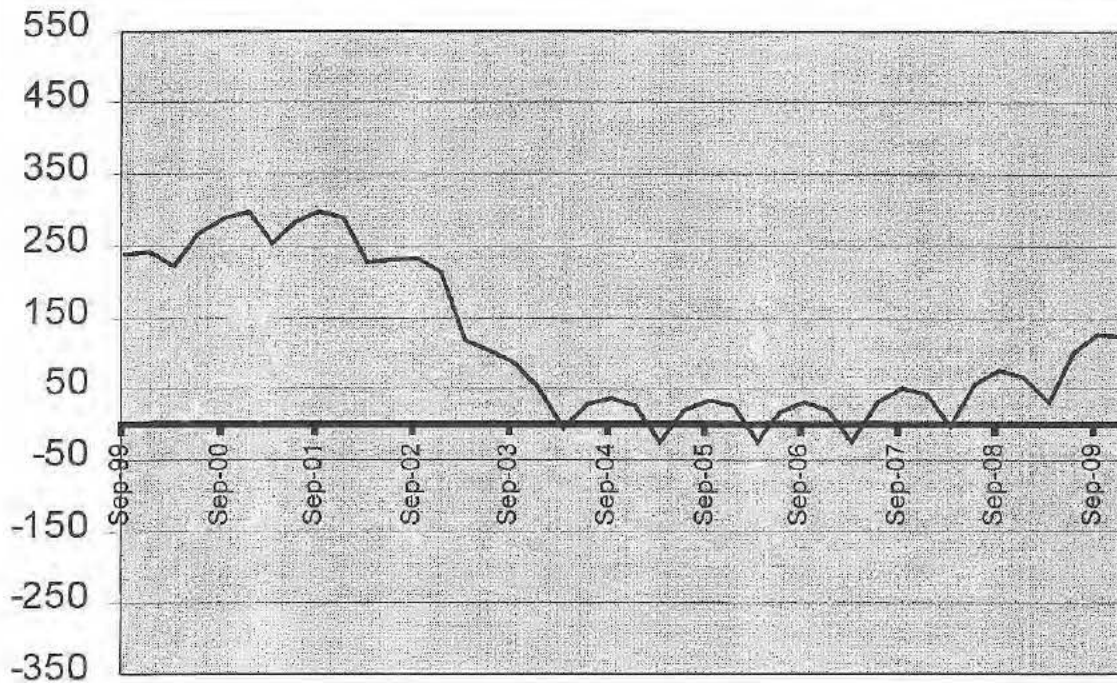
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Excellent	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Fair
Variance in Planned Yield	Excellent	Excellent	Good	Good	Good

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	15.4	15.4	20.6	22.0	15.4	25.0
Min. 9/30 Fund Balance (mo.)	1.2	8.6	1.7	9.7	- 4.2	18.1
Max. 9/30 Fund Balance (\$\$)	295.3 m	364.8 m	401.0 m	426.7 m	295.3 m	635.4 m
Min. 9/30 Fund Balance (\$\$)	32.2 m	184.2 m	49.7 m	245.2 m	- 101.1 m	347.1 m
Years of Interest Bearing Debt	0	0	0	0	4	0
Max. Interest Bearing Debt (\$\$)	0	0	0	0	177.3 m	0
Years of Cash Flow Debt	5	0	2	0	1	0
Maximum Cash Flow Debt (\$\$)	25.2 m	0	24.7 m	0	79.8 m	0
Maximum Planned Yield	1.2	1.1	1.2	1.1	1.5	1.1
Minimum Planned Yield	1.1	1.1	1.0	0.9	1.1	0.9
% Increase in Planned Yield	9 %	0 %	20 %	22 %	36 %	N/A
Maximum Planned Yield during Recession	1.1	1.1	1.1	1.1	1.2	N/A
Maximum Planned Yield during Recovery	1.2	1.1	1.2	1.1	1.4	N/A

OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.5 m	11.8	1.1		
2003	88.5 m	4.3	1.1		
2004	38.5 m	1.7	1.2	Cash Flow	3.9
2005	34.7 m	1.4	1.2	Cash Flow	23.2
2006	32.2 m	1.2	1.2	Cash Flow	25.2
2007	50.0 m	1.8	1.2	Cash Flow	23.1
2008	75.4 m	2.6	1.2	Cash Flow	2.3
2009	129.0 m	4.3	1.2		

— Fund Balance—Economic Scenario 1



OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

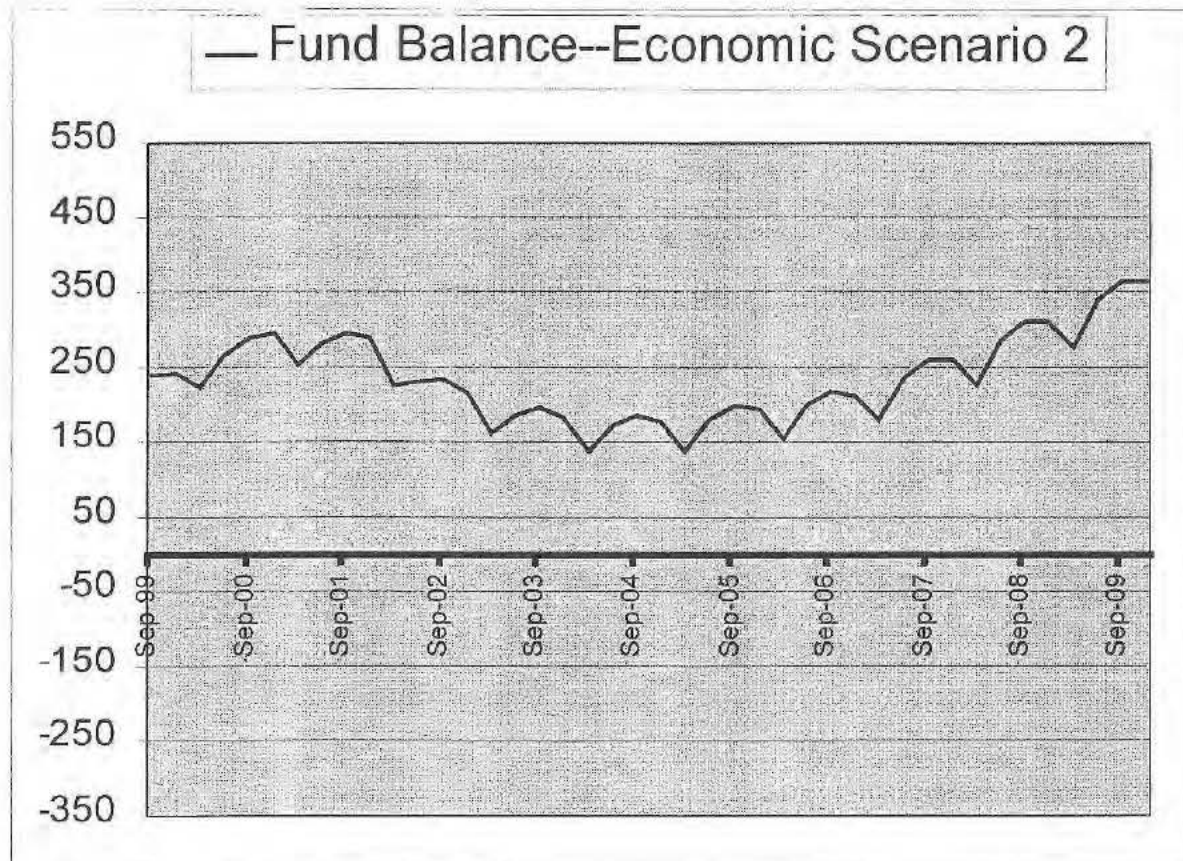
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	164.9	141.4	17.3	289.2		
2002	1.1	221.3	131.0	15.1	214.0		
2003	1.1	300.7	132.5	8.1	53.9		
2004	1.2	186.8	156.6	2.0	25.7	CF	3.9
2005	1.2	171.4	170.0	1.4	25.7	CF	23.2
2006	1.2	178.9	173.1	1.3	21.2	CF	25.2
2007	1.2	160.9	181.4	1.7	43.4	CF	23.1
2008	1.2	167.7	189.4	2.9	68.0	CF	2.3
2009	1.2	146.5	198.1	5.3	124.9		

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 1.2 months at lowest point
Loans	Excellent	5 years of cash flow loans
Variance in Planned Yield	Excellent	Planned Yield varies from 1.1 to 1.2 9% increase

OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.0 m	11.8	1.1		
2003	194.7 m	9.5	1.1		
2004	184.2 m	8.6	1.1		
2005	197.6 m	8.8	1.1		
2006	216.4 m	9.1	1.1		
2007	259.1 m	10.6	1.1		
2008	310.4 m	12.0	1.1		
2009	364.8 m	13.6	1.1		



OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	1.1	164.9	141.4	17.3	289.2	
2002	1.1	221.1	130.3	15.1	213.5	
2003	1.1	179.0	136.9	11.7	183.1	
2004	1.1	164.3	146.8	10.5	176.1	
2005	1.1	147.6	154.1	10.7	193.3	
2006	1.1	154.0	160.3	11.8	211.4	
2007	1.1	134.6	168.5	13.8	259.1	
2008	1.1	140.5	174.7	16.7	310.0	
2009	1.1	146.6	180.9	20.0	364.3	

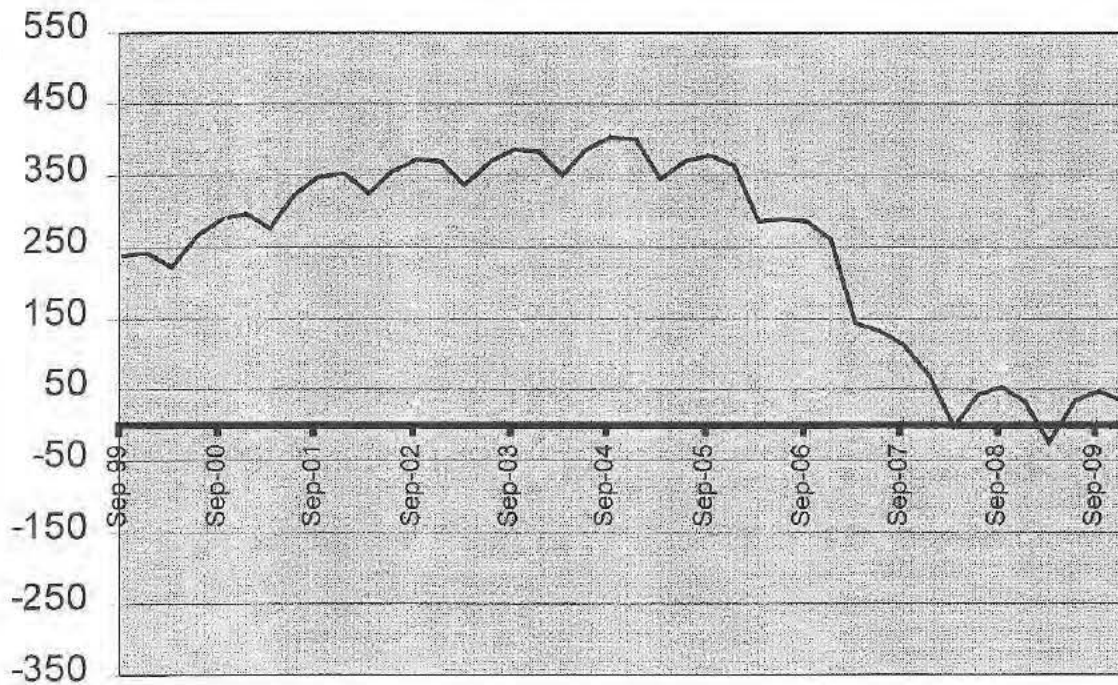
Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of 8.6 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Planned Yield remains 1.1 throughout period

OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	346.1 m	18.1	1.1		
2002	370.3 m	18.5	1.0		
2003	385.1 m	19.6	1.0		
2004	401.0 m	20.6	1.0		
2005	376.6 m	18.6	1.0		
2006	285.6 m	13.7	1.0		
2007	111.9 m	4.6	1.1		
2008	53.1 m	1.9	1.2	Cash Flow	1.9
2009	49.7 m	1.7	1.2	Cash Flow	24.7

— Fund Balance--Economic Scenario 3



OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

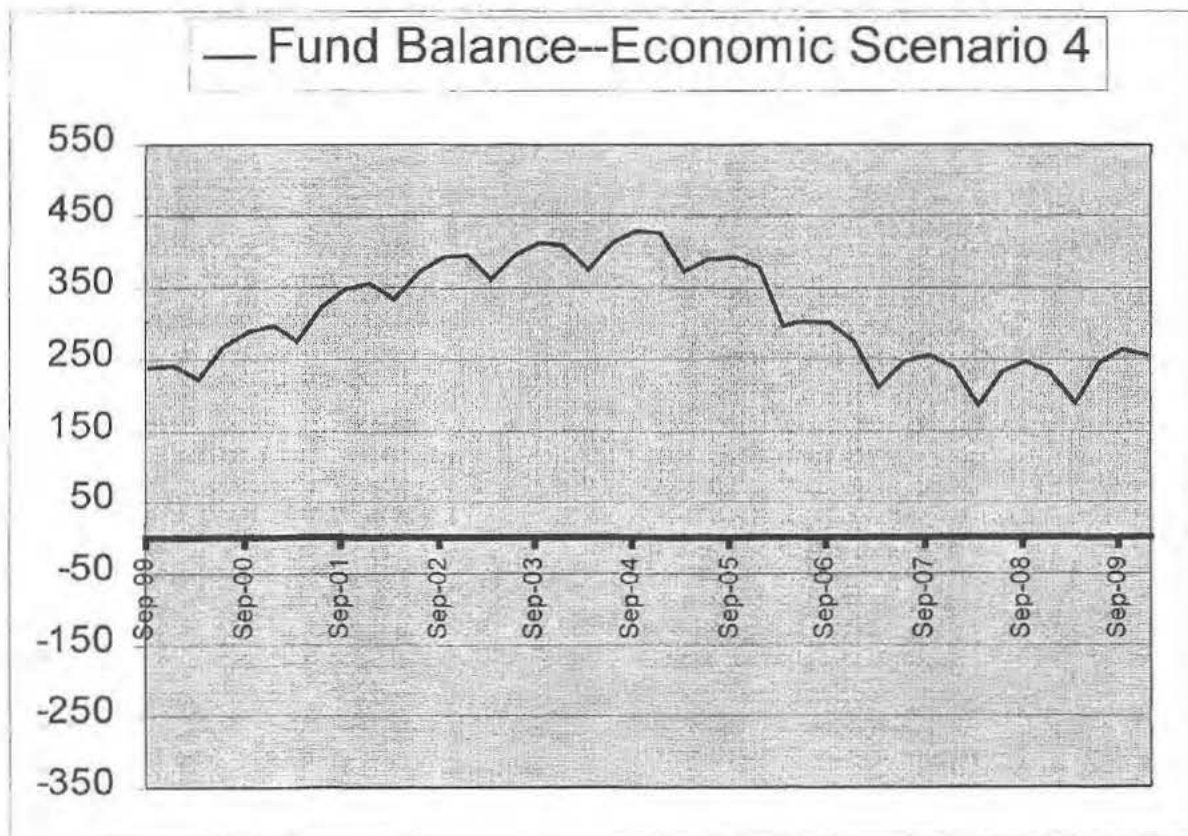
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	104.5	143.1	19.0	353.0		
2002	1.0	130.0	124.3	21.6	368.9		
2003	1.0	135.6	127.6	22.4	383.3		
2004	1.0	141.6	133.9	23.2	398.8		
2005	1.0	195.0	136.6	22.9	363.3		
2006	1.0	262.4	140.1	18.9	259.9		
2007	1.1	356.6	154.9	10.0	68.2		
2008	1.2	221.4	185.4	2.8	35.0	CF	1.9
2009	1.2	203.2	202.2	1.9	35.9	CF	24.7

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 1.7 months at lowest point
Loans	Excellent	2 years of cash flow loans
Variance in Planned Yield	Good	Planned Yield varies from 1.0 to 1.2 20% increase

OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	347.1 m	18.1	1.1		
2002	390.0 m	19.4	1.0		
2003	410.3 m	20.8	1.0		
2004	426.7 m	22.0	1.0		
2005	392.5 m	19.4	0.9		
2006	299.2 m	14.3	1.0		
2007	254.6 m	10.6	1.1		
2008	245.2 m	9.7	1.1		
2009	262.7 m	9.8	1.1		



OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.4	137.4	15.8	295.5	
2001	1.1	104.5	144.0	19.1	354.1	
2002	1.0	108.8	125.8	22.3	393.4	
2003	1.0	135.7	127.0	24.0	408.7	
2004	1.0	141.6	132.8	24.8	424.7	
2005	0.9	195.0	123.9	24.2	377.8	
2006	1.0	262.2	138.2	19.7	273.5	
2007	1.1	212.4	162.4	15.3	238.8	
2008	1.1	194.7	175.4	14.0	233.5	
2009	1.1	175.0	182.3	14.4	255.2	

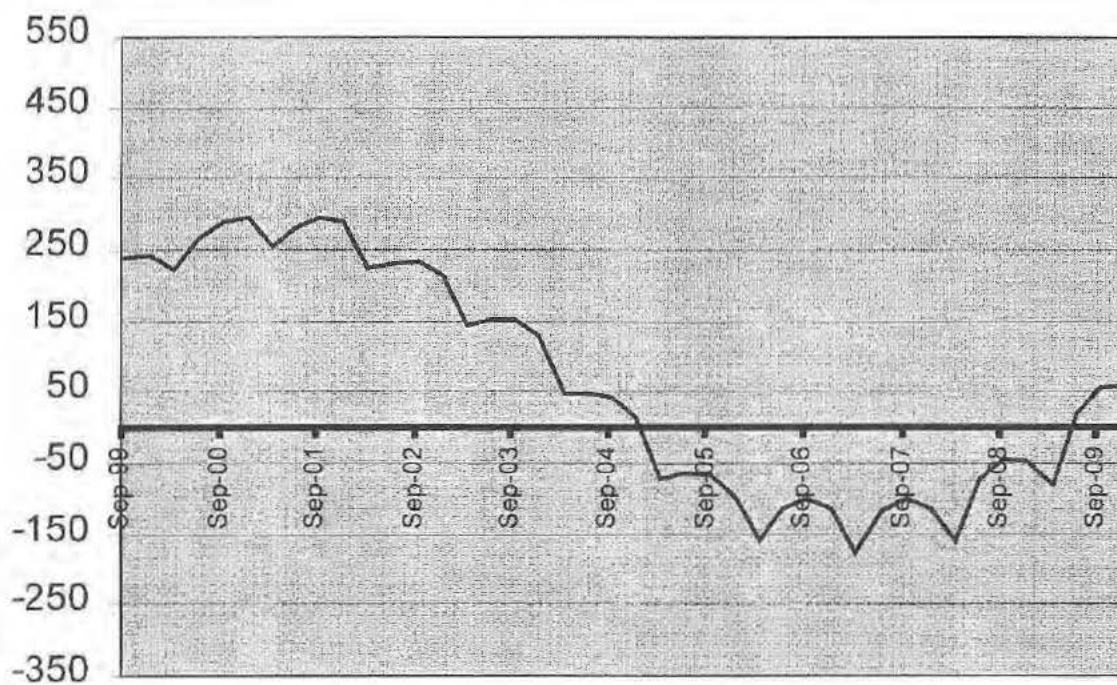
Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of 9.7 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Good	Planned Yield varies from 0.9 to 1.1 22% increase

OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.5 m	11.8	1.1		
2003	150.8 m	7.4	1.1		
2004	43.6 m	2.0	1.1		
2005	(67.6) m	(3.0)	1.2	Interest Bearing	96.7
2006	(100.0) m	(4.2)	1.3	Interest Bearing	159.2
2007	(101.1) m	(4.0)	1.4	Interest Bearing	177.3
2008	(43.3) m	(1.7)	1.5	Interest Bearing	159.3
2009	55.7 m	2.0	1.5	Cash Flow	79.8

— Fund Balance--Economic Scenario 5



OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Economic Scenario 5—Back to Back Recessions in 2002—2005

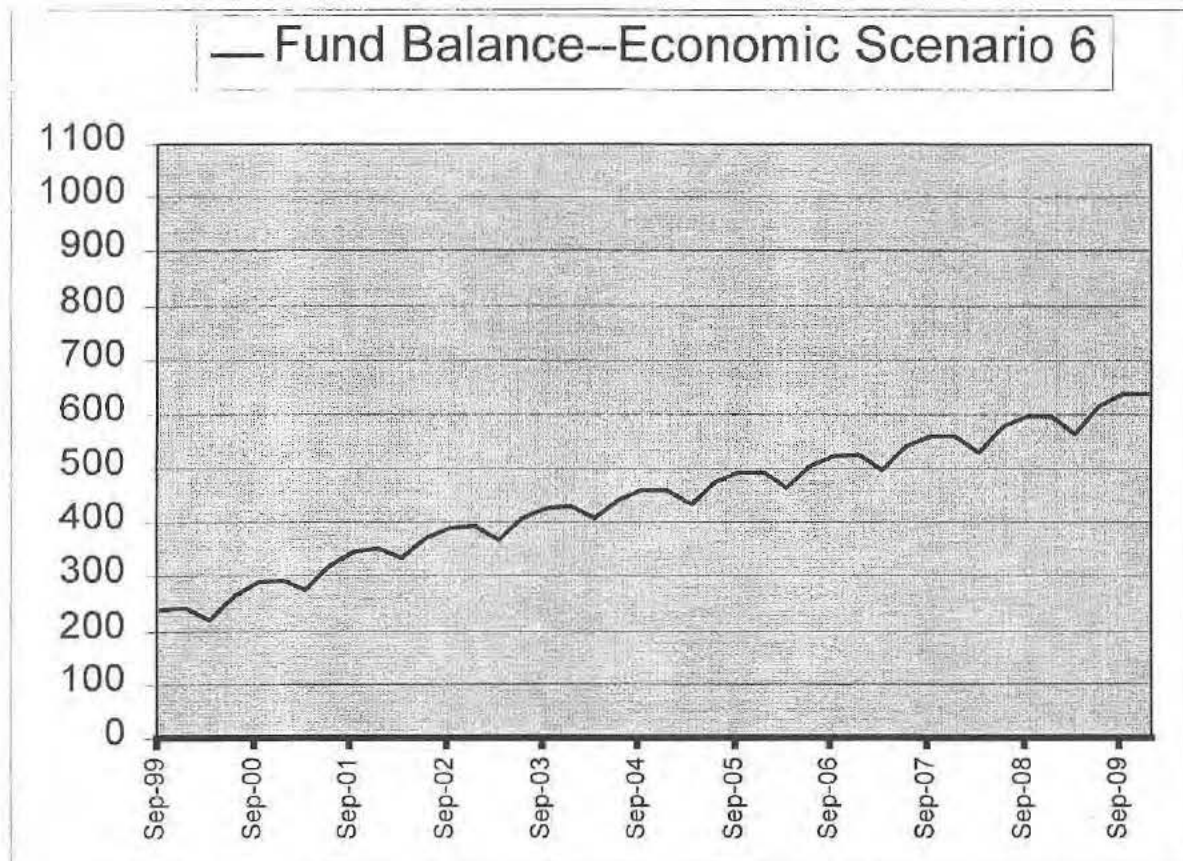
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	164.9	141.4	17.3	289.2		
2002	1.1	221.2	131.0	15.1	214.1		
2003	1.1	229.4	135.1	10.1	129.9		
2004	1.1	261.3	142.4	4.3	15.3		
2005	1.2	272.4	160.2	0.2	(96.7)	IB	96.7
2006	1.3	203.5	186.0	0.0	(114.2)	IB	159.2
2007	1.4	212.4	211.9	0.0	(114.7)	IB	177.3
2008	1.5	167.7	236.6	0.0	(45.8)	IB	159.3
2009	1.5	146.5	249.9	1.3	58.9	CF	79.8

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of -4.2 months at lowest point
Loans	Fair	4 years of interest bearing loans 1 year of cash flow loans
Variance in Plan Yield	Good	Planned Yield varies from 1.1 to 1.5 36% increase

OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Economic Scenario 6—No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	347.1 m	18.1	1.1		
2002	389.9 m	19.4	1.0		
2003	428.5 m	21.6	1.0		
2004	460.6 m	22.3	0.9		
2005	491.6 m	22.8	0.9		
2006	524.1 m	23.3	0.9		
2007	559.3 m	23.9	0.9		
2008	596.4 m	24.4	0.9		
2009	635.4 m	25.0	0.9		



**OPTION 3B—PLANNED YIELD VARIES FROM 0.9 TO 1.3+
Economic Scenario 6—No Recessions 2000 through 2009**

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	104.5	144.0	19.1	354.0		
2002	1.0	108.8	125.7	22.3	393.2		
2003	1.0	113.5	127.3	24.6	431.6		
2004	0.9	118.6	122.0	26.7	461.7		
2005	0.9	123.6	126.1	28.5	492.7		
2006	0.9	129.0	130.6	30.5	524.8		
2007	0.9	134.6	137.0	32.5	559.7		
2008	0.9	140.5	142.6	34.6	596.4		
2009	0.9	146.6	148.3	36.9	635.0		

Evaluation of Fund Capping Mechanism

- Option 3B caps the balance in the Unemployment Compensation Fund between 23 and 25 months of benefits.

OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Performance Evaluation for 2001-2009

- Option 3C has a variable planned yield that is determined by the balance in the Unemployment Compensation Fund. The planned yield in effect for a year is based on the fund balance on September 30th of the prior year.

Fund Balance on 9/30	Planned Yield
> 18 months	1.0%
0-18 months	1.1%
< 6 months	1.2%

- Option 3C does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow although slowly.

SUMMARY OF THE PERFORMANCE OF OPTION 3C

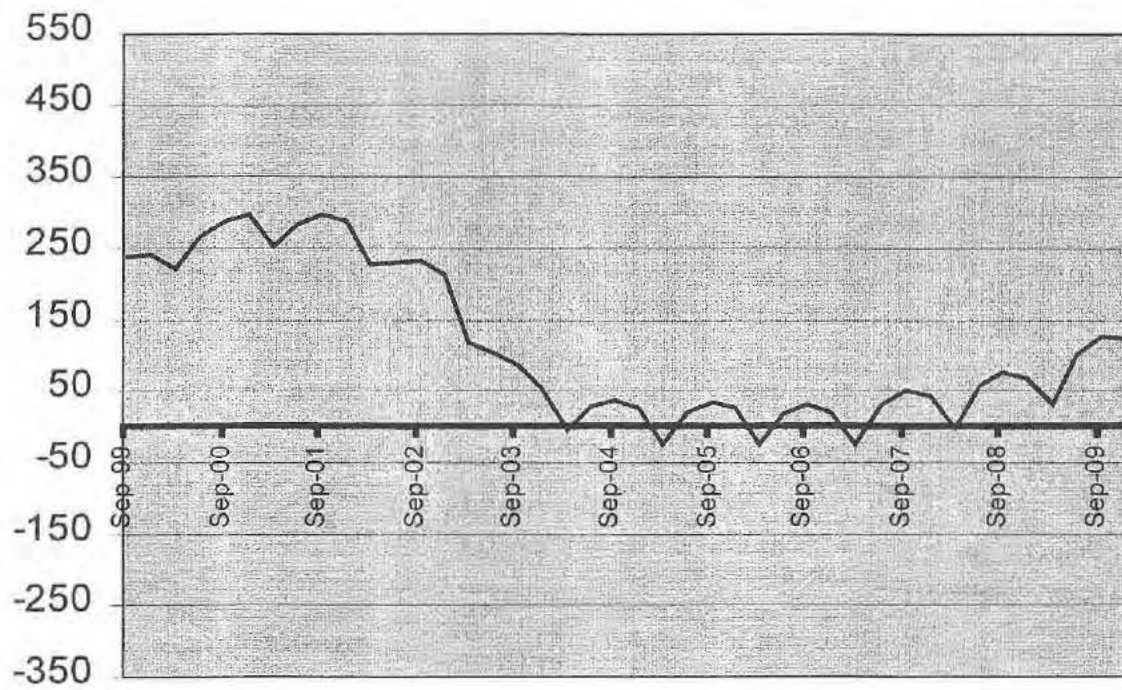
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Excellent	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Poor
Variance in Plan Yield	Excellent	Excellent	Good	Excellent	Excellent

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	15.4	15.4	20.6	22.0	15.4	28.8
Min. 9/30 Fund Balance (mo.)	1.2	8.6	1.7	10.3	- 5.8	18.1
Max. 9/30 Fund Balance (\$\$)	295.3 m	364.8 m	401.0 m	426.7 m	295.3 m	734.8
Min. 9/30 Fund Balance (\$\$)	32.2 m	184.2 m	49.7 m	261.4 m	- 140.8 m	347.1
Years of Interest Bearing Debt	0	0	0	0	5+	0
Max. Interest Bearing Debt (\$\$)	0	0	0	0	204.8 m	0
Years of Cash Flow Debt	5	0	2	0	0	0
Maximum Cash Flow Debt (\$\$)	25.2 m	0	24.7 m	0	0	0
Maximum Planned Yield	1.2	1.1	1.2	1.1	1.2	1.1
Minimum Planned Yield	1.1	1.1	1.0	1.0	1.1	1.0
% Increase in Planned Yield	9 %	0 %	20 %	9 %	9 %	N/A
Maximum Planned Yield during Recession	1.1	1.1	1.1	1.1	1.2	N/A
Maximum Planned Yield during Recovery	1.2	1.1	1.2	1.1	1.2	N/A

OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.5 m	11.8	1.1		
2003	88.5 m	4.3	1.1		
2004	38.5 m	1.7	1.2	Cash Flow	3.9
2005	34.7 m	1.4	1.2	Cash Flow	23.2
2006	32.2 m	1.2	1.2	Cash Flow	25.2
2007	50.0 m	1.8	1.2	Cash Flow	23.1
2008	75.4 m	2.6	1.2	Cash Flow	2.3
2009	127.0 m	4.3	1.2		

— Fund Balance--Economic Scenario 1



**OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Economic Scenario 1—Moderate to Severe Recession in 2002—2003**

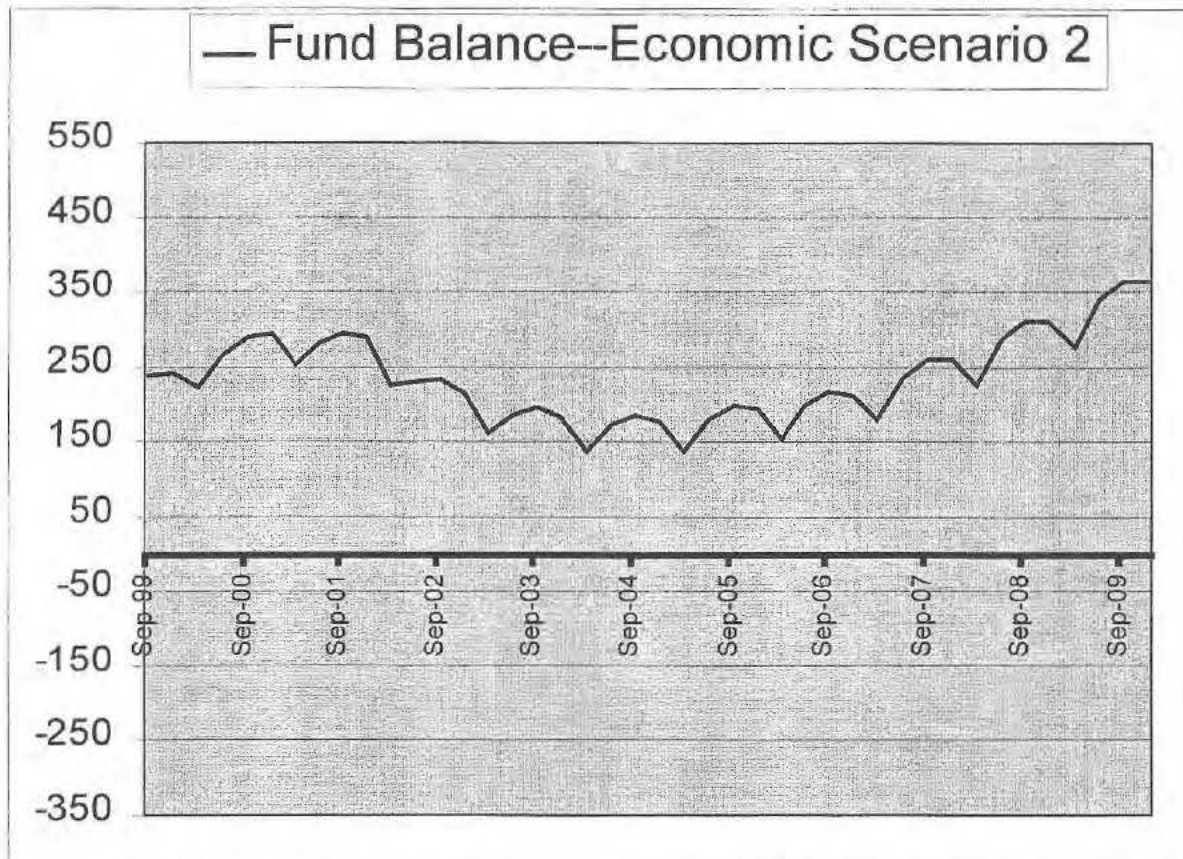
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	164.9	141.4	17.3	289.2		
2002	1.1	221.3	131.0	15.1	214.0		
2003	1.1	300.7	132.5	8.1	53.9		
2004	1.2	186.8	156.6	2.0	25.7	CF	3.9
2005	1.2	171.4	170.0	1.4	25.7	CF	23.2
2006	1.2	178.9	173.1	1.3	21.2	CF	25.2
2007	1.2	160.9	181.4	1.7	43.4	CF	23.1
2008	1.2	167.7	189.4	2.9	68.0	CF	2.3
2009	1.2	146.5	198.1	5.3	124.9		

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 1.2 months at lowest point
Loans	Excellent	5 years of cash flow loans
Variance in Planned Yield	Excellent	Planned Yield varies from 1.1 to 1.2 9% increase

OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance Sept. 30 \$\$\$	Planned Yield	Loan Information Type Maximum Amount
1999	238.0 m	13.9	N/A
2000	288.8 m	15.7	1.1
2001	295.3 m	15.4	1.1
2002	232.0 m	11.8	1.1
2003	194.7 m	9.5	1.1
2004	184.2 m	8.6	1.1
2005	197.6 m	8.8	1.1
2006	216.4 m	9.1	1.1
2007	259.1 m	10.6	1.1
2008	310.4 m	12.0	1.1
2009	364.8 m	13.6	1.1



**OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Economic Scenario 2—Light to Moderate Recession in 2002—2003**

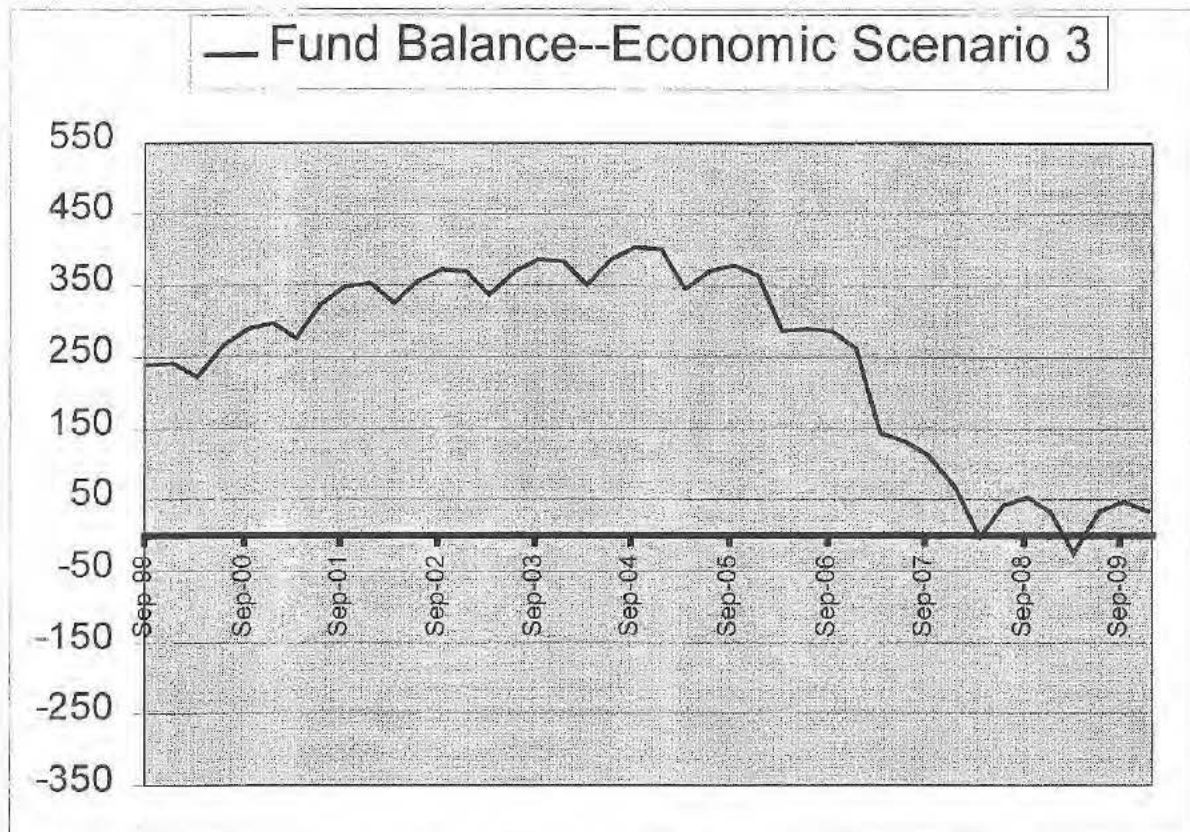
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	1.1	164.9	141.4	17.3	289.2	
2002	1.1	221.1	130.3	15.1	213.5	
2003	1.1	179.0	136.9	11.7	183.1	
2004	1.1	164.3	146.8	10.5	176.1	
2005	1.1	147.6	154.1	10.7	193.3	
2006	1.1	154.0	160.3	11.8	211.4	
2007	1.1	134.6	168.5	13.8	259.1	
2008	1.1	140.5	174.7	16.7	310.0	
2009	1.1	146.6	180.9	20.0	364.3	

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of 8.6 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Planned Yield remains 1.1 throughout period

OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	346.1 m	18.1	1.1		
2002	370.3 m	18.5	1.0		
2003	385.1 m	19.6	1.0		
2004	401.0 m	20.6	1.0		
2005	376.6 m	18.6	1.0		
2006	285.6 m	13.7	1.0		
2007	111.9 m	4.6	1.1		
2008	53.1 m	1.9	1.2	Cash Flow	1.9
2009	49.7 m	1.7	1.2	Cash Flow	24.7



**OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Economic Scenario 3—Moderate to Severe Recession in 2006—2007**

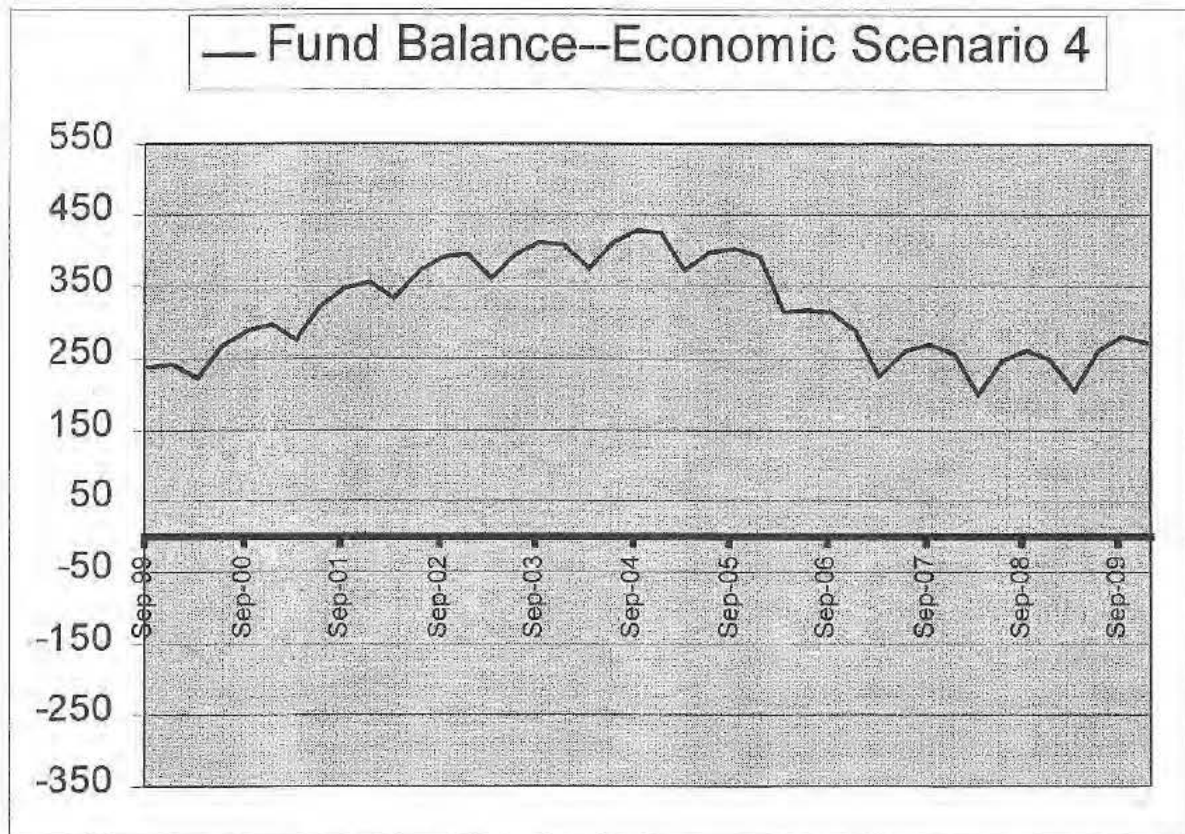
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	104.5	143.1	19.0	353.0		
2002	1.0	130.0	124.3	21.6	368.9		
2003	1.0	135.6	127.6	22.4	383.3		
2004	1.0	141.6	133.9	23.2	398.8		
2005	1.0	195.0	136.6	22.9	363.3		
2006	1.0	262.4	140.1	18.9	259.9		
2007	1.1	356.6	154.9	10.0	68.2		
2008	1.2	221.4	185.4	2.8	35.0	CF	1.9
2009	1.2	203.2	202.2	1.9	35.9	CF	24.7

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 1.7 months at lowest point
Loans	Excellent	2 years of cash flow loans
Variance in Planned Yield	Good	Planned Yield varies from 1.0 to 1.2 20% increase

OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	347.1 m	18.1	1.1		
2002	390.0 m	19.4	1.0		
2003	410.3 m	20.8	1.0		
2004	426.7 m	22.0	1.0		
2005	403.6 m	19.9	1.0		
2006	313.7 m	15.0	1.0		
2007	269.9 m	11.2	1.1		
2008	261.4 m	10.3	1.1		
2009	279.8 m	10.4	1.1		



**OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Economic Scenario 4—Light to Moderate Recession in 2006—2007**

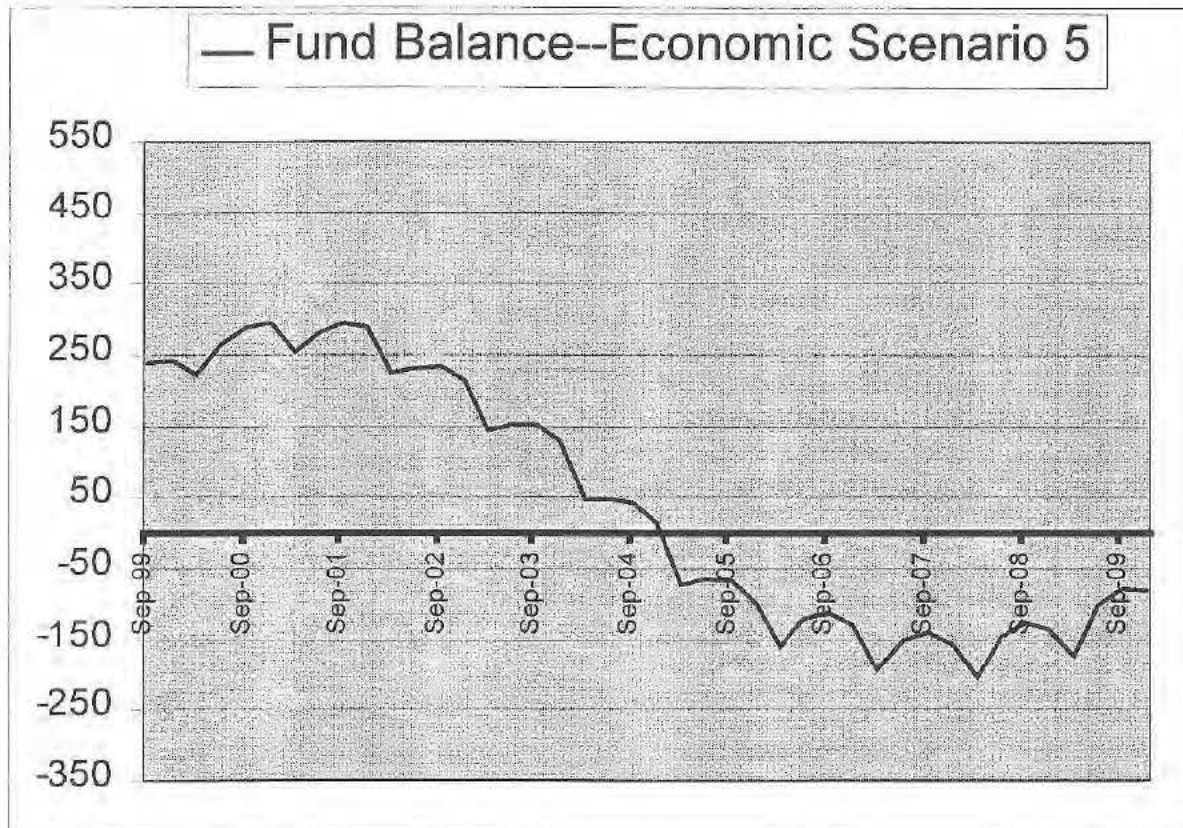
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.4	137.4	15.8	295.5	
2001	1.1	104.5	144.0	19.1	354.1	
2002	1.0	108.8	125.8	22.3	393.4	
2003	1.0	135.7	127.0	24.0	408.7	
2004	1.0	141.6	132.8	24.8	424.7	
2005	1.0	195.0	136.5	24.5	390.7	
2006	1.0	262.2	139.2	20.5	288.2	
2007	1.1	212.4	162.4	16.1	254.3	
2008	1.1	194.7	175.4	14.9	249.9	
2009	1.1	175.0	182.3	15.4	272.6	

Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of 10.3 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Planned Yield varies from 1.0 to 1.1 9% increase

**OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Economic Scenario 5—Back to Back Recessions in 2002—2005**

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.5 m	11.8	1.1		
2003	150.8 m	7.4	1.1		
2004	43.6 m	2.0	1.1		
2005	(67.6) m	(3.0)	1.2	Interest Bearing	96.7
2006	(111.7) m	(4.9)	1.2	Interest Bearing	159.2
2007	(140.8) m	(5.8)	1.2	Interest Bearing	192.0
2008	(126.8) m	(5.0)	1.2	Interest Bearing	204.8
2009	(78.1) m	(2.8)	1.2	Interest Bearing	173.2



OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Economic Scenario 5—Back to Back Recessions in 2002—2005

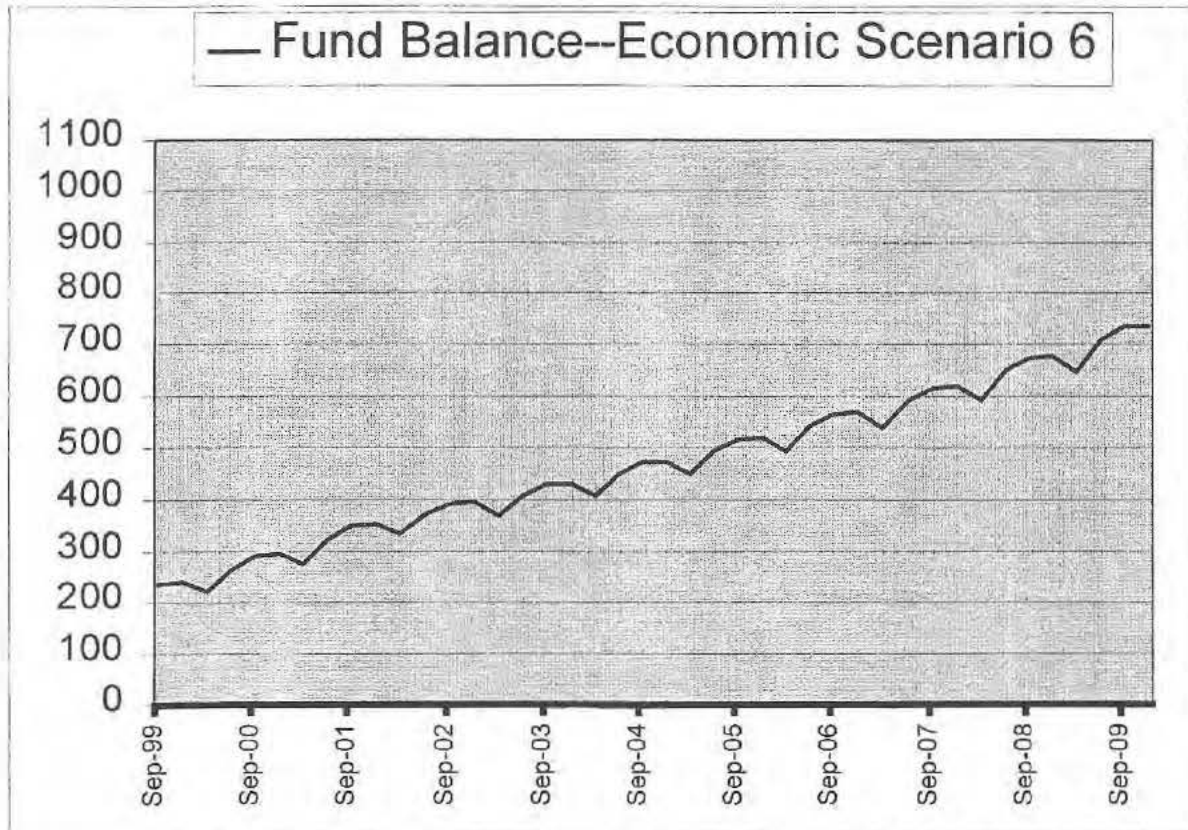
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	164.9	141.4	17.3	289.2		
2002	1.1	221.2	131.0	15.1	214.1		
2003	1.1	229.4	135.1	10.1	129.9		
2004	1.1	261.3	142.4	4.3	15.3		
2005	1.2	272.4	160.2	0.2	(96.7)	IB	96.7
2006	1.2	203.5	172.5	0.0	(127.7)	IB	159.2
2007	1.2	212.4	182.6	0.0	(157.5)	IB	192.0
2008	1.2	167.7	190.0	0.0	(135.2)	IB	204.8
2009	1.2	146.5	199.8	0.0	(81.9)	IB	173.2

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of -5.8 months at lowest point
Loans	Poor	5+ years of interest bearing loans
Variance in Planned Yield	Excellent	Planned Yield varies from 1.1 to 1.2 9% increase

OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Economic Scenario 6—No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	347.1 m	18.1	1.1		
2002	389.9 m	19.4	1.0		
2003	428.5 m	21.6	1.0		
2004	471.0 m	22.8	1.0		
2005	516.6 m	24.0	1.0		
2006	564.9 m	25.1	1.0		
2007	617.3 m	26.3	1.0		
2008	674.4 m	27.6	1.0		
2009	734.8 m	28.8	1.0		



OPTION 3C—PLANNED YIELD = 1.0 (BAL>18 MO), 1.1, OR 1.2 (BAL<6 MO)
Economic Scenario 6—No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	104.5	144.0	19.1	354.0		
2002	1.0	108.8	125.7	22.3	393.2		
2003	1.0	113.5	127.3	24.6	431.6		
2004	1.0	118.6	134.2	27.0	474.2		
2005	1.0	123.6	139.6	29.7	519.9		
2006	1.0	129.0	144.7	32.4	568.0		
2007	1.0	134.6	151.7	35.5	620.6		
2008	1.0	140.5	158.6	38.9	677.6		
2009	1.0	146.6	164.3	42.4	737.7		

Evaluation of Fund Capping Mechanism

- Option 3C does not have a mechanism to cap the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow although quite slowly.

OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Performance Evaluation for 2001-2009

- Option 3D has a variable planned yield that is determined by the balance in the Unemployment Compensation Fund. The planned yield in effect for a year is based on the fund balance on September 30th of the prior year.

Fund Balance on 9/30	Planned Yield
> 24 months	0.8%
21-24 months	0.9%
18-21 months	1.0%
6-18 months	1.1%
- 6-+6 months	1.2%
< - 6 months	1.3%

- Option 3D caps the balance in the Unemployment Compensation Fund between 24.0 and 24.4 months of benefits.

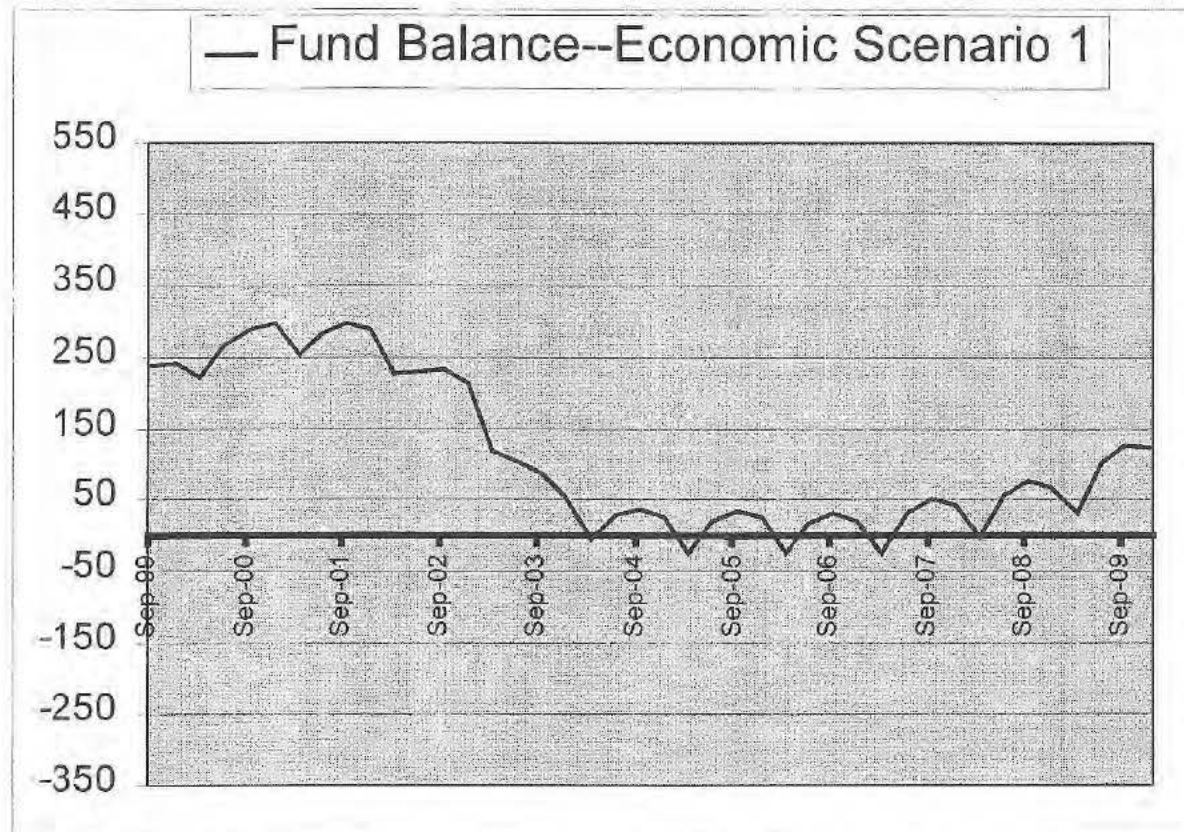
SUMMARY OF THE PERFORMANCE OF OPTION 3D

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Excellent	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Poor
Variance in Plan Yield	Excellent	Excellent	Good	Good	Excellent

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Max. 9/30 Fund Balance (mo.)	15.4	15.4	20.6	22.0	15.4	24.4
Min. 9/30 Fund Balance (mo.)	1.2	8.6	1.7	9.7	- 5.8	18.1
Max. 9/30 Fund Balance (\$\$)	295.3 m	364.8 m	401.0 m	426.7 m	295.3 m	622.5
Min. 9/30 Fund Balance (\$\$)	32.2 m	184.2 m	49.7 m	245.2 m	- 140.8 m	347.1
Years of Interest Bearing Debt	0	0	0	0	5+	0
Max. Interest Bearing Debt (\$\$)	0	0	0	0	204.8 m	0
Years of Cash Flow Debt	5	0	2	0	0	0
Maximum Cash Flow Debt (\$\$)	25.2 m	0	24.7 m	0	0	0
Maximum Planned Yield	1.2	1.1	1.2	1.1	1.2	1.1
Minimum Planned Yield	1.1	1.1	1.0	0.9	1.1	0.8
% Increase in Planned Yield	9 %	0 %	20 %	22 %	9 %	N/A
Maximum Planned Yield during Recession	1.1	1.1	1.1	1.1	1.2	N/A
Maximum Planned Yield during Recovery	1.2	1.1	1.2	1.1	1.2	N/A

OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.5 m	11.8	1.1		
2003	88.5 m	4.3	1.1		
2004	38.5 m	1.7	1.2	Cash Flow	3.9
2005	34.7 m	1.4	1.2	Cash Flow	23.2
2006	32.2 m	1.2	1.2	Cash Flow	25.2
2007	50.0 m	1.8	1.2	Cash Flow	23.1
2008	75.4 m	2.6	1.2	Cash Flow	2.3
2009	127.0 m	4.3	1.2		



OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 1—Moderate to Severe Recession in 2002—2003

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	164.9	141.4	17.3	289.2		
2002	1.1	221.3	131.0	15.1	214.0		
2003	1.1	300.7	132.5	8.1	53.9		
2004	1.2	186.8	156.6	2.0	25.7	CF	3.9
2005	1.2	171.4	170.0	1.4	25.7	CF	23.2
2006	1.2	178.9	173.1	1.3	21.2	CF	25.2
2007	1.2	160.9	181.4	1.7	43.4	CF	23.1
2008	1.2	167.7	189.4	2.9	68.0	CF	2.3
2009	1.2	146.5	198.1	5.3	124.9		

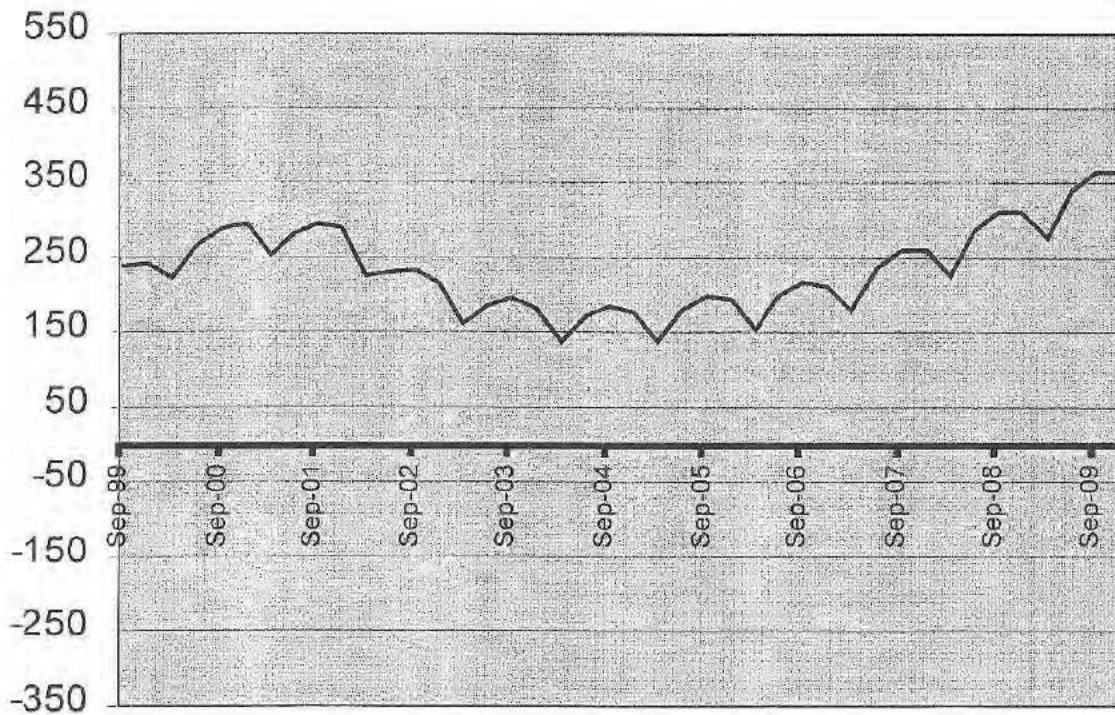
Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 1.2 months at lowest point
Loans	Excellent	5 years of cash flow loans
Variance in Planned Yield	Excellent	Planned Yield varies from 1.1 to 1.2 9% increase

OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 2—Light to Moderate Recession in 2002—2003

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.0 m	11.8	1.1		
2003	194.7 m	9.5	1.1		
2004	184.2 m	8.6	1.1		
2005	197.6 m	8.8	1.1		
2006	216.4 m	9.1	1.1		
2007	259.1 m	10.6	1.1		
2008	310.4 m	12.0	1.1		
2009	364.8 m	13.6	1.1		

— Fund Balance--Economic Scenario 2



OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 2—Light to Moderate Recession in 2002—2003

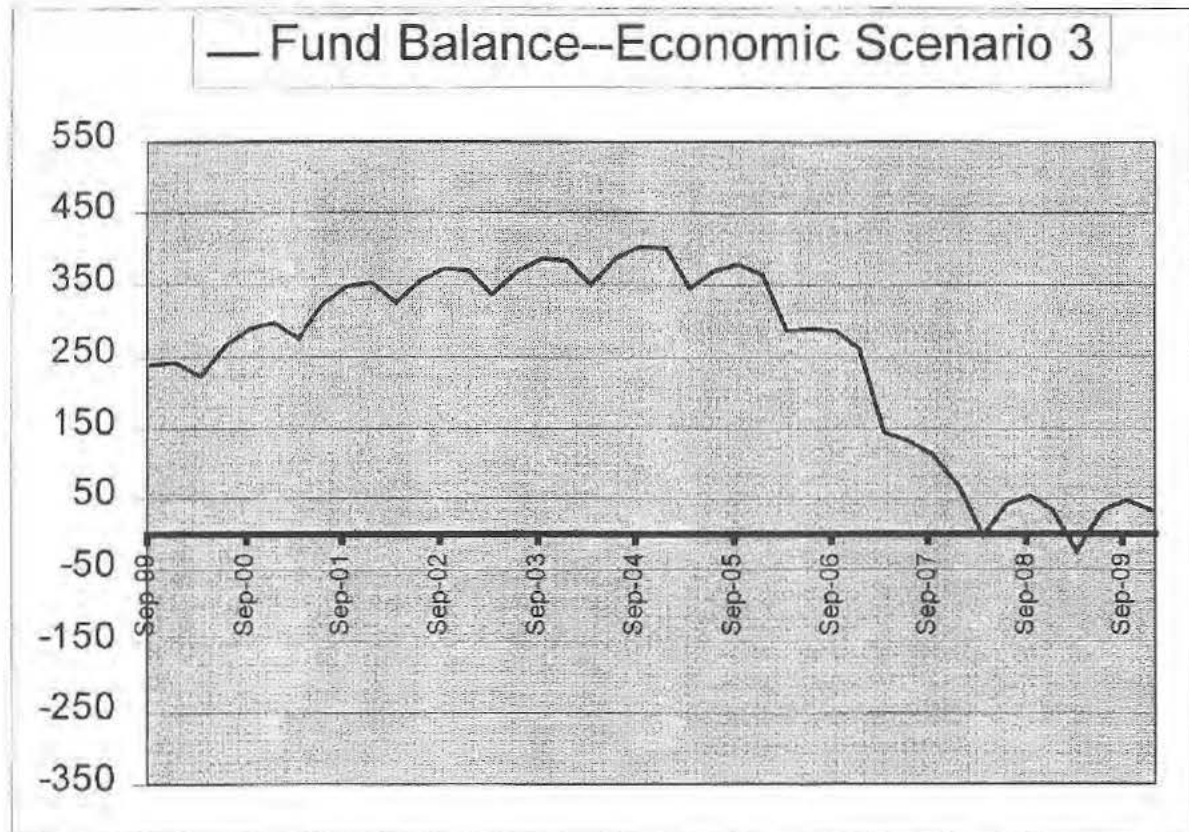
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.5	137.4	15.8	295.4	
2001	1.1	164.9	141.4	17.3	289.2	
2002	1.1	221.1	130.3	15.1	213.5	
2003	1.1	179.0	136.9	11.7	183.1	
2004	1.1	164.3	146.8	10.5	176.1	
2005	1.1	147.6	154.1	10.7	193.3	
2006	1.1	154.0	160.3	11.8	211.4	
2007	1.1	134.6	168.5	13.8	259.1	
2008	1.1	140.5	174.7	16.7	310.0	
2009	1.1	146.6	180.9	20.0	364.3	

Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of 8.6 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Excellent	Planned Yield remains 1.1 throughout period

OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

	Fund Balance Sept. 30 \$\$\$	Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	346.1 m	18.1	1.1		
2002	370.3 m	18.5	1.0		
2003	385.1 m	19.6	1.0		
2004	401.0 m	20.6	1.0		
2005	376.6 m	18.6	1.0		
2006	285.6 m	13.7	1.0		
2007	111.9 m	4.6	1.1		
2008	53.1 m	1.9	1.2	Cash Flow	1.9
2009	49.7 m	1.7	1.2	Cash Flow	24.7



OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 3—Moderate to Severe Recession in 2006—2007

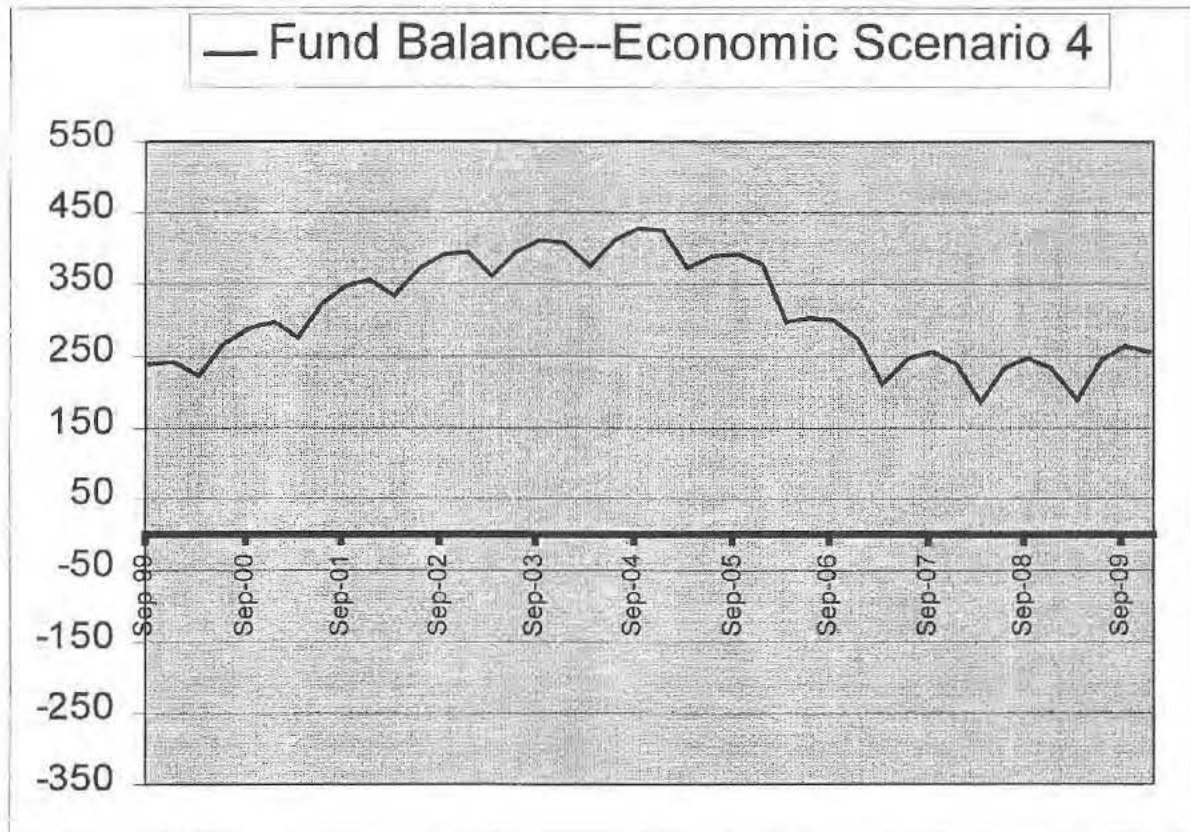
	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	104.5	143.1	19.0	353.0		
2002	1.0	130.0	124.3	21.6	368.9		
2003	1.0	135.6	127.6	22.4	383.3		
2004	1.0	141.6	133.9	23.2	398.8		
2005	1.0	195.0	136.6	22.9	363.3		
2006	1.0	262.4	140.1	18.9	259.9		
2007	1.1	356.6	154.9	10.0	68.2		
2008	1.2	221.4	185.4	2.8	35.0	CF	1.9
2009	1.2	203.2	202.2	1.9	35.9	CF	24.7

Performance Evaluation for 2001-2009

Fund Balance	Excellent	Balance of 1.7 months at lowest point
Loans	Excellent	2 years of cash flow loans
Variance in Planned Yield	Good	Planned Yield varies from 1.0 to 1.2 20% increase

OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	347.1 m	18.1	1.1		
2002	390.0 m	19.4	1.0		
2003	410.3 m	20.8	1.0		
2004	426.7 m	22.0	1.0		
2005	392.5 m	19.4	0.9		
2006	299.2 m	14.3	1.0		
2007	254.6 m	10.6	1.1		
2008	245.2 m	9.7	1.1		
2009	262.7 m	9.8	1.1		



OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 4—Light to Moderate Recession in 2006—2007

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type Max Amt
1999	N/A	81.2	126.0	13.3	241.7	
2000	1.1	99.4	137.4	15.8	295.5	
2001	1.1	104.5	144.0	19.1	354.1	
2002	1.0	108.8	125.8	22.3	393.4	
2003	1.0	135.7	127.0	24.0	408.7	
2004	1.0	141.6	132.8	24.8	424.7	
2005	0.9	195.0	123.9	24.2	377.8	
2006	1.0	262.2	138.2	19.7	273.5	
2007	1.1	212.4	162.4	15.3	238.8	
2008	1.1	194.7	175.4	14.0	233.5	
2009	1.1	175.0	182.3	14.4	255.2	

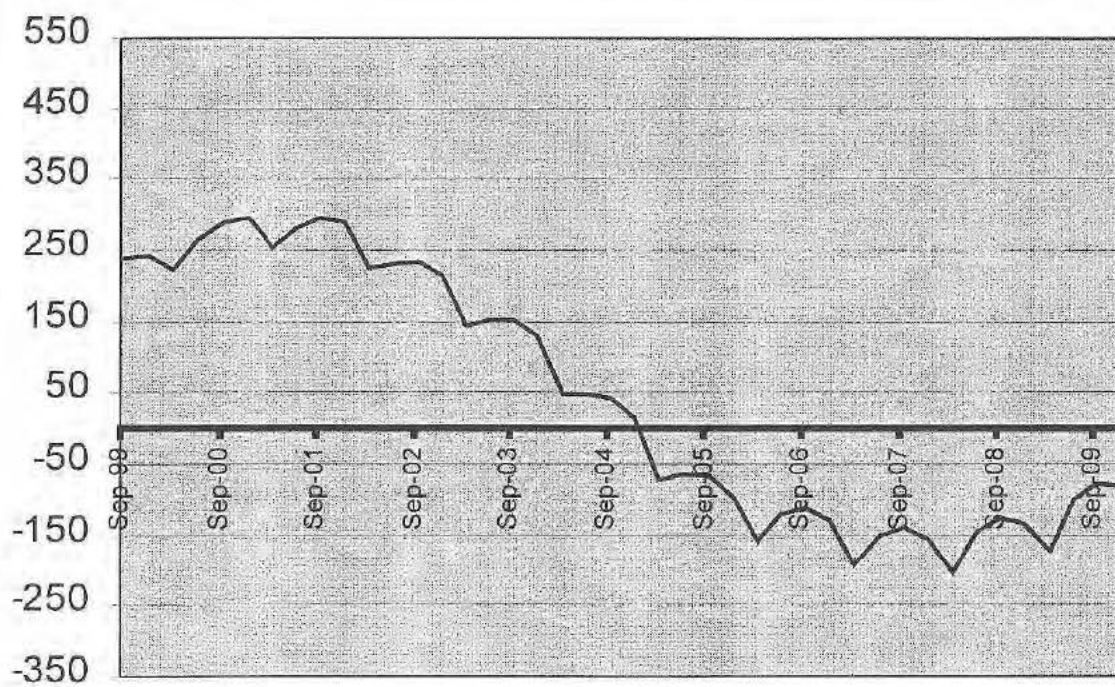
Performance Evaluation for 2001-2009

Fund Balance	Poor	Balance of 9.7 months at lowest point
Loans	Excellent	No loans
Variance in Planned Yield	Good	Planned Yield varies from 0.9 to 1.1 22% increase

OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	295.3 m	15.4	1.1		
2002	232.5 m	11.8	1.1		
2003	150.8 m	7.4	1.1		
2004	43.6 m	2.0	1.1		
2005	(67.6) m	(3.0)	1.2	Interest Bearing	96.7
2006	(111.7) m	(4.9)	1.2	Interest Bearing	159.2
2007	(140.8) m	(5.8)	1.2	Interest Bearing	192.0
2008	(126.8) m	(5.0)	1.2	Interest Bearing	204.8
2009	(78.1) m	(2.8)	1.2	Interest Bearing	173.2

— Fund Balance--Economic Scenario 5



OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 5—Back to Back Recessions in 2002—2005

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	164.9	141.4	17.3	289.2		
2002	1.1	221.2	131.0	15.1	214.1		
2003	1.1	229.4	135.1	10.1	129.9		
2004	1.1	261.3	142.4	4.3	15.3		
2005	1.2	272.4	160.2	0.2	(96.7)	IB	96.7
2006	1.2	203.5	172.5	0.0	(127.7)	IB	159.2
2007	1.2	212.4	182.6	0.0	(157.5)	IB	192.0
2008	1.2	167.7	190.0	0.0	(135.2)	IB	204.8
2009	1.2	146.5	199.8	0.0	(81.9)	IB	173.2

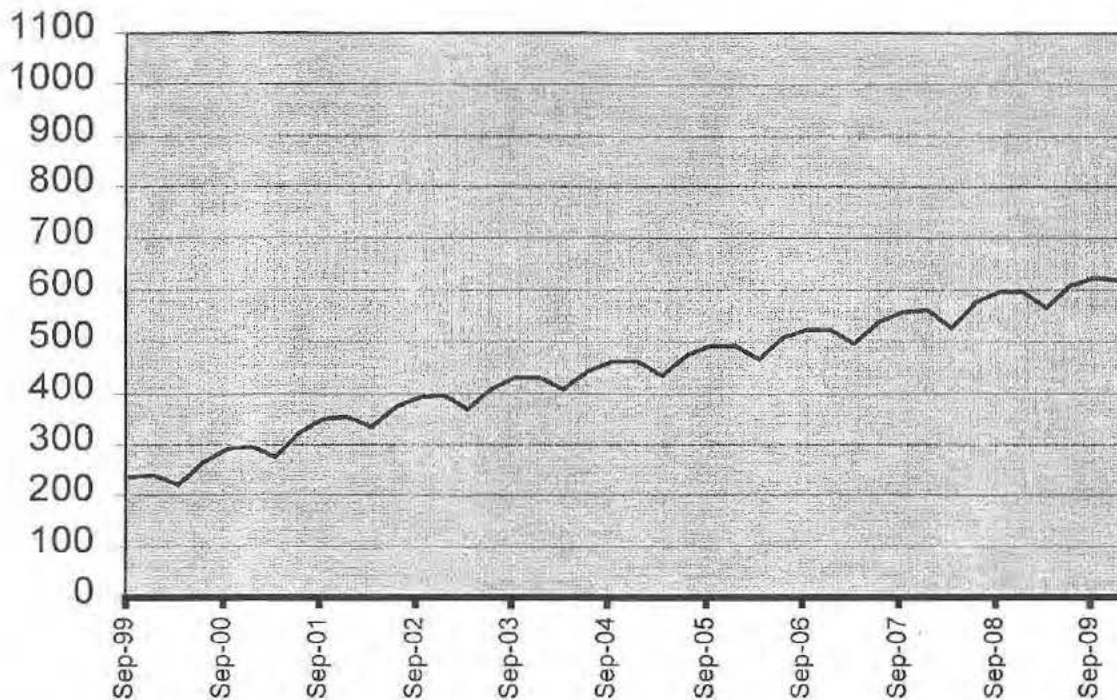
Performance Evaluation for 2001-2009

Fund Balance	Fair	Balance of -5.8 months at lowest point
Loans	Poor	5+ years of interest bearing loans
Variance in Planned Yield	Excellent	Planned Yield varies from 1.1 to 1.2 9% increase

OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 6—No Recessions 2000 through 2009

	Fund Balance \$\$\$	Sept. 30 Months	Planned Yield	Loan Information	
				Type	Maximum Amount
1999	238.0 m	13.9	N/A		
2000	288.8 m	15.7	1.1		
2001	347.1 m	18.1	1.1		
2002	389.9 m	19.4	1.0		
2003	428.5 m	21.6	1.0		
2004	460.6 m	22.3	0.9		
2005	491.6 m	22.8	0.9		
2006	524.1 m	23.3	0.9		
2007	559.3 m	23.9	0.9		
2008	596.8 m	24.4	0.9		
2009	622.5 m	24.4	0.8		

— Fund Balance--Economic Scenario 6



OPTION 3D—PLANNED YIELD VARIES FROM 0.8 TO 1.3
Economic Scenario 6—No Recessions 2000 through 2009

	Planned Yield	Benefits	Contributions	Interest	Fund Balance Dec. 31	Loans Type	Max Amt
1999	N/A	81.2	126.0	13.3	241.7		
2000	1.1	99.5	137.4	15.8	295.4		
2001	1.1	104.5	144.0	19.1	354.0		
2002	1.0	108.8	125.7	22.3	393.2		
2003	1.0	113.5	127.3	24.6	431.6		
2004	0.9	118.6	122.0	26.7	461.7		
2005	0.9	123.6	126.1	28.5	492.7		
2006	0.9	129.0	130.6	30.5	524.8		
2007	0.9	134.6	137.0	32.5	559.7		
2008	0.9	140.5	143.1	34.6	596.9		
2009	0.8	146.6	133.0	36.6	619.9		

Evaluation of Fund Capping Mechanism

- Option 3D caps the balance in the Unemployment Compensation Fund between 24.0 and 24.4 months of benefits.

SUMMARY OF PERFORMANCE

Flat Planned Yield Options 1A, 1B, 1C, and 1D

- None of the flat planned yield options cap the balance in the Fund.
- Summary of the performance of Option 1A—Flat Planned Yield of 1.0%

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Poor	Good	Fair	Fair	Poor
Loans	Poor	Excellent	Fair	Excellent	Poor
Variance in Planned Yield	Excellent	Excellent	Excellent	Excellent	Excellent

- Summary of the performance of Option 1B—Flat Planned Yield of 1.1%

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Good	Fair	Good	Poor	Poor
Loans	Fair	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Excellent	Excellent	Excellent	Excellent	Excellent

- Summary of the performance of Option 1C—Flat Planned Yield of 1.2%

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Poor	Poor	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Excellent	Excellent	Excellent	Excellent	Excellent

- Summary of the performance of Option 1D—Flat Planned Yield of 1.15%

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Poor	Fair	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Excellent	Excellent	Excellent	Excellent	Excellent

- The flat planned yield options' strongest area of performance is the lack of variance in the planned yield. Unemployment contributions would not increase during a recession or recovery period.
- Because the flat planned yield options do not increase contributions when benefits increase, they require higher fund balances than the variable planned yield options in order to pay benefits during a recession without borrowing.
- The flat planned yield options' weakness is their inability to self-adjust during a prolonged period of prosperity or a substantial recession. Therefore, the flat planned yield options are the most likely to need legislative adjustment to either reduce contributions during a prolonged period of prosperity or to increase them to avoid debt or to recover from debt related to a substantial recession.
- The overall performance of Option 1A (Planned Yield = 1.0%) is unacceptable because of the amount of debt accumulated and the inability of this option to recover from that debt in a reasonable period of time.
- Refer to Attachment #3 for a numeric comparison of the performance evaluations of all of the planned yield options.
- Option 1C (Planned Yield = 1.2%) performed marginally better than Option 1B (Planned Yield = 1.1%). However, this marginal improvement does not warrant imposing the increased contributions collected by Option 1C, \$11.9 million in 2001.
- Option 1D (Planned Yield = 1.15%) performed a little better than Option 1B (Planned Yield = 1.1%). This improvement may or may not warrant imposing the increased contributions collected by Option 1D, \$6.1 million in 2001.
- Of the flat planned yield options, Options 1B and 1D are the best choices.

SUMMARY OF PERFORMANCE

Variable Planned Yield Options 2A, 2B, 2C, 2D, 2E, and 2F

- Summary of the performance of Option 2A—Planned Yield varies from 0.5% to 1.5%
Balance in the Fund capped between 14.5 and 15.0 months of benefits.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Good	Good	Good
Loans	Good	Excellent	Fair	Excellent	Fair
Variance in Planned Yield	Poor	Poor	Poor	Poor	Poor

- Summary of the performance of Option 2B—Planned Yield varies from 0.6% to 1.6%
Balance in the Fund capped between 15.5 and 17.0 months of benefits.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Good	Good	Good
Loans	Excellent	Excellent	Fair	Excellent	Good
Variance in Planned Yield	Poor	Poor	Poor	Poor	Poor

- Summary of the performance of Option 2C—Planned Yield varies from 0.8% to 19.0%
Balance in the Fund capped between 17.0 and 19.0 months of benefits.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Good	Good	Fair
Loans	Good	Excellent	Fair	Excellent	Poor
Variance in Planned Yield	Fair	Good	Fair	Fair	Fair

- Summary of the performance of Option 2D—Planned Yield varies from 0.3% to 1.7%
Balance in the Fund capped between 11.5 and 12.5 months of benefits.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Good	Good	Fair	Excellent	Fair
Loans	Fair	Excellent	Fair	Excellent	Fair
Variance in Planned Yield	Poor	Poor	Poor	Poor	Poor

- Summary of the performance of Option 2E—Planned Yield varies from 1.00% to 1.30%. There is no cap on the balance in the Fund.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Excellent	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Good	Good	Good	Good	Good

- Summary of the performance of Option 2F—Planned Yield varies from 0.90% to 1.30%. There is no cap on the balance in the Fund.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Excellent	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Good	Good	Good	Good	Good

- The variable planned yield options are the best suited to cap the Unemployment Compensation Fund. A range of planned yields can be constructed to cap the Fund at an approximate maximum number of months of benefits. However, the lower the cap on the Fund, the more contributions must be increased during a recession.
- The variable planned yield options have the ability to self-adjust during a prolonged period of prosperity or a substantial recession.
- The overall performances of Options 2A, 2B, and 2D are unacceptable because of the amount that contributions are increased during the recession and recovery periods. Option 2A has 86% to 114% increases in the planned yield and contributions, Option 2B has 100% to 175% increases, and Option 2D has increases of 160% to 240%.
- Refer to Attachment #3 for a numeric comparison of the performance evaluations of all of the planned yield options.
- Options 2E and 2F performed equally well and both performed better than Option 2C. While Option 2F will not cap the balance in the Unemployment Compensation Fund, it will hold the balance down more than Option 2E.
- Of the variable planned yield options, Option 2F is the best choice.

SUMMARY OF PERFORMANCE

Hybrid Planned Yield Options 3A, 3B, 3C, and 3D

- Summary of the performance of Option 3A—Planned Yield = 1.0%, 1.1%, or 1.2+%
There is no cap on the balance in the Fund.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Good	Fair	Excellent	Poor	Fair
Loans	Fair	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Excellent	Excellent	Excellent	Excellent	Good

- Summary of the performance of Option 3B—Planned Yield varies from 0.9% to 1.3+%
Balance in the Fund capped between 23.0 and 25.0 months of benefits.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Excellent	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Fair
Variance in Planned Yield	Excellent	Excellent	Good	Good	Good

- Summary of the performance of Option 3C—Planned Yield = 1.0%, 1.1%, or 1.2%
There is no cap on the balance in the Fund.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Excellent	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Excellent	Excellent	Good	Excellent	Excellent

- Summary of the performance of Option 3D—Planned Yield varies from 0.8% to 1.3%
Balance in the Fund capped between 24.0 and 24.4 months of benefits.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Fund Balance	Excellent	Fair	Excellent	Poor	Fair
Loans	Excellent	Excellent	Excellent	Excellent	Poor
Variance in Planned Yield	Excellent	Excellent	Good	Good	Excellent

- The hybrid planned yield options attempt to limit contribution increases during the recession and recovery periods by varying the planned yield less than the variable planned yield options. They also attempt to self-adjust during a prolonged period of prosperity or substantial recession by varying the planned yield more than the flat planned yield options.
- Refer to Attachment #3 for a numeric comparison of the performance evaluations of all of the planned yield options.
- Options 3B, 3C and 3D perform better than Option 3A.
- Option 3C performed marginally better than Options 3B and 3D but does not have a cap on the balance in the Unemployment Compensation Fund as do Options 3B and 3D. Option 3D has more capacity to adjust to a prolonged period of prosperity or a severe recession with substantial debt.
- Of the hybrid planned yield options, Option 3D is the best choice.

RECOMMENDATIONS

- Of the flat planned yield options, Options 1B and 1D are the best choices.
 - Option 1B Flat Planned Yield of 1.1%
 - Option 1D Flat Planned Yield of 1.15%
 - Neither option has a cap on the balance in the Unemployment Compensation Fund.
- Of the variable planned yield options, Option 2F is the best choice.
 - | Fund Balance on 9/30 | Planned Yield |
|----------------------|---------------|
| > 24 months | 0.90% |
| 21-24 months | 0.95% |
| 18-21 months | 1.00% |
| 15-18 months | 1.05% |
| 12-15 months | 1.10% |
| 9-12 months | 1.15% |
| 6- 9 months | 1.20% |
| 3- 6 months | 1.25% |
| < 3 months | 1.30% |
 - There is no cap on the balance in the Unemployment Compensation Fund. During a prolonged period of prosperity the balance would continue to grow although by less than half a month of benefits per year.
- Of the hybrid planned yield options, Option 3D is the best choice.
 - | Fund Balance on 9/30 | Planned Yield |
|----------------------|---------------|
| > 24 months | 0.8% |
| 21-24 months | 0.9% |
| 18-21 months | 1.0% |
| 6-18 months | 1.1% |
| - 6-+6 months | 1.2% |
| < - 6 months | 1.3% |
 - The balance in the Unemployment Compensation Fund is capped between 24.0 and 24.4 months of benefits.

- Refer to Attachment #3 for a numeric comparison of the performance evaluations of all of the planned yield options.
- Option 3D performed better than Options 1B, 1D, and 2F. It also provides for a cap on the balance in the Unemployment Compensation Fund although it is a much higher cap than has been discussed over the past several years. Having such higher Fund reserves raises issues about the perception that these reserves would warrant, by themselves, an expansion of benefits. In addition, higher Fund reserves raise employers' concerns about attempts to increase benefits, thereby ultimately increasing contributions.
- **Recommendations:**
 - Use Option 3D to set the planned yield in the unemployment contribution system.
 - Add a provision in 26 MRSA that would require a corresponding adjustment to contribution levels whenever unemployment benefit provisions are modified in a way that will result in increased benefit costs.

Attachment #1

Economic Assumptions for the 6 Economic Scenarios

TABLE 1

ACTUAL AND ASSUMED AVERAGE WEEKLY WAGE (AWW) INCREASES FOR TAX-RATED
COVERED EMPLOYMENT, 1989-2009

Year	Yearly	Percent Increase
<u>Actual</u>		
1989.....	\$359.32	3.9%
1990.....	376.70	4.8
1991.....	386.71	2.7
1992.....	403.95	4.5
1993.....	410.11	1.5
1994.....	416.69	1.6
1995.....	429.09	3.0
1996.....	444.21	3.5
1997.....	466.37	5.0
1998.....	486.22	4.3
<u>Assumption</u>		
1999.....	508.00	4.4*
2000.....	528.00	4.0*
2001.....	549.00	3.9*
2002.....	571.00	4.0*
2003.....	593.00	3.9*
2004.....	616.00	3.9*
2005.....	640.00	3.9*
2006.....	665.00	3.9**
2007.....	691.00	3.9**
2008.....	718.00	3.9**
2009.....	746.00	3.9**

* Based on the Maine State Planning Office Short-Range Economic Forecast, Fall 1998.

** Continued rate of increase from 2005.

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TABLE 2

20 Union Street, Augusta, ME 04330-6826

ACTUAL AND ASSUMED RATE OF INCREASE IN THE TOTAL LABOR FORCE, 1989-2009

Year	Population*	Percent Increase	Labor Force	Percent Increase
<u>Actual</u>				
1989.....	1,223,000	1.4%	616,000	3.2%
1990.....	1,231,000	0.7	635,000	3.1
1991.....	1,235,000	0.3	642,000	1.1
1992.....	1,235,000	0.0	650,000	1.2
1993.....	1,237,000	0.2	632,000	-2.8
1994.....	1,236,000	-0.1	614,000	-2.8
1995.....	1,234,000	-0.2	640,000	4.2
1996.....	1,239,000	0.4	666,000	4.1
1997.....	1,242,000	0.2	659,000	-1.1
1998.....	1,245,000	0.2	651,000	-1.2
<u>Assumption</u>				
1999.....	1,250,000*	0.2	668,000	2.6
2000.....	1,255,000*	0.2	671,000	0.4
2001.....	1,259,000*	0.4	674,000	0.4
2002.....	1,263,000*	0.4	677,000	0.4
2003.....	1,267,000*	0.4	680,000	0.4
2004.....	1,271,000*	0.4	683,000	0.4
2005.....	1,274,000*	0.4	686,000	0.4
2006.....	1,278,000*	0.4	689,000	0.4
2007.....	1,283,000*	0.4	692,000	0.4
2008.....	1,289,000*	0.4	695,000	0.4
2009.....	1,296,000*	0.5	698,000	0.4

An increase in the labor force participation rate and a slight gain in population contributed to the labor force increase between 1998 and 1999. Small increases in the labor force participation rate and some population growth is expected to fuel continued labor force expansion.

The 1999 labor force is based on actual data through September. Projections for 1999 through 2009 were developed through analysis of labor force participation trends and growth patterns in the labor force and population.

*NOTE: The population trends for the 1999-2009 period are those developed by the University of Southern Maine, Center for Business and Economic Research, 1998 Long-Range forecasts.

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TABLE 3

20 Union Street, Augusta, ME 04330-6826

ACTUAL AND ASSUMED INSURED UNEMPLOYMENT RATES (IUR), 1989-2009

Year	Tax- Rated IUR	Total Unemployment Rate				
<u>Actual</u>						
1989.....	2.6%	4.1%				
1990.....	4.1	5.2				
1991.....	6.5	7.6				
1992.....	4.7	7.2				
1993.....	3.3	7.9				
1994.....	3.5	7.4				
1995.....	3.4	5.7				
1996.....	3.3	5.1				
1997.....	2.8	5.4				
1998.....	2.4	4.4				
<u>Assumption: IUR</u>						
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
1999.....	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
2000.....	2.5	2.5	2.5	2.5	2.5	2.5
2001.....	4.0	4.0	2.5	2.5	4.0	2.5
2002.....	5.0	5.0	3.0	2.5	5.0	2.5
2003.....	6.5	4.0	3.0	3.0	5.0	2.5
2004.....	4.0	3.5	3.0	3.0	5.5	2.5
2005.....	3.5	3.0	4.0	4.0	5.5	2.5
2006.....	3.5	3.0	5.0	5.0	4.0	2.5
2007.....	3.0	2.5	6.5	4.0	4.0	2.5
2008.....	3.0	2.5	4.0	3.5	3.0	2.5
2009.....	2.5	2.5	3.5	3.0	2.5	2.5

Scenario 1: Moderate to severe recession in 2002-2003.

Scenario 2: Light to moderate recession in 2002-2003.

Scenario 3: Moderate to severe recession in 2006-2007.

Scenario 4: Light to moderate recession in 2006-2007.

Scenario 5: Back to Back recession in 2002-2005.

Scenario 6: No recession in 2000 - 2009

Note: Tax-Rated Insured Unemployment Rate is the percentage of the average weekly tax-rated regular continued claims divided by the average tax-rated covered employment for the calendar year.

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TABLE 4

20 Union Street, Augusta, ME 04330-6826

ACTUAL AND ASSUMED AVERAGE ANNUAL INTEREST RATES EARNED BY THE UC FUND,
1989-2009

Year	Average Annual Interest Rate
<u>Actual</u>	
1989.....	8.75%
1990.....	8.81
1991.....	8.51
1992.....	7.68
1993.....	7.23
1994.....	6.76
1995.....	6.88
1996.....	6.94
1987.....	6.83
1998.....	6.75
<u>Assumption</u>	
1999.....	6.75
2000.....	6.16
2001.....	6.12
2002.....	6.12
2003.....	6.12
2004.....	6.12
2005.....	6.12
2006.....	6.12*
2007.....	6.12*
2008.....	6.12*
2009.....	6.12*

Interest rate projections are from U.S. Dept. of Labor, Unemployment Insurance Actuarial Services.

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Attachment #2

Benefit Cost Rates for 1969—1998

BENEFIT COST RATES FOR 1969—1998

The "Benefit Cost Rate" for a year is the amount of unemployment benefits paid during that year divided by the total wages paid in that year. This amount is then multiplied by 100 to convert to a percentage.

The "5-year Average" is the average of the benefit cost rates for that year and the 4 preceding years. Other averages follow the same pattern.

Year	Benefit Cost Rate	5-year Average	10-year Average	15-year Average	20-year Average	25-year Average	30-year Average
1969	0.94%	0.75%	1.10%	1.29%	1.32%	1.34%	1.23%
1970	1.28%	0.87%	1.06%	1.28%	1.28%	1.37%	1.20%
1971	2.08%	1.16%	1.07%	1.36%	1.33%	1.39%	1.25%
1972	1.51%	1.32%	1.10%	1.36%	1.35%	1.41%	1.29%
1973	1.20%	1.40%	1.09%	1.26%	1.36%	1.41%	1.32%
1974	1.55%	1.52%	1.14%	1.24%	1.35%	1.36%	1.37%
1975	2.84%	1.84%	1.35%	1.32%	1.42%	1.39%	1.45%
1976	2.02%	1.82%	1.49%	1.32%	1.47%	1.43%	1.46%
1977	2.21%	1.96%	1.64%	1.38%	1.51%	1.47%	1.50%
1978	1.52%	2.03%	1.72%	1.40%	1.45%	1.49%	1.51%
1979	1.40%	2.00%	1.76%	1.42%	1.43%	1.48%	1.46%
1980	1.69%	1.77%	1.80%	1.49%	1.43%	1.49%	1.45%
1981	1.59%	1.68%	1.75%	1.55%	1.41%	1.52%	1.47%
1982	1.77%	1.59%	1.78%	1.63%	1.44%	1.53%	1.49%
1983	1.55%	1.60%	1.81%	1.68%	1.45%	1.48%	1.51%
1984	1.16%	1.55%	1.78%	1.69%	1.46%	1.46%	1.49%
1985	1.25%	1.46%	1.62%	1.69%	1.48%	1.44%	1.49%
1986	0.97%	1.34%	1.51%	1.62%	1.50%	1.40%	1.49%
1987	0.75%	1.14%	1.37%	1.56%	1.50%	1.38%	1.46%
1988	0.71%	0.97%	1.28%	1.53%	1.50%	1.35%	1.39%
1989	0.86%	0.91%	1.23%	1.49%	1.50%	1.35%	1.36%
1990	1.40%	0.94%	1.20%	1.39%	1.50%	1.37%	1.35%
1991	2.34%	1.21%	1.28%	1.41%	1.51%	1.44%	1.37%
1992	1.71%	1.40%	1.27%	1.38%	1.52%	1.48%	1.38%
1993	1.17%	1.50%	1.23%	1.35%	1.52%	1.50%	1.38%
1994	1.19%	1.56%	1.24%	1.34%	1.51%	1.51%	1.38%
1995	1.13%	1.51%	1.22%	1.30%	1.42%	1.50%	1.40%
1996	1.09%	1.26%	1.24%	1.27%	1.37%	1.46%	1.41%
1997	0.92%	1.10%	1.25%	1.21%	1.31%	1.44%	1.42%
1998	0.76%	1.02%	1.26%	1.16%	1.27%	1.42%	1.42%

Attachment #3

Numeric Comparisons of the Performance Evaluations of the Planned Yield Options

NUMERIC COMPARISONS OF THE PERFORMANCE EVALUATIONS OF THE PLANNED YIELD OPTIONS

- The following charts compare the overall performance of the planned yield options by converting the evaluation given to each aspect of performance to a number.

➤ Excellent	3
➤ Good	2
➤ Fair	1
➤ Poor	0

- The performance scores were totaled for each planned yield option. In addition, a number of "weighted" totals were computed:
 - Total Weighting Balance By 1.5—This total was computed by multiplying the Fund Balance performance subtotal by 1.5 and then adding the performance subtotals for the Loan and Variance in Planned Yield categories.
 - Total Weighting Loan By 1.5—This total was computed by multiplying the Loan performance subtotal by 1.5 and then adding the performance subtotals for the Fund Balance and Variance in Planned Yield categories.
 - Total Weighting Variance By 1.5—This total was computed by multiplying the Variance in Planned Yield performance subtotal by 1.5 and then adding the performance subtotals for the Fund Balance and Loan categories.
 - Total Weighting ES1 & ES3 By 1.5—This total was computed by multiplying the performance subtotals for Economic Scenarios 1 and 3 by 1.5 and then adding the performance subtotals for Economic Scenarios 2, 4, and 5.

NUMERIC COMPARISONS OF THE PERFORMANCE EVALUATIONS OF THE PLANNED YIELD OPTIONS

		Economic Scenario 1	Economic Scenario 2	Economic Scenario 3	Economic Scenario 4	Economic Scenario 5	Total	Total Weighting Balance By 1.5	Total Weighting Loans By 1.5	Total Weighting Variance By 1.5	Total Weighting ES1 & ES3 By 1.5
Option 1A	Balance	0	2	1	1	0	4				
	Loans	0	3	1	3	0	7				
	Variance	3	3	3	3	3	15				
	Total	3	8	5	7	3	26	28.0	29.5	33.5	30.0
Option 1B	Balance	2	1	2	0	0	5				
	Loans	1	3	3	3	0	10				
	Variance	3	3	3	3	3	15				
	Total	6	7	8	6	3	30	32.5	35.0	37.5	37.0
Option 1C	Balance	3	0	0	0	1	4				
	Loans	3	3	3	3	0	12				
	Variance	3	3	3	3	3	15				
	Total	9	6	6	6	4	31	33.0	37.0	38.5	38.5
Option 1D	Balance	3	0	1	0	1	5				
	Loans	3	3	3	3	0	12				
	Variance	3	3	3	3	3	15				
	Total	9	6	7	6	4	32	34.5	38.0	39.5	40.0

NUMERIC COMPARISONS OF THE PERFORMANCE EVALUATIONS OF THE PLANNED YIELD OPTIONS

		Economic Scenario 1	Economic Scenario 2	Economic Scenario 3	Economic Scenario 4	Economic Scenario 5	Total	Total Weighting Balance By 1.5	Total Weighting Loans By 1.5	Total Weighting Variance By 1.5	Total Weighting ES1 & ES3 By 1.5
Option 2A	Balance	3	1	2	2	2	10				
	Loans	2	3	1	3	1	10				
	Variance	0	0	0	0	0	0				
	Total	5	4	3	5	3	20	25.0	25.0	20.0	24.0
Option 2B	Balance	3	1	2	2	2	10				
	Loans	3	3	1	3	2	12				
	Variance	0	0	0	0	0	0				
	Total	6	4	3	5	4	22	27.0	28.0	22.0	26.5
Option 2C	Balance	3	1	2	2	1	9				
	Loans	2	3	1	3	0	9				
	Variance	1	2	1	1	1	6				
	Total	6	6	4	6	2	24	28.5	28.5	27.0	29.0
Option 2D	Balance	2	2	1	3	1	9				
	Loans	1	3	1	3	1	9				
	Variance	0	0	0	0	0	0				
	Total	3	5	2	6	2	18	22.5	22.5	18.0	20.5
Option 2E	Balance	3	1	3	0	1	8				
	Loans	3	3	3	3	0	12				
	Variance	2	2	2	2	2	10				
	Total	8	6	8	5	3	30	34.0	36.0	35.0	38.0
Option 2F	Balance	3	1	3	0	1	8				
	Loans	3	3	3	3	0	12				
	Variance	2	2	2	2	2	10				
	Total	8	6	8	5	3	30	34.0	36.0	35.0	38.0

NUMERIC COMPARISONS OF THE PERFORMANCE EVALUATIONS OF THE PLANNED YIELD OPTIONS

		Economic Scenario 1	Economic Scenario 2	Economic Scenario 3	Economic Scenario 4	Economic Scenario 5	Total	Total Weighting Balance By 1.5	Total Weighting Loans By 1.5	Total Weighting Variance By 1.5	Total Weighting ES1 & ES3 By 1.5
Option 3A	Balance	2	1	3	0	1	7				
	Loans	1	3	3	3	0	10				
	Variance	3	3	3	3	2	14				
	Total	6	7	9	6	3	31	34.5	36.0	38.0	38.5
Option 3B	Balance	3	1	3	0	1	8				
	Loans	3	3	3	3	1	13				
	Variance	3	3	2	2	2	12				
	Total	9	7	8	5	4	33	37.0	39.5	39.0	41.5
Option 3C	Balance	3	1	3	0	1	8				
	Loans	3	3	3	3	0	12				
	Variance	3	3	2	3	3	14				
	Total	9	7	8	6	4	34	38.0	40.0	41.0	42.5
Option 3D	Balance	3	1	3	0	1	8				
	Loans	3	3	3	3	0	12				
	Variance	3	3	2	2	3	13				
	Total	9	7	8	5	4	33	37.0	39.0	39.5	41.5

Attachment #4
Draft Legislation

Sec. 1. 26 MRSA §1221, sub-§4-A, ¶B, sub-¶(3) is repealed and the following enacted in its place:

(3) The commissioner shall compute a reserve multiple to determine the schedule and planned yield in effect for a rate year. The reserve multiple is determined by dividing the fund reserve ratio by the average benefit cost rate. The determination date is October 31st of each calendar year. The schedule and planned yield that apply for the 12-month period commencing every January 1st are shown on the line of the following table that corresponds with the applicable reserve multiple in column A, except that a planned yield of 1.10% must be in effect for the 12-month period commencing January 1, 2000.

A	B	C
Reserve	Schedule	Planned
Multiple		Yield
2.00 and Over	A	0.8%
1.75 -- 1.99	B	0.9%
1.50 -- 1.74	C	1.0%
.50 -- 1.49	D	1.1%
- .50 -- .49	E	1.2%
Under - .50	F	1.3%

Sec. 2. 26 MRSA §1042 is amended to read:

§ 1042. Policy

1. Economic insecurity due to unemployment is a serious menace to the health, morals and welfare of the people of this State. Unemployment is therefore a subject of general interest and concern which requires appropriate action by the Legislature to prevent its spread and to lighten its burden which may fall upon the unemployed worker, his or her family and the entire community. The achievement of social security requires protection against this greatest hazard of our economic life. This objective can be furthered by operating free public employment offices in affiliation with a nation-wide system of public employment services; by devising appropriate methods for reducing the volume of unemployment; and by the systematic accumulation of funds during periods of employment from which benefits may be paid for periods of unemployment, thus maintaining purchasing power, promoting the use of the highest skills of unemployed workers and limiting the serious social consequences of unemployment.

2. Any legislation that modifies this chapter in a way that will result in a net increase in benefit costs either in current or future years must include modifications to employer contributions that will offset such increased costs.

