

ERI CALCULATION

The Experience Rating Index is calculated by first computing "effective benefit charges" by taking the total benefits paid during the reporting period and subtracting from them the ineffective charges, inactive charges and noncharges. The remainder is then divided by the total benefits.

$$\text{ERI} = (1 - ((\text{IEC} + \text{IAC} + \text{NNC}) / \text{BEN})) * 100$$

where,

IEC = Ineffective charges: ETA 204, Section C, Column 8. -- Those charges for which employer taxes do not fully fund the benefits charged.

IAC = Inactive charges: ETA 204, Section B, item 6(a) (2). -- Charges to employers who have gone out of business and from which taxes cannot be collected.

NNC = Noncharges: ETA 204, Section B, item 6(b) plus item 7(b) -- Payments made to claimants, but not charged to a particular employer.

BEN = Total benefits paid during the computation year: ETA 204, Section B, item 5 minus item 7(a).

Example:

Alabama: IEC = 50,588
IAC = 12,132
NNC = 38,182
BEN = 205,777

$$\begin{aligned} \text{Alabama ERI} &= (1 - ((\text{IEC} + \text{IAC} + \text{NNC}) / \text{BEN})) * 100 \\ &= (1 - ((50588 + 12132 + 38182) / 205777)) * 100 \\ &= 51 \end{aligned}$$