



Status of the Unemployment Trust Fund and Related Issues

Commission on Unemployment Compensation

August 8, 2018

Ellen Marie Hess, Commissioner

Trust Fund Data—Standard Forecast (Millions of Dollars)



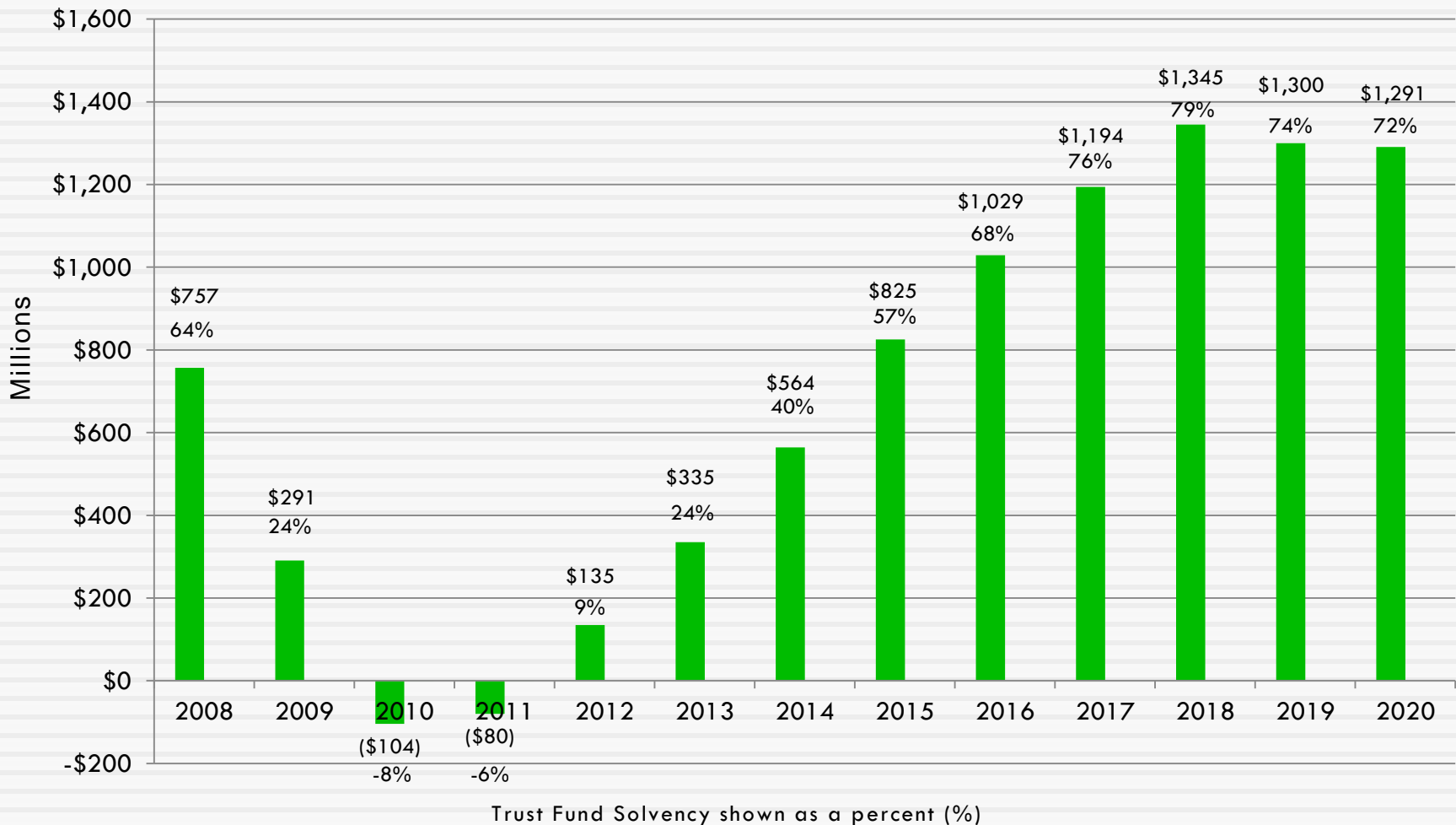
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	2017	2018
January 1 Balance	\$949.6	\$1,132.2
Tax Revenue	\$492.0	\$421.4
Interest Revenue	\$24.7	\$29.0
Benefits	\$334.1	\$322.3
December 31 Balance	\$1,132.2	\$1,260.3
Solvency Level (6/30)	76.0%	79.2%

June 30 Trust Fund Balances and Solvency (Forecast as of July 6, 2018)



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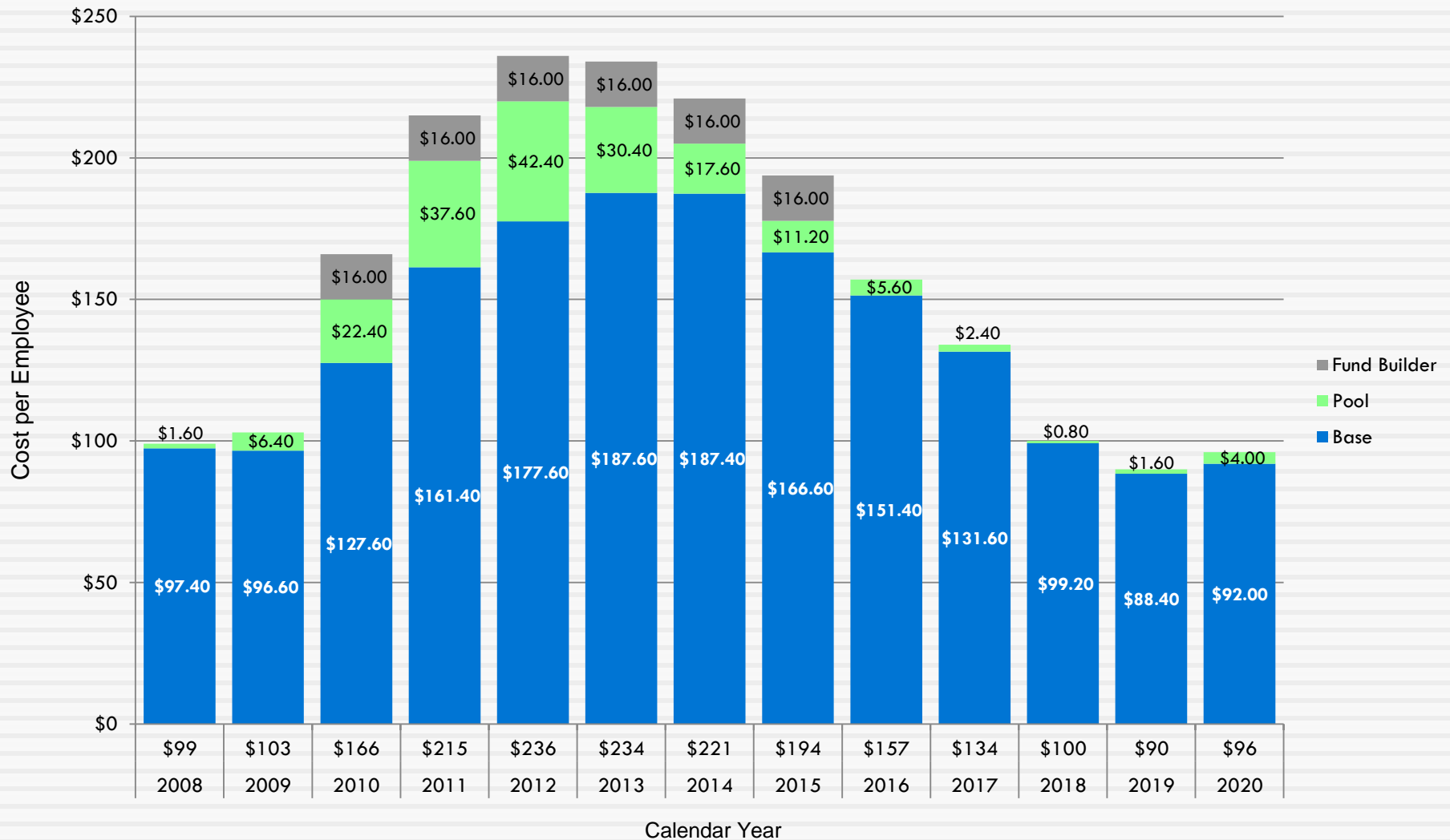


Average Total State Tax

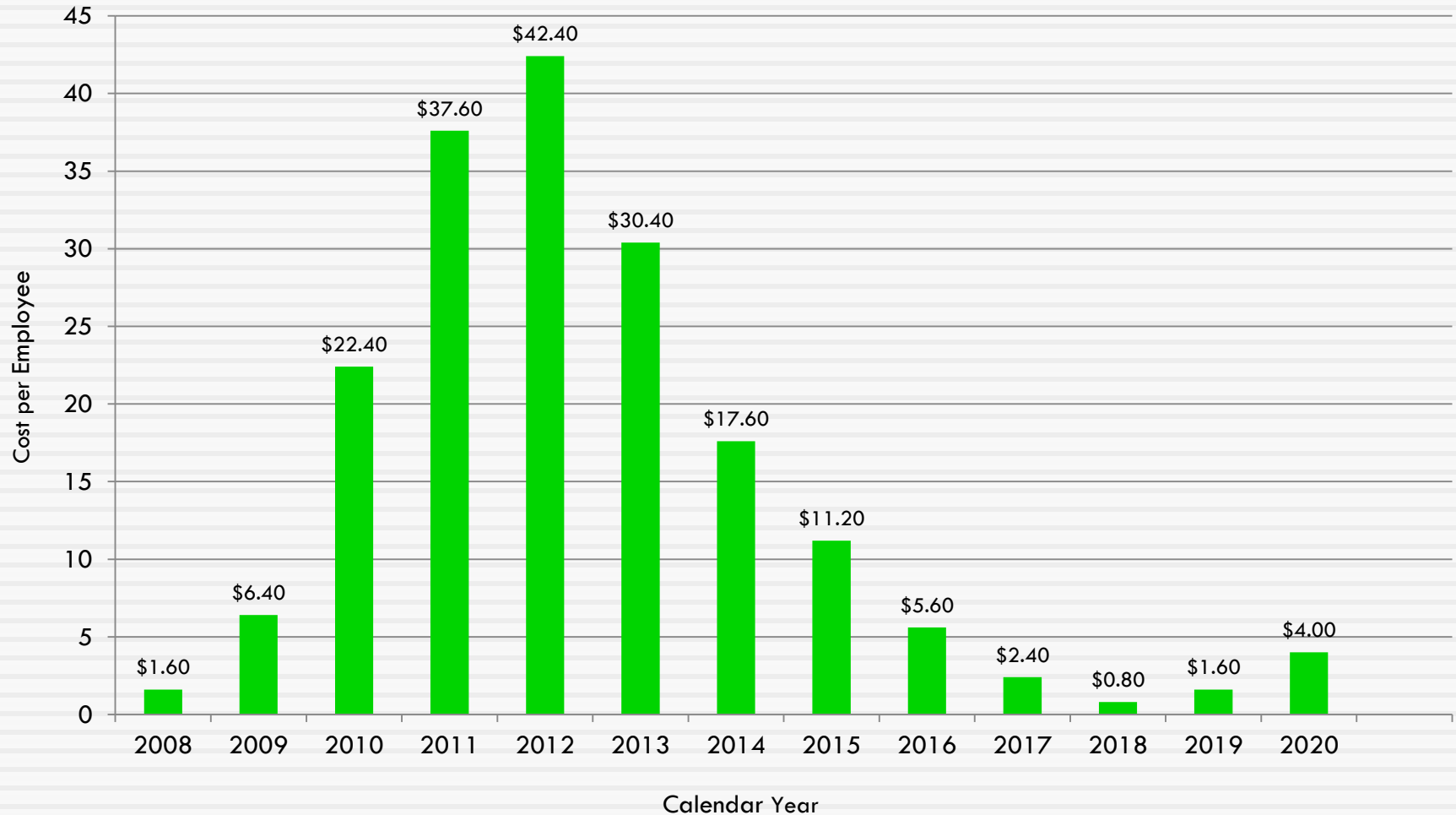
(Forecast as of July 6, 2018)



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Pool Taxes (Forecast as of July 6, 2018)



Distribution of 2017 and 2018

Base Tax Rates *Computed and Assigned Rates*



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Tax Rates	Number of Employers		Percent of Total	
	2017*	2018**	2017*	2018**
Computed				
0.10%	137,329	146,813	64.5%	68.4%
0.12%-0.94%	11,856	12,182	5.6%	5.7%
1.00%-1.89%	8,012	8,540	3.8%	4.0%
2.00%-2.97%	5,990	5,214	2.8%	2.4%
3.00%-3.91%	3,703	3,404	1.7%	1.6%
4.00%-4.99%	2,970	2,272	1.4%	1.1%
5.00%-5.94%	1,994	1,736	0.9%	0.8%
6.00%-6.12%	215	356	0.1%	0.2%
6.20%	11,152	8,699	5.2%	4.1%
Assigned				
New, 2.50%	27,967	22,791	13.1%	10.6%
Delinquent, 6.20%	1,412	2,173	0.7%	1.0%
Foreign Contractor, 6.20%	195	238	0.1%	0.1%
Other, 6.20%	101	291	0.0%	0.2%
Total	212,799	214,709	100.0%	100.0%

Taxable wage base is \$8,000. *excluding 0.03% pool tax. **excluding 0.01% pool tax.

Claims Filed

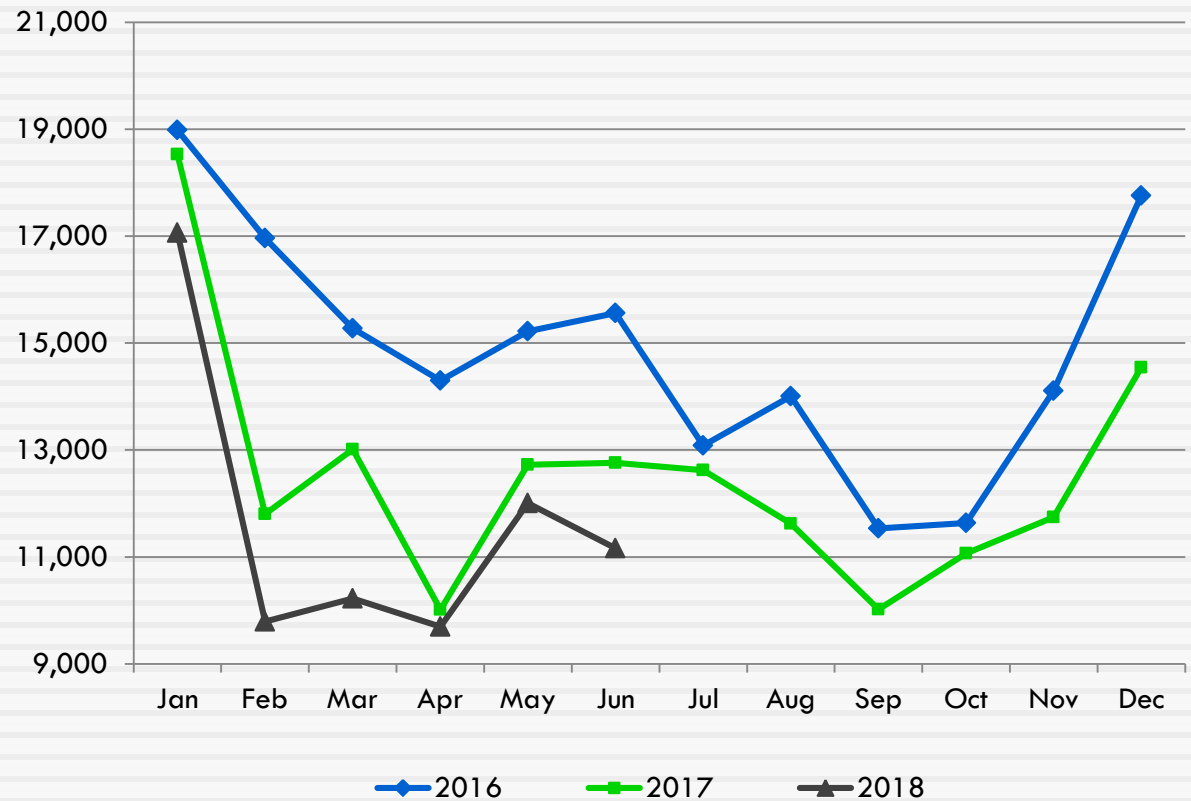
Calendar Year	Initial Claims
2013	276,807
2014	224,882
2015	186,887
2016	178,422
2017	150,450
2018 (Jan. – Jun.)	69,940*

* Annual claims projected to be 134,000.

UI Initial Claims

2016 - 2018 (year to date)

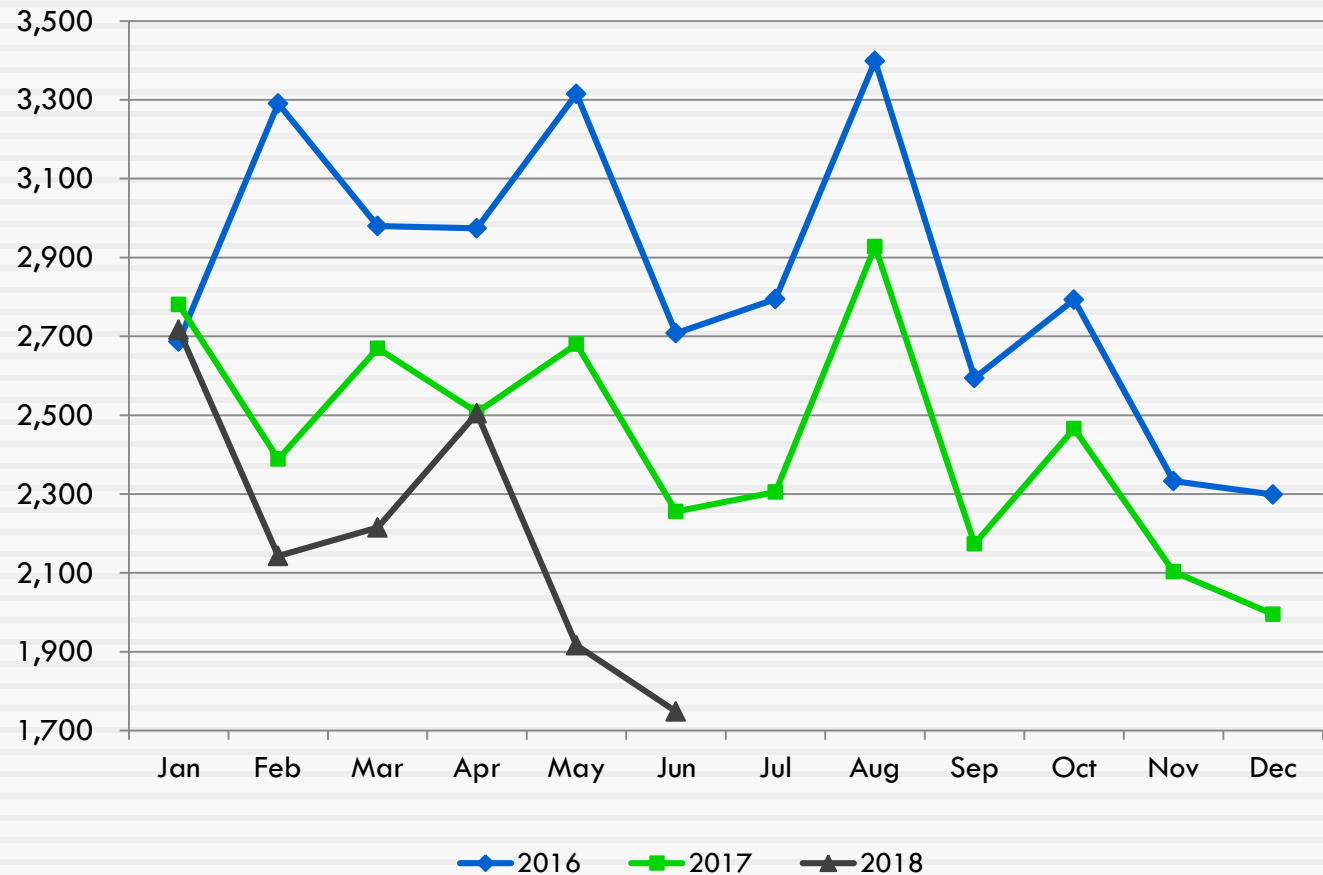
- Total initial claims through June 2018 were down 11.3% because of fewer layoffs in manufacturing, administrative and support services, and retail trade.



UI Final Payments

2016 - 2018 (year to date)

- For the first six months of 2018, final payments are down 13.3% from 2017 and 26.2% from 2016.



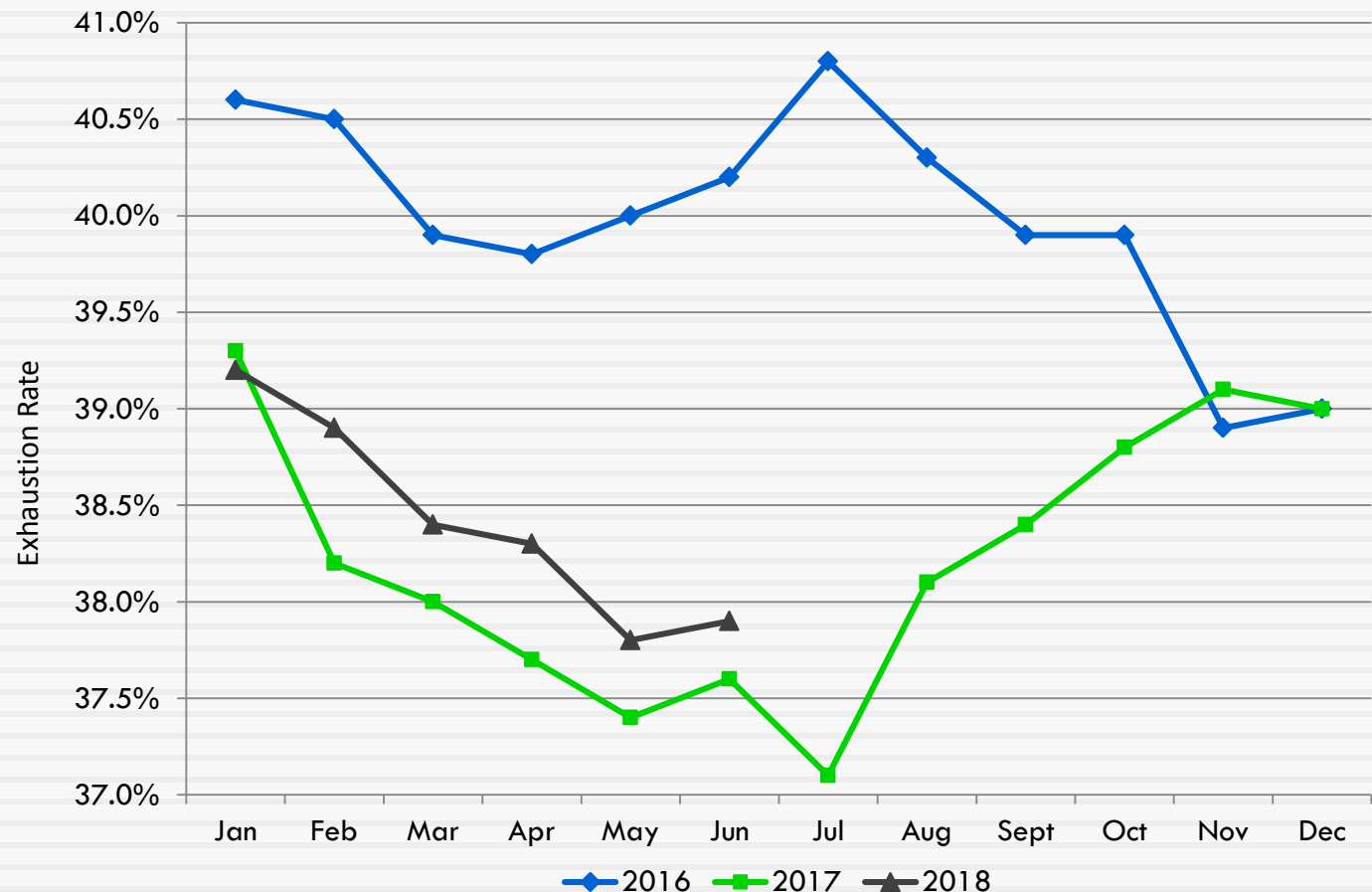
Exhaustion Rates

2016 - 2018 (year to date)

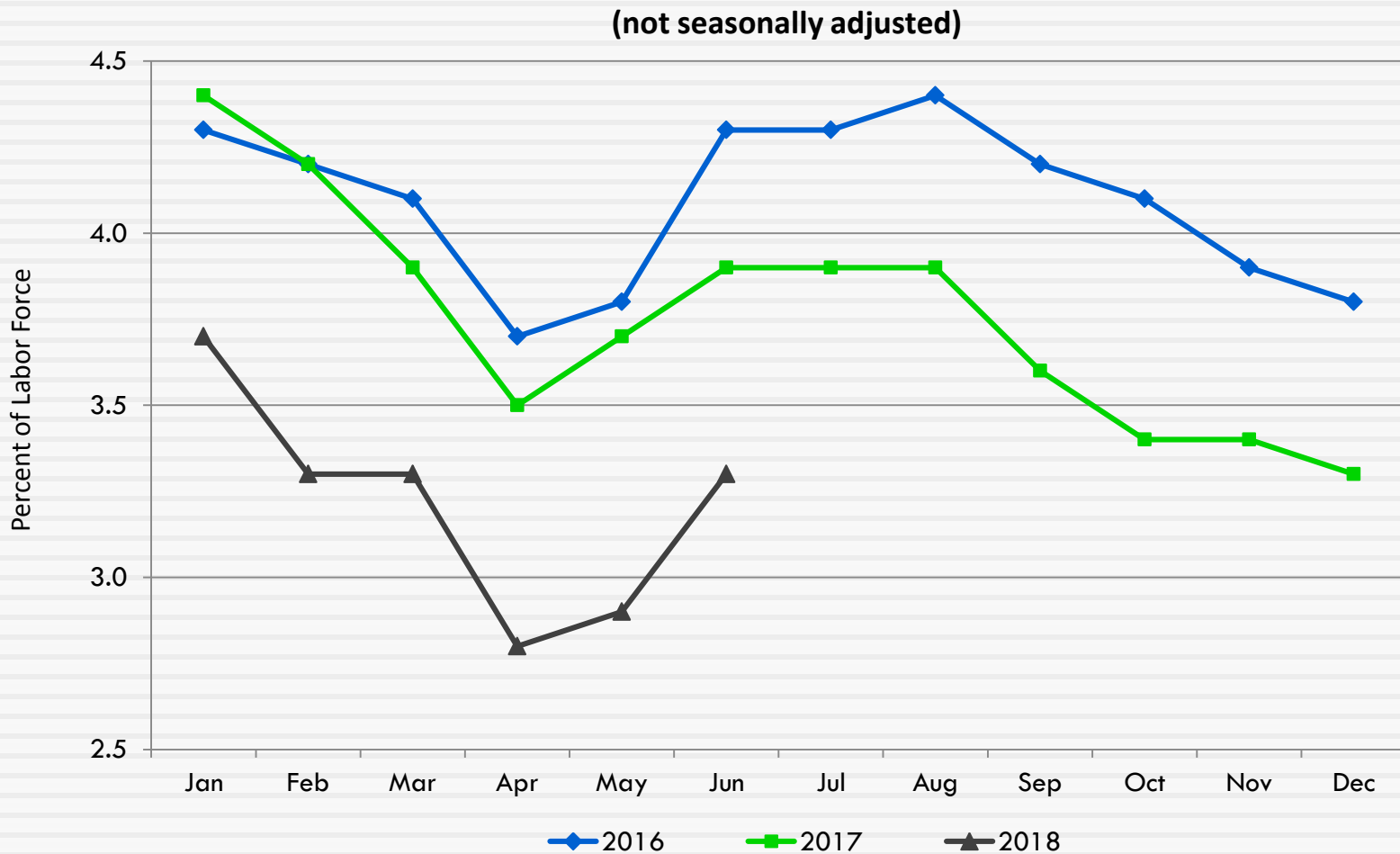


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- The exhaustion rate in June was 37.9%, up from last June's 37.6%.



Virginia's Unemployment Rates 2016 - 2018 (year to date)

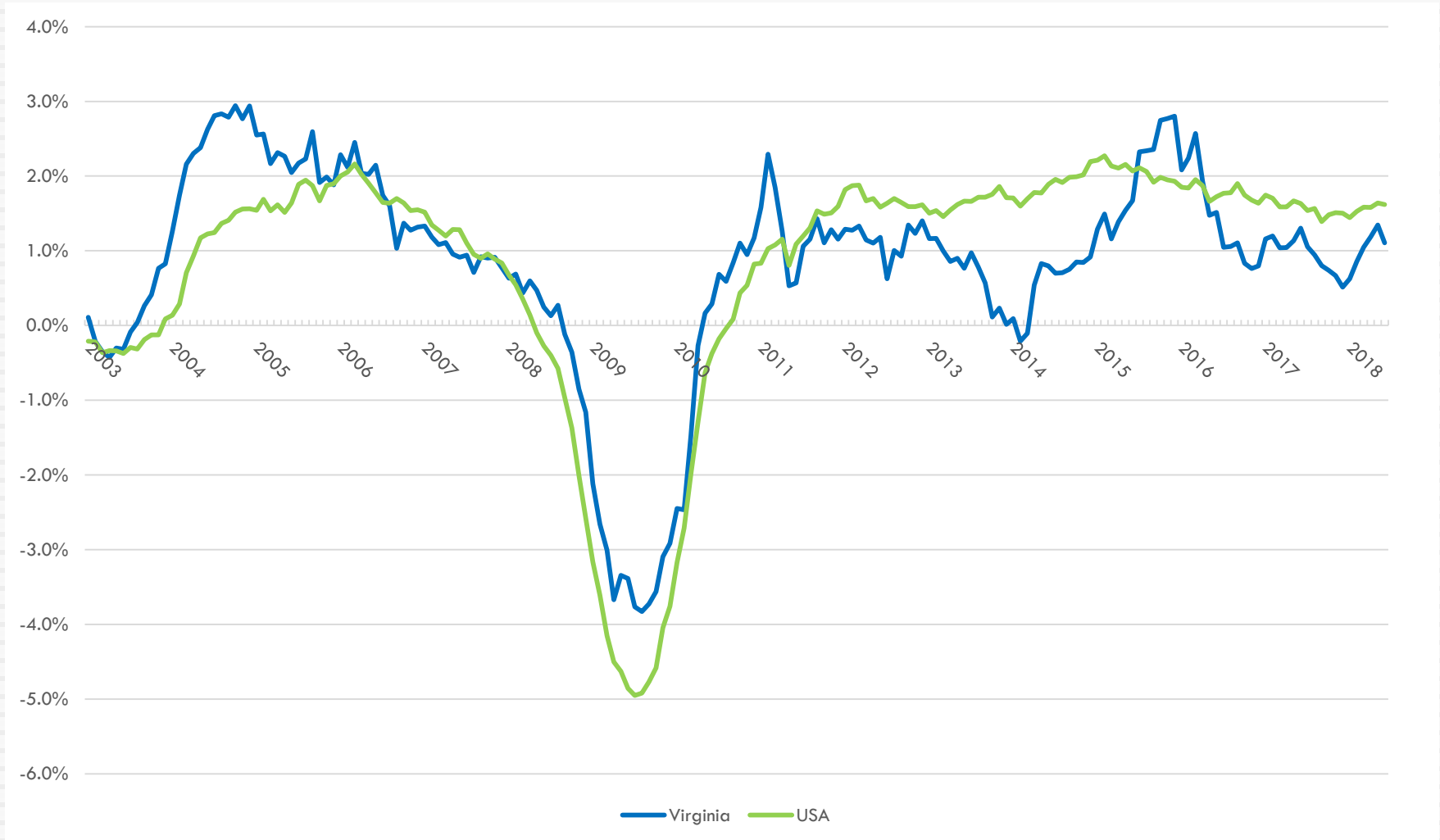


Total Nonfarm Employment

Over-the-year Growth (seasonally adjusted data)



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June 2018 Labor Force Participation Rates and Unemployment Rates (Fourth Circuit States)



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(not seasonally adjusted)

State	Participation Rate*	Unemployment Rate
District of Columbia	71.6%	5.9%
Maryland	68.2%	4.5%
North Carolina	62.0%	4.2%
South Carolina	58.3%	3.6%
Virginia	66.2%	3.3%
West Virginia	54.6%	5.4%
U.S.	63.4%	4.2%

* Participation Rate = civilian labor force divided by non-institutional civilian population age 16 and above.

Fourth Circuit States



	Trust Fund Balance (Millions) (6/30/18)	Average Tax per Employee (year ending 9/30/17)	Average Tax Rate (year ending 9/30/17)	2018 Taxable Wage Base	2018 Maximum Weekly Benefit	2018 Maximum Weekly Benefit Replacement Rate	2018 State Potential Duration (Weeks)
DC	\$486	\$228	2.53%	\$9,000	\$432	27%	26
MD	\$1,235	\$196	2.31%	\$8,500	\$430	39%	26
NC	\$3,416	\$263	1.12%	\$23,500	\$350	38%	12 – 20
SC	\$870	\$196	1.40%	\$14,000	\$326	39%	13 – 20
VA	\$1,312	\$130	1.62%	\$8,000	\$378	36%	12 – 26
WV	\$137	\$344	2.87%	\$12,000	\$424	53%	26
US Avg.		\$309	2.22%	\$13,905	\$445	43%	

Treasury Offset Program (TOP)



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- The IRS Treasury Offset Program (TOP) allows the VEC to submit overpayment debts resulting from unemployment insurance fraud to the IRS to intercept federal tax refunds.
- Through June 30, 2018, the VEC has collected \$12,530,896 from the IRS through TOP.
- Participation in this program is mandated under federal law and the *Code of Virginia* (§ 2.2-4806.) All recovered debt is deposited in the Unemployment Trust Fund.
- The above amount was collected against 18,909 records that had overpayments due to fraud.

Military Trailing Spouse Update—Impact of Military Trailing Spouse Benefits



FY Benefits		Claimants	CY Solvency Levels		CY Base Tax Rates		CY Pool Tax Rates	
2015	\$658,597	212	2015	-0.1 percentage point	2016	Unaffected	2016	Unaffected
2016	\$231,050	76	2016	-0.1 percentage point	2017	Unaffected	2017	Unaffected
2017	\$722,720	245	2017	-0.1 percentage point	2018	Unaffected	2018	Unaffected
2018	\$652,705	223	2018	Determined in November 2018	2019	Determined in November 2018	2019	Determined in November 2018

Current law sunsets December 31, 2020