



# 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)



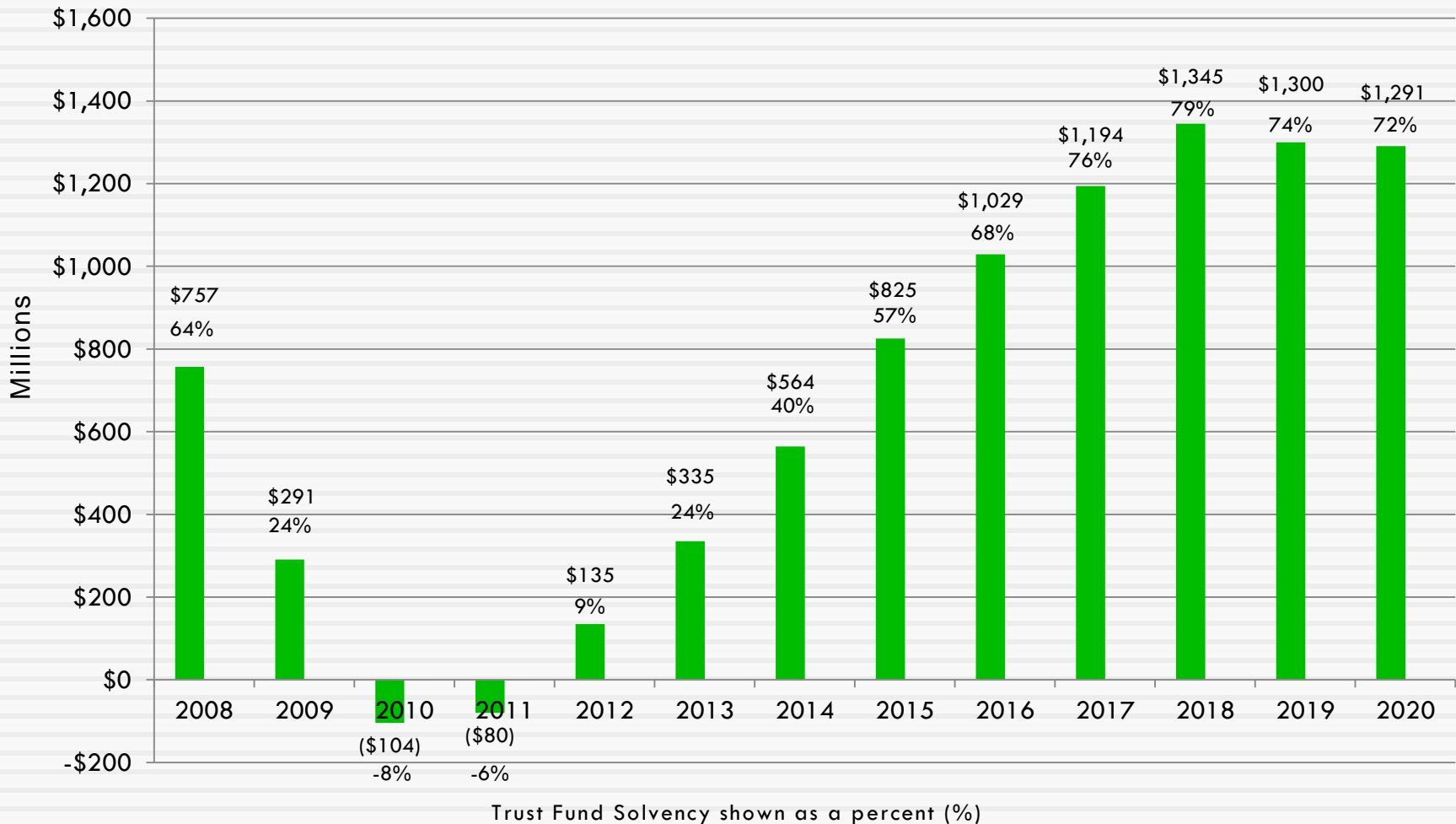
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	2017	2018
January 1 Balance	\$949.6	\$1,132.2
Tax Revenue	\$492.0	\$421.4
Interest Revenue	\$24.7	\$29.0
Benefits	\$334.1	\$322.3
December 31 Balance	\$1,132.2	\$1,260.3
Solvency Level (6/30)	76.0%	79.2%

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



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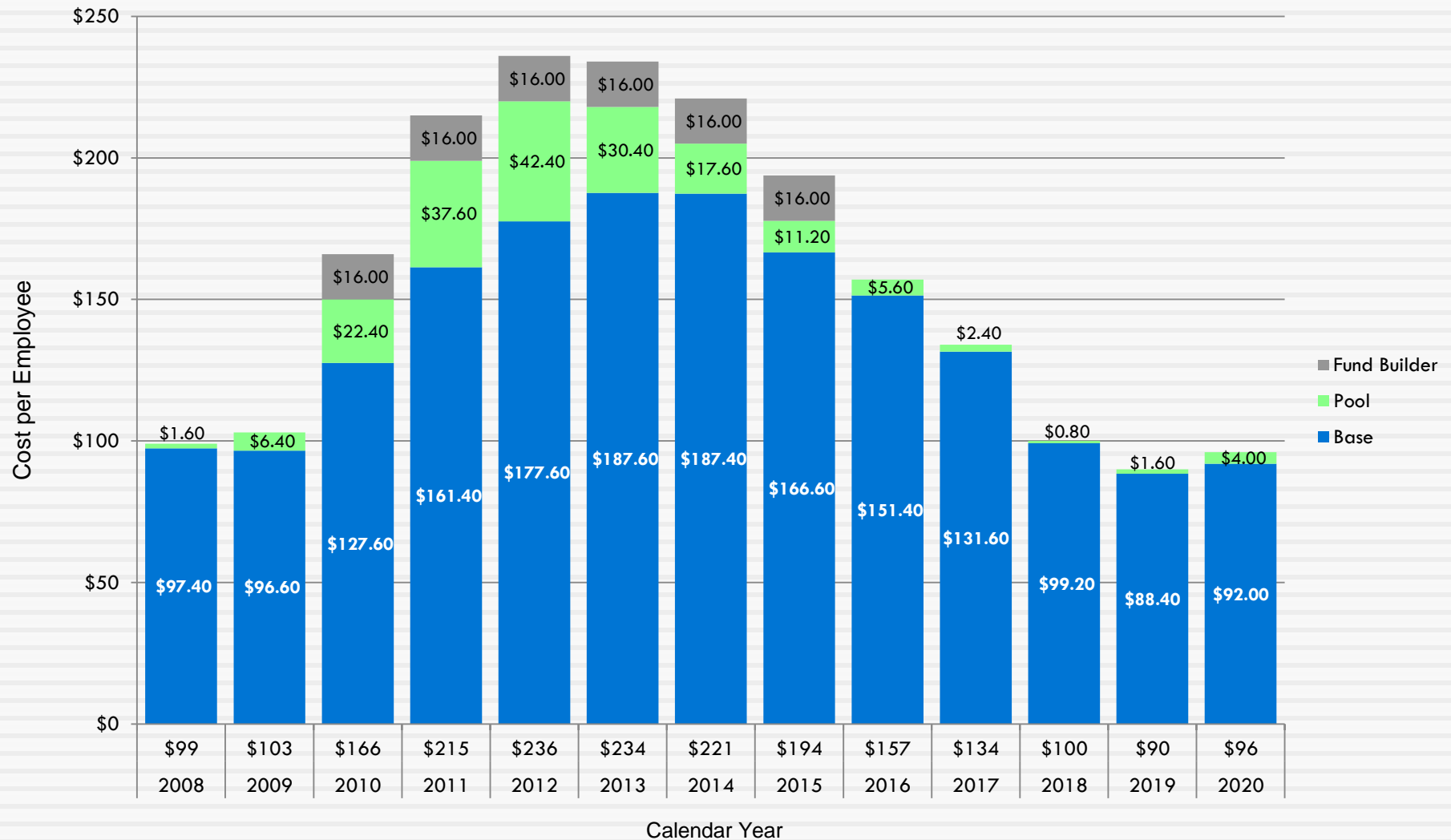


# Average Total State Tax

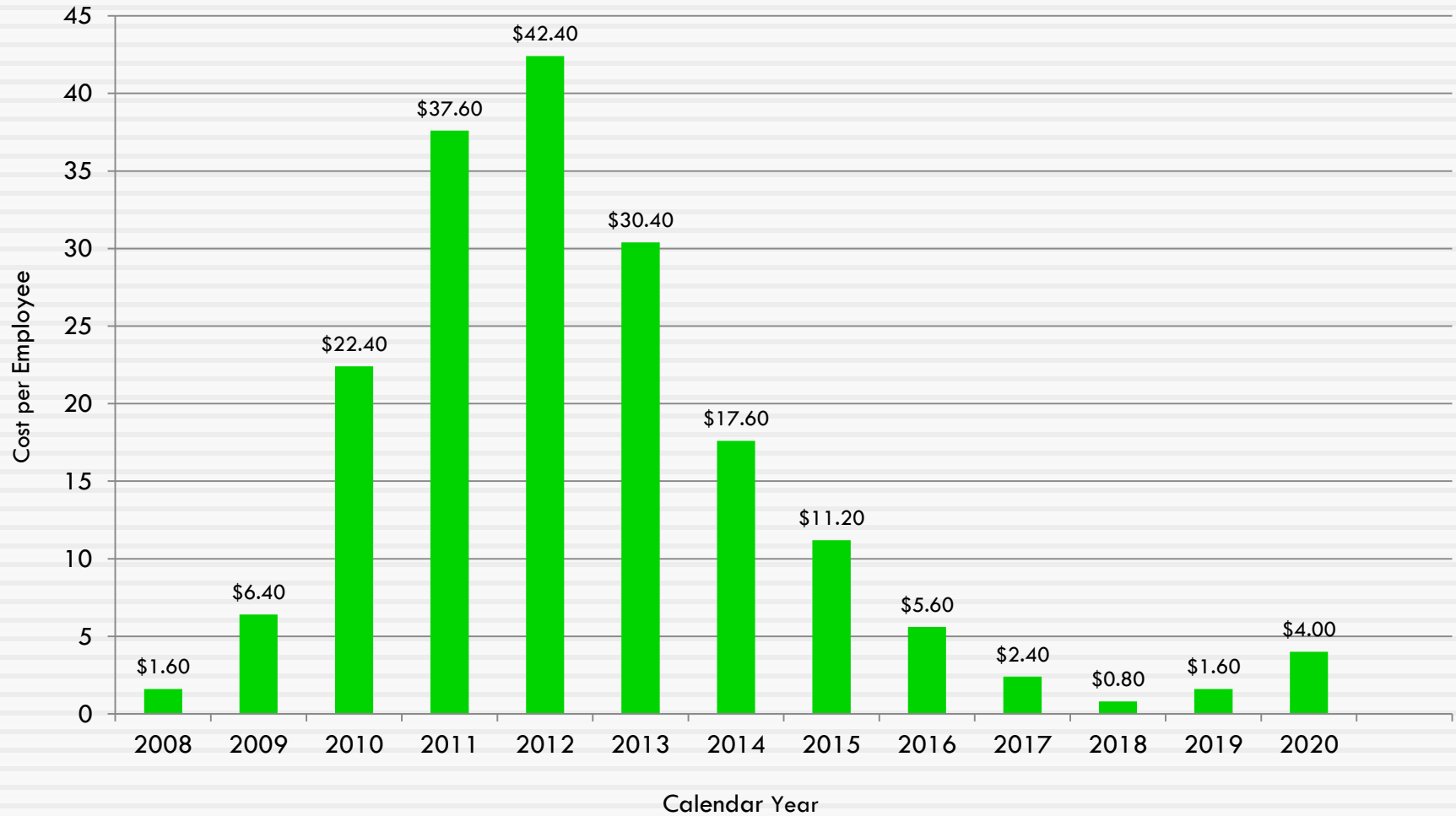
(Forecast as of July 6, 2018)



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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**
<b>Computed</b>				
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%
<b>Assigned</b>				
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%
<b>Total</b>	<b>212,799</b>	<b>214,709</b>	<b>100.0%</b>	<b>100.0%</b>

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

# Claims Filed

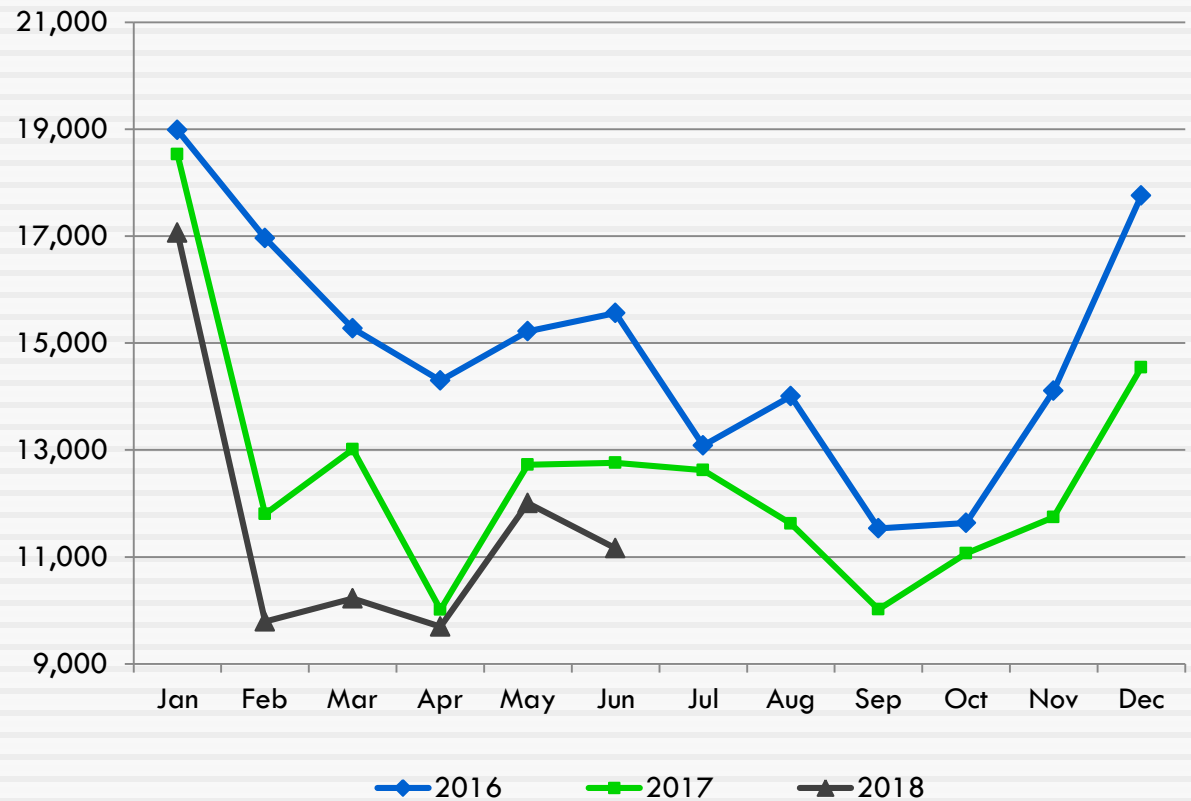
Calendar Year	Initial Claims
2013	276,807
2014	224,882
2015	186,887
2016	178,422
2017	150,450
2018 (Jan. – Jun.)	69,940*

\* 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.





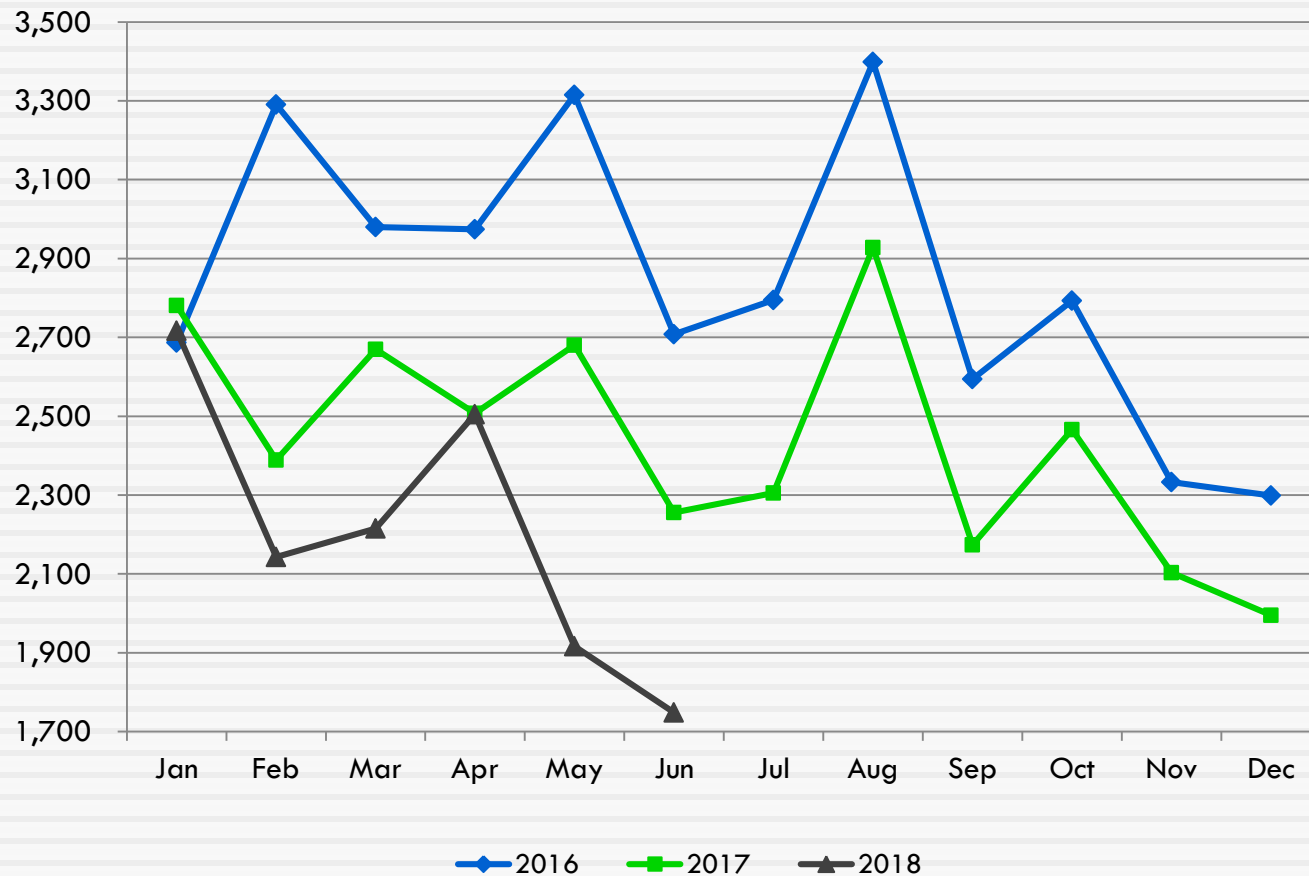
# UI Final Payments

## 2016 - 2018 (year to date)



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



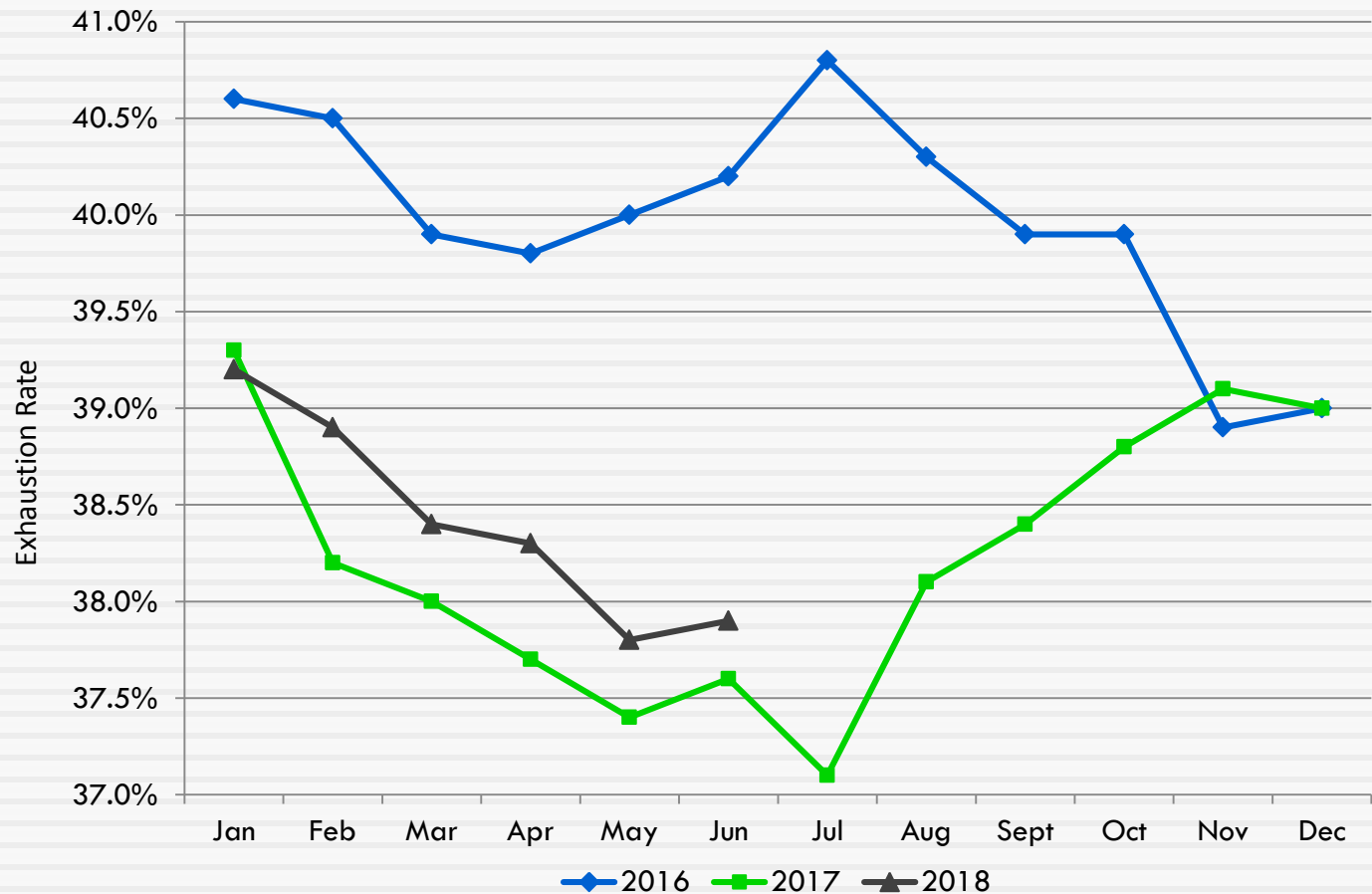
# Exhaustion Rates

## 2016 - 2018 (year to date)

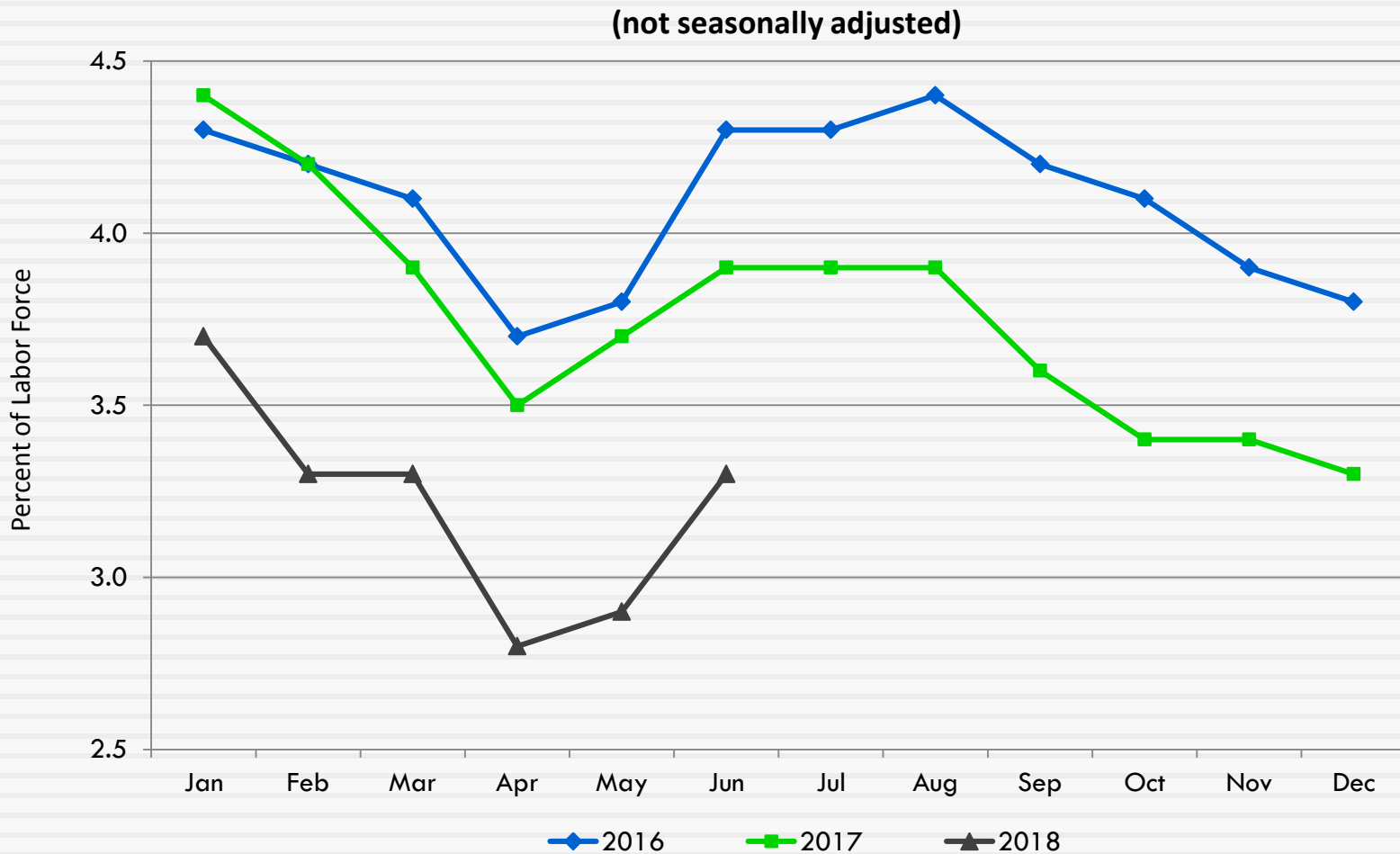


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- The exhaustion rate in June was 37.9%, up from last June's 37.6%.



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

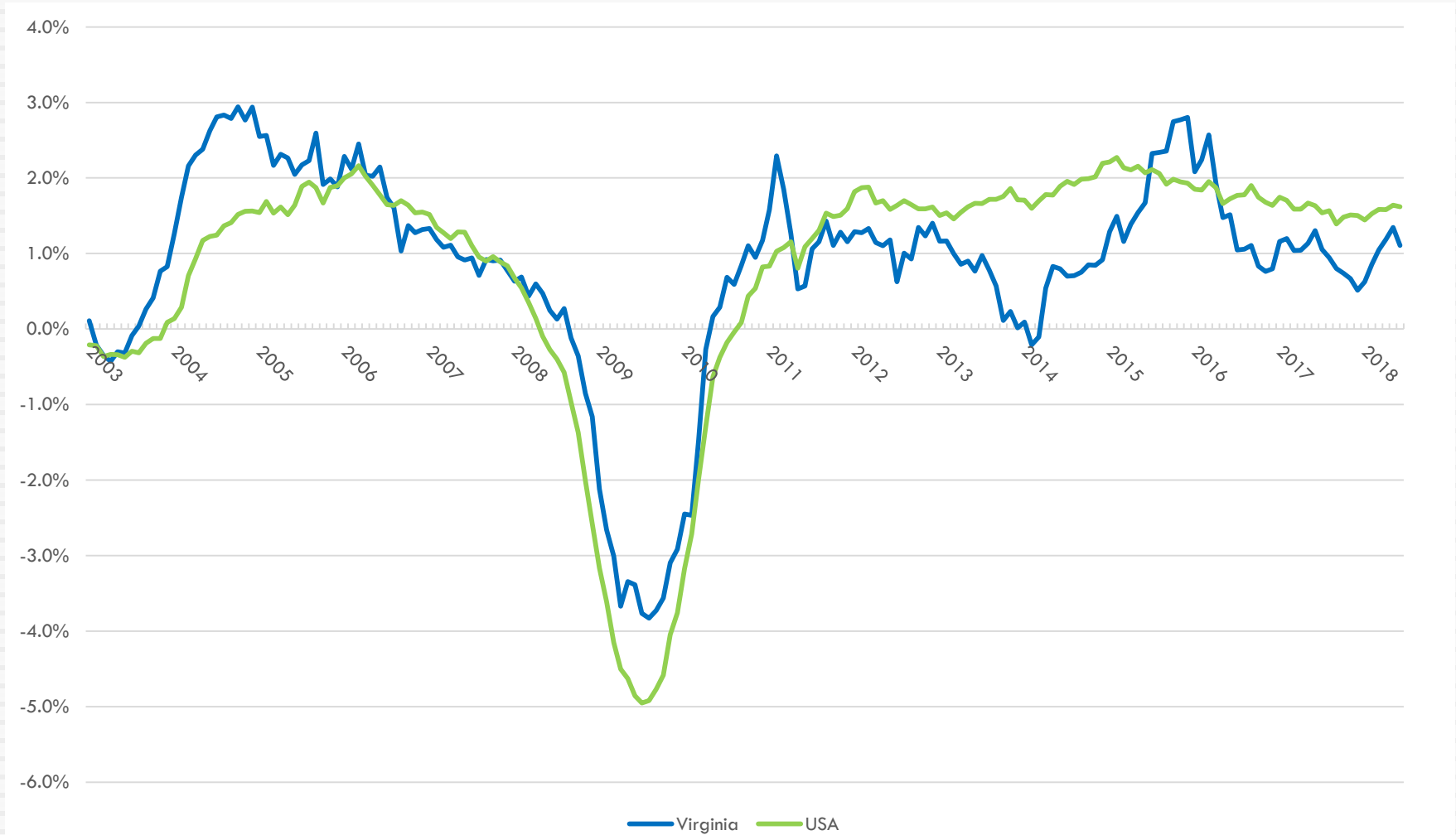


# Total Nonfarm Employment

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)
<b>DC</b>	\$486	\$228	2.53%	\$9,000	\$432	27%	26
<b>MD</b>	\$1,235	\$196	2.31%	\$8,500	\$430	39%	26
<b>NC</b>	\$3,416	\$263	1.12%	\$23,500	\$350	38%	12 – 20
<b>SC</b>	\$870	\$196	1.40%	\$14,000	\$326	39%	13 – 20
<b>VA</b>	\$1,312	\$130	1.62%	\$8,000	\$378	36%	12 – 26
<b>WV</b>	\$137	\$344	2.87%	\$12,000	\$424	53%	26
<b>US Avg.</b>		\$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