



# Status of the Unemployment Trust Fund and Related Issues

## Commission on Unemployment Compensation

July 17, 2019

Ellen Marie Hess, Commissioner

# Trust Fund Data—Standard Forecast (Millions of Dollars)

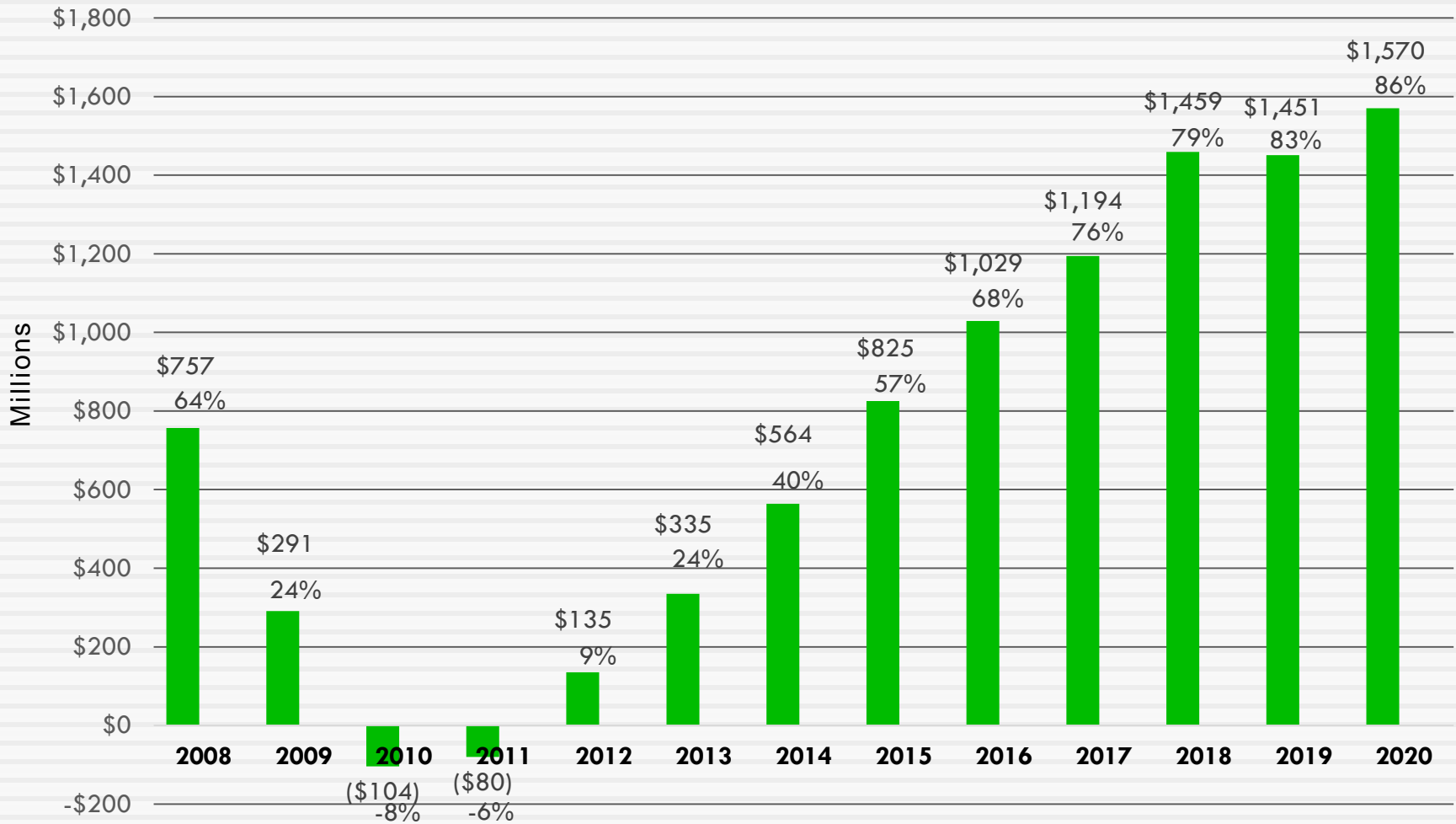


2

	2018	2019*
January 1 Balance	\$1,132.2	\$1,307.2
Tax Revenue	\$433.2	\$424.6
Interest Revenue	\$29.0	\$31.2
Benefits	\$288.0	\$327.9
December 31 Balance	\$1,307.2	\$1,451.6
Solvency Level (6/30)	79.2%	83.4%

\*Projected

# June 30 Trust Fund Balances and Solvency Levels (Forecast as of July 6, 2019)



Trust Fund Solvency shown as a percent (%)

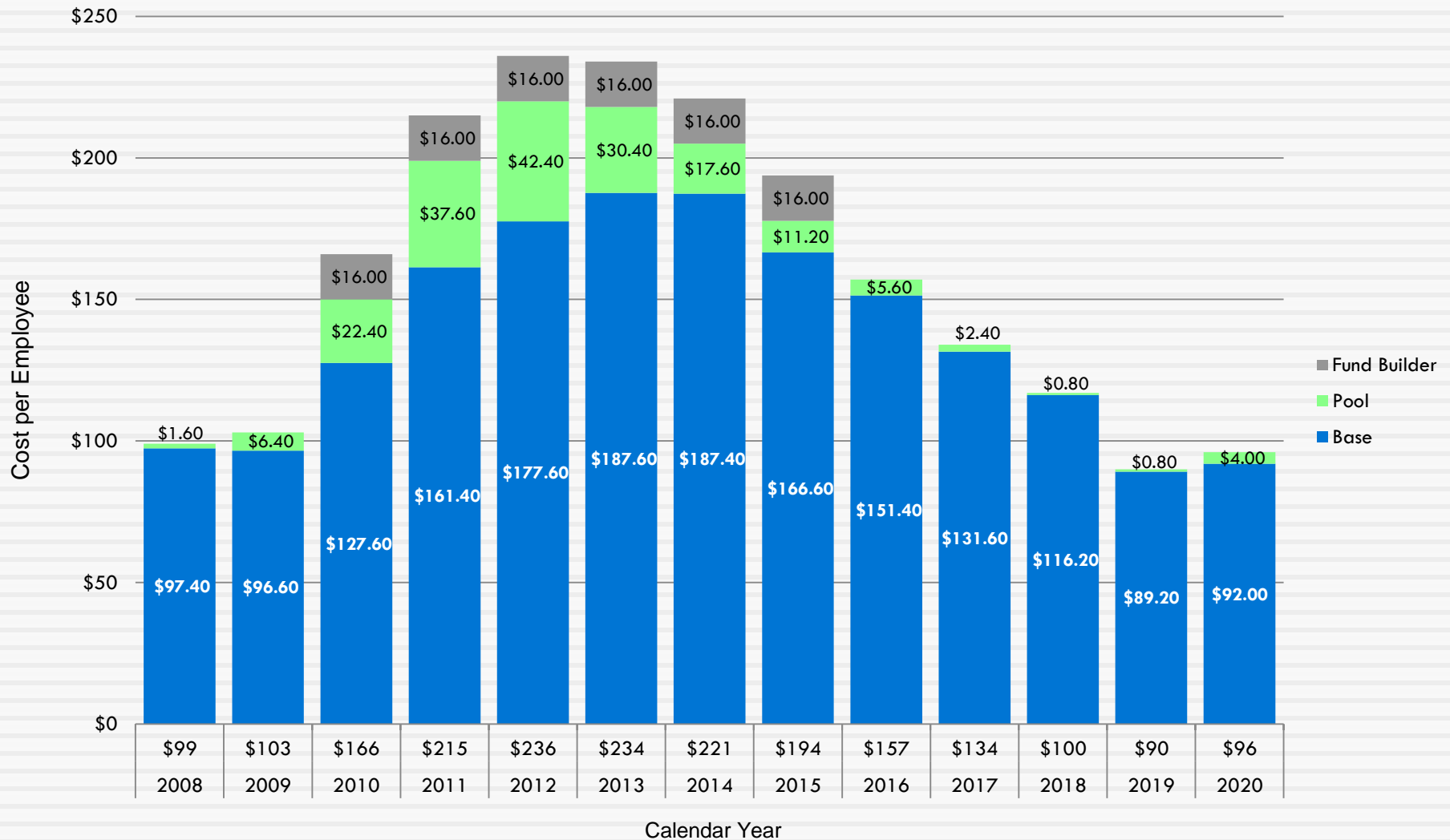
\*negative amounts indicate periods of borrowing from the Federal government

# Average Total State Tax

(Forecast as of July 6, 2019)

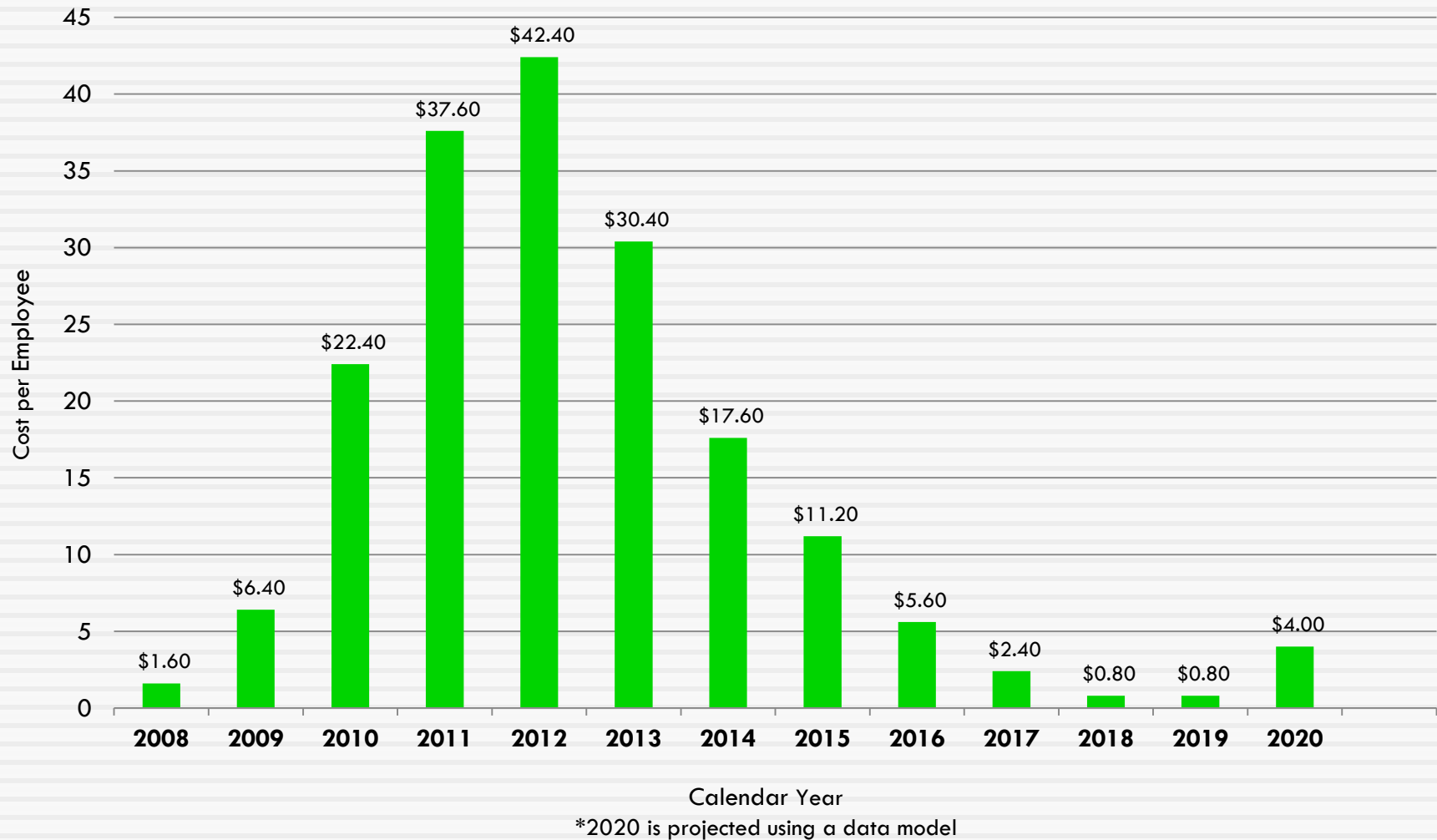


4



# Pool Taxes (Forecast as of July 6, 2019)

5



# Distribution of 2018 and 2019

## Base Tax Rates *Computed and Assigned Rates*



6

Tax Rates	Number of Employers		Percent of Total	
	2018*	2019**	2018*	2019**
<b>Computed</b>				
0.10%	146,813	152,127	68.4%	69.9%
0.12%-0.94%	12,182	13,967	5.7%	6.42%
1.00%-1.89%	8,540	7,769	4.0%	3.57%
2.00%-2.97%	5,214	4,628	2.4%	2.13%
3.00%-3.91%	3,404	3,229	1.6%	1.48%
4.00%-4.99%	2,272	1,950	1.1%	0.90%
5.00%-5.94%	1,736	1,422	0.8%	0.65%
6.00%-6.12%	356	308	0.2%	0.14%
6.20%	8,699	7,572	4.1%	3.48%
<b>Assigned</b>				
New, 2.50%	22,791	22,193	10.6%	10.20%
Delinquent, 6.20%	2,173	88	1.0%	0.04%
Foreign Contractor, 6.20%	238	257	0.1%	0.12%
Other, 6.20%	291	1,990	0.2%	0.91%
<b>Total</b>	<b>214,709</b>	<b>217,500</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



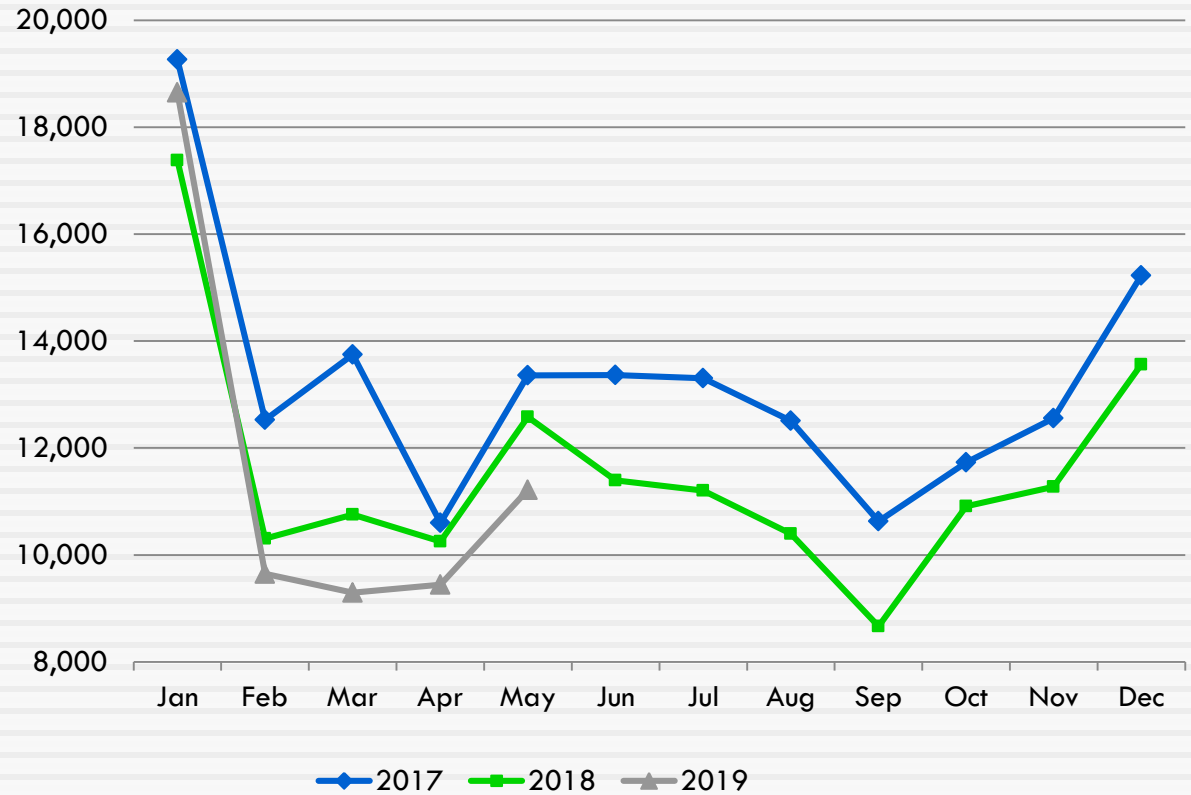
Calendar Year	Initial Claims
2013	309,836
2014	253,030
2015	210,080
2016	198,912
2017	168,028
2018	144,166
2019 (Jan. – Jun.)	69,512*

\* Annual claims projected to be 135,000.

# UI Initial Claims

## 2017 - 2019 (year to date)

- Total initial claims through May 2019 were down 4.9% from 2018 and down 16.2% from 2017.





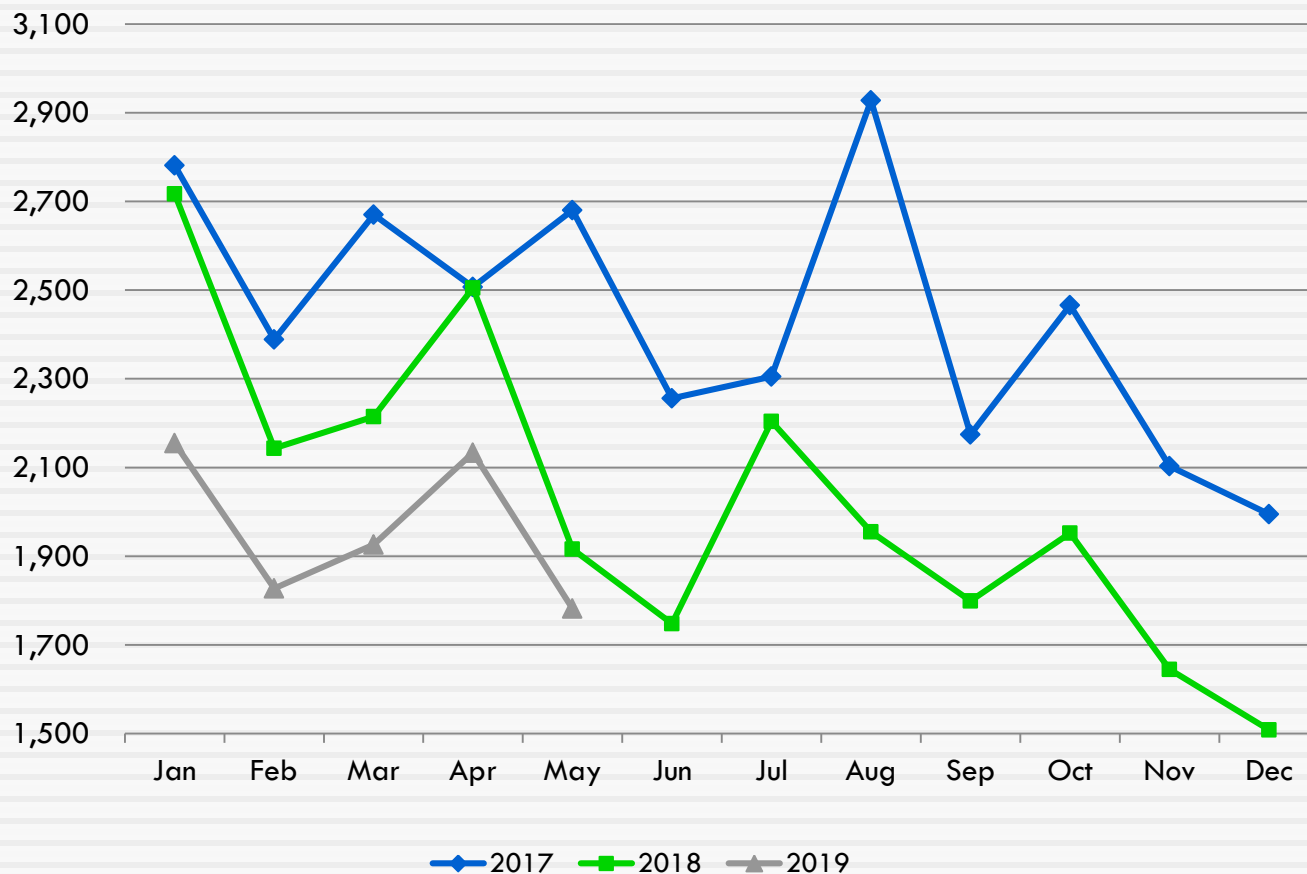
# UI Final Payments

## 2017 - 2019 (year to date)



9

- For the first five months of 2019, final payments are down 11.8% from 2018 and 24.6% from 2017.



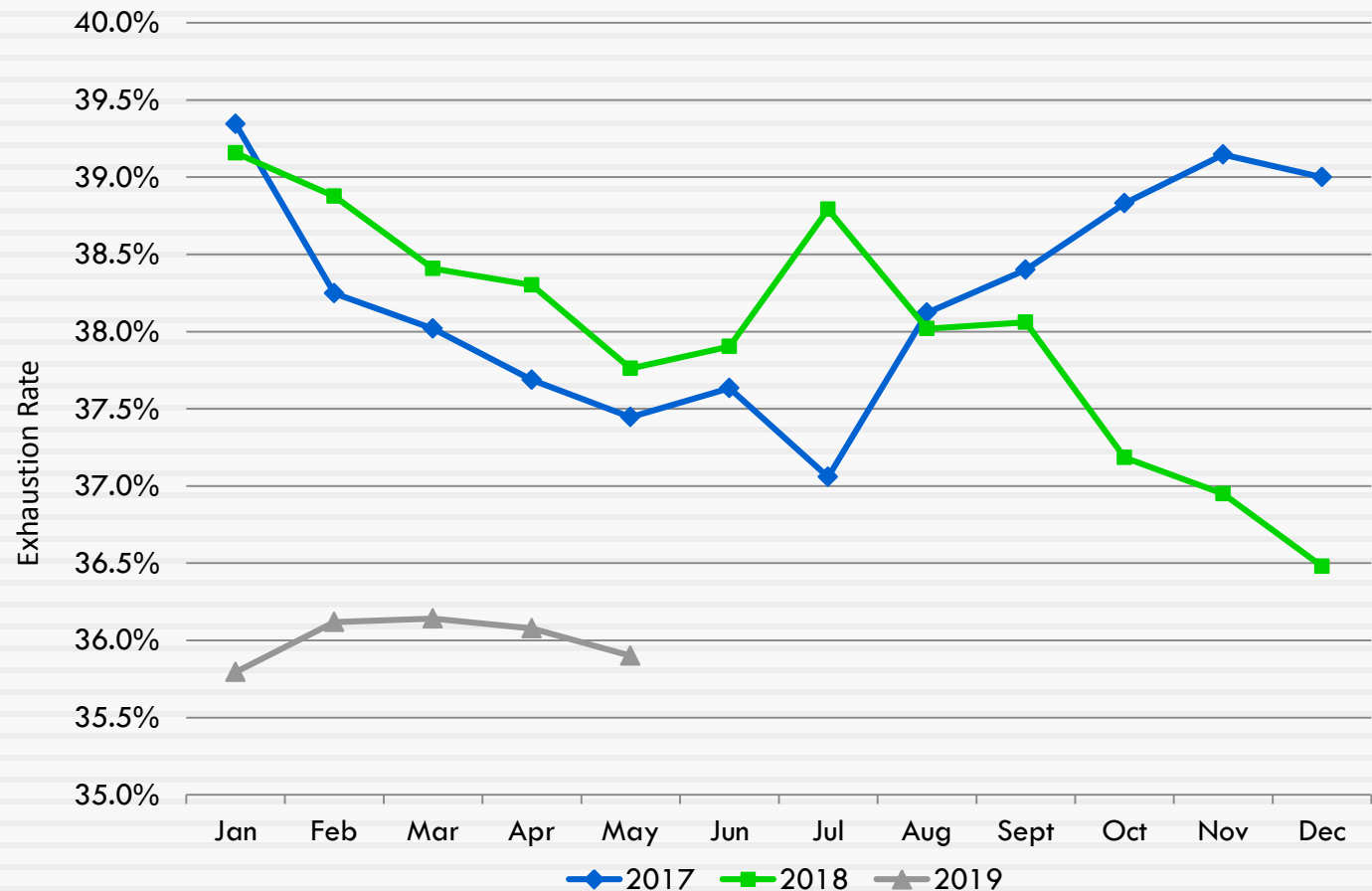
# Exhaustion Rates

## 2017 - 2019 (year to date)



10

□ The exhaustion rate in May was 35.9%, down from last May's 37.8%.

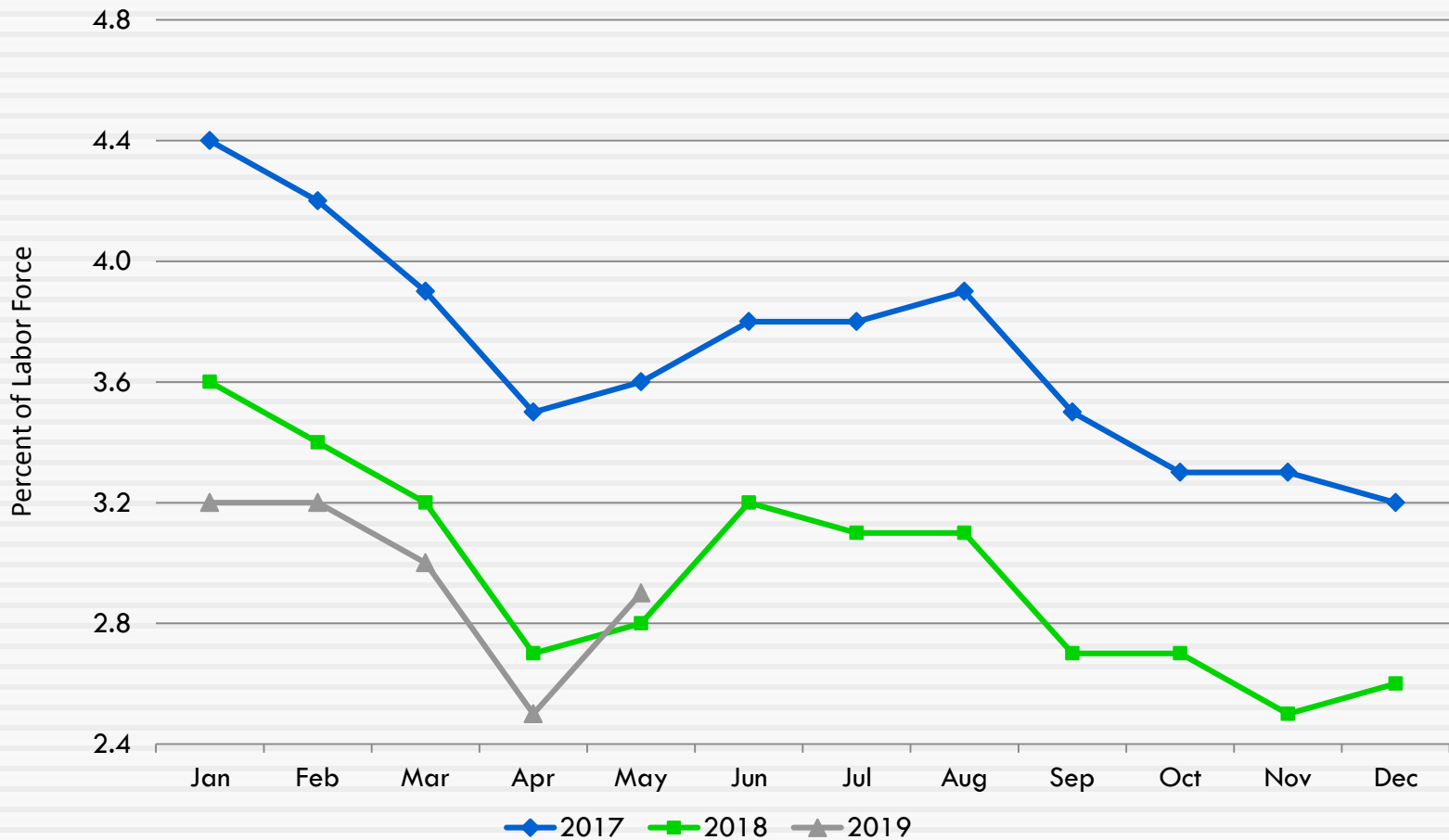


# Virginia's Unemployment Rates 2017 - 2019 (year to date)



11

(not seasonally adjusted)

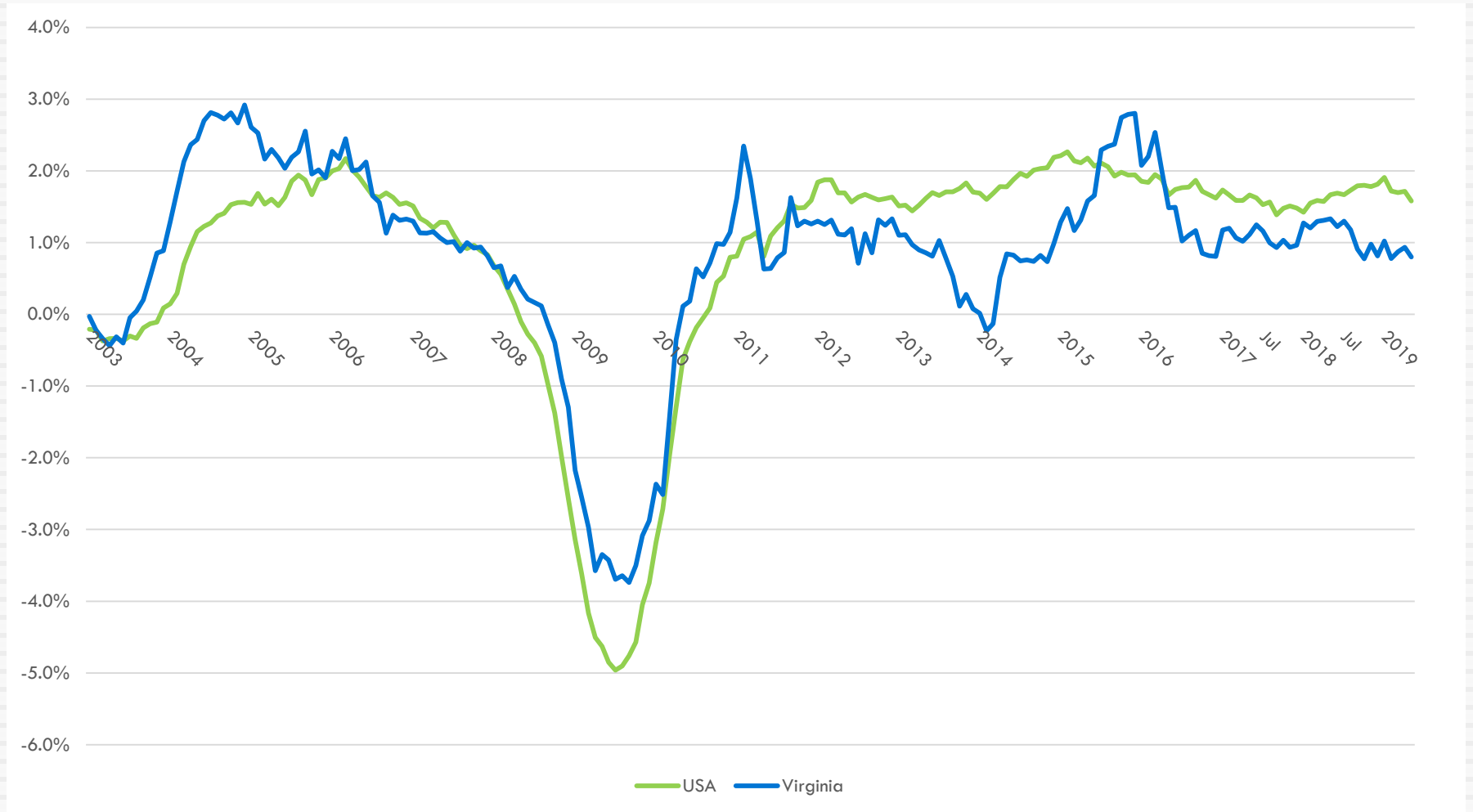


# Total Nonfarm Employment

Over-the-year Growth (seasonally adjusted data)



12



# May 2019 Labor Force Participation Rates and Unemployment Rates (Fourth Circuit States)



13

(not seasonally adjusted)

State	Participation Rate* (Percent)	Unemployment Rate (Percent)
District of Columbia	71.6	5.3
Maryland	67.5	3.6
North Carolina	62.2	4.0
South Carolina	58.9	3.3
<b>Virginia</b>	<b>65.8</b>	<b>2.9</b>
West Virginia	54.8	4.3
U.S.	62.8	3.6

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

# Fourth Circuit States



	Trust Fund Balance (Millions) (6/30/19)	Average Tax per Employee (year ending 9/30/18)	Average Tax Rate (year ending 9/30/18)	2019 Taxable Wage Base	2019 Maximum Weekly Benefit	2019 Maximum Weekly Benefit Replacement Rate	2019 State Potential Duration (Weeks)
<b>DC</b>	\$537	\$222	2.47%	\$9,000	\$438	27%	26
<b>MD</b>	\$1,318	\$174	2.05%	\$8,500	\$430	39%	26
<b>NC</b>	\$3,821	\$148	0.61%	\$24,300	\$350	38%	12 – 20
<b>SC</b>	\$1,051	\$190	1.36%	\$14,000	\$326	39%	13 – 20
<b>VA</b>	\$1,459	\$110	1.37%	\$8,000	\$378	36%	12 – 26
<b>WV</b>	\$207	\$352	2.93%	\$12,000	\$424	53%	26
<b>US Avg.</b>		\$293	2.00%	\$13,905	\$445	43%	

# Treasury Offset Program (TOP)



15

- 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, 2019, the VEC has collected \$1,816,982 from the IRS through TOP for 2019.
- Participation in this program is mandated under federal law and the *Code of Virginia* ( § 2.2-4806). All recovered debt must be deposited in the Unemployment Trust Fund.
- The above amount was collected against 31,146 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	-0.1 percentage point	2019	Unaffected	2019	Unaffected
2019	\$520,148	203	2019	Determined in November 2019	2020		2020	

Current law sunsets December 31, 2020