



Status of the Unemployment Trust Fund and Related Issues

Commission on Unemployment Compensation

July 20, 2020

Ellen Marie Hess, Commissioner

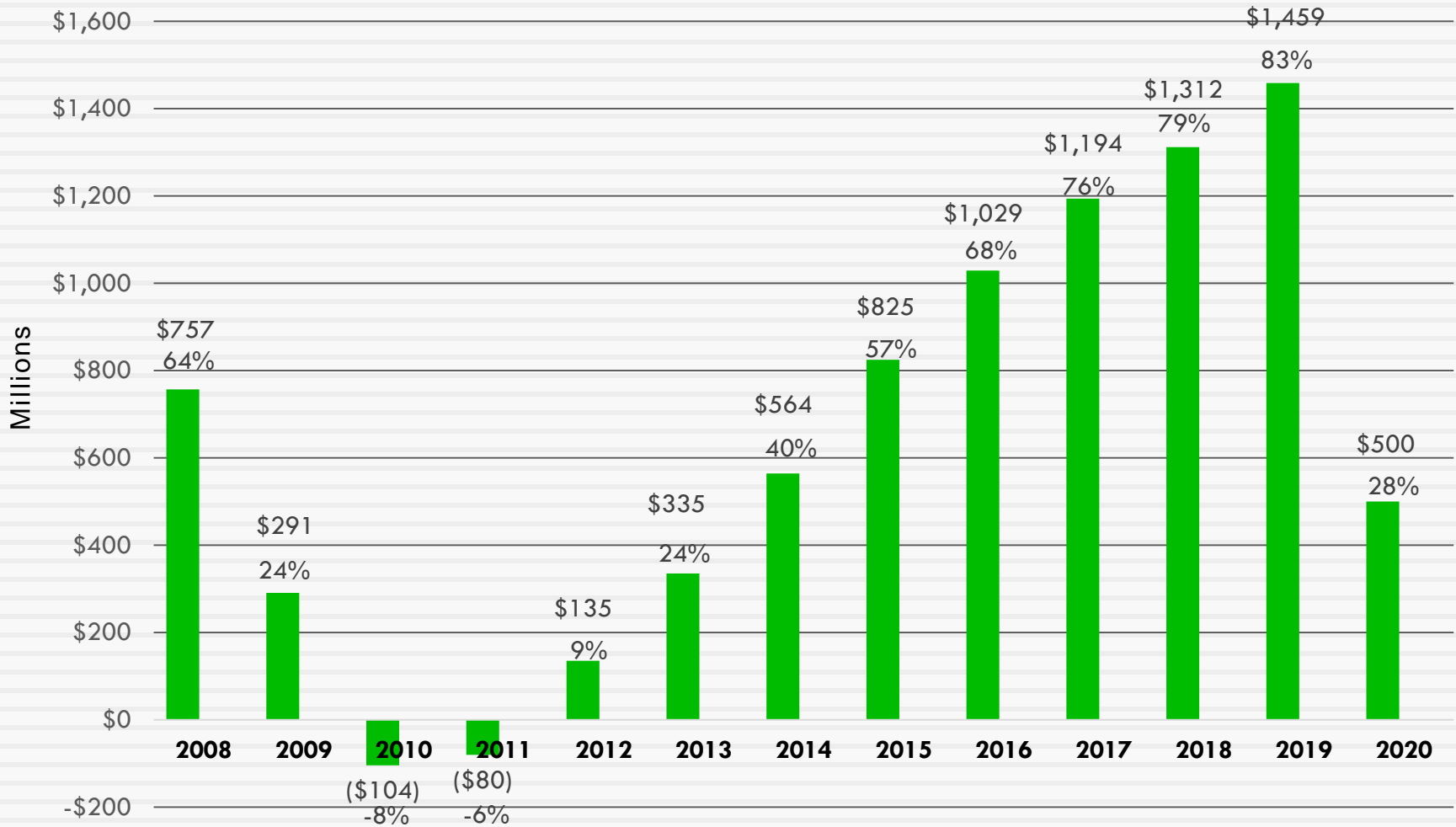
Trust Fund Data—Standard Forecast (Millions of Dollars)



	2019	2020
January 1 Balance	\$1,307.2	\$1,451.9
Tax Revenue	\$378.7	\$376.0*
Interest Revenue	\$34.2	\$30.4*
Benefits	\$267.8	\$2.6 Billion*
December 31 Balance	\$1,452.5	-\$750.0*
Solvency Level (6/30)	83.4%	86.1 %

*Projected

June 30 Trust Fund Balances and Solvency Levels (As of July 7, 2020)



Trust Fund Solvency shown as a percent (%)

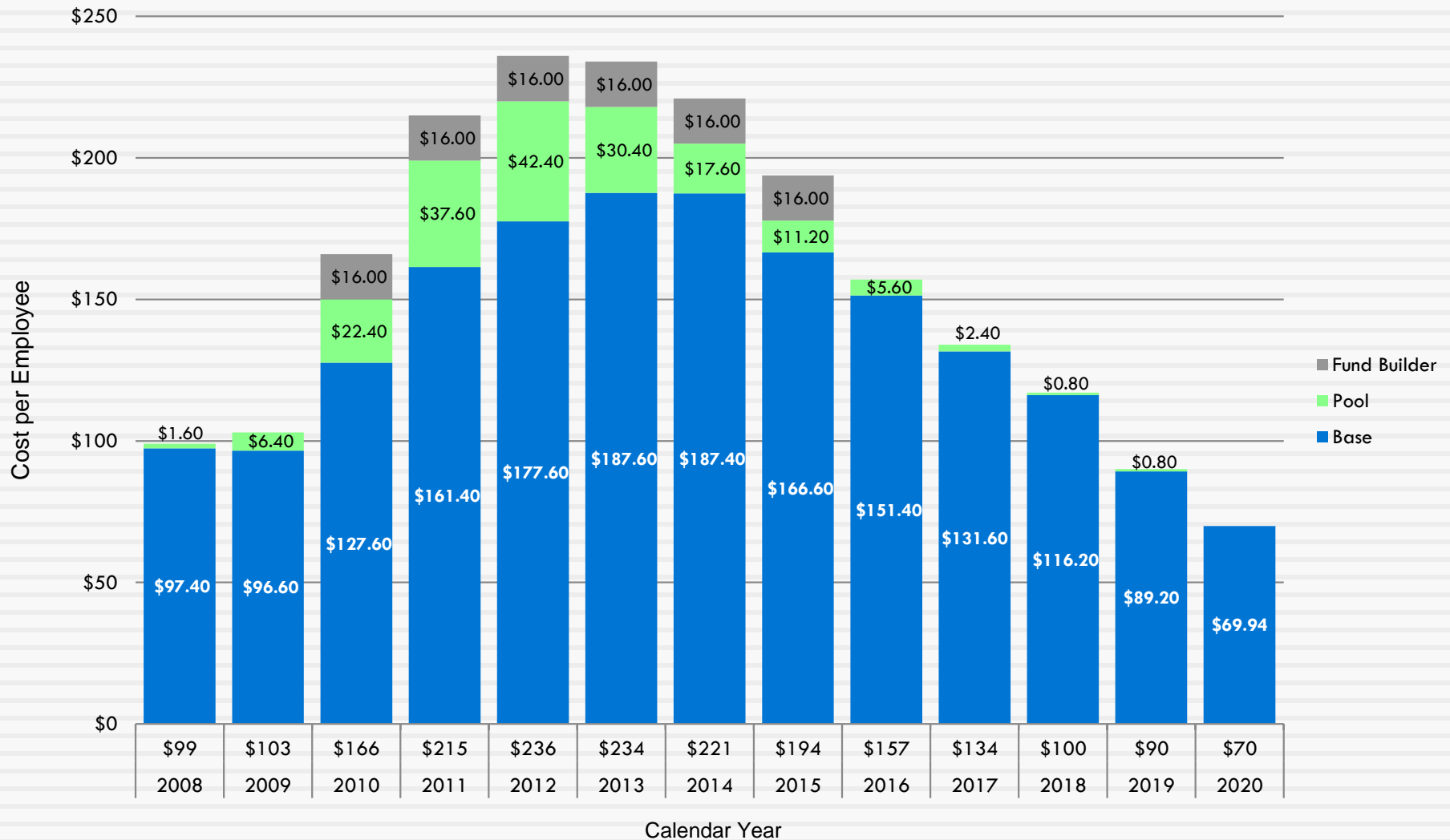
*negative amounts indicate periods of borrowing from the Federal government *2020 is projected

Average Total State Tax

(As of July 7, 2020)

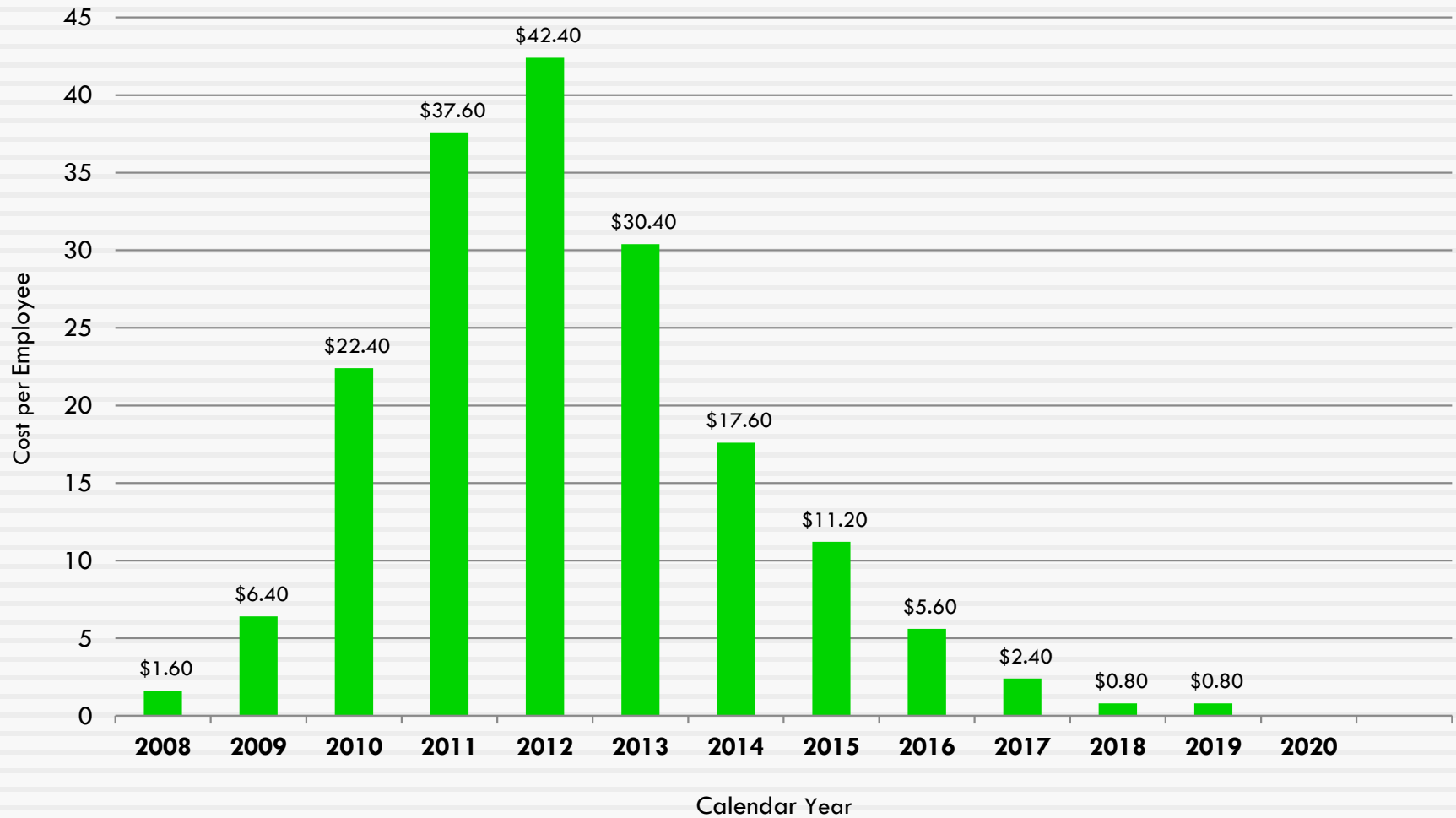


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Pool Taxes (As of July 7, 2020)

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Distribution of 2019 and 2020

Base Tax Rates *Computed and Assigned Rates*



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Tax Rates	Number of Employers		Percent of Total	
	2019*	2020	2019*	2020
Computed				
0.10%	152,127	159,280	52.56%	70.87%
0.11%-0.99%	13,967	14,092	4.83%	6.27%
1.00%-1.99%	7,769	7,962	2.68%	0.87%
2.00%-2.99%	4,628	4,246	15.99%	1.89%
3.00%-3.99%	3,229	2,426	1.12%	1.08%
4.00%-4.99%	1,950	1,865	0.67%	0.83%
5.00%-5.99%	1,422	1,274	0.49%	0.57%
6.00%-6.19%	308	121	0.11%	0.05%
6.20%	7,572	6,591	2.62%	2.93%
Assigned**				
New, 2.50%	52,827	30,257	18.25%	13.46%
Delinquent, 6.20%	1,506	2261	0.52%	1.01%
Foreign Contractor, 6.20%	459	378	0.16%	0.17%
Other, 6.20%	5	0	0.00%	0.00%
Total	289,430	224,753	100.0%	100.0%

Taxable wage base is \$8,000. *excluding 0.01% pool tax. **As of January 2, 2020 these figures are subject to revision.

Claims Filed



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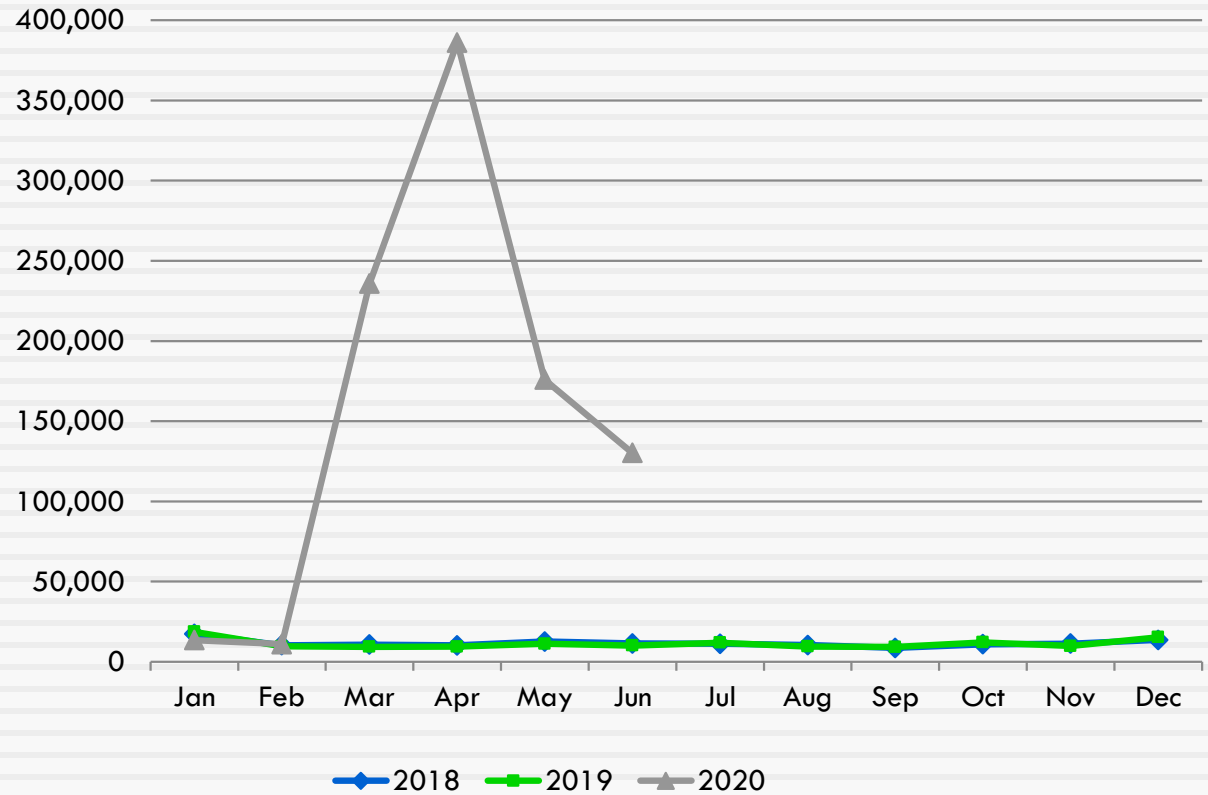
Calendar Year	Initial Claims
2014	253,030
2015	210,080
2016	198,912
2017	168,028
2018	144,166
2019	135,064
2020 (Jan. – June)	952,750*

* Annual claims projected to be 1,450,000.

UI Initial Claims

2018 - 2020 (year to date)

□ COVID-19 has pushed Total initial claims to historic levels.

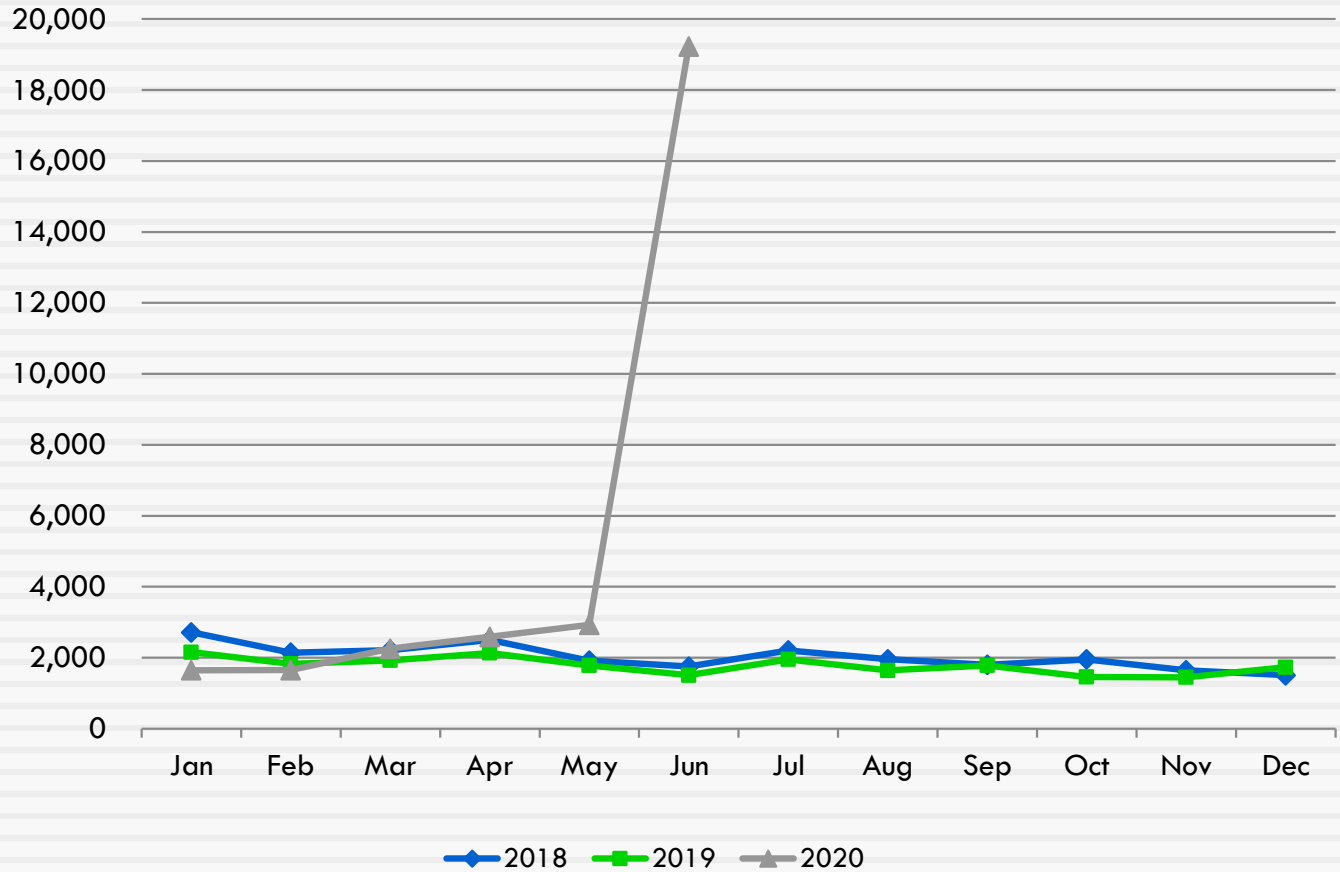


UI Final Payments

2018 - 2020 (year to date)



□ For the first six months of 2020, final payments are up 167% from 2019 and up 136% from 2018.



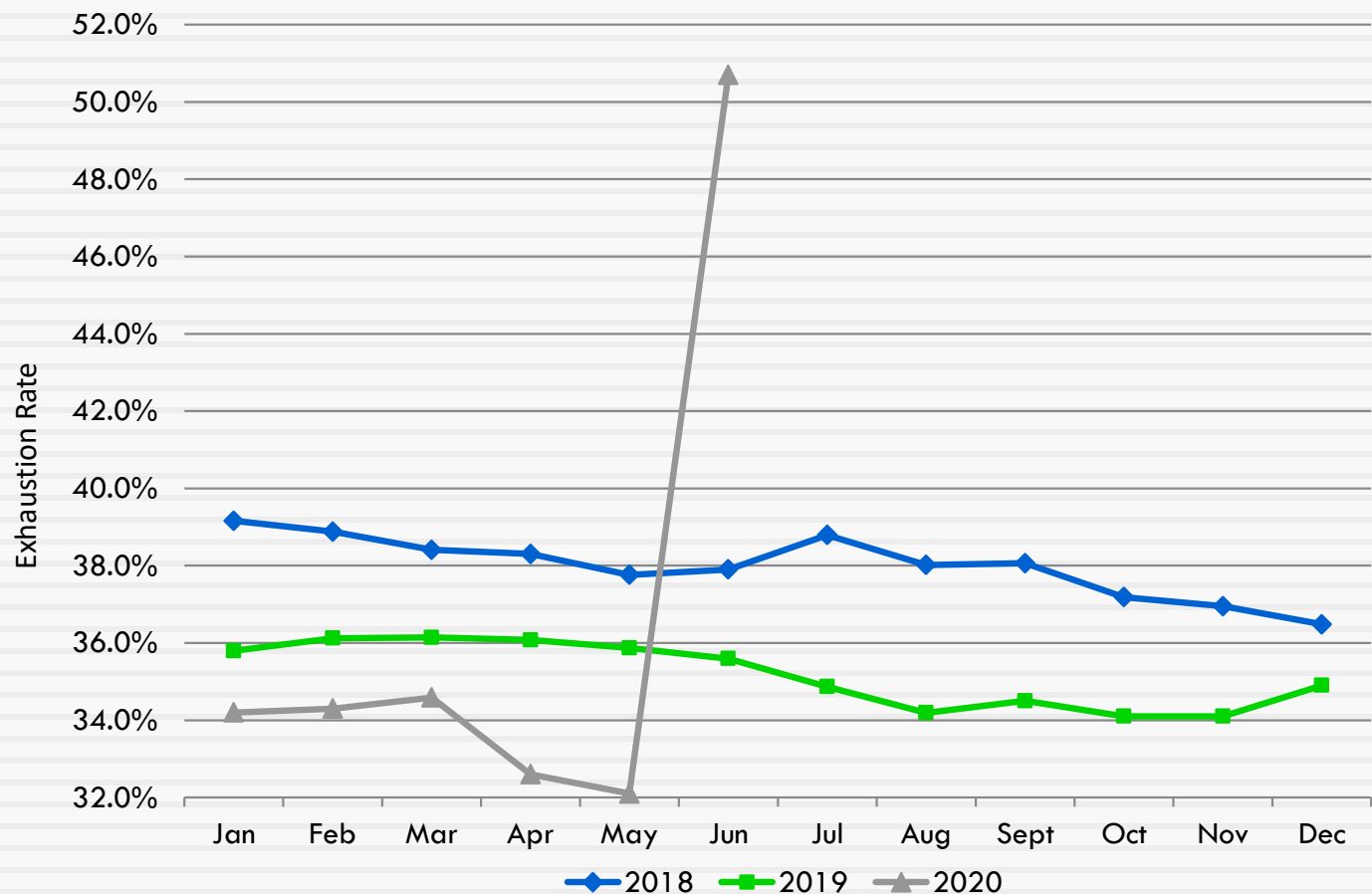
Exhaustion Rates

2018 - 2020 (year to date)



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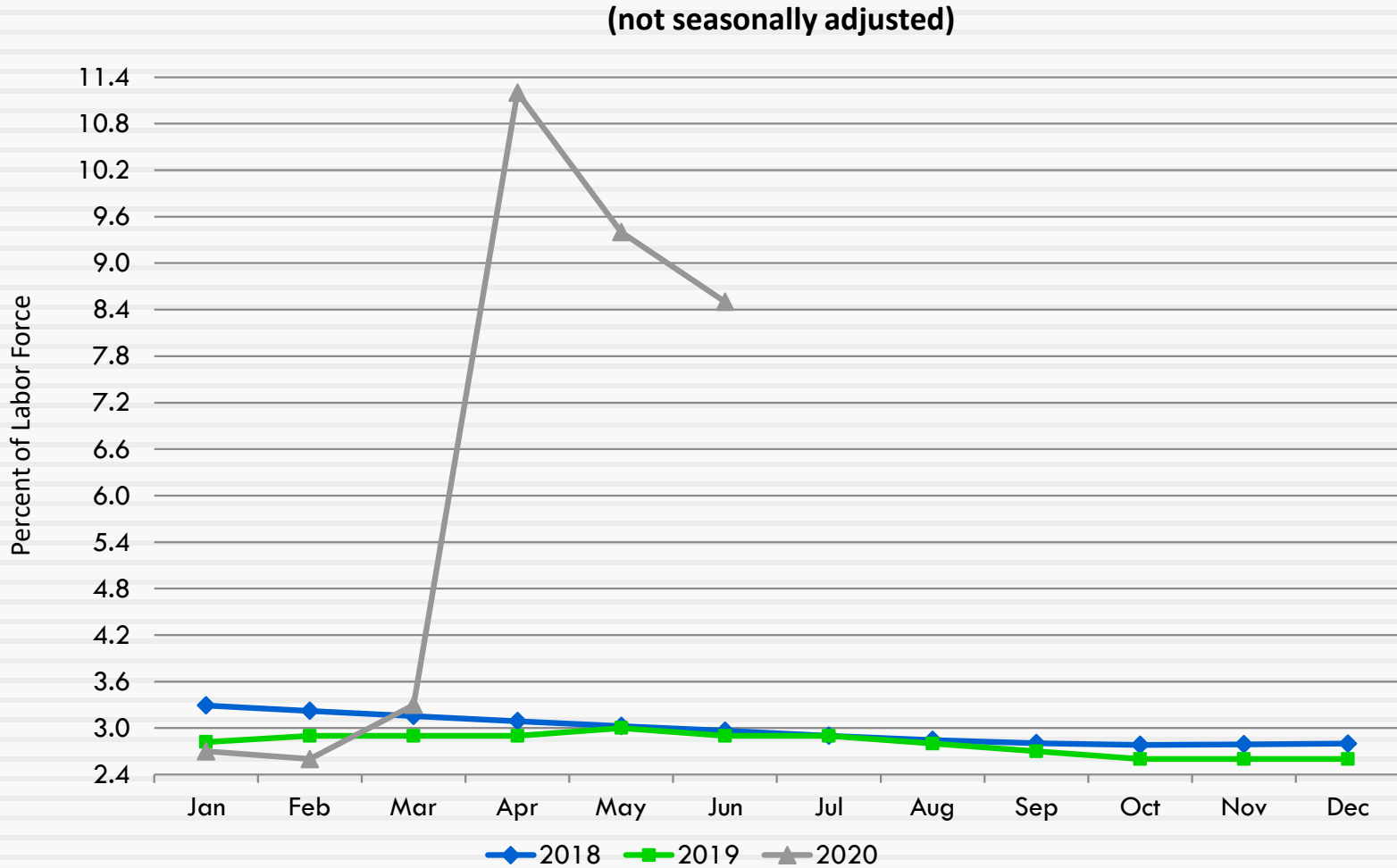
- The exhaustion rate in June was 50.7%, up from last June's 34.9%.



Virginia's Unemployment Rates 2018 - 2020 (year to date)



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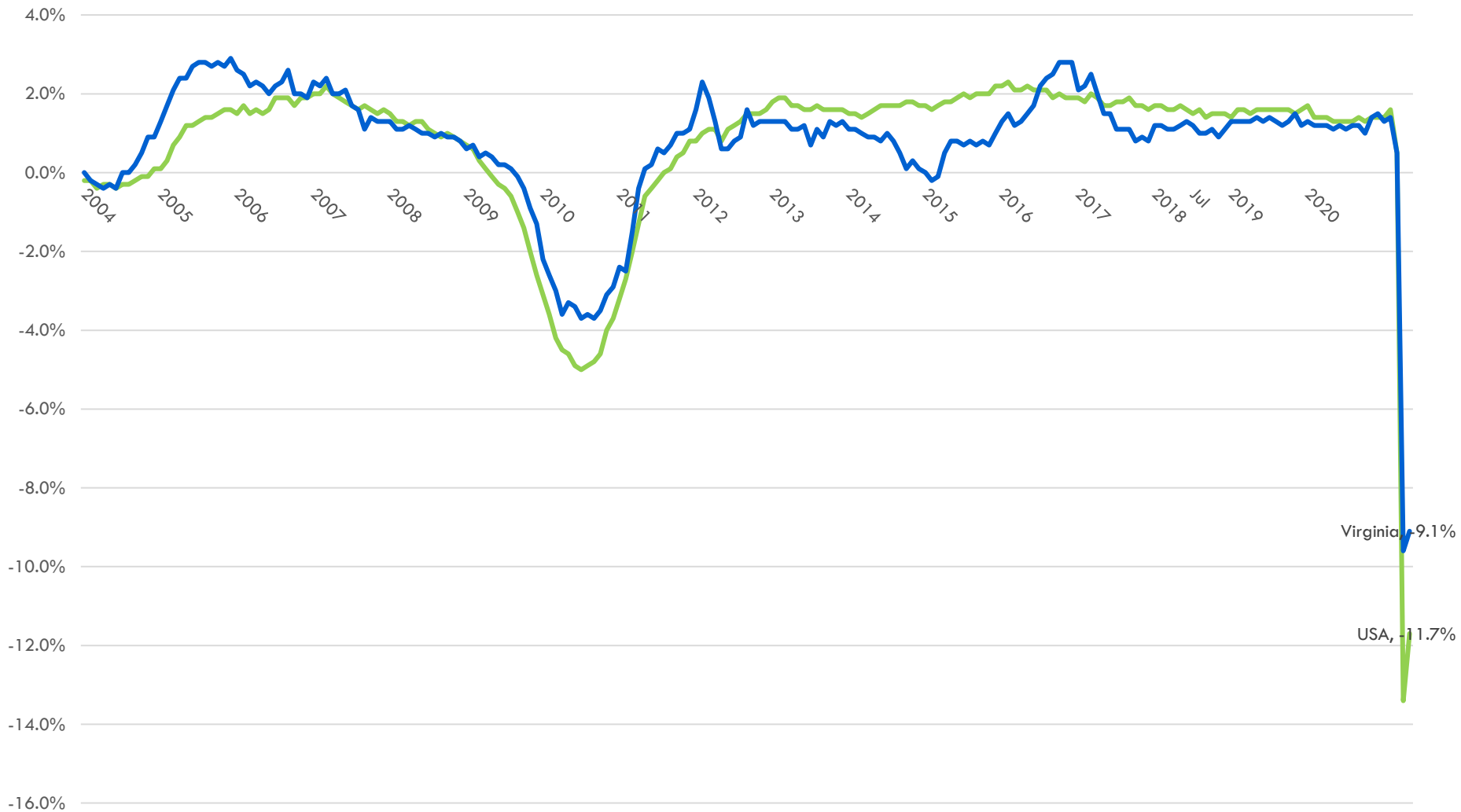


Total Nonfarm Employment

Over-the-year Growth (seasonally adjusted data)



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June 2020 Labor Force Participation Rates and Unemployment Rates (Fourth Circuit States)



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(Seasonally Adjusted)

State	Participation Rate* (Percent)	Unemployment Rate (Percent)
District of Columbia	68.1	8.6
Maryland	67.1	8
North Carolina	57.4	7.6
South Carolina	59.0	8.7
Virginia	64.4	8.4
West Virginia	53.1	10.4
U.S.	61.5	11.1

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

Fourth Circuit States



	Trust Fund Balance (Millions) (3/31/2020)	Average Tax per Employee (year ending 9/30/2019)	Average Tax Rate (year ending 9/30/2019)	2019 Taxable Wage Base	2019 Maximum Weekly Benefit	2019 Maximum Weekly Benefit Replacement Rate	2019 State Potential Duration (Weeks)
DC	\$513	\$218	2.42	\$9,000	\$438	27%	26
MD	\$1,213	\$162	1.91	\$8,500	\$430	39%	26
NC	\$4,042	\$146	0.60	\$24,300	\$350	38%	12-20
SC	\$1,095	\$188	1.34	\$14,000	\$326	39%	13-20
VA	\$1,430	\$95	1.19	\$8,000	\$378	36%	12-26
WV	\$134	\$334	2.78	\$12,000	\$424	53%	26
US Avg.		\$313	1.69	\$18,497	\$445	43%	

Treasury Offset Program (TOP)

- 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.
- July 1, 2019 through June 30, 2020, the VEC has collected \$1,585,300.92 from the IRS.
- 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 31,448 records that had overpayments due to unreported earnings.

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	\$747,101	324	2019	-0.1 percentage point	2020	Unaffected	2020	Unaffected
2020	\$525,085	221	2020	-0.1 percentage point	2021	Unaffected	2021	Unaffected

Current law sunsets December 31, 2020

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