



Virginia Employment Commission

Report to

House Commerce and Labor Committee

Dolores Esser, Commissioner
Virginia Employment Commission

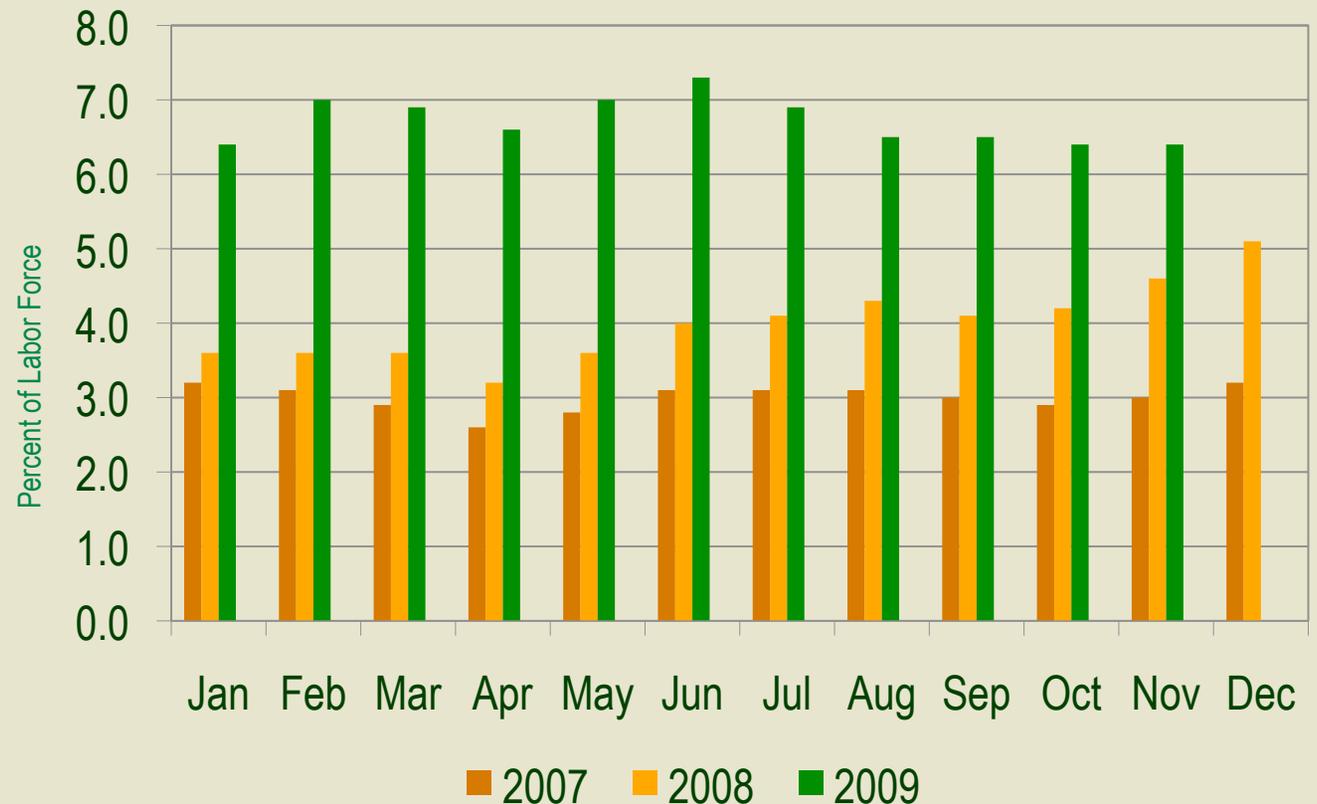
January 14, 2010



Virginia's Unemployment Rates 2007 - 2009 *(year to date)*

→ This year unemployment rates have averaged about 75 percent higher than the year-ago rates.

→ June's rate of 7.3 percent was the highest rate since March 1983's 7.3 percent.



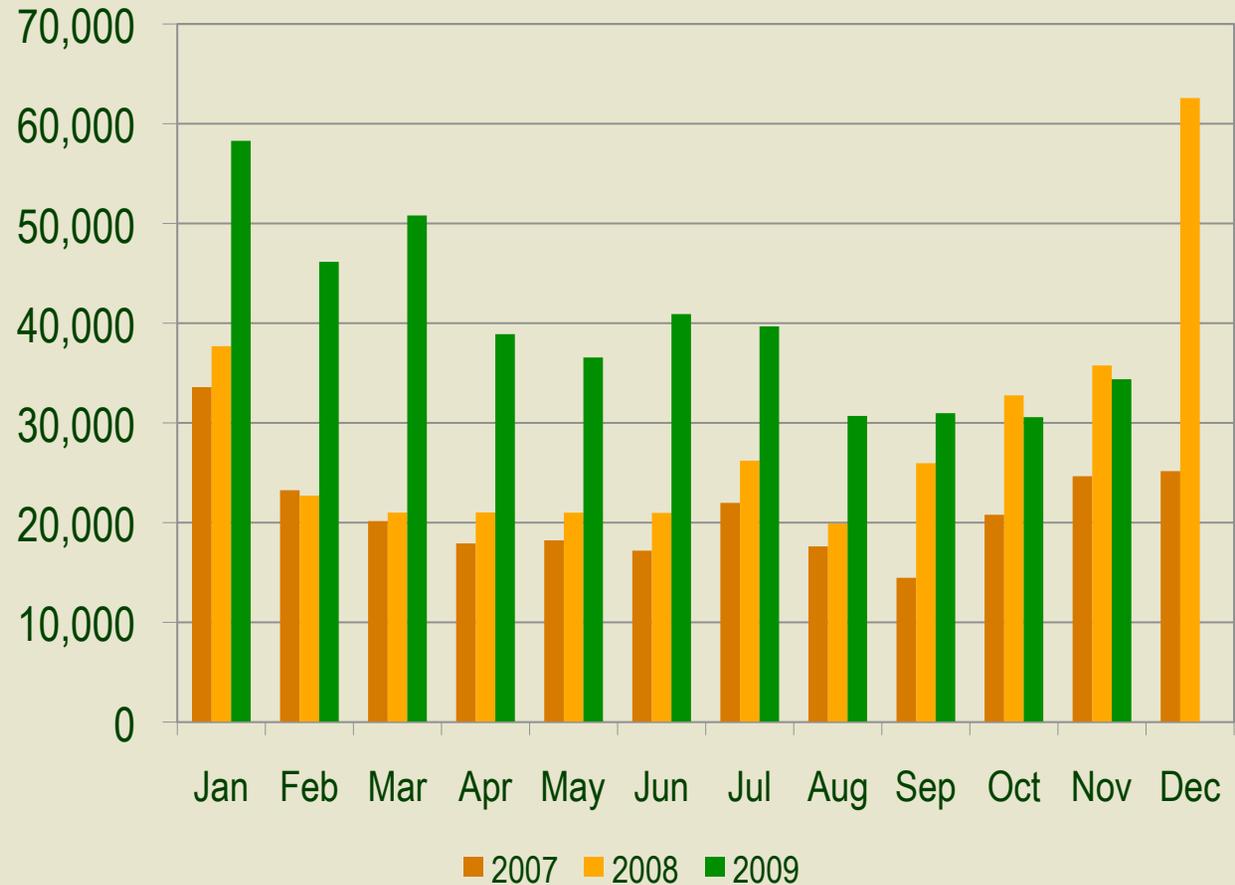
Note: Not Seasonally Adjusted



UI Initial Claims

2007 - 2009 *(year to date)*

→ Total initial claims through November 2009 are up 53.7% from 2008 because of more motor vehicle, furniture, textiles, building-related, and finance layoffs. For the same period, initial claims are up 90.5% from 2007.



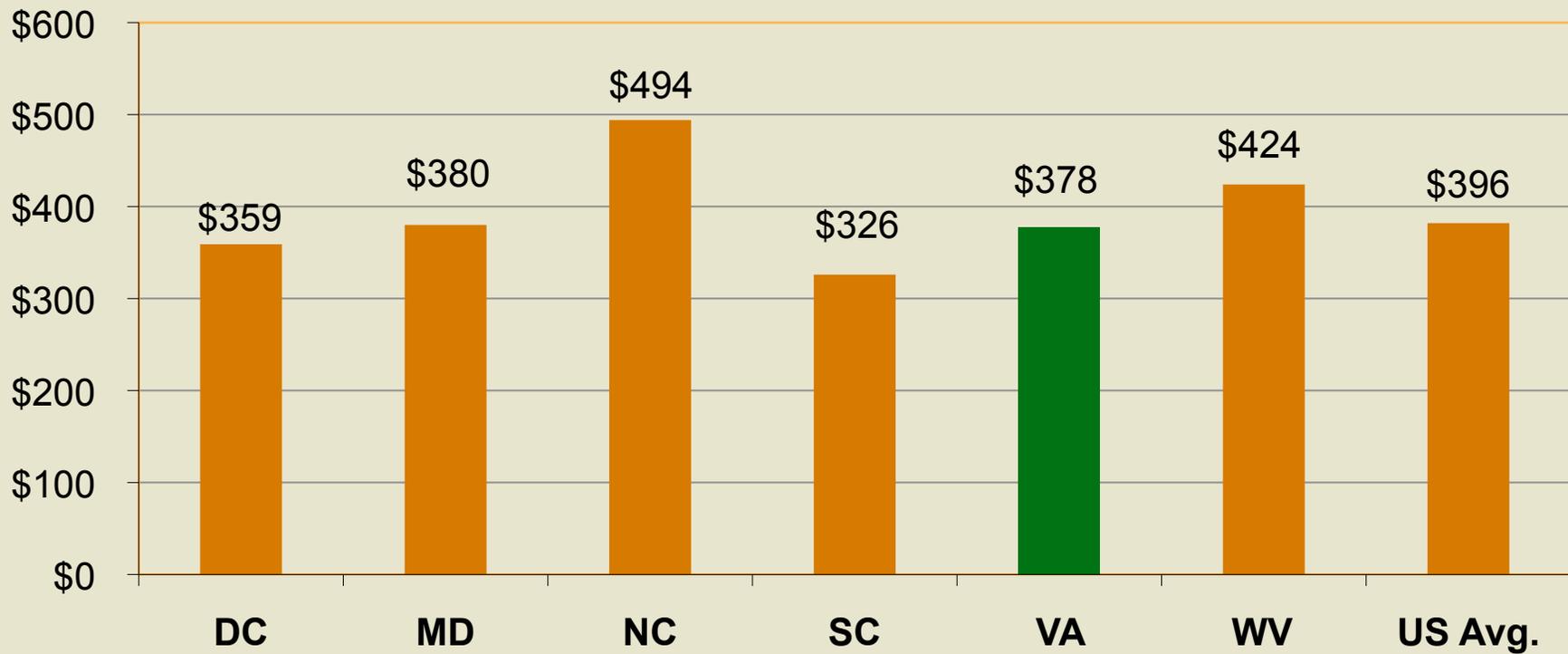


Average Duration and Exhaustion Rate (Regular UI only)

Recession	Average Duration	Exhaustion Rate
73-75	15.4 weeks	42.9%
81-82	11.5 weeks	31.3%
90-91	14.0 weeks	35.9%
2001	14.4 weeks	41.8%
07-09	15.9 weeks	53.0%



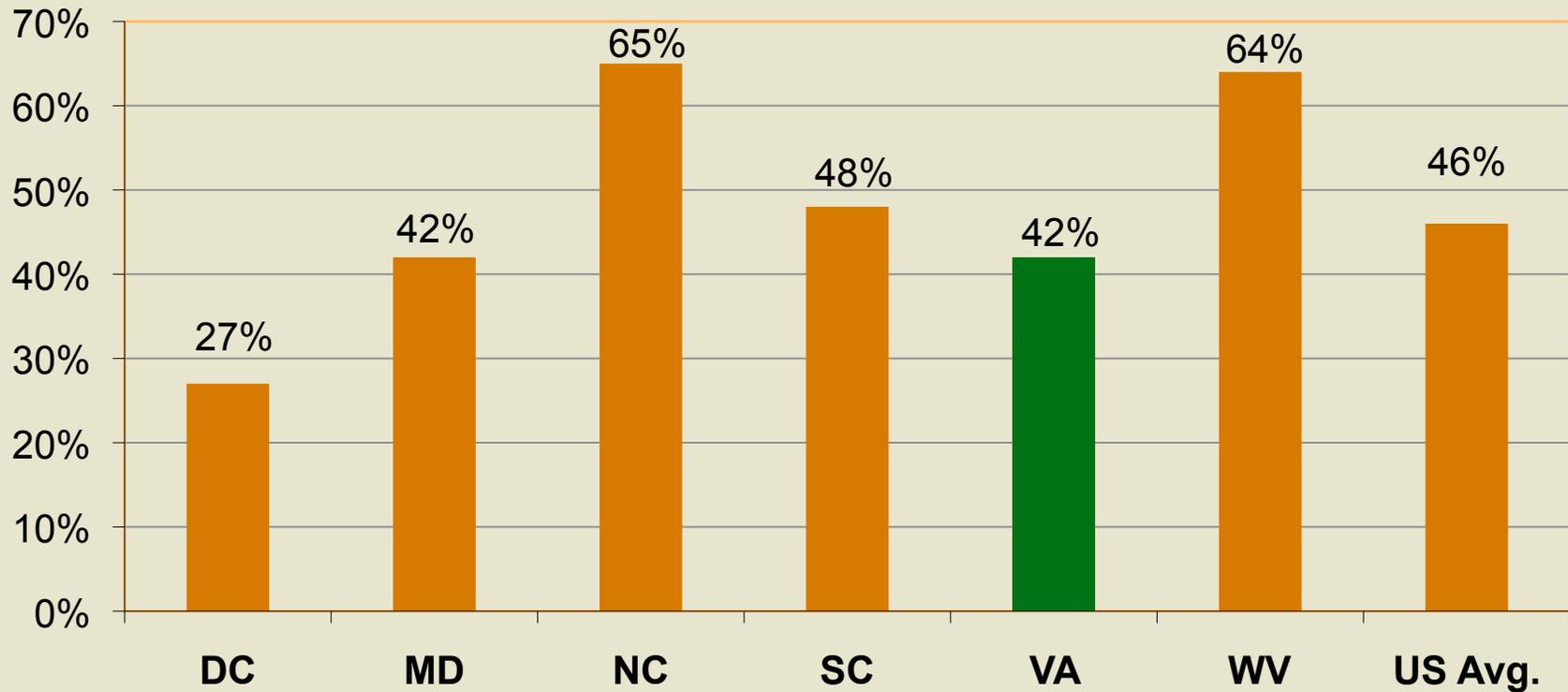
2009 Maximum Weekly Benefit Fourth Circuit





2009 Maximum Weekly Benefit Replacement Rate

Fourth Circuit





Trust Fund Data—Standard Forecast (Millions of Dollars)

	2009	2010
January 1 Balance	\$546.7	—\$126.7
Tax Revenue	\$325.7	\$548.8
Interest Revenue	\$13.4	\$0.0
Benefits	\$1,075.6	\$908.8
December 31 Balance	—\$126.7*	—\$486.7
Solvency Level (6/30)	24.4%	—16.5%

*Includes \$62.8 million Incentive Distribution from Federal government.

Actual
 Projected



Standard Forecast—1981-1982 Recession Scenario

- Loans would total about \$1.15 billion.
- Total interest payments from 2011 to 2013 would be about \$29.8 million.
- Interest can not be paid from the trust fund or federal administrative grants.
- In 2011 employers would lose 0.3 percentage point of the FUTA credit and pay an additional \$87 million in FUTA taxes or an additional \$21 per employee.
- In 2012, employers would lose 0.6 percentage point of the FUTA credit and pay an additional \$178 million in FUTA taxes, or an additional \$42 per employee.



June 30 Balances (millions) and Solvency Level 1997 - 2015

→ When solvency drops below 50%, Fund Builder Tax is triggered the following year.



→ 2010–2015 projected



Average Tax per Employee 1997 – 2015 (Virginia only)

→ The increases from 2003 through 2015 are the result of higher benefit schedules and the recessions.

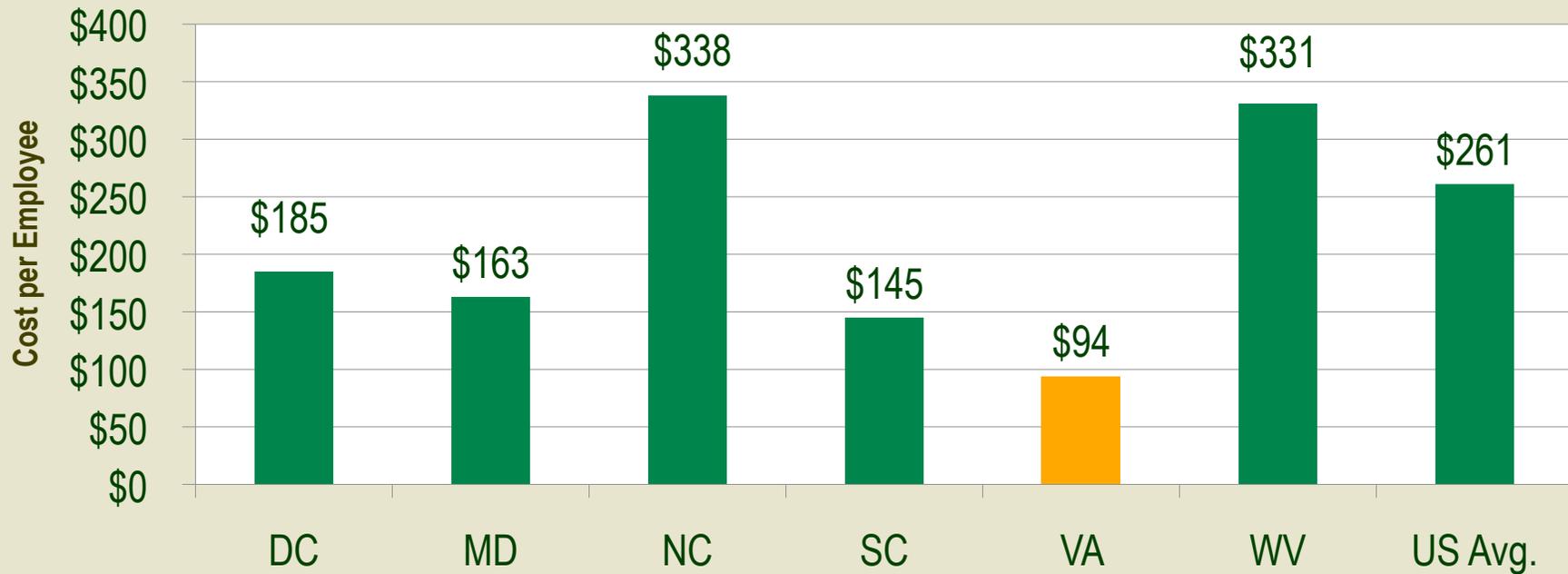


 2004, 2005, and 2010-2014 Fund Builder Tax in effect.

→ 2009 – 2015 projected.



Average Tax per Employee Fourth Circuit – Year Ending 3/31/09





Impact of Trust Fund Insolvency

- Triggers fund builder tax (0.2%) through CY 2014.
- Social Security offset (50%) reinstated through CY 2014.
- Potential interest payments on federal loans (estimated \$29.8million).
- Partial loss of FUTA tax credit (0.3%) in 2011 due to federal loan balances in consecutive years. (\$77 FUTA tax per employee)
- Partial loss of FUTA tax credit (0.6%) in 2012 due to federal loan balances in consecutive years. (\$98 FUTA tax per employee)



2009

Initial claims	529,651
Claims disqualified on separation	47,204
Deputy decisions	163,310
First level appeals	32,191
Commission appeals	4,945



2009

Trust Fund payments	\$1,075,000,000
Federal Additional Compensation	120,800,000
TIER I	362,800,000
TIER II	101,004,000
TIER III	6,650,000
Extended Benefits	33,800,000
TOTAL	\$1,700,054,000



Current Recession Compared to Historical Recessions

	73-75 Recession	81-82 Recession	90-91 Recession	2001 Recession	07-09 Recession
Highest Monthly Unemployment Rate	7.6%	8.4%	7.1%	4.5%	7.4%
Highest Annual Unemployment Rate	6.4%	7.4%	6.2%	4.2%	6.7%
Highest Annual Number Unemployed	147,000	196,591	206,341	156,557	280,883
Highest Annual Number Employed	2,135,000	2,482,021	3,146,997	3,588,079	3,960,011
Highest Annual Benefits Paid	\$138.2 million	\$245.1 million	\$328.0 million	\$755.3 million*	\$1,122.1 million
Average Weekly Benefit Amount	\$58	\$100	\$145	\$297*	\$278
Average Weekly Wage	\$156	\$274	\$431	\$703	\$900
Exhaustion Rate	42.9%	31.3%	35.9%	41.8%	53.0%**
Average Duration	15.4 weeks	11.5 weeks	14.0 weeks	14.4 weeks	15.9 weeks**
Lowest Solvency Level in Effect	N/A***	+5%***	+60%	+35%***	—20%***

* Benefits increased 37.3% September 2001-January 5, 2003

** Highest values so far.

*** 50% tax table used; fund-builder tax added. Current solvency method first used in 1981



Borrowing to Pay Unemployment Insurance Benefits

Outstanding loans (in millions) from the Federal Unemployment Account. Balances as of January 6, 2010, and date of first federal loan are:

Alabama	\$155	September 2009
Arkansas	\$235	March 2009
California	\$6,132	January 2009
Connecticut	\$202	December 2009
Florida	\$1,014	August 2009
Georgia	\$94	December 2009
Idaho	\$114	June 2009
Illinois	\$1,223	July 2009
Indiana	\$1,516	November 2008
Kentucky	\$578	January 2009
Michigan	\$3,200	December 2007
Minnesota	\$311	July 2009
Missouri	\$475	February 2009
Nevada	\$0	October 2009
New Jersey	\$987	March 2009



Borrowing to Pay Unemployment Insurance Benefits (continued)

Outstanding loans (in millions) from the Federal Unemployment Account. Balances as January 6, 2010, and date of first federal loan are:

New York	\$2,237	January 2009
North Carolina	\$1,654	February 2009
Ohio	\$1,768	January 2009
Pennsylvania	\$1,955	March 2009
Rhode Island	\$133	March 2009
South Carolina	\$705	December 2008
South Dakota	\$9	September 2009
Texas	\$1,383	July 2009
Virginia	\$137	October 2009
Virgin Islands	\$8	September 2009
Wisconsin	\$950	February 2009
Total	\$27,319	

Colorado, Kansas, Massachusetts, and New Hampshire are authorized to borrow in January.



For additional information, please contact:

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