

*Virginia Employment Commission Report to
Senate Finance Subcommittee on Economic
Development and Natural Resources*



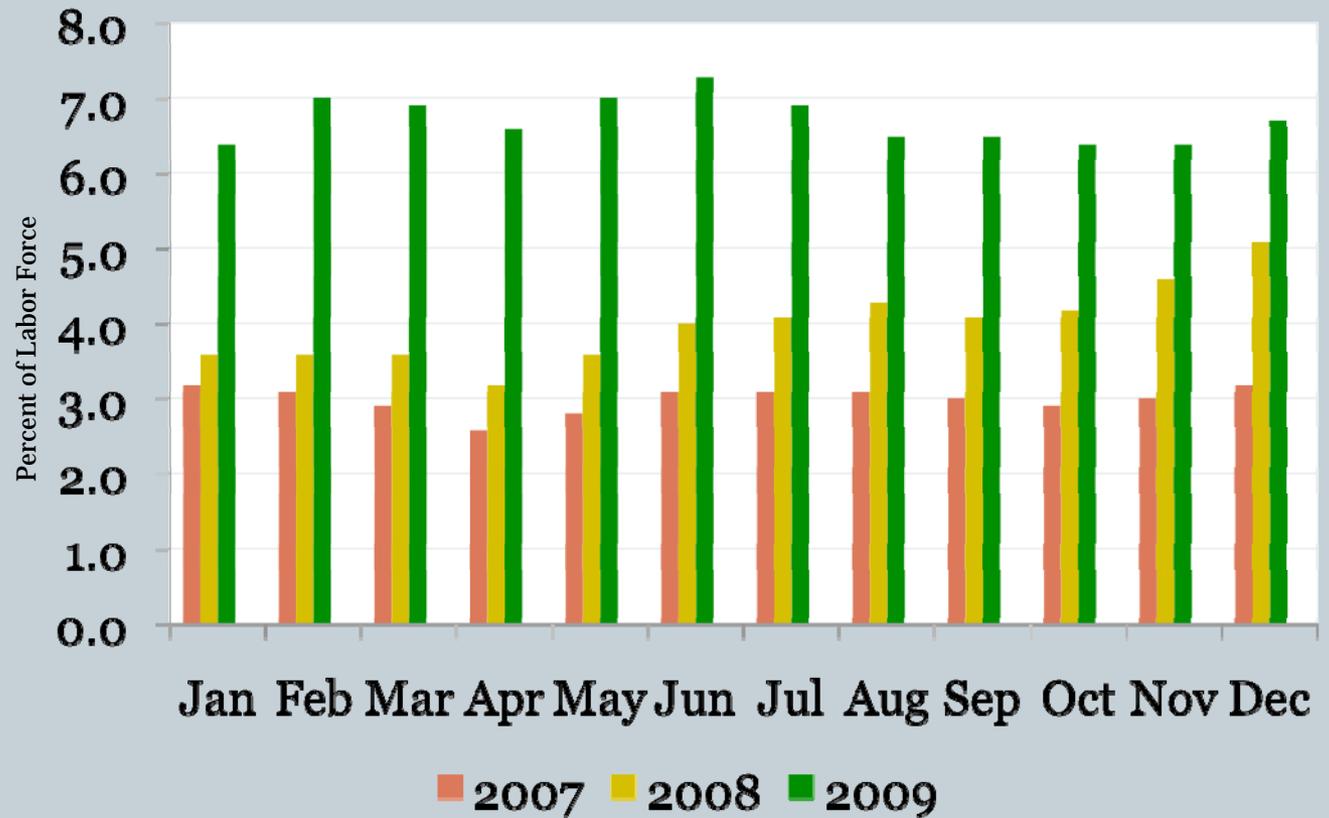
**DOLORES ESSER, COMMISSIONER
VIRGINIA EMPLOYMENT COMMISSION
FEBRUARY 2, 2010**

Virginia's Unemployment Rates 2007 - 2009

(year to date)

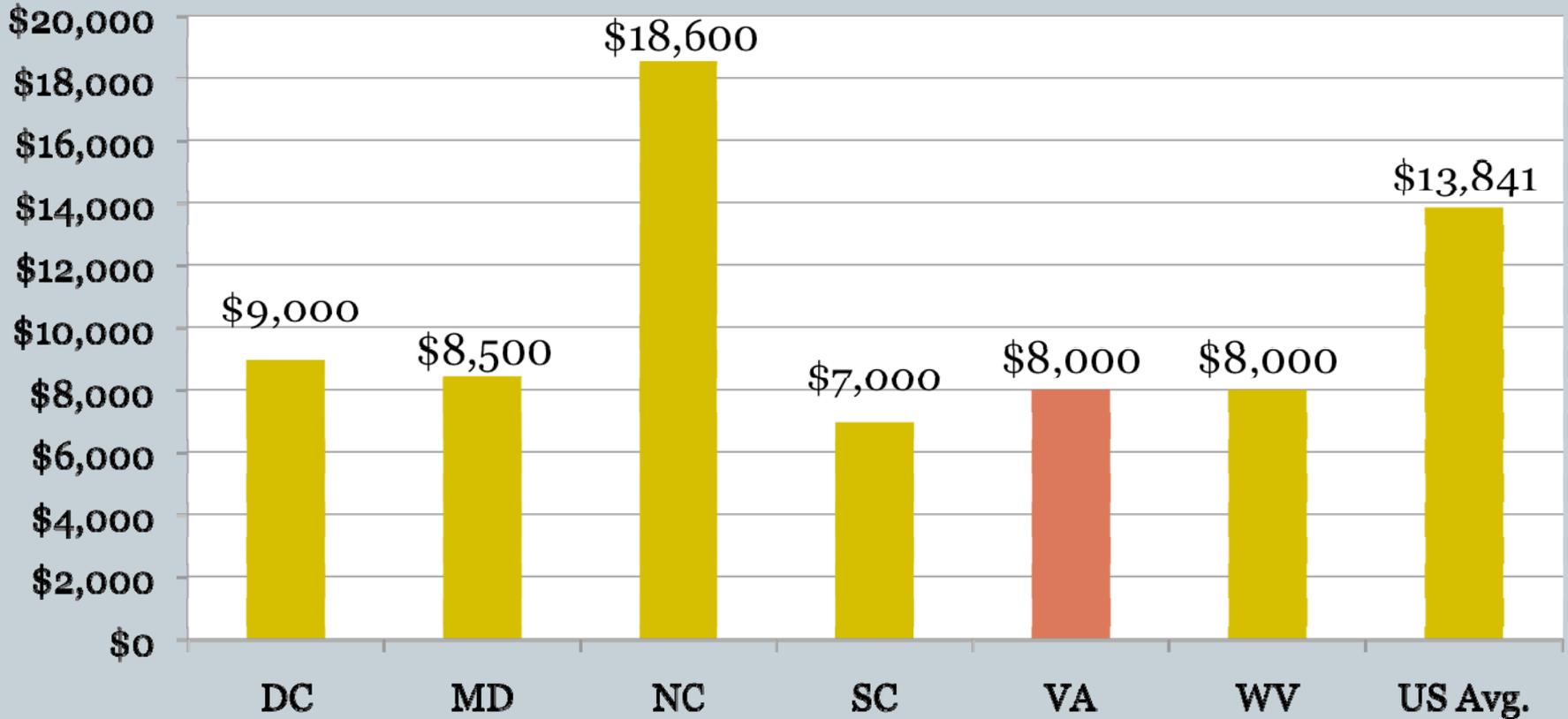


- This year unemployment rates have averaged about 75 percent higher than the year-ago rates.
- June's rate of 7.3 percent was the highest rate since March 1983's 7.3 percent.

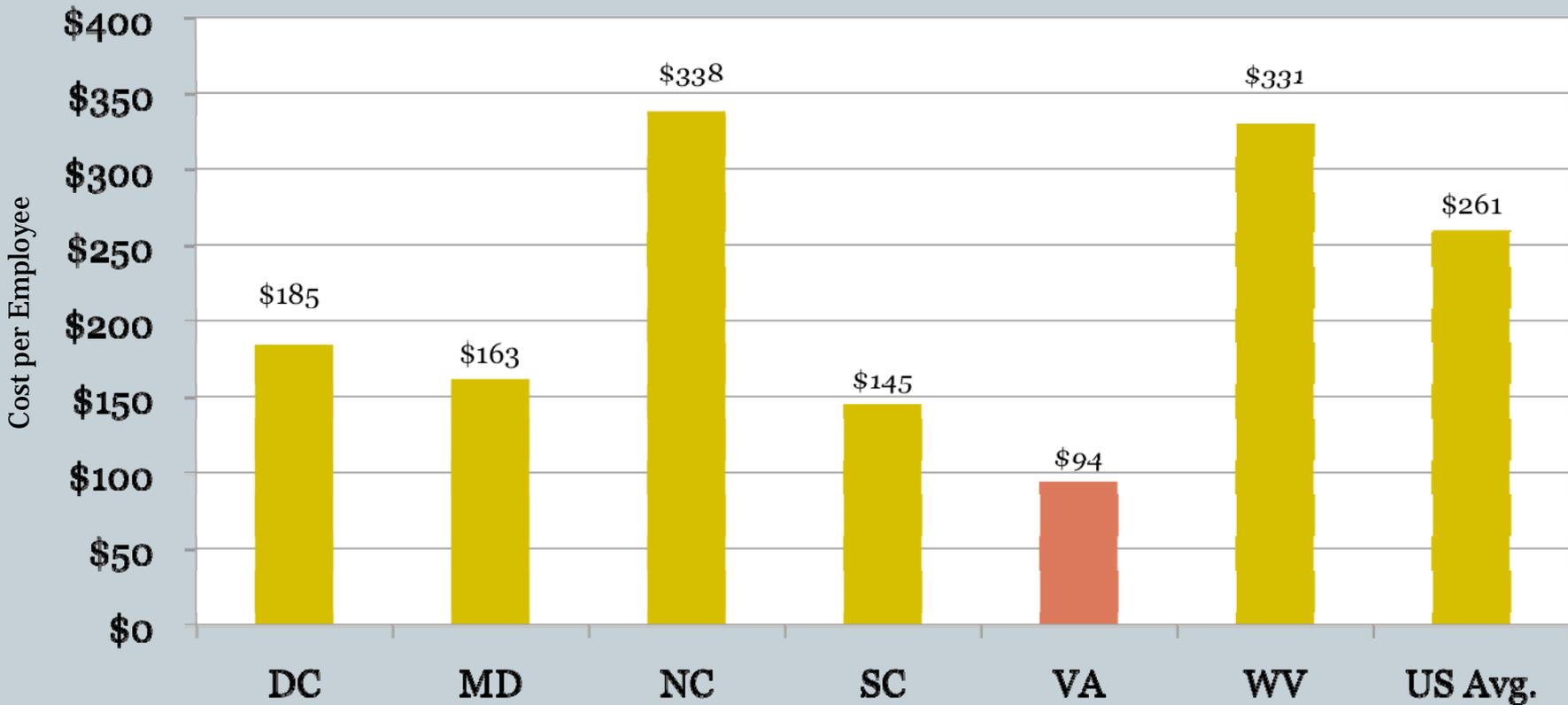


Note: Not Seasonally Adjusted

Taxable Wage Base Fourth Circuit – Calendar Year 2008



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

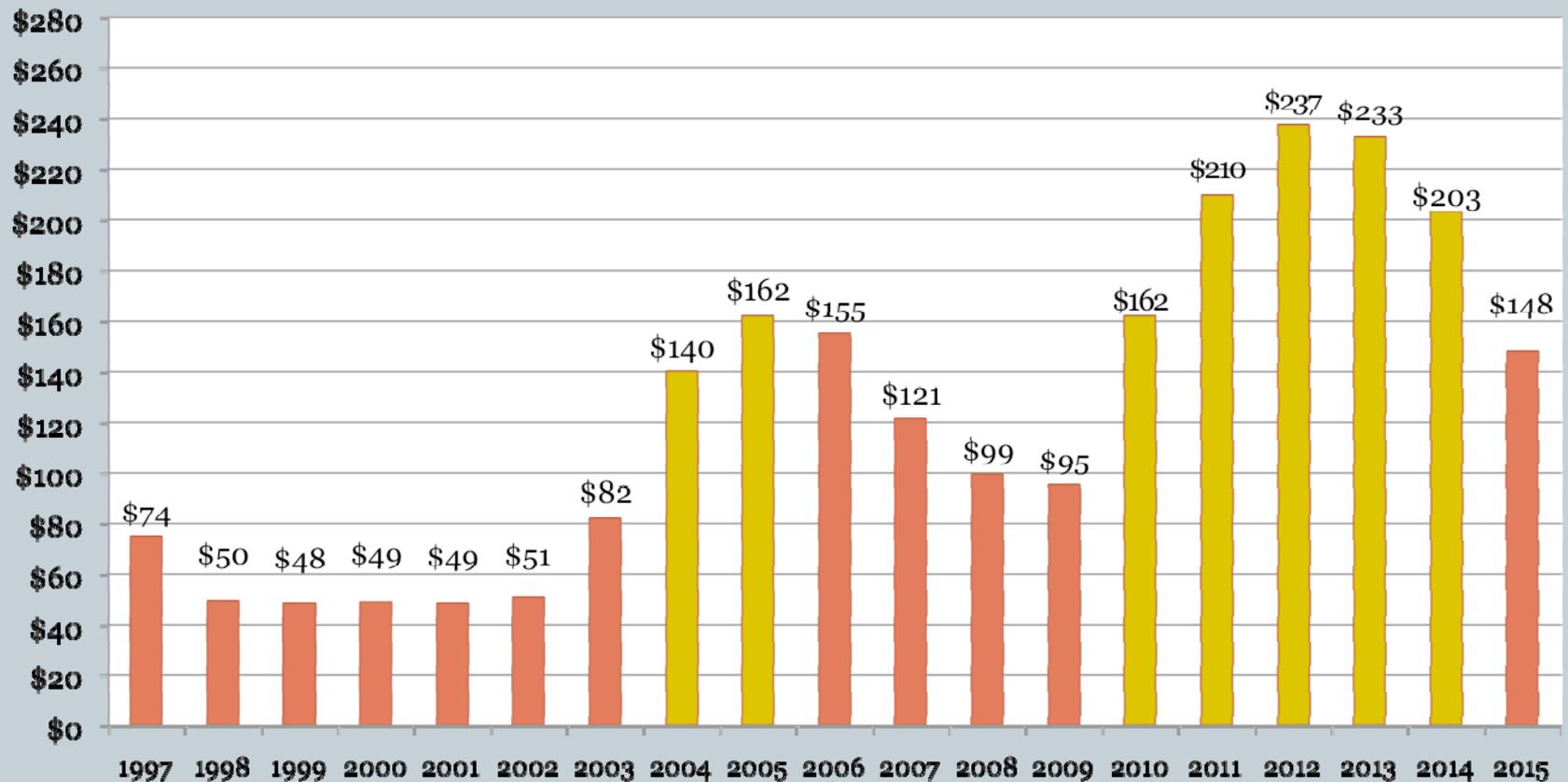


Average Tax per Employee 1997 – 2015

(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.

UI Tax Rates



Minimum Tax Rate	2009	2010
Rate	.18%	.58%
Cost per employee	\$14.40	\$46.40
Base Tax	.1%	.1%
Pool Tax	.08%	.28%
Fund Builder Tax	0	.2%

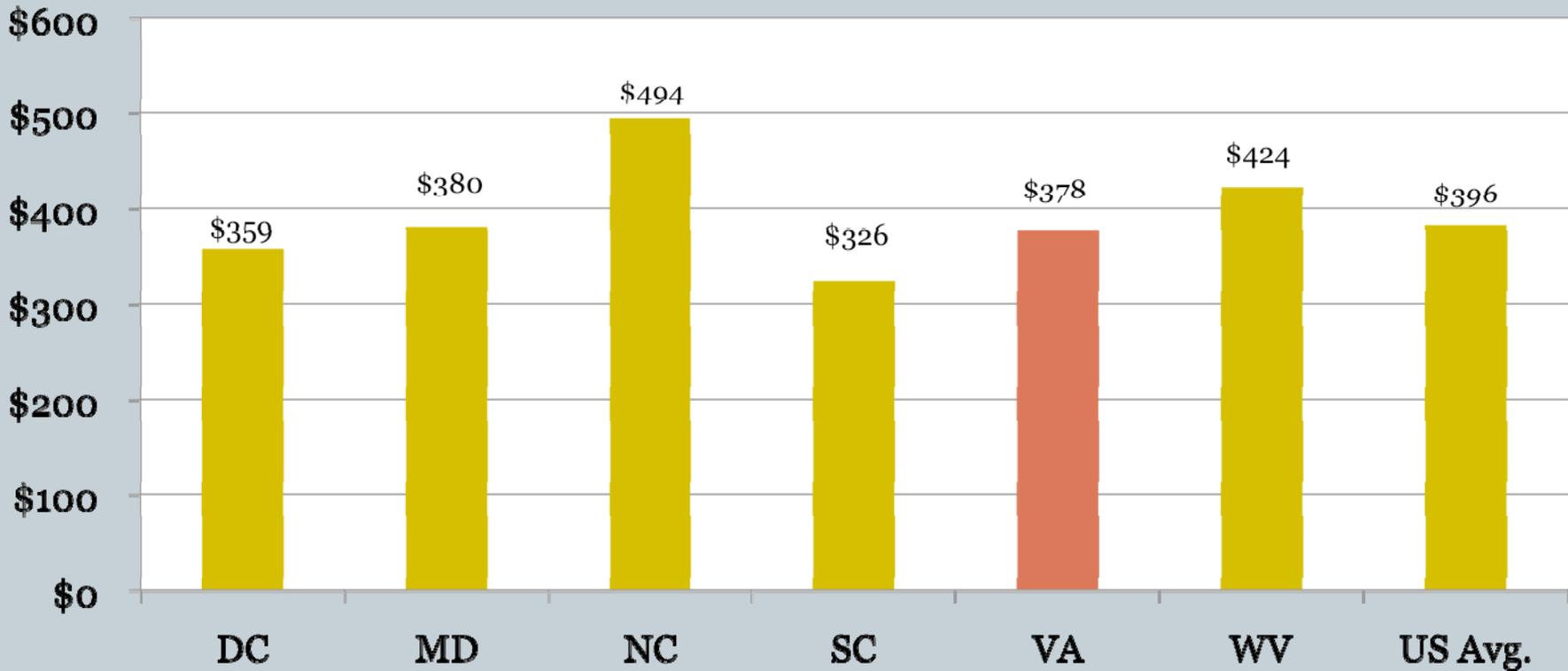
UI Tax Rates



Maximum Tax Rate	2009	2010
Rate	6.28%	6.68%
Cost per employee	\$502.40	\$534.40
Base Tax	6.2%	6.2%
Pool Tax	.08%	.28%
Fund Builder Tax	0	.2%

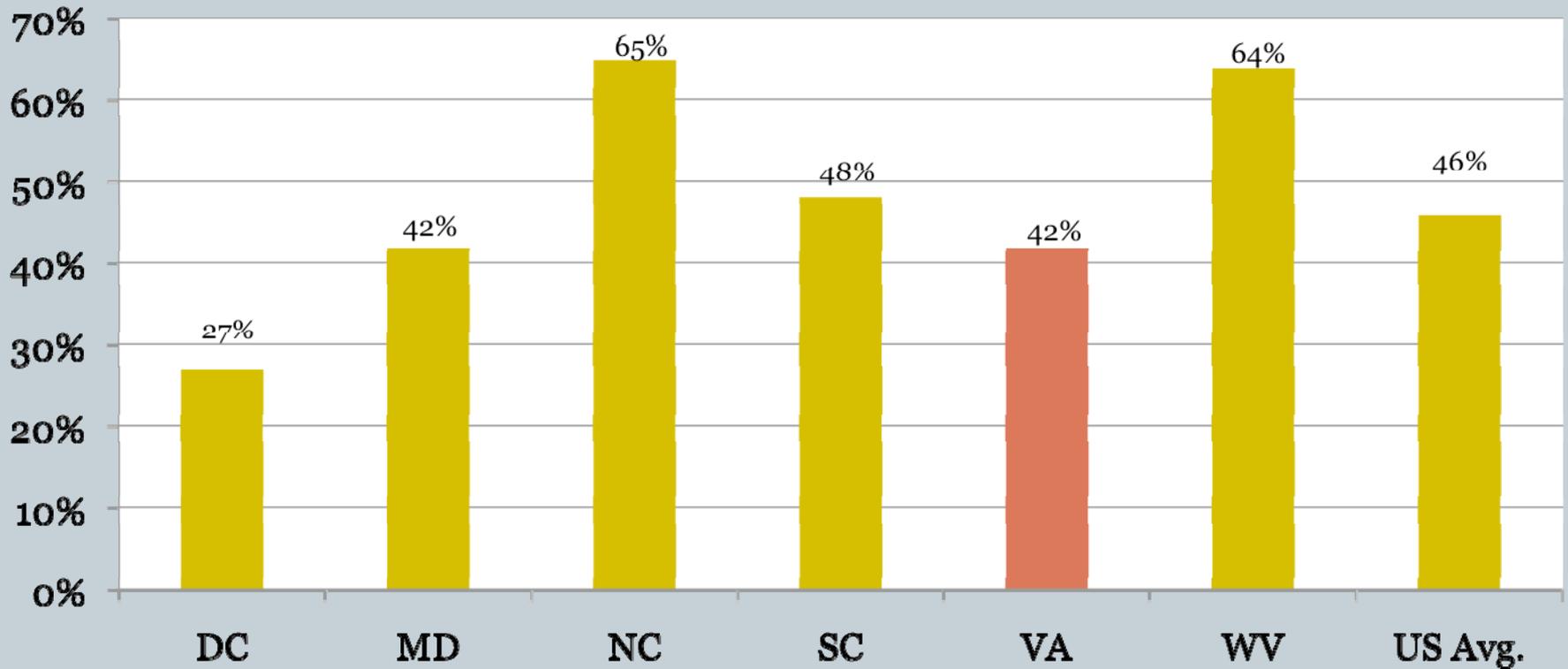
2009 Maximum Weekly Benefit

Fourth Circuit



2009 Maximum Weekly Benefit Replacement Rate

Fourth Circuit



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%

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

Unemployment Benefits Appropriations



SFY 2008	\$439,400,000
SFY 2009	922,100,000
SFY 2010	773,000,000 (+240 mil)
SFY 2011	773,000,000 (+54.7 mil)
SFY 2012	\$773,000,000 (-129.6 Mil)

Standard Forecast—1981-1982 Recession Scenario



- Loans would total about \$1.15 billion.
- Total interest payments from 2011 to 2013 would be about \$30.2 million.
- Interest cannot 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. (\$77)
- 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. (\$98)

Interest on Trust Fund Loans



Due Date	Period of Interest accrual	Notes	Projected Amount Due
Sept. 30, 2010	Oct. 2009 – Sept. 2010	All interest for this period waived by ARRA	\$0
(Sept. 30, 2011)	Oct. 1 – Dec. 31, 2010	All interest for this period waived by ARRA	\$0
Sept. 30, 2011	Jan. 2011 – Sept. 2011	(1)	\$19.4 million
Sept. 30, 2012	Oct. 2011 – Sept 2012	–	\$9.5 million
Sept. 30, 2013	Oct. 2012 – Sept. 2013	Projections indicate that loans will be fully repaid in May 2013, with no further borrowing in calendar year 2013	\$1.3 million

(1) Current law waives interest accruing through December 31, 2010. *Proposed* congressional action would extend this waiver beyond 2010. This table does *not* assume that the additional waiver will pass.

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

Borrowing to Pay Unemployment Insurance Benefits



Outstanding loans (in millions) from the Federal Unemployment Account. Balances as of January 26, 2010, and date of first federal loan are:

Alabama	\$185	September 2009
Arkansas	\$262	March 2009
California	\$6,818	January 2009
Colorado	\$21	January 2010
Connecticut	\$254	December 2009
Florida	\$1,163	August 2009
Georgia	\$168	December 2009
Idaho	\$137	June 2009
Illinois	\$1,428	July 2009
Indiana	\$1,596	November 2008
Kentucky	\$632	January 2009
Michigan	\$3,352	December 2007
Minnesota	\$383	July 2009
Missouri	\$530	February 2009
Nevada	\$200	October 2009

Borrowing to Pay Unemployment Insurance Benefits



Outstanding loans (in millions) from the Federal Unemployment Account. Balances as of January 26, 2010, and date of first federal loan are:

New Jersey	\$1,172	March 2009
New York	\$2,428	January 2009
North Carolina	\$1,768	February 2009
Ohio	\$1,894	January 2009
Pennsylvania	\$2,198	March 2009
Rhode Island	\$153	March 2009
South Carolina	\$748	December 2008
South Dakota	\$13	September 2009
Texas	\$1,565	July 2009
Virginia	\$176	October 2009
Virgin Islands	\$10	September 2009
Wisconsin	\$1,057	February 2009
Total	\$30,310	

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

http://www.treasurydirect.gov/govt/reports/tfmp/tfmp_advactivitiesched.htm

For additional information, please contact:



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