

Status of the Unemployment Trust Fund and Related Issues



Commission on Unemployment Compensation

December 4, 2012

John R. Broadway, Commissioner

Trust Fund Data—Standard Forecast

(Millions of Dollars)



1

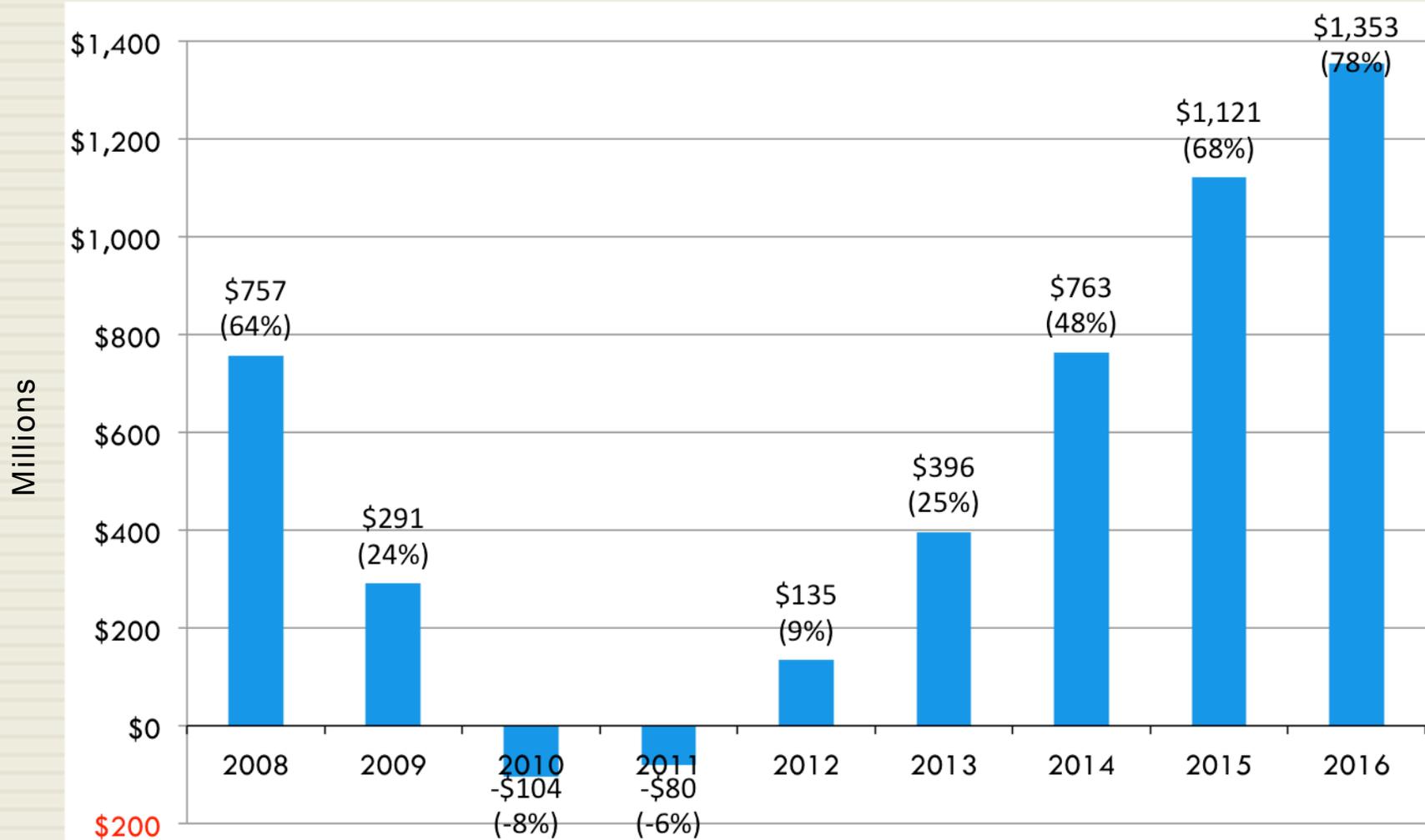
	2011	2012
January 1 Balance	-\$347.5	-\$276.2
Tax Revenue	\$702.2	\$785.3
Interest Revenue	\$0.0	\$1.1
Benefits	\$630.9	\$601.3
December 31 Loan Balance	-\$276.2	-\$27.6
Solvency Level (6/30)	-6.1%	9.9%

December 31, 2012, balance includes \$63.5 million from FUTA Credit Reduction paid to IRS.

June 30 Balances and Trust Fund Solvency



2

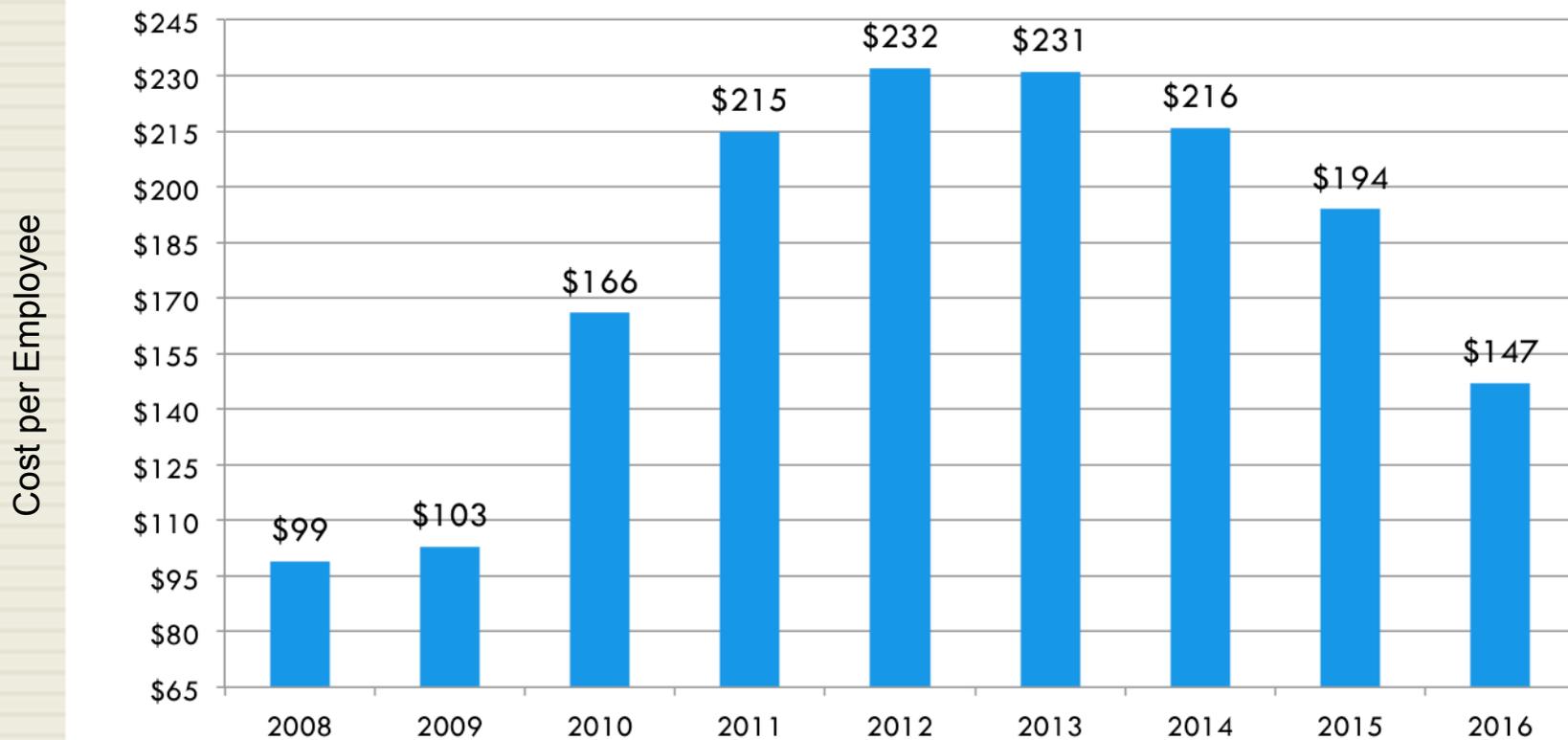


\$200

Trust Fund Solvency shown as a percent (%)

Average Total State Tax*

3



* Includes pool tax and fund builder tax.

Calendar Year

Pool Taxes

4



Standard Forecast Summary



5

- Projected to borrow additional \$175 million October 2012 - April 2013.
- Interest payments totaled \$13.8 million in 2011 and 2012 (\$8.8 million in 2011 and \$5.0 million in 2012).
- \$5.9 million of this total was from the General Fund and \$7.9 million was from the VEC's Penalty and Interest Fund.
- FUTA credit reduction in 2011 increased taxes \$21 per employee and reduced loan balances \$63.5 million in March-October 2012.
- No further legislated changes in benefits and taxes.

Loan Repayment Schedule



6

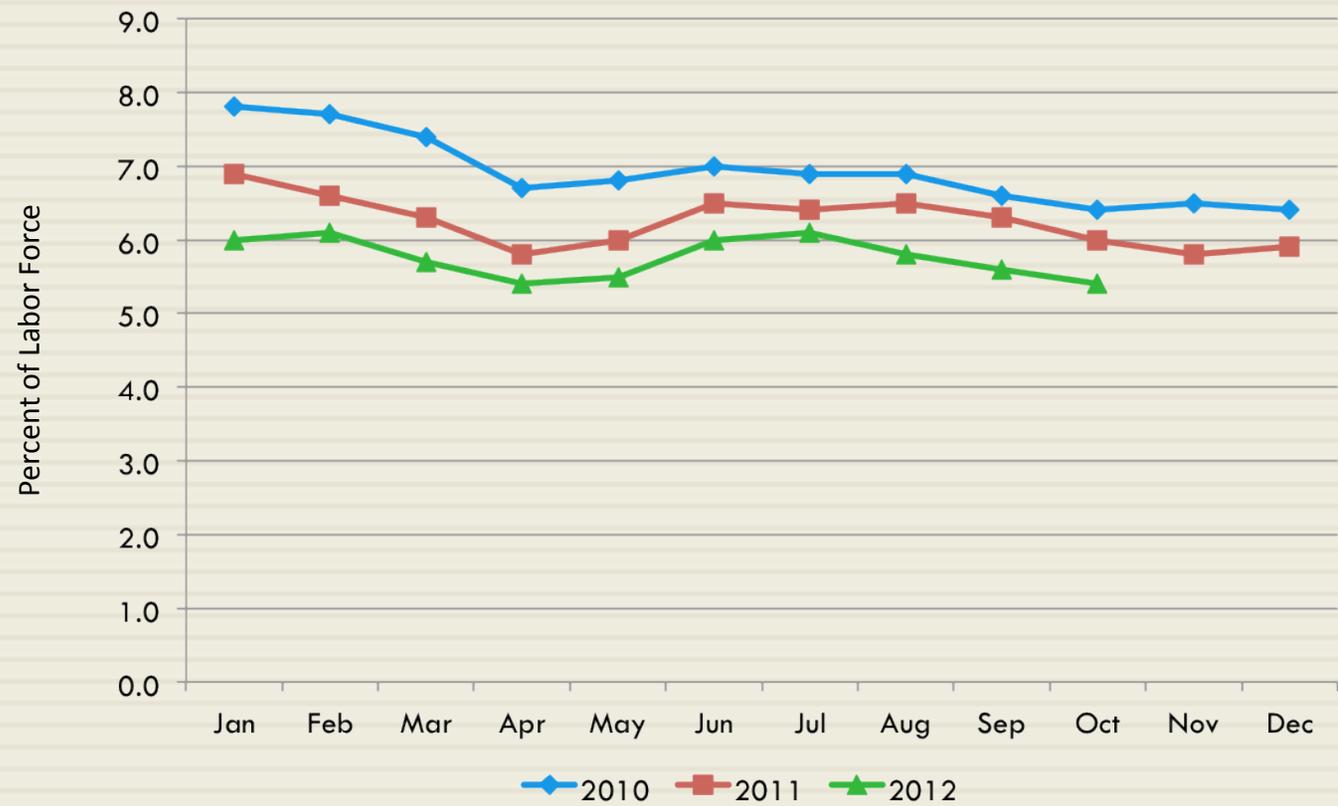
- ❑ FUTA Credit Reduction payments to IRS reduced loan balance by \$63.5 million in March-October 2012.
- ❑ \$352 million payment in May 2012 paid the remaining loan balance.
- ❑ Borrowing has resumed October through mid-April 2013.
- ❑ Borrowing from October through December will be from the State Treasury.
- ❑ Beginning January 1, 2013, borrowing will be from the federal government.
- ❑ Final loan payment should be made in May 2013.

Virginia's Unemployment Rates 2010 - 2012 (year to date)



□ This year unemployment rates have averaged about 8 percent lower than the year-ago rates.

(not seasonally adjusted)



Claims Filed



8

Calendar Year	Initial Claims
2007	254,976
2008	347,570
2009	485,711
2010	380,830
2011	330,057
2012 (Jan.-Oct.)	247,456

Weeks of Unemployment Benefits Currently Authorized



9

- A claimant can currently receive up to 40 weeks of UI benefits in Virginia (Regular UI and EUC Tier I).
- The last week to file a Tier I claim is December 23, 2012.
- However, those who file on December 23 will receive only one week of benefits.
- All federal extended unemployment compensation benefits will end as of December 29, 2012.

Fourth Circuit States



10

	Trust Fund Balance (6/30/12) (Millions)	Average Tax per Employee (year ending 12/31/11)	Average Tax rate (year ending 12/31/11)	Taxable Wage Base 2012	2012 Maximum Weekly Benefit	2012 Maximum Weekly Benefit Replacement Rate
DC	\$306	\$250	2.78%	\$9,000	\$359	25%
MD	\$805	\$446	5.25%	\$8,500	\$430	44%
NC	-\$2,342	\$437	2.22%	\$20,400	\$522	63%
SC	-\$543	\$345	3.45%	\$12,000	\$326	45%
VA	\$76	\$210	2.62%	\$8,000	\$378	40%
WV	\$140	\$380	3.17%	\$12,000	\$424	58%
US Avg.	-\$254	\$428	3.44%	\$12,783	\$413	45%

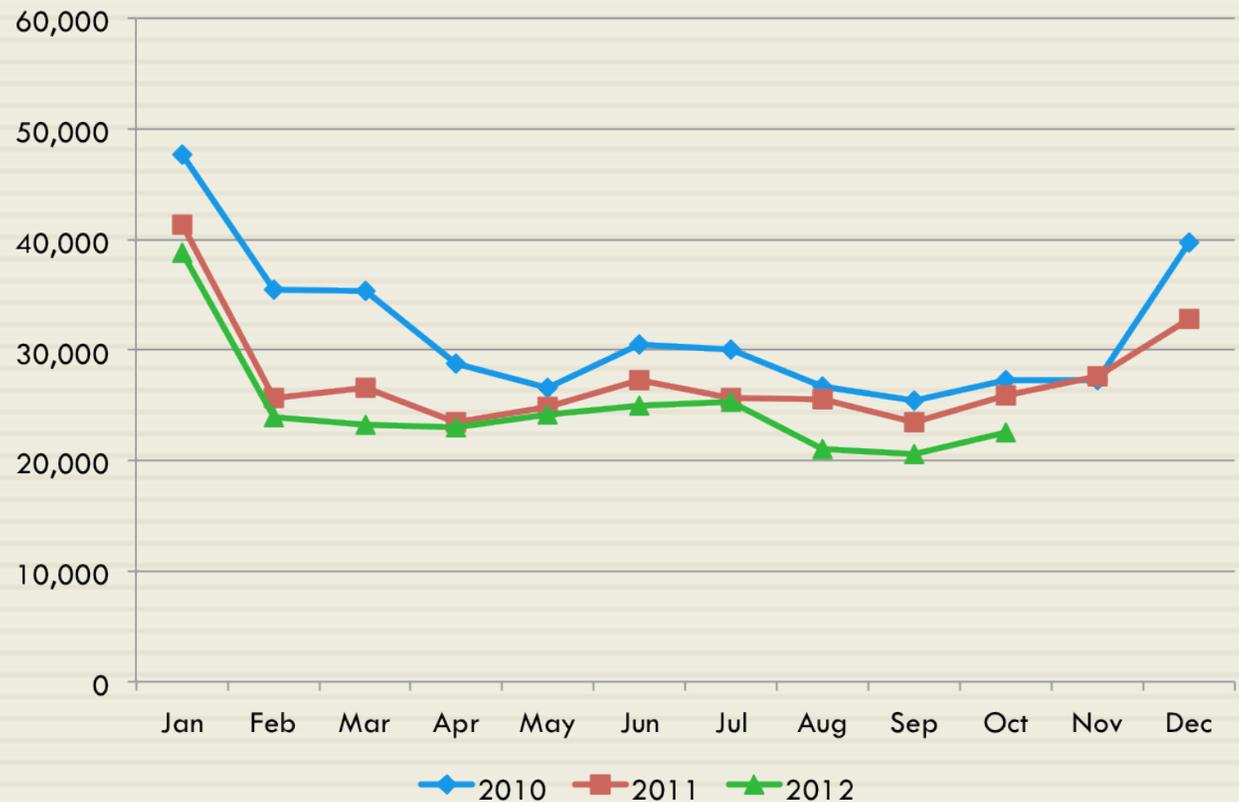
UI Initial Claims

2010 - 2012 (year to date)



11

□ Total initial claims through October this year are down 8.2% because of fewer construction and retail trade layoffs. For the same period, initial claims are down 22.1% from 2010.

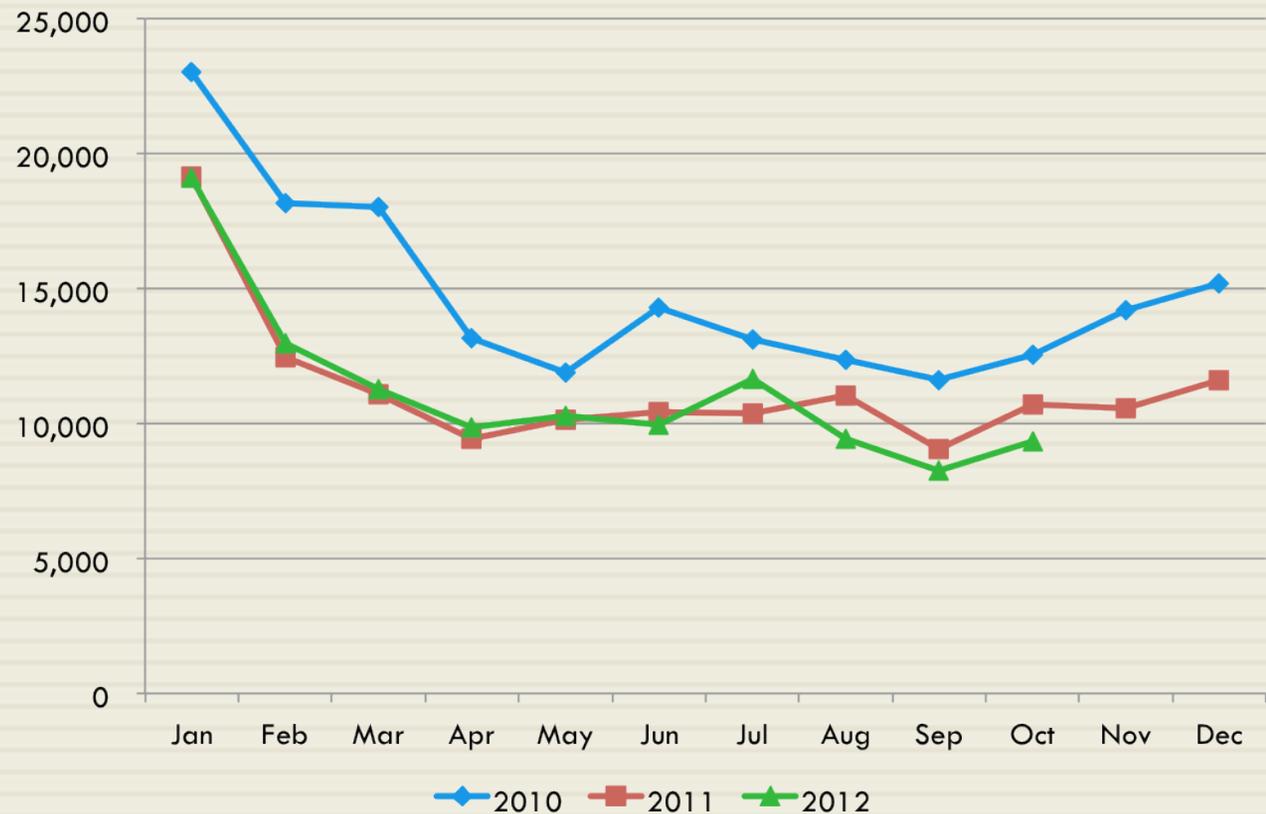


UI First Payments

2010 - 2012 (year to date)



- A claimant can receive only one first payment in his benefit year; so first payments are a good indication of the number of claimants receiving unemployment benefits.
- Through October, first payments are down 1.5% from last year, and 24.4% from 2010.
- The average duration in October was 15.9 weeks, down from last October's 16.4 weeks.



UI Final Payments 2010 - 2012 (year to date)



13

- For the first ten months of 2012, final payments are down 7.5% from 2011, and 28.1% from 2010.
- The exhaustion rate in October was 50.9%, up from last October's 49.0%.

