



Status of the Unemployment Trust Fund and Related Issues

Commission on Unemployment Compensation

August 22, 2017

Ellen Marie Hess, Commissioner

Trust Fund Data—Standard Forecast (Millions of Dollars)



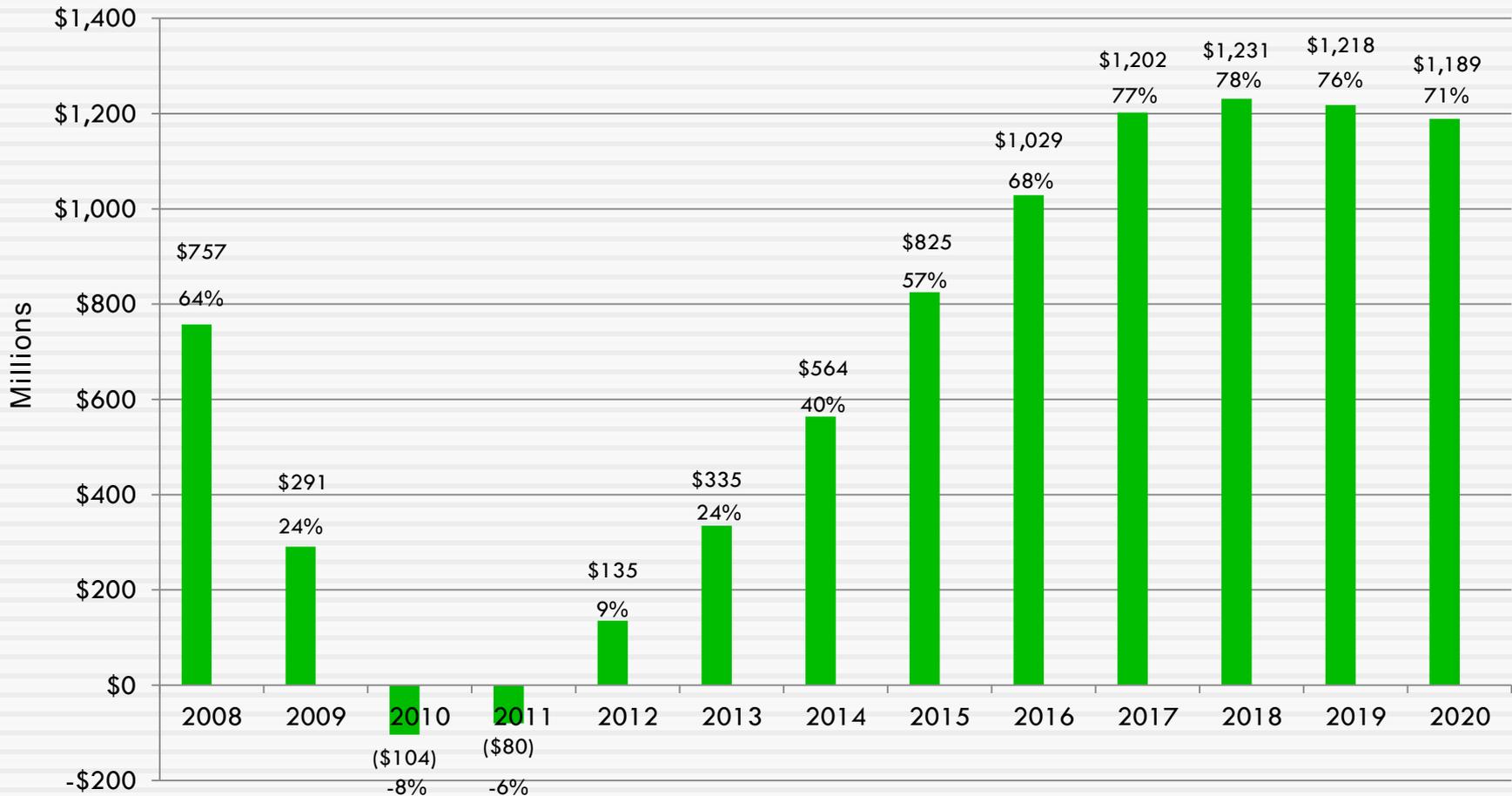
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| | 2016 | 2017 |
|-----------------------|---------|-----------|
| January 1 Balance | \$749.8 | \$949.4 |
| Tax Revenue | \$566.1 | \$479.6 |
| Interest Revenue | \$20.5 | \$24.3 |
| Benefits | \$387.0 | \$355.3 |
| December 31 Balance | \$949.4 | \$1,098.0 |
| Solvency Level (6/30) | 68.5% | 77.1% |

June 30 Trust Fund Balances and Solvency (Forecast as of July 18, 2017)



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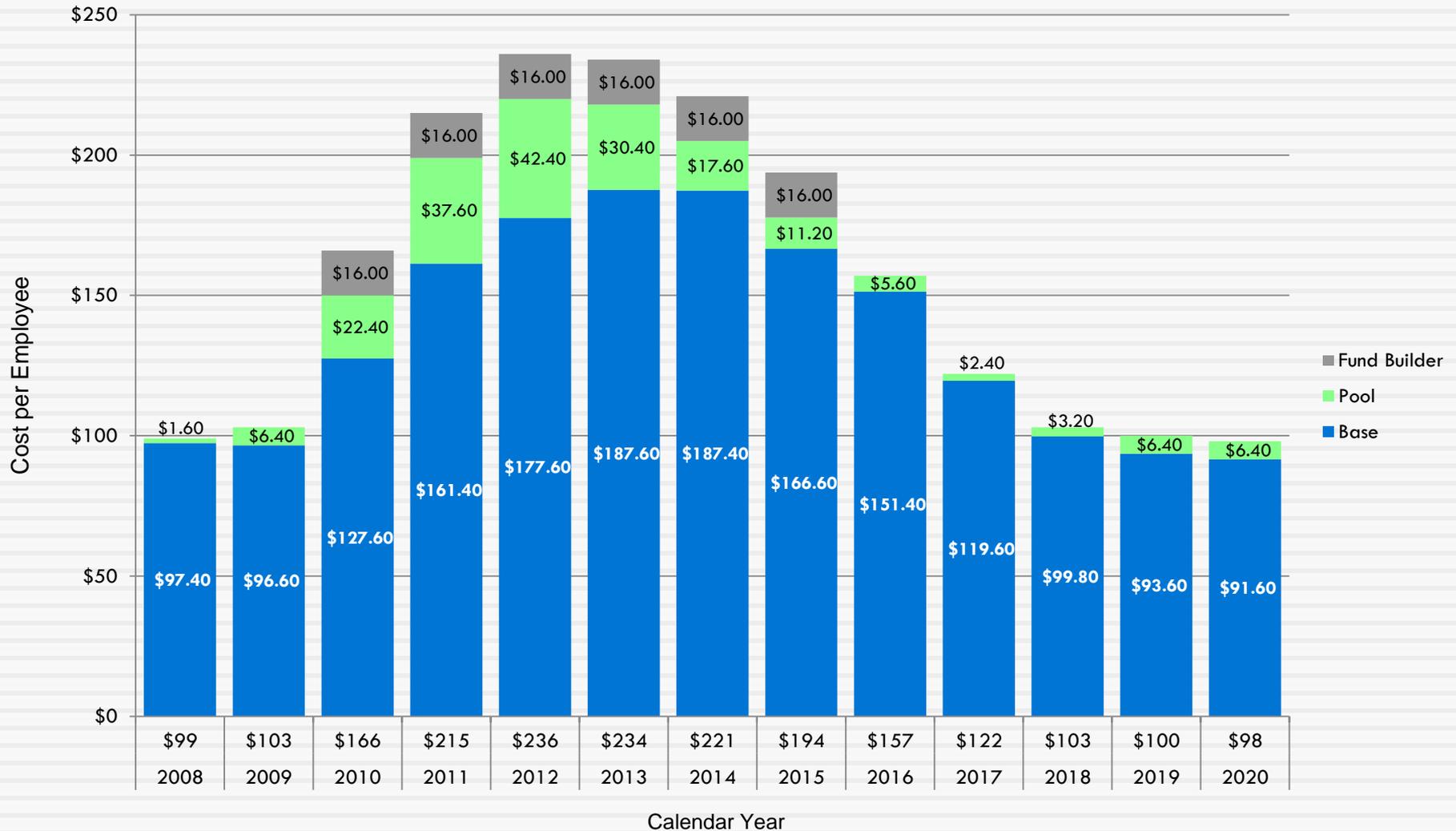
Trust Fund Solvency shown as a percent (%)

Average Total State Tax

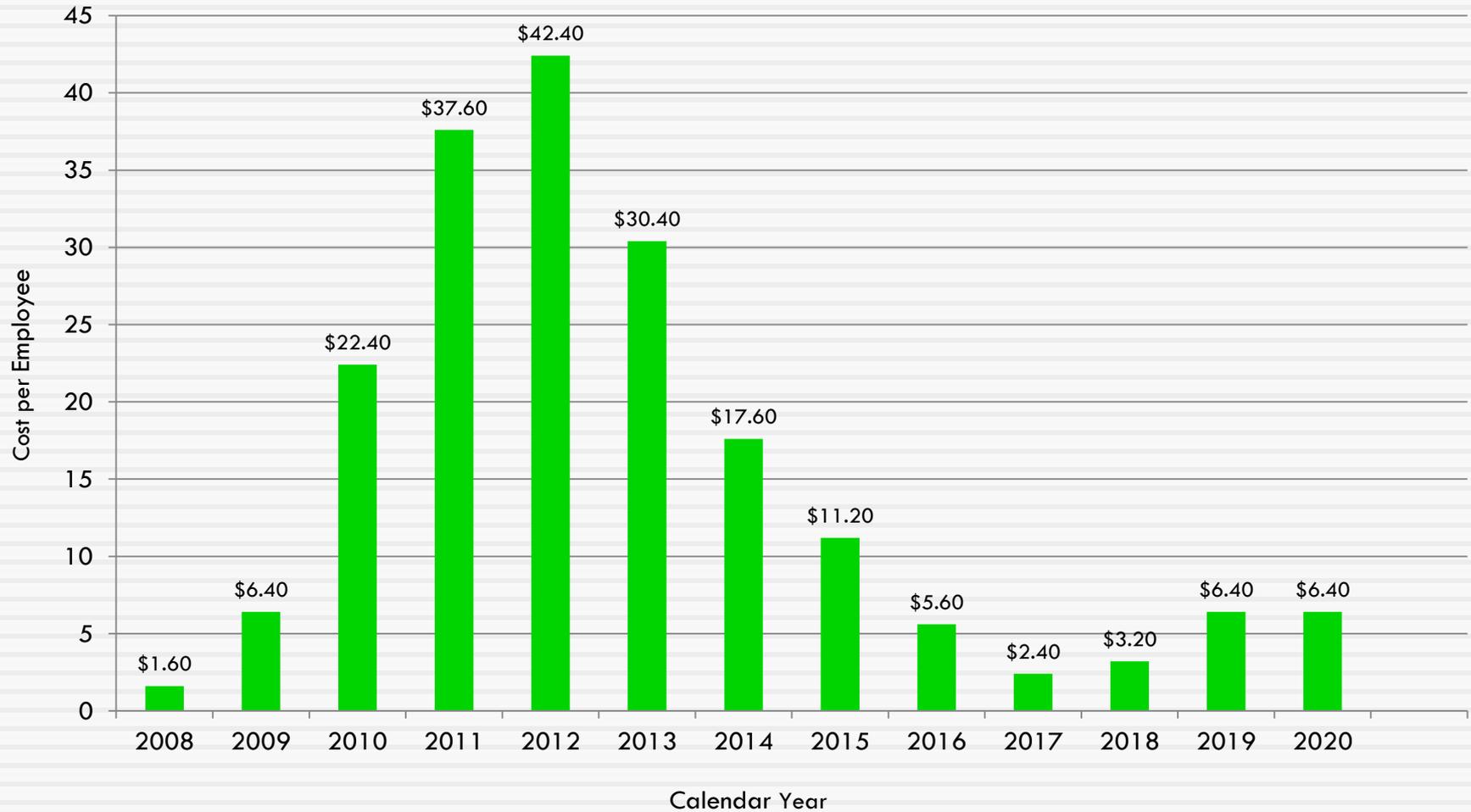
(Forecast as of July 18, 2017)



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Pool Taxes (Forecast as of July 18, 2017)



Distribution of 2016 and 2017 Base Tax Rates *Computed and Assigned Rates*



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| Tax Rates | Number of Employers | | Percent of Total | |
|---------------------------|---------------------|----------------|------------------|---------------|
| | 2016* | 2017** | 2016* | 2017** |
| Computed | | | | |
| 0.10% | 125,561 | 137,329 | 60.4% | 64.5% |
| 0.13%-0.94% | 10,044 | 11,856 | 5.5% | 5.6% |
| 1.01%-1.89% | 8,569 | 8,012 | 4.1% | 3.8% |
| 2.02%-2.97% | 5,981 | 5,990 | 2.9% | 2.8% |
| 3.04%-3.91% | 4,426 | 3,703 | 2.1% | 1.7% |
| 4.05%-4.99% | 3,228 | 2,970 | 1.6% | 1.4% |
| 5.07%-5.94% | 2,465 | 1,994 | 1.2% | 0.9% |
| 6.07%-6.09% | 304 | 215 | 0.1% | 0.1% |
| 6.20% | 12,521 | 11,152 | 6.0% | 5.2% |
| Assigned | | | | |
| New, 2.50% | 26,878 | 27,967 | 12.9% | 13.1% |
| Delinquent, 6.20% | 640 | 1,412 | 0.3% | 0.7% |
| Foreign Contractor, 6.20% | 260 | 195 | 0.1% | 0.1% |
| Other, 6.20% | 7,135 | 101 | 3.4% | 0.0% |
| Total | 208,012 | 212,799 | 100.0% | 100.0% |

Taxable wage base is \$8,000. *excluding 0.07% pool tax. **excluding 0.03% pool tax.

Claims Filed

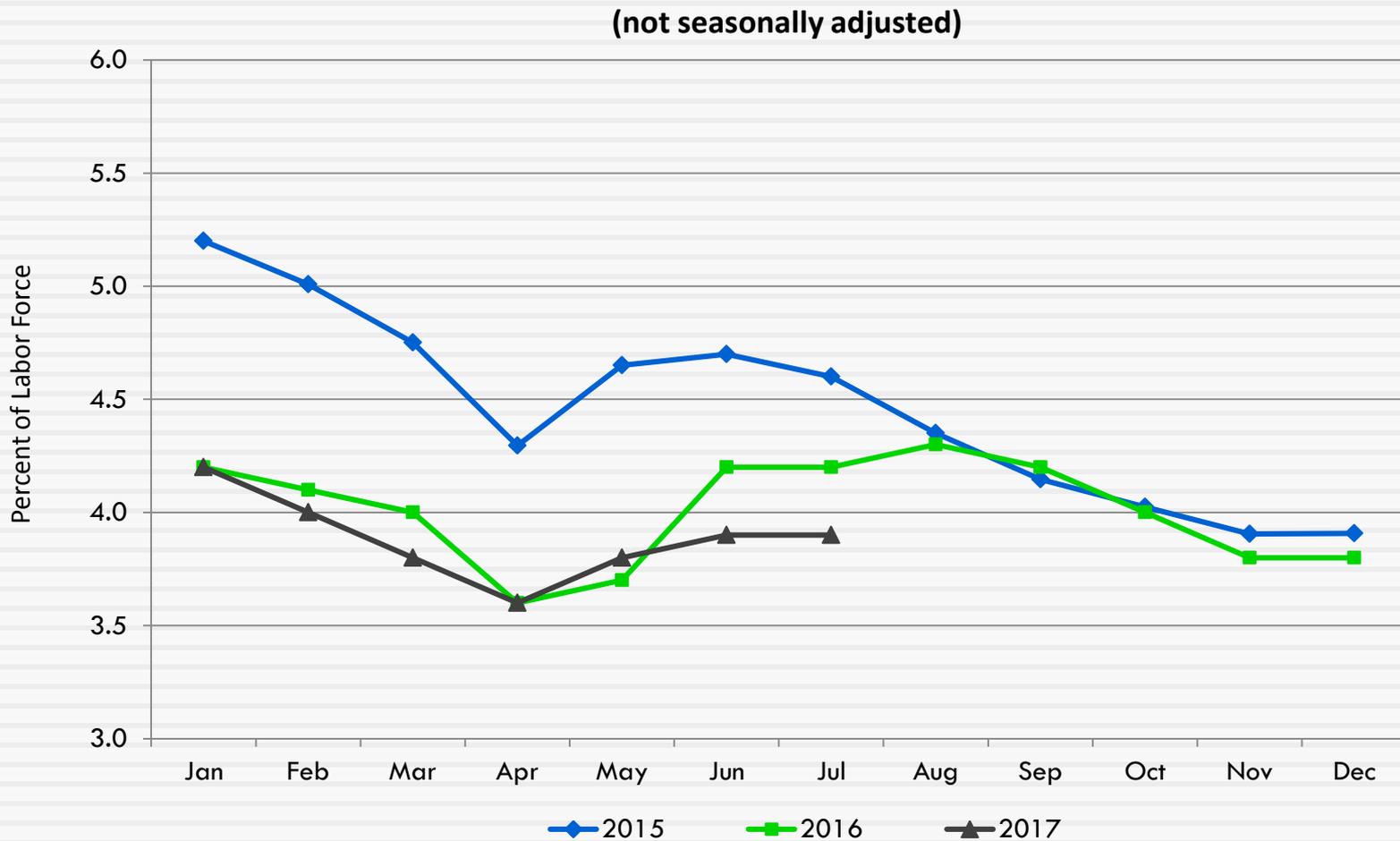


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| Calendar Year | Initial Claims |
|--------------------|----------------|
| 2012 | 301,211 |
| 2013 | 276,807 |
| 2014 | 224,882 |
| 2015 | 186,887 |
| 2016 | 178,422 |
| 2017 (Jan. – Jul.) | 91,460* |

* Annual claims projected to be 149,000.

Virginia's Unemployment Rates 2015 - 2017 (year to date)



2017 June Labor Force Participation Rates and Unemployment Rates (Fourth Circuit States)



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(not seasonally adjusted)

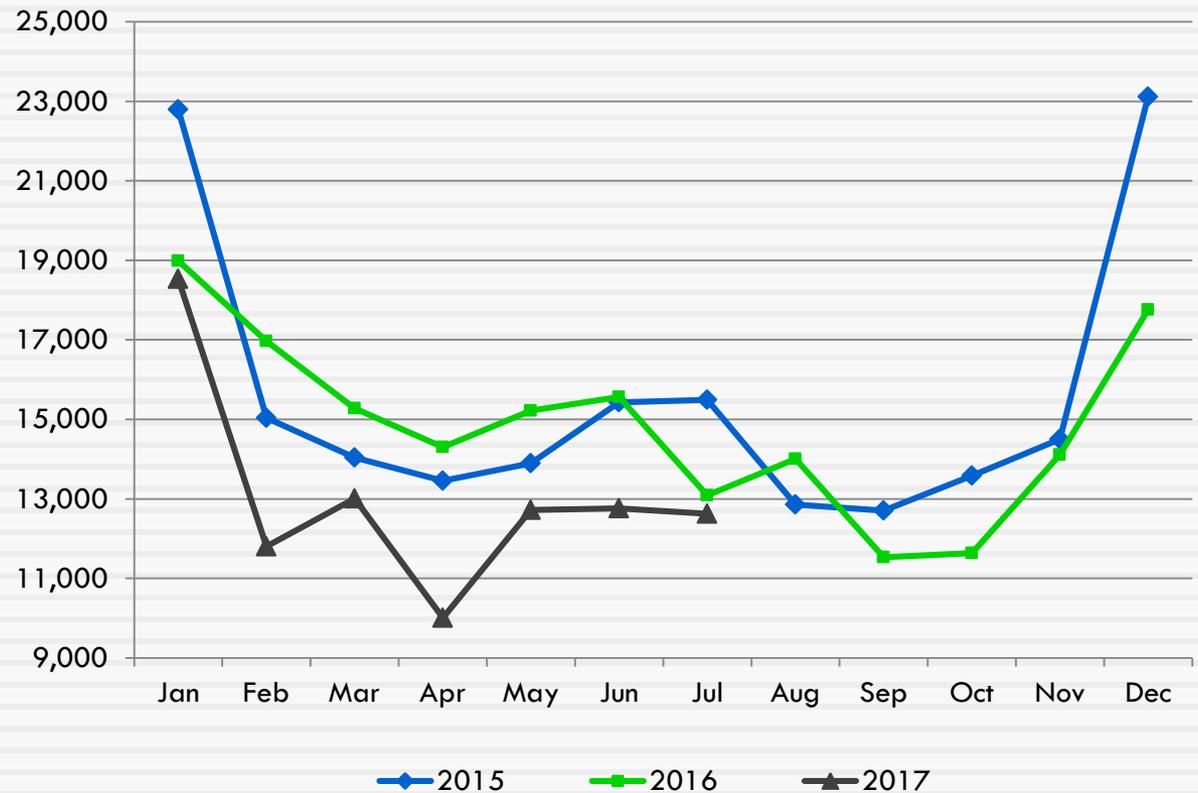
| State | Participation Rate* | Unemployment Rate |
|----------------------|---------------------|-------------------|
| District of Columbia | 71.3% | 6.4% |
| Maryland | 68.6% | 4.2% |
| North Carolina | 61.5% | 4.2% |
| South Carolina | 59.6% | 4.2% |
| Virginia | 66.3% | 3.9% |
| West Virginia | 54.2% | 5.1% |
| U.S. | 63.3% | 4.5% |

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

UI Initial Claims

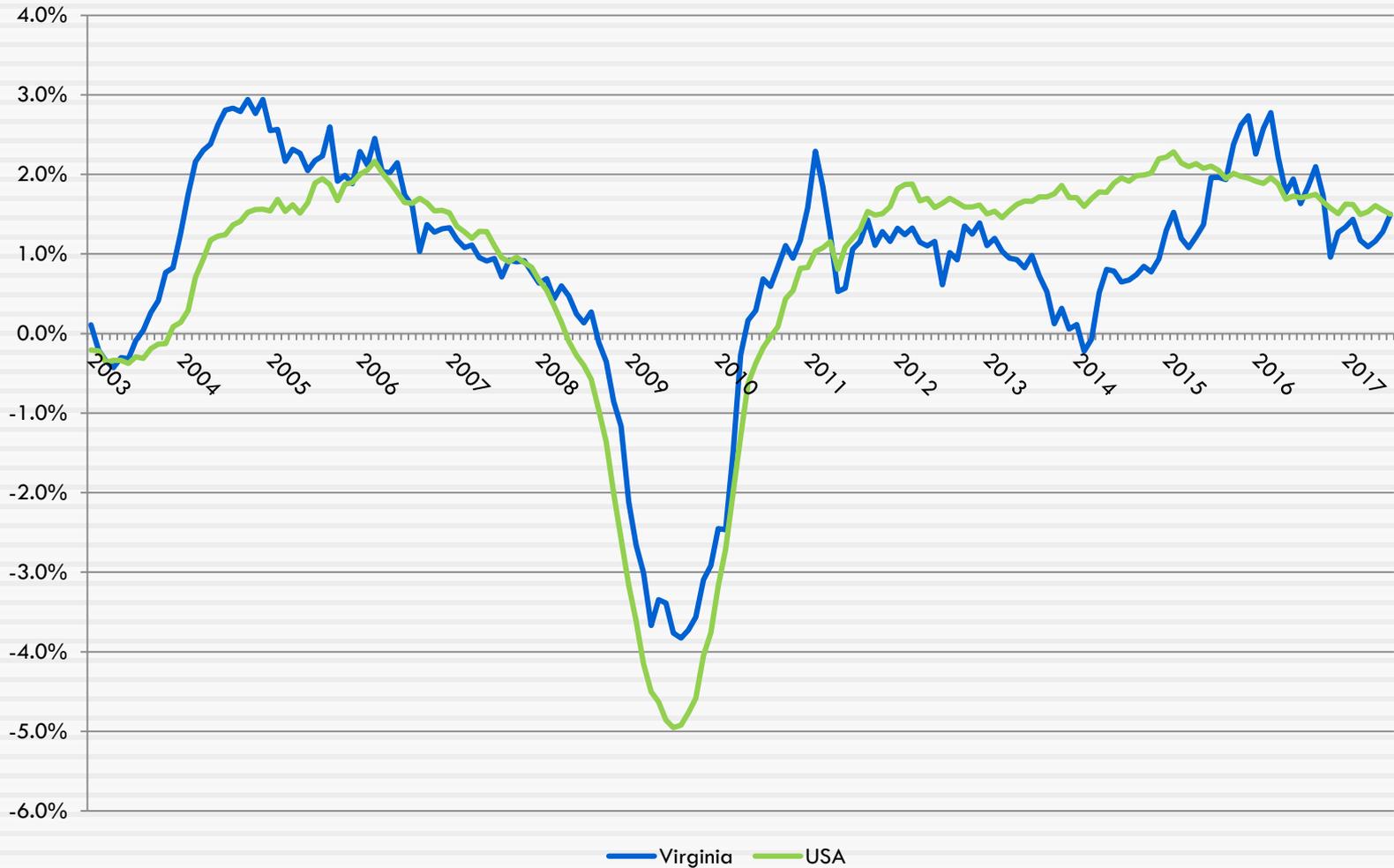
2015 - 2017 (year to date)

- Total initial claims through July 2017 were down 16.4% because of fewer layoffs in manufacturing, administrative and support services, and construction.



Total Nonfarm Employment

Over-the-year Growth (seasonally adjusted data)

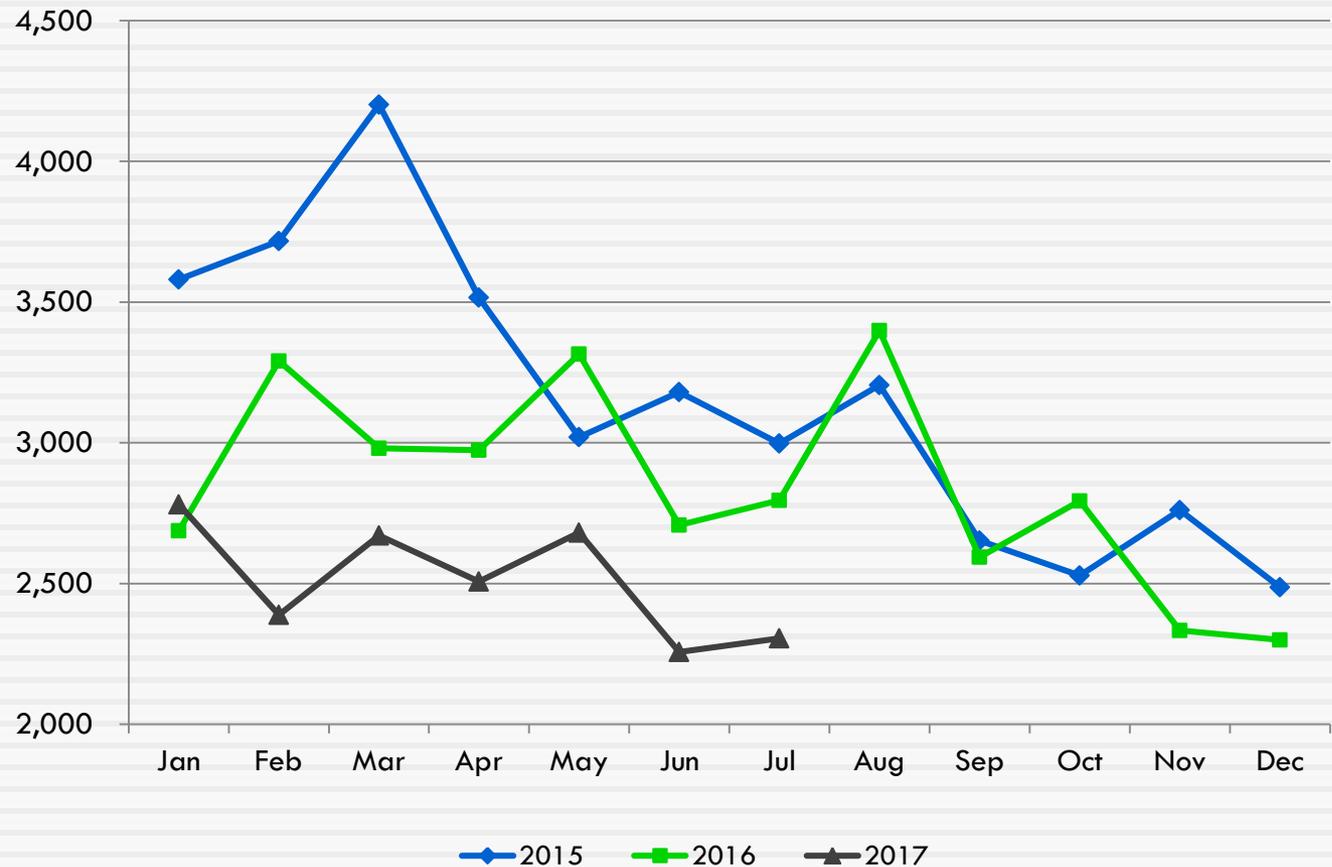


UI Final Payments

2015 - 2017 (year to date)

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- For the first seven months of 2017, final payments are down 15.2% from 2016 and 27.4% from 2015.



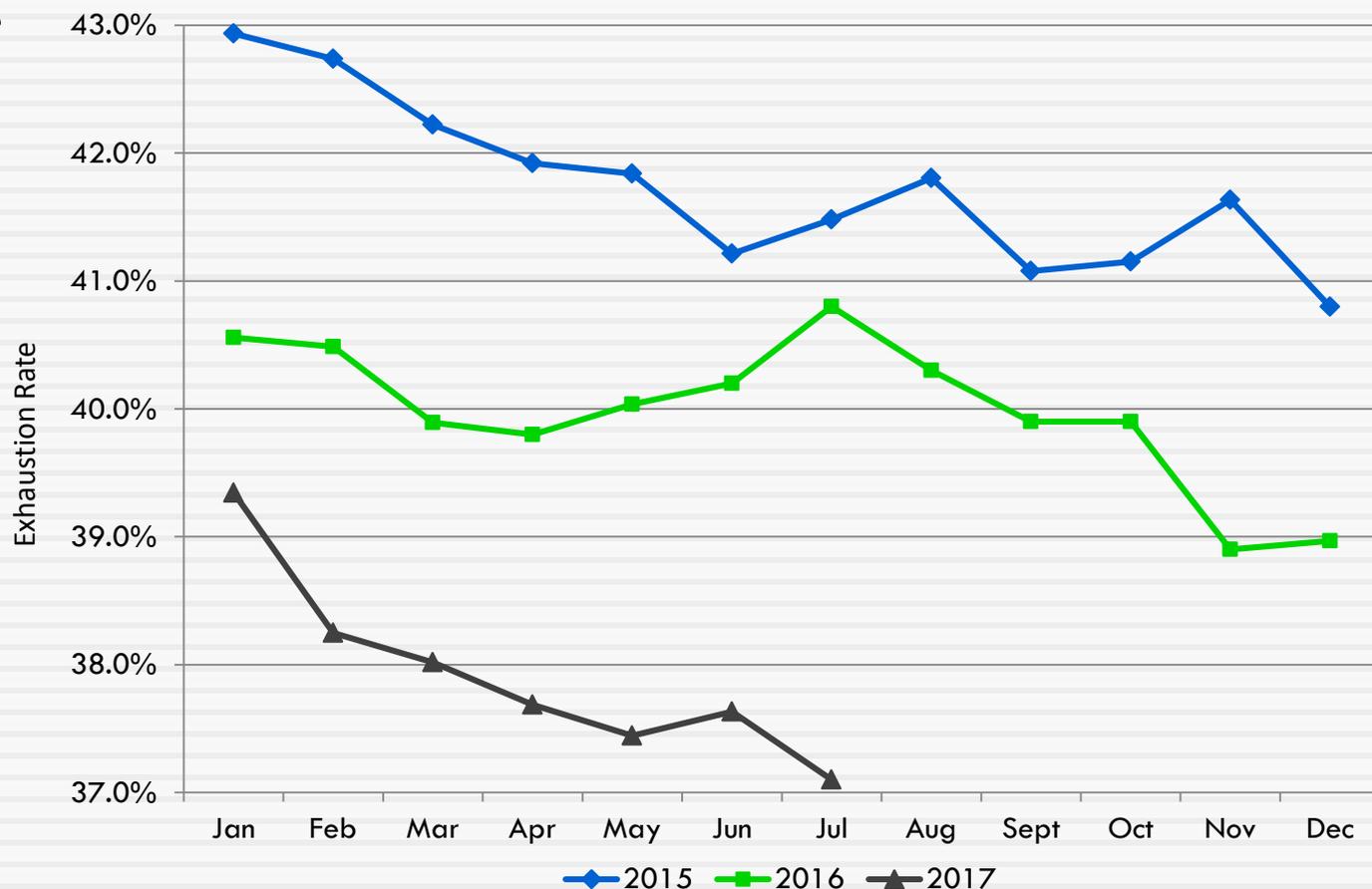
Exhaustion Rates

2015 - 2017 (year to date)



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- The exhaustion rate in July was 37.1%, down from last July's 40.8%.



Fourth Circuit States



| | Trust Fund Balance (7/31/17) (Millions) | Average Tax per Employee (year ending 9/30/17) | Average Tax Rate (year ending 9/30/17) | 2017 Taxable Wage Base | 2017 Maximum Weekly Benefit | 2017 Maximum Weekly Benefit Replacement Rate | 2017 State Potential Duration (Weeks) |
|----------------|---|--|--|------------------------|-----------------------------|--|---------------------------------------|
| DC | \$448 | \$240 | 2.67% | \$9,000 | \$425 | 27% | 19 – 26 |
| MD | \$1,186 | \$218 | 2.56% | \$8,500 | \$430 | 40% | 26 |
| NC | \$2,891 | \$404 | 1.75% | \$23,100 | \$350 | 39% | 5 – 26 |
| SC | \$689 | \$218 | 1.56% | \$14,000 | \$326 | 40% | 13 – 20 |
| VA | \$1,165 | \$152 | 1.90% | \$8,000 | \$378 | 37% | 12 – 26 |
| WV | \$80 | \$335 | 2.79% | \$12,000 | \$424 | 54% | 26 |
| US Avg. | | \$335 | 2.43% | \$13,780 | \$443 | 43% | |

Treasury Offset Program (TOP)



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- 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.
- Between February and July 2017, VEC has collected \$8,124,515.75 from the IRS through TOP.
- Participation in this program is mandated under federal law and the *Code of Virginia* (§ 2.2-4806.) All recovered debt is deposited in the Unemployment Trust Fund.
- The above amount was collected against 12,802 records that had overpayments due to fraud.

Military Trailing Spouse Update—Impact of Military Trailing Spouse Benefits



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- Military Trailing Spouse: For July 1, 2016 – June 30, 2017, \$722,719.80 in benefits were paid to 245 claimants.
 - For state FY 2016, \$231,049.96 in benefits were paid to 76 claimants.
 - The 2016 Solvency was 0.1 percentage point lower.
 - The 2017 base tax rates were not affected.
 - The 2017 pool tax rate was not affected
 - Benefits paid in FY 2015 were \$658,597, which reduced the balance by the same amount.
 - The 2015 Solvency was 0.1 percentage point lower.
 - The 2016 base tax rates were not affected.
 - The 2016 pool tax rate was not affected.