Virginia Employment Commission

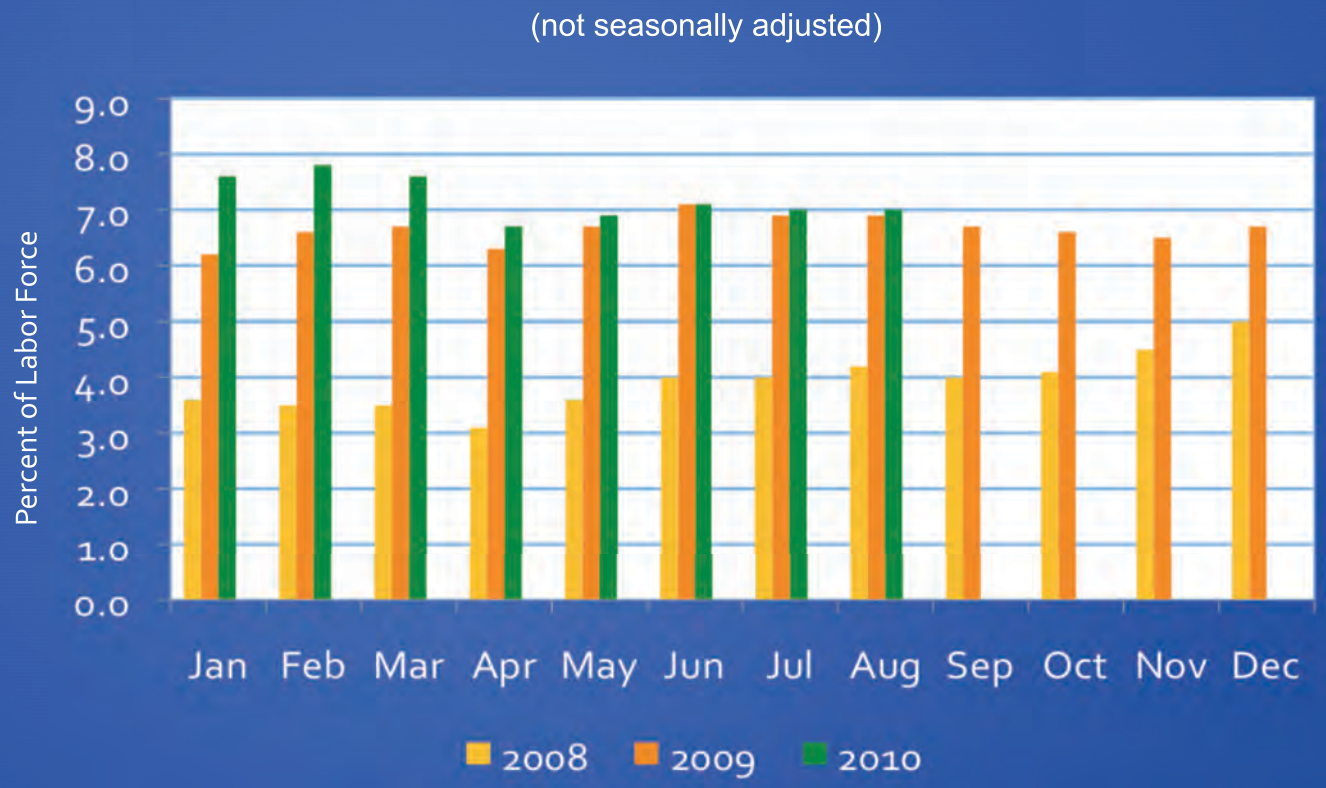
Senate Finance Committee

John R. Broadway, Commissioner

October 21, 2010

Virginia's Unemployment Rates
2008 - 2010 *(year to date)*

- **This year unemployment rates have averaged about 8 percent higher than the year-ago rates.**
- **February's rate of 7.8 percent was the highest rate since February 1983's 8.1 percent.**

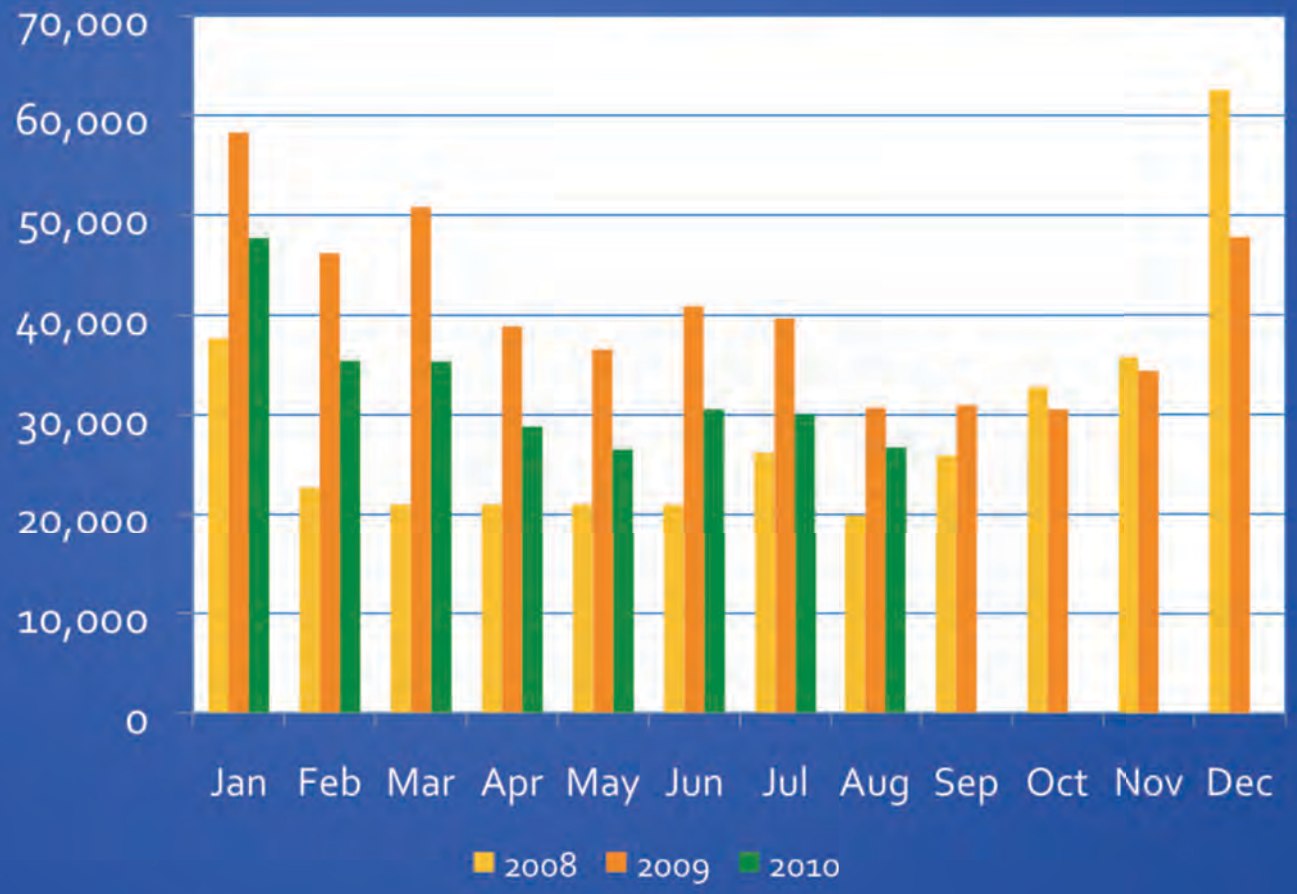


Workload

Calendar Year	Initial Claims
2006	260,804
2007	260,561
2008	356,220
2009	501,950
2010 (Jan.-Aug.)	261,087

UI Initial Claims
2008 - 2010 *(year to date)*

- **Total initial claims through August this year are down 23.7% because of fewer motor vehicle, furniture, retail, building-related, and finance layoffs. For the same period, initial claims are up 37% from 2008.**



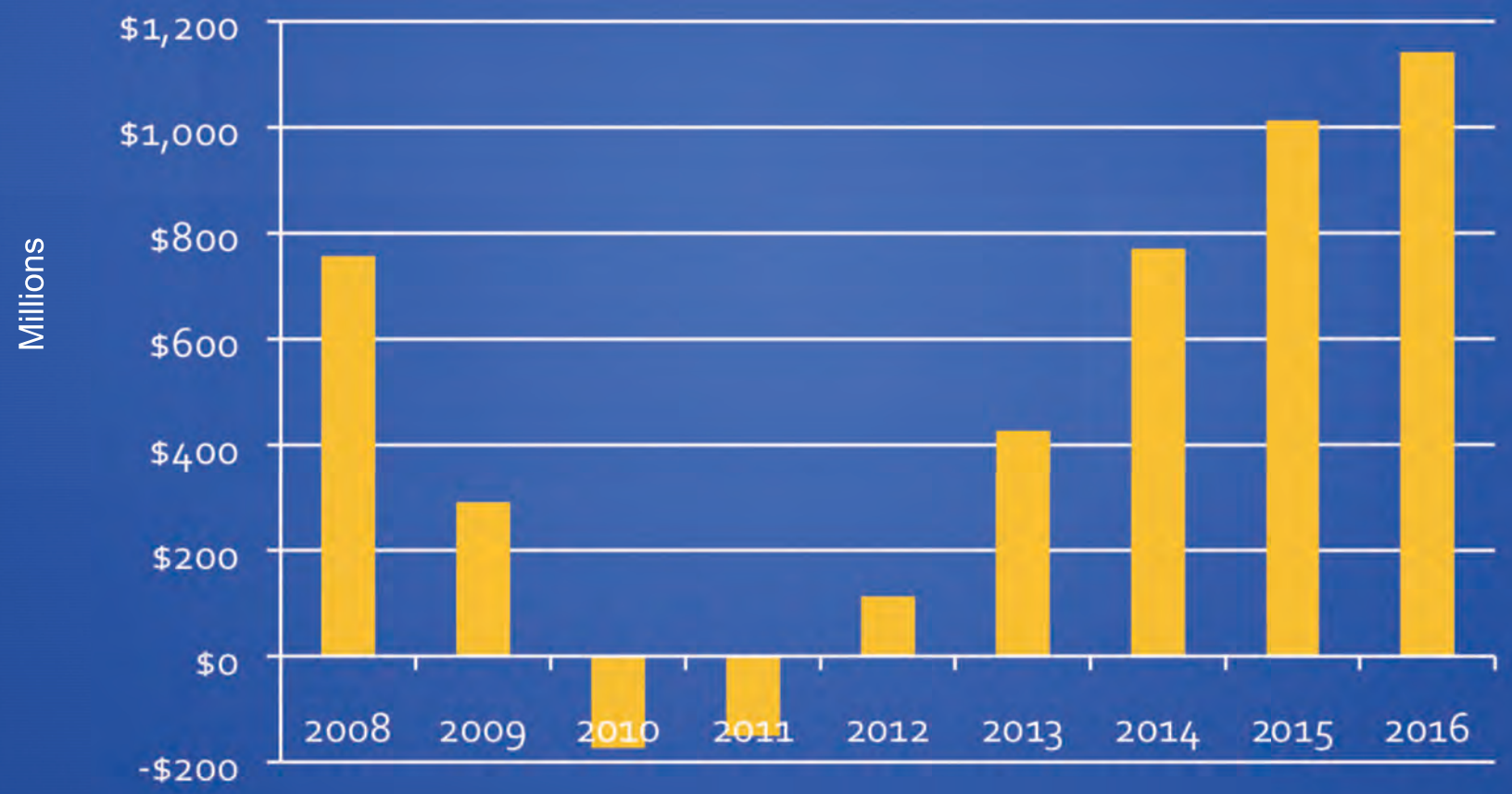
Trust Fund Data—Standard Forecast (Millions of Dollars)

	2009	2010
January 1 Balance	$546.7	-$122.4
Tax Revenue	$327.7	$524.1
Interest Revenue	$13.9	$0.0
Benefits	$1,073.9	$730.5
December 31 Loan Balance	-$122.4*	-$328.8
Solvency Level (6/30)	24.4%	-12.8%

* Includes $62.8 million Incentive Distribution from Federal government

Average Total State Tax

June 30 Balances



Standard Forecast Summary

- **Must borrow additional $613 million Jan 2011-Apr 2013.**
- **If federal waiver of interest is not extended beyond 2010, interest payments total $20.2 million in 2011 and 2012. This could not be paid out of Trust Fund or UI grants from federal government.**
- **FUTA credit reduction in 2011 adds $21 per employee and reduces loan balances $85 million in January 2012.**
- **Includes HB 535, which postpones until July 2011 increase in minimum earnings requirement and minimum weekly benefit amount.**
- **No further legislated changes in benefits and taxes.**

Loss of FUTA Tax Credit Due to Loan Balances

- If a state has an outstanding loan balance to the federal government in two consecutive years, that state's employers will lose 0.3% of the 5.4% FUTA tax credit.
- Results in the FUTA tax rate being 1.1%, or a maximum of $77 per employee for that year
- For each year beyond two that the state has a loan balance, an additional 0.3% takes place.
- The additional tax revenues are applied against the state's loan balance.

Weeks of Unemployment Benefits Currently Authorized

State	Federal Emergency Unemployment Compensation				State-Federal Extended Benefits*	
26	20 (Tier I)	13+1 (Tier II)	13 (Tier III)	7 (Tier IV)	13	7
Maximum weeks in most states	Up to 20 weeks available nationwide	Up to an extra 13 weeks paid in "high unemployment state"; 14th week added by Congress effective 11/2009	Up to 13 additional weeks of benefits paid on "high unemployment" states (6%+) to Exhaustees (Tier II and EBS)	Up to 7 additional weeks paid to states with unemployment rate of 8.5% or more	Up to 13 weeks available in states that have certain levels of unemployment	Up to 7 extra weeks of EB at state option available when unemployment exceeds certain levels
	• New Program • Benefits July 2008					

* 100% federally funded after February 17, 2009
Source: NASWA Bulletin, June 19, 2009

Borrowing to Pay Unemployment Insurance Benefits

Outstanding loans (in millions) from the Federal Unemployment Account. Balances as of September 30, 2010, and date of first federal loan are:

Alabama	$283	September 2009
Arizona	$120	March 2010
Arkansas	$331	March 2009
California	$8,348	January 2009
Colorado	$303	January 2010
Connecticut	$498	October 2009
Delaware	$15	March 2010
Florida	$1,613	August 2009
Georgia	$416	December 2009
Idaho	$202	June 2009
Illinois	$2,240	July 2009
Indiana	$1,822	November 2008

Borrowing to Pay Unemployment Insurance Benefits (continued)

Outstanding loans (in millions) from the Federal Unemployment Account. Balances as of September 30, 2010, and date of first federal loan are:

Kansas	$88	February 2010
Kentucky	$795	January 2009
Maryland	$134	February 2010
Massachusetts	$387	February 2010
Michigan	$3,814	December 2007
Minnesota	$529	July 2009
Missouri	$722	February 2009
Nevada	$526	October 2009
New Jersey	$1,750	March 2009
New York	$3,177	January 2009
North Carolina	$2,292	February 2009

Borrowing to Pay Unemployment Insurance Benefits (continued)

Outstanding loans (in millions) from the Federal Unemployment Account. Balances as of September 30, 2010, and date of first federal loan are:

Ohio	$2,314	January 2009
Pennsylvania	$3,009	March 2009
Rhode Island	$225	March 2009
South Carolina	$887	December 2008
South Dakota	$0	September 2009
Texas	$1,489	July 2009
Vermont	$33	February 2010
Virginia	$347	October 2009
Virgin Islands	$16	September 2009
Wisconsin	$1,425	February 2009
Total	$40,148	