



Virginia Employment Commission
**Commission on
Unemployment
Compensation**

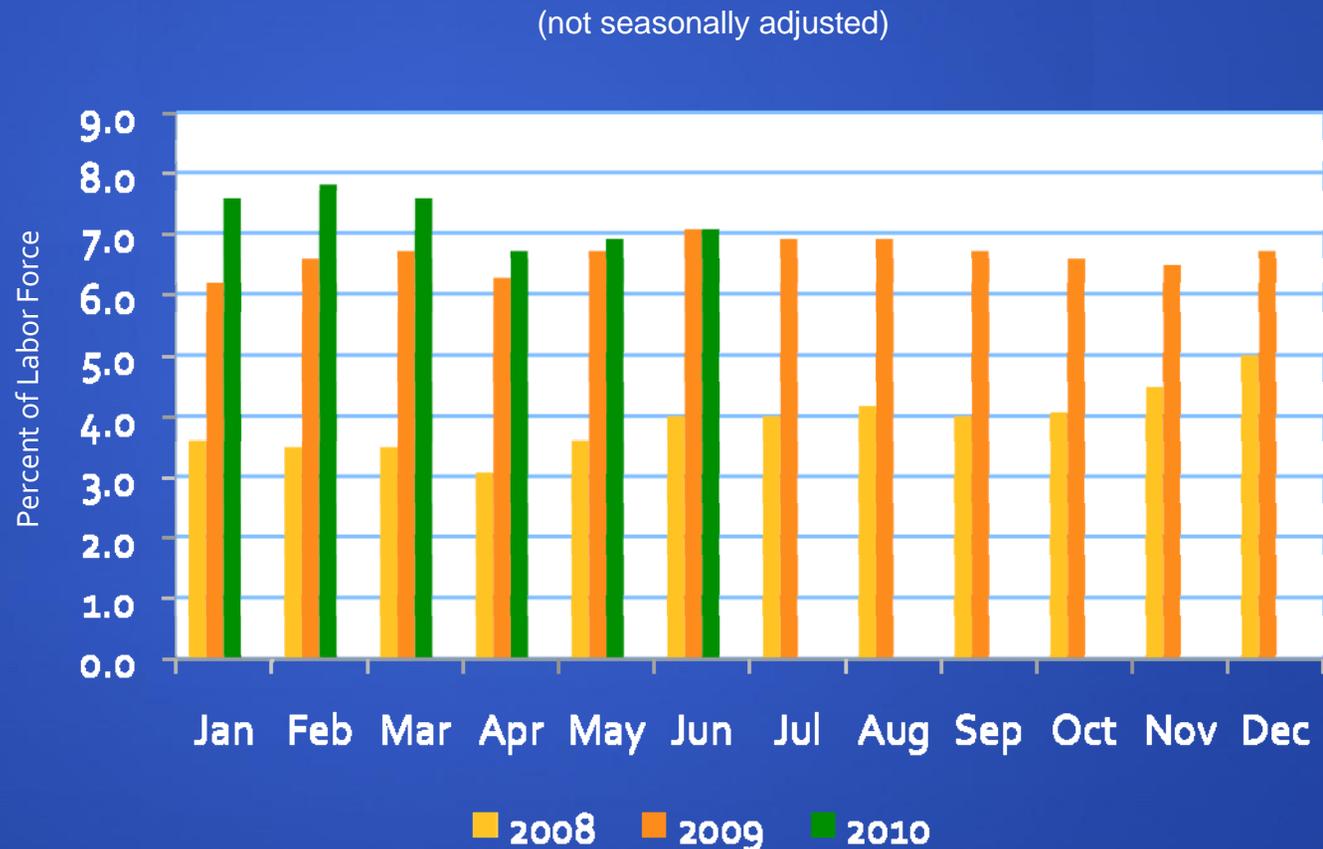
**John R. Broadway,
Commissioner**

August 9, 2010

Virginia's Unemployment Rates

2008 - 2010 (year to date)

- This year unemployment rates have averaged about 10 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.



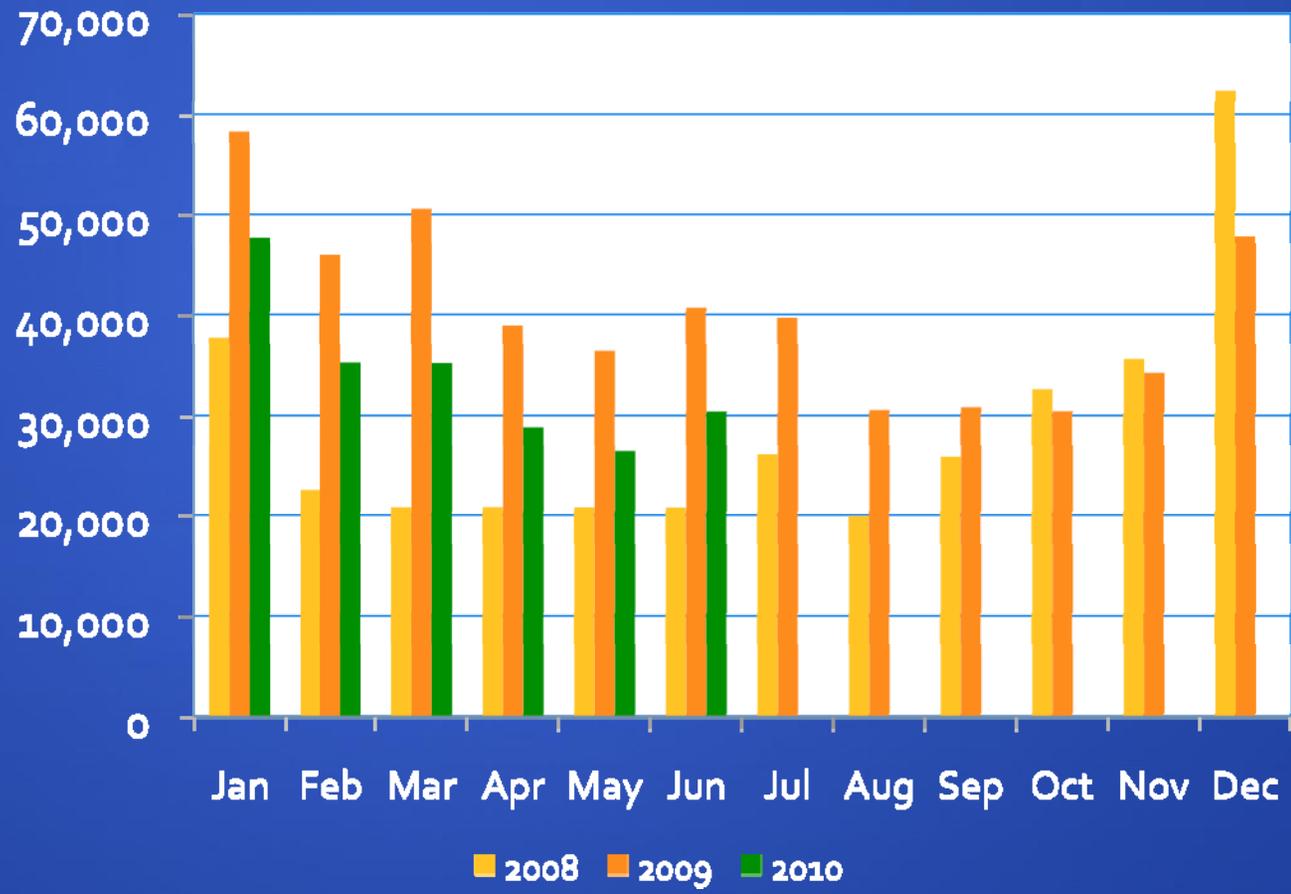
Workload

Calendar Year	Initial Claims
2006	260,804
2007	260,561
2008	356,220
2009	501,950
2010 (Jan.-June)	204,320

UI Initial Claims

2008 - 2010 (year to date)

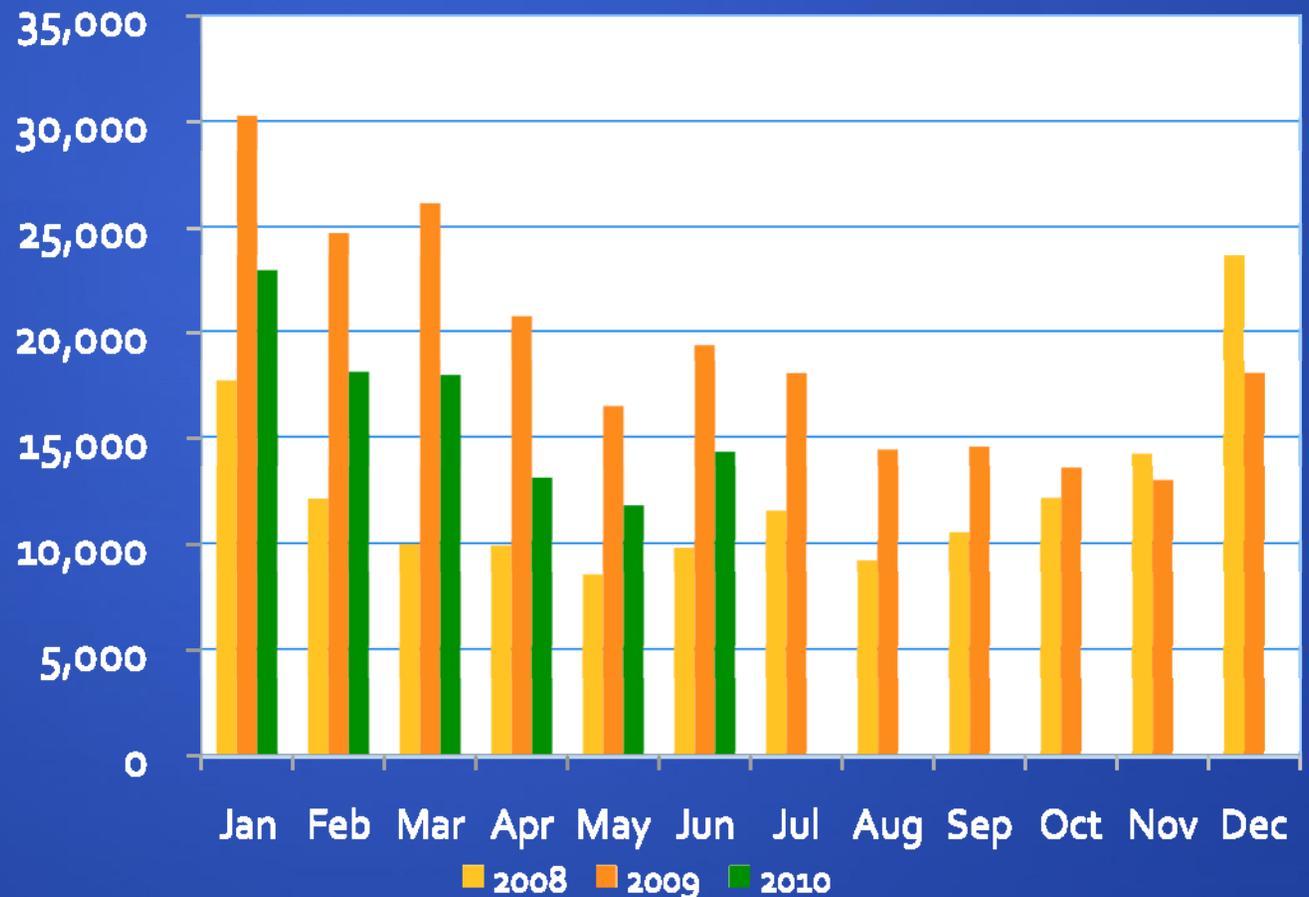
- Total initial claims through June this year are down 24.8% because of fewer motor vehicle, furniture, retail, building-related, and finance layoffs. For the same period, initial claims are up 41.5% from 2008.



UI First Payments

2008 - 2010 (year to date)

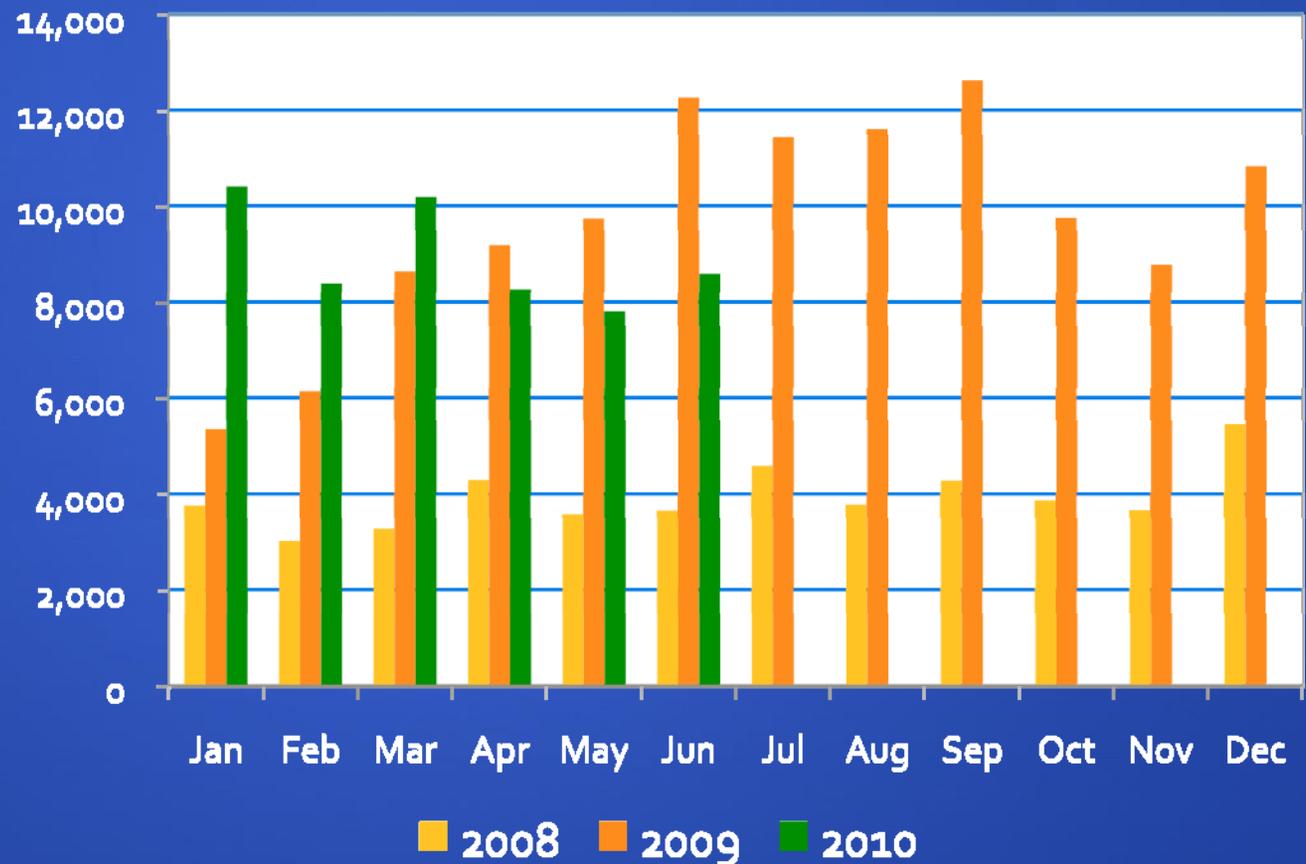
- A claimant can receive only one first payment in his benefit year; so first payments are a good indication of the number of claimants receiving unemployment benefits.
- Through June, first payments are down 28.6% from last year, but up 44.6% from 2008.
- The average duration in June was 16.7 weeks, up from last June's 13.5 weeks.



UI Final Payments

2008 - 2010 (year to date)

- For the first six months of 2010, final payments are up 4.6% from 2009 and 149.1% from 2008.
- The exhaustion rate in June was 51.7%, up from last June's 51.5%.

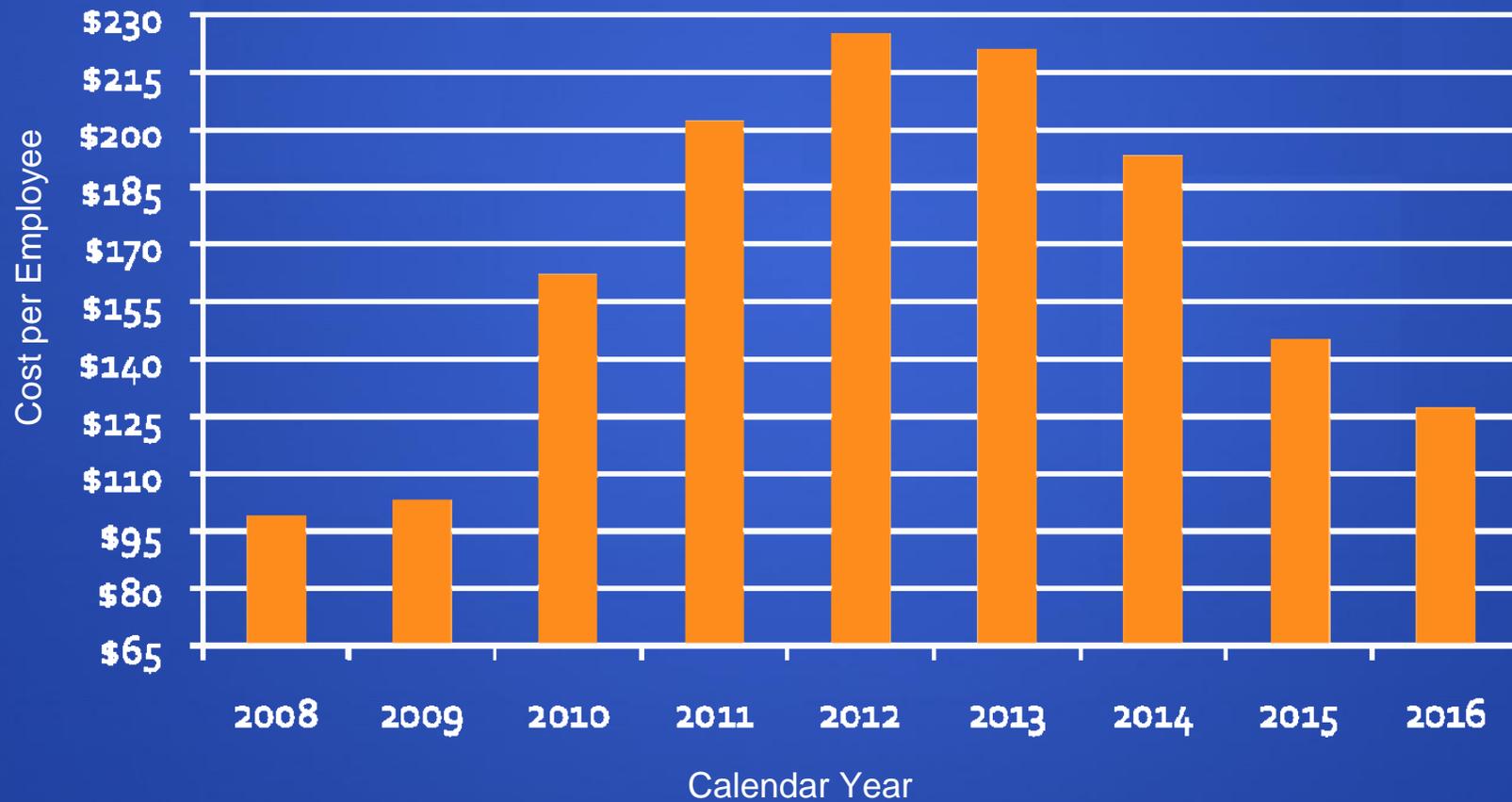


Trust Fund Data—Standard Forecast (Millions of Dollars)

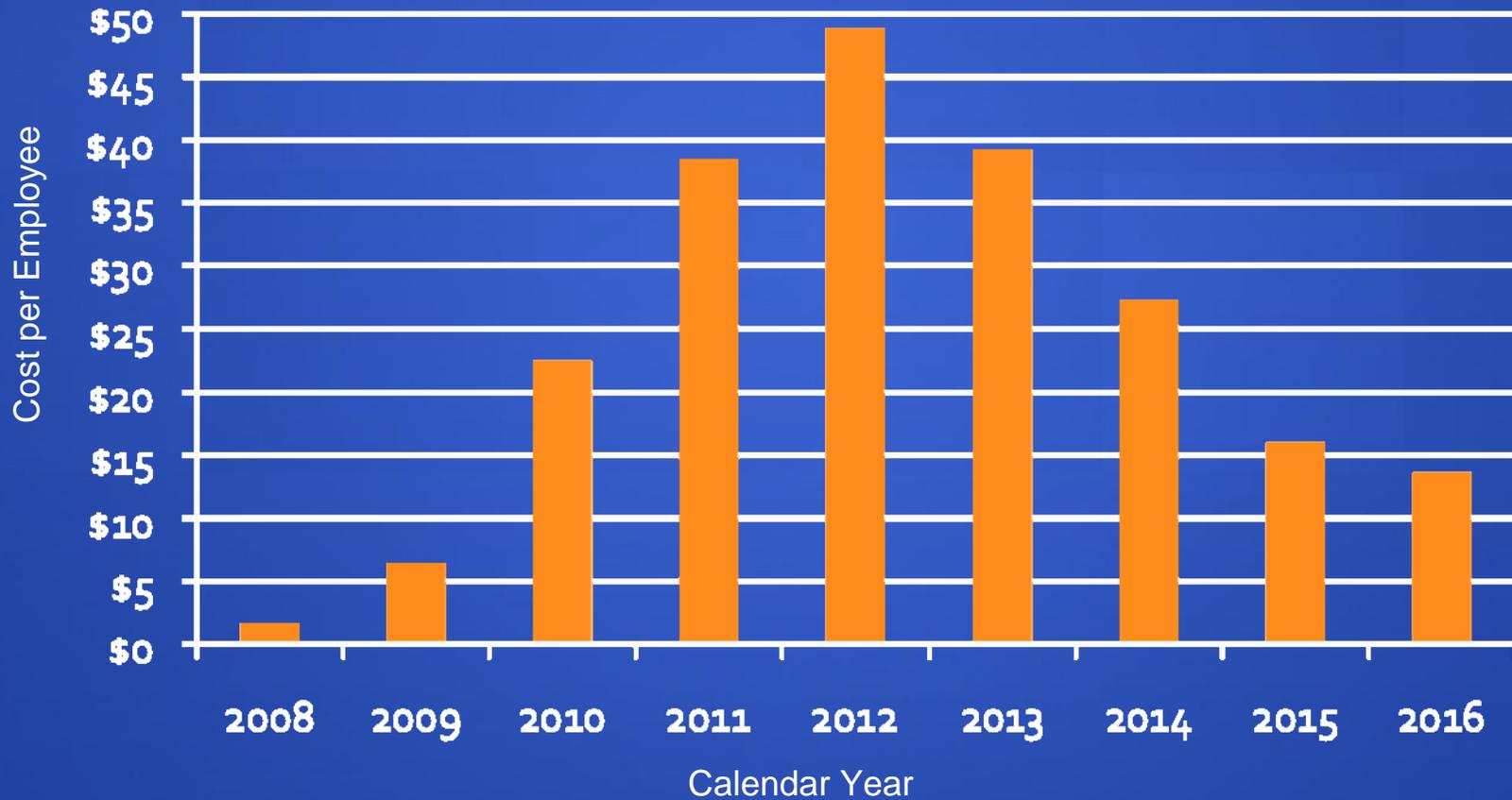
	2009	2010
January 1 Balance	\$546.7	-\$122.4
Tax Revenue	\$327.7	\$516.1
Interest Revenue	\$13.9	\$0.0
Benefits	\$1,073.9	\$735.1
December 31 Loan Balance	-\$122.4*	-\$341.8
Solvency Level (6/30)	24.4%	-12.8%

* Includes \$62.8 million Incentive Distribution from Federal government

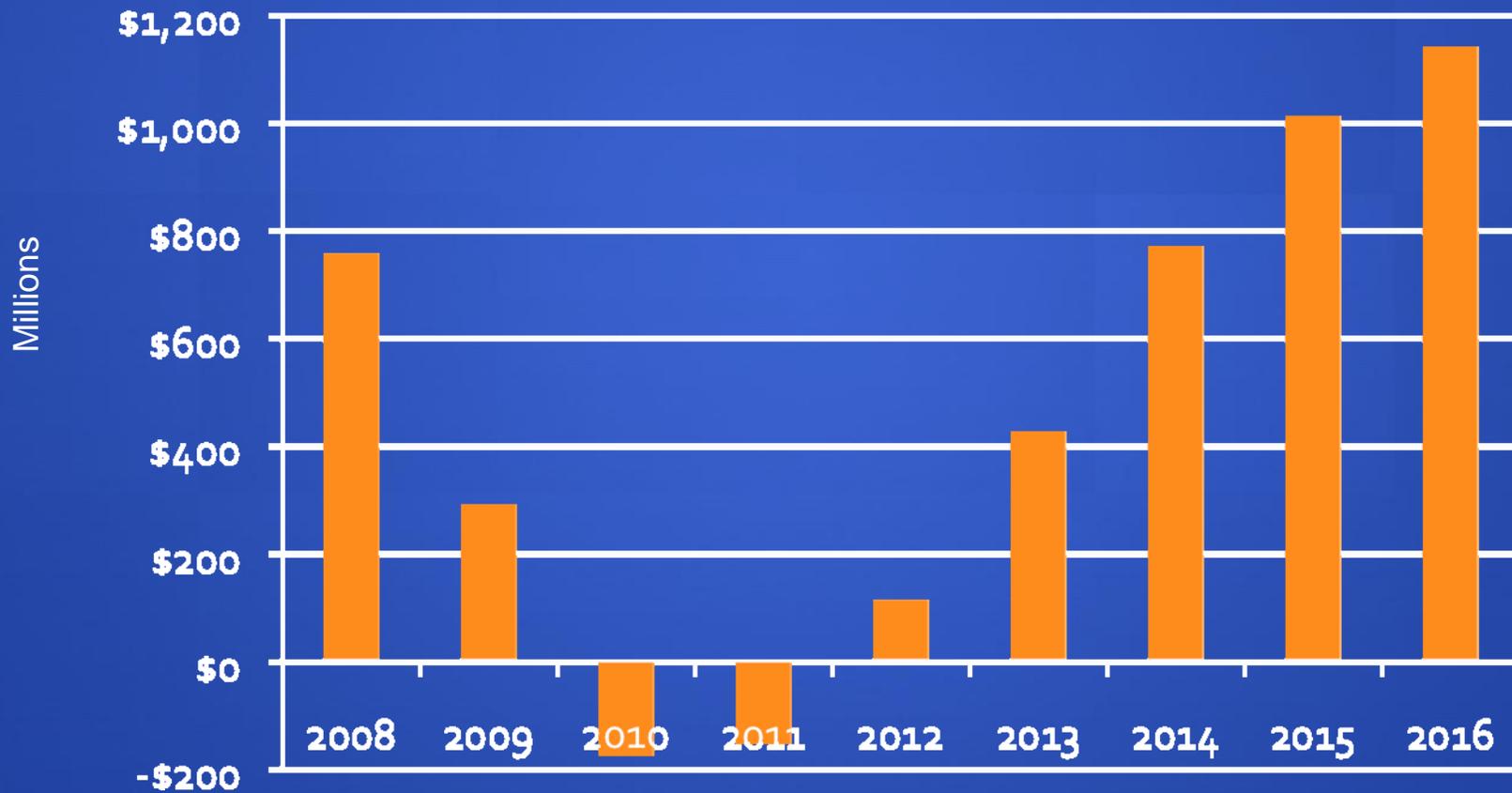
Average Total State Tax



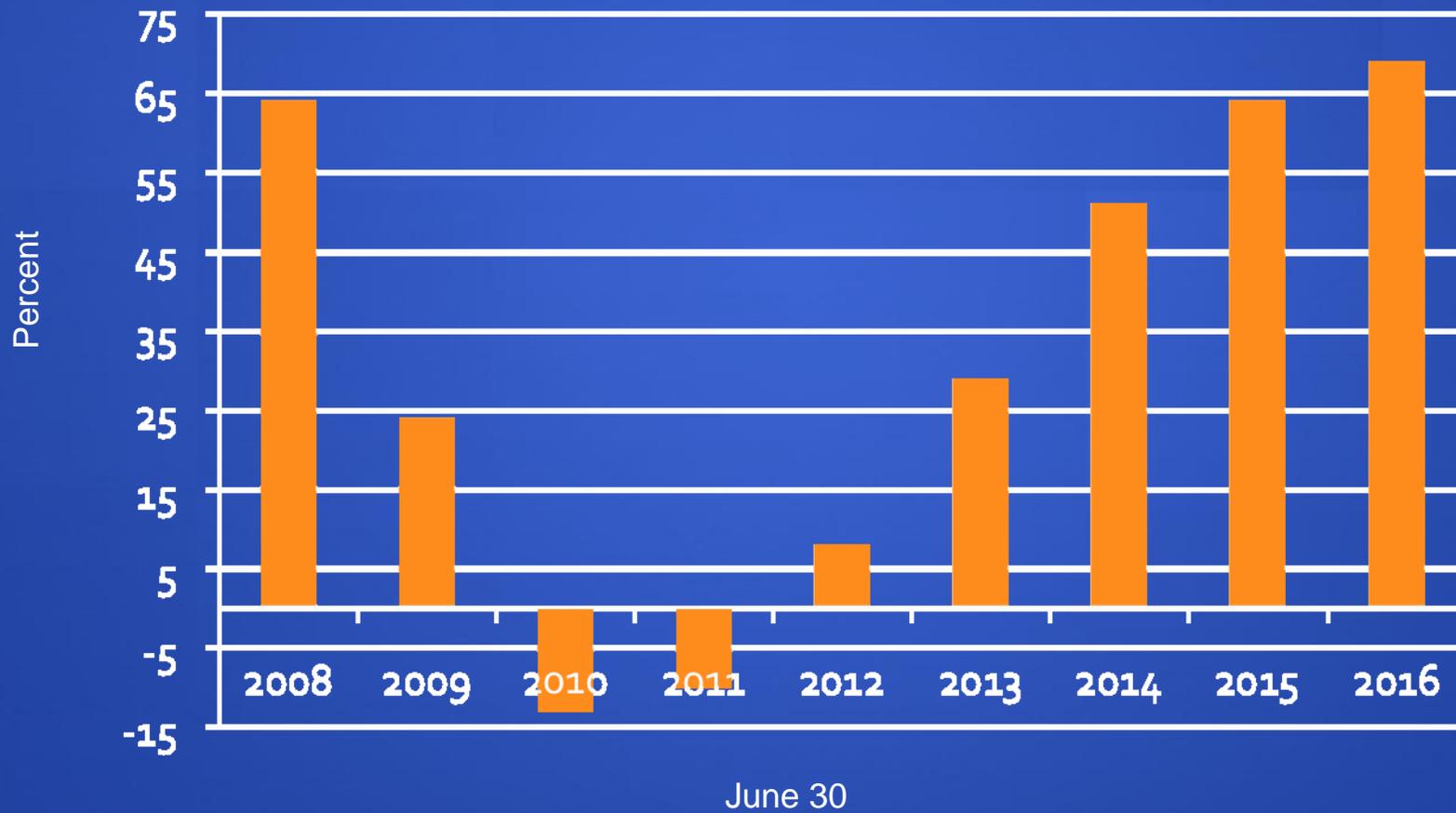
Pool Taxes



June 30 Balances



Trust Fund Solvency



Standard Forecast Summary

- Must borrow additional \$838 million Jan 2010-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
	<ul style="list-style-type: none"> • 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 July 27, 2010, and date of first federal loan are:

Alabama	\$283	September 2009
Arizona	\$55	March 2010
Arkansas	\$331	March 2009
California	\$7,720	January 2009
Colorado	\$215	January 2010
Connecticut	\$498	October 2009
Delaware	\$13	March 2010
Florida	\$1,613	August 2009
Georgia	\$416	December 2009
Idaho	\$202	June 2009
Illinois	\$2,240	July 2009
Indiana	\$1,762	November 2008

Borrowing to Pay Unemployment Insurance Benefits (continued)

Outstanding loans (in millions) from the Federal Unemployment Account. Balances as of July 27, 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	\$642	July 2009
Missouri	\$722	February 2009
Nevada	\$484	October 2009
New Jersey	\$1,750	March 2009
New York	\$3,177	January 2009
North Carolina	\$2,407	February 2009

Borrowing to Pay Unemployment Insurance Benefits (continued)

Outstanding loans (in millions) from the Federal Unemployment Account. Balances as of July 27, 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	\$1,460	July 2009
Vermont	\$33	February 2010
Virginia	\$347	October 2009
Virgin Islands	\$16	September 2009
Wisconsin	\$1,425	February 2009
Total	\$39,466	