

VIRGINIA EMPLOYMENT COMMISSION  
COMMISSION ON  
UNEMPLOYMENT  
COMPENSATION



December 13, 2010

John R. Broadway, Commissioner

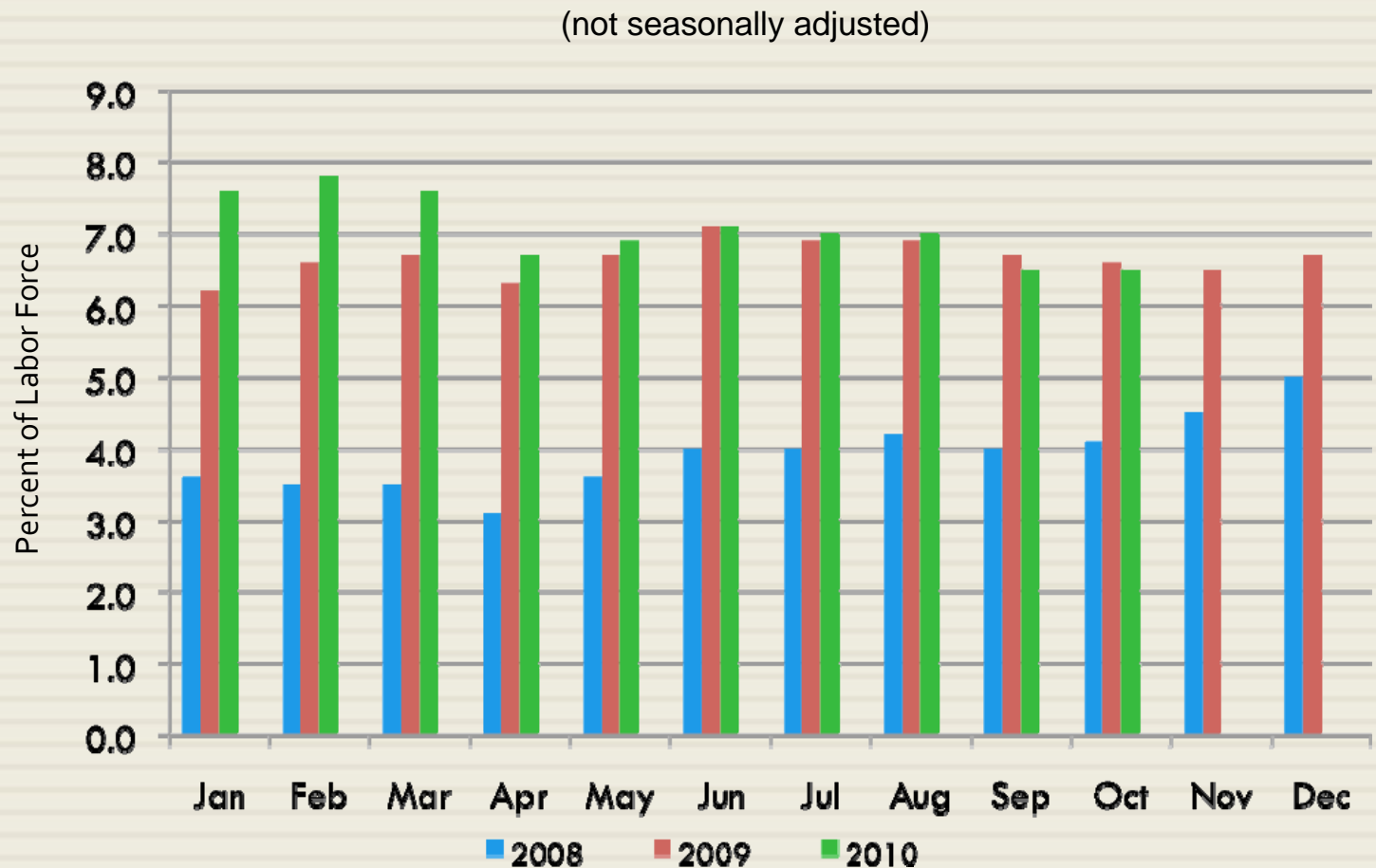
# Virginia's Unemployment Rates

## 2008 - 2010 (year to date)



2

- This year unemployment rates have averaged about 6 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



3

Calendar Year	Initial Claims
2006	260,804
2007	260,561
2008	356,220
2009	501,950
2010 (Jan.-Oct.)	313,784

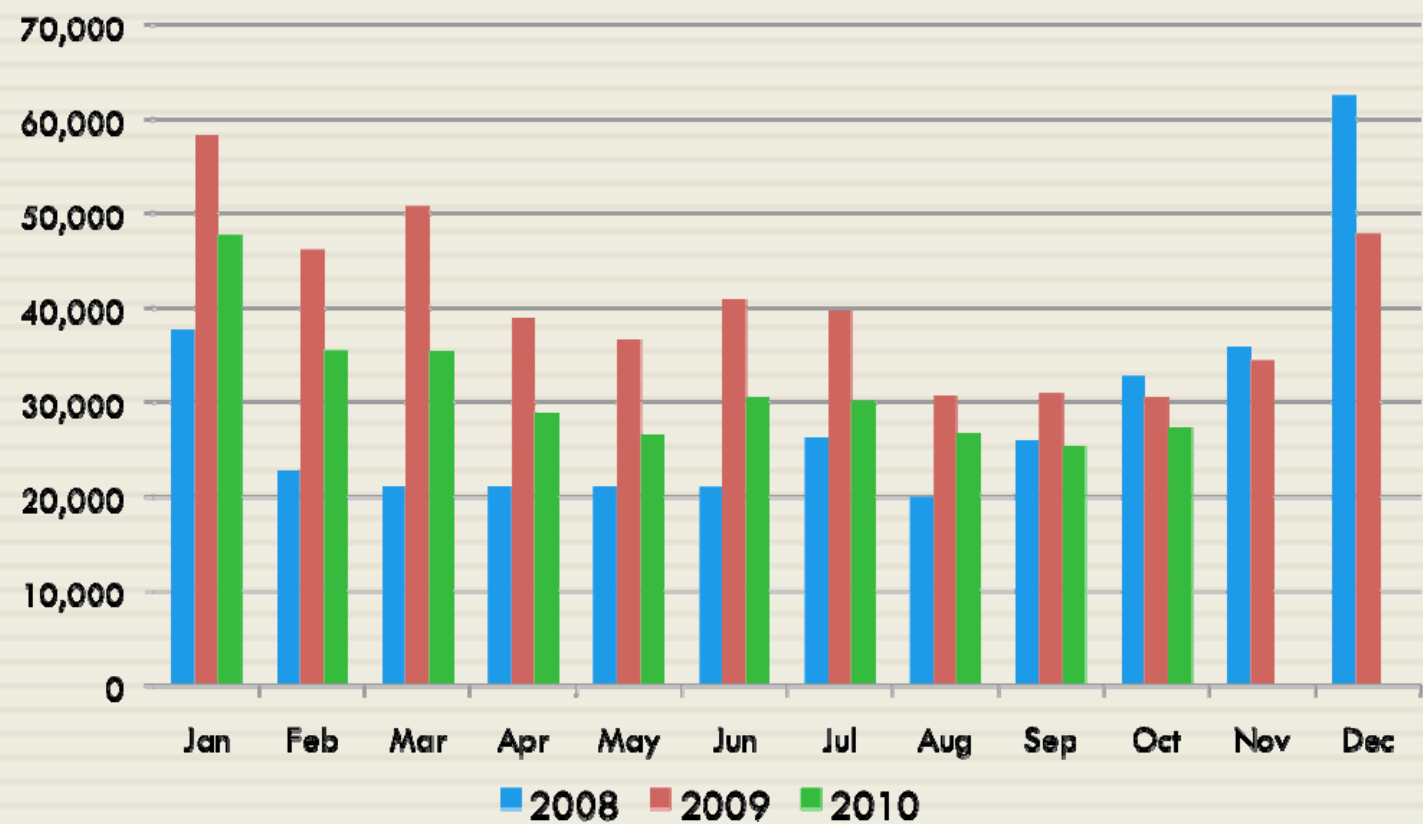
# UI Initial Claims

## 2008 - 2010 (year to date)



4

- Total initial claims through October this year are down 22.2% because of fewer motor vehicle, furniture, retail, building-related, and finance layoffs. For the same period, initial claims are up 25.9% from 2008.



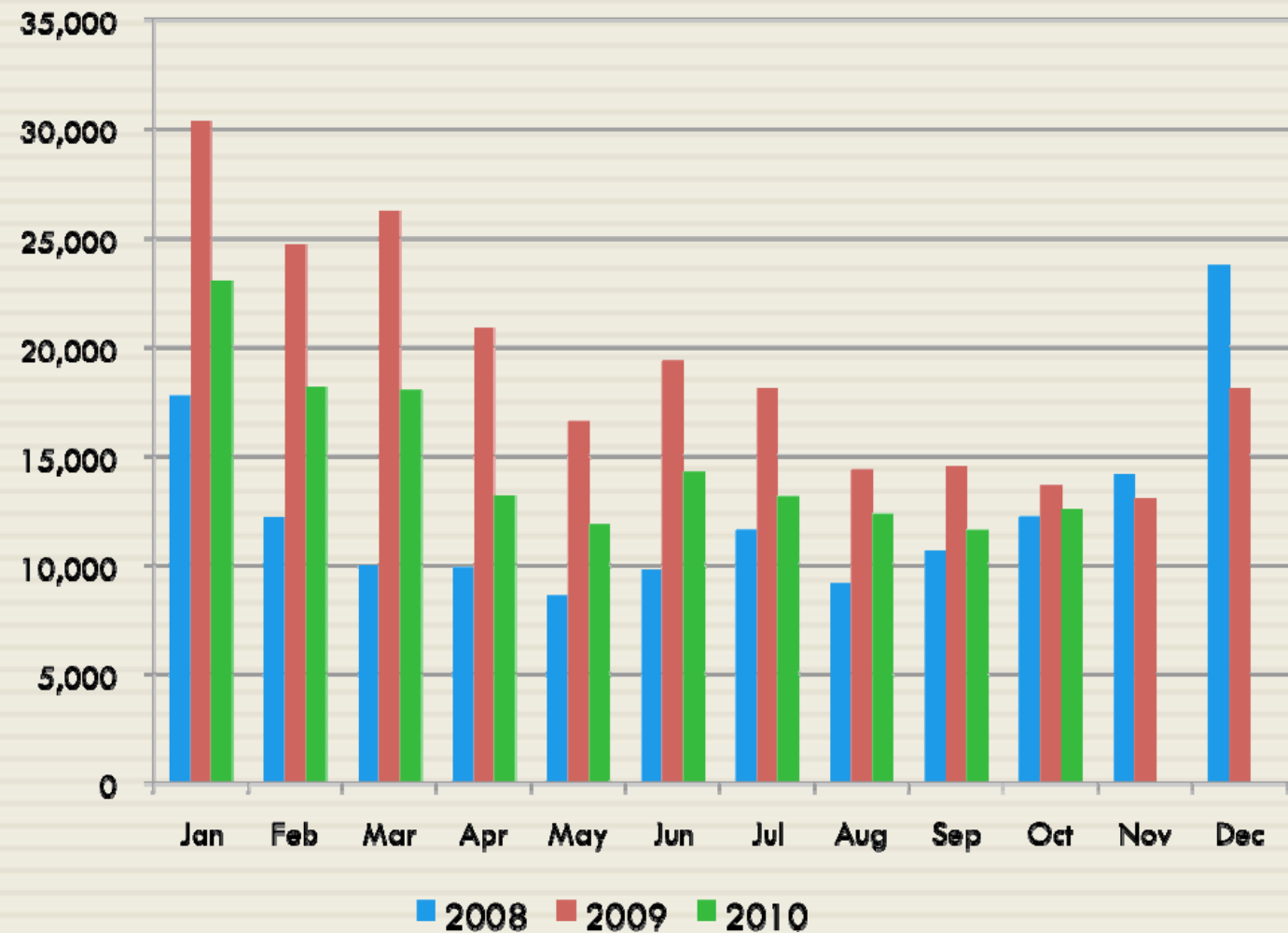
# UI First Payments

## 2008 - 2010 (year to date)



5

- 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 25.4% from last year, but up 32.5% from 2008.
- The average duration in October was 15.7 weeks, up from last October's 14.9 weeks.



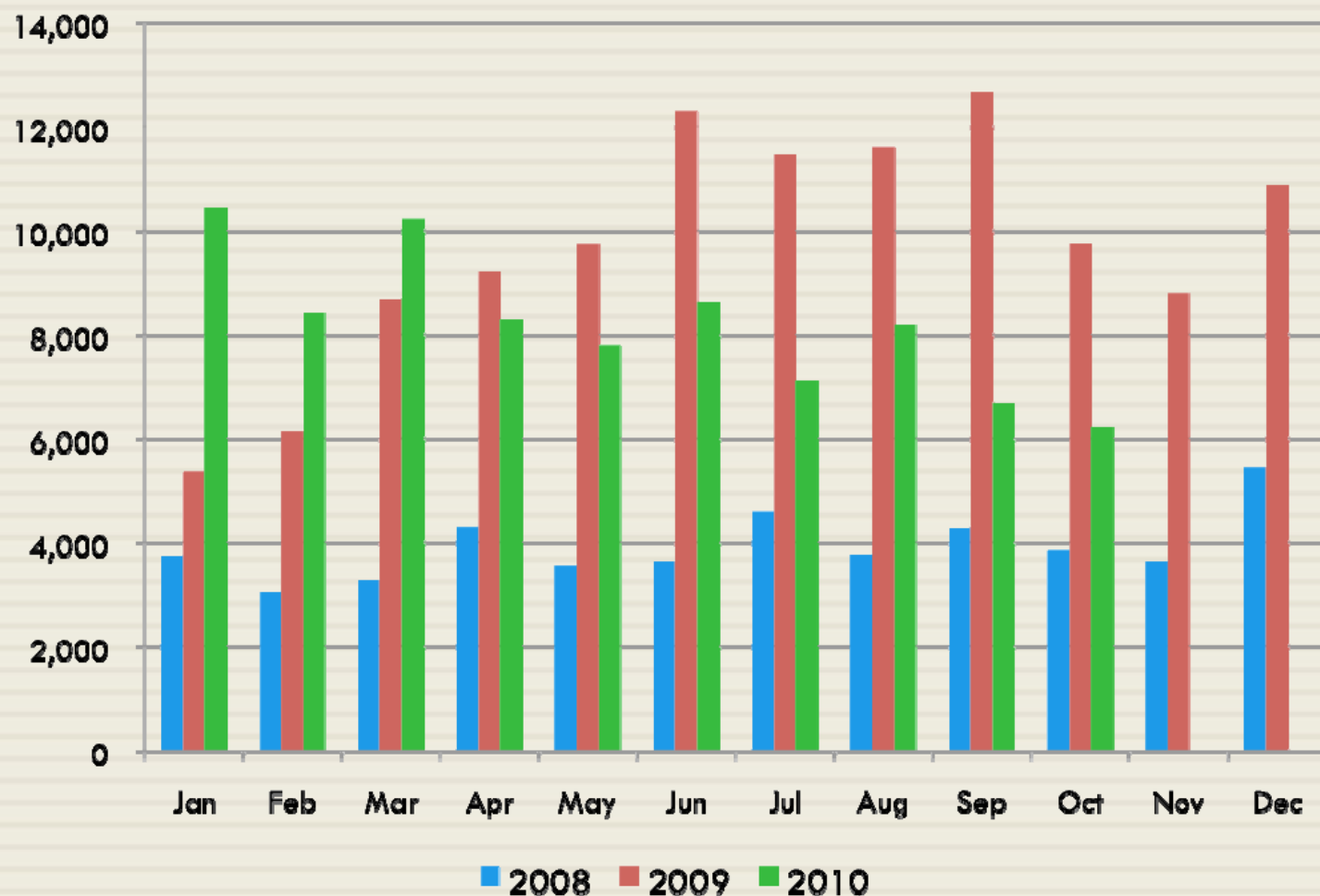
# UI Final Payments

## 2008 - 2010 (year to date)



6

- For the first ten months of 2010, final payments are down 15.3% from 2009, but up 115.2% from 2008.
- The exhaustion rate in October was 50.7%, down from last October's 51.5%.

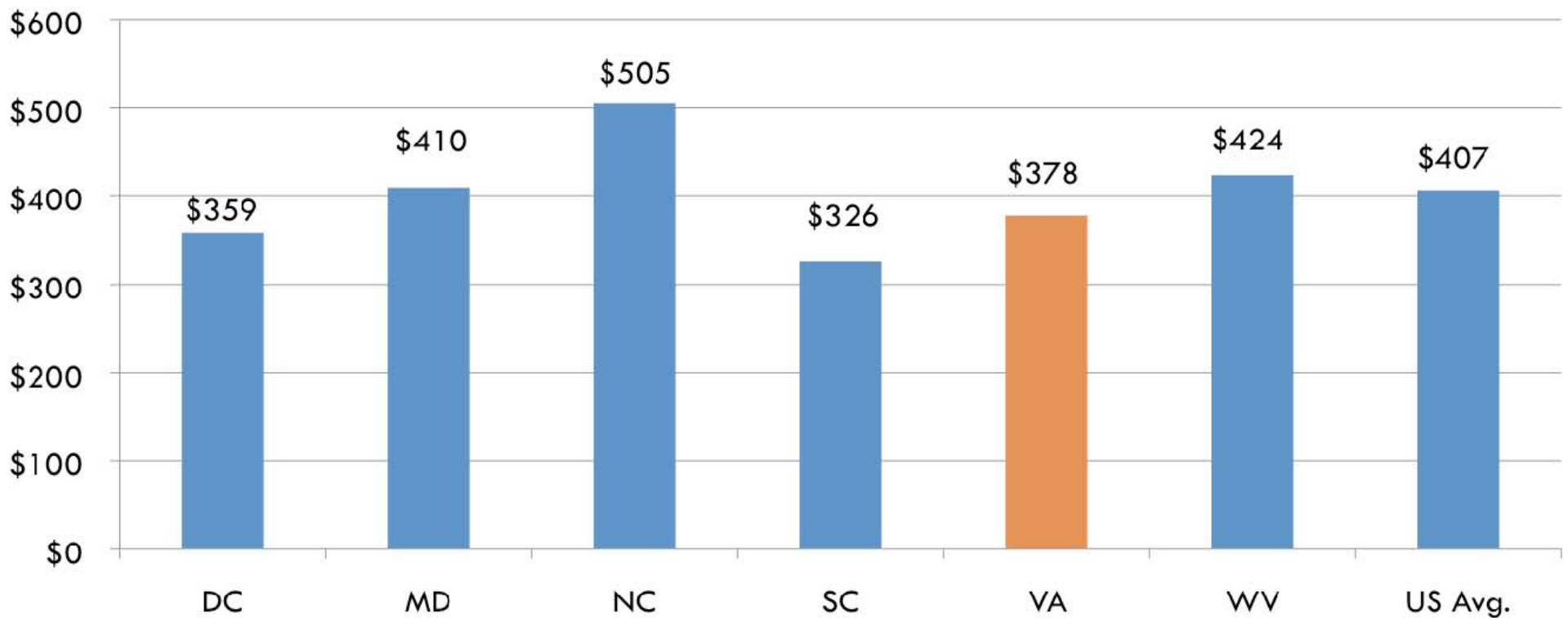


# 2010 Maximum Weekly Benefit

Fourth Circuit



7

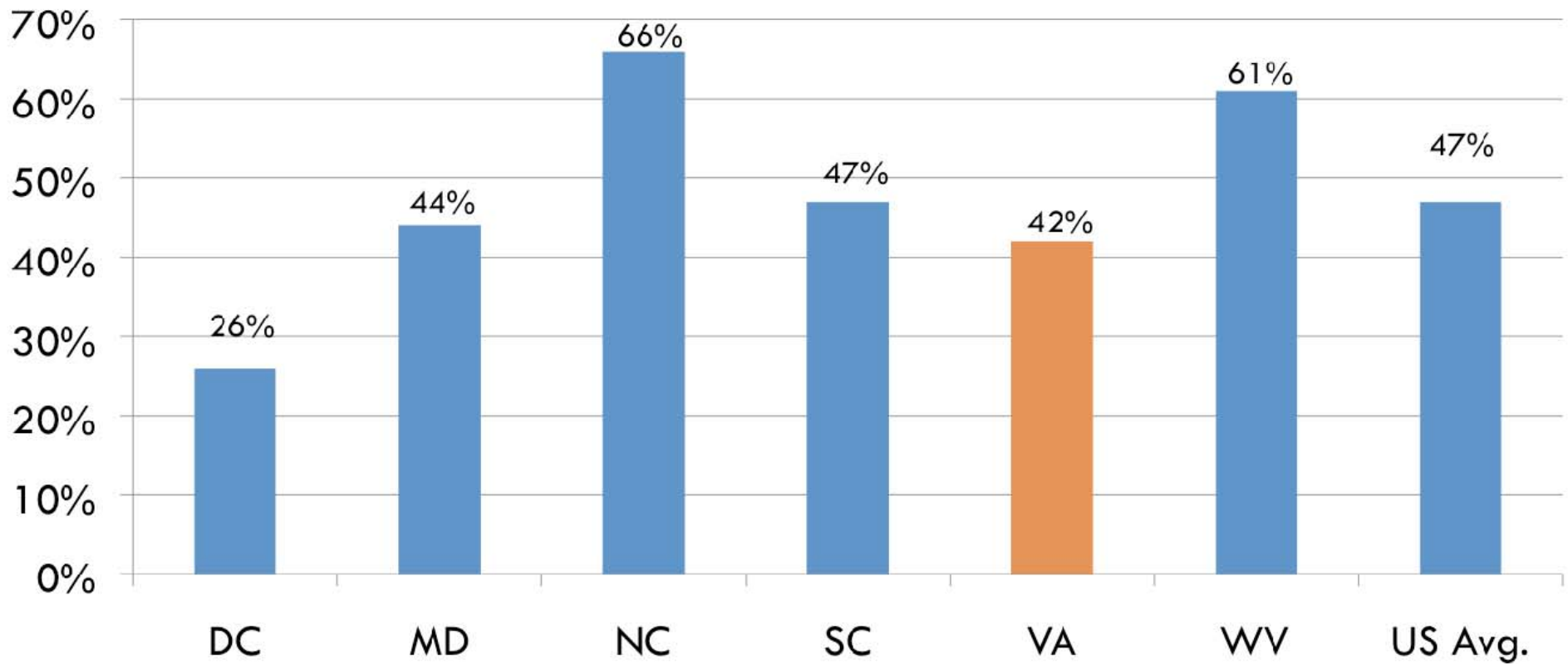


# 2010 Maximum Weekly Benefit Replacement Rate



Fourth Circuit

8





# Trust Fund Data—Standard Forecast



(Millions of Dollars)

9

	2009	2010
January 1 Balance	\$546.7	-\$122.4
Tax Revenue	\$327.7	\$524.2
Interest Revenue	\$13.9	\$0.0
Benefits	\$1,073.9	\$740.2
December 31 Loan Balance	-\$122.4*	-\$338.4
Solvency Level (6/30)	24.4%	-8.1%

\* Includes \$62.8 million Incentive Distribution from Federal government

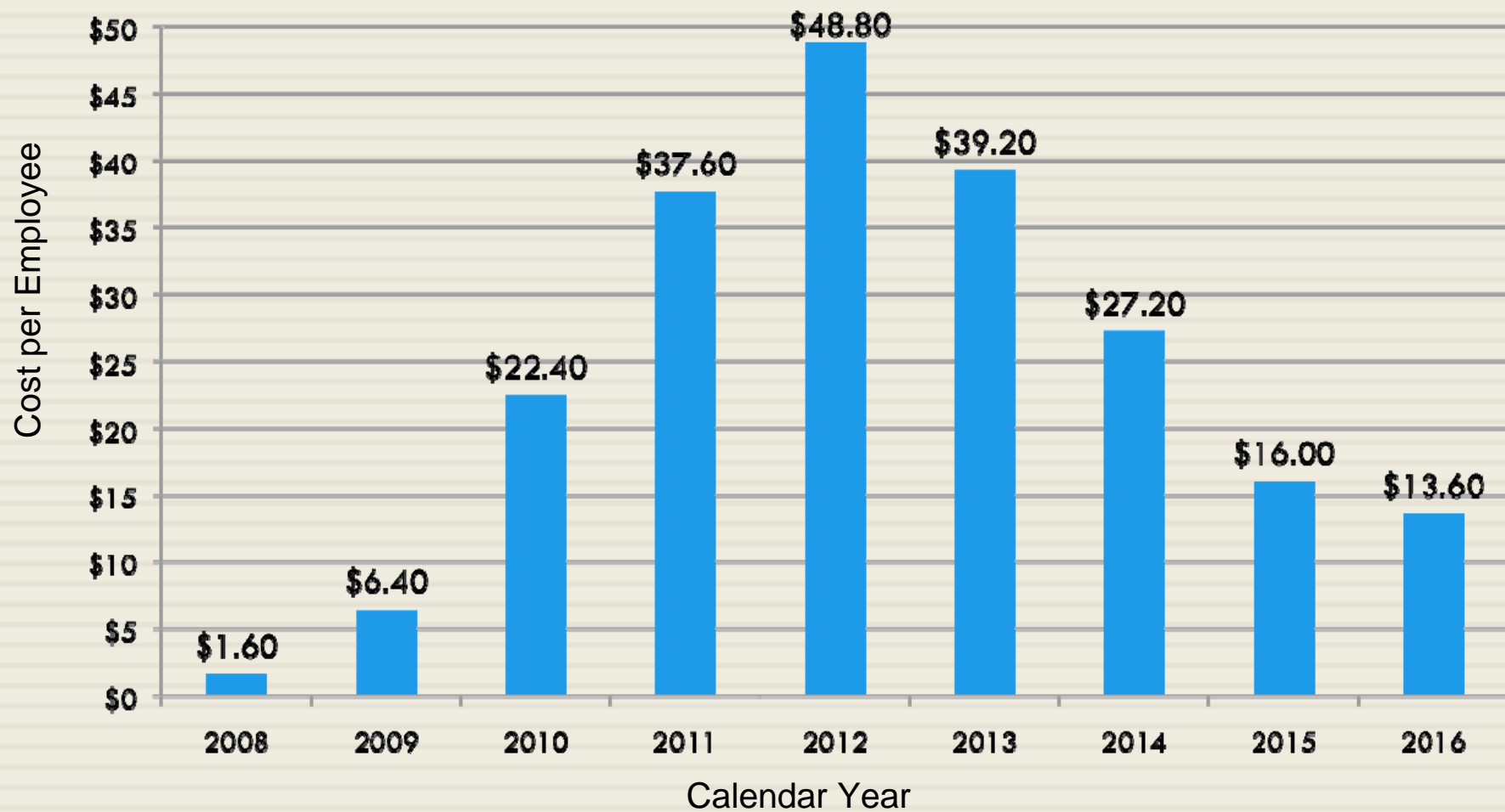
# Average Total State Tax



10

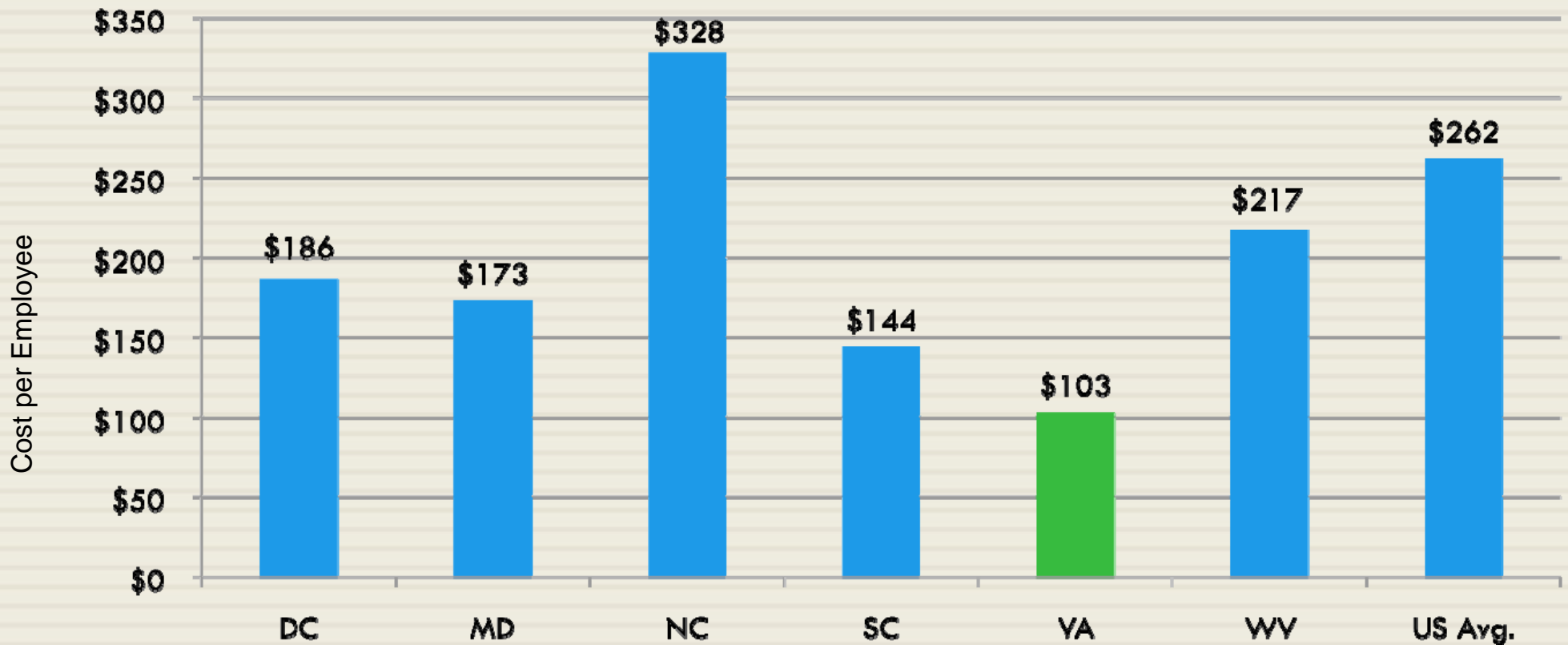


# Pool Taxes



# Average Tax per Employee

Fourth Circuit – Year Ending 12/31/09

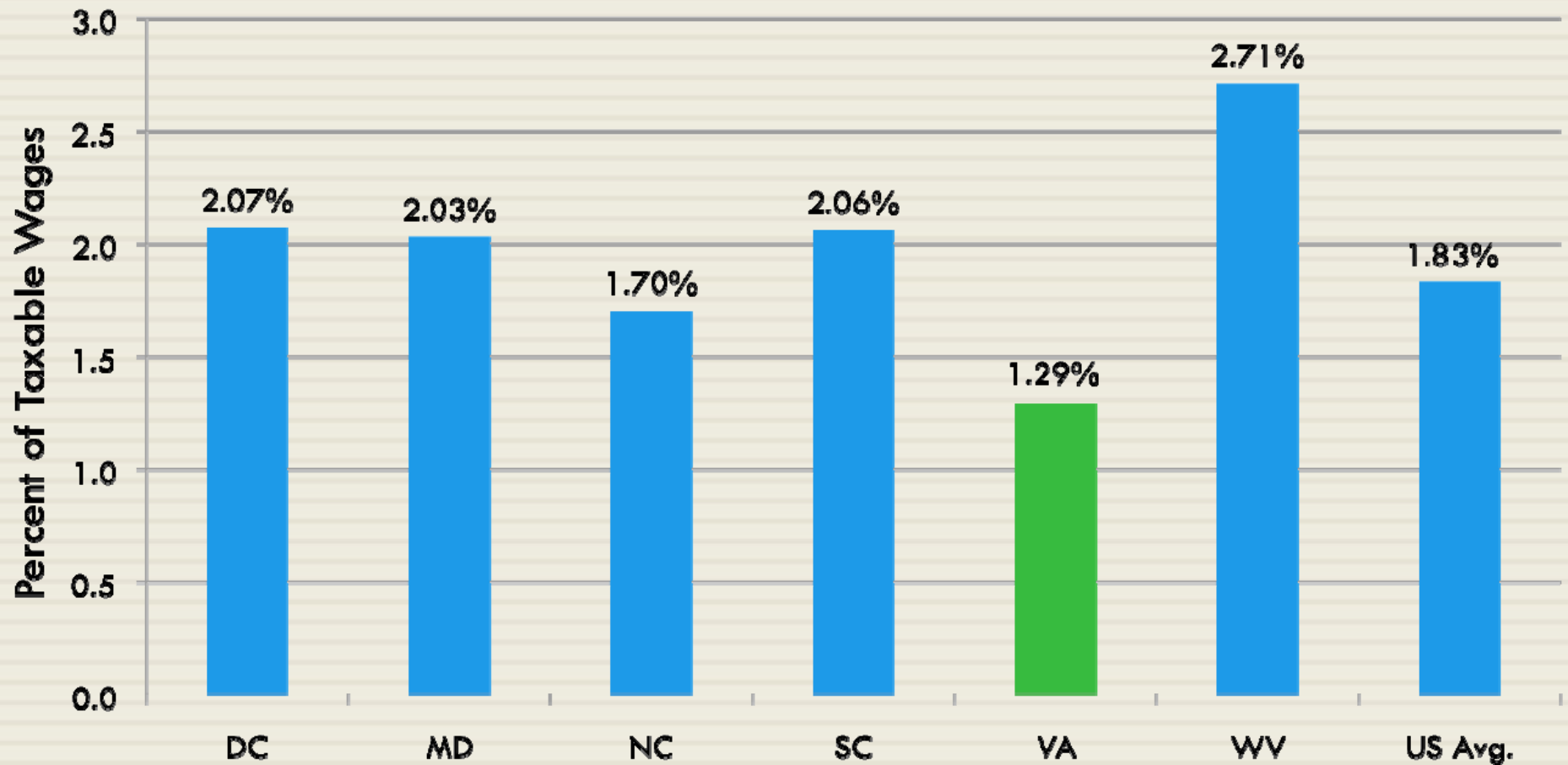


# Average Tax Rate

Fourth Circuit – Year Ending 12/31/09



13

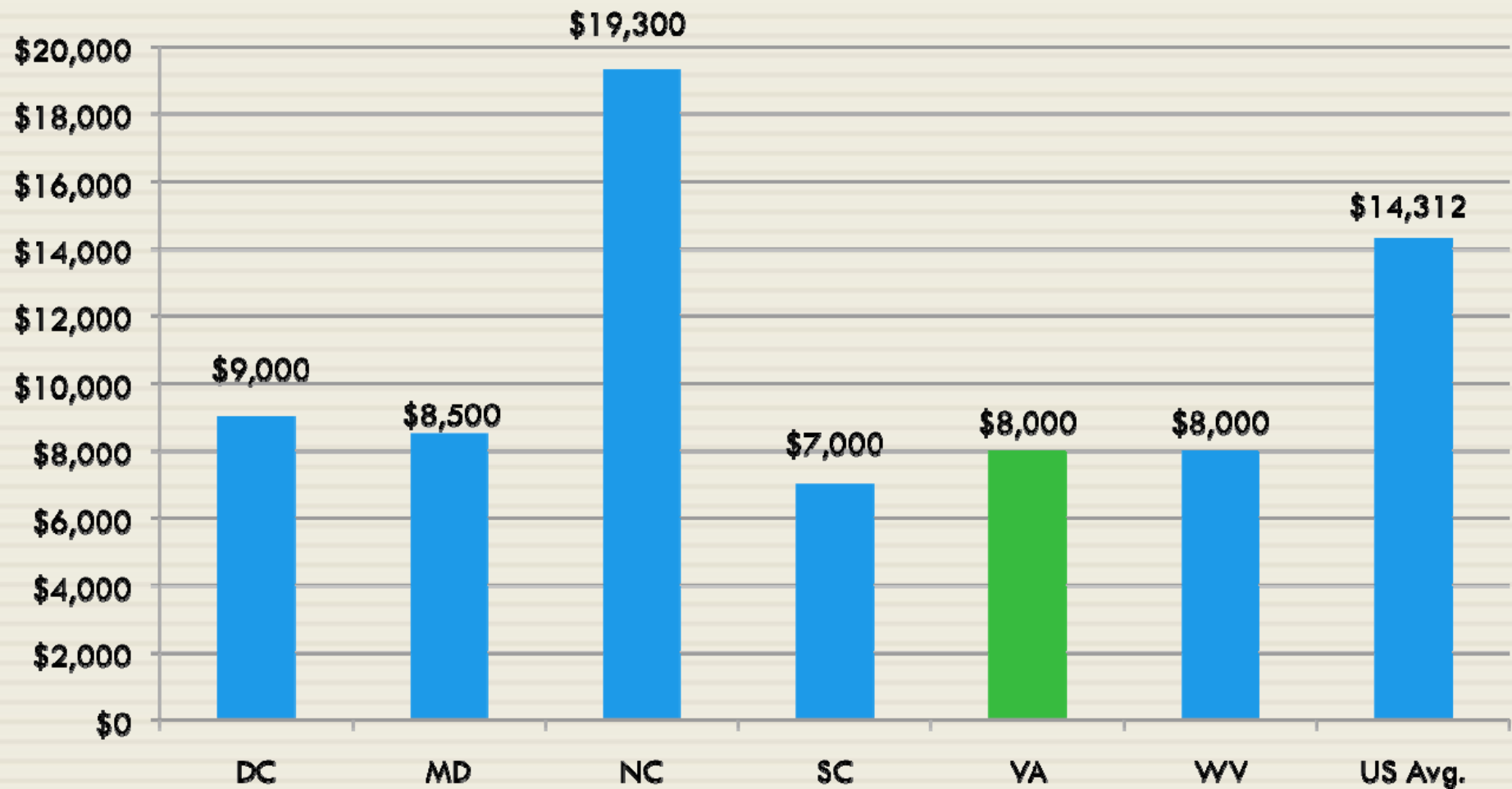


# Taxable Wage Base

Fourth Circuit – Calendar Year 2009



14

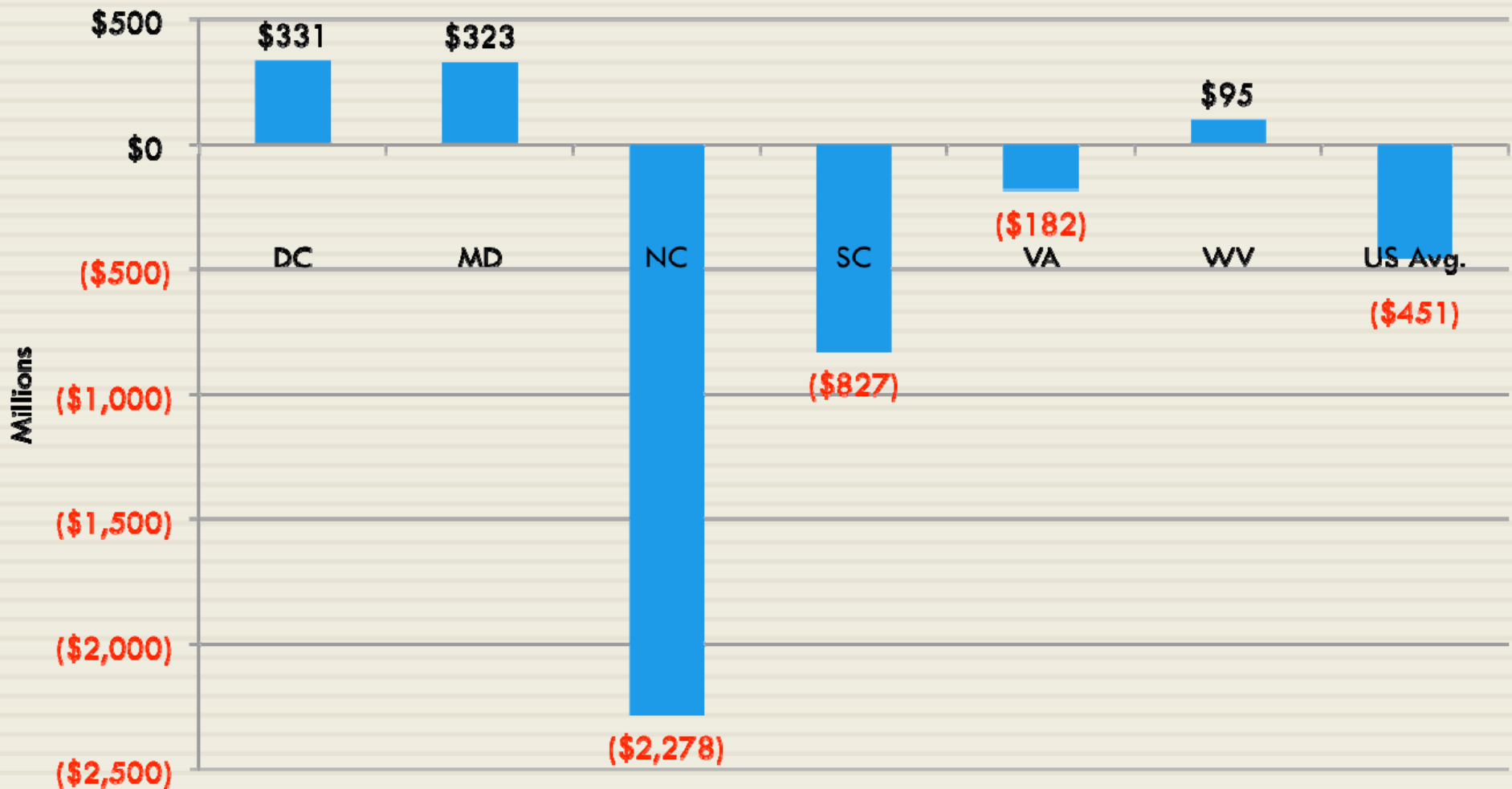


# Trust Fund Balance (Less Loans)

Fourth Circuit – 6/30/10



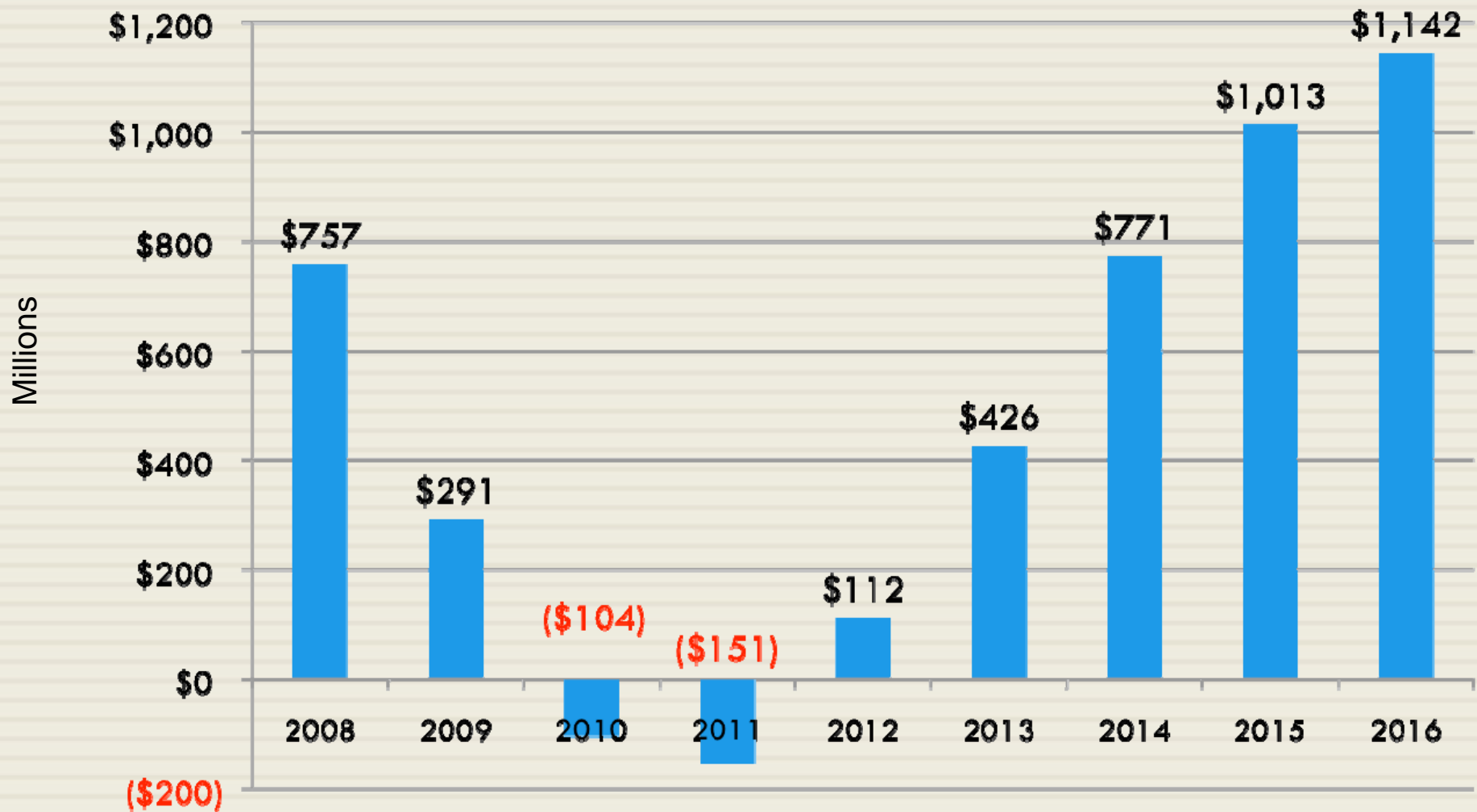
15



# June 30 Balances

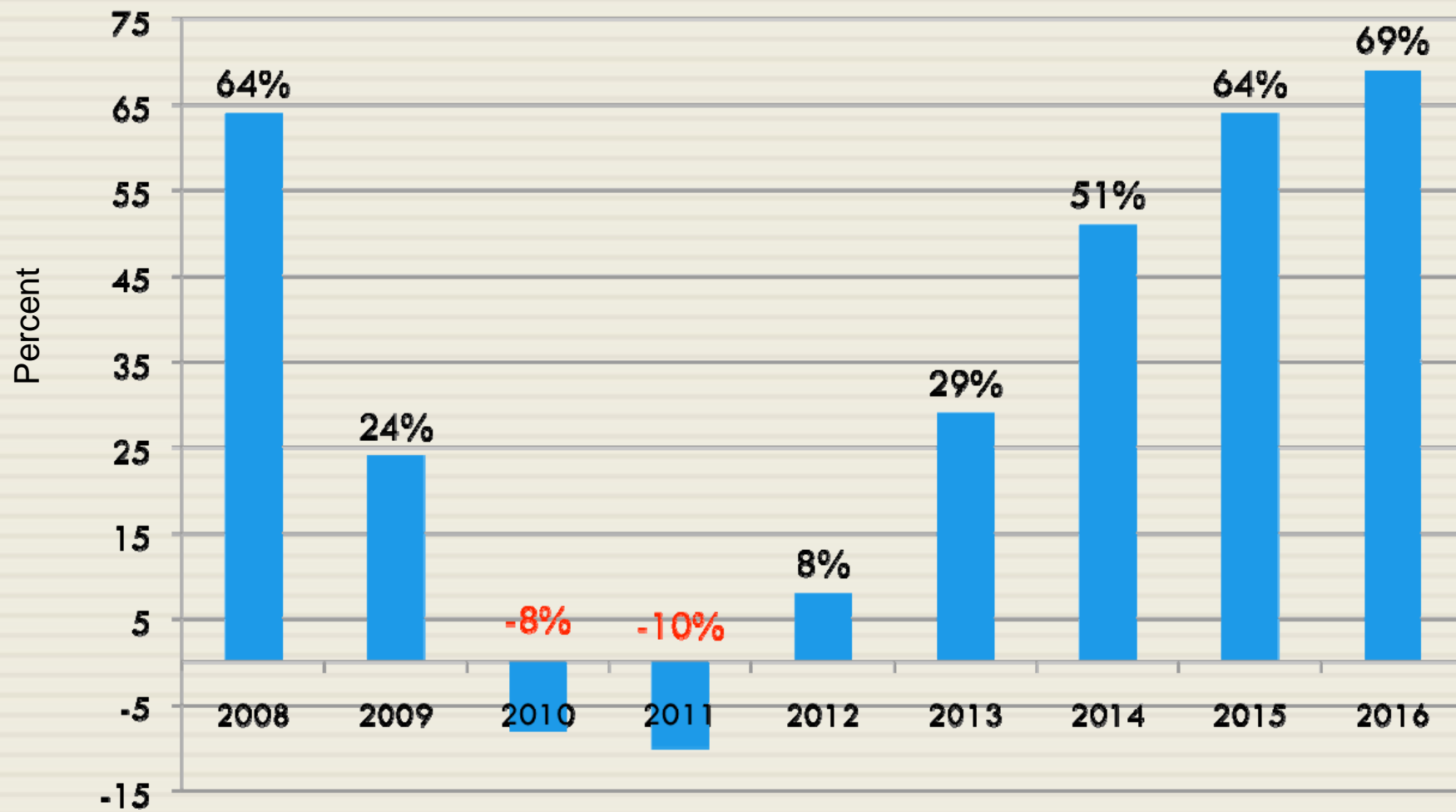


16





# Trust Fund Solvency



June 30

# Standard Forecast Summary



18

- Must borrow additional \$613 million January 2011-April 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



19

- 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



20

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"> <li>• New Program</li> <li>• Benefits July 2008</li> </ul>						

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

# Borrowing to Pay Unemployment Insurance Benefits



21

Outstanding loans (in millions) from the Federal Unemployment Account. Balances as of November 29, 2010, and date of first federal loan are:

Alabama	\$283	September 2009
Arizona	\$192	March 2010
Arkansas	\$331	March 2009
California	\$8,913	January 2009
Colorado	\$369	January 2010
Connecticut	\$498	October 2009
Delaware	\$21	March 2010
Florida	\$1,762	August 2009
Georgia	\$455	December 2009
Idaho	\$202	June 2009
Illinois	\$2,240	July 2009
Indiana	\$1,878	November 2008

# Borrowing to Pay Unemployment Insurance Benefits (continued)



22

Outstanding loans (in millions) from the Federal Unemployment Account. Balances as of November 29, 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	\$3,811	December 2007
Minnesota	\$445	July 2009
Missouri	\$722	February 2009
Nevada	\$580	October 2009
New Jersey	\$1,750	March 2009
New York	\$3,177	January 2009
North Carolina	\$2,374	February 2009

# Borrowing to Pay Unemployment Insurance Benefits (continued)



Outstanding loans (in millions) from the Federal Unemployment Account. Balances as of November 29, 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	\$1,602	July 2009
Vermont	\$33	February 2010
Virginia	\$347	October 2009
Virgin Islands	\$17	September 2009
Wisconsin	\$1,425	February 2009
<b>Total</b>	<b>\$41,264</b>	