



LEGISLATIVE REPORT

Unemployment Insurance Trust Fund Report

SUBMITTED ON: JANUARY 31, 2024

SUBMITTED TO: THE HONORABLE PHIL SCOTT, GOVERNOR
HOUSE COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT
HOUSE COMMITTEE ON WAYS AND MEANS
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, HOUSING AND
GENERAL AFFAIRS
SENATE COMMITTEE ON FINANCE

SUBMITTED BY: VERMONT DEPARTMENT OF LABOR

INTRODUCTION

In partnership with the U.S. Department of Labor’s Employment and Training Administration (ETA), the Vermont Department of Labor (VDOL or Department) maintains a statistical model used for forecasting Vermont’s Unemployment Insurance (UI) Trust Fund (TF) net balance.¹ This analytical tool is effective in long-run assessments of the overall flow of monies into and out of the UI TF. It is also useful in determining the incremental impact of proposed policy changes.

This report and accompanying summary of the UI TF is completed in fulfillment of State law. “On or before January 31 of each year, the Commissioner [of Labor] shall submit to the Governor and the Chairs of the Senate Committee on Economic Development, Housing and General Affairs and on Finance and the House Committees on Commerce and Economic Development and on Ways and Means a report covering the administration and operation of this chapter during the preceding calendar year. The report shall include a balance sheet of the moneys in the Fund and data as to probable reserve requirements based upon accepted actuarial principles, with respect to business activity, and other relevant factors for the longest available period.” 21 V.S.A. § 1309.

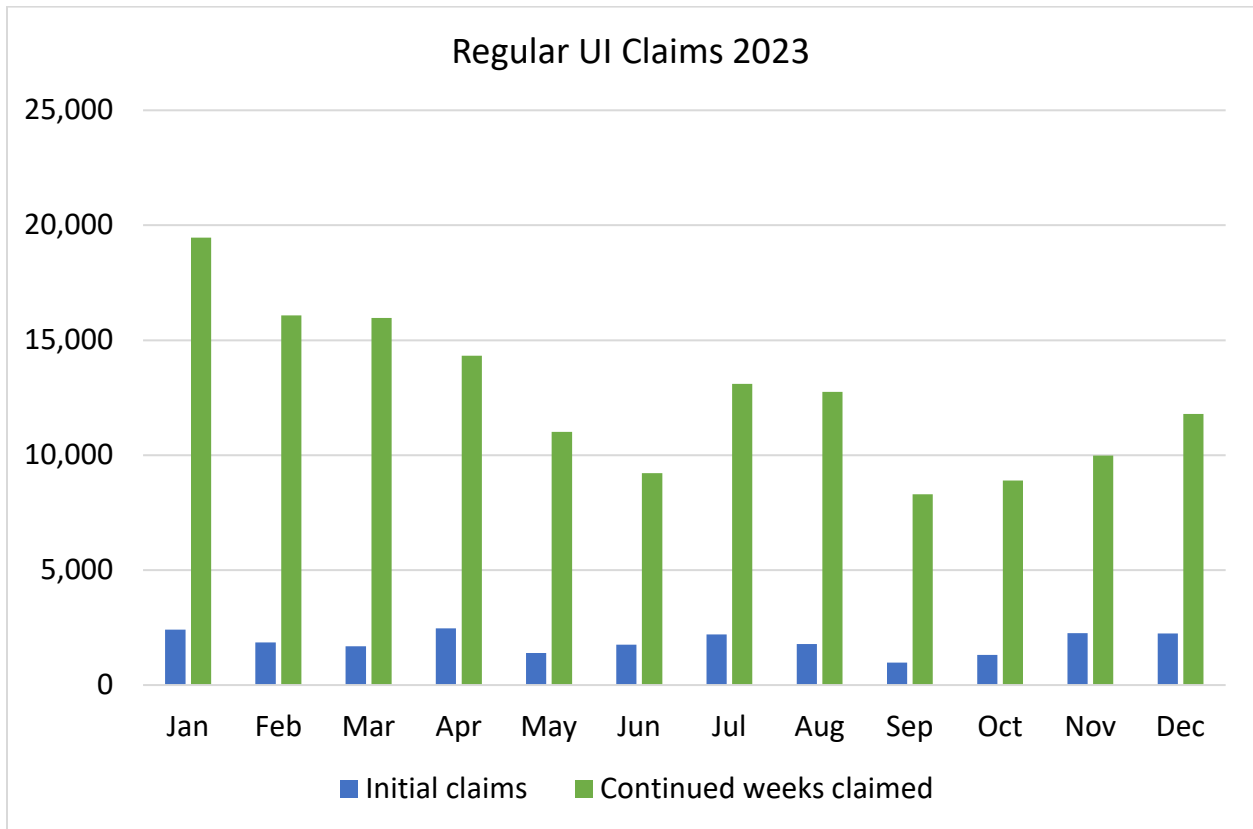
JANUARY 2024 UPDATE – SUMMARY

UI TF activity has been stable for the past 12 months. The projected UI TF yearend balance from last year’s report for calendar year 2023 was \$275.1M. Preliminary indications are the actual yearend balance for 2023 was \$275.8M for a difference of \$0.7M (or 0.2%). As such, the forecast from the prior year’s report is still relevant and material for current policy discussions. This forecast can be found here: <https://labor.vermont.gov/document/ui-trust-fund-report-2023>.

It is important to note, this report is based on the best available data at the time of issuance. Calendar year 2023 data is still being finalized, so all 2023 data in this report are estimated.

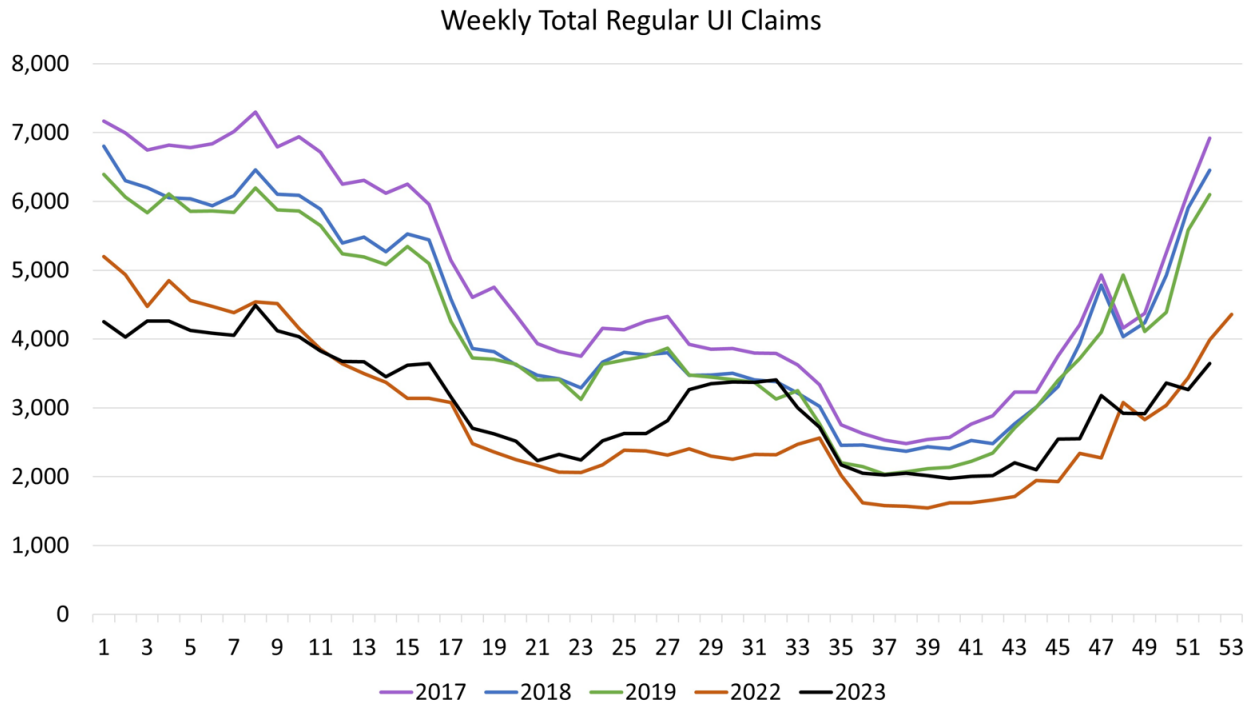
¹ The ETA UI TF model currently functions as a ‘net’ concept in that the individual UI accounts (loan account, cash account, etc.) are rolled up into a net concept. Out of model analysis is necessary to decipher model results.

2023 UI STATISTICAL INFORMATION



UI Program Year	Initial Claims Filed	Continued Claims Filed	Number of Payments Made	Total Dollars Paid Out
2021	48,178	365,074	269,508	\$108,529,004
2022	24,922	137,584	120,388	\$49,911,003
2023	22,323	150,880	130,654	\$61,517,026

Unemployment Insurance Field Audits	
Individual Claim Investigations	≈ 519
Individual Misclassification Investigations	596
Employ Audits Completed	206
Unpaid Contributions & Penalties	\$147,169.96



*Calendar years 2020 and 2021 not included

UI TRUST FUND BALANCE

With a yearend balance of \$275.8M in 2023, the trust fund recorded its third consecutive year of growth. During the past year, the fund grew by \$17.9M or 6.9%. The three main components impacting the balance available for paying benefits are: contributions received by employers (increases the fund balance), benefits paid out to claimants (decreases the fund balance), and interest accrued on the UI TF balance (increases the fund balance).

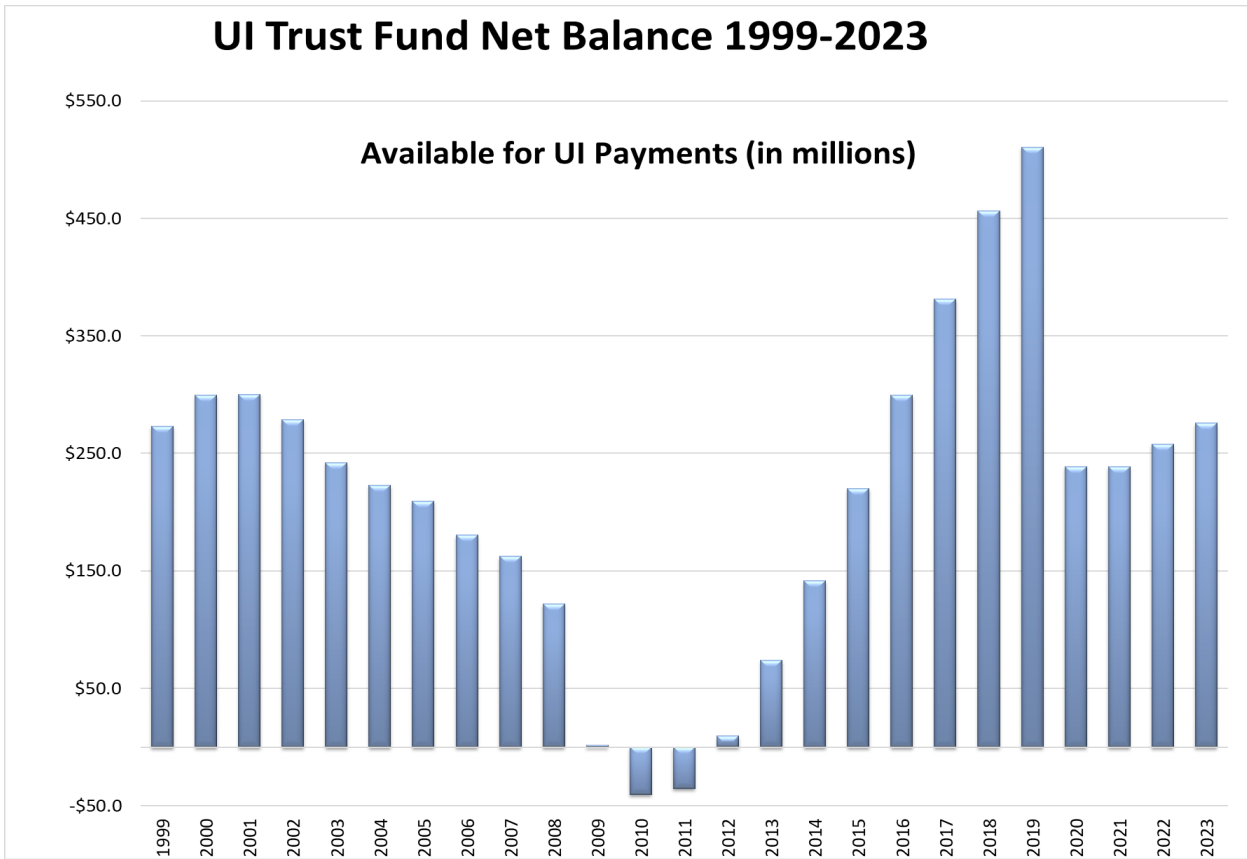
Contribution Related Notes:

- Contributions received in 2023 were \$67.4M (an increase of \$7.5M or 12.6% over prior year).
- Taxable Wage Base for CY2024 is \$14,300 (an increase of \$800 or 5.9% over prior year).
- Charges not assigned to an employer (socialized costs) in 2022 were \$5.4M.
- Interest Accrued – \$5.6M based on estimated interest rate of 1.9%.

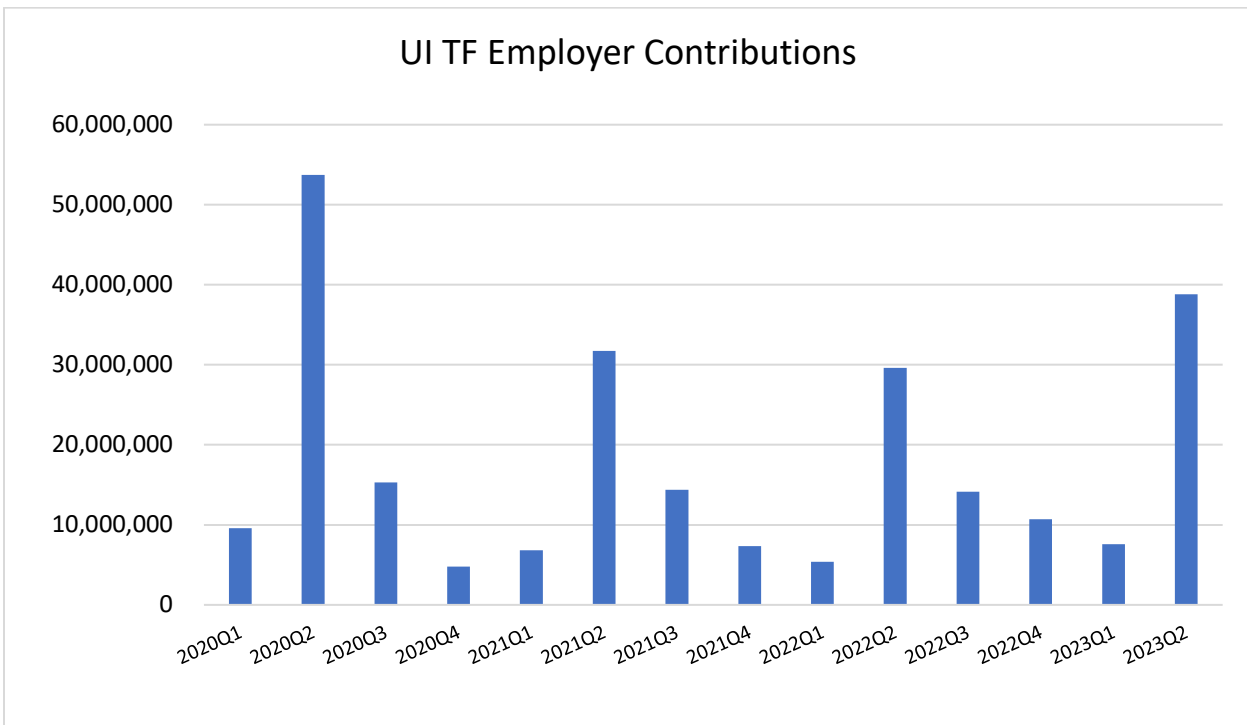
Benefits Related Notes:

- Benefits Paid – \$56.5M (an increase of \$13.3M or 30.8% over prior year).
- Average Weekly Benefit Amount.
 - \$470.84 per week (an increase of \$56.26 or 13.6% over prior year).
- Maximum Weekly Benefit Amount.
 - July2022-June2023: \$668 per week.
 - July2023-June2024: \$705 per week.
 - Over the year change of \$37 per week or 5.5%.

UI Trust Fund Net Balance 1999-2023



UI TF Employer Contributions



HEALTH OF THE UI TRUST FUND

The UI TF is stable and in a position of relative strength as evidenced by the annual calculation to determine the tax rate schedule which is currently tax rate schedule I - the lowest of the five schedules. This is due to the size of the current UI TF balance versus historical utilization of the fund. This historic lookback is absent consideration of calendar year 2020 due to legislative changes to ignore the worst year of the COVID recession. This legislation avoided an increase to the tax rate schedule which would have occurred otherwise.

Estimated UI TF Balance Needed for Tax Rate Schedule

<u>Tax Rate Schedule</u>	<u>UI TF Balance</u>
I	> \$256.1M
II	\$204.9M < \$256.1M
III	\$153.7M < \$204.9M
IV	\$102.4M < \$153.7M
V	< \$102.4M

Note: in 2023 dollars;

Against other states, the health of Vermont's UI TF ranks 22nd in the country per USDOL as of the beginning of 2023.

Additional UI summary data can be found online at: <http://www.vtlmi.info/lmipub.htm#uc>.

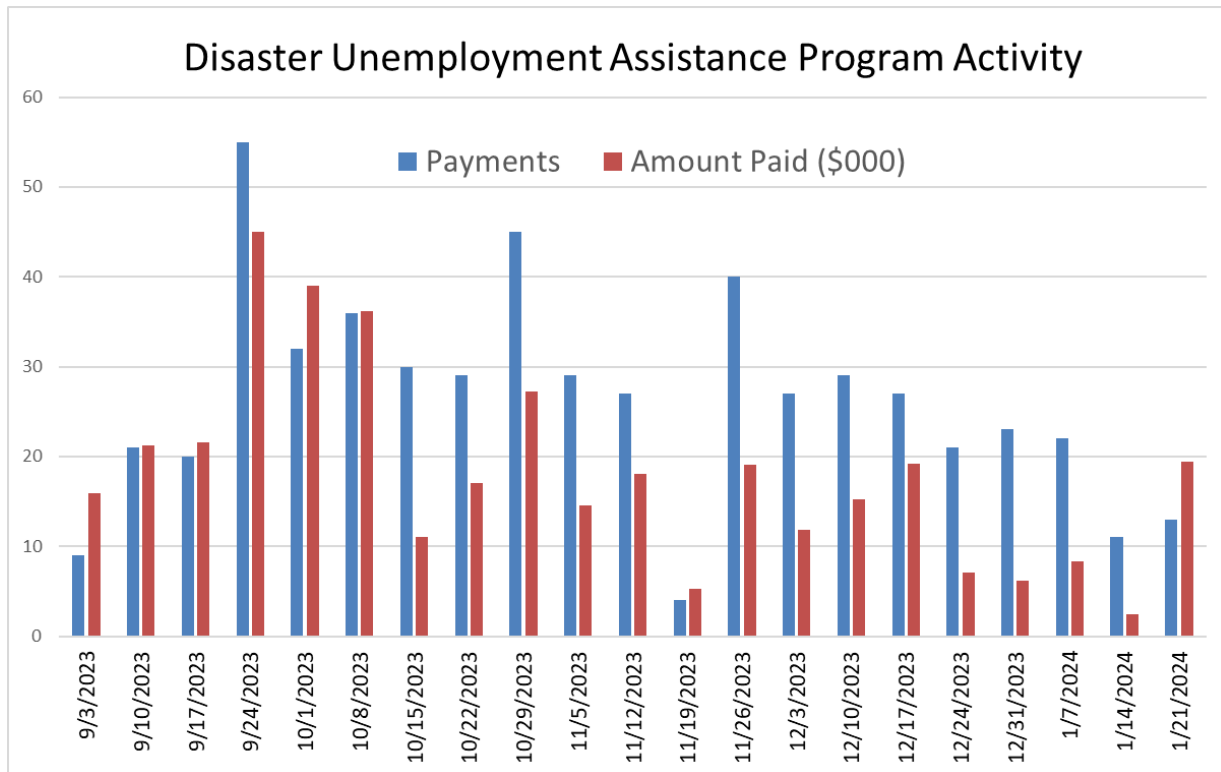
DUA PROGRAM INFORMATION

Due to disaster flooding in July 2023, the Federal Emergency Management Agency (FEMA) authorized the implementation of the federal Disaster Unemployment Assistance (DUA) Program. DUA is designed to cover unemployment insurance for individuals who are unemployed as a direct result of a declared disaster and who are not otherwise eligible for regular unemployment insurance benefits. This includes individuals who:

- Who were injured in the disaster and were unable to work, whether they were an employee or self-employed;
- Whose workplace was damaged, destroyed, or not in operation as a direct result of the disaster;
- Whose transportation to work was not available as a direct result of the disaster;
- Who cannot get to their job because they must travel through an impacted area and are unable to do so as a direct result of the disaster;
- Who were about to begin working, but the job no longer existed as a direct result of the disaster; and
- Whose primary income comes from areas affected by the disaster, whether they work for themselves or an employer, and their business is adversely impacted as a direct result of the disaster.

Initially, the disaster declaration covered individuals in Chittenden, Lamoille, Rutland, Washington, Windham, and Windsor counties. Three additional counties, Caledonia, Orleans, and Orange, were subsequently added. Claimants were eligible for a total of 27 weeks beginning with the week of July 9 – 15, 2023, and ending with the week of January 7 – 13, 2024.

Below is a breakdown of payments and benefits paid under this program.



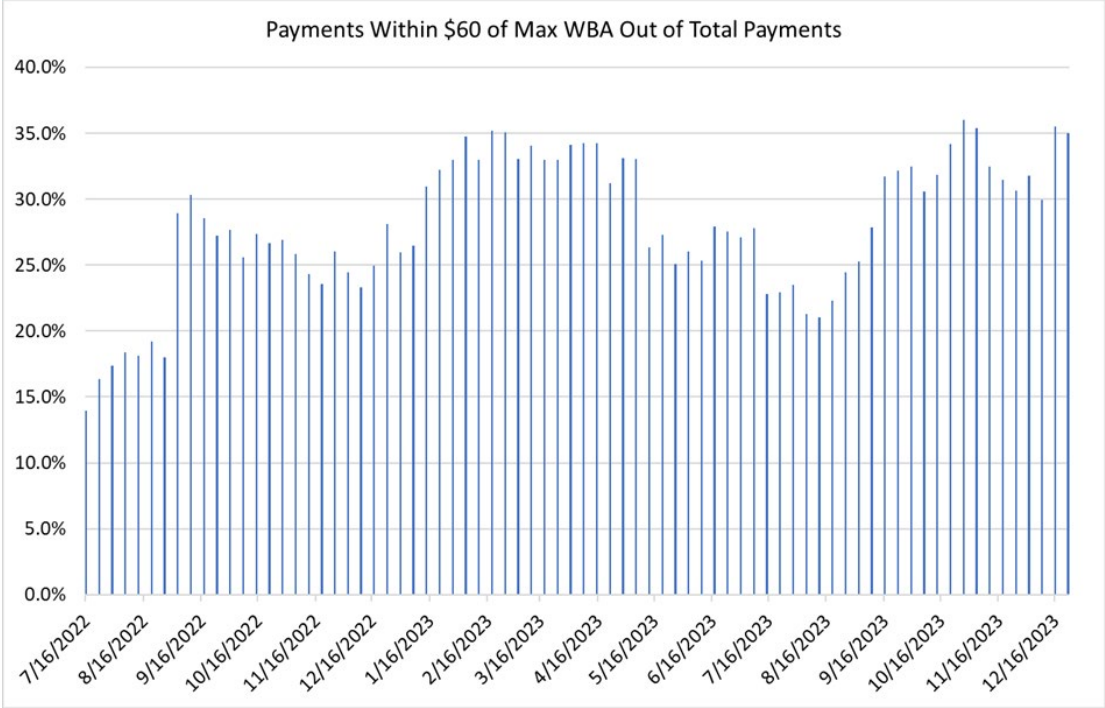
IMPLEMENTATION OF \$60 MAXIMUM WEEKLY BENEFIT AMOUNT INCREASE

In 2022, the General Assembly passed Act 183, which amended the calculation of the maximum weekly benefit amount for those receiving unemployment insurance benefits. Specifically, Act 183 amended 21 V.S.A. § 1338(f) to increase the maximum weekly benefit amount by \$60 until a total of \$8,000,000.00 has been paid out of the UI Trust Fund.² Below is a synopsis of the amount of benefits paid out through calendar year 2023 based on this statutory provision.

This “rider” is more commonly in play during the winter months when seasonal layoffs occur for industries that are active during the spring, summer and fall months but less so in the winter. As of the end of 2023, an additional \$2.7M in benefits had been paid out to claimants who qualified for the enhanced maximum weekly benefit amount.

² See 2021, No. 183 (Adj. Sess.), Sec. 52b and Sec. 59.

<https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT183/ACT183%20As%20Enacted.pdf>



END OF REPORT