

TESTIMONY

To: House Commerce and Economic Development
From: Vermont Department of Labor
Date: April 28, 2021
Subject: Impact of Varying changes to the Average Weekly Wage

The information below has been prepared for the Committee by the Economic and Labor Market Information Division to forecast the impact changes to the average weekly wage may have on benefits for claimants and the taxable wage base.

All changes presented in the tables below are based on the current Unemployment Insurance Trust Fund report published in January 2021. The report applied an annual increase of 3.5% to both the Maximum Weekly Benefit Amount (MWBA) and the Taxable Wage Base (TWB). Following the publication of the report, additional 2020 data has become available for the first three quarters of 2020: Q1: +3.2%, Q2: +13.5%, Q3: +8.1%.

The range of estimates in the % Change in Average Weekly Wage (AWW) is for illustrative purposes only. Based on currently released information, +5.5% represents the outer most bounds on the low side and +11.1% represents the outer most bounds on the high side. The likeliest outcome is around +7.3% with a bit of an upside tail.

Maximum Weekly Benefit Amount (MWBA)

For the first full week in July, the MWBA is indexed up based on the annual rate of change in the AWW. The current MBWA is \$531.

% Change in AWW	MWBA	Change to Total Benefits Paid (in M\$) *
3.5%	\$550	\$0.0
5.5%	\$560	\$1.4
7.3%	\$570	\$2.7
9.2%	\$580	\$3.9
11.1%	\$590	\$5.1
13.0%	\$600	\$6.2

**indicates the increase in benefits paid out from what was forecasted in the 2021 UI TF report.*

Taxable Wage Base (TWB)

Effective each January 1, the TWB is indexed up based on the annual rate of change in the AWW. The current TWB is \$14,100.

% Change in AWW	TWB	Change to Total Contributions Paid (in M\$) *
3.5%	\$14,600	\$0.0
5.5%	\$14,900	\$1.7
7.3%	\$15,100	\$2.8
9.2%	\$15,400	\$4.4
11.1%	\$15,700	\$6.1
13.0%	\$15,900	\$7.2

**indicates the increase in benefits paid out from what was forecasted in the 2021 UI TF report.*