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## T E S T I M O N Y

To: Senate Committee on Economic Development, Housing and General Affairs  
From: Mathew Barewicz, VDOL Director of Economic & Labor Market Information  
Date: February 23, 2021  
Subject: Testimony on Impacts to Unemployment Insurance (UI) Trust Fund (TF)

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The Economic and Labor Market Information Division has prepared the following information at the request of the Committee.

The following table compares key components of three forecasts:

1. **Baseline (Base)** from the UITF annual report.
2. **Administration (Admin.)** which includes freezing the taxable wage base (TWB) for one year, freezing the tax rate schedule (TRS) for one year and limiting an increase to the tax rate schedule to a maximum of two schedules in any subsequent year.
3. **Committee (Comm.)** includes the Administration's proposal but, in addition, adds a 20% increase to regular UI benefits during SY2022 (July2021-June2022). The mechanism to increase the benefits is yet to be determined.

The information prepared below is based on benefits covered by the UI Trust Fund (UITF) and does not include any federally funded benefit programs, such as Pandemic Emergency Unemployment Compensation (PEUC) and Pandemic Unemployment Assistance (PUA).

Benefits are modeled as the total cost, at the state level, to the UITF, and does not equal total benefit paid out by the State as some benefits paid by the State are ultimately reimbursed by the federal government.

The Department has prepared this data at the request of the Committee. Currently, the Administration opposes any changes to the weekly benefit amount at the state level.



The chart below and subsequent forecasts do not consider claimants filing in the Pandemic Emergency Unemployment Compensation (PEUC) or Pandemic Unemployment Assistance (PUA) programs, both of which, are 100% federally-funded and do not impact the State's Unemployment Insurance Trust Fund. The forecasts below are based solely on the number of claimants filing in the standard 26 weeks of the traditional unemployment insurance program. For the week ending February 13, 2021, there were 12,834 claimants filing in regular unemployment insurance, 13,547 claimants filing in PEUC, and 8,801 claimants filing in PUA.

**Unemployment Insurance (UI) Trust Fund (TF) - Comparison of Three Forecasts**

Feb-2021

Year	UI TF Balance [a]			Benefits [b]			Contributions [c]			Tax Rate Sch. [d]			Taxable Wage Base [e]		
	Base	Admin.	Comm.	Base	Admin.	Comm.	Base	Admin.	Comm.	Base	Admin.	Comm.	Base	Admin.	Comm.
2020	\$241.7	\$241.7	\$241.7	\$387.4	\$387.4	\$387.4	\$117.3	\$117.3	\$117.3	I	I	I	\$16,100	\$16,100	\$16,100
2021	\$234.8	\$196.5	\$183.8	\$158.3	\$158.3	\$171.0	\$146.6	\$108.3	\$108.3	V	I	I	\$14,100	\$14,100	\$14,100
2022	\$305.1	\$210.2	\$175.2	\$118.8	\$118.8	\$141.1	\$183.3	\$126.7	\$126.7	V	III	III	\$14,600	\$14,100	\$14,100
2023	\$420.0	\$292.9	\$257.9	\$83.1	\$83.1	\$83.2	\$190.6	\$158.4	\$158.4	V	V	V	\$15,100	\$14,600	\$14,600
2024	\$536.0	\$421.1	\$386.0	\$74.8	\$74.8	\$74.8	\$181.1	\$193.2	\$193.2	IV	V	V	\$15,600	\$15,100	\$15,100
2025	\$643.4	\$543.9	\$518.5	\$75.6	\$75.6	\$75.6	\$172.0	\$187.4	\$197.1	IV	IV	V	\$16,100	\$15,600	\$15,600
2026	\$743.0	\$658.1	\$641.9	\$76.3	\$76.3	\$76.3	\$163.4	\$178.1	\$187.2	III	IV	IV	\$16,700	\$16,100	\$16,100
2027	\$826.0	\$764.0	\$747.9	\$77.1	\$77.1	\$77.1	\$146.3	\$169.2	\$169.3	III	III	III	\$14,700	\$16,700	\$16,700
2028	\$902.2	\$851.9	\$836.0	\$77.9	\$77.9	\$77.9	\$138.9	\$150.7	\$150.9	II	III	III	\$15,200	\$14,700	\$14,700
2029	\$972.1	\$933.0	\$917.2	\$78.6	\$78.6	\$78.6	\$132.0	\$143.2	\$143.3	II	II	II	\$15,700	\$15,200	\$15,200
2030	\$1,035.8	\$1,007.4	\$991.7	\$79.4	\$79.4	\$79.4	\$125.4	\$136.0	\$136.1	I	II	II	\$16,200	\$15,700	\$15,700
2031	\$1,084.3	\$1,075.0	\$1,059.4	\$80.2	\$80.2	\$80.2	\$110.1	\$129.2	\$129.3	I	I	I	\$14,200	\$16,200	\$16,200

**Definitions**

"Base" - refers to Baseline forecast presented in 2021 annual report of the UITF dated 1/31/21

"Admin." - refers to Administration's proposal to freeze sch I, limit 2 sch increase and freeze at TWB \$14.1k; see 2/12/21 submitted testimony for more detail

"Comm." - refers to Committee's proposal which includes Admin. proposal and adds 20% to benefits; see 2/17/21 submitted testimony for more detail

**Notes**

[a] in millions of dollars as of the end of the year; includes interest

[b] in millions of dollars; does not include benefits paid by federal USDOL

[c] in millions of dollars

[d] annual determination effective in July

[e] annual determination effective in January

