

Vermont Department of Labor

Unemployment Insurance Trust Fund Updates House Committee on Commerce & Economic Development

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April 29, 2026



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The UI Trust Fund: For A “Rainy Day”

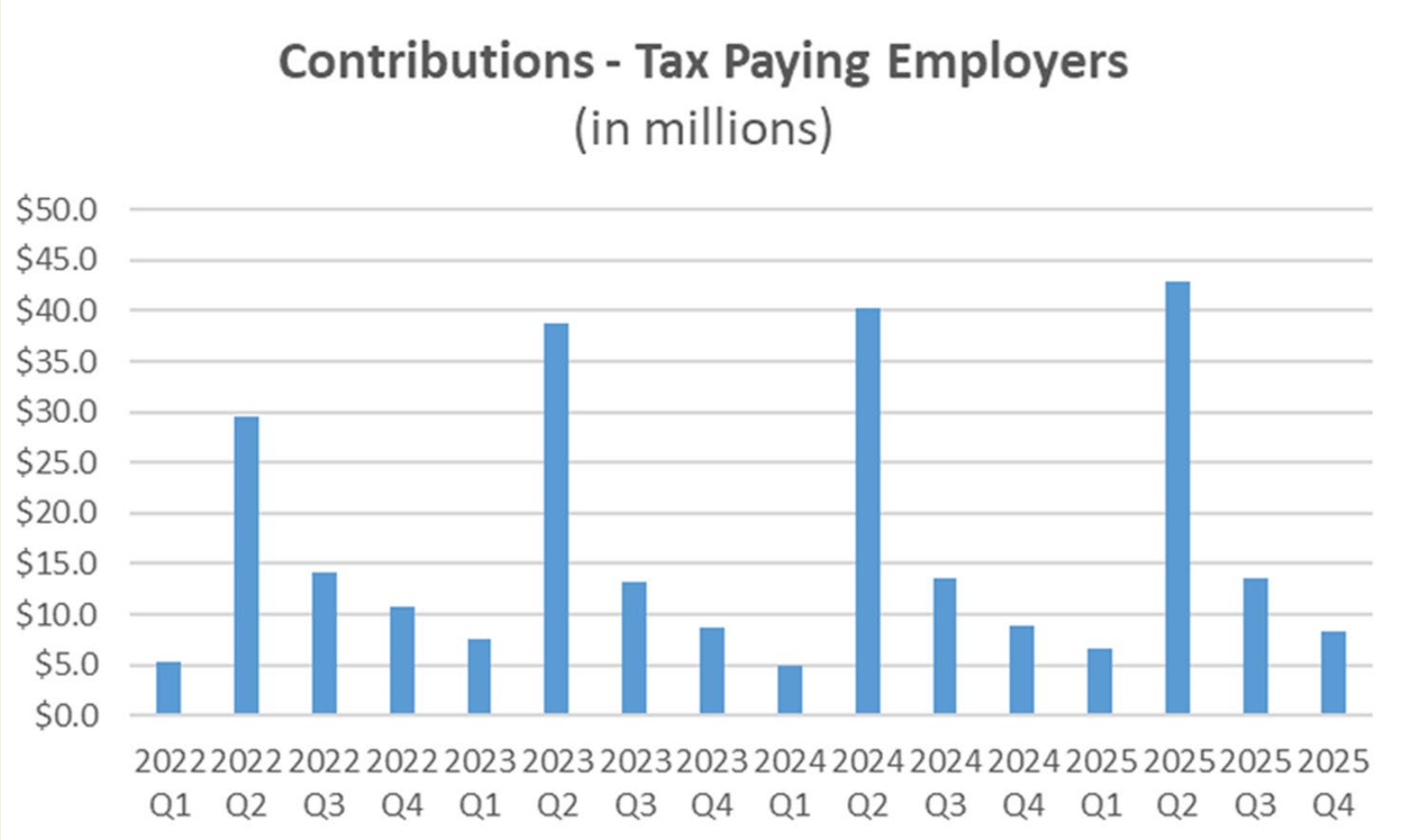
- The UI Trust Fund is meant to act like a “rainy day” fund
- Good economic periods = experiences growth
- Economic downturns = provides reserves
- **Employers** contribute to the fund, not individuals

UI Trust Fund Contributions

- Employers pay quarterly UI taxes into the UI trust fund
- Contributions due 30 days after the quarter ends
- CY2025 = \$71.3M in contributions
 - Up 5.5% from \$67.6M in CY2024
- An employer's tax rate is impacted by the employer's **experience rating**, calculated by dividing the total unemployment benefits charged to the employer's account over the past three years by their total taxable wages for that period

Contributions

- The money into the trust fund follows a typical seasonal pattern



Taxable Wage Base

- The maximum amount of an employee's annual earnings subject to state unemployment taxes
- Indexed annually to % change of average weekly wage
 - CY2025 = \$14,800 (+\$500 or 3.7%)
 - CY2026 = \$15,400 (+\$600 or 4.2%)

Tax Rate Schedule

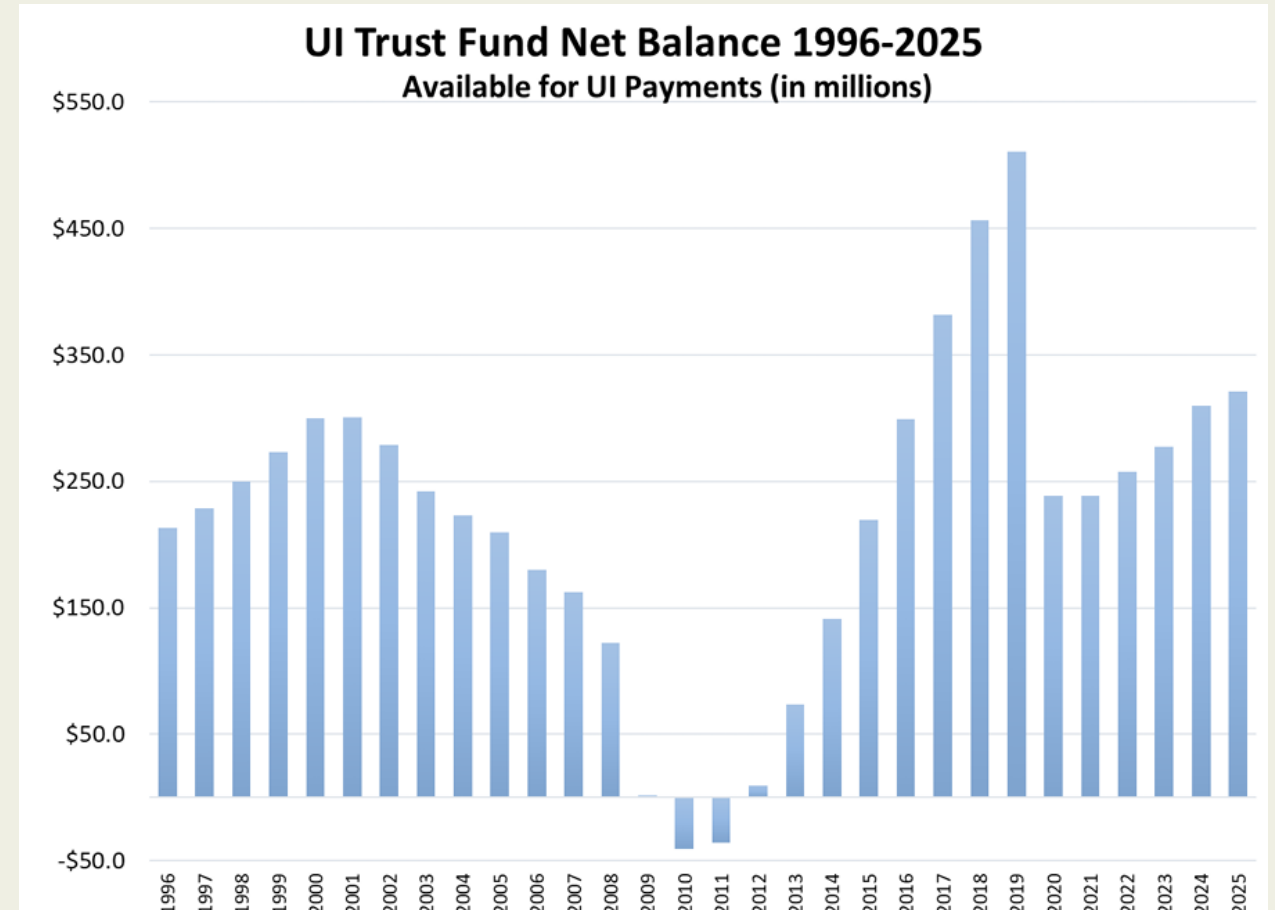
- Currently at Tax Rate Schedule I – lowest schedule
- Determined by annual calculation
 - Legislative change allowed the annual calculation to ignore CY2020; the worst year of the COVID recession
 - Absent this legislation, the Tax Rate Schedule would have increased to Tax Rate Schedule V

THE TAX SCHEDULES AND RATES ARE AS FOLLOWS:

Tax Rate Class	Tax Rate Schedules				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
0	0.4	0.6	0.8	1.1	1.3
1	0.5	0.7	0.9	1.2	1.5
2	0.6	0.8	1.1	1.4	1.8
3	0.7	1.0	1.4	1.7	2.1
(rate classes 4 – 17 excluded for display purposes)					
18	4.7	5.3	5.9	6.9	7.6
19	5.0	5.6	6.2	7.3	8.0
20	5.4	5.9	6.5	7.7	8.4

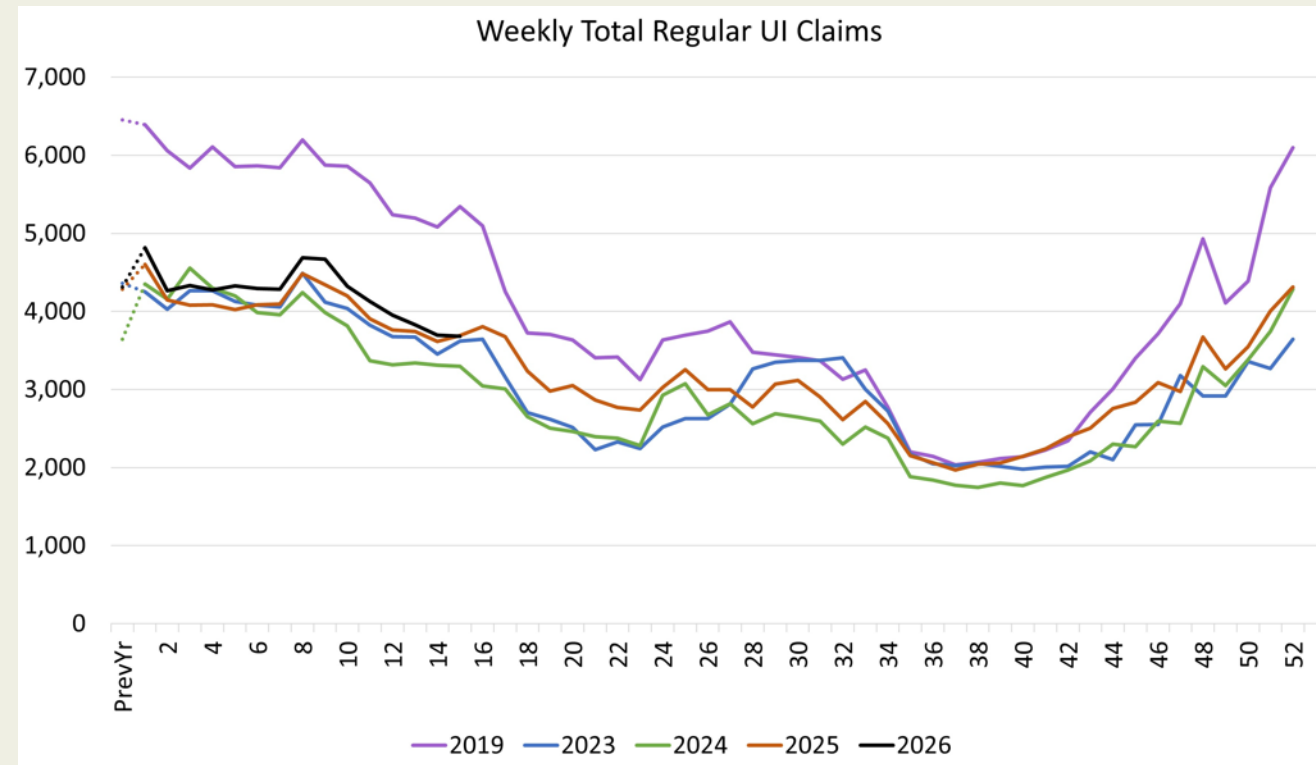
Current Status: UI Trust Fund Net Balance

- \$307.4 million as of week ending 4/18/26
- “net balance” means monies available to pay UI benefits
- Does not include Q1 contributions (due end of April)



Weekly Total Regular UI Claims

- Current claims levels are near 2025 levels after a slightly elevated start to the New Year
- Total benefits paid noticeably higher over the year
 - CY2025 total benefits paid = \$67.7M; up \$8.8M or 14.9% from CY2024 (\$58.9M)



Interest Earned/Owed

- When the UI trust fund is positive ($> \$0$), the fund accrues interest from the federal government
 - In CY2025, the fund earned \$10.4M
- When the UI trust fund is negative ($< \$0$), the state can borrow money from the federal government through a Title XII loan.
- The state is charged interest on this loan, and interest payments must come from a state source (i.e., General Fund), not UI contributions.

UNEMPLOYMENT INSURANCE PROGRAM SUMMARY

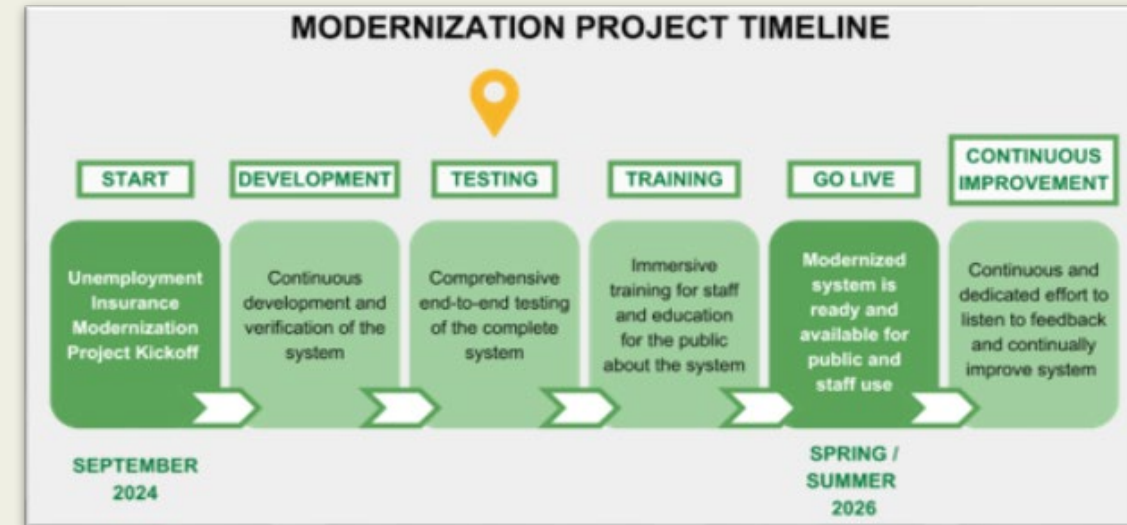
	December 2025	November 2025	December 2024	Pct. Chg. From Last Mo.	Last Yr.
Net UI Trust Fund Balance ^{1/}	\$324,251,692	\$328,781,120	\$310,020,200	-1.4%	4.6%
UI Benefit Payments *	\$7,704,607	\$4,717,972	\$6,415,017	63.3%	20.1%
UI Initial Claims	3,119	2,022	3,084	54.3%	1.1%
UI Weeks Claimed	15,008	11,761	14,901	27.6%	0.7%

^{1/} Balance Available to Pay Benefits

* Includes reimbursable employers.

UI Modernization

- Top priority for VDOL – creating simplified, efficient online services for employers and claimants
- Project remains on schedule
- Development - 93.4%
- Business testing - 93%
- Converted data testing - 79%
- Training – underway and will go through the go-live date
- Ongoing communication and collaboration with claimants, employers, third-party administrators (TPAs), and other key partners
- Usability study concluded (February - NASWA)
- Project info: [UI Modernization](#)



Thank You!

For further questions, please contact:

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