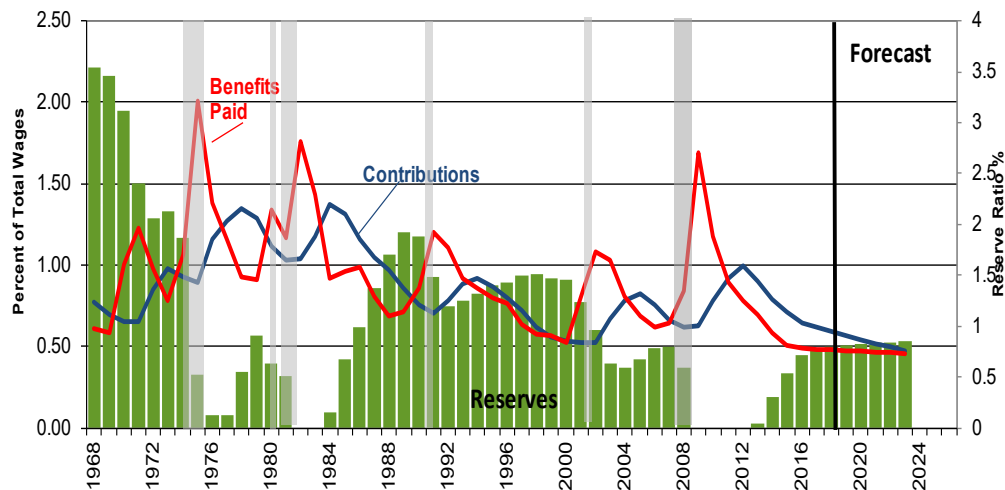


Unemployment Insurance Program Outlook Mid Session Review 2020

UI Contributions, Benefits Paid and Reserves
(% of Total Wages)



Division of Fiscal and Actuarial Services
Office of Unemployment Insurance
Employment and Training Administration
U.S. Department of Labor

KEY DATA -- FY 2019/FY 2020

		FY 19	FY 20
Total Unemployment Rate (Civilian)		3.7 /	3.6 %
Insured Unemployment Rate		1.2 /	1.2 %
 OUTGO			
◆ Benefits Paid (All Programs)	\$	26.5 /	26.3 billion
Number of First Payments (State UI+UCFE+UCX)		5.0 /	5.1 million
Average Duration of Benefits (All Programs)		15.0 /	14.6 weeks
Average Weekly Benefit Amount (All Programs)	\$	355.00 /	358.80
◆ Administrative Costs	\$	3.6 /	3.8 billion
 INCOME			
◆ Payroll Taxes			
FUTA	\$	6.9 /	7.0 billion
State	\$	36.3 /	38.7 billion
◆ Interest on State Loans	\$	0.00 /	0.00 billion
Interest Rate (Calendar Year)		2.3500% /	2.44%
 NET TRUST FUND BALANCES (END OF FISCAL YEAR)			
◆ State Trust Fund Accounts (Excluding Loans)	\$	78.3 /	92.4 billion
◆ Employment Security Administration Account (ESAA)	\$	3.5 /	3.3 billion
◆ Extended Benefit Account (EUCA) (Excluding General Fund Advances)	\$	-6.8 /	-3.2 billion
◆ Loan Account (FUA) (Excluding General Fund Advances)	\$	11.4 /	11.5 billion

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OVERVIEW

Twice each year, when the Office of Management and Budget issues economic assumptions for the federal budget, the Division of Fiscal and Actuarial Services (DFAS) of the Office of Unemployment Insurance (OUI) uses those assumptions to develop financial projections for the Unemployment Insurance system. Using the economic assumptions, the paths of key program variables are projected for the following five years.

Highlights of the FY 2020 Budget Midsession Review are detailed below:

- The total unemployment rate (TUR) is assumed to average 3.7% in FY 2019 and 3.6% in FY 2020, which is unchanged from the FY 2020 President's Budget. The insured unemployment rate (IUR) is projected to average 1.2% in both FY 2019 and FY 2020.
- State UI regular benefit outlays are estimated at just over \$26 billion in both FY 2019 and FY 2020, which are both slightly down from the FY 2020 President's Budget.
- Revenues and interest income for state trust fund accounts are projected to exceed benefit outlays by \$11 billion in FY 2019 and by \$14 billion in FY 2020 as states continue to rebuild their trust funds.
- State trust fund account balances, net of Federal Unemployment Account (FUA) loans, are projected to continue to increase during the projection period. The net state trust fund account balance is projected to end FY 2019 at the highest level in the past 20 years at \$78.3 billion. These estimates do not net out debt remaining in bonds issued by two states in order to repay or avoid federal UI loans.
- At the beginning of fiscal year 2019, it is estimated that 29 of 53 states and territories had trust fund reserves large enough to meet the recommended minimum adequate solvency level of maintaining a reserve balance that would pay for one full year of benefits under an average recessionary level (Advisory Council of Unemployment Compensation, 1996). At the same time, 10 states and territories maintained trust fund balances that were below one-half of the recommended minimum adequate solvency level.
- As of June 30, 2019, only one jurisdiction continues to borrow from FUA with an outstanding loan balance of approximately \$63.5 million. In addition, two other states maintained an estimated total of approximately \$1.7 billion in outstanding private debt instruments.
- At the beginning of calendar year 2019, EUCA has an estimated outstanding balance of approximately \$9.7 billion to FUA, which is expected to be repaid by the end of FY 2021.

Proposed Legislation

The tables in this publication are based on current law. The FY 2020 Budget Midsession Review included proposals for three additional Unemployment Insurance program items:

- A proposal to establish a Federal-State paid parental leave benefit program within the unemployment insurance (UI) program that provides six weeks of benefits for mothers, fathers, and adoptive parents to help families recover from childbirth and to bond with their new children.
- A minimum solvency standard, which would apply the Federal Unemployment Tax Act (FUTA) credit reduction rules to States that have an Average High Cost Multiple (AHCM) of less than 0.5 on two or more consecutive January firsts (rather than zero trust fund balance currently). This proposal would strengthen States' ability to adequately fund their UI systems.
- A comprehensive integrity legislative package designed to provide states with new tools and resources to combat UI fraud and improper payments.

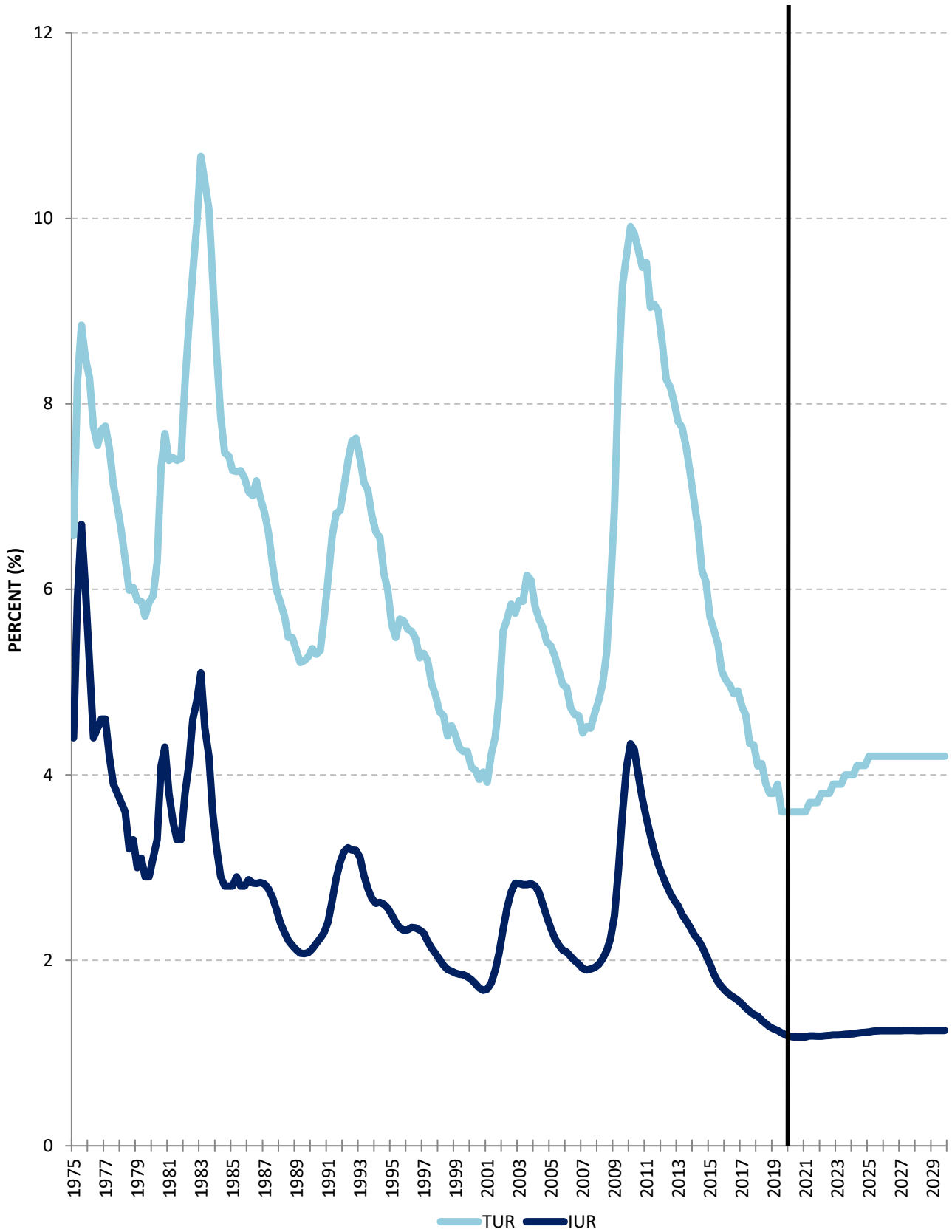
Questions and/or comments regarding this document are welcome, please contact Robert Pavosevich at pavosevich.robert@dol.gov or Dyana Cornell at Cornell.dyana@dol.gov or write to:

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U.S. Department of Labor, Room S-4524,
200 Constitution Ave., NW
Washington, DC 20210*

**ECONOMIC ASSUMPTIONS FY 2020
Mid Session Review Budget**

Fiscal Year	Civilian TUR (%)	IUR (%)	Change in GDP Price Index (%)	Real GDP Growth (%)
2018	4.0	1.3	2.2	2.7
2019	3.7	1.2	1.8	3.0
2020	3.6	1.2	2.0	3.2
2021	3.7	1.2	2.0	3.1
2022	3.8	1.2	2.0	3.0
2023	4.0	1.2	2.0	3.0
2024	4.1	1.2	2.0	3.0

U.S. UNEMPLOYMENT RATES



UI PROGRAM ESTIMATES
FY 2020 Mid Session Review Budget
(Billions of Dollars)

FISCAL YEAR	2019	2020	2021	2022	2023	2024
Civilian TUR (%)	3.7	3.6	3.7	3.8	4.0	4.1
IUR(%)	1.2	1.2	1.2	1.2	1.2	1.2
Coverage (millions)	145.4	146.7	147.8	148.7	149.6	150.4
AWBA (Regular)	355.01	358.80	362.80	375.74	390.32	406.21
Benefit Outlays (All Programs)	27.22	27.13	28.59	29.83	31.35	33.13
<u>STATE UI</u>						
First Payments (millions)	5.0	5.1	5.5	5.7	5.8	5.9
Regular Benefit Exhaustions (millions)	1.7	1.6	1.6	1.7	1.7	1.7
Regular Benefits Paid	26.51	26.45	27.45	28.99	30.62	32.46
EB (State Share)	0.00	0.00	0.00	0.00	0.00	0.00
State Collections	36.32	38.67	39.64	39.31	38.70	39.34
Interest Earned	1.59	1.94	2.40	2.91	3.42	3.88
<u>FEDERAL ACCOUNTS</u>						
FUTA Collections (1)	6.93	6.97	7.08	7.23	7.38	7.53
-To EUCA	1.39	1.39	1.42	1.45	1.48	1.51
-To ESAA	5.54	5.58	5.67	5.78	5.90	6.02
Outlays						
-Federal EB Share	0.00	0.00	0.00	0.00	0.00	0.00
-Administrative Costs	3.59	3.77	3.90	4.02	4.21	4.45
FECA Outlays	0.40	0.48	0.89	0.55	0.45	0.47
-UCFE	0.22	0.29	0.69	0.35	0.25	0.26
-UCX	0.18	0.19	0.19	0.20	0.21	0.22
Trade Benefits	0.21	0.21	0.25	0.29	0.28	0.20

(1) Excluding Reduced Credits

Note: Administrative costs for years beyond 2020 are based on growth factors applied to all programs in the Federal budget.

COMPARISON OF PROJECTIONS
(Billions of Dollars)

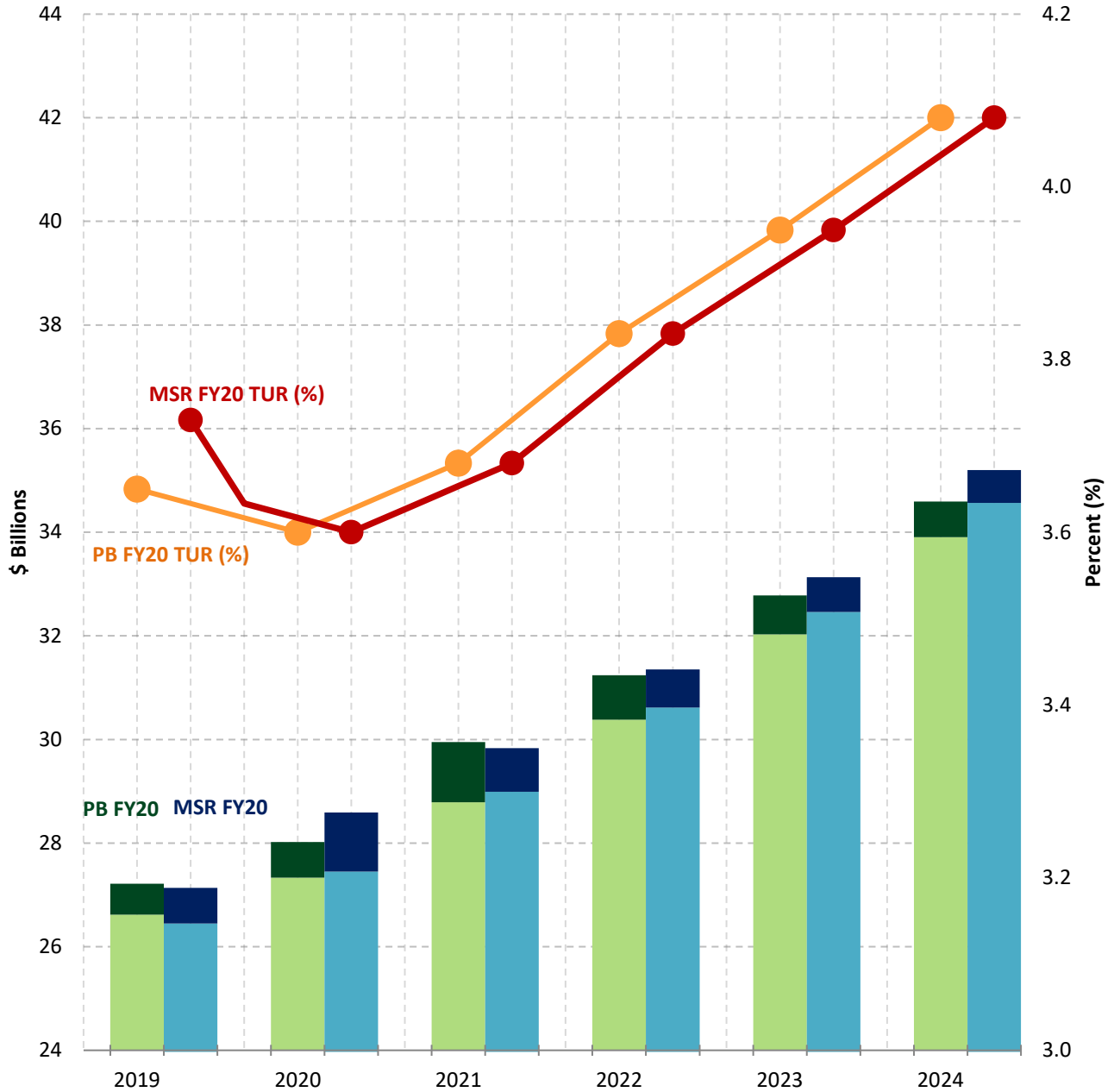
	FY 2020 MSR Budget		FY 2020 President's Budget	
	FY 2019	FY 2020	FY 2019	FY 2020
Civilian TUR (%)	3.7	3.6	3.7	3.6
IUR (%)	1.2	1.2	1.2	1.2
AWBA	355.01	354.31	345.61	356.89
Benefits				
-Regular	26.51	26.45	26.62	27.33
-EB	0.00	0.00	0.00	0.00
Revenues				
-State	36.32	38.67	37.85	39.51
-FUTA (1)	6.93	6.97	6.40	6.52
State Loans				
-Loans	0.00	0.00	0.01	0.01
-Repayments (2)	0.01	0.01	0.01	0.01
-Interest	0.00	0.00	0.00	0.00
-Balance	0.07	0.06	0.08	0.09
Balances				
-State Accounts (3)	78.33	92.43	79.78	93.90
-EUCA (3)	-6.81	-3.23	-8.01	-5.05
-FUA (3)	11.37	11.45	12.48	12.55

(1) Excluding reduced credits

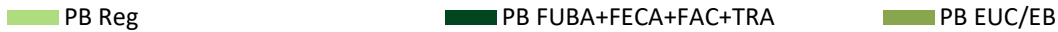
(2) Including reduced credits

(3) Net balances excluding loans/advances

UI Program Estimates



President's Budget (PB) FY 2020:



Midsession Review (MSR) FY 2020:



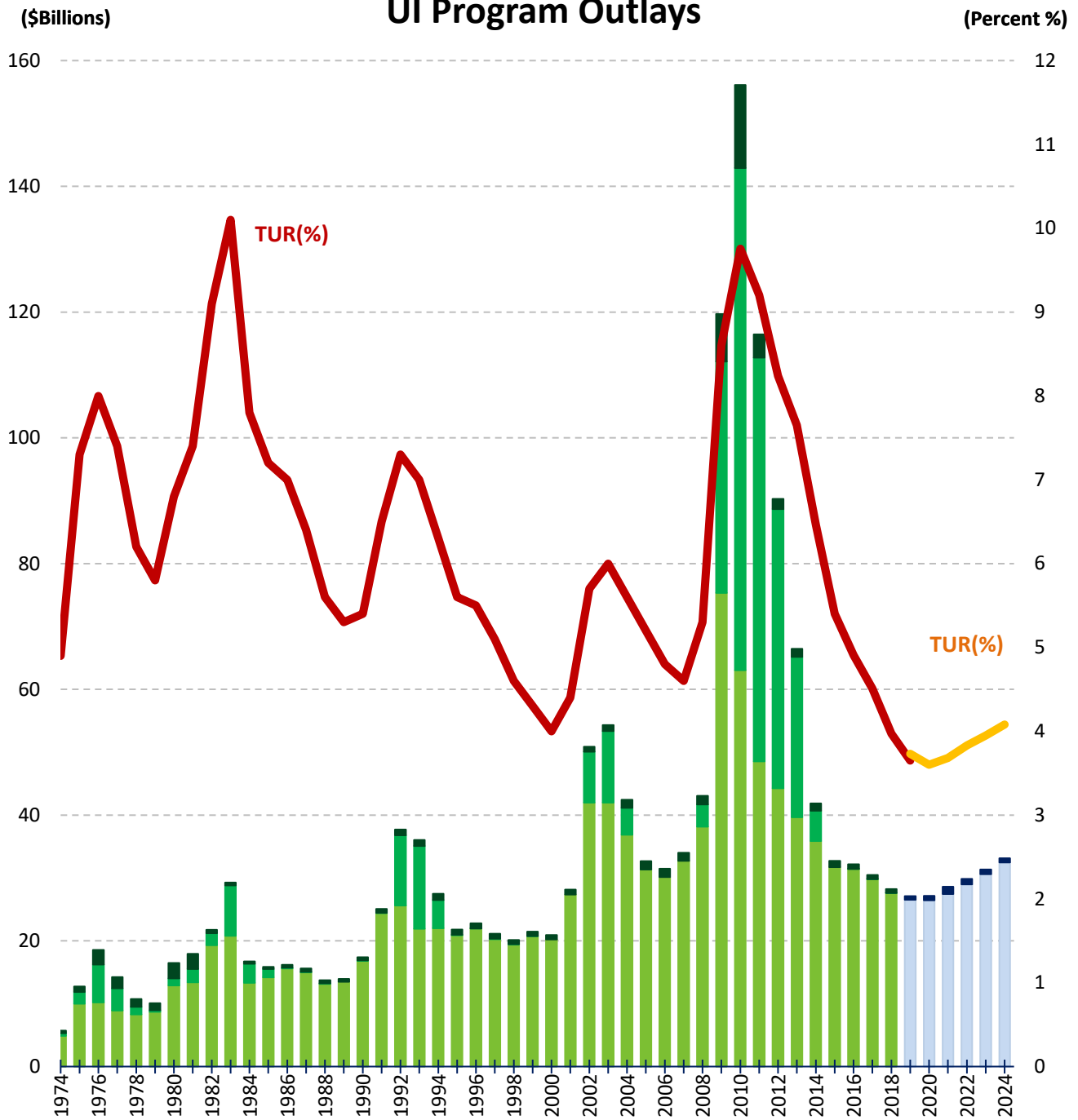
Total Unemployment Rate (%):



HISTORICAL UI PROGRAM STATISTICS
(Billions of Dollars)

FISCAL YEAR	2012	2013	2014	2015	2016	2017	2018
Civilian TUR (%)	8.2	7.6	6.5	5.4	4.9	4.5	4.0
IUR (%)	2.7	2.4	2.1	1.7	1.6	1.4	1.3
Coverage (millions)	128.3	130.6	133.1	135.9	138.6	140.7	143.3
AWBA (Regular)	289.8	296.5	301.25	314.11	330.60	340.36	344.59
Benefit Outlays (All Programs)	90.43	66.50	41.90	32.57	32.32	30.50	28.32
<u>STATE UI</u>							
First Payments (millions)	8.7	8.1	7.2	6.6	6.3	5.8	5.3
Regular Benefit Exhaustions (millions)	4.4	3.8	3.2	2.6	2.4	2.2	2.0
Regular Benefits Paid	44.26	39.64	35.88	31.72	31.54	29.81	27.61
EB (State Share)	0.11	0.03	0.00	0.00	0.04	0.02	0.00
State Collections	59.38	48.95	46.89	42.18	41.46	38.44	36.40
<u>FEDERAL ACCOUNTS</u>							
FUTA Collections	5.35	5.47	5.45	5.77	5.98	5.98	6.84
-To EUCA	1.13	1.24	1.24	1.30	1.25	1.27	1.30
-To ESAA	4.21	4.24	4.21	4.47	4.73	4.71	5.54
Outlays							
-Federal EB Share	4.83	0.08	-0.01	-0.03	0.00	0.00	0.00
-Administrative Costs	4.89	4.82	4.36	3.95	3.92	4.02	4.06
-EUC08	39.58	25.43	4.84	-0.23	0.01	0.00	0.00
FUBA/FECA Outlays	1.62	1.31	1.16	0.98	0.74	0.67	0.71
-UCFE-UCX	1.41	1.13	0.92	0.77	0.55	0.44	0.41
-Trade	0.21	0.18	0.24	0.21	0.19	0.22	0.30
Federal Additional Compensation	0.00	0.00	0.00	0.00	0.00	0.00	0.00

UI Program Outlays



Historical:

■ Reg Benefits
 ■ Extended Benefit Programs
 ■ FUBA + FECA + FAC

Projected:

■ Reg Benefits (Proj.)
 ■ Extended Benefit Programs(Proj.)
 ■ FUBA + FECA (Proj.)

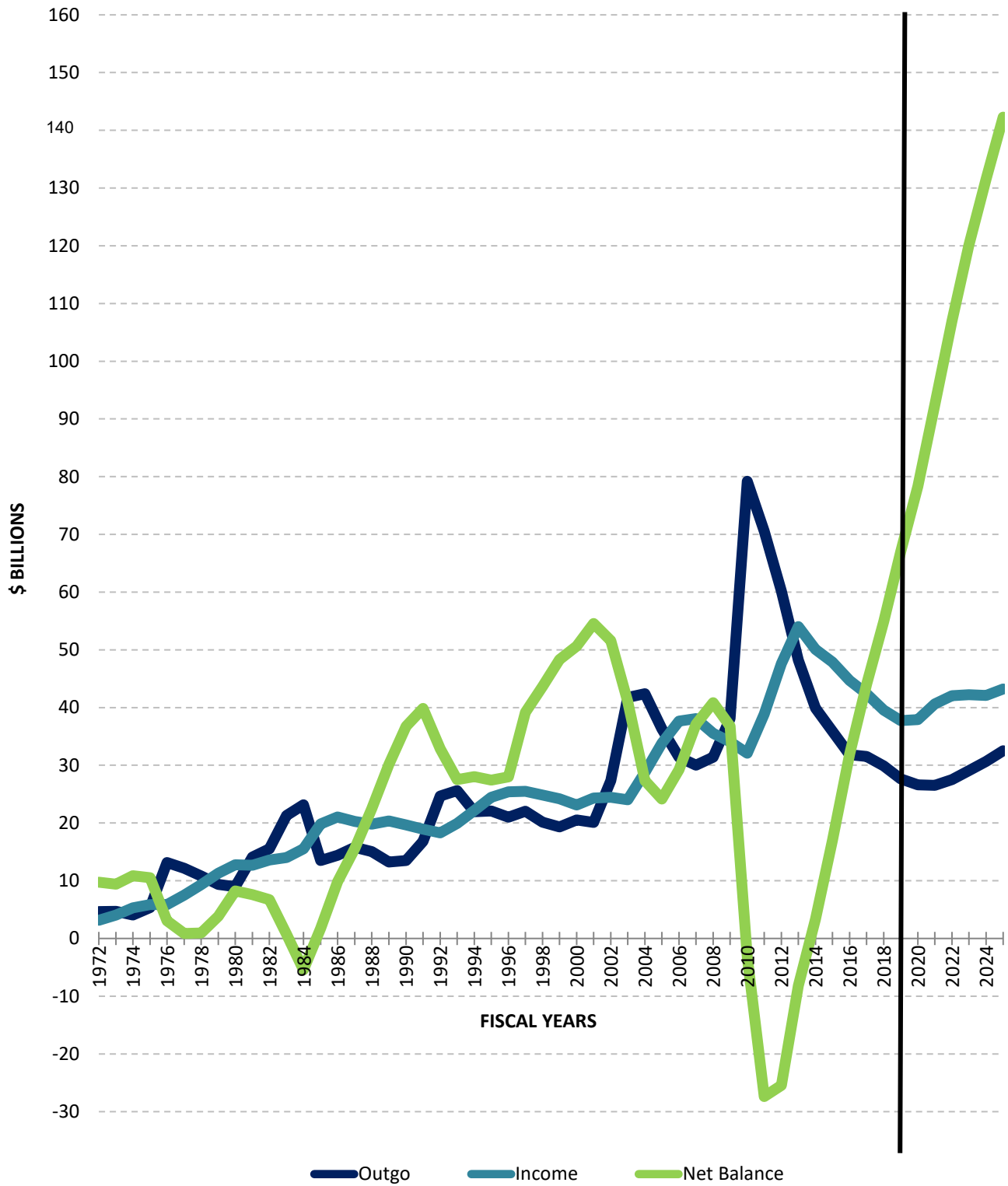
Total Unemployment Rate:

— TUR
 — TUR (Proj.)

**STATUS OF STATE ACCOUNTS FY
2020 Mid Session Review Budget
(Billions of Dollars)**

FISCAL YEAR	2018	2019	2020	2021	2022	2023	2024
<u>Income</u>	--	37.92	40.61	42.03	42.22	42.12	43.22
Collections	--	36.32	38.67	39.64	39.31	38.70	39.34
Interest Earnings	--	1.59	1.94	2.40	2.91	3.42	3.88
Loans	--	0.00	0.00	0.00	0.00	0.00	0.00
Excess Reduced Credits	--	0.00	0.00	0.00	0.00	0.00	0.00
Reed Act/UI Modernization Transfers		0.00	0.00	0.00	0.00	0.00	0.00
<u>Outgo</u>	--	26.59	26.52	27.53	29.06	30.68	32.52
Benefits	--	26.51	26.45	27.45	28.99	30.62	32.46
Loan Repayments	--	0.00	0.00	0.00	0.00	0.00	0.00
Administration	--	0.08	0.08	0.07	0.07	0.06	0.06
Balance (End of Year)	67.08	78.40	92.49	107.00	120.16	131.60	142.30
Outstanding Loans	0.07	0.06	0.06	0.05	0.04	0.02	0.01
Net Balance (Excluding Loans)	67.01	78.33	92.43	106.95	120.12	131.57	142.28

AGGREGATE STATE TRUST FUND STATUS



**STATUS OF ADMINISTRATION ACCOUNT (ESAA)
FY 2020 Mid Session Review Budget
(Billions of Dollars)**

FISCAL YEAR	2018	2019	2020	2021	2022	2023	2024
<u>Income</u>	--	5.63	5.67	5.76	5.88	6.01	6.14
FUTA Income	--	5.54	5.58	5.67	5.78	5.90	6.02
General Revenues	--	0.00	0.00	0.00	0.00	0.00	0.00
Interest Earnings	--	0.09	0.09	0.10	0.10	0.11	0.11
Transfers from FUA/EUCA		0.00	0.00	0.00	0.00	0.00	0.00
<u>Outgo</u>	--	3.59	3.77	3.90	4.02	4.21	4.45
State Administration	--	3.37	3.59	3.72	3.83	4.02	4.26
-UI	--	2.44	2.64	2.73	2.82	2.99	3.21
-ES,BLS,VETS	--	0.93	0.94	0.99	1.01	1.03	1.05
Federal Administration	--	0.21	0.18	0.19	0.19	0.19	0.19
Transfers to FUA/EUCA		0.00	0.00	0.00	0.00	0.00	0.00
Preliminary Balance (End of Year)	3.92	4.80	4.60	4.62	4.66	4.65	4.61
FUA/EUCA Overflow	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance	3.92	4.80	4.60	4.62	4.66	4.65	4.61
Owed to FUA EUCA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Owed from FUA EUCA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ESAA Payable (2)	1.26	1.26	1.26	1.26	1.26	1.26	1.26
Net Balance	2.66	3.54	3.34	3.36	3.40	3.39	3.35
-Ceiling (1)	1.50	1.44	1.50	1.54	1.59	1.67	1.77
-Excess	1.17	2.10	1.84	1.82	1.81	1.72	1.58
To EUCA	1.17	2.10	1.84	1.82	1.81	1.72	1.58
To FUA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
To States (Reed Act)	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(1) Statutory ceiling is 40% of the current year's appropriations.

(2) ESAA Payable is the amount of unliquidated obligations for administration and is deducted from the net balance.

Note: Administrative costs for years beyond 2020 are based on growth factors applied to all programs in the Federal budget.

STATUS OF EXTENDED BENEFIT ACCOUNT (EUCA)
FY 2020 Mid Session Review Budget
(Billions of Dollars)

FISCAL YEAR	2018	2019	2020	2021	2022	2023	2024
<u>Income</u>	--	2.60	3.58	3.36	3.39	3.46	3.51
FUTA Income	--	1.39	1.39	1.42	1.45	1.48	1.51
Interest Earnings	--	0.05	0.09	0.11	0.12	0.17	0.29
Overflow from ESAA	--	1.17	2.10	1.84	1.82	1.81	1.72
Transfers from FUA/ESAA	--	0.00	0.00	0.00	0.00	0.00	0.00
General Fund Advances	--	0.00	0.00	0.00	0.00	0.00	0.00
<u>Outgo</u>	--	2.10	3.00	3.20	2.98	0.00	0.00
EB Outlays -- Fed Share	--	0.00	0.00	0.00	0.00	0.00	0.00
Transfers to FUA/ESAA	--	2.10	3.00	3.20	2.98	0.00	0.00
Repayment to General Fund	--	0.00	0.00	0.00	0.00	0.00	0.00
Interest on General Fund Advances		0.00	0.00	0.00	0.00	0.00	0.00
Balance							
(End of Year)	0.77	1.27	1.85	2.01	2.42	5.88	9.40
Owed to General Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Owed to FUA/ESAA	10.18	8.08	5.08	1.88	0.00	0.00	0.00
Owed from FUA/ESAA	0.00	0.00	0.00	0.00	1.10	1.10	1.10
Net Balance	-9.41	-6.81	-3.23	0.14	3.52	6.98	10.50
-Ceiling (1)	31.49	33.13	34.37	36.12	38.12	40.32	42.59
-Excess	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(1) Statutory ceiling is 0.5% of covered wages

**STATUS OF LOAN ACCOUNT (FUA) FY
2020 Mid Session Review Budget
(Billions of Dollars)**

FISCAL YEAR	2018	2019	2020	2021	2022	2023	2024
<u>Income</u>	--	2.13	3.08	3.37	3.24	0.35	0.37
Interest Earnings	--	0.03	0.08	0.16	0.25	0.34	0.36
State Repayments	--	0.00	0.00	0.00	0.00	0.00	0.00
Reduced Credits	--	0.01	0.01	0.01	0.01	0.01	0.01
State Interest Payments	--	0.00	0.00	0.00	0.00	0.00	0.00
Overflow from ESAA	--	0.00	0.00	0.00	0.00	0.00	0.00
Transfers from EUCA/ESAA	--	2.10	3.00	3.20	2.98	0.00	0.00
General Fund Advances	--	0.00	0.00	0.00	0.00	0.00	0.00
<u>Outgo</u>	--	0.00	0.00	0.00	0.00	0.00	0.00
State Loans	--	0.00	0.00	0.00	0.00	0.00	0.00
Transfers to EUCA/ESAA	--	0.00	0.00	0.00	0.00	0.00	0.00
Repayment to General Fund	--	0.00	0.00	0.00	0.00	0.00	0.00
Interest on General Fund Advances		0.00	0.00	0.00	0.00	0.00	0.00
Balance							
(End of Year)	1.10	3.24	6.32	9.69	12.93	13.27	13.65
Owed to General Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Owed from States	0.07	0.06	0.06	0.05	0.04	0.02	0.01
Owed to ESAA/EUCA	0.00	0.00	0.00	0.00	1.10	1.10	1.11
Owed from ESAA/EUCA	10.18	8.08	5.08	1.88	0.00	-0.01	0.00
Net Balance	11.35	11.37	11.45	11.61	11.86	12.19	12.55
-Ceiling (1)	31.49	33.13	34.37	36.12	38.12	40.32	42.59
-Excess to ESAA	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(1) Statutory ceiling is 0.5% of covered wages.

DEFINITIONS

EB	Extended Benefits -- Permanent triggered program
ES	Employment Service
ESAA	Employment Security Administration Account Provides grants to states for UI and ES
EUC08	Emergency Unemployment Compensation, 2008 Temporary extended benefit program enacted July 2008
EUCA	Extended Unemployment Compensation Account Pays Federal share of EB and EUC08
FAC	Federal Additional Compensation Temporary \$25 supplement to all UI payments
FECA	Federal Employees Compensation Account Pays benefits to UCFE and UCX claimants
FUA	Federal Unemployment Account Makes repayable advances to state trust funds
FUBA	Federal Unemployment Benefits and Allowances Benefit payments to Trade Act claimants
FUTA	Federal Unemployment Tax Act
FY	Fiscal Year
GDP	Gross Domestic Product
IUR	Insured Unemployment Rate
OUTYEARS	Years beyond the budget year
TEUC	Temporary Extended Unemployment Compensation Temporary extended benefit program, March 2002 – January 2005
TUR	Total Unemployment Rate
UCFE	Unemployment Compensation for former Federal Employees
UCX	Unemployment Compensation for ex-Servicemen
UI	Unemployment Insurance
UTF	Unemployment Trust Fund