

WYOMING UNEMPLOYMENT INSURANCE –

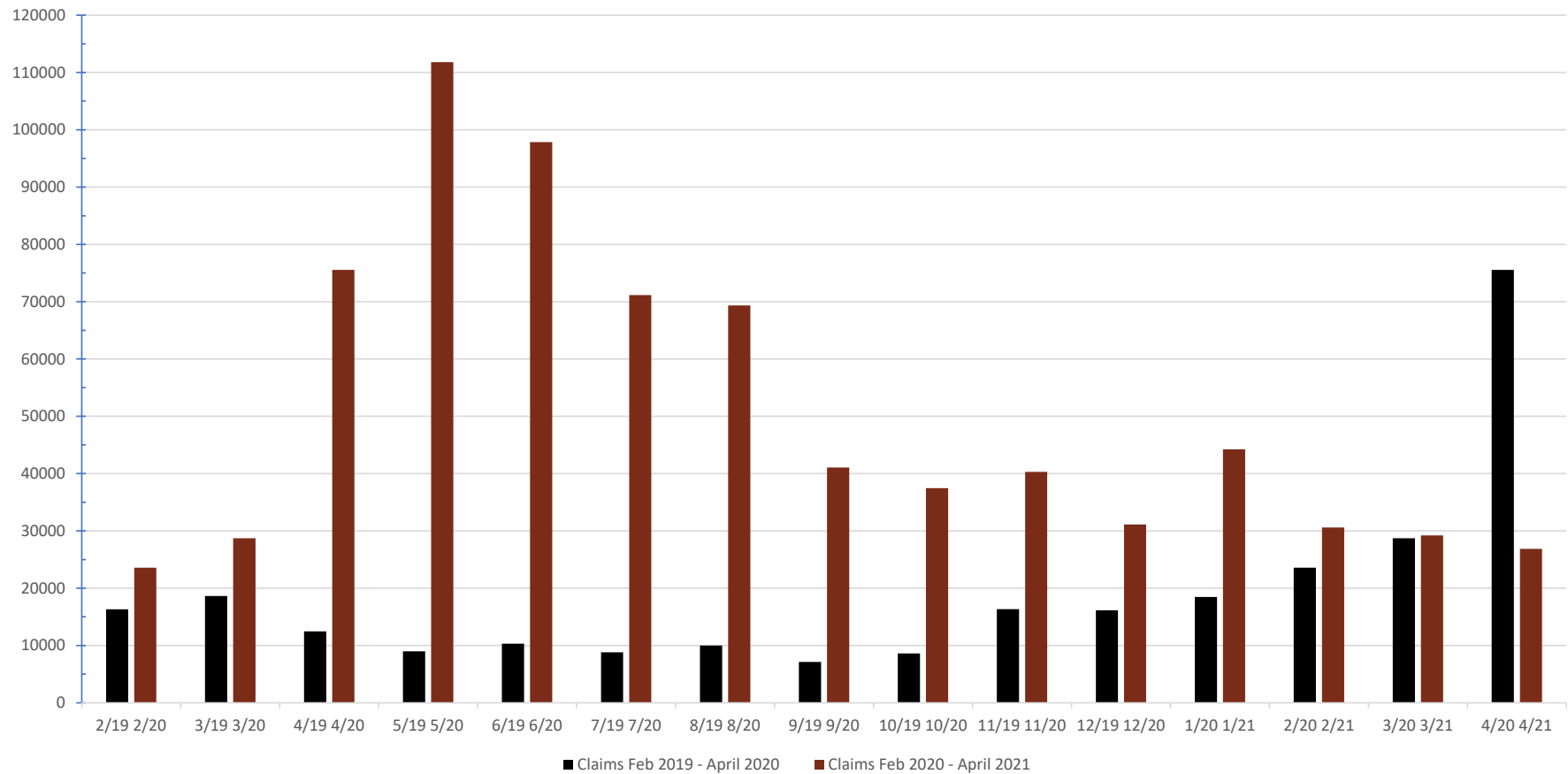
HOW UNEMPLOYMENT INSURANCE TAX RATES ARE CALCULATED AND THE IMPACT OF CARES ACT DEPOSITS



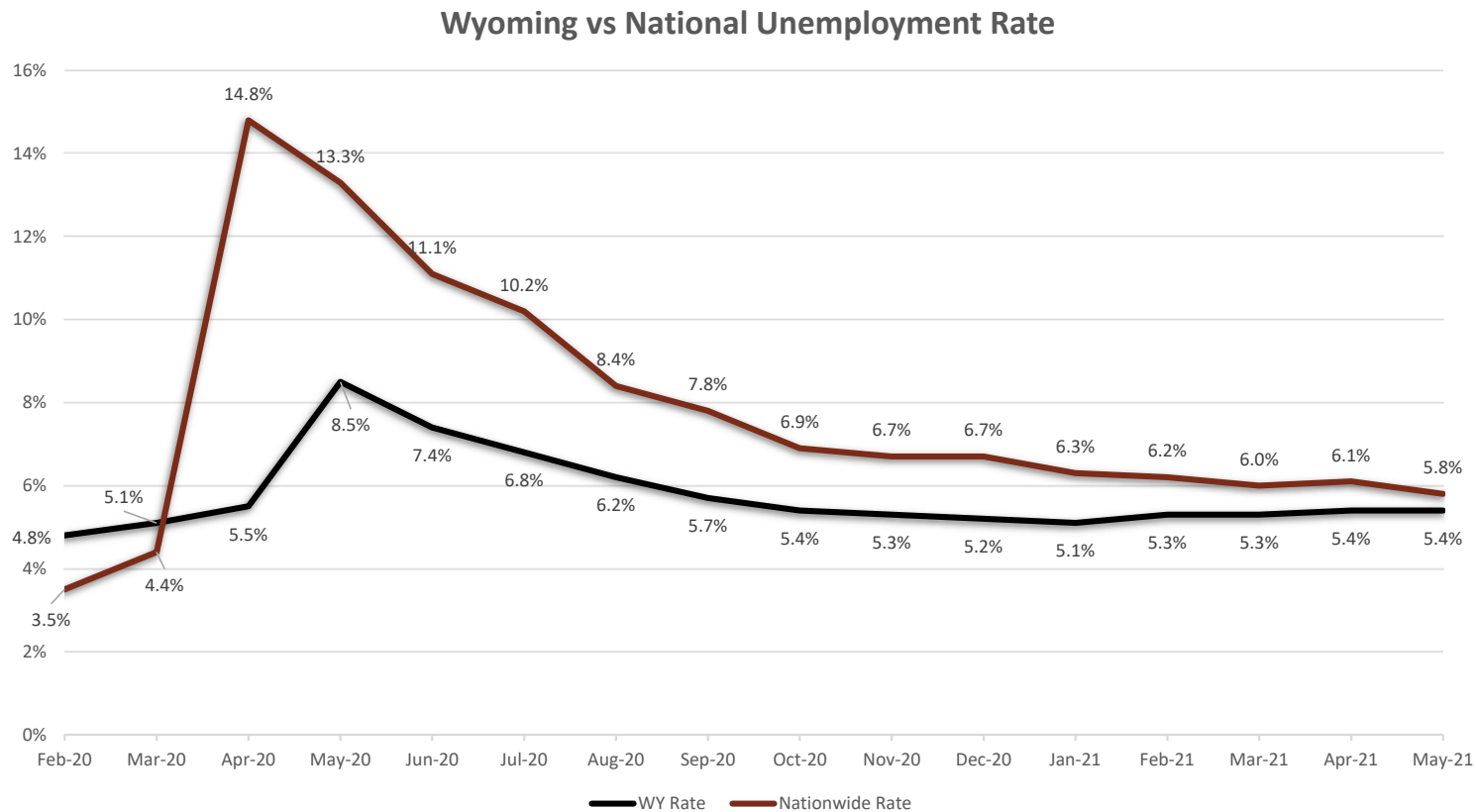
WYOMING'S CLAIM INFORMATION

Number of Paid Unemployment Claims by Month

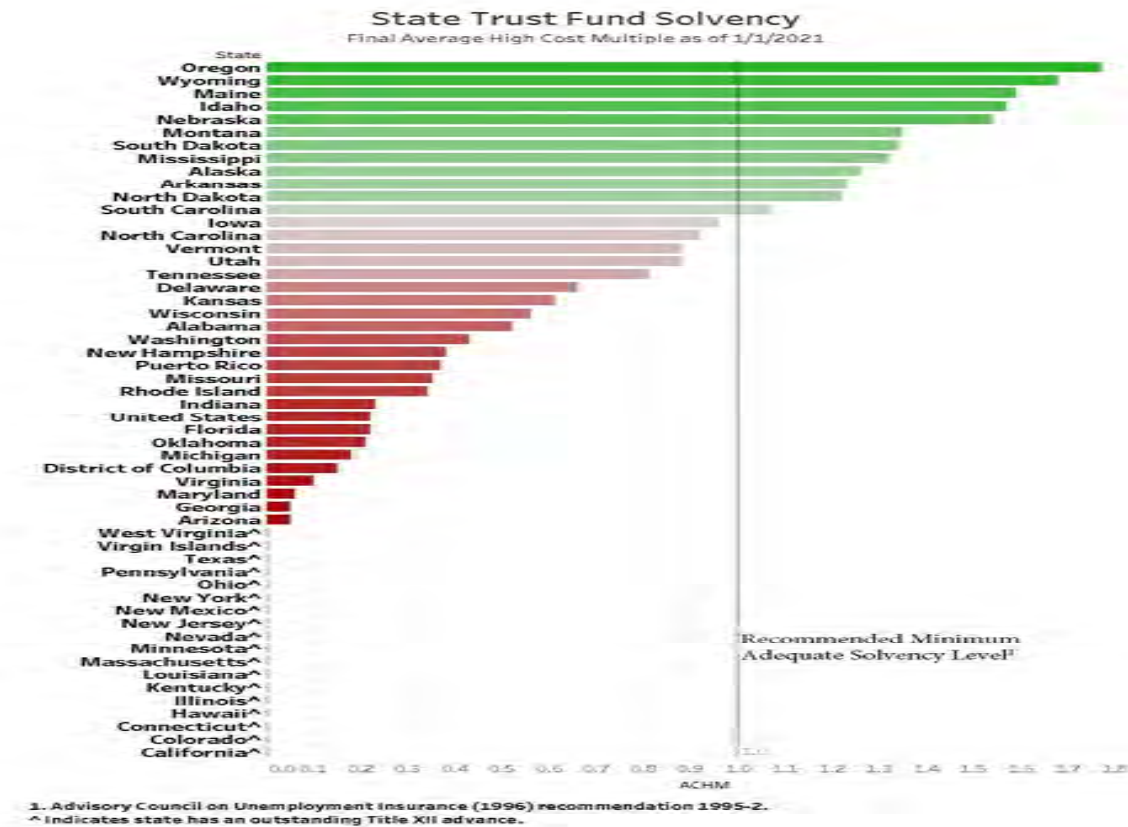
February 2019 - April 2020 vs. February 2020 - April 2021



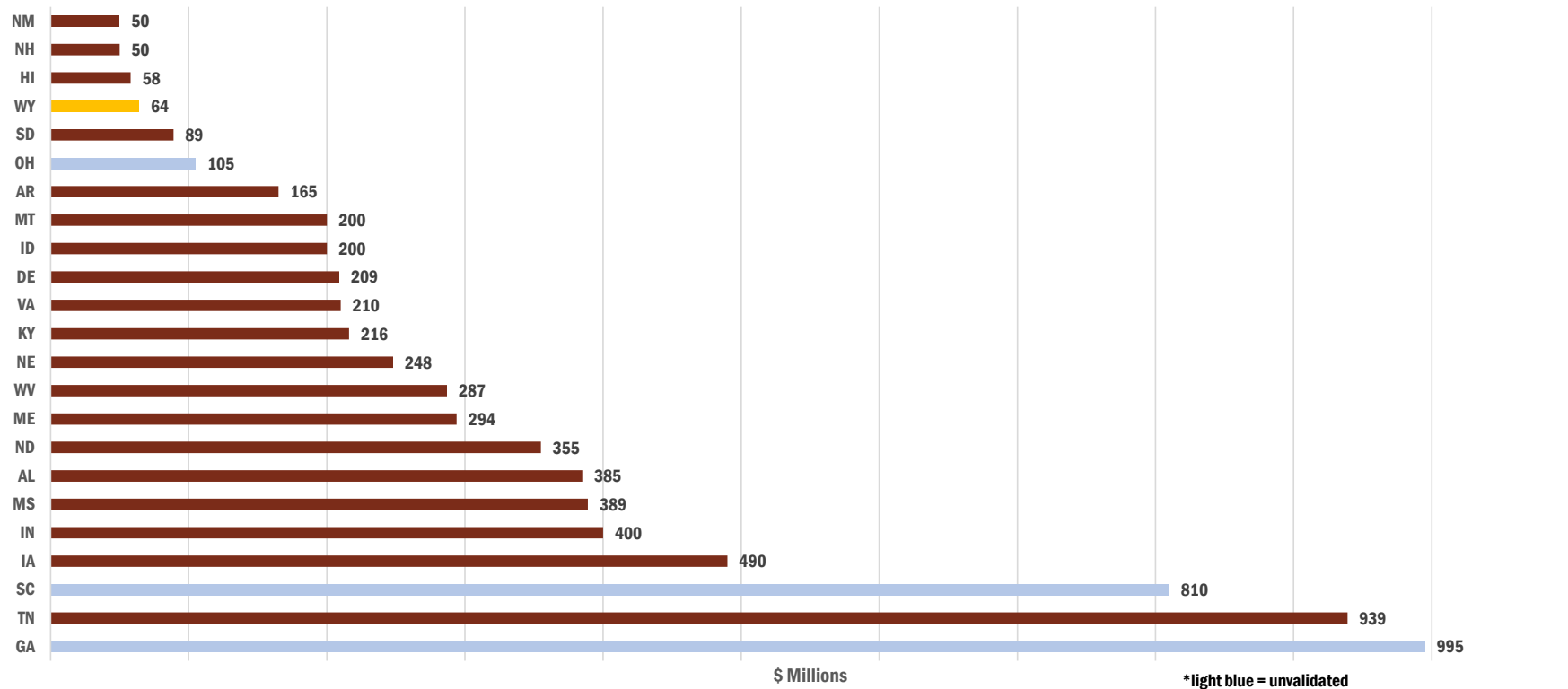
WYOMING'S UNEMPLOYMENT RATE



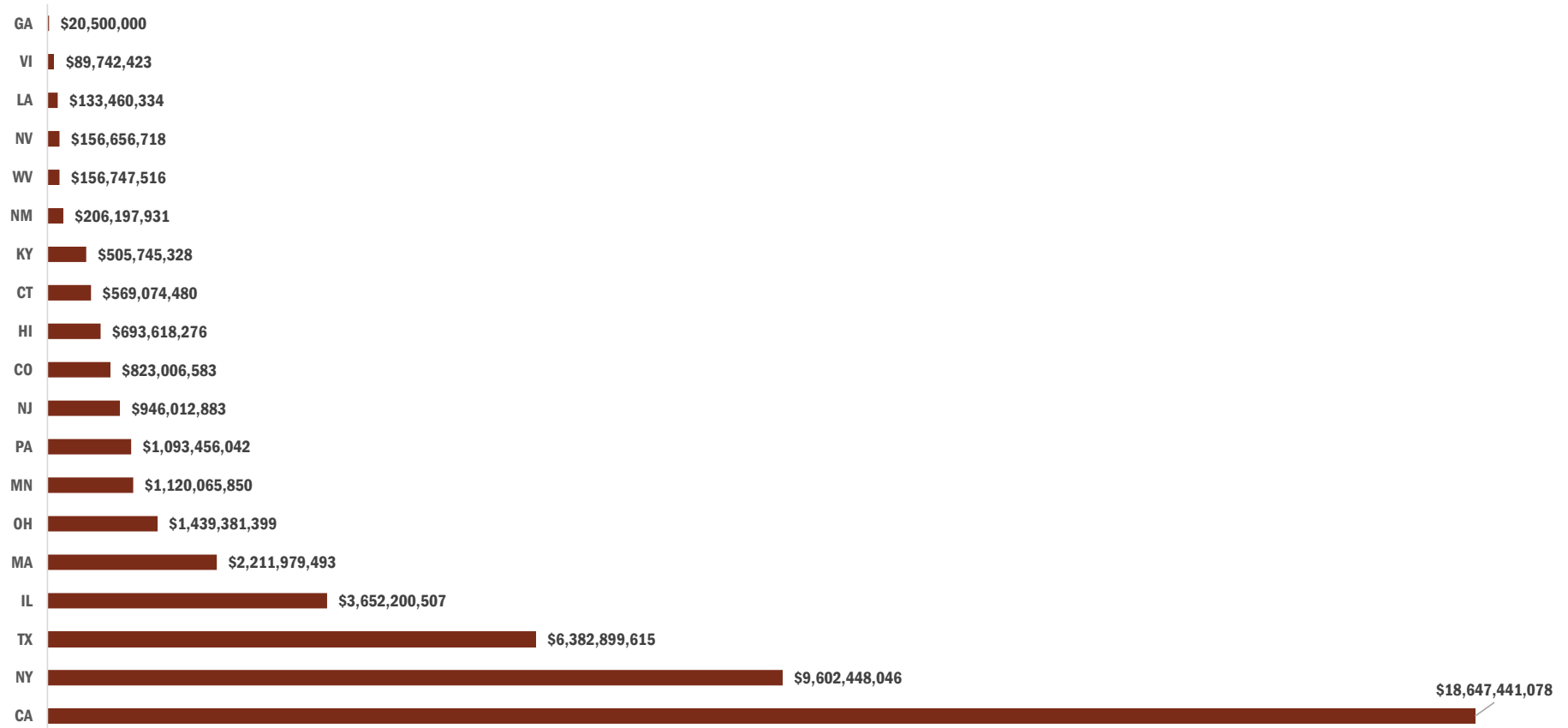
HOW SOLVENT IS THE TRUST FUND CURRENTLY?



STATES RECEIVING CARES ACT FUNDS - REPLENISH UI TRUST FUND



STATES BORROWING AS OF JANUARY 31, 2021

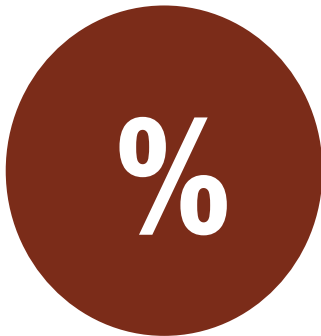


Drawing from the UI Trust Fund **triggers across-the-board tax increases based on the statutory factors, that are meant to maintain the solvency of the fund. These factors are outlined in state statute and strictly dictate how tax revenues are collected.**



$$\text{BASE RATE} + (\text{THREE STATUTORY FACTORS}) = \text{TAX RATE}$$

**Non-Charged/
Ineffectively
Charged Factor**



**Employment Support
Fund Factor**



**Fund Balance
Factor**



HOW IS THE BASE RATE CALCULATED?

NEW AND EXPERIENCED
EMPLOYERS



NEW EMPLOYERS

New employers have a standard base rate based on the average rate assigned to all employers in that NAICS codes classification in the previous year.



EXPERIENCED EMPLOYERS

If the employer has a minimum of **three years of taxable wage history**, they are deemed “Experience Rated Employers.” These employers have a base rate based on the “benefits paid out” ratio. In other words, the more layoffs incurred and thus “benefits paid out,” the higher the base rate will be for the employer.



REVIEW OF STATUTORY **FACTORS**

**Non-Charged/
Ineffectively
Charged Factor**



**Employment Support
Fund Factor**



**Fund Balance
Factor**



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NON-CHARGED/INEFFECTIVELY CHARGED **FACTOR**

- ✓ **PURPOSE:** Replenishes the fund for benefits paid out that are not charged to an employer either due to specific reasons identified in the statutes, or the employer is at a maximum non-charge experience rate.
- ✓ **CALCULATION:** Based on 60% of the amounts that were non-charged or ineffectively charged in the prior fiscal year.
- ✓ **DEPOSIT:** The taxes collected applicable to this factor are deposited into the UI trust fund.



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EMPLOYMENT SUPPORT FUND **FACTOR**

- ✓ **PURPOSE:** Used to fund special programs and to support employment programs throughout the state.
- ✓ **CALCULATION:** Based on 40% of the amounts that were noncharged or ineffectively charged to employers in the prior fiscal year.



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FUND BALANCE FACTOR

- ✓ **PURPOSE:** Keeps the UI Trust Fund balance at a solvent level that is sufficient to pay benefits to claimants, but also is not more than is needed.
- ✓ **RESULT:** If numerous benefit payments, the factor will likely be positive. If minimal benefit payments, the factor will likely be negative. This negative will help offset the other two factors for long-term employers and provide a lower tax rate.



UNEMPLOYMENT INSURANCE TAX RATES AND THE PANDEMIC



WHAT HAS BEEN DONE TO HELP LOWER TAX RATES?

- ✓ **CARES Act funds deposited directly into the UI Trust Fund**
 - **\$ 64,055,658.00 total deposited into the fund to date:**
 - **Initial \$25 million replenished trust fund which reduced the fund balance factor for 2021 for all employers.**
 - **Second \$39 million replenished trust fund which reduced the fund balance factor for 2022 for all employers.**
- ✓ **Per SF1002, non-charging employers closed due to public health order**
- ✓ **Both actions will work in the calculation together to keep rates low into 2024**

EMPLOYER

SPECIAL SESSION LEGISLATION –

SF1002

- ✓ **Allowed for non-charging “with the adoption of adequate standards and safeguards to assure the continued actuarial soundness of the . . . fund[.]”**



EXECUTIVE ORDER

- ✓ By preventing the base rates of experience rated employers from being impacted by COVID-19-related layoffs, this action helps to give Wyoming businesses closed due to public health orders some certainty that COVID-19-related UI claims will not cause their UI taxes to rise significantly during these very challenging economic times.
- ✓ The non-charging of benefit charges for employers listed in the Public Health Orders assisted in the reduction of employer base rates for the rate years of 2021, 2022, 2023, and 2024.



PROPOSED AMENDED EXECUTIVE ORDER

- ✓ **Non-charge all employers because all employers were impacted by COVID due to interdependence of factors used to determine tax rates.**
- ✓ **Dates for non-charging will be slightly expanded to account for initial voluntary closures due to CDC recommendations.**
- ✓ **Total cost to UI trust fund to non-charge all employers = \$58 million (Calculation: \$97.3 million total cost - \$39 million balance)**
- ✓ **Funds will be requested through federal funding source(s) to ensure the health of the fund.**



DENTAL OFFICE **EXAMPLE**

	Projection of rate information without any influx of funds resulting from the pandemic (no action)	Employer account had \$10,243.56 in UI Benefit Charges in the first half of 2021. It had no other UI Benefit Charges in the last three fiscal years (includes \$25 million deposit)	New 2021 UI Tax Rate based on Amended Executive Order to non-charge all employers (this estimate includes a \$58 million addition to fund)	2020 Rate Information
Tax Rate	2.55%	2.42%	0.48%	.09%
Taxable Wages	\$314,000	\$314,000	\$314,000	\$314,000
Total UI Tax	\$8,007.00	\$7,598.80	\$1,507.20	\$282.60

SAVINGS FOR EMPLOYER WITH NON-CHARGING: **\$6,091.60**



WHAT IS THE CURRENT UI TRUST FUND BALANCE AND HOW LONG COULD IT LAST?

- ✓ **December 31, 2020 - UI Federal Trust Fund balance = \$283,903,687.66**
 - **UI State Trust Fund balance was \$51,460,891.03**
- ✓ **Estimates are that these funds will cover 1.8 years of benefit payments based on calendar year 2020's annual benefits paid out of \$178,018,403.39.**
- ✓ **Does not take into consideration the ongoing tax revenue collections projected for 2021.**
- ✓ **If taxes are collected at the current 2021 tax rates and the number of employers stay stable, the UI Trust Fund is likely to stay healthy and will cover 4 years of benefit payments based on calendar year 2020's annual benefits paid out.**



WORKERS' COMPENSATION COVID RELIEF



WYOMING



SPECIAL SESSION LEGISLATION –

SF1002

- ✓ **Section 5. “the department of workforce services shall establish a premium credit for any employer who has made all required workers’ compensation payments for the period beginning January 1, 2019 and ending December 31, 2019.**



ADDITION OF FUNDS INTO WORKERS' COMPENSATION FUND

- ✓ **DWS received \$14,059,976.89 in CARES Act to replenish the WC Industrial Accident Fund for the WC Premium Credit that was provided during the special session and COVID-related WC medical claims. This amount is broken down as follows:**
 - ✓ **Administrative costs: \$19,508.**
 - ✓ **WC Premium Credit: \$13,491,443.68 The total amount of the COVID premium credit given was \$16,868,482.40 leaving \$2,828,013.51 not replenished.**
 - ✓ **WC Medical COVID Claims: \$ 549,025.21 The total amount of the medical claims paid out \$4,482,010.43 leaving \$3,932,985.28 not replenished.**



QUESTIONS?

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