

**Texas Workforce Commission
Interoffice Memorandum**

To: Ed Serna, Executive Director
From: Chris Nelson, Chief Financial Officer
Date: February 10, 2020
Subject: Unemployment Trust Fund Report for October 1, 2020 and Employment and Training Investment Assessment Remittance Report for September 1, 2020

Please find attached the Unemployment Trust Fund projection for October 1, 2020, and Employment and Training Investment Assessment Remittance Report for September 1, 2020 prepared as of February 10, 2020.

- October 1, 2020 Unemployment Trust Fund balance is projected to be \$1.97 billion.
- Unemployment Trust Fund balance is expected to be \$783 million above the statutory floor on October 1, 2020.

Recent Unemployment Compensation trends are provided below:

Description	One-Year Ago Six-Week Average	Last Six Weeks Ending 1/25/2020	% Change
Weekly Total Benefits Paid (\$million)	\$39.5	\$46.8	18.5%
Unemployment Initial Claims	13,502	13,213	-2.1%
Unemployment Continued Claims	114,098	127,647	11.9%
Average Weekly Benefit Amount	\$398	\$421	5.8%

It is important to note that Unemployment Trust Fund projection is based on economic assumptions subject to significant future changes that cannot be known. This projection is prepared for informational purposes and is not used to determine unemployment tax rates for employers. Annual unemployment tax rate calculations are based on actual accounting system amounts consistent with factors prescribed in State law.

Attachment

cc: Commissioners

Texas Workforce Commission
Financial Status for Unemployment Trust Fund 2015 - 2019 & 2020 est.
(\$ in Millions) as of February 10, 2020

	2015	2016	2017	2018	2019	2020 EST.	
Ref. 1. Unemployment Trust Fund and Outstanding Unemployment Revenue Bonds							
1.01	Beginning Cash Balance as of October -- Unemployment Trust Fund	\$ 1,875.7	\$ 1,689.3	\$ 1,095.9	\$ 1,124.9	\$ 1,682.8	\$ 2,190.4
1.02	Add: Employer Remittances	\$ 2,234.5	\$ 2,149.3	\$ 2,392.0	\$ 2,467.5	\$ 2,371.3	\$ 1,981.9
1.03	Add: Treasury Offset Program (TOP) Recoveries	\$ -	\$ -	\$ 24.1	\$ 11.2	\$ 11.2	\$ 10.9
1.04	Add: Depository Interest	\$ 42.8	\$ 29.1	\$ 21.4	\$ 30.0	\$ 45.4	\$ 50.5
1.05	Add: Transfer and Adjustments (Primarily, Benefits Reimbursements from Other States)	\$ 78.8	\$ 54.6	\$ 58.7	\$ 55.0	\$ 70.7	\$ 57.6
1.06	Add: Obligation Assessment Transfers to UC Trust Fund After Bond Repayment	\$ -	\$ -	\$ 84.4	\$ 61.2	\$ -	\$ -
1.07	Deduct: Unemployment Benefit Payments	\$ (2,542.5)	\$ (3,015.5)	\$ (2,551.6)	\$ (2,067.0)	\$ (1,991.0)	\$ (2,325.8)
1.08	Unemployment Trust Fund Cash Balance as of September 30th for "Floor Test"	\$ 1,689.3	\$ 906.8	\$ 1,124.9	\$ 1,682.8	\$ 2,190.4	\$ 1,965.5
1.09	Add: Obligation Assessment Balance as of September	\$ 102.4	\$ 77.1	\$ -	\$ -	\$ -	\$ -
1.10	Deduct: Outstanding Unemployment Revenue Bond Obligations	\$ (657.2)	\$ (303.2)	\$ -	\$ -	\$ -	\$ -
1.11	Net Position of UC Trust Fund as of September 30th for "Floor Test"	\$ 1,134.5	\$ 680.7	\$ 1,124.9	\$ 1,682.8	\$ 2,190.4	\$ 1,965.5
Ref. 2. Unemployment Trust Fund October 1st "Floor Test"							
2.00	Net Position of UC Trust Fund as of September 30th for "Floor Test" (see #1)	\$ 1,134.5	\$ 680.7	\$ 1,124.9	\$ 1,682.8	\$ 2,190.4	\$ 1,965.5
2.01	UC Trust Fund Floor Amount for "Floor Test" (1% of Taxable Wages for four quarters ending June)	\$ 1,041.7	\$ 1,050.0	\$ 1,074.1	\$ 1,103.7	\$ 1,158.9	\$ 1,182.8
2.02	Net Position of UC Trust Fund Less "Floor Test" Amount -- Above or (Below) October 1st Floor	\$ -	\$ (369.3)	\$ -	\$ -	\$ -	\$ -
2.03	Transfer from ETIA Holding Fund (see row 4.05)	\$ -	\$ 189.1	\$ -	\$ -	\$ -	\$ -
2.04	Net Position of UC Trust Fund (after ETIA Transfer) Less "Floor Test" Amount -- Above/(Below)	\$ 92.8	\$ (180.2)	\$ 50.8	\$ 579.1	\$ 1,031.5	\$ 782.7
2.05	Low balance Amount for UC Trust Fund (Usually Mid-April)	\$ 1,328.9	\$ 708.4	\$ 222.1	\$ 657.9	\$ 1,283.1	\$ 1,488.7
2.06	Est. Weeks of UC Benefits covered with Low Point Balance in UC Trust Fund	31.0	12.5	4.3	17.0	33.5	33.3
Ref. 3. Unemployment Trust Fund Balance After Any ETIA Transfers							
3.00	Unemployment Trust Fund Cash Balance as of September 30th for "Floor Test" (See #1)	\$ 1,689.3	\$ 906.8	\$ 1,124.9	\$ 1,682.8	\$ 2,190.4	\$ 1,965.5
3.01	Add: Amount of ETIA Holding Fund Transferred to UC Trust (See #2.03)	\$ -	\$ 189.1	\$ -	\$ -	\$ -	\$ -
3.02	UC Trust Fund Cash Balance as of October after Transfer of ETIA Holding Fund Amount	\$ 1,689.3	\$ 1,095.9	\$ 1,124.9	\$ 1,682.8	\$ 2,190.4	\$ 1,965.5
Ref. 4. Employment and Training Investment Assessment (ETIA) Holding Fund 5128							
4.00	Beginning Balance as of September (ETIA Holding Fund)	\$ 31.1	\$ 85.8	\$ -	\$ 62.2	\$ 172.1	\$ 240.3
4.01	Add: ETIA Collections during State Fiscal Year (0.1% of Employers UI Taxable Wages)	\$ 105.2	\$ 105.2	\$ 109.8	\$ 110.3	\$ 113.2	\$ 119.1
4.02	Deduct: ETIA Reimbursement for Collection Costs (TWC Rider #25)	\$ (0.4)	\$ (0.4)	\$ (0.4)	\$ (0.4)	\$ (0.4)	\$ (0.4)
4.03	Ending Balance as of August 31st (ETIA Holding Fund Balance Before Transfers)	\$ 135.9	\$ 190.6	\$ 109.4	\$ 172.1	\$ 284.9	\$ 359.0
4.04	Deduct: Art. IX, Sec. 18.13, Contingency for HB939 (2014-15 GAA)	\$ (1.5)	\$ (1.5)	\$ -	\$ -	\$ -	\$ -
4.05	Transfer to Unemployment Trust Fund (See #2.03)	\$ -	\$ (189.1)	\$ -	\$ -	\$ -	\$ -
4.06	Transfer to Skills Development Program	\$ (48.6)	\$ -	\$ (47.2)	\$ -	\$ (44.6)	\$ -
4.07	Remaining Balance in ETIA Holding Fund as of September	\$ 85.8	\$ -	\$ 62.2	\$ 172.1	\$ 240.3	\$ 359.0

Texas Workforce Commission
Financial Status for Unemployment Trust Fund for 2015 - 2019 & 2020 est.
as of February 10, 2020

		2015	2016	2017	2018	2019	2020 EST.	
Ref. 5. Related Measures, 12 months through Sep								
5.00	Private Sector Covered Wages (est. 2019 & 2020)	Billions	\$538	\$551	\$566	\$602	\$639	\$645
5.01	Civilian Labor Force (CLF)	Millions	13.1	13.3	13.5	13.8	14.0	14.2
5.02	Texas Employed	Millions	12.5	12.7	12.9	13.2	13.5	13.7
5.03	Avg. Amount of UI Tax Collected per Number Employed		\$179	\$169	\$185	\$187	\$176	\$145
5.04	Texas Unemployed		586,464	604,263	608,276	543,257	503,100	497,071
5.05	Avg. Total Unemployment Rate, 12 months through Sep.		4.5%	4.6%	4.5%	3.9%	3.6%	3.5%
5.06	Percent Compensated (Weeks Compensated ÷ Number Unemployed)		23.9%	25.5%	21.8%	20.4%	20.3%	21.0%
5.07	Avg. Weekly Benefit Amount		\$ 362	\$ 387	\$ 386	\$ 383	\$ 398	\$ 417
5.08	Unemployment Taxable Wages (four quarters ending June 30th)	Billions	\$ 104	\$ 106	\$ 108	\$ 112	\$ 116	\$ 118
5.09	UI Taxable Wage per Number Employed		\$ 8,320	\$ 8,346	\$ 8,372	\$ 8,485	\$ 8,593	\$ 8,613
5.10	Yield rate (Total remittances ÷ Taxable Wages) excludes Obligation Assessments		2.1%	2.0%	2.2%	2.2%	2.0%	1.7%
5.11	Calculated Number Compensated (% Compensated × Unemployed)		140,027	154,173	132,513	111,019	102,370	104,322
Ref. 6. Unemployment Benefits, Initial Claims, & Continued Claims								
Average Monthly for 12 months as of September each year (2020 estimated)								
6.00	Unemployment Benefits Paid (Monthly)	Millions	\$ 211.9	\$ 251.3	\$ 212.6	\$ 172.3	\$ 165.9	\$ 193.8
6.01	Initial Claims (Monthly)		73,503	73,586	73,773	58,638	58,159	62,115
6.02	Continued Claims (Monthly)		637,714	724,410	625,332	525,672	477,269	492,414
Weekly Average (Based on 6 weeks as of December)								
6.03	Unemployment Benefits Paid (Weekly)	Millions	\$ 39.6	\$ 55.7	\$ 54.7	\$ 44.8	\$ 39.5	\$ 46.8
6.04	Initial Claims (Weekly)		16,019	16,267	14,801	13,569	13,502	13,213
6.05	Continued Claims (Weekly)		129,729	165,455	154,498	133,198	114,098	127,647
Percent Change from Previous Year Weekly Averages								
6.06	Unemployment Benefits Paid (Weekly)		-7.6%	40.7%	-1.8%	-18.1%	-11.8%	18.5%
6.07	Initial Claims (Weekly)		-4.4%	1.5%	-9.0%	-8.3%	-0.5%	-2.1%
6.08	Continued Claims (Weekly)		-9.8%	27.5%	-6.6%	-13.8%	-14.3%	11.9%