

Dept. of Workforce Development: Releases potential impact due to COVID-19 on unemployment trust fund

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MADISON – The Department of Workforce Development (DWD) today released three different potential Unemployment Insurance (UI) Trust Fund exhaustion paths based on certain assumptions.

As of May 6, the Trust Fund balance stood at \$1,862,656,170.

Currently UI is experiencing unprecedented claim volume with over 300,000 weekly claims per week. This is 194% higher than the average number of weekly claims received during the first year of the Great Recession. Due to the uncertain future impacts of COVID-19, it is unknown if Wisconsin will continue to experience this high volume of claims and for how long this may occur. For this reason, it is difficult to project when or even if the UI Trust Fund may exhaust and Wisconsin will need to borrow from the federal government in order to pay benefits, as it did during the Great Recession.

The main driver of when or if Wisconsin will exhaust the UI Trust Fund depends primarily upon the level of weekly claims UI receives going forward. The three hypothetical scenarios range from a high of 255,000 payable claims per week to a low of 85,000 payable claims per week. The impact of a third, middle scenario, is also included, which assumes 170,000 payable claims per week. Exhaustion dates range from approximately October 2020 in the high claim scenario to September 2021 in the low claim scenario. The scenarios are based on an assumed level of weekly claims, however, do not represent a projection of claims levels by the

department.

The analysis below is based on the following assumptions:

- An average weekly benefit amount of \$325;
- 85% of claims will be paid from state Regular UI; and
- 94% of benefits will be charged to the UI Trust Fund.

The analysis does not include future employer-paid unemployment insurance tax revenue, which would be deposited into the Trust Fund, prolonging the viability of the fund beyond the scenarios below.

Potential WI UI Trust Fund Exhaustion Paths

Average Weekly Claims	Payable Claims	Paid Amount	Chargeable Amount	Starting UI TF Balance	Weeks Remaining in Trust Fund	Week Exhausted
300,000	255,000	\$82,875,000	\$77,902,500	\$1,900,000,000	24.4	October 11, 2020
200,000	170,000	\$55,250,000	\$51,935,000	\$1,900,000,000	36.6	January 3, 2021
100,000	85,000	\$27,625,000	\$25,967,500	\$1,900,000,000	73.2	September 19, 2021