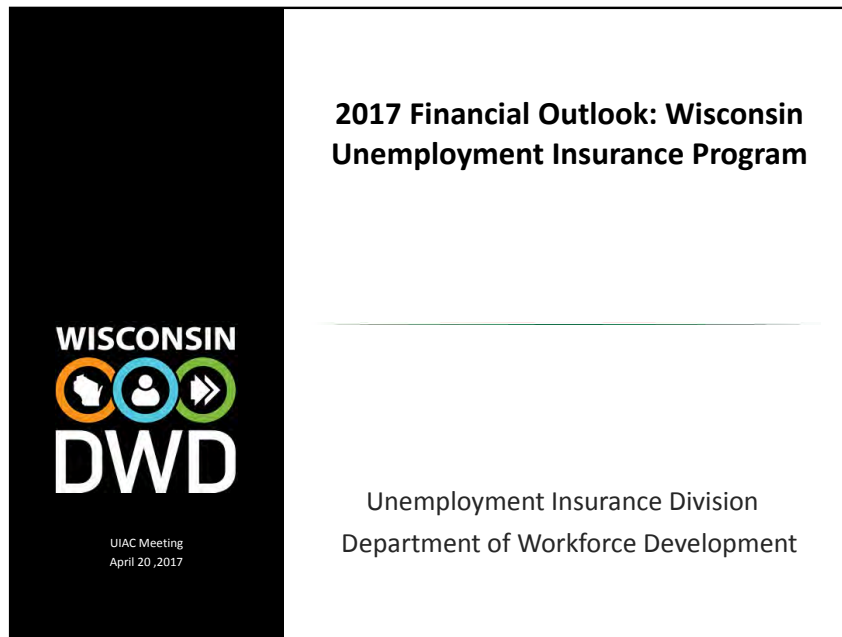


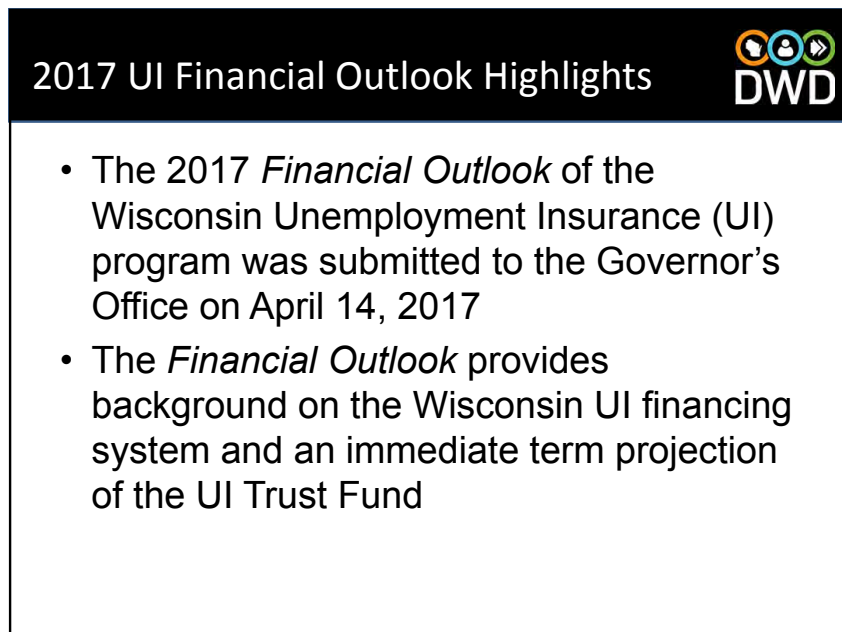
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2017 Financial Outlook: Wisconsin Unemployment Insurance Program

Unemployment Insurance Division
Department of Workforce Development

WISCONSIN
DWD
UIAC Meeting
April 20, 2017

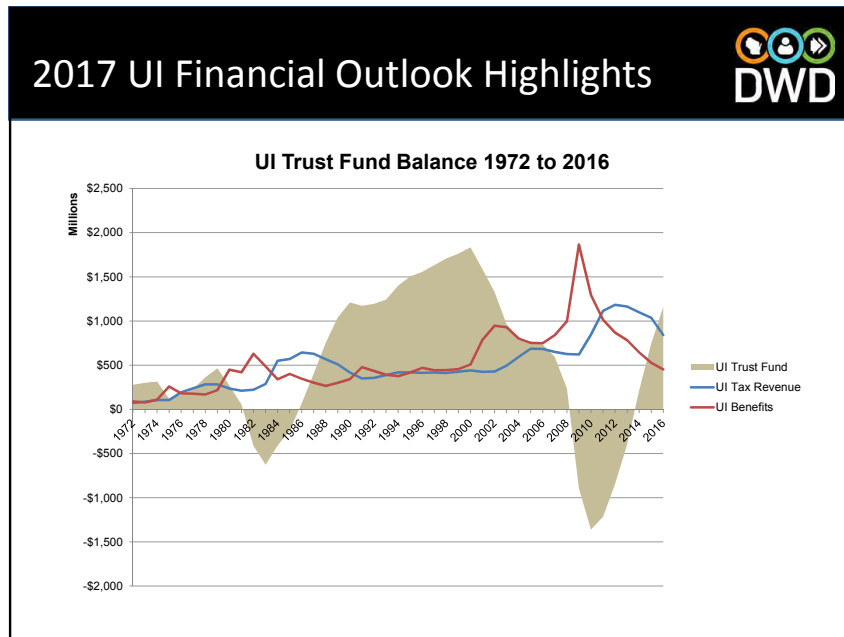


2017 UI Financial Outlook Highlights

- The 2017 *Financial Outlook* of the Wisconsin Unemployment Insurance (UI) program was submitted to the Governor's Office on April 14, 2017
- The *Financial Outlook* provides background on the Wisconsin UI financing system and an immediate term projection of the UI Trust Fund

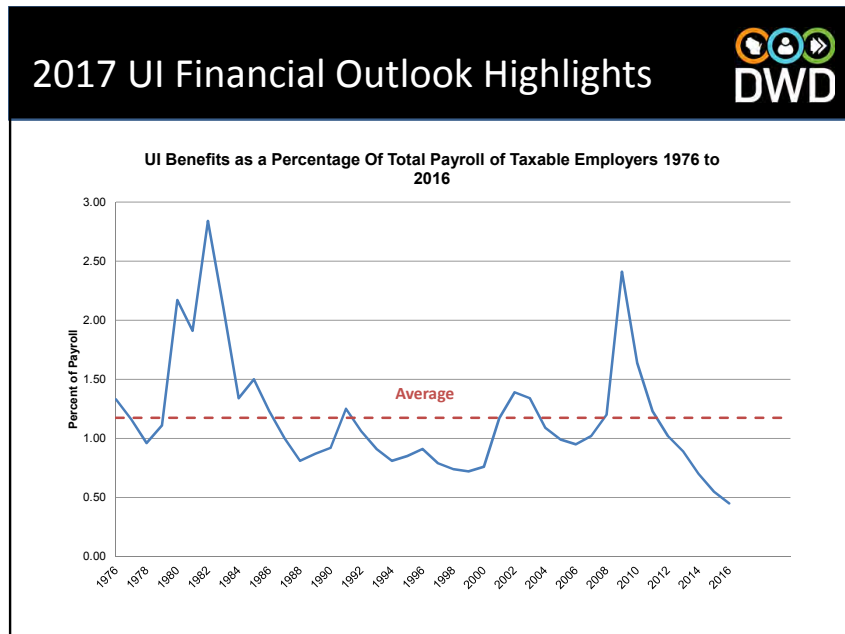
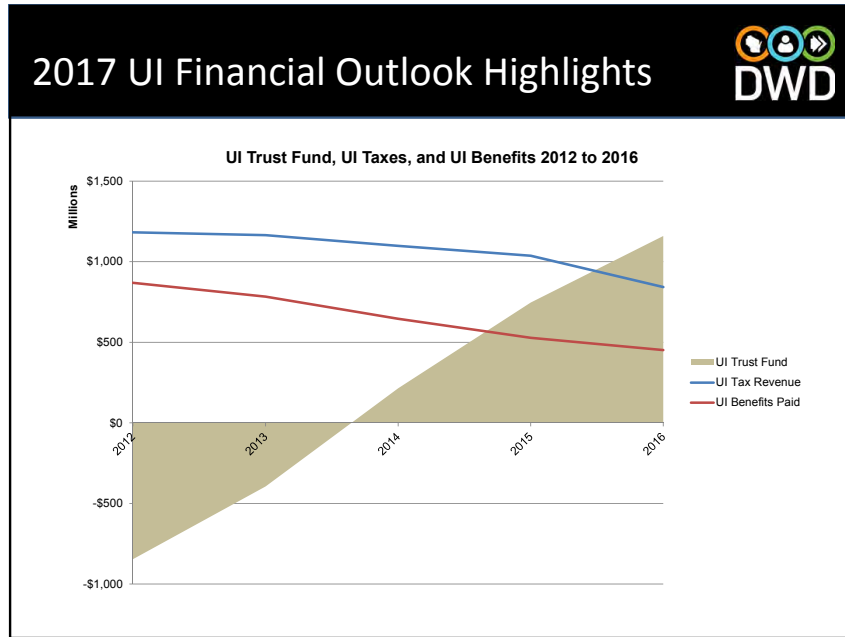
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- ### 2017 UI Financial Outlook Highlights
- Over the past two years the UI Trust Fund has increased substantially
 - At the end of 2014 the UI Trust Fund Balance was \$214 million
 - At the end of 2016 the UI Trust Fund Balance was \$1.16 billion
 - Due to multiple factors, including the strength of the Wisconsin economy, UI benefits have been historically low during the past two years.


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2017 UI Financial Outlook Projections 

- The historically low UI benefit amounts creates two issues for UI benefit and UI Trust Fund Projections
 1. It is difficult to create projection equations that capture the current state based upon historic experience
 2. A return to a historically normal benefit path creates a challenge to the UI Trust Fund separate from the typical cyclical economic risk

2017 UI Financial Outlook Projections 

- In order to account for the issues tied to historically low UI benefits, three projection scenarios have been produced, all assuming continued economic growth:
 1. A benefit projection assuming that benefits remain at the level of the last three years
 2. A slow return to historically normal benefit amounts
 3. A quick return to historically normal benefit amounts


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2017 UI Financial Outlook Projections 

Scenario 1: UI Benefits Remain at Historically Low Levels-- Using the Average Benefit Rate of the Last 3 Years

Unemployment Insurance Reserve Fund Activity and Condition (Millions \$)

	2016	2017	2018	2019
Opening Unemployment Reserve Fund Balance	\$743	\$1,160	\$1,418	\$1,531
Revenues:				
State Unemployment Revenues (employer taxes)	\$852	\$681	\$568	\$522
Interest Income	\$22	\$32	\$36	\$38
Total Revenue	\$874	\$713	\$604	\$571
Expenses:				
Unemployment Benefits	\$457	\$455	\$491	\$566
Ending Reserve Fund Balance	\$1,160	\$1,418	\$1,531	\$1,536

2017 UI Financial Outlook Projections 

Scenario 2: UI Benefits Slowly Increasing to Historically Typical Level

Unemployment Insurance Reserve Fund Activity and Condition (Millions \$)

	2016	2017	2018	2019
Opening Unemployment Reserve Fund Balance	\$743	\$1,160	\$1,418	\$1,480
Revenues:				
State Unemployment Revenues (employer taxes)	\$852	\$681	\$568	\$544
Interest Income	\$22	\$32	\$36	\$36
Total Revenue	\$874	\$713	\$604	\$580
Expenses:				
Unemployment Benefits	\$457	\$455	\$542	\$626
Ending Reserve Fund Balance	\$1,160	\$1,418	\$1,480	\$1,434

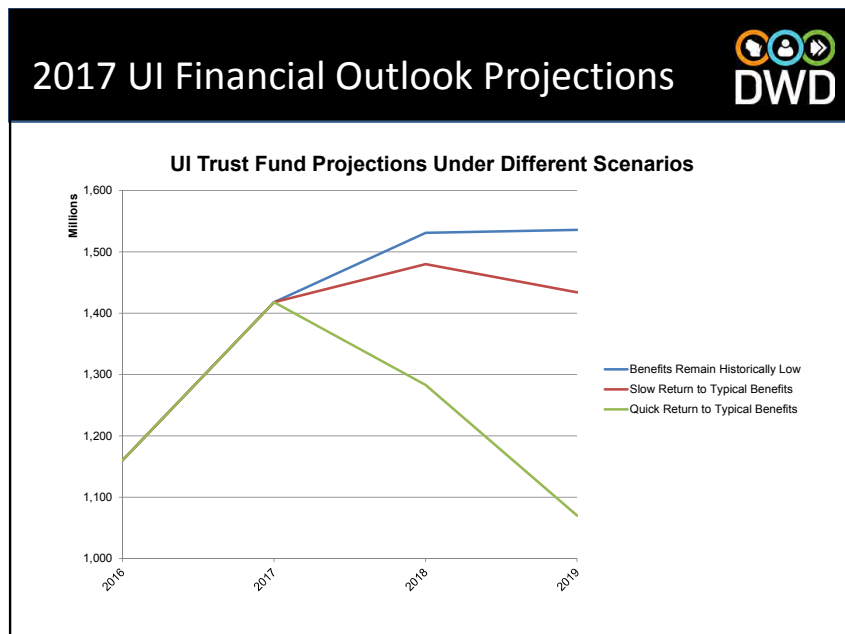
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2017 UI Financial Outlook Projections

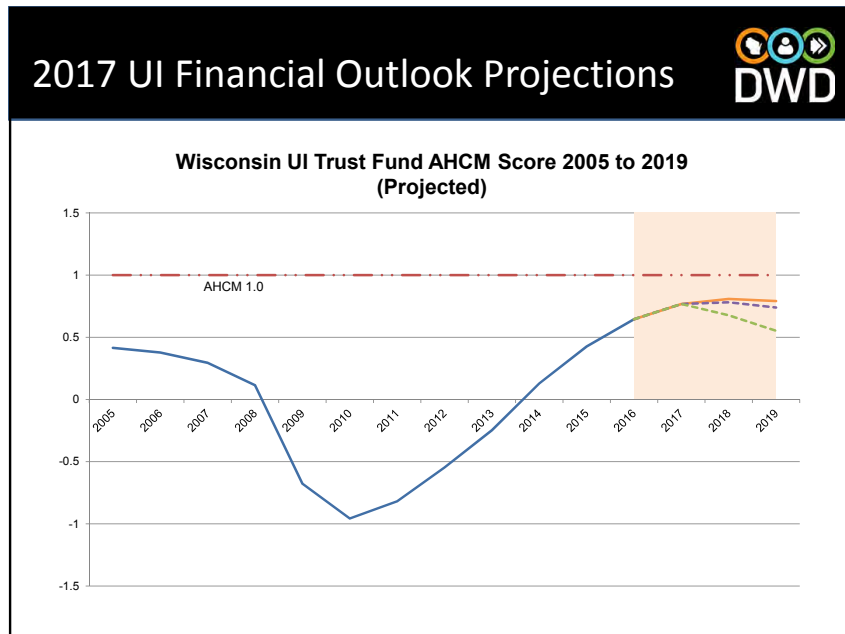
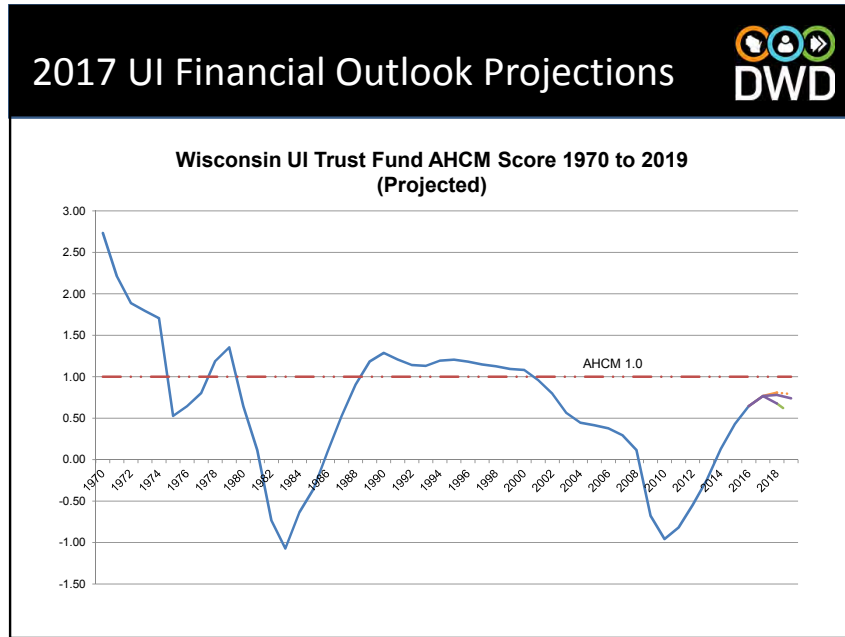
Scenario 3: UI Benefits Quickly Return to a Historically Typical Level

Unemployment Insurance Reserve Fund Activity and Condition (Millions \$)


	2016	2017	2018	2019
Opening Unemployment Reserve Fund Balance	\$743	\$1,160	\$1,418	\$1,283
Revenues:				
State Unemployment Revenues (employer taxes)	\$852	\$681	\$568	\$578
Interest Income	\$22	\$32	\$34	\$29
Total Revenue	\$874	\$713	\$602	\$607
Expenses:				
Unemployment Benefits	\$457	\$455	\$737	\$820
Ending Reserve Fund Balance	\$1,160	\$1,418	\$1,283	\$1,070



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2017 UI Financial Outlook Recommendation 

Secretary's Recommendation, page 28:

The Secretary recommends the Unemployment Insurance Advisory Council (UIAC) review and advance legislative measures to strengthen the UI Trust Fund, and support policies that support Trust Fund solvency.

Future UIAC proposals could address mechanisms to build and maintain sufficient reserve funding to meet the obligations of projected future benefit expenditures. Such mechanisms could encompass both benefits and revenue.

The Secretary recommends the UIAC's support of policies and programs that support reemployment and advance UI program integrity to support the UI Trust Fund. . .

The Department is prepared to support the Council as it considers options to further strengthen Wisconsin's Unemployment Insurance program