

VSBIT Unemployment Program Rate Calculation

(FY16-FY18 Data determines FY20 Rate)

1) Determine entities Benefit Ratio

Total Benefits Divided by Average Taxable Wages = Benefit Ratio

Benefit Ratio **18.4794%**

Taxable Wages FY16	\$80,000	Benefits Paid FY16	\$10,088	Member Contribution FY16	\$648
Taxable Wages FY17	\$82,387	Benefits Paid FY17	\$3,588	Member Contribution FY17	\$2,702
Taxable Wages FY18	<u>\$66,387</u>	Benefits Paid FY18	<u>\$416</u>	Member Contribution FY18	<u>\$2,463</u>
Average Taxable Wages	<u>\$76,258</u>	Total Benefits Paid	<u>\$14,092</u>	Total Member Contribution	<u>\$5,813</u>

2) Sort all entities in pool by Benefit Ratio

3) Determine "Break Points"

All entities with a zero benefit ratio are assigned Rate Class 1
Remaining entities are divided into Rate Classes 2-6 by dividing cumulative average taxable wages across the pool by 5

4) High Risk Determination

Total Benefits Paid for the three year period are compared with payments into the pool for the same three years
If benefits paid exceed payments in by \$1000 or more then the entity is considered High Risk
and an adjustment factor is applied.

In the case above the ratio of 18.4794 places this Entity into Rate Class 6 which has a base rate of 1.92%
Then the High Risk adjustment factor is calculated because the total benefits paid to the DOL (\$14,092) exceeds the member contributions (\$5,813) by more than \$1000.

To calculate the factor, take \$14,092-\$5813= \$8279
Then take \$5813 divided by \$14092 (as a percent), this is 41.25%
Subtract the 41.25% from 100% which is 58.75%
Then take the base rate for the class assigned (1.92%) times the 58.75% calculated above which is 1.13%
The 1.13% is added to the 1.92% for a rate of 3.05% which is the members rate for the FY