



Q4 Alerts: Workforce Compliance & Legislative Updates

November 13, 2024

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Today's Presenters



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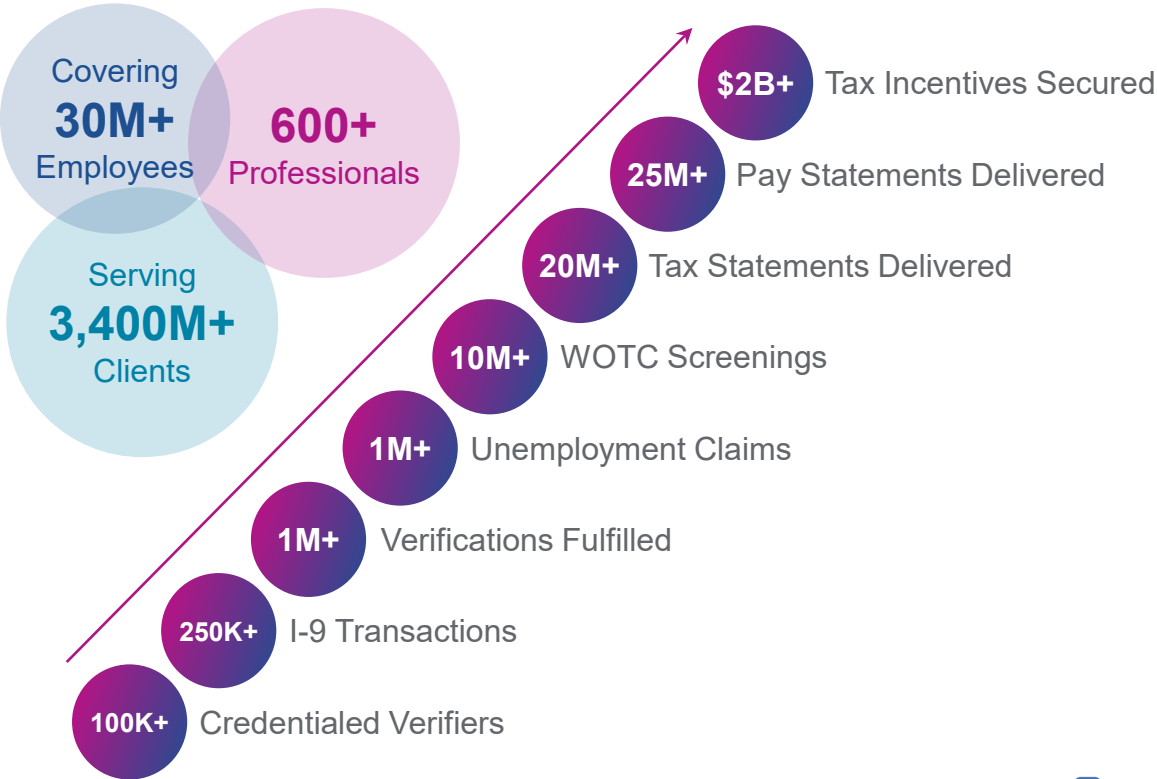


Industry Expertise

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Poll Question 1

The current Congress, 118th, has passed a historic number of bills.

- True
- False

Post Election Legislative Preview



Legislative / Regulatory Look Forward

- 118th Congress has passed 106 bills to date (stands as least productive to date, 113th passed 296)
- High mark 95th Congress, passed 804 bills
- A lack of bills passed does not mean inactivity
- Numerous regulations went into effect in support of laws passed
 - Pregnant Workers Fairness Act (PWFA)
 - Changes in employee classification methodology
 - FTC attempt to ban non-competes
- State focus: AI, paid leave bills and wage theft most prevalent



Legislative / Regulatory Look Forward

What to Expect: Federal - Overall drop in regulatory activity

- Data privacy laws
 - Currently there are over 20 states with data privacy laws in place
 - Delaware, Iowa, Maryland, Minnesota and New Hampshire all have initiatives taking effect in 2025
 - Laws aimed at consumer protection, similar to the EU GDPR
- E-Verify use
 - Still voluntary at the federal level
 - Illinois passed new law clarifying usage providing penalties for misuse
 - States may act if federal government remains inactive



Legislative / Regulatory Look Forward

What to Expect: Federal

- Stricter workplace enforcement of immigration issues
 - Federal mandate of E-Verify
 - Changes to H-1B program
 - ICE activity
- Softer approach to AI on the federal level; rollback of Biden executive order
- Affordable Care Act "adjustments"
- DEI limits likely to occur
- Judiciary is more involved in regulatory process (Loper ruling)



Legislative / Regulatory Look Forward

What to Expect: States

- Heavy AI activity to continue
 - This year, over 600 bills were introduced across 45 states, less than 10% passed
 - Vast majority not employer facing, with few exceptions
- Pay Data Transparency
 - As EEOC scales back activity, states step in. MA, MN and VT laws go into effect this year
 - Generally applicable to employers over a certain size, 5 employees in VT
 - Mandates when and what an employer must disclose in hiring process
- Paid Leave Laws
 - Expected continuation of this trend as federal government leaves issue to states
 - Growing trend now includes 14 states plus D.C. and Puerto Rico, some up to 12 weeks of paid leave at 100% in some situations (Oregon PLO)



Legislative / Regulatory Look Forward

What to Expect:

What to Expect — Federal-(overall drop-in regulatory activity)

- Reversal of most prominent Biden admin initiatives, (see PWFA regs, and NLRB decisions)
- New OT rule set to take effect 1/1. If blocked by court, Trump admin could take action to block
- No massive hike to federal minimum wage from current \$7.25
- Many initiatives, such as paid leave, will not be addressed at federal level
- EEOC reporting, recently expanded, will be curtailed.(same issue occurred in prior admin)
- Stricter workplace enforcement of immigration issues, (federal mandate of E-Verify, changes to H-1B program, ICE activity)
 - Softer approach to AI on the federal level
 - Affordable Care Act "adjustments"
 - DEI limits likely to occur
 - Judiciary more involved in regulatory process

Poll Question 2

My organization has a team of experts that tracks legislation/regulation.

- True
- False



Unemployment Tax



Poll Question 3

The U.S. National Unemployment Rate has been decreasing each month in 2024.

- True
- False

Unemployment Tax 2025

- Unemployment Landscape
- 2025 Tax Rates and Other Factors
- Legislative Updates
- FUTA Credit Reductions for 2024 Federal Form 940
- Election 2024 – Potential impacts



Unemployment Landscape

- National Unemployment Rate (NUR) as of 9/30/24 was 4.1%
 - Slight drop from August 2024
- Number of unemployed people as of 9/30/24 was 6.8 million
- Numbers for same period last year were lower
 - NUR – 3.8%
 - Unemployed people – 6.3 million
- During 2024, NUR increased slowly each month until August when it dropped slightly
- In August 2024, the USDOL Bureau of Labor Statistics Employment Projections for the decade 2023 to 2033 indicates a potential decrease in the labor force for the same period in the prior decade
 - Due to projected decrease in the civilian non—institutional population age 16 years and older and older age groups being less likely to participate in the labor force

Source: US Dept of Labor, Bureau of Statistics



Unemployment Landscape

National Unemployment Rate Comparison

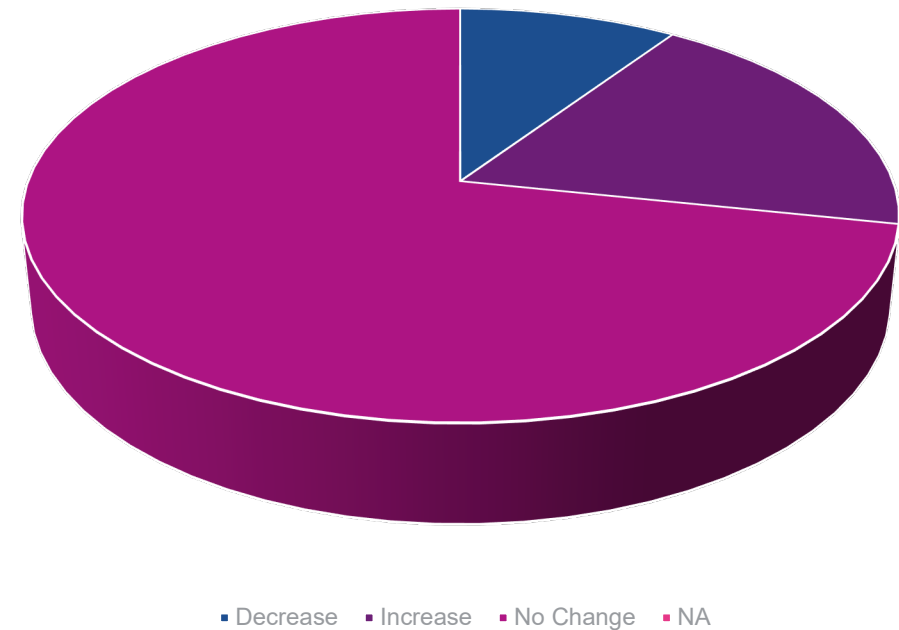


Source: US Dept of Labor, Bureau of Statistics



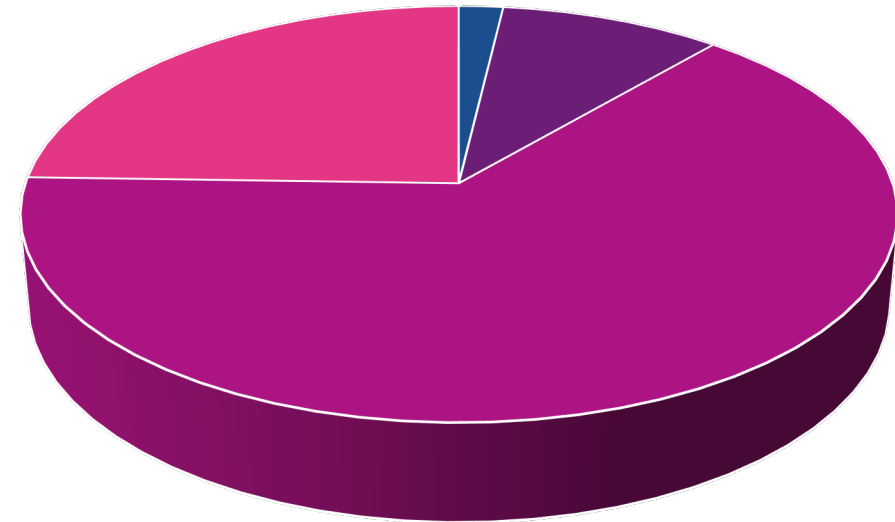
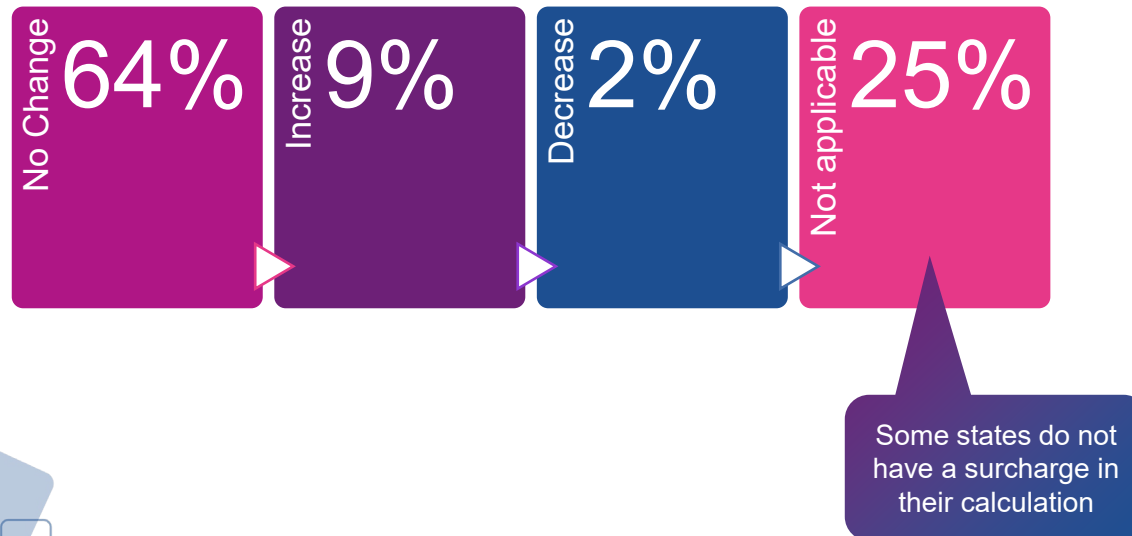
2025 Unemployment Taxes

Based on research we completed regarding state statutes and state unemployment trust fund balances, for state unemployment **tax rate tables**, we forecast the following:



2025 Unemployment Taxes

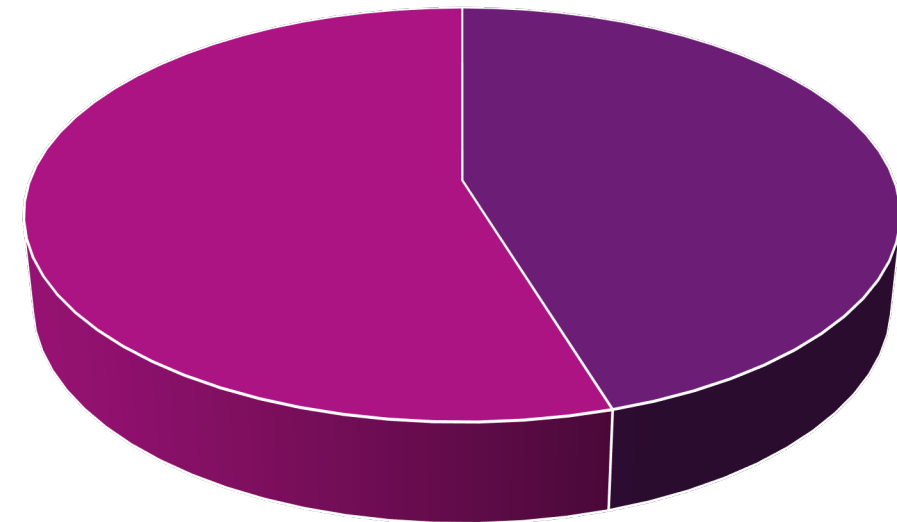
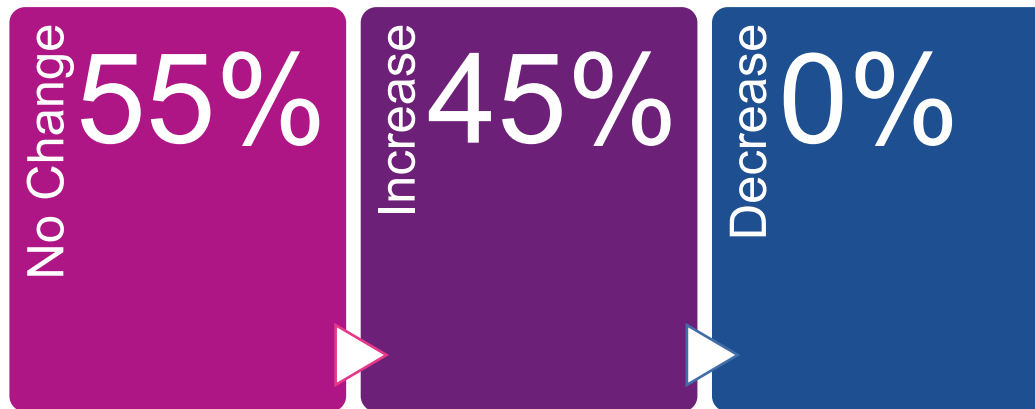
Based on research we completed regarding state statutes and state unemployment trust fund balances, for state unemployment **tax rate surcharges**, we forecast the following:



■ Decrease ■ Increase ■ No Change ■ NA

2025 Unemployment Taxes

Based on research we completed regarding state statutes and state unemployment trust fund balances, for state unemployment **taxable wage bases**, we forecast the following:



■ Decrease ■ Increase ■ No Change

Tax Reduction Opportunities

Voluntary Contribution

- Allowed in 27 states*
- One-time prepayment to decrease tax rate for upcoming year
- Deadlines imposed

Joint Account

- Allowed in 11 states
- Only fiscally sound in a handful of states
- Combines tax rate figures of two or more legal entities to obtain a lower tax rate
- Deadlines imposed
- Minimum durations imposed in some states

** California allows by statute unless they are at Schedule F+, which they currently are*

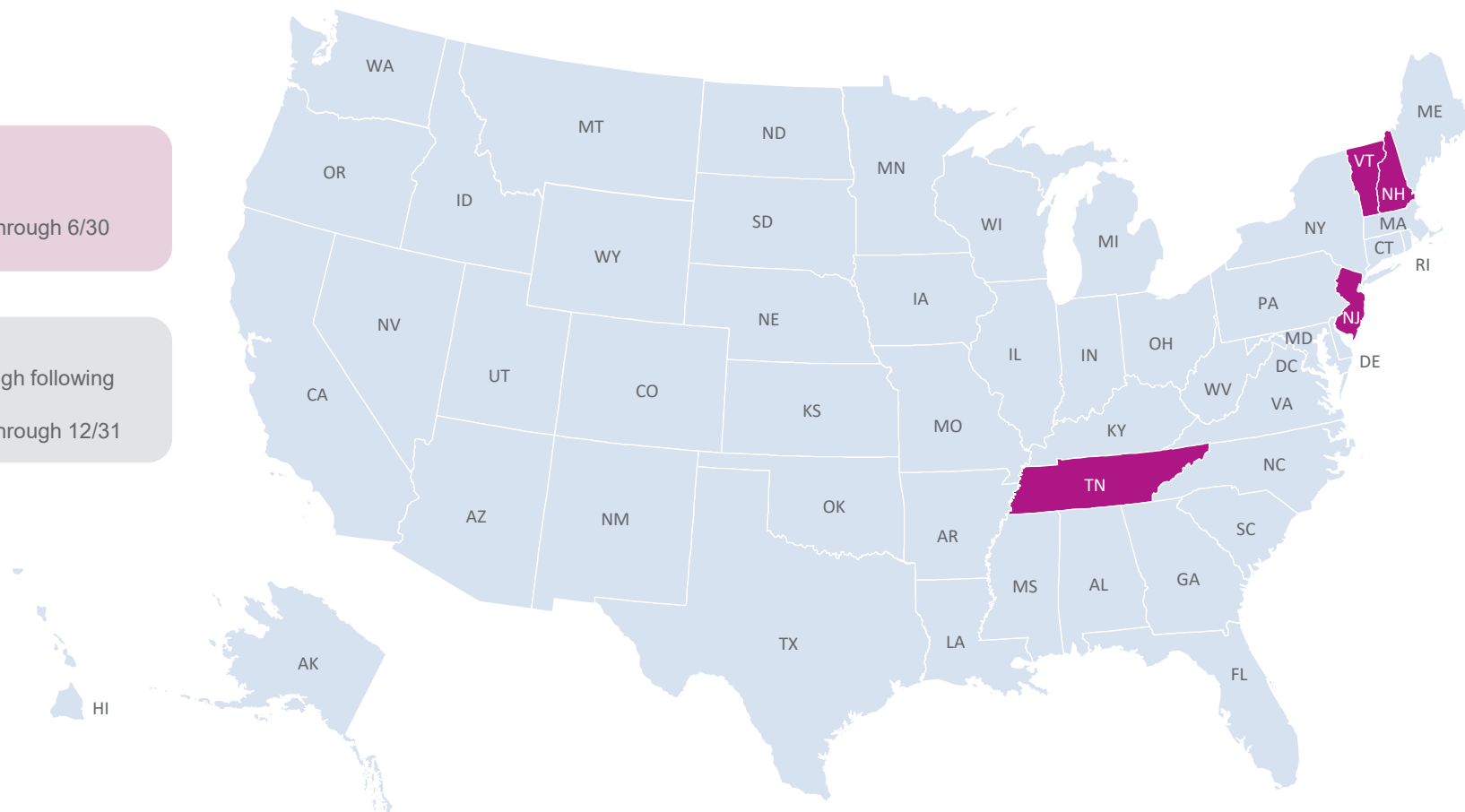
2025 Tax Rate Issuance

Fiscal states

- NH, NJ, TN, VT
- Mail mid-summer
- Effective date is 7/1 through 6/30

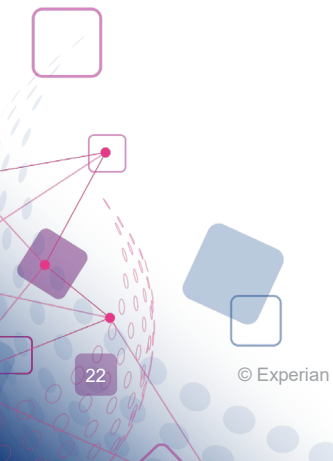
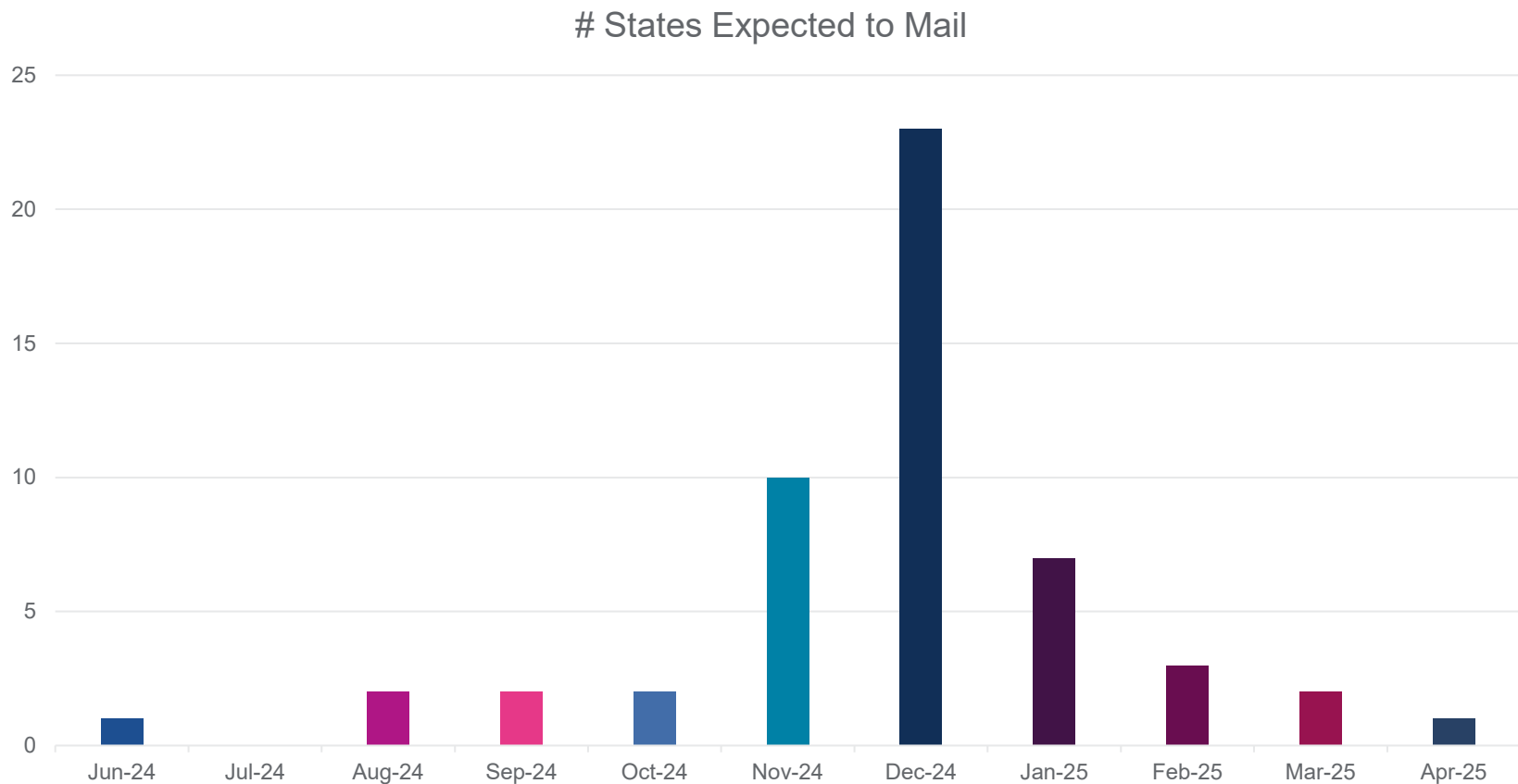
Calendar states

- Remainder of states
- Mail September through following April
- Effective date is 1/1 through 12/31



***NOTE:** Audit all tax rate notices for accuracy

2025 Tax Rate Issuance



Legislation 2024

Idaho

This measure decreases the unemployment insurance desired fund size multiplier from 1.3 to 1.2 on and after January 1, 2024, effectively reducing unemployment insurance taxes by 20%.

Washington

This measure removes the sunset date for the unemployment insurance voluntary contribution program and removes the 10% surcharge applied to voluntary unemployment insurance contributions.



FUTA Credit Reductions

- When unemployment is high and a state's trust fund balance is in peril of being insolvent, the Governor may request an advance authorization from the Federal Unemployment Account (FUA) under mechanisms in Title XII of the Social Security Act of 1935 as well as the Federal Unemployment Tax Act (FUTA) of 1939
- Key notes
 - Daily transfers to the state trust fund balance are made from the FUA to meet the benefits being paid out
 - All debt must be repaid
 - Interest is charged by the U.S. Treasury
- Repayment can be made in multiple ways
 - FUTA Credit Reduction on Federal Form 940
 - Voluntary payment amount wherein a state Governor authorizes funds in the state trust fund be transferred to the FUA
- If a state has an outstanding advance amount on January 1 of two or more consecutive calendar years, and the amount is not paid in full by the November 10 deadline of the second year, there will be a credit reduction of 0.30% for that state on the next year's Federal Form 940
 - If the amount is not paid in full the next year, an additional 0.30% reduction will occur each year until the amount is paid in full. There could also be additional amounts added in starting in the third and/or fifth years

Source: US Dept of Labor, Bureau of Statistics



FUTA Credit Reductions

RECORD DATE	STATE	INTEREST RATE PERCENT	OUTSTANDING ADVANCE BALANCE	ADVANCE AUTHORIZATION CURRENT MONTH	GROSS ADVANCE DRAWS CURRENT MONTH	INTEREST ACCRUED FYTD	INTEREST PAID AMOUNT
11/11/2024	CALIFORNIA	2.61%	\$20,427,632,888	\$622,000,000,000	\$125,984,463	\$55,408,047	\$0.00
11/11/2024	CONNECTICUT	2.61%	\$0.00	\$40,000,000	\$0.10	\$15,830	\$3,663
11/11/2024	NEW YORK	2.61%	\$5,931,561,808	\$480,000,000	\$0.00	\$16,649,437	\$0.00
11/11/2024	VIRGIN ISLANDS	2.61%	\$79,963,563	\$0.00	\$0.00	\$217,070	\$20.43

2024 Presidential Elections

Impact?

Unlikely to affect 2025

- Trump admin may choose to make changes in US DOL
- Impact, if any, would not likely be felt in 2025

US DOL Changes

- US DOL has oversight of state UI programs, but states have much leeway in managing their own programs

Poll Question 4

In which two months are the majority of state unemployment tax rates mailed?

- July/August
- September/October
- December/January
- January/February



Questions?



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