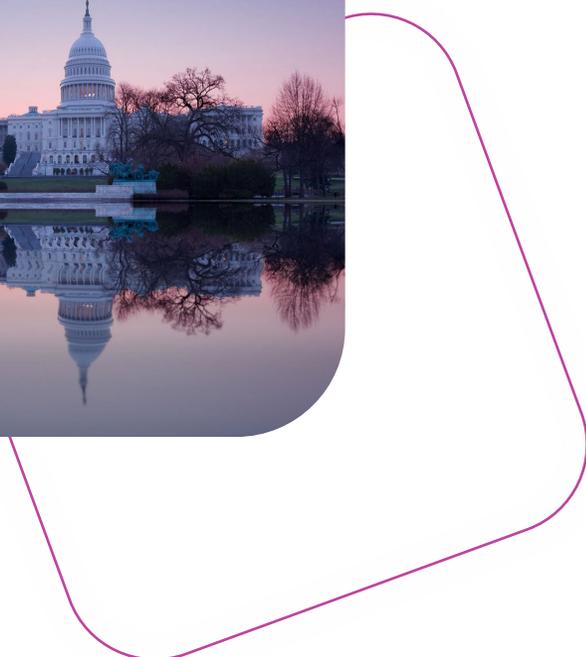




Q1 Alerts: Workforce Compliance & Legislative Updates

February 5, 2025

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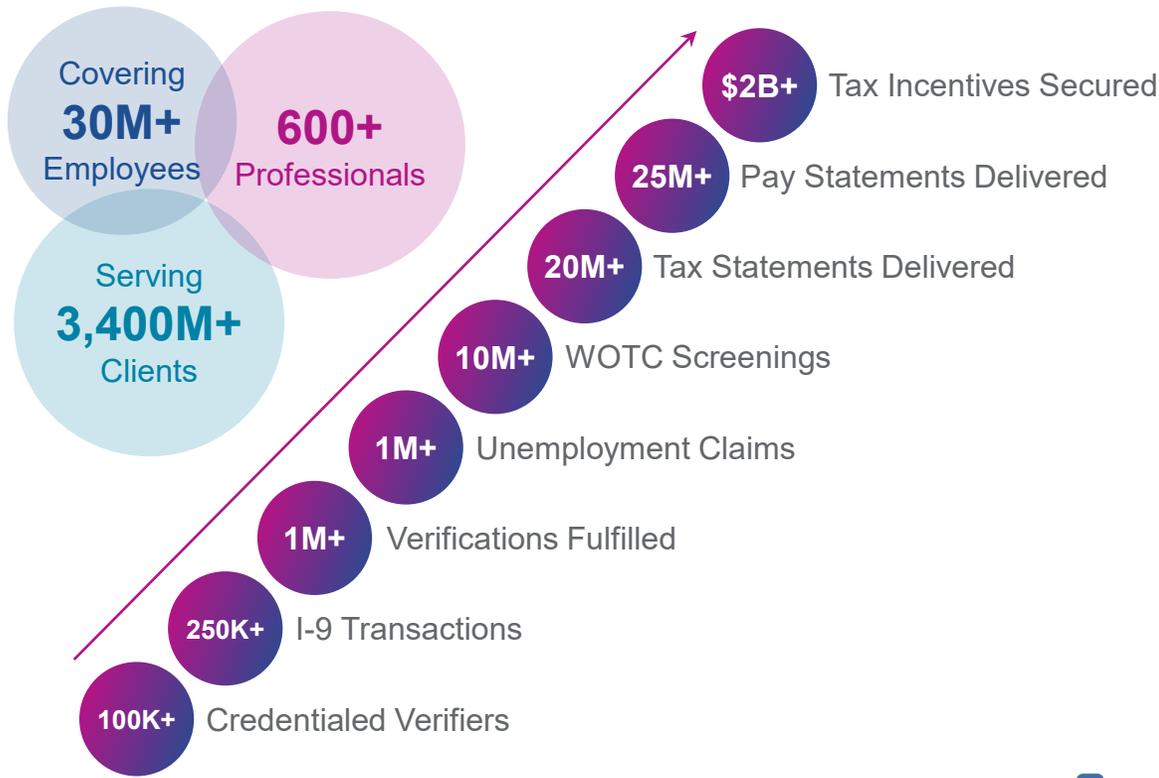


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Webinar Agenda

2025 Federal Insights

2025 State Insights

2025 Unemployment Tax Overview

State Unemployment Trust Fund Balance Outlook

Future of Unemployment Insurance



Poll Question 1

Executive Orders have the "force of law."

- True
- False



2025 Federal Insights

Initiatives of 119th Congress

- **Immigration:** items likely to immediately impact employers would be increased workplace enforcement by ICE and HSI
 - Raids and I-9 audits likely to increase
 - Nationwide E-Verify mandate a distinct possibility
- **Taxes:** TCJA stated priority of the President and Congress in addition to other initiatives
- Other items stated: **DEI, energy measures, data privacy, and repealing the ACA**
- Items mentioned that will be less of a priority include items like strict **Artificial Intelligence regulation** and **paid family and medical leave** programs



2025 Federal Insights

Tax Cuts and Jobs Act Set to Expire in 2025

- Items set to significantly change include:
 - standard deduction rate and individual tax rates
 - state and local deductions
 - child tax credits
 - alternative minimum tax
 - deductions for small businesses
- Expiration would increase govt revenue of \$4.6 T
- Changes to withholding processes would also likely accompany expiration, as the current W-4 form and processes were put in place to better match changes that were brought about by this act



Passed in 2017, the TCJA made significant tax code changes, and its extension is favored by President Trump.



2025 State Insights



State Initiatives

Items Taking Effect in 2025



Connecticut

Paid Sick Leave law expanded to apply to employers with 25 or more employees in the state, as of 1/1/25.



Delaware

Paid Family and Medical Leave Contributions were set to begin on 1/1/25 with benefits available as of 1/1/26 to employers with 10 or more employees.



Michigan

Court ordered restoration of the Earned Sick Time Act (voter initiative pass in 2018) to go into effect on 2/21/25. Applies to all private employers, with different standards for those with 10 or more employees.



Missouri

Earned Paid Sick Time voter initiative to take effect on 5/1/25. Use may be capped at 56 hours per year for employers > 15ees and 40 for < 15. Legislature considering amending law.



Nebraska

Passed law to update taxation of nonres. & remote employees.

Comp to nonresident is now subject to taxes if worker is present in NE and performs duties for a day or work is directly related to business carried out within NE and if performed in the state would have taken > than 7 days.



Washington

Expands protections under Equal Pay and Opportunities Act effective 7/1/25. Prohibits employer discrimination on expanded basis. Also expands paid sick leave law as of 1/1/25.



State Initiatives

Likely for 2025 Session



Artificial Intelligence

- At least 45 states plus DC, Puerto Rico, and the Virgin Islands introduced AI laws in the last session
- Congress signaling a wait and see approach; activity is set to continue
- Several states created task forces or commissions in 2024; likely to continue
- Thus far very few laws have been passed that are aimed at employers



Paid Family and Medical Leave

- Numbers continue to grow with the absence of any Federal law
- Several states have already introduced bills this year aimed at establishing new programs or tweaking existing laws
- Arkansas, Massachusetts, New York, and Virginia have already introduced laws aimed at establishing new programs or tweaking existing ones



Consumer Privacy Laws

- These laws are becoming more prevalent on both a state and international level as regulators seek to protect collection, use, and disclosure of PII by businesses
- In 2024, seven states enacted some sort of privacy legislation, bringing the total to 20
- Likely to continue as a hot topic in 2025

Taxation/Revenue measures are likely to be examined as state budgets face shortfalls from pandemic-related federal dollars end. Current admin less likely to assist and may punish those states not aligned with the federal agenda.

Poll Question 2

As a multi-state employer, we struggle the most with...

- Tracking state law and regulatory changes in general
- Keeping forms and posters to be presented to EEs updated
- Changes to state withholding processes
- N/A, we are not a multi-state employer



2025 Unemployment Tax Overview



Poll Question 3

All state unemployment tax rates are mailed by December 31 each year.

- True
- False



Unemployment Tax

2025 At-a-Glance

- All but 6 states have mailed 2025 tax rates to employers
- Most states either maintained their taxable payroll threshold or increased them for 2025
- Rate factors remained mainly unchanged but if there was a change, they increased
- States still trying to shore up their trust fund balances from pandemic depletion
- Disaster Unemployment Assistance (DUA) has been put into place in affected counties in California because of wildfires (*check out our [blog](#) about it*)



State Unemployment Trust Fund - Balance Outlook



Unemployment Tax

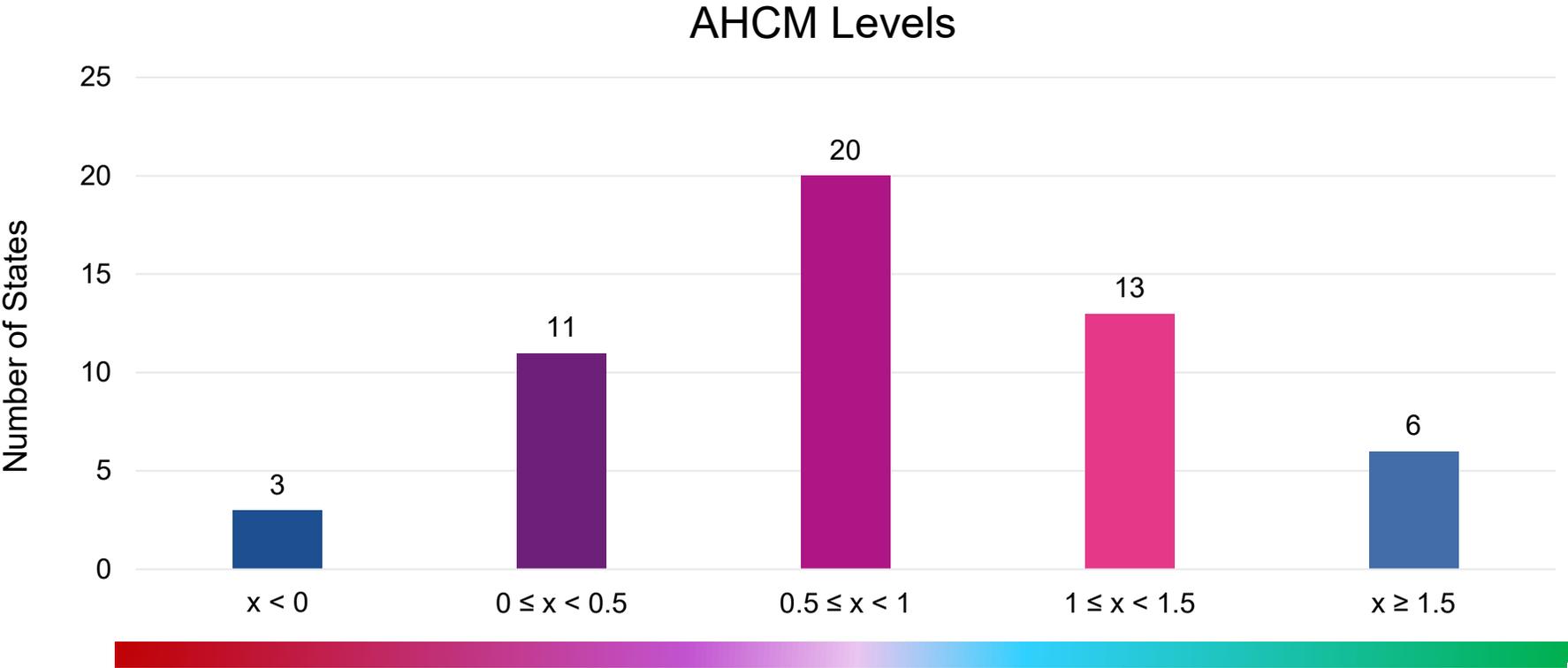
State UI Trust Fund Balances

- Most recent data provided by U.S. Department of Labor Office of Unemployment Insurance Division of Fiscal and Actuarial Services
 - Minimum solvency levels of state UI trust funds met the recommended minimum solvency threshold in only 20 states while others were below this and a few above
 - Represents increase from prior year but much lower than pre-pandemic numbers
- Each state has a calculated Average High-Cost Multiple to determine if it is properly funded to endure a downturn in the economy
 - This calculation is made by dividing a state's UI trust fund balance by the average benefit cost rate of the three highest cost years in the last 20 years
 - It sets the threshold for what amount is needed in the trust fund in order to withstand a recession

EXAMPLE - Trust fund balance is \$3,000,000 while AHCM is \$5,000,000. This means the trust fund would not withstand a recession, thereby requiring a state to use alternative methods to keep its trust fund solvent in the event of a recession.

Unemployment Tax

State UI Trust Fund Balance



*Source: U.S. Dept of Labor Office of UI Division of Fiscal and Actuarial Services



Unemployment Tax

States/Territories with 2024 FUTA Credit Reductions



California



New York



U.S. Virgin Islands

***NOTE:** States/territories that had an outstanding Title XII balance for two consecutive January 1st

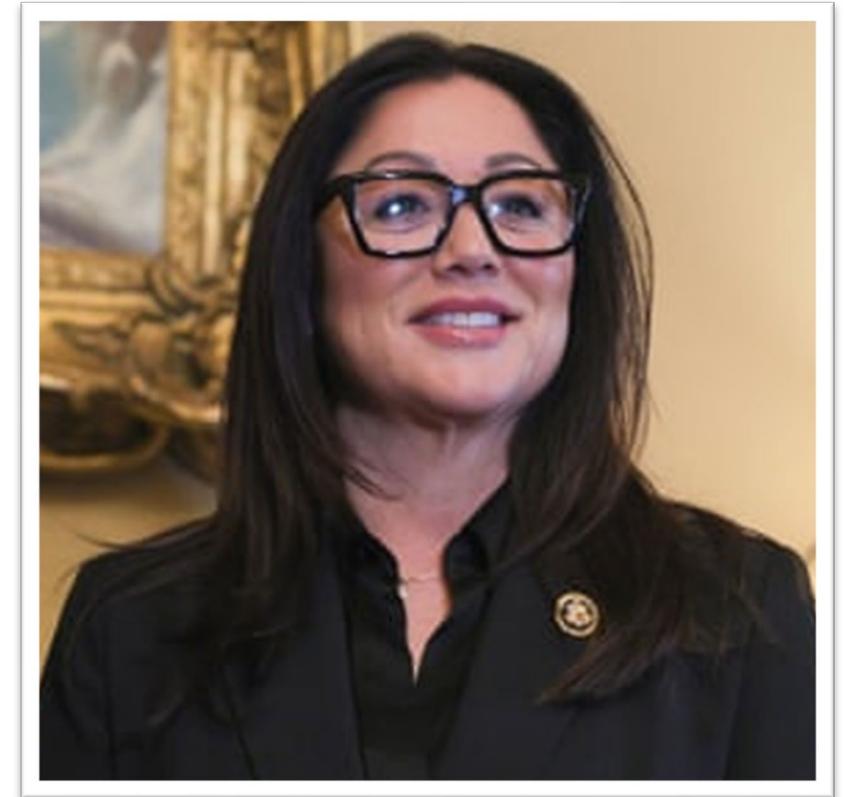
**Source: www.fiscaldata.treasury.gov



Unemployment Tax

Department of Labor Secretary Appointment

- Strong pro-labor stance, having supported the Protecting the Right to Organize (PRO) Act that aims to make it easier for workers to unionize
- Support from some unions including Teamsters
- Served only one term in Congress before losing reelection bid; may be seen as drawback to some
- Since UI is paid for primarily by employers, will be interesting to see if she changes her pro-labor stance at all
- Last year, 10+ states tried to pass legislation to allow benefits to claimants affected by a trade dispute, but none passed



Lori Chavez-DeRemer

Newly appointed Secretary of
U.S. Department of Labor



Unemployment Tax

US Department of Labor

Multiple grant opportunities for states

Many states chose to do platform modernization

Not only employer but also for claimant experience



Unemployment Tax

US Department of Labor Grants

Fraud
Detection/
Prevention
Grant

Equity Grant

Tiger Teams

Claimant
Experience

Navigator Grant

IT
Modernization
Grant



Poll Question 4

In 2024, how many states tried to pass legislation that failed to allow unemployment benefits during a strike?

- 5
- 10
- 15
- 20



Questions?



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