

NEBRASKA

Good Life. Great Connections.

Unemployment Insurance Program

ANNUAL REPORT

Department of Labor

Fiscal Year 2017

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Overview

The Nebraska Unemployment Insurance (UI) program was created to provide a temporary partial wage replacement to workers unemployed through no fault of their own. The UI program is a federal-state partnership based upon the implementation of the Social Security Act of 1935. The federal government sets broad overall policy for administration of the program and provides money to the states for the proper and efficient administration of the state unemployment programs. The United States Department of Labor (USDOL) monitors state performance and compliance and holds and invests all money in the Unemployment Trust Fund until drawn down by states for the payment of benefits.

The Nebraska Employment Security Law (NESL) sets forth benefit eligibility requirements for workers and the tax structure applicable to subject employers. The State directly administers the unemployment program, takes claims from unemployed workers, determines eligibility, insures timely payment of benefits, determines employer liability, and assesses and collects combined tax payments.

Benefits

In the federal fiscal year (FFY) ending on September 30, 2017, the State of Nebraska paid \$80,653,220 in regular and reimbursable unemployment benefits.

| UI Benefits Paid | | | |
|-------------------------|----------------|--|---------------|
| FFY | Regular | Payments in Lieu of Contributions | Total |
| 2011 | \$170,684,755 | \$13,240,292 | \$183,925,047 |
| 2012 | \$134,346,453 | \$12,419,105 | \$146,765,558 |
| 2013 | \$113,327,591 | \$9,733,507 | \$123,061,098 |
| 2014 | \$98,469,109 | \$7,684,522 | \$106,153,631 |
| 2015 | \$86,550,512 | \$6,373,893 | \$92,924,405 |
| 2016 | \$74,841,678 | \$4,334,304 | \$79,175,982 |
| 2017 | \$76,218,144 | \$4,435,075 | \$80,653,220 |

Nearly all wage and salary workers are covered by the UI program. Railroad workers are covered by a separate federal UI program. Ex-service members with recent service in the Armed Forces and civilian federal employees are covered by a federal UI program, with states paying benefits from federal funds as agents of the federal government.

| UI Claims FFY 2017 | |
|--|---------|
| Initial Claims Filed | 48,052 |
| Initial Claims Receiving the First Payment | 19,177 |
| Continued Weeks Filed | 292,506 |
| Continued Weeks Paid | 242,296 |

UI Monthly Claims

| Month | Initial Claims | Max. Weekly Benefit Amount | Avg. Weekly Benefit Amount |
|-------|----------------|----------------------------|----------------------------|
| 2016 | Oct | \$392 | \$321 |
| | Nov | \$392 | \$317 |
| | Dec | \$392 | \$319 |
| 2017 | Jan | \$408 | \$326 |
| | Feb | \$408 | \$329 |
| | Mar | \$408 | \$327 |
| | Apr | \$408 | \$326 |
| | May | \$408 | \$323 |
| | Jun | \$408 | \$304 |
| | Jul | \$408 | \$299 |
| | Aug | \$408 | \$308 |
| | Sep | \$408 | \$263 |

The average weekly benefit amount ranged from a high of \$329 in Feb 2017 to a low of \$263 in September 2017.

The number of initial claims ranged from a high of 7,893 in December 2016 to a low of 2,779 in September 2017.

Tax

Unemployment insurance (UI) taxes are assessed by the State of Nebraska upon wages earned in employment. The state “combined tax” is comprised of contributions which are deposited to the federal Unemployment Trust Fund and a state unemployment insurance tax which is deposited to the State Unemployment Insurance Trust Fund. The federal government collects a separate federal unemployment tax pursuant to the Federal Unemployment Tax Act (FUTA). Tax rates are established for the calendar year.

Some of the 2018 UI combined tax rates have changed from the 2017 UI combined tax rates. Category 1 will continue to have a tax rate of 0.00%, Category 12 will be 0.76%, and Category 20 will continue at 5.40%. The 2017 taxable wage base is \$9,000 per employee per year.

Historical (CY 2011 - 2017) Combined Tax Rates

| Category | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------|-------|-------|-------|-------|-------|-------|-------|
| 1 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 2 | 0.83% | 0.62% | 0.42% | 0.35% | 0.29% | 0.25% | 0.19% |
| 3 | 1.33% | 1.00% | 0.67% | 0.56% | 0.47% | 0.40% | 0.30% |
| 4 | 1.50% | 1.12% | 0.76% | 0.62% | 0.53% | 0.45% | 0.34% |
| 5 | 1.67% | 1.25% | 0.84% | 0.69% | 0.58% | 0.50% | 0.37% |
| 6 | 2.00% | 1.50% | 1.01% | 0.83% | 0.70% | 0.60% | 0.45% |
| 7 | 2.16% | 1.62% | 1.09% | 0.90% | 0.76% | 0.65% | 0.49% |
| 8 | 2.33% | 1.75% | 1.18% | 0.97% | 0.82% | 0.70% | 0.52% |
| 9 | 2.66% | 2.00% | 1.35% | 1.11% | 0.93% | 0.80% | 0.60% |
| 10 | 3.00% | 2.25% | 1.52% | 1.25% | 1.05% | 0.90% | 0.67% |
| 11 | 3.16% | 2.37% | 1.60% | 1.32% | 1.11% | 0.95% | 0.71% |
| 12 | 3.33% | 2.49% | 1.68% | 1.39% | 1.17% | 1.00% | 0.75% |
| 13 | 3.50% | 2.62% | 1.77% | 1.46% | 1.23% | 1.05% | 0.79% |
| 14 | 3.66% | 2.74% | 1.85% | 1.53% | 1.28% | 1.10% | 0.82% |
| 15 | 4.00% | 2.99% | 2.02% | 1.67% | 1.40% | 1.20% | 0.90% |
| 16 | 4.50% | 3.37% | 2.27% | 1.87% | 1.58% | 1.35% | 1.01% |
| 17 | 5.16% | 3.87% | 2.61% | 2.15% | 1.81% | 1.55% | 1.16% |
| 18 | 5.99% | 4.49% | 3.03% | 2.50% | 2.10% | 1.80% | 1.35% |
| 19 | 7.16% | 5.36% | 3.62% | 2.98% | 2.51% | 2.15% | 1.61% |
| 20 | 8.66% | 6.49% | 5.40% | 5.40% | 5.40% | 5.40% | 5.40% |

Historical (CY 2011 - 2017) Combined Tax Rates - New Employers

| Category | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------|-------|-------|-------|-------|-------|-------|-------|
| Non-construction | 2.50% | 2.49% | 1.68% | 1.39% | 1.25% | 1.25% | 1.25% |
| Construction | 8.66% | 6.49% | 5.40% | 5.40% | 5.40% | 5.40% | 5.40% |

Contributions from Employers to Unemployment Trust Fund

| | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|-----------------|--------------|
| Combined tax | \$214,313,645.92 | \$180,832,150.79 | \$128,357,876.37 | \$110,991,856.44 | \$100,444,301.42 | \$94,030,101.76 | \$74,129,624 |
| Payments in lieu of contributions | \$12,116,879.36 | \$15,409,832.95 | \$10,408,073.57 | \$9,296,119.16 | \$6,654,051.78 | \$4,853,263.53 | \$4,336,230 |

Trust Fund

FFY Unemployment Trust Fund (UTF) and State Unemployment Insurance Trust (SUIT) Balances

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| UTF Available for Benefits | \$260,007,280 | \$319,773,037 | \$356,089,528 | \$351,594,772 | \$388,852,371 | \$417,589,713 | \$420,998,487 |
| SUIT Balance | \$51,082,869 | \$49,228,949 | \$51,614,189 | \$50,124,392 | \$56,667,033 | \$60,250,459 | \$61,646,295 |
| Total Funds Available to Pay Benefits | \$311,090,149 | \$369,001,987 | \$407,703,717 | \$401,719,164 | \$445,519,405 | \$477,840,172 | \$482,644,783 |
| State Reserve Ratio | 0.93% | 1.08% | 1.14% | 1.09% | 1.15% | 1.18% | 1.15% |

The UTF is established within the federal treasury as a reserve to pay liability against future benefits. The SUIT Fund is a state account reserved for the payment of unemployment benefits if needed.

| UTF Balance | | SUIT Fund Balance | |
|-------------|---------------|-------------------|--------------|
| 9/30/2011 | \$276,140,022 | 9/30/2011 | \$51,082,869 |
| 9/30/2012 | \$333,940,398 | 9/30/2012 | \$49,228,949 |
| 9/30/2013 | \$364,492,935 | 9/30/2013 | \$51,614,189 |
| 9/30/2014 | \$385,056,723 | 9/30/2014 | \$50,124,392 |
| 9/30/2015 | \$392,393,375 | 9/30/2015 | \$56,667,033 |
| 9/30/2016 | \$419,015,436 | 9/30/2016 | \$60,250,459 |
| 9/30/2017 | \$428,264,969 | 9/30/2017 | \$61,646,295 |

Recommendations for Legislation

Because of the continued solvency of the Nebraska unemployment program, no significant changes to the Nebraska Employment Security Law are required at this time.

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DEPARTMENT OF LABOR

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