



**Dave Heineman**  
Governor

STATE OF NEBRASKA

DEPARTMENT OF LABOR

John H. Albin, Acting Commissioner  
P.O. Box 94600 • Lincoln, NE 68509-4600  
Phone: 402.471.9000 • dol.nebraska.gov

December 31, 2014

Dave Heineman, Governor  
State of Nebraska  
State Capitol NW Corner  
Lincoln, Nebraska 68509-4848

Dear Governor Heineman:

Pursuant to Neb Rev. Stat. § 48-606, the Commissioner of Labor is required to submit an annual report to the Governor on or before December 31 of each year concerning the administration and operation of the Nebraska Employment Security Law for the previous fiscal year. I am pleased to provide you with the Unemployment Insurance Program Annual Report for Fiscal Year 2014, as administered by the Nebraska Department of Labor under the Nebraska Employment Security Law. This report covers the period of October 1, 2013 to September 30, 2014.

The Unemployment Trust Fund has improved, while unemployment insurance benefit payments, including regular and re-imbursable, have decreased to \$103,482,488. As a result, in 2015 there will be a reduction in Nebraska's Unemployment Insurance tax rates from 2014.

Sincerely,

A handwritten signature in black ink that reads "John H. Albin".

John Albin  
Acting Commissioner of Labor



# ANNUAL REPORT OF THE NEBRASKA UNEMPLOYMENT PROGRAM

## PROGRAM OVERVIEW

The Nebraska Unemployment Insurance (UI) program, was created pursuant to the Social Security Act (SSA) of 1935 and offers a first line of defense to Nebraska workers unemployed through no fault of their own. The UI program is a federal-state partnership based upon federal law. 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.

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.

## UNEMPLOYMENT BENEFITS

In the fiscal year ending on September 30, 2014, the State of Nebraska paid \$103,482,488 in regular and reimbursable unemployment benefits. The amount of benefits paid in FY 2014 continued to decline as the state moved beyond the effects of the Great Recession.

### TOTAL BENEFITS PAID 2008 - 2014

BENEFITS PAID			
	REGULAR	REIMBURSABLE	TOTAL
FFY 2008	\$91,978,540	\$7,103,065	\$99,081,605
FFY 2009	\$186,215,475	\$9,997,702	\$196,213,178
FFY 2010	\$198,759,384	\$13,491,823	\$212,251,207
FFY 2011	\$167,872,106	\$13,240,292	\$181,112,398
FFY 2012	\$130,399,527	\$12,419,076	\$142,818,603
FFY 2013	\$110,128,422	\$9,733,507	\$119,861,929
FFY 2014	\$95,618,663	\$7,863,825	\$103,482,488

## UNEMPLOYMENT TAXES

Unemployment insurance (UI) taxes are taxes 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).

## UNEMPLOYMENT TRUST FUND

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

### UI TRUST FUND BALANCE

UI Trust Balance	
Month	US Treasury Direct
9/30/2008	\$296,858,476
9/30/2009	\$207,186,438
9/30/2010	\$232,124,037
9/30/2011	\$276,140,022
9/30/2012	\$333,940,398
9/30/2013	\$364,492,935
9/30/2014	\$385,056,723

### SUIT FUND BALANCE

Month	SUIT Balance
9/30/2008	\$34,727,826
9/30/2009	\$40,606,797
9/30/2010	\$46,889,720
9/30/2011	\$51,082,869
9/30/2012	\$49,228,949
9/30/2013	\$51,614,189
9/30/2014	\$50,124,392

### COMBINED UTF AND SUIT FUND BALANCES

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
UI Trust Fund Available for Benefits Sep 30th	\$274,624,886	\$182,140,826	\$212,826,908	\$260,007,280	\$319,773,037	\$356,089,528	\$351,594,772
SUIT Balance Sep 30th	\$34,727,826	\$40,606,797	\$46,889,720	\$51,082,869	\$49,228,949	\$51,614,189	\$50,124,392
Trust Fund available to pay benefits	\$309,352,712	\$222,747,623	\$259,716,628	\$311,090,149	\$369,001,986	\$407,703,717	\$401,719,164
State's Reserve Ratio	0.951%	0.684%	0.810%	0.934%	1.075%	1.139%	1.086%

State statute provides that the combined UTF and SUIT balances should be between 0.85% and 1.00% of all wages paid in covered employment. The combined balance of the UTF and SUIT balances exceeded the target level at the conclusion of FY 2014, so there will be an automatic reduction in the 2015 unemployment tax rates applicable to Nebraska employers.

## 2008 - 2014 TAX RATES

Category	2008 Combined Tax Rates	2009 Combined Tax Rates	2010 Combined Tax Rates	2011 Combined Tax Rates	2012 Combined Tax Rates	2013 Combined Tax Rates	2014 Combined Tax Rates
1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	0.32%	0.31%	0.83%	0.83%	0.62%	0.42%	0.35%
3	0.52%	0.50%	1.33%	1.33%	1.00%	0.67%	0.56%
4	0.58%	0.57%	1.50%	1.50%	1.12%	0.76%	0.62%
5	0.65%	0.63%	1.67%	1.67%	1.25%	0.84%	0.69%
6	0.77%	0.75%	2.00%	2.00%	1.50%	1.01%	0.83%
7	0.84%	0.82%	2.17%	2.16%	1.62%	1.09%	0.90%
8	0.90%	0.88%	2.33%	2.33%	1.75%	1.18%	0.97%
9	1.03%	1.01%	2.67%	2.66%	2.00%	1.35%	1.11%
10	1.16%	1.13%	3.00%	3.00%	2.25%	1.52%	1.25%
11	1.23%	1.19%	3.17%	3.16%	2.37%	1.60%	1.32%
12	1.29%	1.26%	3.33%	3.33%	2.49%	1.68%	1.39%
13	1.35%	1.32%	3.50%	3.50%	2.62%	1.77%	1.46%
14	1.42%	1.38%	3.67%	3.66%	2.74%	1.85%	1.53%
15	1.55%	1.51%	4.00%	4.00%	2.99%	2.02%	1.67%
16	1.74%	1.70%	4.50%	4.50%	3.37%	2.27%	1.87%
17	2.00%	1.95%	5.16%	5.16%	3.87%	2.61%	2.15%
18	2.32%	2.26%	6.00%	5.99%	4.49%	3.03%	2.50%
19	2.77%	2.70%	7.16%	7.16%	5.36%	3.62%	2.98%
20	5.40%	5.40%	8.66%	8.66%	6.49%	5.40%	5.40%
<b>New Employer Rates</b>							
Non Construction	1.29%	1.26%	2.50%	2.50%	2.49%	1.68%	1.39%
Construction	5.40%	5.40%	8.66%	8.66%	6.49%	5.40%	5.40%

## 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.