

Unemployment Insurance

Fiscal Year 2020 Annual Report



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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, 2020, the State of Nebraska paid over \$330 million in benefits. The largest share of benefits were paid under the federal COVID-19 benefit programs, including Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), Federal Pandemic Unemployment Compensation (FPUC) and Lost Wages Assistance (LWA). Nebraska also paid state Extended Benefits, which are triggered on and off based on the insured unemployment rate.

	Benefit Program	Total State and Federal Benefits Paid	FFY	Total State Benefits Paid
	Regular UI	\$330,381,921	2014	\$106,153,631
	PUA	\$59,554,989	2015	\$92,924,405
	FPUC	\$693,975,468	2016	\$79,175,982
	PEUC	\$10,825,269	2017	\$80,653,220
	EB	\$381,019	2018	\$76,002,739
	LWA	\$48,725,490	2019	\$67,529,758
	Other	\$1,193,149	2020	\$330,381,921
	Total	\$1,145,037,304		

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. Under federal pandemic programs, workers who wouldn't normally qualify for benefits became eligible, including the self-employed and gig workers.

Regular State UI Claims FFY 2020

Initial Claims Filed	208,479
Initial Claims Receiving the First Payment	81,087
Continued Weeks Filed	1,266,064
Continued Weeks Paid	1,158,797

Unemployment Weeks Compensated

Month	Regular UI	PUA	PEUC	
2019	Oct	10,961	0	0
	Nov	9,282	0	0
	Dec	13,035	0	0
2020	Jan	21,020	0	0
	Feb	28,266	0	0
	Mar	19,460	0	0
	Apr	100,435	0	0
	May	359,105	108,742	172
	Jun	221,909	75,754	5,734
	Jul	190,993	54,172	7,307
	Aug	142,374	46,187	11,161
	Sep	71,776	31,537	10,770

Benefits Paid

Regular UI	PUA	PEUC
\$3,866,098	\$0	\$0
\$3,251,872	\$0	\$0
\$4,565,586	\$0	\$0
\$7,461,803	\$0	\$0
\$10,210,833	\$0	\$0
\$6,700,233	\$0	\$0
\$29,848,938	\$0	\$0
\$98,142,039	\$19,663,192	\$55,434
\$56,202,005	\$14,128,839	\$1,757,533
\$47,730,891	\$9,917,410	\$2,135,779
\$37,316,759	\$8,498,625	\$3,178,871
\$19,836,059	\$6,180,982	\$2,931,935

Tax

Historical (CY 2014 – 2020) Combined Tax Rates

Category	2014	2015	2016	2017	2018	2019	2020
Employer Unemployment Insurance (UI) taxes are assessed by the State of Nebraska based on wages paid for covered 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.	1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	2	0.35%	0.29%	0.25%	0.19%	0.19%	0.14%
	3	0.56%	0.47%	0.40%	0.30%	0.30%	0.22%
	4	0.62%	0.53%	0.45%	0.34%	0.34%	0.25%
	5	0.69%	0.58%	0.50%	0.37%	0.38%	0.27%
	6	0.83%	0.70%	0.60%	0.45%	0.46%	0.33%
	7	0.90%	0.76%	0.65%	0.49%	0.49%	0.35%
	8	0.97%	0.82%	0.70%	0.52%	0.53%	0.38%
	9	1.11%	0.93%	0.80%	0.60%	0.61%	0.44%
	10	1.25%	1.05%	0.90%	0.67%	0.68%	0.49%
	11	1.32%	1.11%	0.95%	0.71%	0.72%	0.52%
	12	1.39%	1.17%	1.00%	0.75%	0.76%	0.55%
	13	1.46%	1.23%	1.05%	0.79%	0.80%	0.57%
	14	1.53%	1.28%	1.10%	0.82%	0.84%	0.60%
	15	1.67%	1.40%	1.20%	0.90%	0.91%	0.65%
	16	1.87%	1.58%	1.35%	1.01%	1.03%	0.74%
	17	2.15%	1.81%	1.55%	1.16%	1.18%	1.85%
	18	2.50%	2.10%	1.80%	1.35%	1.37%	1.98%
	19	2.98%	2.51%	2.15%	1.61%	1.63%	1.17%
	20	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%

The combined tax rates for 2020 were slightly lower than for 2019. Category 1 continued to have a tax rate of 0.00%, Category 12 decreased to 0.55%, and Category 20 remained 5.40%. In 2019, changes in Nebraska Employment Security Law increased the taxable wage base from \$9,000 to \$24,000 for Unemployment Insurance (UI) Tax Category 20 employers. The taxable wage base remained \$9,000 per employee per year for all other categories.

Historical (CY 2014 – 2019) Combined Tax Rates – New Employers

Category	2014	2015	2016	2017	2018	2019	2020
Non-construction	1.39%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Construction	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%

Contributions from Employers to Unemployment Trust Fund

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Combined	\$110,991,856	\$100,444,301	\$94,030,102	\$74,129,624	\$74,322,913	\$72,662,838	\$87,098,716
Payments in lieu of contributions	\$12,894,110	\$6,654,061	\$4,853,264	\$4,896,977	\$4,821,376	\$3,662,887	\$3,412,649

Trust Fund

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

	2015	2016	2017	2018	2019	2020
UTF Available for Benefits	\$351,594,772	\$388,852,371	\$417,589,713	\$442,103,077	\$460,191,767	\$479,310,125
SUIT Balance	\$50,124,392	\$56,667,033	\$60,250,459	66,016,324	\$68,681,698	\$71,019,975
Total Funds Available to Pay Benefits	\$401,719,164	\$445,519,405	\$477,840,172	\$508,365,614	\$528,873,465	\$551,852,081
State Reserve Ratio	1.09%	1.15%	1.16%	1.15%	1.18%	1.19%

	UTF Balance		SUIT Fund Balance	
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.	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
	9/30/2018	\$441,472,601	9/30/2018	\$66,016,324
	9/30/2019	\$459,558,575	9/30/2019	\$68,681,698
	9/30/2020	\$479,310,125	9/30/2020	\$71,019,975

Recommendations for Legislature

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