

Unemployment Insurance

Fiscal Year 2021 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, 2021, the State of Nebraska paid over \$329 million in state and federal benefits. These included regular Unemployment Insurance benefits and the federal COVID-19 benefit programs including Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), Federal Pandemic Unemployment Compensation (FPUC), Lost Wages Assistance (LWA), and Mixed Earners Unemployment Compensation (MEUC). 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 2021	FFY	Total State Benefits Paid
	Regular UI	\$121,254,610	2014	\$106,153,631
	PUA	\$24,631,307	2015	\$92,924,405
	FPUC	\$125,611,640	2016	\$79,175,982
	PEUC	\$51,365,804	2017	\$80,653,220
	EB	\$303,539	2018	\$76,002,739
	LWA	\$5,472,645	2019	\$67,529,758
	MEUC	\$101,800	2020	\$330,381,921
	Other	\$298,666	2021	\$121,254,610
	Total	\$329,040,011		

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 2021

Initial Claims Filed	88,635
Initial Claims Receiving the First Payment	21,730
Continued Weeks Filed	479,364
Continued Weeks Paid	346,913

Unemployment Weeks Compensated

Benefits Paid

Month	Regular UI	PUA	PEUC	Regular UI	PUA	PEUC	
2020	Oct	42,260	20,808	114,899	\$12,932,165	\$3,934,957	\$4,195,484
	Nov	33,618	18,286	19,383	\$10,603,794	\$3,517,442	\$5,535,248
	Dec	32,229	14,484	17,319	\$10,447,516	\$2,742,267	\$5,022,107
2021	Jan	36,140	7,891	7,824	\$12,028,386	\$1,455,439	\$2,223,697
	Feb	38,828	14,182	22,718	\$13,304,460	\$2,637,147	\$6,679,628
	Mar	41,194	14,780	29,701	\$14,259,277	\$2,776,805	\$8,508,817
	Apr	23,244	10,153	23,252	\$7,789,452	\$1,923,248	\$6,637,522
	May	25,099	15,794	23,361	\$8,393,171	\$3,007,707	\$6,732,572
	Jun	27,362	10,287	22,427	\$8,939,663	\$1,947,142	\$6,487,215
	Jul	19,170	678	1,171	\$6,204,336	\$121,304	\$392,397
	Aug	16,794	892	1,594	\$5,629,885	\$161,170	\$502,564
	Sep	10,975	819	682	\$3,886,313	\$161,755	\$226,519

Tax

Historical (CY 2015 – 2021) Combined Tax Rates

Category	2015	2016	2017	2018	2019	2020	2021
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	0.29%	0.25%	0.19%	0.19%	0.17%	0.14%
	3	0.47%	0.40%	0.30%	0.30%	0.28%	0.22%
	4	0.53%	0.45%	0.34%	0.34%	0.31%	0.25%
	5	0.58%	0.50%	0.37%	0.38%	0.35%	0.27%
	6	0.70%	0.60%	0.45%	0.46%	0.42%	0.33%
	7	0.76%	0.65%	0.49%	0.49%	0.45%	0.35%
	8	0.82%	0.70%	0.52%	0.53%	0.49%	0.38%
	9	0.93%	0.80%	0.60%	0.61%	0.56%	0.44%
	10	1.05%	0.90%	0.67%	0.68%	0.63%	0.49%
	11	1.11%	0.95%	0.71%	0.72%	0.66%	0.52%
	12	1.17%	1.00%	0.75%	0.76%	0.70%	0.55%
	13	1.23%	1.05%	0.79%	0.80%	0.73%	0.57%
	14	1.28%	1.10%	0.82%	0.84%	0.77%	0.60%
	15	1.40%	1.20%	0.90%	0.91%	0.83%	0.65%
	16	1.58%	1.35%	1.01%	1.03%	0.94%	0.74%
	17	1.81%	1.55%	1.16%	1.18%	1.08%	1.85%
	18	2.10%	1.80%	1.35%	1.37%	1.25%	1.98%
	19	2.51%	2.15%	1.61%	1.63%	1.50%	1.17%
	20	5.40%	5.40%	5.40%	5.40%	5.40%	5.40%

The combined tax rates for 2021 were slightly lower than for 2020. Category 1 continued to have a tax rate of 0.00%, Category 12 decreased to 0.50%, 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 2015 – 2021) Combined Tax Rates – New Employers

Category	2015	2016	2017	2018	2019	2020	2021
Non-construction	1.25%	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

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Combined	\$100,444,301	\$94,030,102	\$74,129,624	\$74,322,913	\$72,662,838	\$87,098,716	\$68,004,045
Payments in lieu of contributions	\$6,654,061	\$4,853,264	\$4,896,977	\$4,821,376	\$3,662,887	\$3,412,649	\$2,810,232

Trust Fund

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

	2016	2017	2018	2019	2020	2021
UTF Available for Benefits	\$388,852,371	\$417,589,713	\$442,103,077	\$460,191,767	\$479,310,125	\$482,448,028
SUIT Balance	\$56,667,033	\$60,250,459	66,016,324	\$68,681,698	\$71,019,975	\$72,939,849
Total Funds Available to Pay Benefits	\$445,519,405	\$477,840,172	\$508,365,614	\$528,873,465	\$551,852,081	\$555,983,520
State Reserve Ratio	1.15%	1.16%	1.15%	1.18%	1.19%	1.12%

	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.	9/30/2014	\$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
	9/30/2021	\$482,448,028	9/30/2021	\$72,939,849

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.