

The background of the slide features a close-up photograph of a person's hands. The left hand holds a black pen, poised to write on a white document. The right hand rests on the document, with fingers slightly spread. The document appears to be a form, with some text visible, including "Application Fo" and "INFORMATION". To the left of the hands, a white ceramic cup filled with dark liquid, likely coffee, is partially visible. The entire scene is set on a light-colored wooden surface. The title text is overlaid on the lower half of this image.

# **UNEMPLOYMENT INSURANCE OVERVIEW**



# Revenues

**UNEMPLOYMENT INSURANCE  
HOW EMPLOYERS'  
UNEMPLOYMENT TAX  
RATES ARE  
CALCULATED**





# Revenues

## **NEW EMPLOYERS**

New employers have a standard base rate based on the average rate assigned to all employers in that NAICS code classification in the previous year.



## Revenues

### EXPERIENCED EMPLOYERS

If the employer has a minimum of **three years of taxable wage history**, they are deemed “Experience Rated Employers.” These employers have a base rate based on the “benefits paid out” ratio. In other words, the more layoffs incurred and thus “benefits paid out,” the higher the base rate will be for the employer.



# Revenues

## STATUTORY FACTORS

**BASE RATE + (THREE STATUTORY FACTORS) = TAX RATE**

**Non-Charged/  
Ineffectively  
Charged Factor**



**Employment  
Support Fund  
Factor**



**Fund Balance  
Factor**





## Revenues

# NON-CHARGED/INEFFECTIVELY CHARGED **FACTOR**

1

- ✓ **PURPOSE:** Replenishes the fund for benefits paid out that are not charged to an employer either due to specific reasons identified in the statutes, or the employer is at a maximum non-charge experience rate.
- ✓ **CALCULATION:** Based on 60% of the amounts that were non-charged or ineffectively charged in the prior fiscal year.
- ✓ **DEPOSIT:** The taxes collected applicable to this factor are deposited into the UI trust fund.



## Revenues

# EMPLOYMENT SUPPORT FUND **FACTOR**

2

- ✓ **PURPOSE:** Used to fund re-employment programs for individuals, to fund administration of the UI program, and to fund employment programs for youth, adults, and dislocated workers needing assistance with upskilling and/or career development and other employment assistance.
- ✓ **CALCULATION:** Based on 40% of the amounts that were non-charged or ineffectively charged to employers in the prior fiscal year.



# Revenues

## FUND BALANCE **FACTOR**

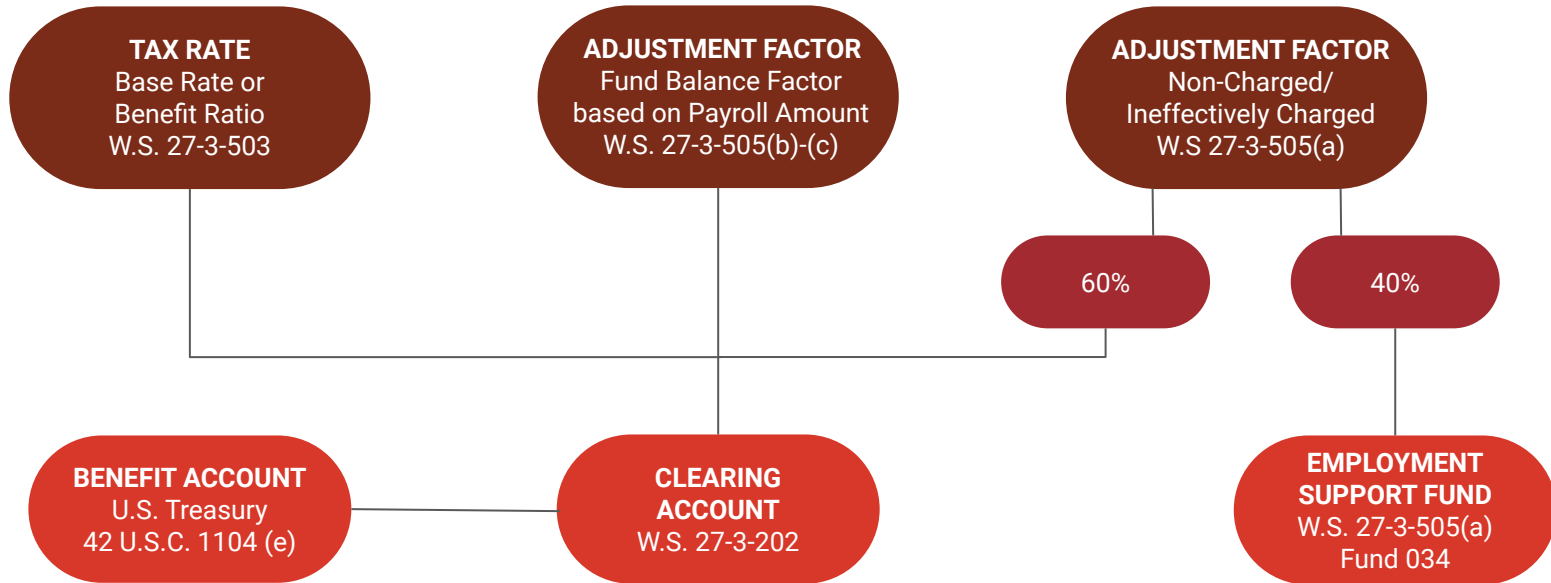
3

- ✓ **PURPOSE:** Keeps the Federal Unemployment Trust Fund balance at a solvent level that is sufficient to pay benefits to claimants, but also is not more than is needed.
- ✓ **RESULT:** If there have been numerous benefit payments from the federal unemployment trust fund (if unemployment is high), the factor will likely be positive. If minimal benefit payments have been made (low unemployment), the factor will likely be negative. This negative will help offset the other two factors for long-term employers and provide a lower tax rate. This negative factor has impacted rates for 2022 and 2023 causing **.00% rates** for many employers.





# Revenues





# Revenues

## Unemployment Tax Rates

**Rates for 2022 and 2023 were historically low and the first-ever minimum tax rate of .00%.** This meant that employers who had no benefit charges in the last three fiscal years (excluding any non-charges that were applied due to the Governor's Executive Orders) paid zero tax for 2022 and 2023.

**To have a low minimum tax rate,  
the balance of the federal trust fund must be high.**



# Revenues

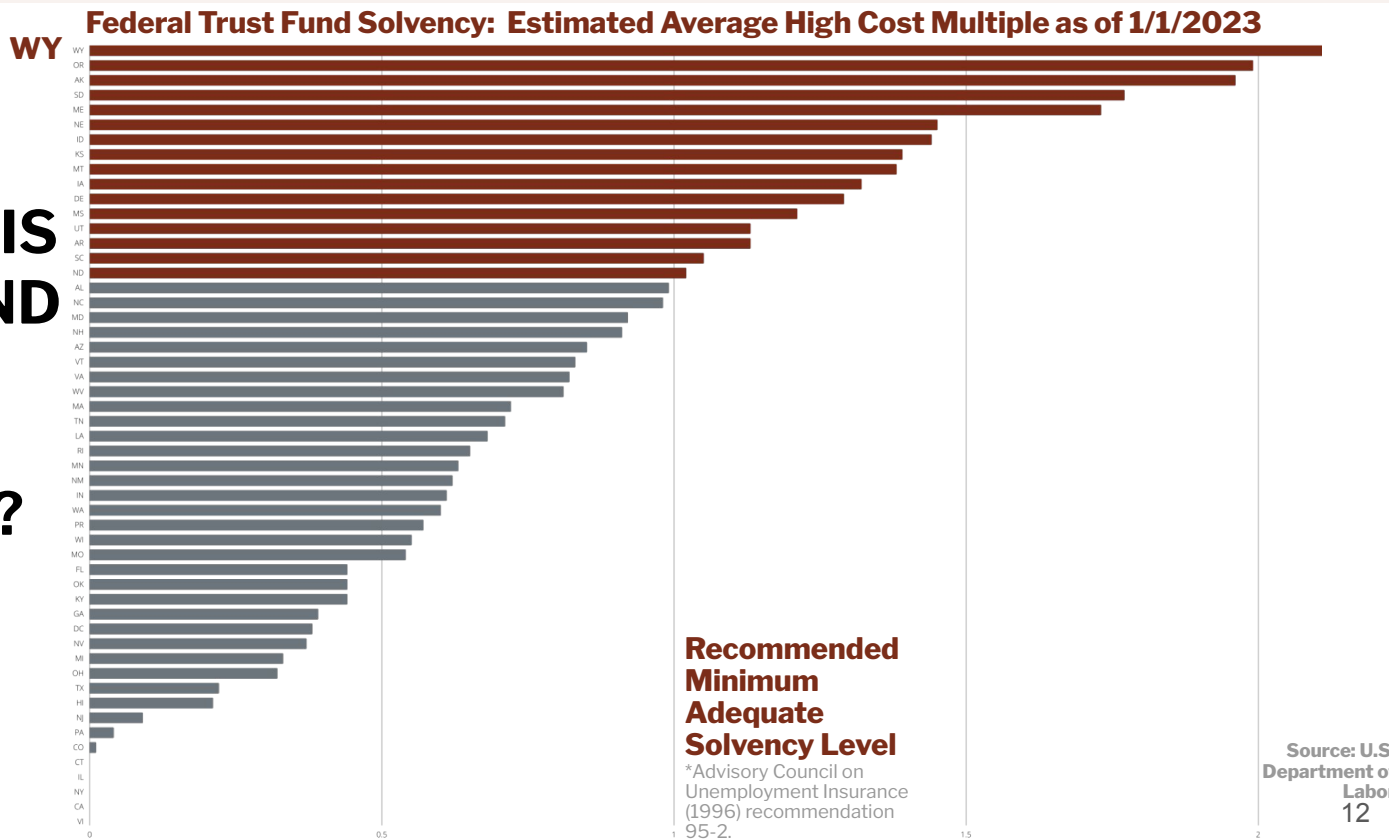
## 2023 UI Tax Rates:

- 25,484 contributories (tax-based employers)
- UI taxable wage base: \$29,100
- 18,651 experience-rated employers (73% of contributory employers)
- Average total tax rate of experience-rated employers: 0.0075 (.75%)
- Maximum annual per employee UI taxes based on average rate (experience-rated employers): \$218.25 ( $\$29,100 \times 0.0075$  or 0.75%)
- 11,323 employers with minimum tax rate of 0.00% (61% of experience-rated employers; 44.4% of all employers)
- 6,833 employers with new employer rate
- Average total tax rate for employers with new employer rate: 0.0101 (1.01%)
- Maximum annual per employee UI taxes based on average rate (new employers): \$293.91 ( $\$29,100 \times 0.0101$  or 1.01%)



# Federal Trust Fund Solvency

HOW **SOLVENT** IS  
THE TRUST FUND  
CURRENTLY  
COMPARED TO  
OTHER STATES?





# Federal Trust Fund Size

The minimum Unemployment Tax Rates as well as the balance of the UI Trust Fund Balance (October 31<sup>st</sup> of the prior year) is used to help calculate the Fund Balance Factor and the minimum tax rate:

Year	UI Tax Rate	UI Trust Fund Balance
2023	.00%	\$501,329,773
2022	.00%	\$466,347,898
2021	.48%	\$355,322,524
2020	.09%	\$423,973,242
2019	.18%	\$381,974,075
2018	.28%	\$349,670,152
2017	.34%	\$349,305,380
2016	.27%	\$397,381,551

Year	UI Tax Rate	UI Trust Fund Balance
2015	.27%	\$388,787,450
2014	.48%	\$324,716,751
2013	.63%	\$263,657,672
2012	.65%	\$157,967,108
2011	.67%	\$128,007,983
2010	.56%	\$173,872,690
2009	.30%	\$258,531,135
2008	.27%	\$238,939,765



# **UNEMPLOYMENT INSURANCE BENEFIT LEVELS**





# Benefit Levels

## Eligibility for Unemployment Insurance Benefits

To qualify for unemployment insurance benefits, a person must:

1. Have lost a job through no fault of his or her own.
  - a. Quitting a job for no reason will generally disqualify an individual from receiving benefits.
2. Be “able to work, available to work, and actively seeking work.”
3. Make at least two employer contacts each week in the search for work and must be registered for work in the state in which he or she is located in order to continue to receive benefits.



# Benefit Levels

## **Additional Technical Financial Eligibility Requirements:**

- Must have at least two quarters of wages.
- Must have earned at least a minimum amount of money during a “base period” prior to becoming unemployed.
  - As of July 2, the minimum amount is \$4,500 in the past four quarters.
  - The weekly benefit payment amount depends on how much was earned during the “base period.” The base period is one year of the claimant’s work and wages (four calendar quarters).
  - Must have earned a total over those four quarters of at least 1.4 times the highest quarter.





# Benefit Levels

For example, if a claimant earned \$2,000 in the first quarter, \$4,000 in the second, \$2,000 in the third, and \$3,000 in the fourth, the total earned is \$11,000, which is more than 1.4 times the highest quarter ( $\$4,000 \times 1.4 = \$5,600$ ), so this person would qualify for benefits.

How Base Periods Work					
This is an example only. Your base period quarters may differ from those shown					
Previous Year				Current Year	
1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	5th Quarter	Quarter you filed for benefits (Does not count as part of base period) April 1st- June 30th
January 1- March 31	April 1- June 30	July 1- September 30	October 1- December 31	January 1- March 31	
Base Period Wages paid to you during these four quarters make up your Base Period					