



# Unemployment Financing Systems

50 State Comparison of Unemployment Insurance  
Benefits and Financing Systems

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# Strengthening the legislative institution

# How NCSL Strengthens Legislatures



## Policy Research

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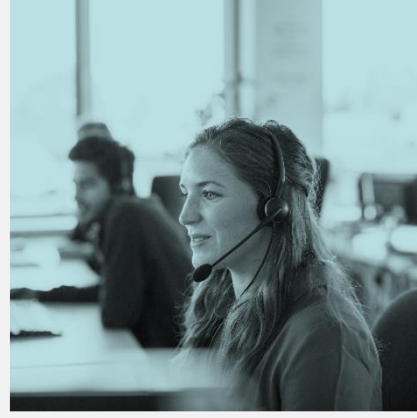
NCSL provides trusted, nonpartisan policy research and analysis



## Connections

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NCSL links legislators and staff with each other and with experts



## Training

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NCSL delivers training tailored specifically for legislators and staff



## State Voice in D.C.

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NCSL represents and advocates on behalf of states on Capitol Hill



## Meetings

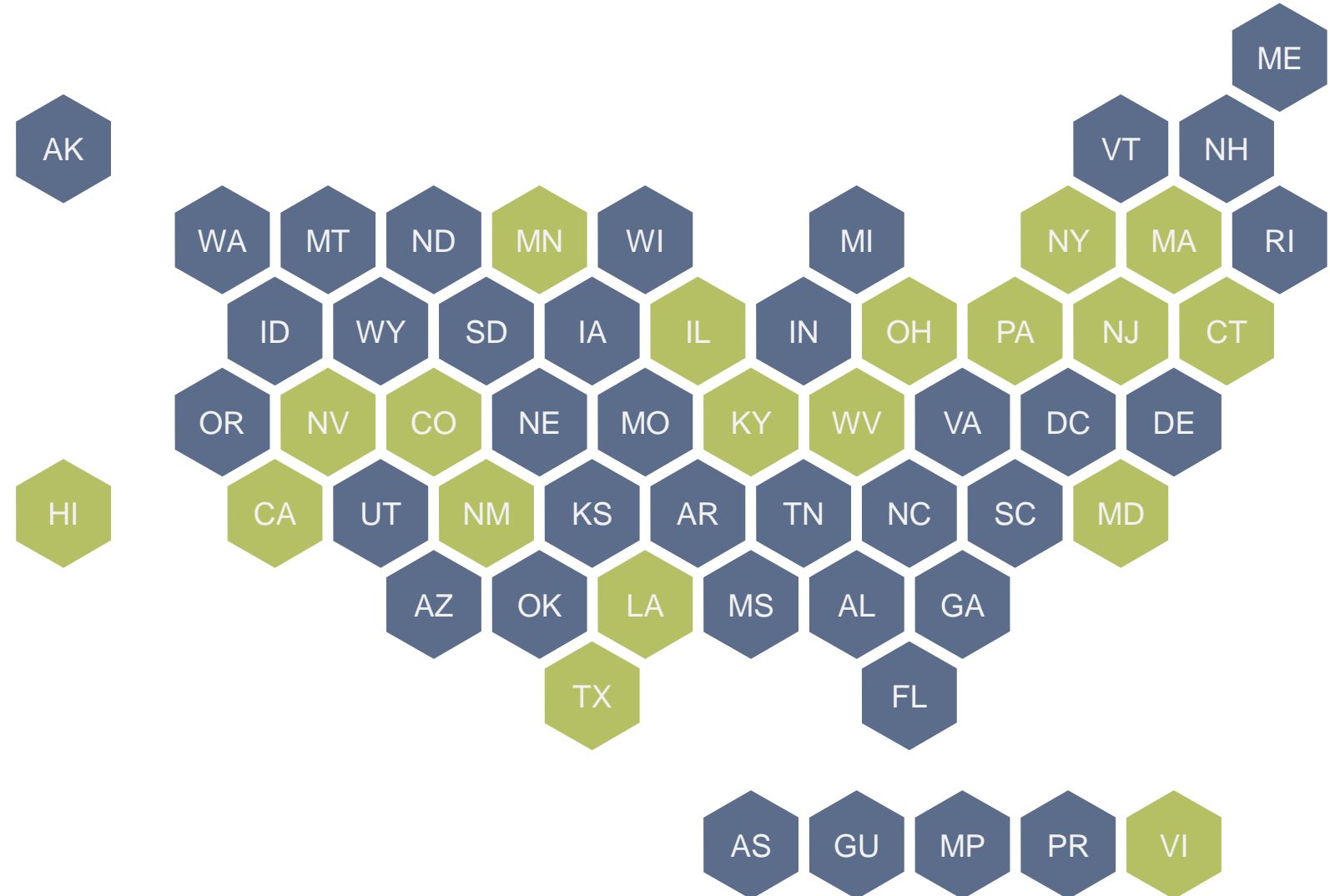
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NCSL meetings facilitate information exchange and policy discussions



# Current Title XII Loans

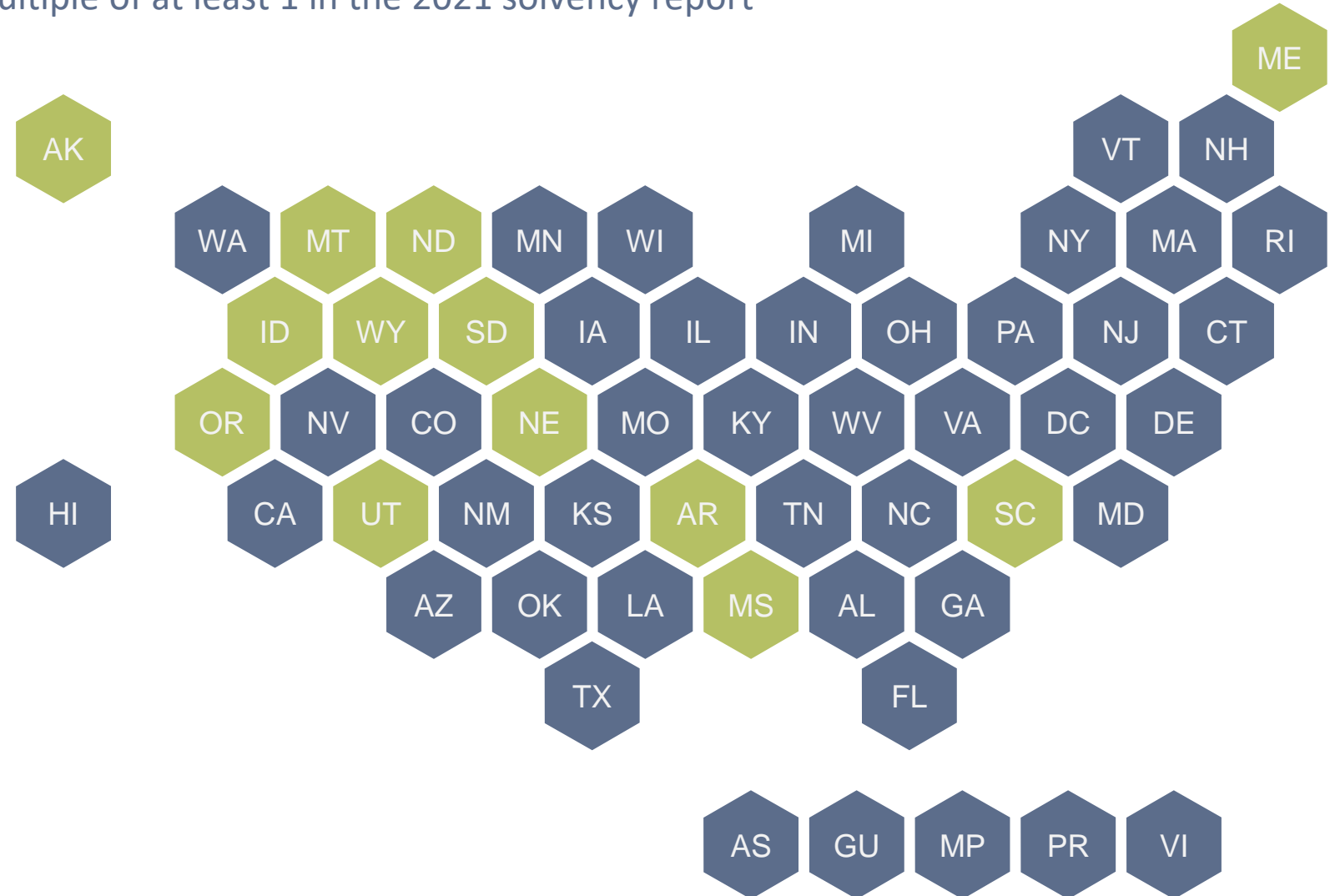
■ States with Title XII advances as of May 2021



# States Reported as Solvent in 2021

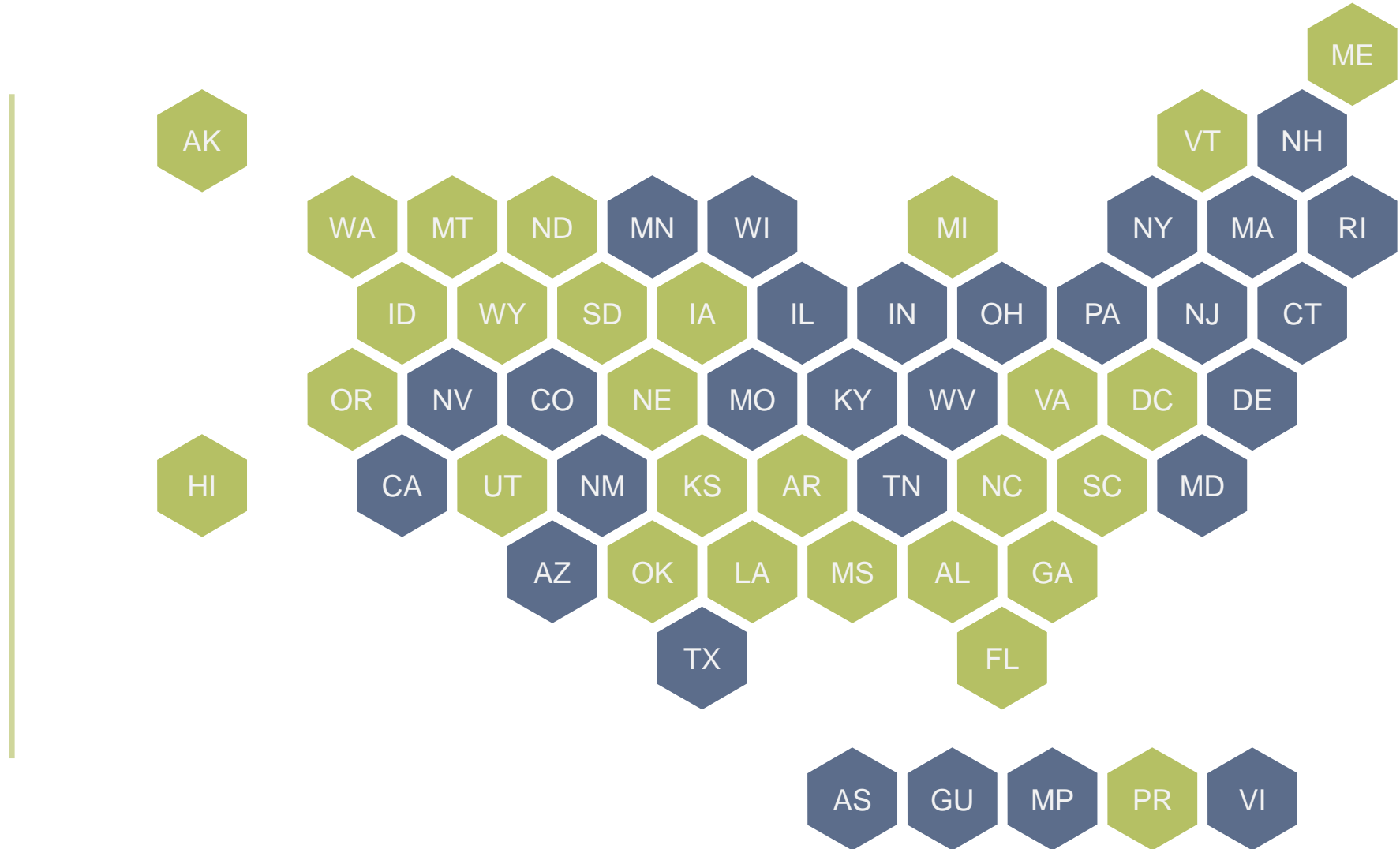
Solvency = an average high-cost multiple of at least 1 in the 2021 solvency report

- Oregon: 1.74
- Wyoming: 1.66
- Maine: 1.63
- Idaho: 1.61
- Nebraska: 1.55
- South Dakota: 1.35
- Montana: 1.31
- Mississippi: 1.26
- Alaska: 1.26
- Arkansas: 1.25
- North Dakota: 1.20
- South Carolina: 1.09
- Utah: 1.04



# No Interest Loan Eligibility

■ Qualifying States



# Criteria for Loan Interest Eligibility

## Solvency

- Achieved ACHM 1 in last 5 years.

## Average tax rate last 5 years

- For each year between the year in which the solvency target was last met and the year of loan, the state's average tax rate on total wages as percentage of the state's five year benefit-cost rate must be at least 75%.

## Average Tax rate last year

- For each year between the year in which the solvency target was last met and the year of loan, the state's average tax rate on total wages as percentage of the state's previous year's average tax rate must be at least 80%.

# UI State Tax Systems

## Federal Taxes

- FUTA
- 6.0% on wages up to \$7,000 per calendar year paid to a worker in covered employment (without tax credit).

## State Taxes

- Payroll taxes
- Enable employer to obtain credit against federal tax.
- Depends on the number of employees, the state's taxable wage base, and the contribution rate assigned the employer.

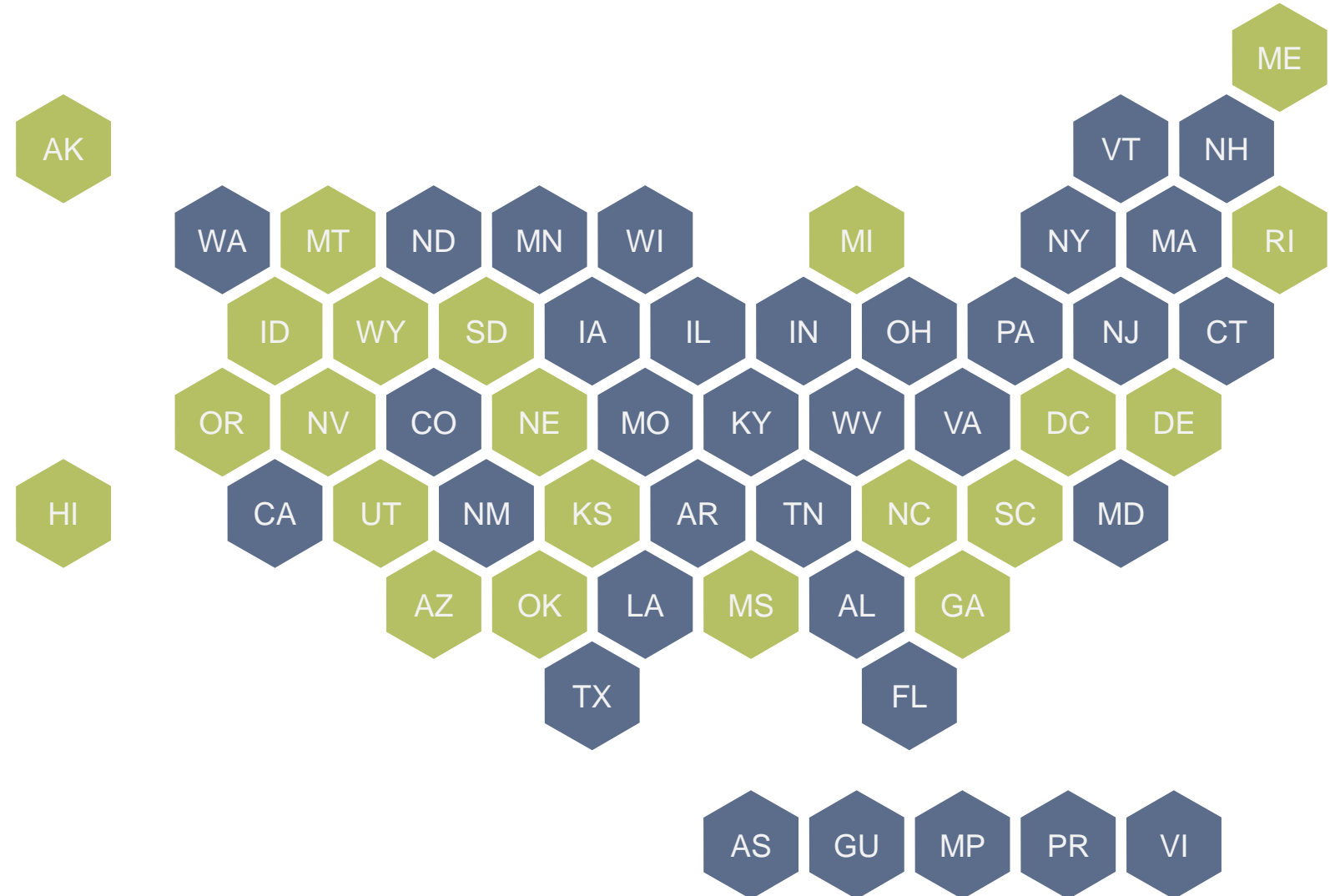
## Employee Contributions

- Alaska
- New Jersey
- Pennsylvania



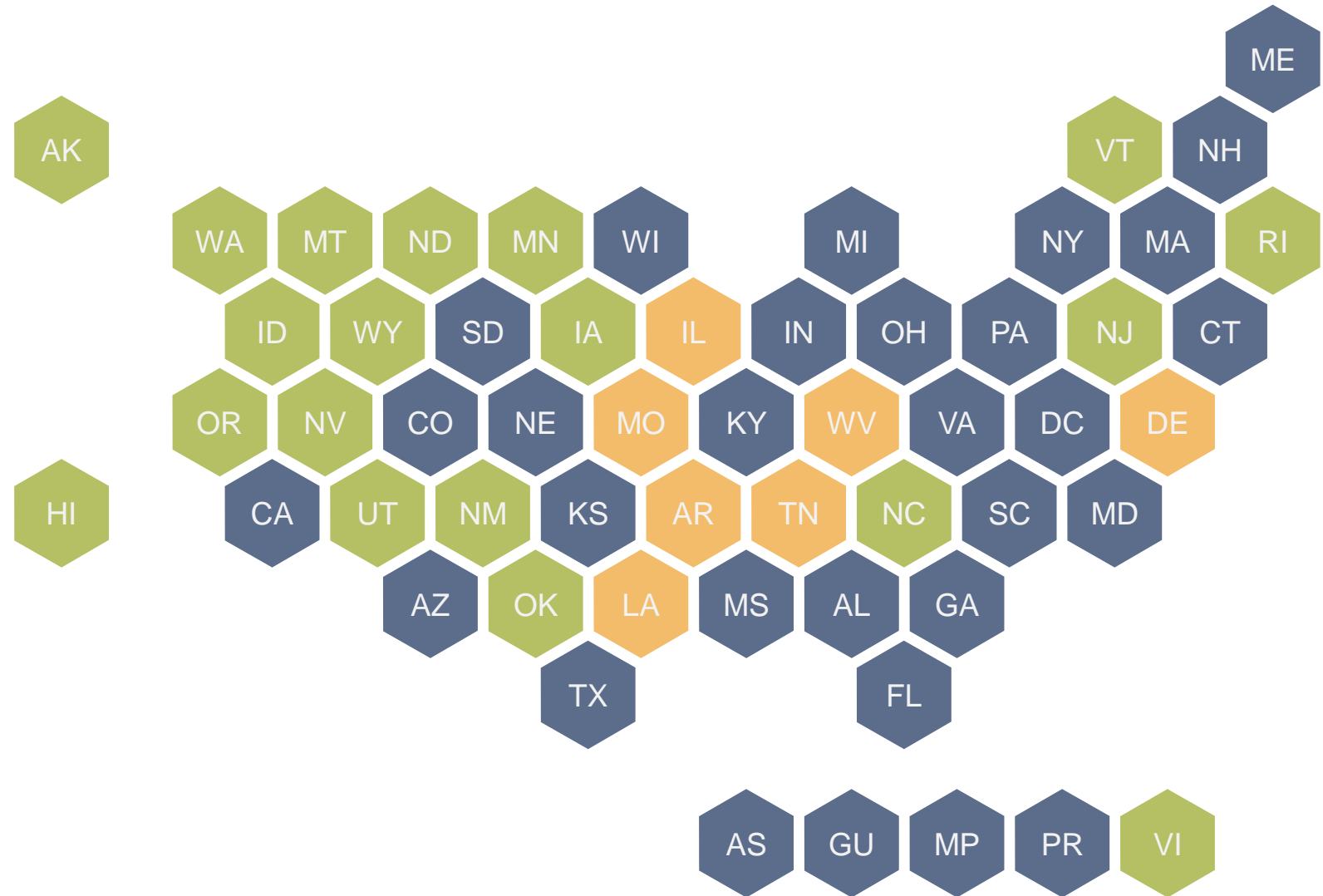
# Minimum Adequate Tax Rate

■ States with an average tax rate above a minimum adequate financing rate



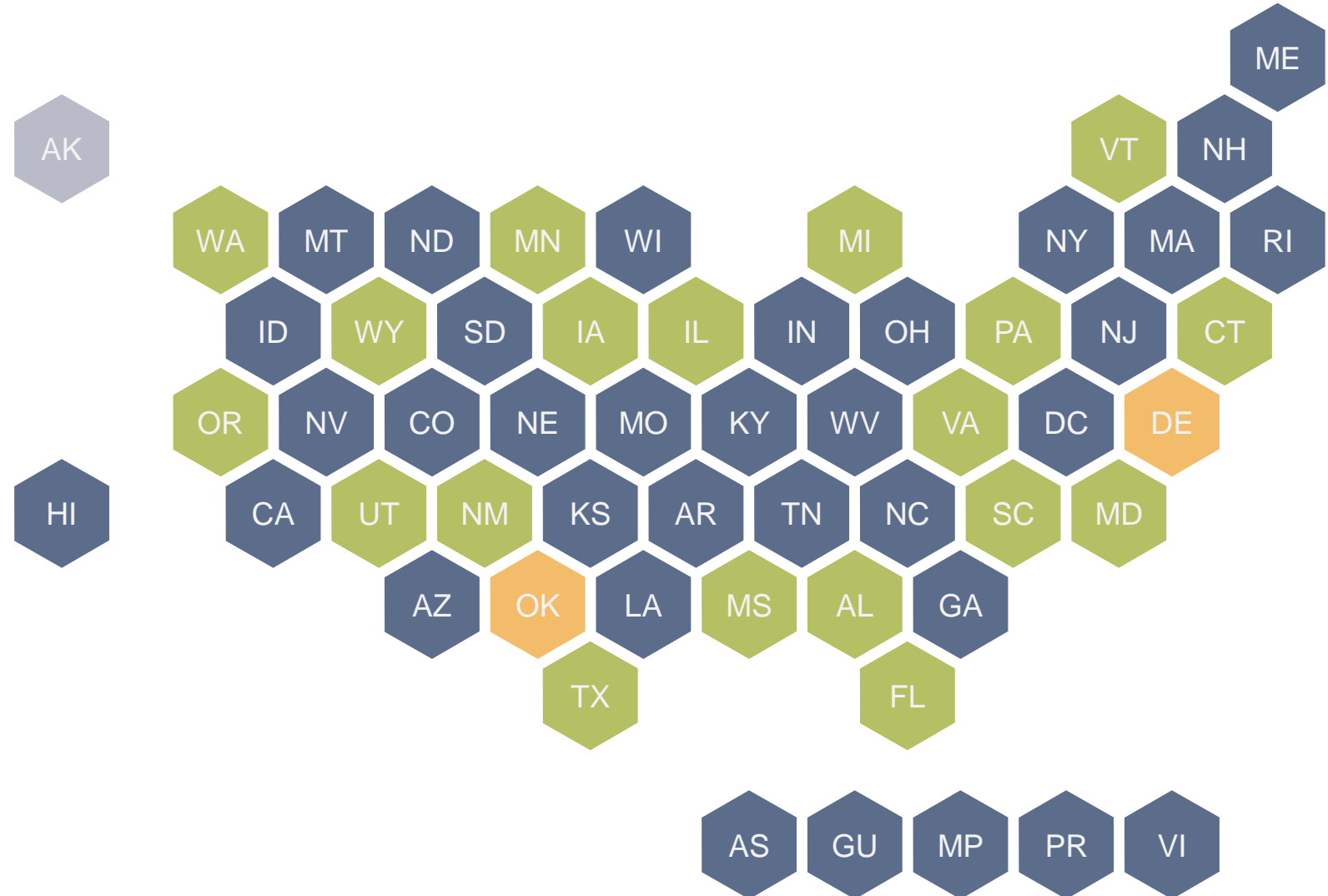
# Taxable Wage Base

- Indexed taxable wage base
- Taxable wage base based on trust fund balance



# Experience Rating

- Reserve Ratio Formula
- Benefit Ratio Formula
- Benefit Wage Ratio Formula
- Payroll Variation Plan





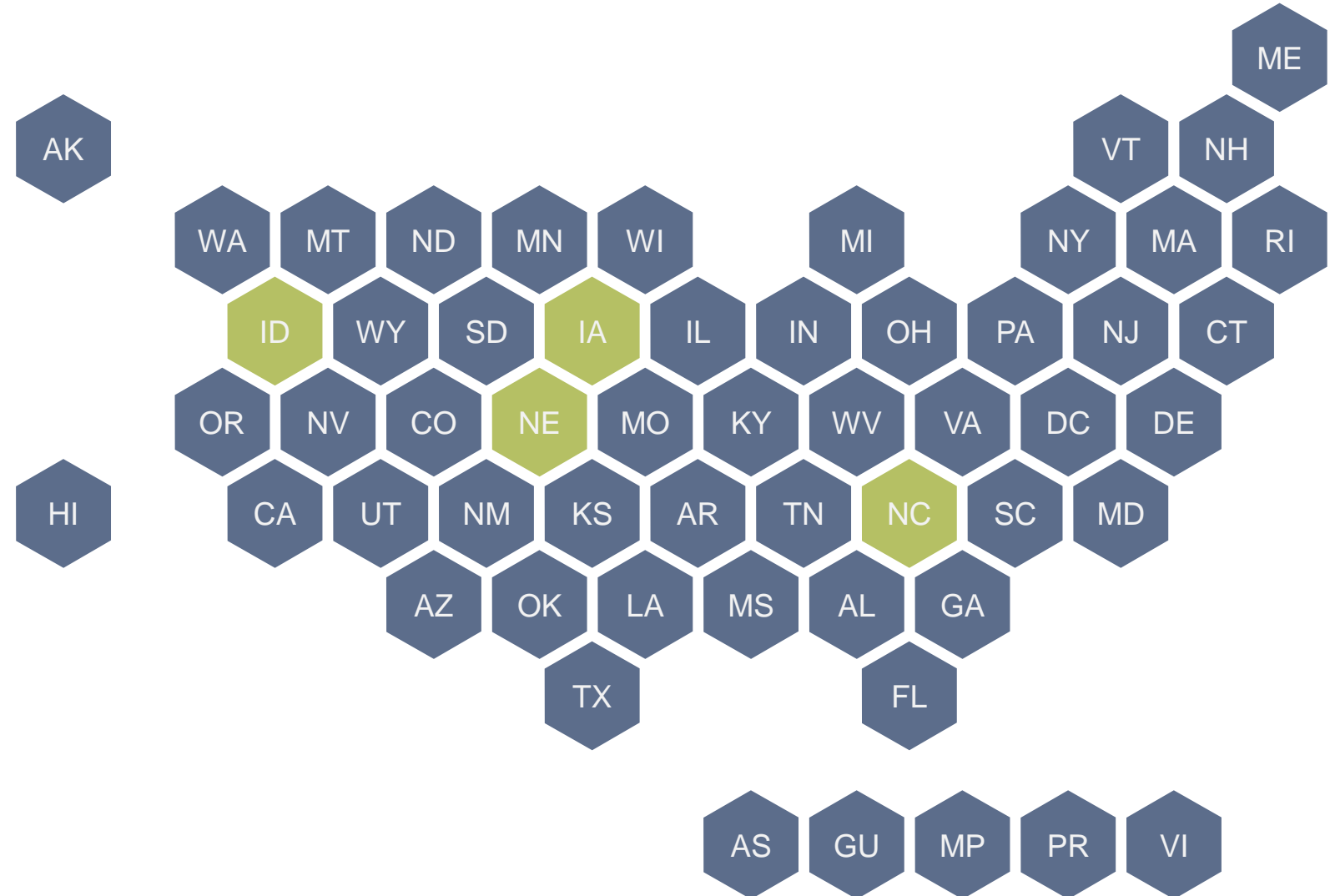
## Things to Consider

- Rates and rate schedules
- Minimum and maximum rates
- Limitations on rate of increases



# States with Reserve Fund Taxes

■ States with Reserve Fund Taxes

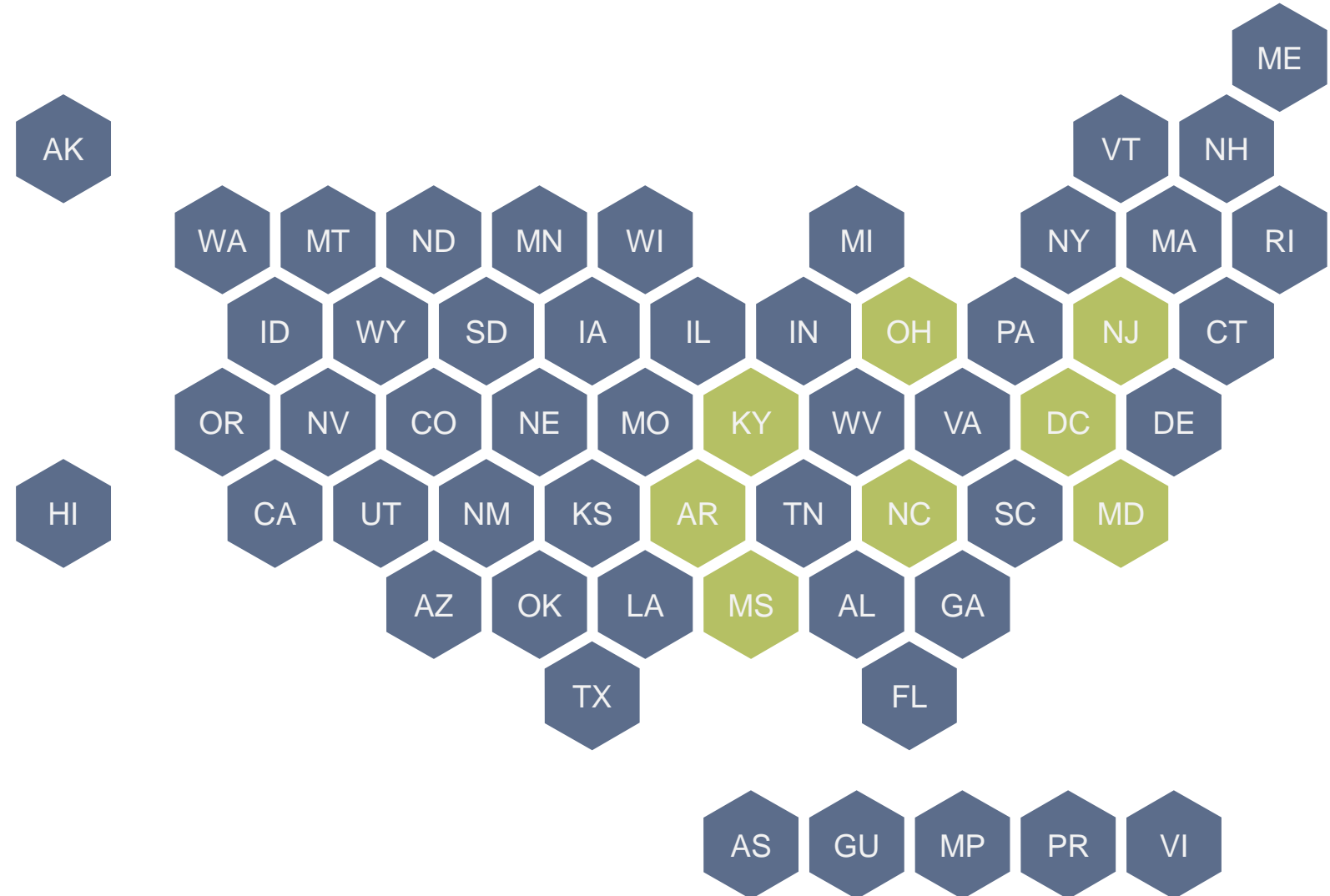






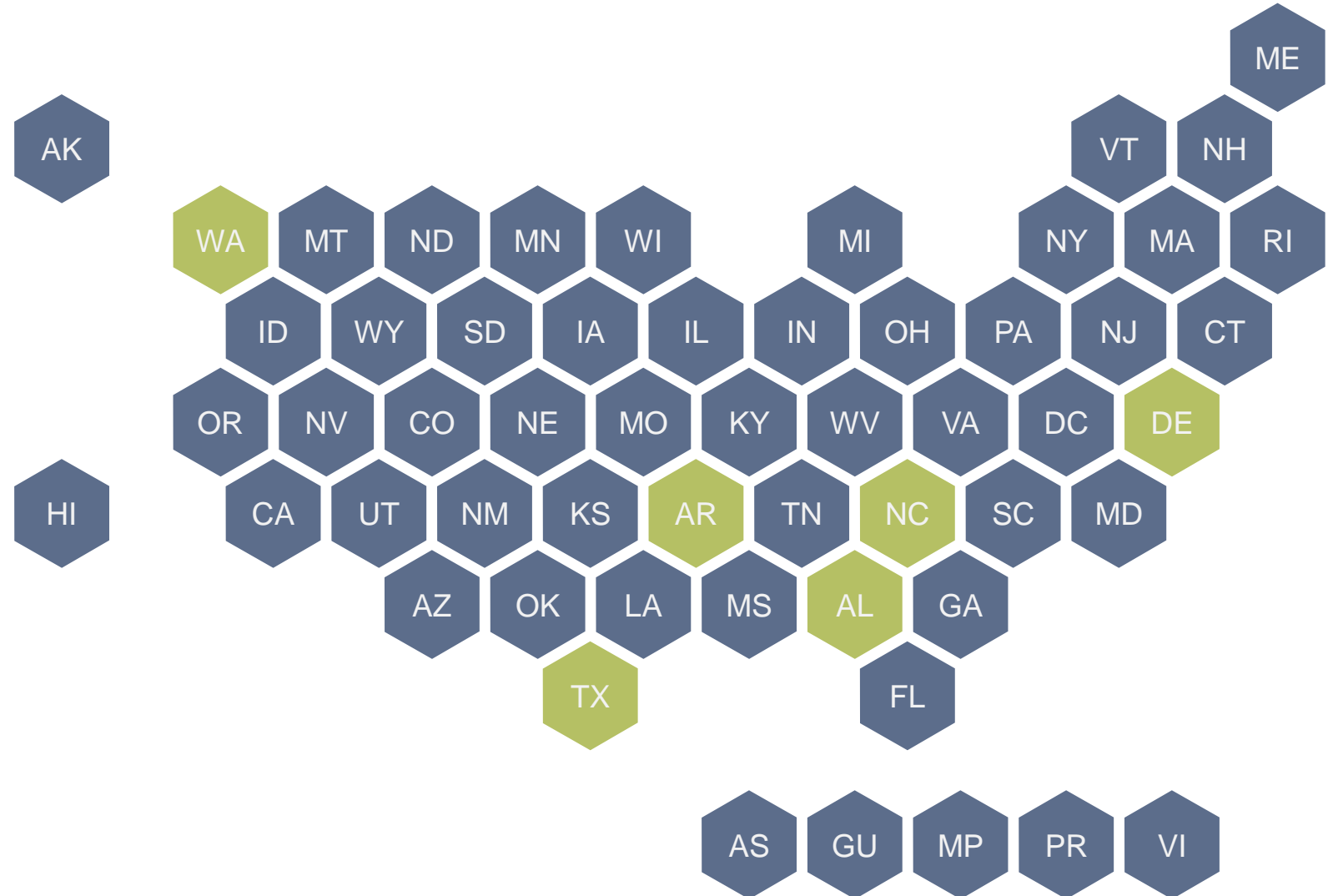
# Taxes and Solvency Enacted

■ Enacted legislation in 2021



# SUTA Enacted

■ Enacted legislation in 2021



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