

STATE OF NEVADA

Department of Employment, Training and Rehabilitation

EMPLOYMENT SECURITY DIVISION

2012

ESTIMATED TAX RATE SCHEDULES

For

Unemployment Insurance

Employment Security Council Meeting and Regulation Workshop

October 4, 2011



Employment Security Council

- ❑ ESD Administrator sets the tax rates each year by adopting a regulation. (NRS 612.550.5)
- ❑ The role of the Employment Security Council is to recommend a change in contribution rates whenever it becomes necessary to protect the solvency of the Unemployment Compensation Fund. (NRS 612.310)



Regulatory Process

- ❑ October 4, 2011 – Employment Security Council Meeting and Regulation Workshop to provide a recommendation for the 2012 tax schedule to ESD Administrator
- ❑ ESD will submit a proposed regulation to LCB
- ❑ October 24, 2011 – Small Business Workshop
- ❑ December 6, 2011 – Public Hearing
- ❑ Adoption of annual regulation (NAC 612.270) by December 31, 2011



FINANCING

The Unemployment Insurance Program is a joint Federal/State partnership.

FEDERAL UNEMPLOYMENT TAX = FUTA

- ❑ **FUTA currently (since 7/1/2011) imposes a federal payroll tax on all employers of 6.0% of each employee's wages, up to \$7,000 (\$420 per year)**
- ❑ **Offset credit of 5.4%, if the employer participates in a state unemployment program approved by the U.S. Secretary of Labor**
- ❑ **Net cost 0.6% X \$7,000 (\$42 per year)**
- ❑ **State UI programs perform a certification process with IRS to validate SUTA payments for FUTA credits**



STATE UNEMPLOYMENT TAX = SUTA

THE ONLY PURPOSE OF THE STATE TAX IS TO PAY UNEMPLOYMENT BENEFITS. ANY OTHER USE IS PROHIBITED.

- Paid entirely by employers.**

- Tax rates vary based on the employer's previous experience with unemployment.**

- Funds must be deposited with the U.S. Treasury.**



Experience Rating System

- ❑ **NEW EMPLOYER RATE**
2.95% of Taxable Wages

- ❑ **ANNUAL TAXABLE WAGE BASE**
2011 - \$26,600
2012 - \$26,400

- ❑ **EXPERIENCE RATING**
3½ to 4 YEARS



Eligible Employer Rates

Rate Class	Rate	2011 Maximum Cost Per Employee Taxable Limit \$26,600	2012 Maximum Cost Per Employee Taxable Limit \$26,400
18	5.40%	\$1,436.00	\$1,425.60
17	5.05%	\$1,343.30	\$1,333.20
16	4.75%	\$1,263.50	\$1,254.00
15	4.45%	\$1,183.70	\$1,174.80
14	4.15%	\$1,103.90	\$1,095.60
13	3.85%	\$1,024.10	\$1,016.40
12	3.55%	\$ 944.30	\$ 937.20
11	3.25%	\$ 864.50	\$ 858.00
10	2.95%	\$ 784.70	\$ 778.80
9	2.65%	\$ 704.90	\$ 699.60
8	2.35%	\$ 625.10	\$ 620.40
7	2.05%	\$ 545.30	\$ 541.20
6	1.75%	\$ 465.50	\$ 462.00
5	1.45%	\$ 385.70	\$ 382.80
4	1.15%	\$ 305.90	\$ 303.60
3	0.85%	\$ 226.10	\$ 224.40
2	0.55%	\$ 146.30	\$ 145.20
1	0.25%	\$ 66.50	\$ 66.00



RESERVE RATIO

CONTRIBUTIONS PAID (MINUS) BENEFITS CHARGED

(DIVIDED BY)

AVERAGE TAXABLE PAYROLL FOR PRIOR 3 YEARS

(2008, 2009, 2010)

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RESERVE RATIO

EXAMPLE

\$6,000 - \$2,000 = \$4,000/\$40,000 = .10 or 10% Reserve Ratio



Setting the Annual Rate Schedule

- ❑ Solvency of the state UI Trust Fund is measured on September 30th
- ❑ Projections are calculated for the next calendar year
 - ❑ Number of active employers
 - ❑ Amount of taxable payroll
 - ❑ Amount of state UI benefits that will be paid
 - ❑ Estimated revenues required for benefit payouts and trust fund solvency in the next calendar year
 - ❑ Optional schedules are developed with variable average tax rates and revenue projections



**ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2012**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-14.2	5.40%	3,682	10.3%	\$1,322.08	6.6%	\$71.39
17	-14.2	-12.6	5.05%	324	0.9%	\$112.68	0.6%	\$5.69
16	-12.6	-11.0	4.75%	370	1.0%	\$165.00	0.8%	\$7.84
15	-11.0	-9.4	4.45%	380	1.1%	\$150.92	0.8%	\$6.72
14	-9.4	-7.8	4.15%	438	1.2%	\$136.83	0.7%	\$5.68
13	-7.8	-6.2	3.85%	554	1.6%	\$338.06	1.7%	\$13.02
12	-6.2	-4.6	3.55%	574	1.6%	\$237.45	1.2%	\$8.43
11	-4.6	-3.0	3.25%	754	2.1%	\$348.12	1.7%	\$11.31
10	-3.0	-1.4	2.95%	897	2.5%	\$466.85	2.3%	\$13.77
9	-1.4	0.2	2.65%	1,035	2.9%	\$754.61	3.8%	\$20.00
8	0.2	1.8	2.35%	1,151	3.2%	\$984.01	4.9%	\$23.12
7	1.8	3.4	2.05%	1,578	4.4%	\$1,988.15	9.9%	\$40.76
6	3.4	5.0	1.75%	1,772	5.0%	\$3,076.80	15.3%	\$53.84
5	5.0	6.6	1.45%	2,003	5.6%	\$3,183.45	15.8%	\$46.16
4	6.6	8.2	1.15%	2,472	6.9%	\$3,165.34	15.7%	\$36.40
3	8.2	9.8	0.85%	2,568	7.2%	\$1,752.71	8.7%	\$14.90
2	9.8	11.4	0.55%	2,603	7.3%	\$889.43	4.4%	\$4.89
1	11.4	>	0.25%	12,556	35.2%	\$1,030.29	5.1%	\$2.58
Total Eligible Employers				35,711	100.0%	\$20,102.78	100.0%	\$386.50
New Employers				20,831		\$1,750.00		\$51.63
TOTAL				56,542		\$21,852.78		\$438.13
AVERAGE UI RATE							2.00%	
CEP							0.05%	
TOTAL TAX RATE							2.05%	

AVERAGE UI RATE

2.00%

CEP

0.05%

TOTAL TAX RATE

2.05%



ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2012

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-15.0	5.40%	3,528	9.9%	\$1,277.68	6.4%	\$68.99
17	-15.0	-13.4	5.05%	340	1.0%	\$130.79	0.7%	\$6.60
16	-13.4	-11.8	4.75%	393	1.1%	\$171.04	0.9%	\$8.12
15	-11.8	-10.2	4.45%	448	1.3%	\$177.08	0.9%	\$7.88
14	-10.2	-8.6	4.15%	485	1.4%	\$150.92	0.8%	\$6.26
13	-8.6	-7.0	3.85%	627	1.8%	\$366.23	1.8%	\$14.10
12	-7.0	-5.4	3.55%	704	2.0%	\$311.90	1.6%	\$11.07
11	-5.4	-3.8	3.25%	915	2.6%	\$404.47	2.0%	\$13.15
10	-3.8	-2.2	2.95%	1,117	3.1%	\$678.14	3.4%	\$20.01
9	-2.2	-0.6	2.65%	1,254	3.5%	\$1,020.23	5.1%	\$27.04
8	-0.6	1.0	2.35%	1,679	4.7%	\$1,994.18	9.9%	\$46.86
7	1.0	2.6	2.05%	2,019	5.7%	\$3,420.91	17.0%	\$70.13
6	2.6	4.2	1.75%	2,342	6.6%	\$3,746.90	18.6%	\$65.57
5	4.2	5.8	1.45%	2,875	8.1%	\$3,261.93	16.2%	\$47.30
4	5.8	7.4	1.15%	3,026	8.5%	\$1,416.65	7.0%	\$16.29
3	7.4	9.0	0.85%	2,734	7.7%	\$839.12	4.2%	\$7.13
2	9.0	10.6	0.55%	2,694	7.5%	\$319.95	1.6%	\$1.76
1	10.6	>	0.25%	8,531	23.5%	\$414.65	1.9%	\$1.04
Total Eligible Employers				35,711	100.0%	\$20,102.77	100.0%	\$439.30
New Employers				20,831		\$1,750.00		\$51.63
TOTAL				56,542		\$21,852.77		\$490.93
AVERAGE UI RATE							2.25%	
CEP							0.05%	
TOTAL TAX RATE							2.30%	



**ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2012**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-13.4	5.40%	3,868	10.8%	\$1,390.49	6.9%	\$75.09
17	-13.4	-11.8	5.05%	393	1.1%	\$171.04	0.9%	\$8.64
16	-11.8	-10.2	4.75%	448	1.3%	\$177.08	0.9%	\$8.41
15	-10.2	-8.6	4.45%	485	1.4%	\$150.92	0.8%	\$6.72
14	-8.6	-7.0	4.15%	627	1.8%	\$366.23	1.8%	\$15.20
13	-7.0	-5.4	3.85%	704	2.0%	\$311.90	1.6%	\$12.01
12	-5.4	-3.8	3.55%	915	2.6%	\$404.47	2.0%	\$14.36
11	-3.8	-2.2	3.25%	1,117	3.1%	\$678.14	3.4%	\$22.04
10	-2.2	-0.6	2.95%	1,254	3.5%	\$1,020.23	5.1%	\$30.10
9	-0.6	1.0	2.65%	1,679	4.7%	\$1,994.18	9.9%	\$52.85
8	1.0	2.6	2.35%	2,019	5.7%	\$3,420.91	17.0%	\$80.39
7	2.6	4.2	2.05%	2,342	6.6%	\$3,746.90	18.6%	\$76.81
6	4.2	5.8	1.75%	2,875	8.1%	\$3,261.93	16.2%	\$57.08
5	5.8	7.4	1.45%	3,026	8.5%	\$1,416.65	7.0%	\$20.54
4	7.4	9.0	1.15%	2,734	7.7%	\$839.12	4.2%	\$9.65
3	9.0	10.6	0.85%	2,694	7.5%	\$319.95	1.6%	\$2.72
2	10.6	12.2	0.55%	3,375	9.5%	\$191.16	1.0%	\$1.05
1	12.2	>	0.25%	5,156	14.1%	\$241.47	1.1%	\$0.60
Total Eligible Employers				35,711	100.0%	\$20,102.77	100.0%	\$494.26
New Employers				20,831		\$1,750.00		\$51.63
TOTAL				56,542		\$21,852.77		\$545.89
AVERAGE UI RATE							2.50%	
CEP							0.05%	
TOTAL TAX RATE							2.55%	



**ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2012**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-11.8	5.40%	4,261	11.9%	\$1,561.54	7.8%	\$84.32
17	-11.8	-10.2	5.05%	448	1.3%	\$177.08	0.9%	\$8.94
16	-10.2	-8.6	4.75%	485	1.4%	\$150.92	0.8%	\$7.17
15	-8.6	-7.0	4.45%	627	1.8%	\$366.23	1.8%	\$16.30
14	-7.0	-5.4	4.15%	704	2.0%	\$311.90	1.6%	\$12.94
13	-5.4	-3.8	3.85%	915	2.6%	\$404.47	2.0%	\$15.57
12	-3.8	-2.2	3.55%	1,117	3.1%	\$678.14	3.4%	\$24.07
11	-2.2	-0.6	3.25%	1,254	3.5%	\$1,020.23	5.1%	\$33.16
10	-0.6	1.0	2.95%	1,679	4.7%	\$1,994.18	9.9%	\$58.83
9	1.0	2.6	2.65%	2,019	5.7%	\$3,420.91	17.0%	\$90.65
8	2.6	4.2	2.35%	2,342	6.6%	\$3,746.90	18.6%	\$88.05
7	4.2	5.8	2.05%	2,875	8.1%	\$3,261.93	16.2%	\$66.87
6	5.8	7.4	1.75%	3,026	8.5%	\$1,416.65	7.0%	\$24.79
5	7.4	9.0	1.45%	2,734	7.7%	\$839.12	4.2%	\$12.17
4	9.0	10.6	1.15%	2,694	7.5%	\$319.95	1.6%	\$3.68
3	10.6	12.2	0.85%	3,375	9.5%	\$191.16	1.0%	\$1.62
2	12.2	13.8	0.55%	1,577	4.4%	\$80.49	0.4%	\$0.44
1	13.8	>	0.25%	3,579	9.7%	\$160.98	0.7%	\$0.40
Total Eligible Employers				35,711	100.0%	\$20,102.78	100.0%	\$549.97
New Employers				20,831		\$1,750.00		\$51.63
TOTAL				56,542		\$21,852.78		\$601.60
AVERAGE UI RATE							2.75%	
CEP							0.05%	
TOTAL TAX RATE							2.80%	

AVERAGE UI RATE

2.75%

CEP

0.05%

TOTAL TAX RATE

2.80%



ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION
CALENDAR YEAR 2012

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-10.2	5.40%	4,709	13.2%	\$1,720.63	8.6%	\$92.91
17	-10.2	-8.6	5.05%	485	1.4%	\$150.92	0.8%	\$7.62
16	-8.6	-7.0	4.75%	627	1.8%	\$366.23	1.8%	\$17.40
15	-7.0	-5.4	4.45%	704	2.0%	\$311.90	1.6%	\$13.88
14	-5.4	-3.8	4.15%	915	2.6%	\$404.47	2.0%	\$16.79
13	-3.8	-2.2	3.85%	1,117	3.1%	\$678.14	3.4%	\$26.11
12	-2.2	-0.6	3.55%	1,254	3.5%	\$1,020.23	5.1%	\$36.22
11	-0.6	1.0	3.25%	1,679	4.7%	\$1,994.18	9.9%	\$64.81
10	1.0	2.6	2.95%	2,019	5.7%	\$3,420.91	17.0%	\$100.92
9	2.6	4.2	2.65%	2,342	6.6%	\$3,746.90	18.6%	\$99.29
8	4.2	5.8	2.35%	2,875	8.1%	\$3,261.93	16.2%	\$76.66
7	5.8	7.4	2.05%	3,026	8.5%	\$1,416.65	7.0%	\$29.04
6	7.4	9.0	1.75%	2,734	7.7%	\$839.12	4.2%	\$14.68
5	9.0	10.6	1.45%	2,694	7.5%	\$319.95	1.6%	\$4.64
4	10.6	12.2	1.15%	3,375	9.5%	\$191.16	1.0%	\$2.20
3	12.2	13.8	0.85%	1,577	4.4%	\$80.49	0.4%	\$0.68
2	13.8	15.4	0.55%	1,006	2.8%	\$52.31	0.3%	\$0.29
1	15.4	>	0.25%	2,573	6.9%	\$128.66	0.6%	\$0.32
Total Eligible Employers				35,711	100.0%	\$20,104.78	100.1%	\$604.46
New Employers				20,831		\$1,750.00		\$51.63
TOTAL				56,542		\$21,854.78		\$656.09
AVERAGE UI RATE							3.00%	
CEP							0.05%	
TOTAL TAX RATE							3.05%	



SUMMARY					
Estimated Distribution of Employers Calendar Year 2012					
Page #	1	2	3	4	5
Range of Reserve Ratios	-14.2 11.4	-15 10.6	-13.4 12.2	-11.8 13.8	-10.2 15.4
Increments	1.6	1.6	1.6	1.6	1.6
Average UI Rate	2.00%	2.25%	2.50%	2.75%	3.00%
CEP	0.05%	0.05%	0.05%	0.05%	0.05%
Total	2.05%	2.30%	2.55%	2.80%	3.05%
REVENUE	\$438.13	\$490.93	\$545.89	\$601.60	\$656.09
<u>ELIGIBLE EMPLOYERS</u>					
5.40%	3,682	3,528	3,868	4,261	4,709
5.05%	324	340	393	448	485
4.75%	370	393	448	485	627
4.45%	380	448	485	627	704
4.15%	438	485	627	704	915
3.85%	554	627	704	915	1,117
3.55%	574	704	915	1,117	1,254
3.25%	754	915	1,117	1,254	1,679
2.95%	897	1,117	1,254	1,679	2,019
2.65%	1,035	1,254	1,679	2,019	2,342
2.35%	1,151	1,679	2,019	2,342	2,875
2.05%	1,578	2,019	2,342	2,875	3,026
1.75%	1,772	2,342	2,875	3,026	2,734
1.45%	2,003	2,875	3,026	2,734	2,694
1.15%	2,472	3,026	2,734	2,694	3,375
0.85%	2,568	2,734	2,694	3,375	1,577
0.55%	2,603	2,694	3,375	1,577	1,006
0.25%	12,556	8,531	5,156	3,579	2,573
Total	35,711	35,711	35,711	35,711	35,711

