



Unemployment Insurance Update

Presented to the
Jobs Council

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Cabinet Secretary*

October 23, 2015

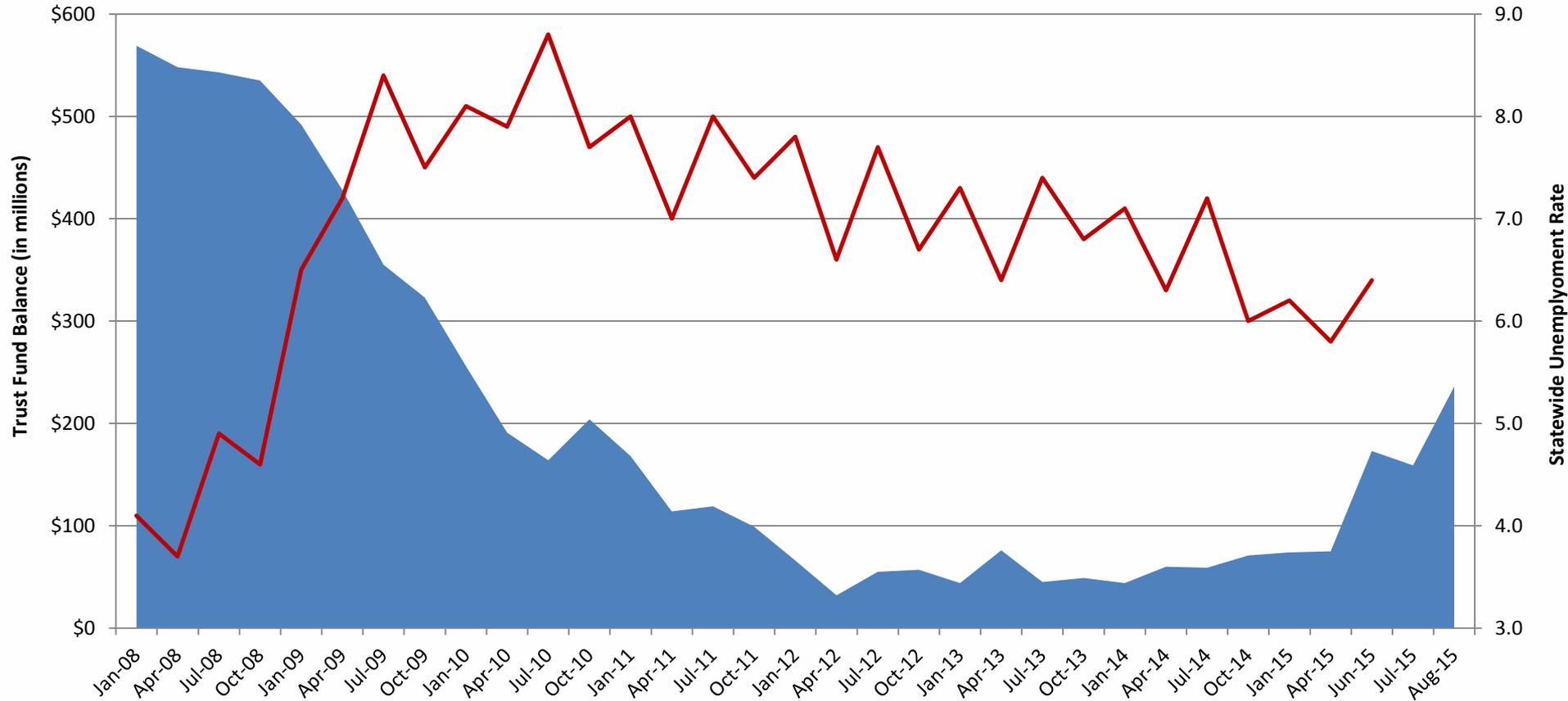
Unemployment Insurance

At a Glance:

- Statewide unemployment rate for August 2015 was **6.7%**.
- **12,000** individuals currently certifying for benefits every week in New Mexico.
- Approximately **1,000** initial claims are filed every week for Unemployment Insurance.
- As of today, the number of all the 2016 experience-rated employers that are currently active is **37,667**.
- The trust fund balance as of October 20, 2015 was **\$216,324,844.05**.

Unemployment Insurance – Trust Fund

NM Unemployment Insurance Trust Fund



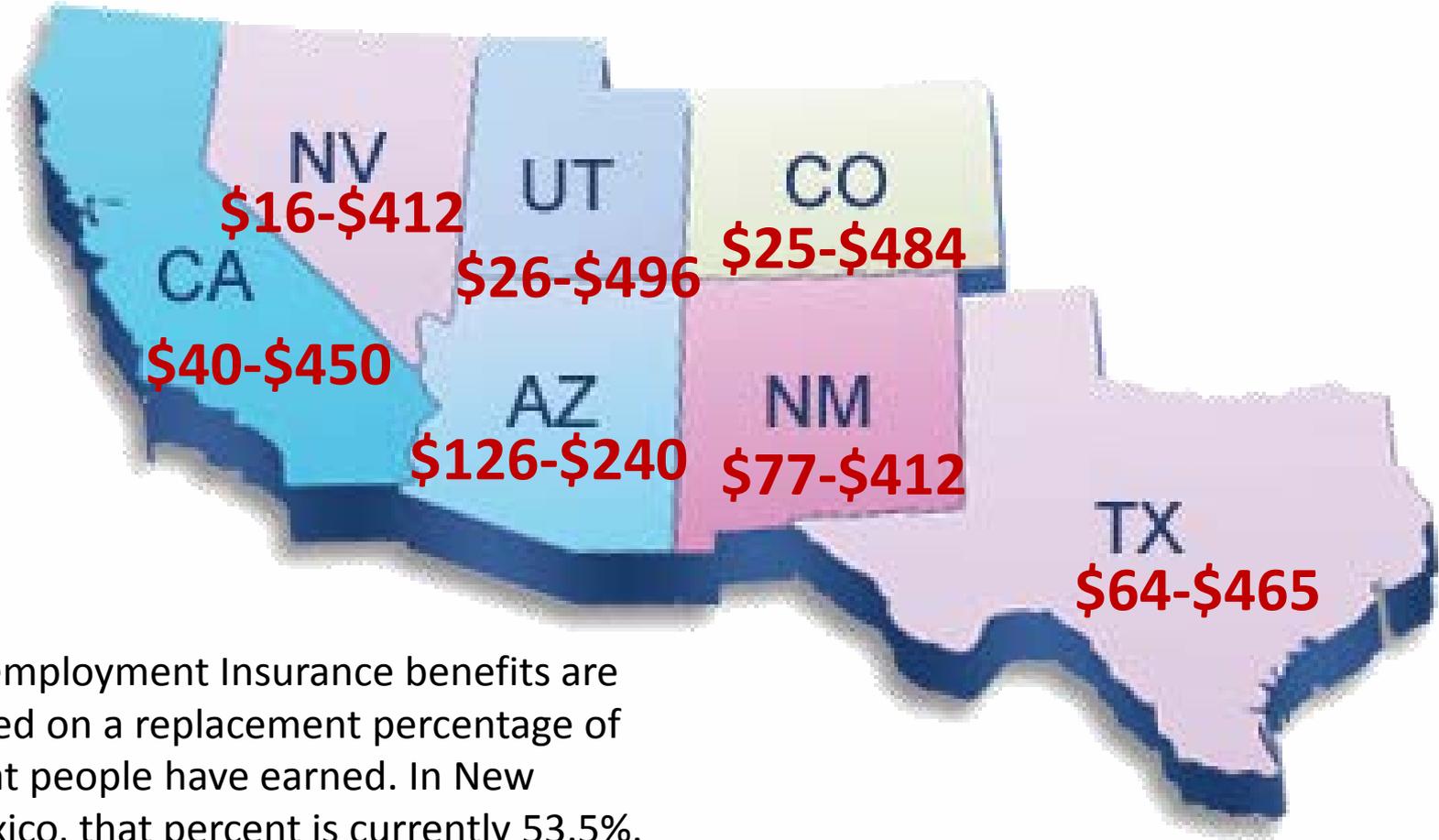
Unemployment Insurance-Regional Information

Maximum Weeks of Benefits:



Unemployment Insurance-Regional Information

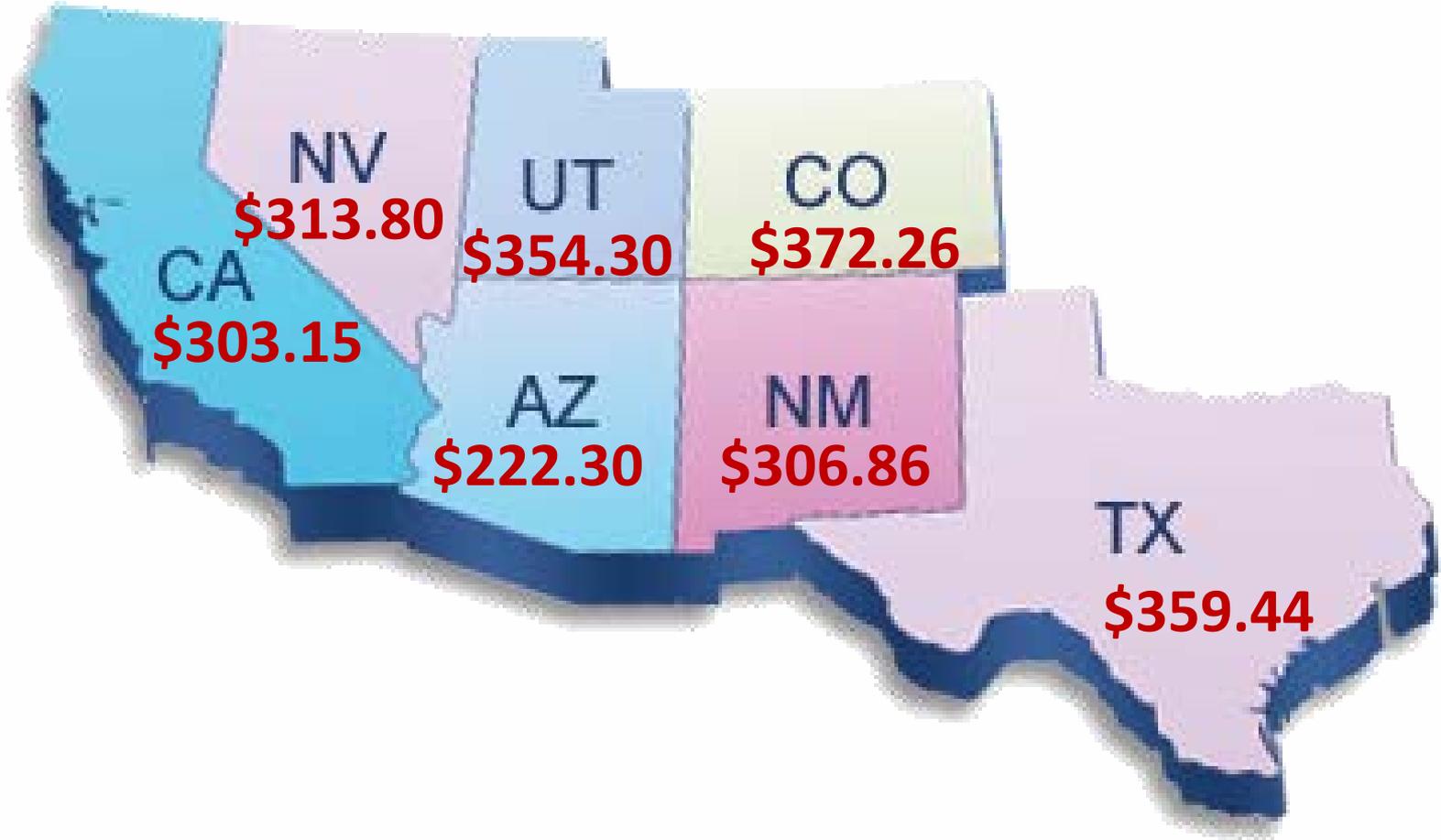
Maximum and Minimum Benefit Amount:



- Unemployment Insurance benefits are based on a replacement percentage of what people have earned. In New Mexico, that percent is currently 53.5%.

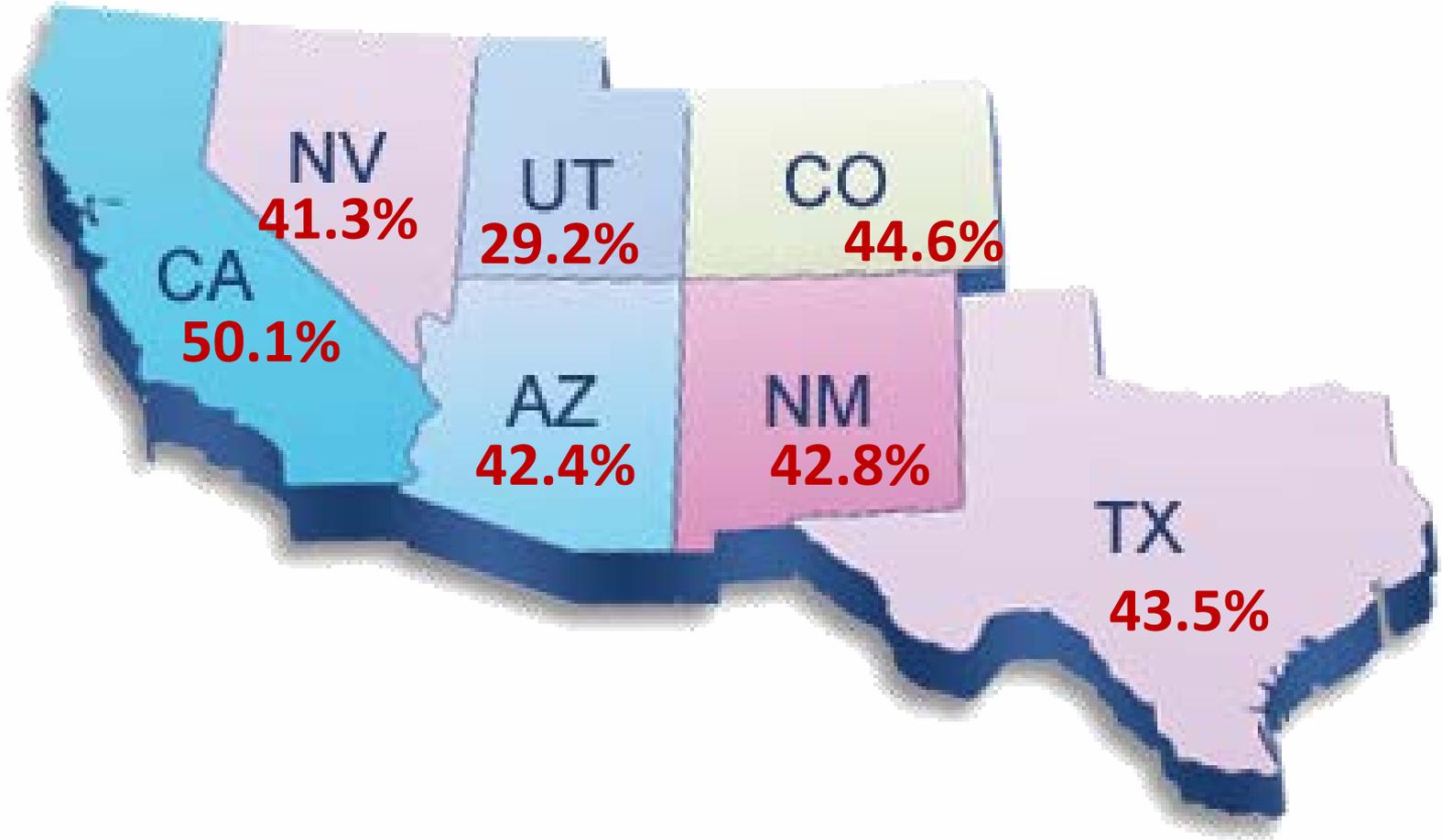
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Average Benefit Amount (1Q 2015):



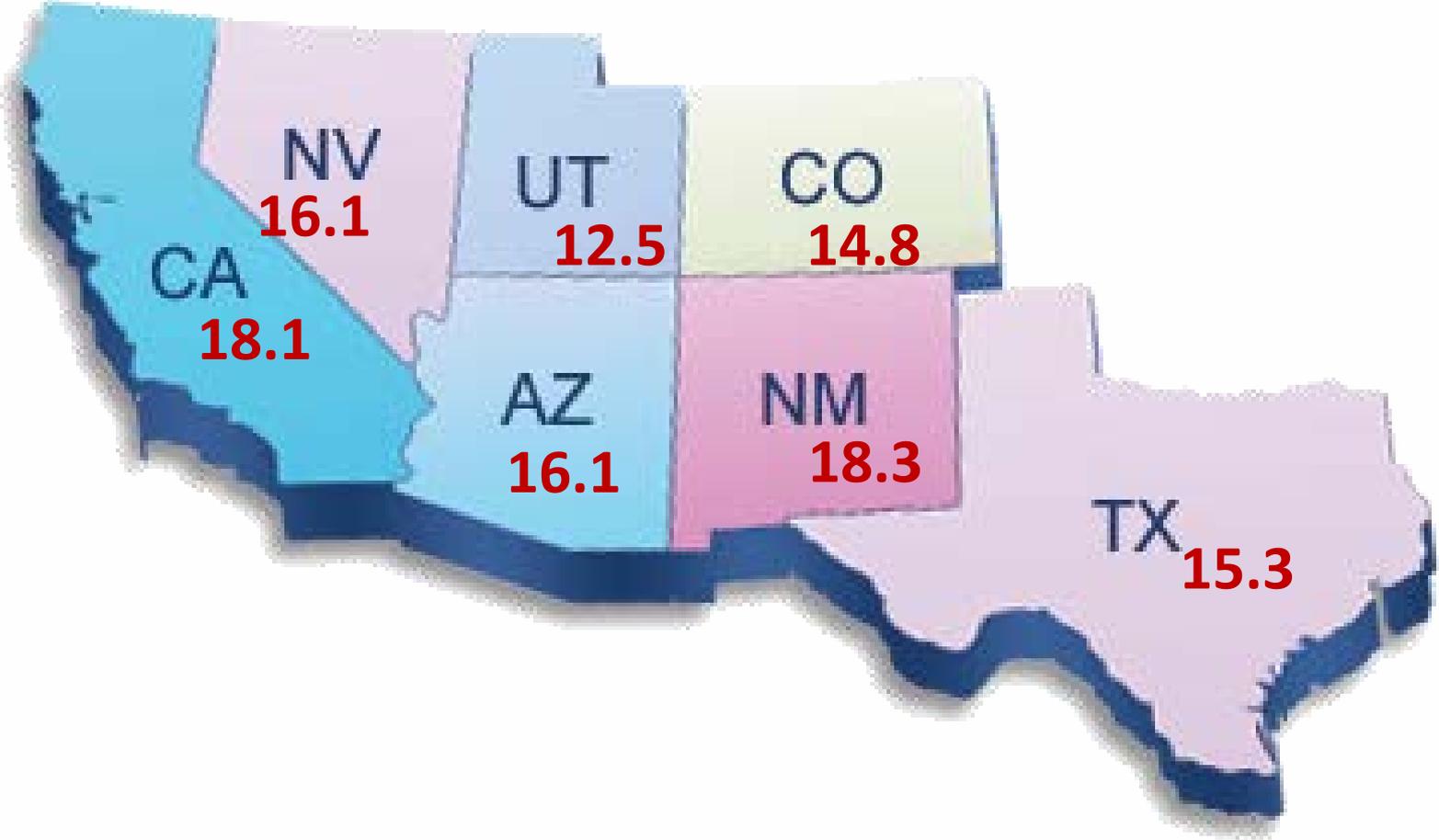
Unemployment Insurance-Regional Information

Exhaustion Rates (1Q 2015):



Unemployment Insurance-Regional Information

Average Duration in Weeks (1Q 2015):



Unemployment Insurance Tax Basics

Taxable Wage Base

- A “taxable wage base” is the annual amount of wages paid by an employer to an employee that are subject to state Unemployment Insurance taxes.
- New Mexico’s taxable wage base fluctuates each year and is set by formula.
- For 2015, employers will pay their Unemployment Insurance tax rate based on the first \$23,400 of each employee’s salary.
- For example:
 - An employer paying the minimum tax rate of 0.33% will pay \$77.22 per employee.
 - An employer paying the maximum tax rate of 6.4% will pay \$1,497.60 per employee.

Unemployment Insurance Tax – Old Rating System

Employer Experience Rating	Prior to 2011	2011 and 2012	2013 and 2014	Tax Schedule that should have been in effect since 2008.			
	SCHEDULE 0	SCHEDULE 1	SCHEDULE 2	SCHEDULE 3	SCHEDULE 4	SCHEDULE 5	SCHEDULE 6
10.0% and over	0.03%	0.05%	0.1%	0.6%	0.9%	1.2%	2.7%
9.0-9.9%	0.06%	0.1%	0.2%	0.9%	1.2%	1.5%	2.7%
8.0-8.9%	0.09%	0.2%	0.4%	1.2%	1.5%	1.8%	2.7%
7.0-7.9%	0.10%	0.4%	0.6%	1.5%	1.8%	2.1%	2.7%
6.0-6.9%	0.30%	0.6%	0.8%	1.8%	2.1%	2.4%	2.7%
5.0-5.9%	0.50%	0.8%	1.1%	2.1%	2.4%	2.7%	3.0%
4.0-4.9%	0.80%	1.1%	1.4%	2.4%	2.7%	3.0%	3.3%
3.0-3.9%	1.20%	1.4%	1.7%	2.7%	3.0%	3.3%	3.6%
2.0-2.9%	1.50%	1.7%	2.0%	3.0%	3.3%	3.6%	3.9%
1.0-1.9%	1.80%	2.0%	2.4%	3.3%	3.6%	3.9%	4.2%
0.9-0.0%	2.40%	2.4%	3.3%	3.6%	3.9%	4.2%	4.5%
(-0.1)-(-0.5)%	3.30%	3.3%	3.6%	3.9%	4.2%	4.5%	4.8%
(-.05)-(-1.0)%	4.20%	4.2%	4.2%	4.2%	4.5%	4.8%	5.1%
(-1.0)-(-2.0)%	5.00%	5.0%	5.0%	5.0%	5.0%	5.1%	5.3%
Under (-2.0)%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%

Unemployment Insurance Tax – New Rating System

Benefit Ratio:

Benefits Charged Against Employer Account (3-year. period) X Reserve Factor
Employer's Average taxable payroll (3-year. period)

New Employers:

Starting in 2015, new contributing employers have a rate that is the greater of their industry average Unemployment Insurance Contribution rate or 1%.

Unemployment Insurance Tax – 2015 Overview of Taxes

Distribution of Employers Across Tax Rates

Rate	Count	
0.33	24,441	61%
>0.33-1.39	2,053	5%
1.40-2.39	1,595	4%
2.40-3.39	1,289	3%
3.40-4.39	1,079	3%
4.40-5.39	881	2%
5.40-6.39	4,526	11%
6.4	4,531	11%
Total	40,395	100%

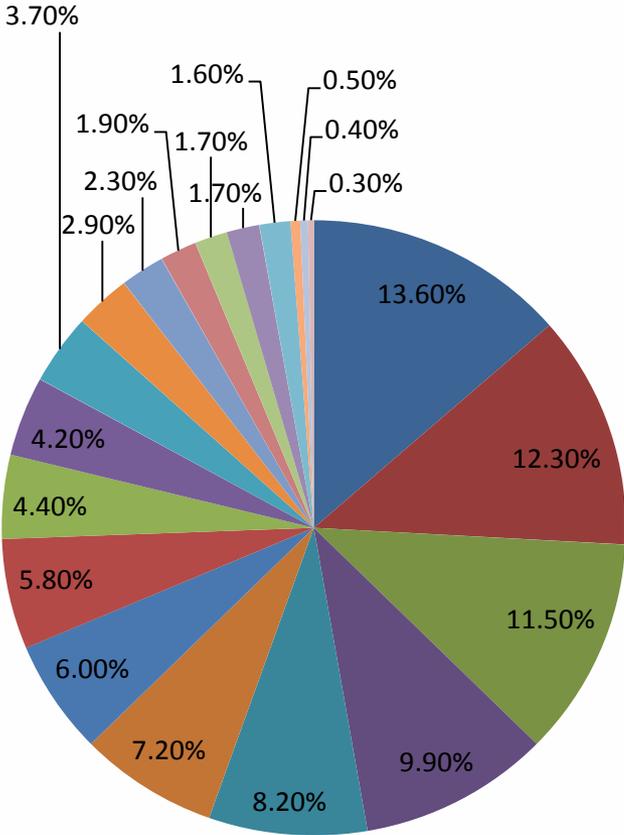
Unemployment Insurance Tax – 2016 Prelim Analysis

Distribution of Employers Across Tax Rates

2016 Contribution Rate	Count	%
0.33	23,883	63.4%
>0.33-1.39	2,018	5.4%
1.40-2.39	1,545	4.1%
2.40-3.39	1,265	3.4%
3.40-4.39	1,005	2.7%
4.40-5.39	811	2.2%
5.40-6.39	3,867	10.3%
6.4	3,273	8.7%
Total	37,667	100%

Unemployment Insurance Tax – 2016 Prelim Analysis

- Professional, Scientific and Technical Services
- Health Care and Social Assistance
- Construction
- Retail Trade
- Other Services, except Public Administration
- Accommodation and Food Services
- Administrative and Support and Waste Management and Remediation Services
- Wholesale Trade
- Real Estate and Rental and Leasing
- Finance and Insurance
- Manufacturing
- Transportation and Warehousing
- Mining, Quarrying, and Oil and Gas Extraction
- Agriculture, Forestry, Fishing and Hunting
- Information
- Educational Services
- Arts, Entertainment, and Recreation
- Utilities
- Public Administration
- Management of Companies and Enterprises



Unemployment Insurance Tax – 2016 Prelim Analysis

Industry: NAICS (20 sectors)	Number of employers	Tax Rate 2015	Tax Rate 2016	Tax Rate change %
Agriculture, Forestry, Fishing and Hunting	701	2.22	2.09	-6%
Mining, Quarrying, and Oil and Gas Extraction	862	1.74	1.93	11%
Utilities	182	1.23	1.18	-4%
Construction	4,318	2.98	2.68	-10%
Manufacturing	1,405	2.31	2.14	-7%
Wholesale Trade	2,188	1.77	1.74	-2%
Retail Trade	3,717	1.8	1.62	-10%
Transportation and Warehousing	1,096	1.93	1.83	-5%
Information	642	2.25	2.09	-7%
Finance and Insurance	1,569	1.63	1.45	-11%
Real Estate and Rental and Leasing	1,666	1.52	1.42	-7%
Professional, Scientific and Technical Services	5,139	1.6	1.53	-4%
Management of Companies and Enterprises	114	1.45	1.37	-6%
Administrative and Support and Waste Management and Remediation Services	2,275	2.32	2.22	-4%
Educational Services	641	1.63	1.52	-7%
Health Care and Social Assistance	4,639	1.74	1.63	-6%
Arts, Entertainment, and Recreation	586	1.8	1.66	-8%
Accommodation and Food Services	2,713	1.69	1.57	-7%
Other Services, except Public Administration	3,076	1.53	1.36	-11%
Public Administration	138	3.26	3.08	-6%
Total and weighted avg	37,667	1.92	1.78	-7%

Unemployment Insurance Tax – 2016 Prelim Analysis

2015-2016 tax rate changes by employer size for all the experience-rated employers (active)

Employer Size*	N of employers	Tax Rate 2015	Tax Rate 2016	Tax Rate change %
Firms with 1 to 4 employees	21593	1.52	1.39	-9%
Firms with 5 to 9 employees	6578	2.15	2.03	-6%
Firms with 10 to 19 employees	4415	2.49	2.35	-6%
Firms with 20 to 99 employees	4177	2.75	2.64	-4%
Firms with 100 to 499 employees	808	3.02	2.83	-6%
Firms with 500 employees or more	96	2.65	2.51	-5%
Total and weighted avg	37667	1.92	1.78	-7%

*Census categories

Employer Scenario #1

QTR	Benefit Charges	Taxable Payroll
2011-03	\$5,790.00	\$97,652.01
2011-04	\$5,730.00	\$43,624.32
2012-01	\$1,639.92	\$88,007.02
2012-02	\$488.00	\$48,834.02
2012-03	\$0.00	\$69,316.39
2012-04	\$0.00	\$58,416.75
2013-01	\$0.00	\$113,545.14
2013-02	\$0.00	\$127,421.74
2013-03	\$0.00	\$110,566.09
2013-04	\$0.00	\$60,688.29
2014-01	\$1,363.41	\$114,682.02
2014-2	\$302.99	\$119,148.45
TOTAL	\$15,314.32	\$1,051,902.24

Benefit Ratio	Reserve Factor Fixed as 4	Calculated Contribution rate	Contribution Rate	Calculated Excess Claims Rate (ECR) when applicable.	Excess Claims Rate	Total Contribution Rate
Benefit charges/taxable payroll	Multiply times 4	Benefit Ratio X Reserve Factor	Range of 0.33% - 5.4%	Difference between the calculated rate and 5.4 X 10%	Apply the maximum limit of 1% to the calculated ECR when applicable.	Contribution Rate + ECR if applicable.
0.0146	4.0000	5.82%	5.40%	0.04%	0.04%	5.44%

For 2016, approximately \$13,600 in benefit charges fall off. Because there were not a great deal of benefit charges incurred during last half of 2014 and first half of 2015, this employer's rate drops substantially from 5.44% to 0.56%.

Employer Scenario #2

QTR	Benefit Charges	Taxable Payroll
2011-03	\$4,502.81	\$392,449.61
2011-04	\$5,404.00	\$268,226.85
2012-01	\$1,815.32	\$427,973.10
2012-02	\$1,730.67	\$367,575.39
2012-03	\$856.72	\$277,408.92
2012-04	\$4,764.00	\$232,965.02
2013-01	\$5,161.00	\$482,071.94
2013-02	\$397.00	\$427,770.66
2013-03	\$4,872.99	\$218,601.52
2013-04	\$5,178.11	\$239,527.12
2014-01	(\$180.94)	\$482,119.38
2014-2	\$4,817.36	\$808,782.75
Total	\$39,319.04	\$4,625,472.26

Benefit Ratio	Reserve Factor Fixed as 4	Calculated Contribution rate	Contribution Rate	Calculated Excess Claims Rate (ECR) when applicable.	Excess Claims Rate	Total Contribution Rate
Benefit charges/taxable payroll	Multiply times 4	Benefit Ratio X Reserve Factor	Range of 0.33% - 5.4%	Difference between the calculated rate and 5.4 X 10%	Apply the maximum limit of 1% to the calculated ECR when applicable.	Contribution Rate + ECR if applicable.
0.0085	4.0000	3.40%	3.40%	0.00%	0.00%	3.40%

For 2016, this employer's benefit charges slightly increased, but because they had such an increase in their taxable payroll, their rate drops from 3.4% to 1.64%.

UI Benefits – Recent Policy Discussions

2015 Legislative Session

- HB 482 Reduce Some Unemployment Benefits, sponsored by Representative Larrañaga.
- Introduced legislation, started discussion about New Mexico's benefit package and potential areas for reform.

UI Stakeholders Meeting

- NMDWS convened the Unemployment Insurance Stakeholders Meeting on June 16, 2015.
- Discussed UI program, benefits and taxes, and potential areas for reform.

Attachment to the Workforce – “60% Rule”

Table 1 – Claimant’s characteristics by eligibility rule, 2014 data.

	60% eligibility rule			WBA*26 weeks		
	%	Mean	Median	%	Mean	Median
Age		39.3	37		41.2	40
Gender						
- Female	40.52			43.55		
- Male	55.79			55.15		
- NA	3.69			1.30		
Education						
- Less than High School	25.04			14.46		
- High School	50.52			58.18		
- College or more	16.42			24.8		
- NA	8.02			2.56		
AWW High quarter		421	369		788	615
AWW Base Period		149	132		586	462
Potential duration		21.1	21.3		26	26
Maximum Benefit Amount (MBA)		4638	4105		7914	8554
Weekly Benefit Amount (WBA)		219	197		304	329

Attachment to the Workforce – “60% Rule”

Table 2 – Industry sector of claimant’s last employer by eligibility rule, 2014 data.

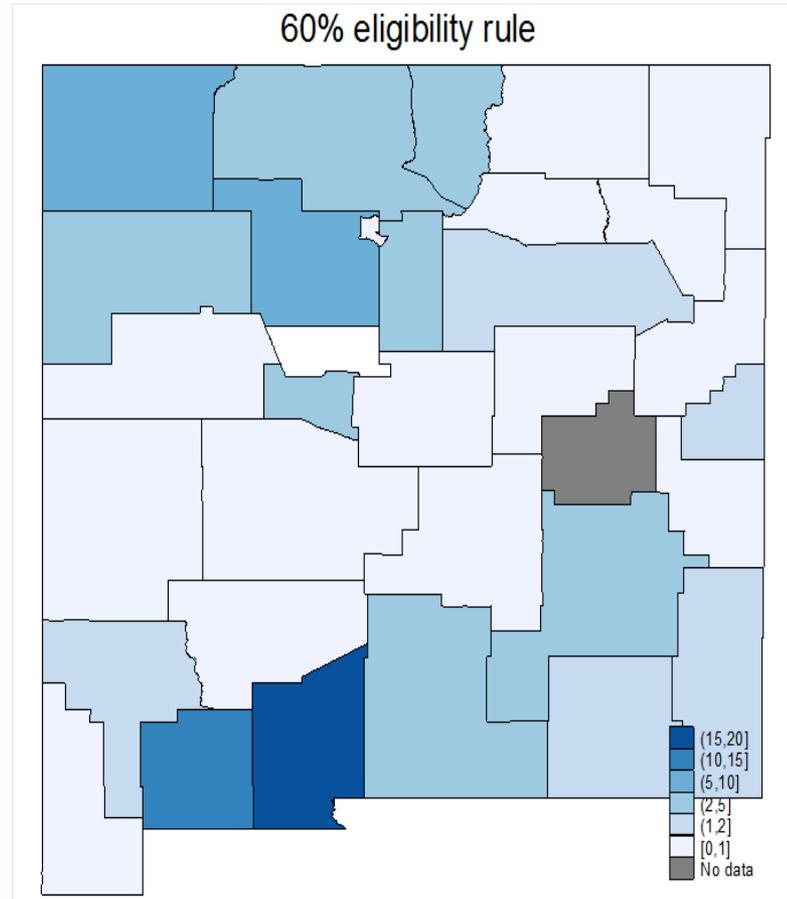
Last Employer's Industry (20 sectors)	60% eligibility rule		WBA*26 weeks	
	N	%	N	%
Agriculture, Forestry, Fishing and Hunting	884	12.1	1,102	2.7
Mining, Quarrying, and Oil and Gas Extraction	100	1.4	1,141	2.8
Utilities	9	0.1	133	0.3
Construction	1,296	17.7	6,156	15.0
Manufacturing	273	3.7	1,962	4.8
Wholesale Trade	373	5.1	1,306	3.2
Retail Trade	665	9.1	4,547	11.1
Transportation and Warehousing	158	2.2	1,442	3.5
Information	91	1.3	1,007	2.5
Finance and Insurance	79	1.1	943	2.3
Real Estate and Rental and Leasing	101	1.4	613	1.5
Professional, Scientific and Technical Services	508	7.0	2,882	7.0
Management of Companies and Enterprises	8	0.1	196	0.5
Administrative and Support and Waste Management and Remediation Services	599	8.2	2,976	7.2
Educational Services	197	2.7	1,364	3.3
Health Care and Social Assistance	537	7.4	5,144	12.5
Arts, Entertainment, and Recreation	275	3.8	914	2.2
Accommodation and Food Services	633	8.7	3,575	8.7
Other Services, except Public Administration	203	2.8	1,238	3.0
Public Administration	251	3.4	1,633	4.0
NA	68	0.9	891	2.2
Total	7,308	100	41,165	100

Attachment to the Workforce – “60% Rule”

Table 4 – Claimant’s distribution by eligibility rule and county of residence, 2014 data.

County	60% eligibility rule		WBA*26 weeks	
	N	%	N	%
Bernalillo County	1,718	23.51	12,940	31.43
Catron County	5	0.07	33	0.08
Chaves County	134	1.83	990	2.40
Cibola County	56	0.77	494	1.20
Colfax County	49	0.67	252	0.61
Curry County	70	0.96	603	1.46
De Baca County	-	-	16	0.04
Dona Ana County	1,003	13.72	3,850	9.35
Eddy County	88	1.20	795	1.93
Grant County	75	1.03	465	1.13
Guadalupe County	17	0.23	81	0.20
Harding County	1	0.01	10	0.02
Hidalgo County	14	0.19	53	0.13
Lea County	91	1.25	648	1.57
Lincoln County	51	0.70	295	0.72
Los Alamos County	10	0.14	113	0.27
Luna County	662	9.06	1,034	2.51
McKinley County	267	3.65	1,368	3.32
Mora County	37	0.51	125	0.30
Otero County	134	1.83	777	1.89
Quay County	11	0.15	117	0.28
Rio Arriba County	154	2.11	909	2.21
Roosevelt County	27	0.37	200	0.49
San Juan County	394	5.39	2,368	5.75
San Miguel County	71	0.97	518	1.26
Sandoval County	371	5.08	2,775	6.74
Santa Fe County	298	4.08	2,319	5.63
Sierra County	58	0.79	179	0.43
Socorro County	38	0.52	262	0.64
Taos County	274	3.75	1,038	2.52
Torrance County	36	0.49	251	0.61
Union County	2	0.03	40	0.10
Valencia County	167	2.29	1,358	3.30
Out of State	925	12.66	3,889	9.45
Total	7,308	100	41,165	100

Chart 1 - Claimant’s percentage distribution by county, 2014 data (percentages computed excluding out of state claimants).



Contact Information

The New Mexico Department of Workforce Solutions

www.dws.state.nm.us

Twitter (twitter.com/NMDWS)

NMDWS official YouTube channel
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