

OKLAHOMA UNEMPLOYMENT INSURANCE TAX RATES BY INDUSTRY, ESTABLISHMENT SIZE AND COUNTY

1st QUARTER 2016 to 1st QUARTER 2021



**Oklahoma Employment Security Commission
Economic Research and Analysis Division**

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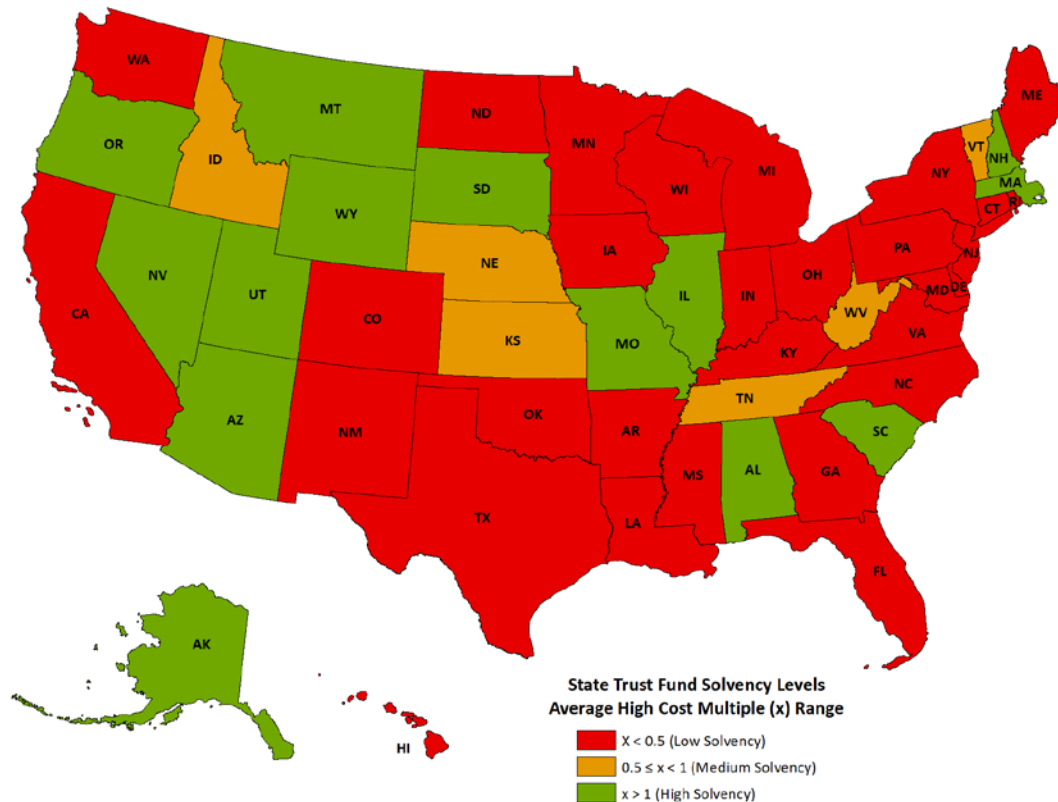
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INTRODUCTION

At the beginning of 2021, 40 states and territories were below the minimum solvency standard level, while 13 states remained at or above the standard.

Map 1: 2021 State Unemployment Insurance Trust Fund Solvency Levels



- 22 states took Title XII advances during the year while 18 of those states had an outstanding balance on January 1, 2021 totaling \$45.5 billion. Many states were able to supplement their unemployment funds during the year by using relief funds available through the CARES Act.
- Oklahoma’s level of solvency was 0.21 using Average High Cost Multiple (value of 1.0 is considered the minimum level for adequate state solvency) and ranked the 29th highest in the nation in 2021.
- For 2021, 27 states including Oklahoma met the eligibility criteria for interest-free borrowing.

UI taxes paid by employers on employee wages flow into the state’s UI Trust Fund and are the source of benefit payments to eligible claimants.

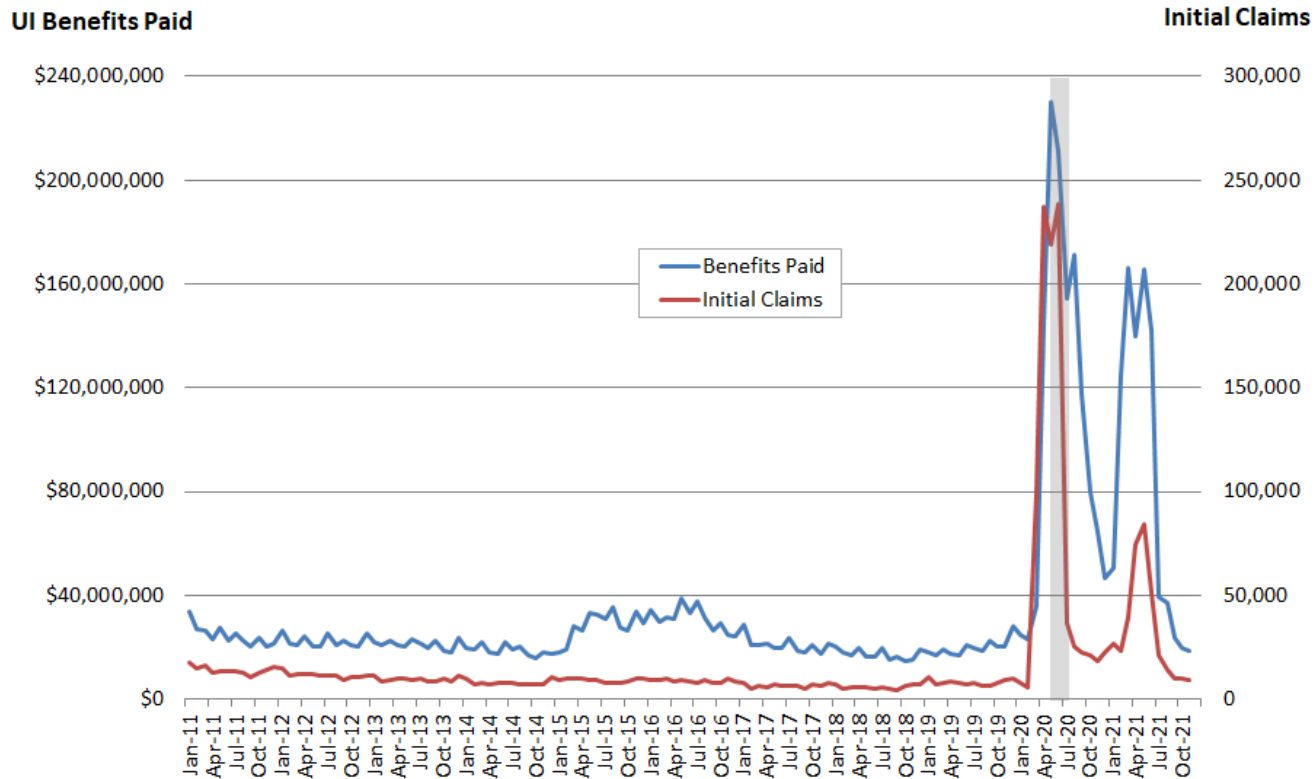
Table 1: Oklahoma Taxable Wage Base and Tax Rate Ranges for Employers

Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Conditional Factor	D	D	D	B	NONE	NONE	NONE	NONE	NONE	NONE	D	D
New Employer Tax Rate	1.0%	1.0%	2.0%	2.4%	2.2%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Tax Rate Range	0.3-9.2%	0.3-9.2%	0.3-9.2%	0.2-7.3%	0.1-5.5%	0.1-5.5%	0.1-5.5%	0.1-5.5%	0.1-5.5%	0.1-5.5%	0.3 -7.5%	0.3 -7.5%
Taxable Wage Base	\$18,600	\$19,100	\$20,100	\$18,700	\$17,000	\$17,500	\$17,700	\$17,600	\$18,100	\$18,700	\$24,000	\$24,800
Maximum Weekly Benefit	\$358	\$368	\$386	\$440	\$490	\$505	\$510	\$506	\$520	\$539	\$461	\$476
% of Average Weekly Wage	50%	50%	50%	55%	60%	60%	60%	60%	60%	60%	50%	50%
Maximum Benefit Amount	\$7,400	\$7,700	\$8,000	\$9,400	\$10,600	\$10,900	\$11,100	\$11,000	\$11,300	\$11,700	\$9,600	\$9,900
% of Average Annual Wage	20%	20%	20%	23%	25%	25%	25%	25%	25%	25%	20%	20%
Taxable Wage Base	\$18,600	\$19,100	\$20,100	\$18,700	\$17,000	\$17,500	\$17,700	\$17,600	\$18,100	\$18,700	\$24,000	\$24,800
% of Average Annual Wage	50%	50%	50%	45%	40%	40%	40%	40%	40%	40%	50%	50%
Average Annual Wage	\$37,246	\$38,250	\$40,123	\$41,630	\$42,458	\$43,779	\$44,276	\$43,875	\$45,133	\$46,729	\$48,030	\$49,560

- Only that portion of employee earnings up to the taxable wage base are subject to UI taxes. The percentage of total wages taxed changes depending upon the conditional factor of the trust fund. Many states (unlike Oklahoma) have fixed taxable wage bases that do not change as wages increase and this has been a significant contributing factor to those funds becoming underfunded and insolvent.
- Oklahoma’s taxable wage base is between 40 and 50 percent of Annual Average Wage depending on the Conditional Factor for the year.
- The employer tax rate is determined based on the employer’s history with the Unemployment Insurance system. That is, employers that have higher UI claims filed by their former employees will pay higher taxes in future years to repay these higher costs.
- Oklahoma’s rate range is between 0.1 and 9.2 percent of Taxable Wage Base depending on Conditional Factor for the year. All new employers have an assigned tax rate of one and one-half percent (1.5%) until sufficient experience history exists.

UI benefits paid out are determined by the number of people laid off, the wages earned and the claims duration.

Chart 1: Oklahoma UI Benefits Paid and Initial Claims, 2011 to 2021

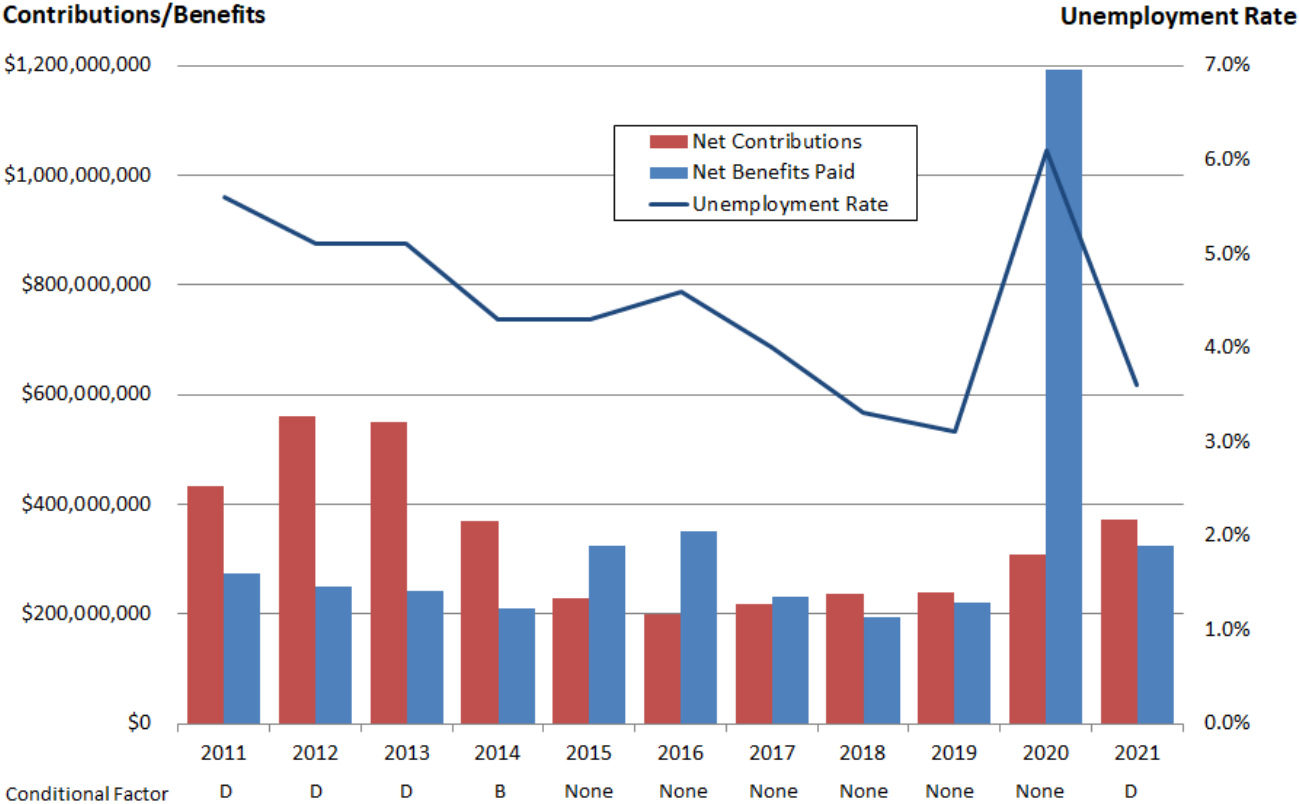


Note: Shaded area represents a recession as determined by the National Bureau of Economic Research (NBER)

- Maximum weekly benefit is between 50 and 60 percent of average weekly wage and maximum benefit amount is between 20 to 25 percent of average annual wage.
- During the Covid-19 pandemic, initial claims surged over 3,000 percent—from over 6,000 in February 2020 to over 230,000 in June 2020.
- UI benefits paid also surged over 800 percent—from over 23.2 million to more than 200 million during the same period.
- The pandemic caused an unprecedented increase in both claims and benefit payouts.

As the unemployment rate goes up and more employees are laid off, benefits paid out increase, lowering the trust fund balance.

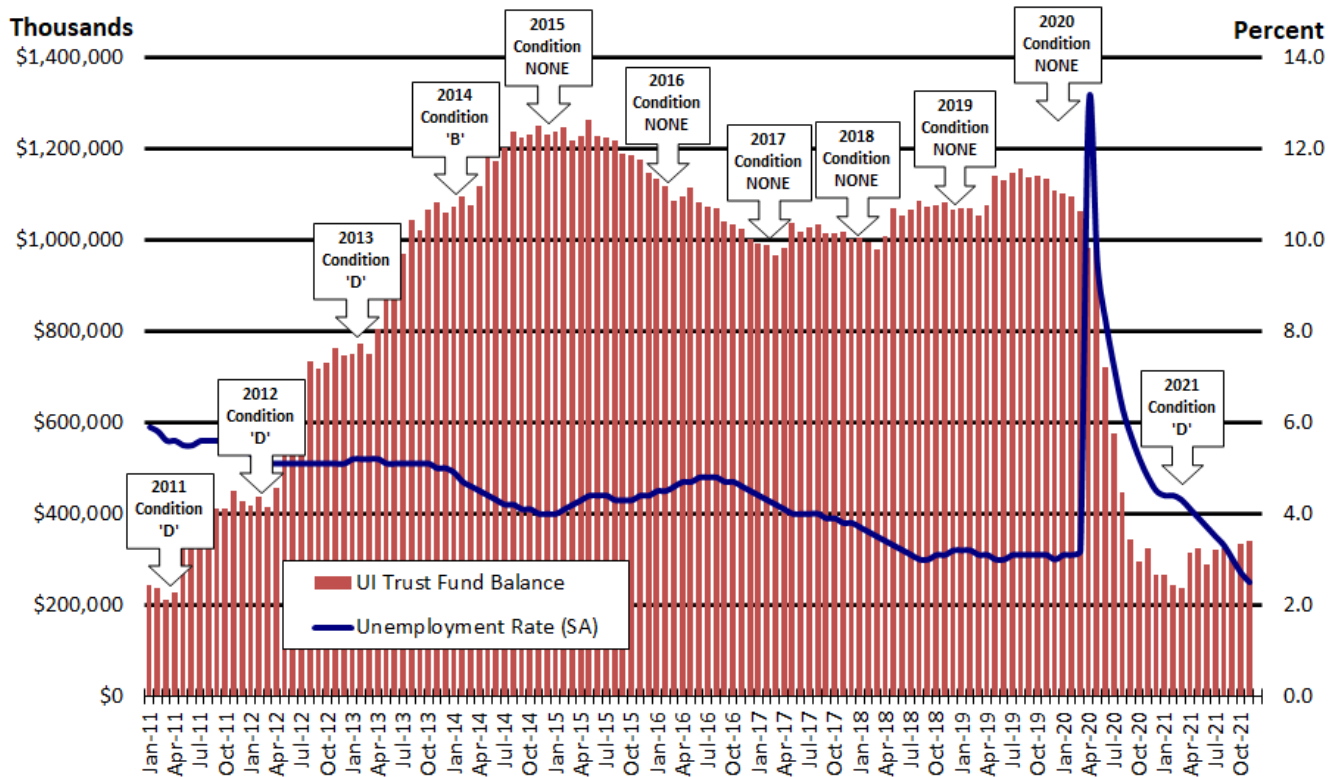
Chart 2: Oklahoma UI Contributions, Benefits and Unemployment Rates, 2011 to 2021



- As the unemployment rate goes up and more employees are laid off, benefits paid out increase, which lowers the trust fund balance and benefits (past 20 quarters paid) ratio and changes conditional factors from none to A, B, C, and D.
- Employers pay the lowest tax/contribution rates with no conditional factor and highest with Conditional Factor 'D'.

Fluctuations in statewide unemployment cause Oklahoma’s UI Trust Fund balance to rise and fall with benefit payouts triggering conditional factors.

Chart 3: Oklahoma UI Trust Fund Balance and Unemployment Rates, 2011 to 2021

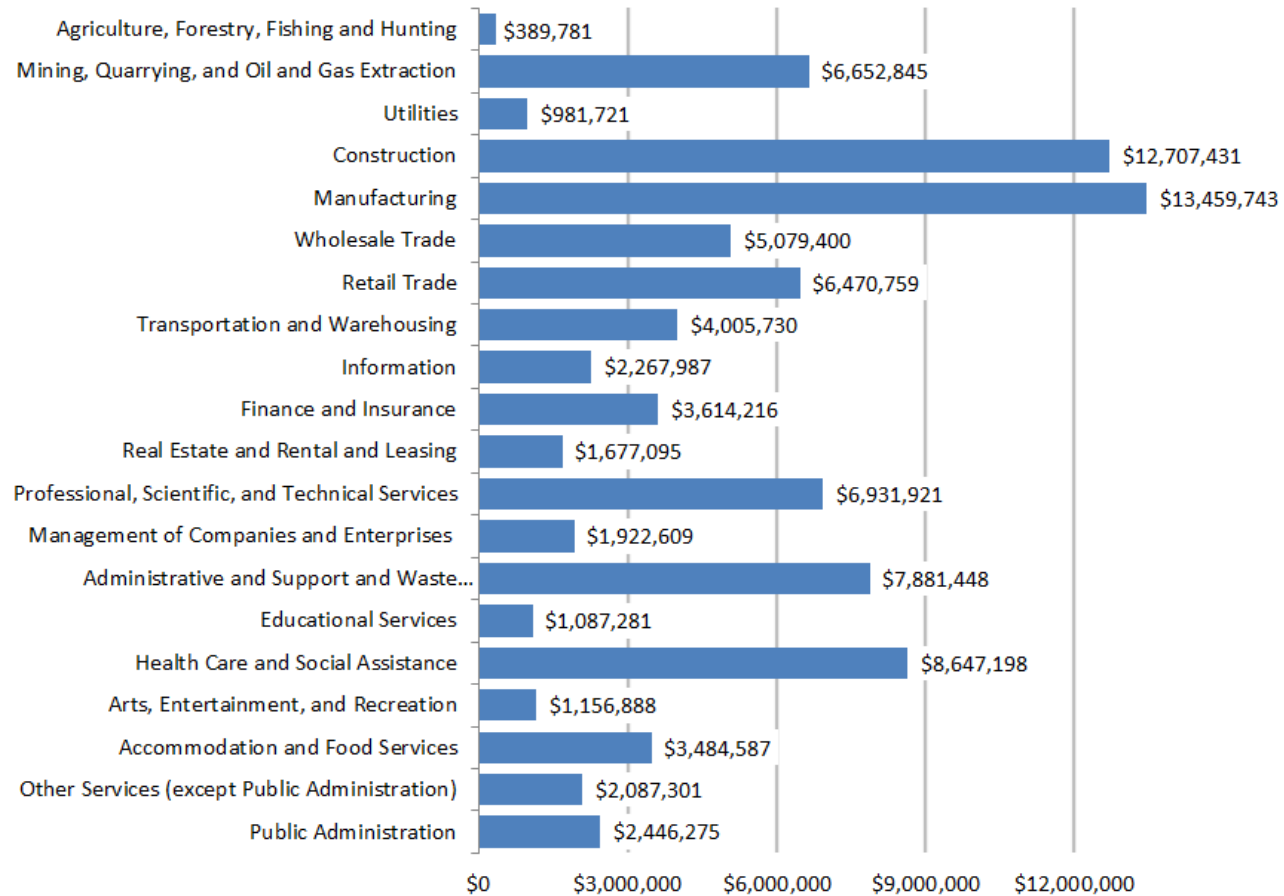


- The Covid-19 Pandemic took a heavy toll on Oklahoma’s UI Trust Fund, as elevated benefit payouts depleted the trust fund by 77.7 percent from March 2020 to March 2021.
- Due to the sharp drop in the trust fund balance during that time period, Conditional Factor ‘D’ came into effect in 2021.
- Oklahoma’s trust funds dropped below the recommended minimum solvency standard to 0.21 at the start of Calendar Year 2021 but the state did not have to take Title XII advances. Oklahoma was able to supplement unemployment funds during the year by using relief funds available through the CARES Act.

SECTION I: INDUSTRY CHARTS

Manufacturing led all other Oklahoma industries for the highest level of UI contributions in the 1st quarter of 2016.

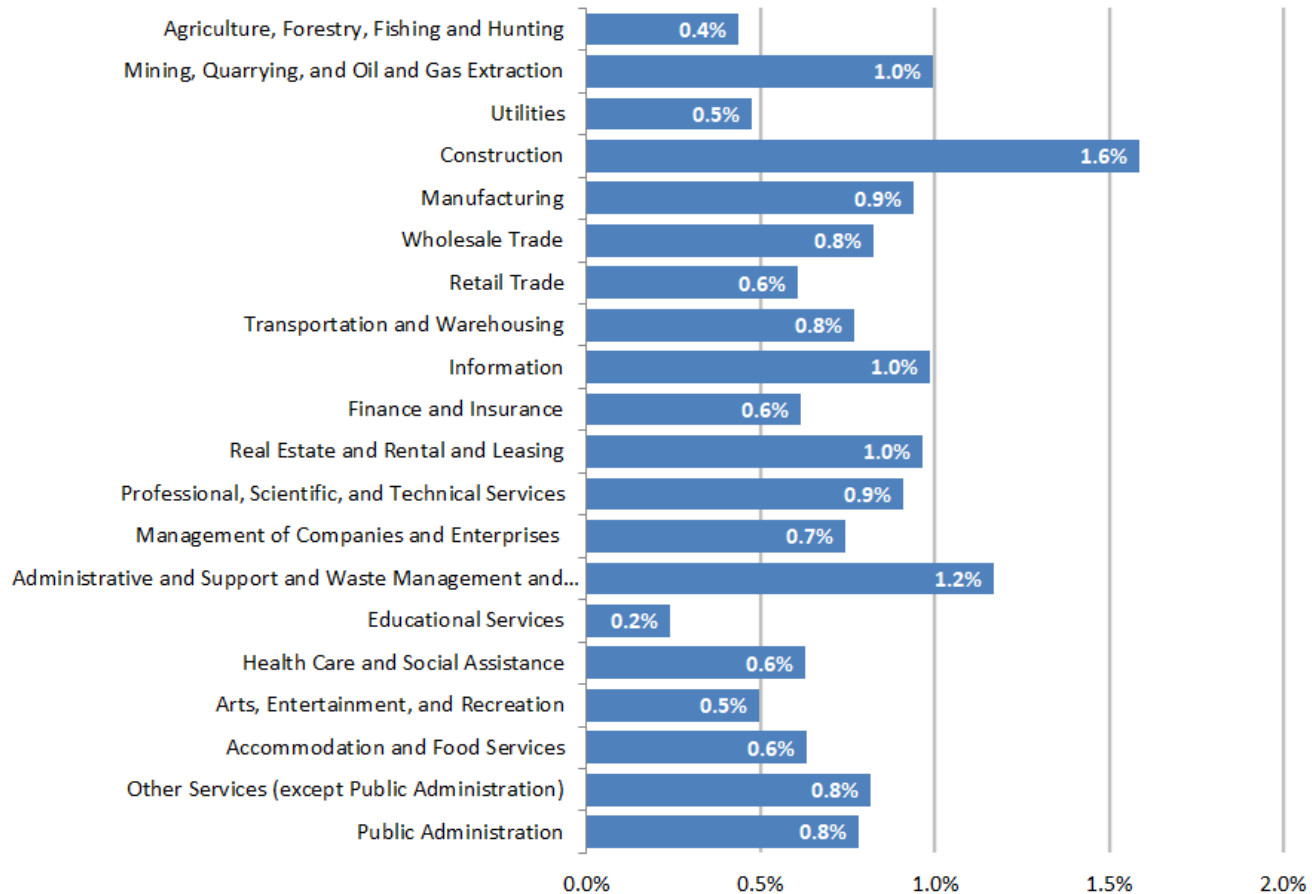
Chart 1: Oklahoma Unemployment Insurance Contributions by Industry, 1st Quarter 2016



- Oklahoma uses an experience-rating system to determine the tax/contribution rate for each establishment covered by the Oklahoma Employment Security Act, meaning an employer’s tax rate is based in part on their history with Unemployment.
- During the 1st quarter of 2016, manufacturing paid 14.5 percent of all total contributions while its employment share was only 8.5 percent.
- Health Care and Social Assistance had the largest employment share (13.8 percent) , but only paid 9.3 percent of total contributions.

Construction had the highest paid UI tax rate among all Oklahoma industries in the 1st quarter of 2016.

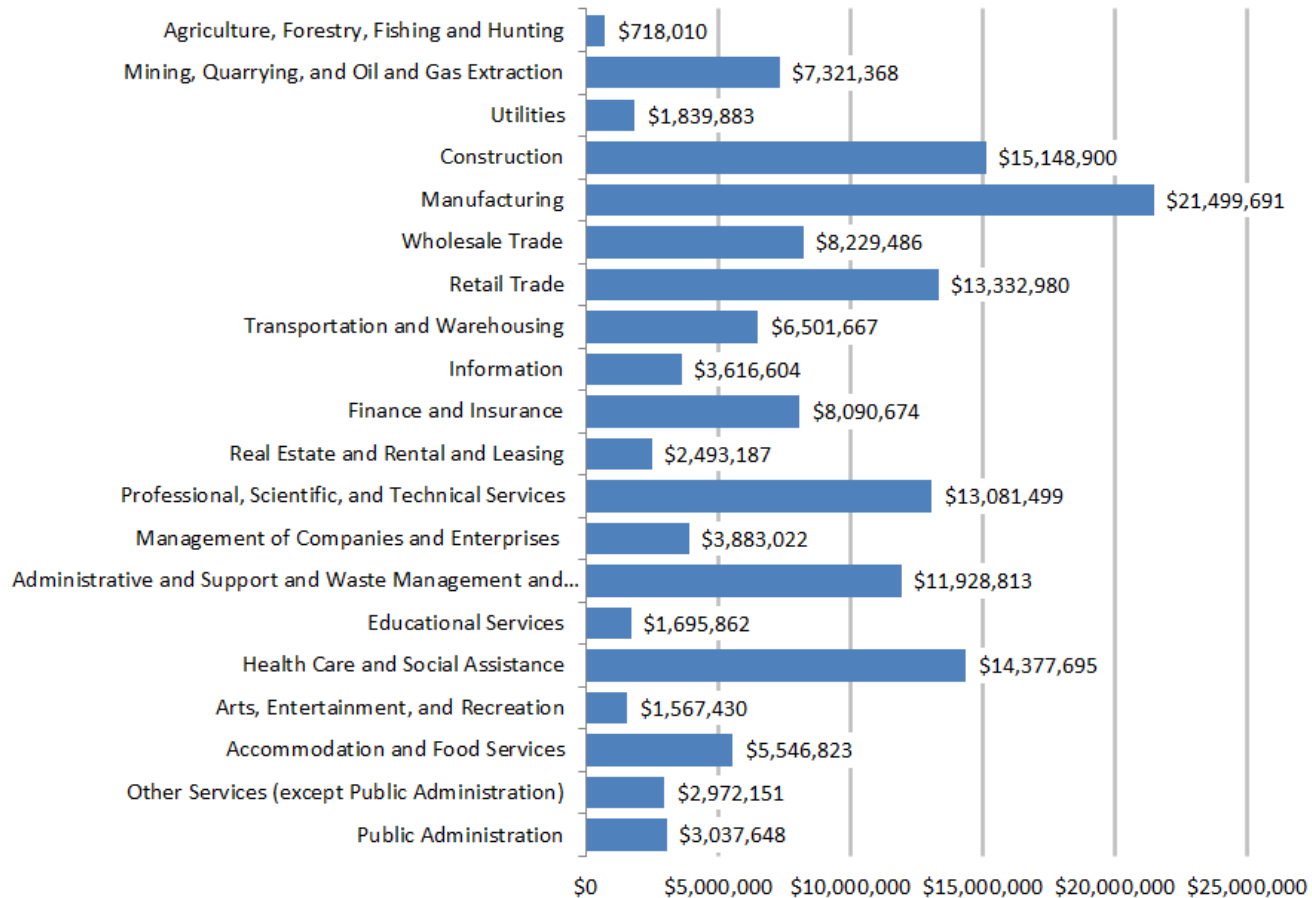
Chart 2: Oklahoma Paid UI Tax Rates by Industry, 1st Quarter 2016



- Employer contribution rates are also determined by the Conditional Factor, which is a measure of the Unemployment Insurance systems health used to arrive at the employer contribution rate schedule for a given year.
- Conditional Factors range from none (the lowest) to 'D' (the highest).
- In 2016, Oklahoma's Unemployment Insurance system was under the lowest Conditional Factor 'None'.

During the 1st quarter of 2021, Manufacturing led all Oklahoma industries for the highest level of UI contributions.

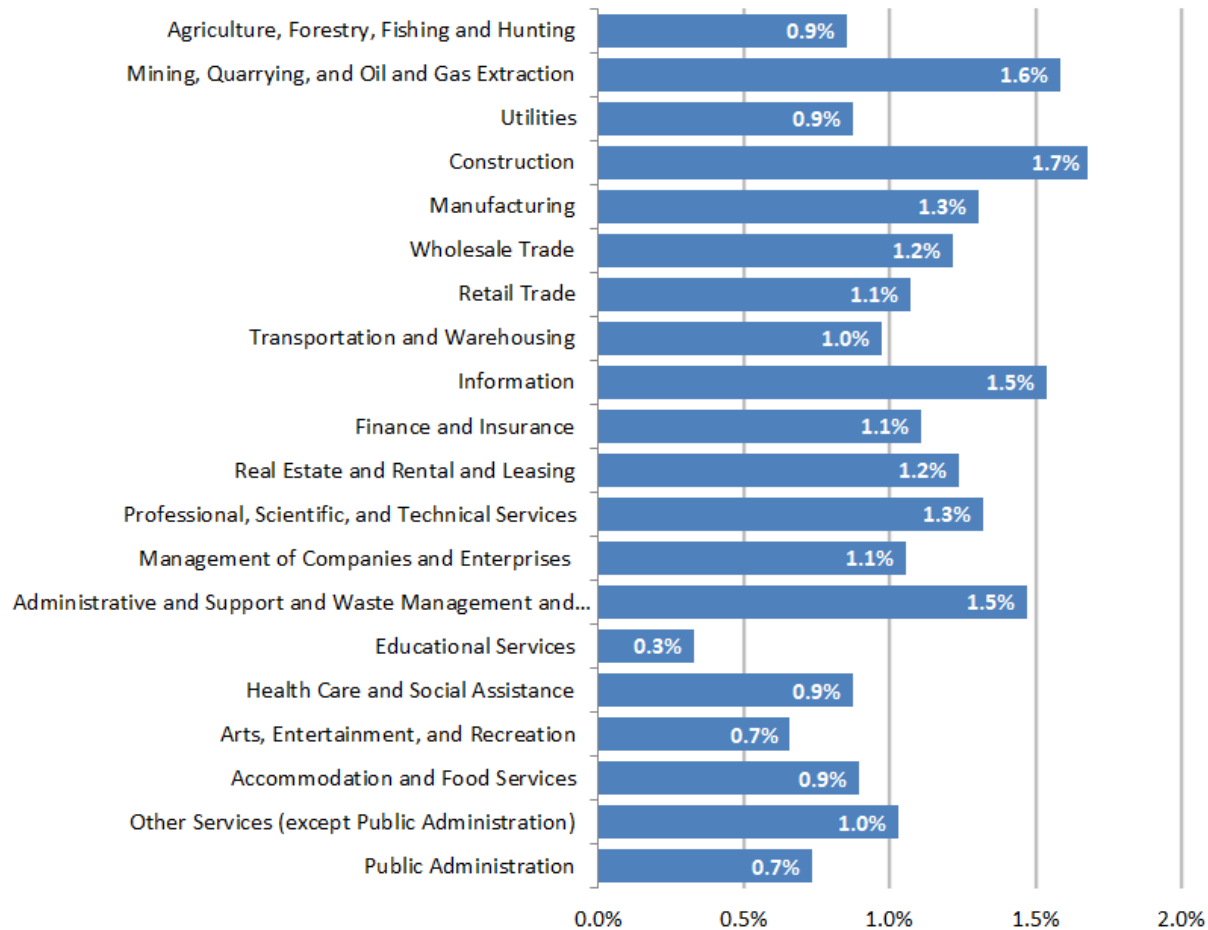
Chart 3: Oklahoma Unemployment Insurance Contributions by Industry, 1st Quarter 2021



- Manufacturing paid 14.6 percent of all total contributions while its employment share was only 8.4 percent.
- Health Care and Social Assistance had the largest employment share (14.2 percent) , but only paid 9.8 percent of total contributions.
- Construction paid 10.3 percent of total contributions while its share of employment was 5.2 percent.

Construction had the highest paid UI tax rates among all Oklahoma industries in the 1st quarter of 2021.

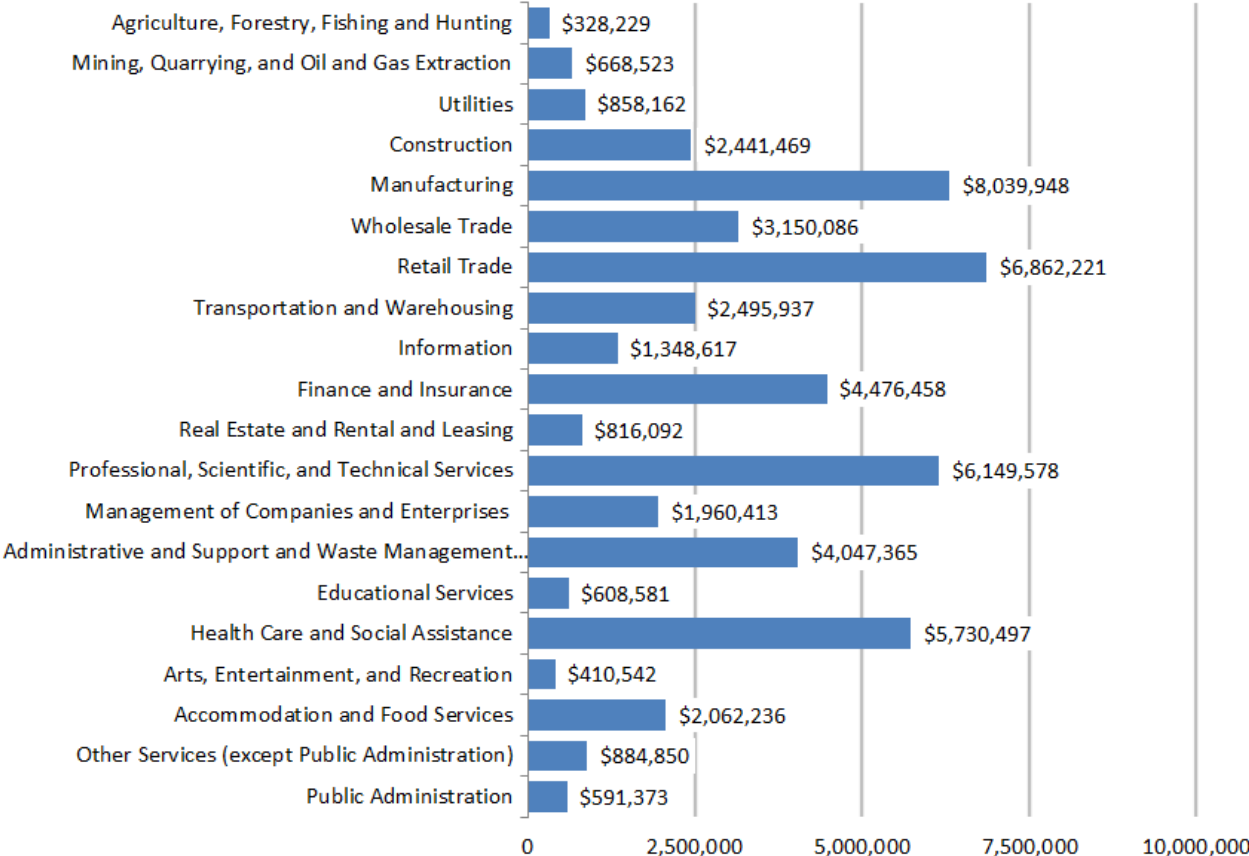
Chart 4: Oklahoma Paid UI Tax Rates by Industry, 1st Quarter 2021



- UI tax rates increased for all industries due to the rate schedule moving from Conditional Factor 'None' in 2016 to 'D' in 2021.
- Construction had the highest UI tax rate of 1.7 percent followed by Mining, Quarrying, & Oil & Gas Extraction (1.6 percent). Educational Services had the lowest UI tax rate of 0.3 percent.

The level of employer UI contributions increased for all major Oklahoma industry groups from 1st quarter 2016 to 1st quarter 2021.

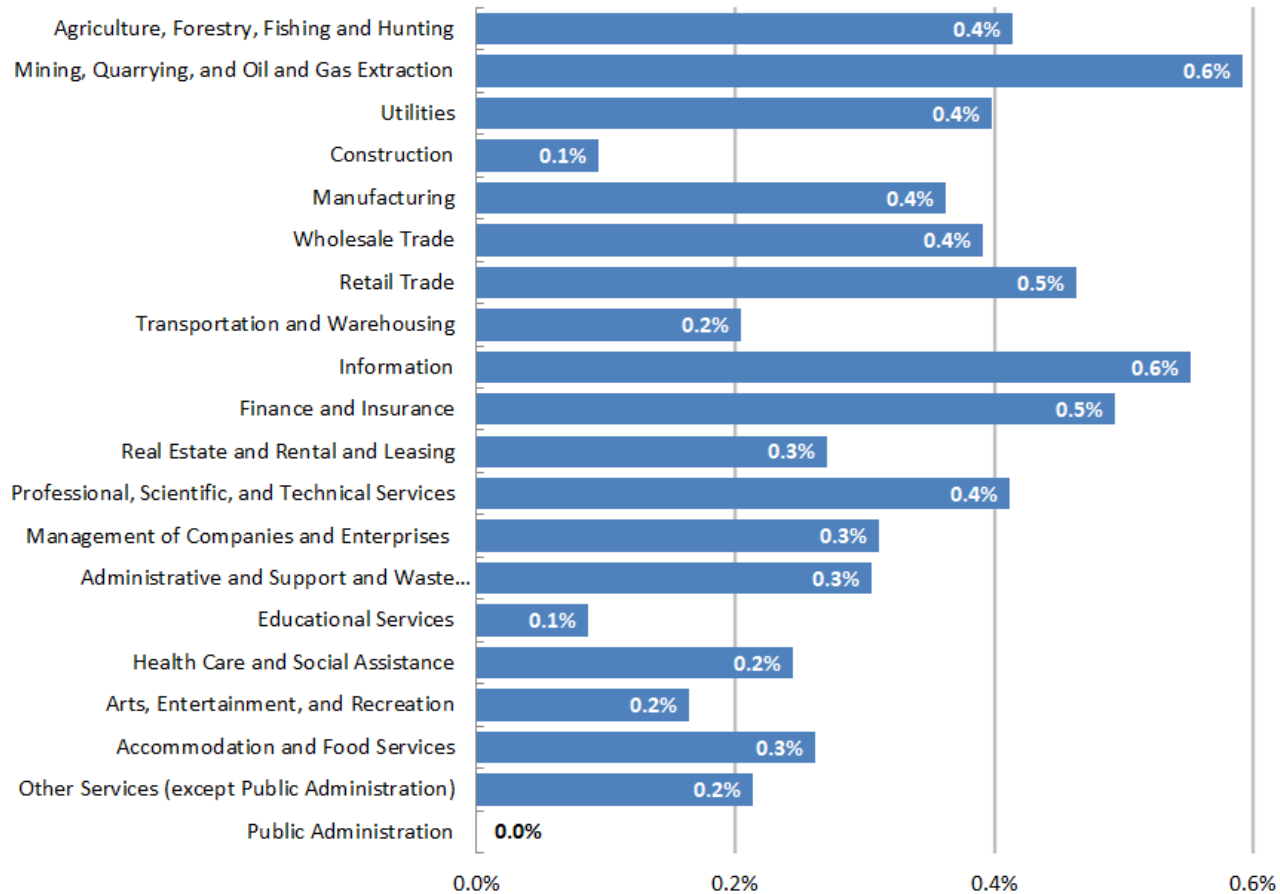
Chart 5: Change in Oklahoma UI Contributions by Industry, 1st Quarter 2016 to 1st Quarter 2021



- From 1st quarter 2016 to 1st quarter 2021, Manufacturing had the largest change in UI contributions, up \$8,039,948, for a 59.7 percent increase.
- During the same period, Finance and Insurance saw the largest percent increase, up 123.9 percent.
- Agriculture, Forestry, Fishing and Hunting saw the smallest increase in UI contributions, at \$328,229.

From 1st quarter 2016 to 1st quarter 2021, most major Oklahoma industry groups also saw their UI tax rates go up.

Chart 6: Change in Oklahoma UI Tax Rates by Industry, 1st Quarter 2016 to 1st Quarter 2021

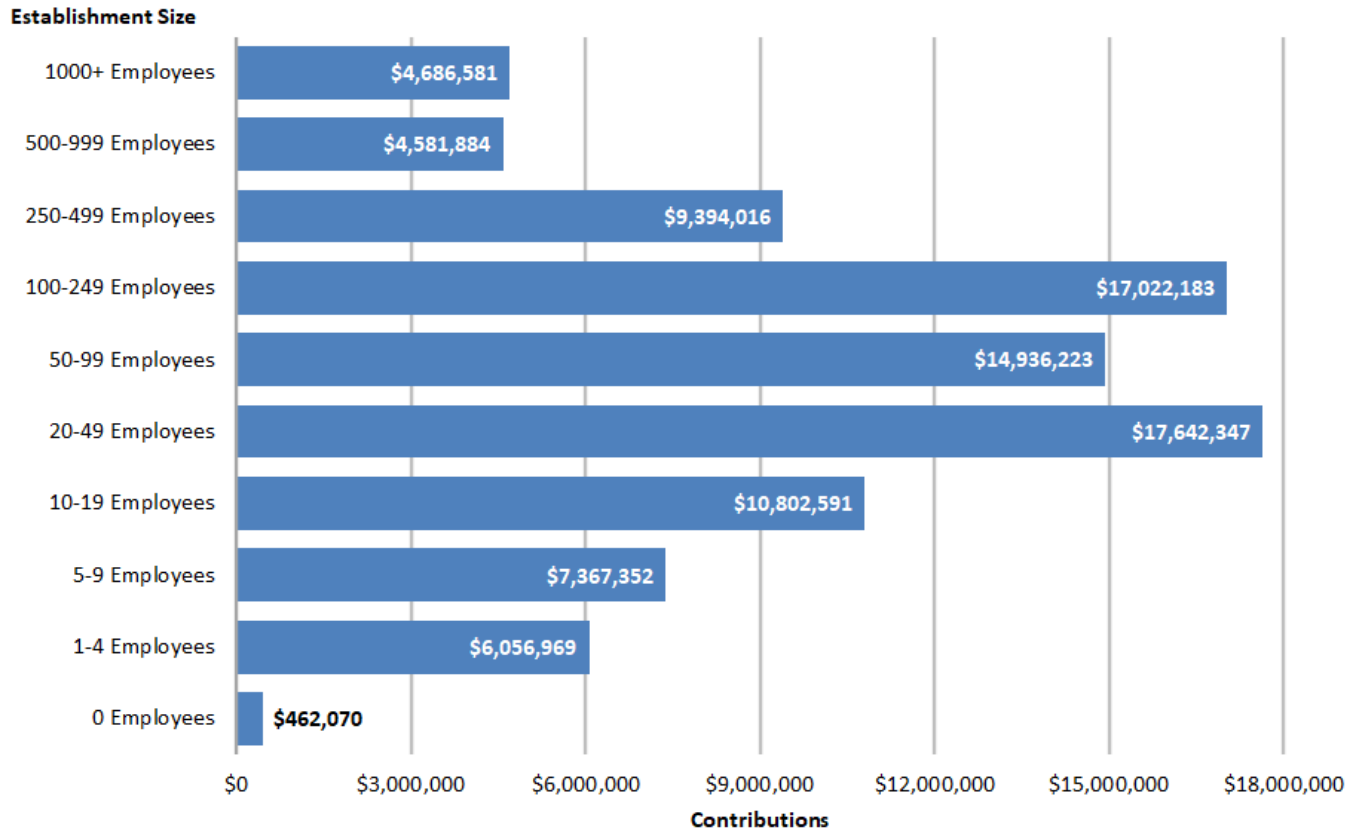


- Mining, Quarrying, and Oil and Gas Extraction and Information saw the largest percentage point increase in UI tax rates, up 0.6 percent.
- Retail Trade and Finance and Insurance also saw significant UI tax rate increase of 0.5 percentage point.
- Construction and Education Services had the smallest increase in UI tax rates and Public Administration saw no change.

**SECTION II: ESTABLISHMENT SIZE
CHARTS**

In the 1st quarter of 2016, business establishments with 20 to 49 employees paid the highest level of UI contributions.

Chart 1: Oklahoma Unemployment Insurance Contributions by Size, 1st Quarter 2016

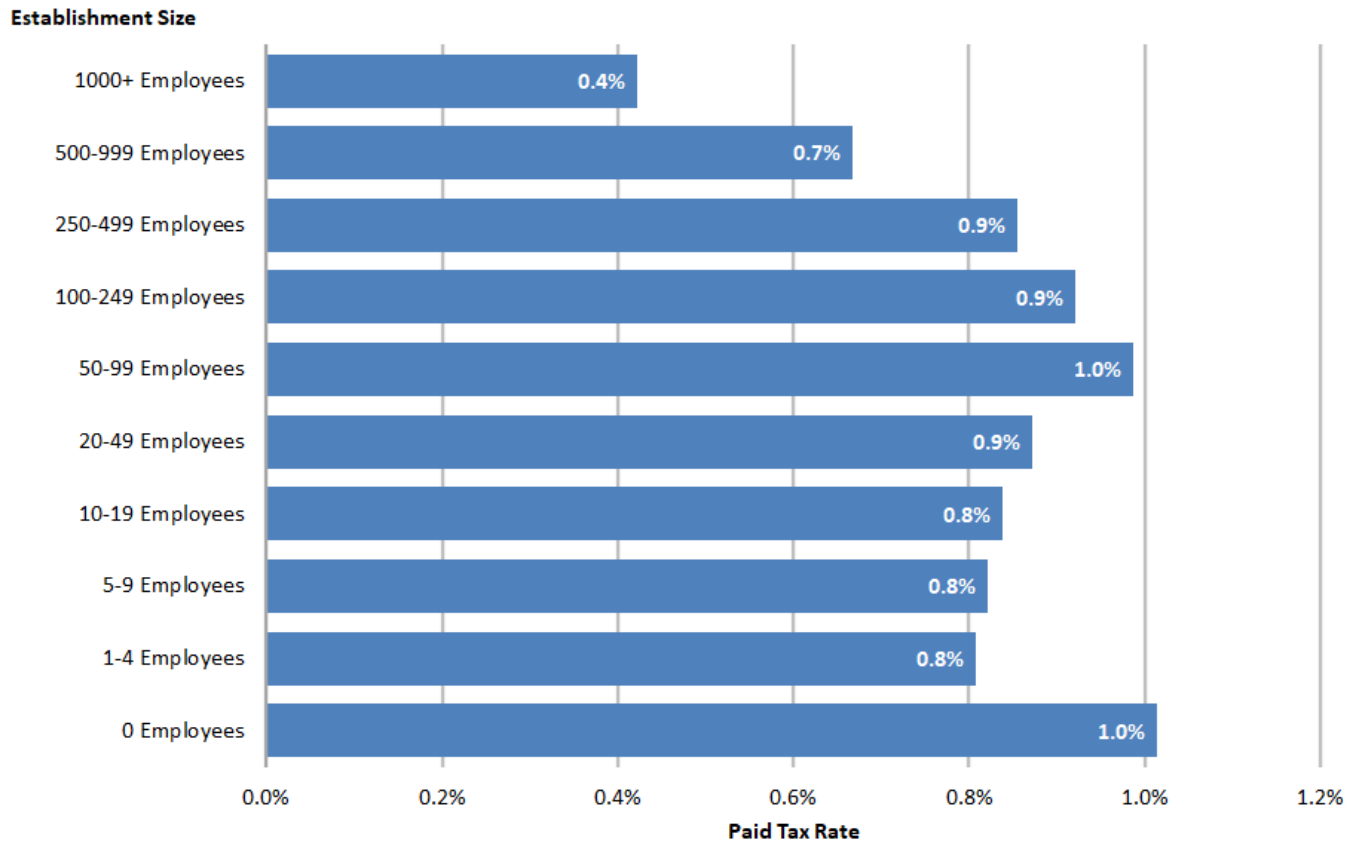


Note: Business establishments with zero employees had zero employees in the third month of the quarter.

- The 20 to 49 employee size range of business establishments represented 18.0 percent of total statewide employment and 8.6 percent of total statewide business establishments in the 1st quarter of 2016. However, this size group paid the most contributions: 19.0 percent of total contributions.
- The 1 to 4 employee business establishment size represented 44.7 percent of total establishments, the largest share of total statewide business establishments in the 1st quarter of 2016, but the smallest share of total employment at 6.0 percent. The total contributions paid is only 6.5 percent of total contributions.

Business establishments with 50 to 99 employees paid the highest UI tax rate of 1.0 percent in the 1st quarter of 2016.

Chart 2: Oklahoma Paid UI Tax Rates by Size, 1st Quarter 2016

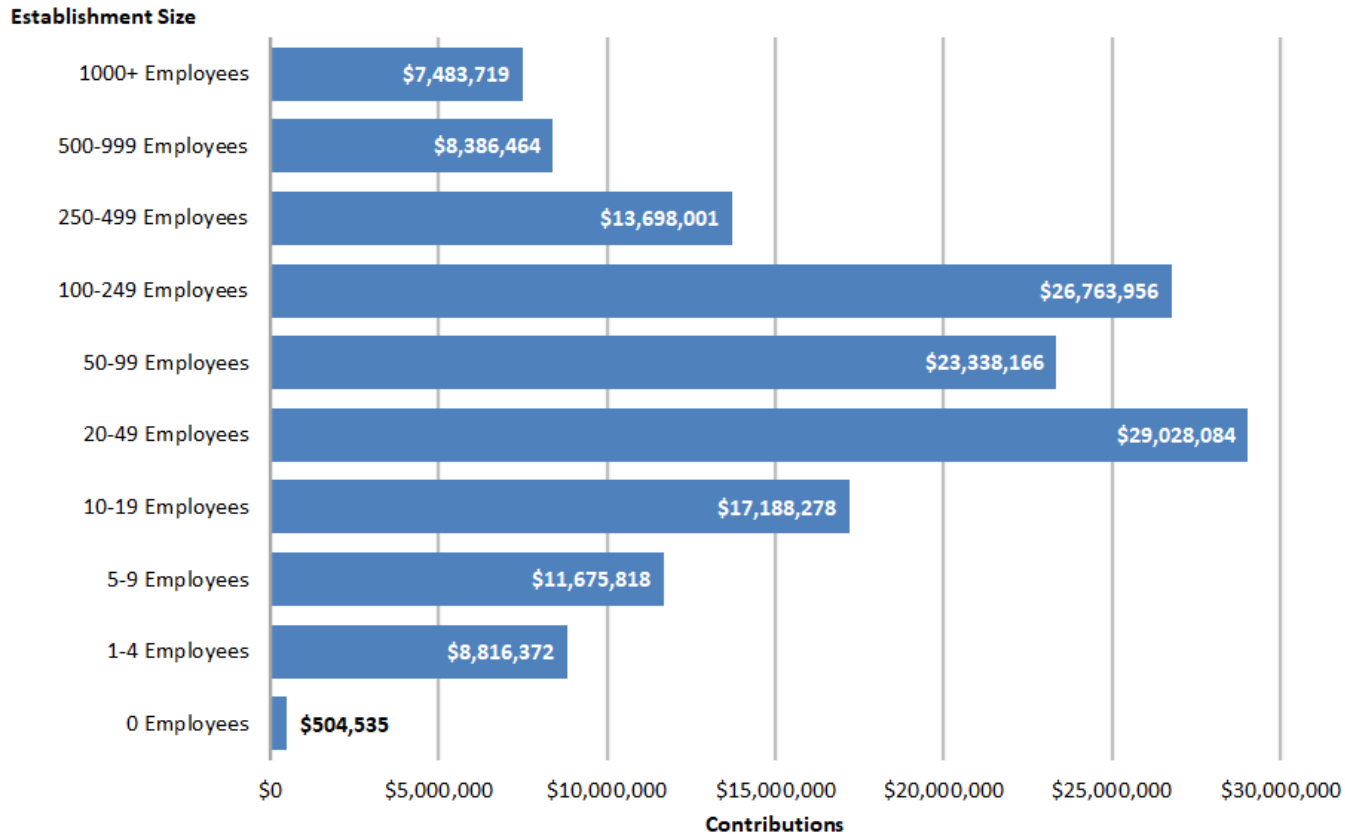


Note: Business establishments with zero employees had zero employees in the third month of the quarter.

- Business establishments employing 50 to 99 workers paid the highest UI tax rate at 1.0 percent in the 1st quarter of 2016.
- The lowest UI tax rate in 1st quarter 2016 was 0.4 percent for business establishments with more than 1,000 employees.

In the 1st quarter of 2021, business establishments employing 20 to 49 and 100 to 249 workers paid the highest and second highest levels of UI contributions.

Chart 3: Oklahoma Unemployment Insurance Contributions by Size, 1st Quarter 2021

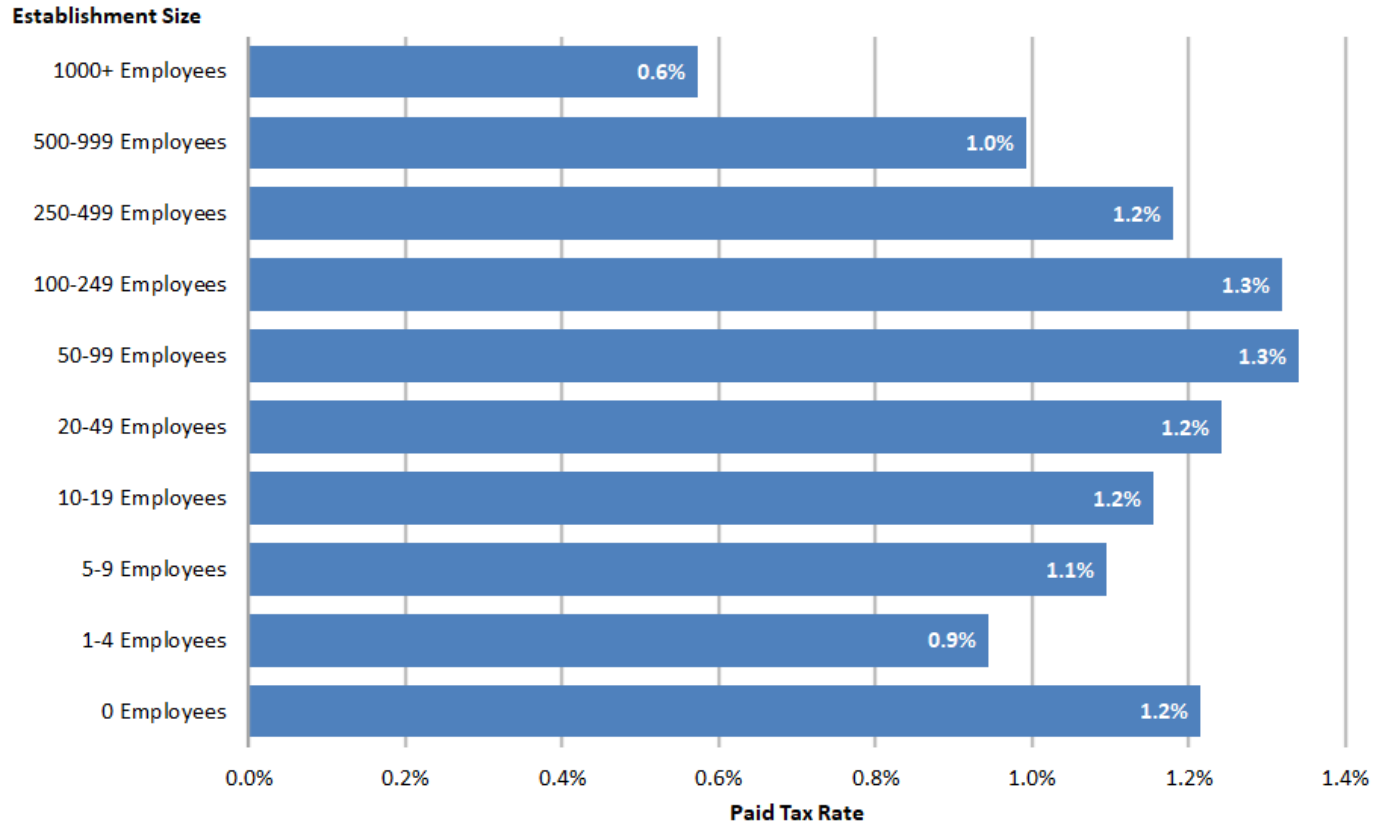


Note: Business establishments with zero employees had zero employees in the third month of the quarter.

- The 20 to 49 employee size range of business establishments represented 17.9 percent of total statewide employment and 8.0 percent of total statewide business establishments in the 1st quarter of 2021. However, this size group paid the most contributions – 19.8 percent of total contributions. Business establishments employing 100 to 249 workers paid the second largest share of the contributions at 18.2 percent with 15.1 percent of total employment and 1.4 percent of total business establishments .
- The 1 to 4 employee business establishment size represented 44.6 percent of total establishments, the largest share of total statewide business establishments in the 1st quarter of 2021, but the second smallest share of total employment at 6.4 percent. The total contributions paid was only 6.0 percent of total contributions.

Business establishments with 50 to 99 and 100 to 249 employees had the highest paid UI tax rate in the 1st quarter 2021.

Chart 4: Oklahoma Paid UI Tax Rates by Firm Size, 1st Quarter 2021

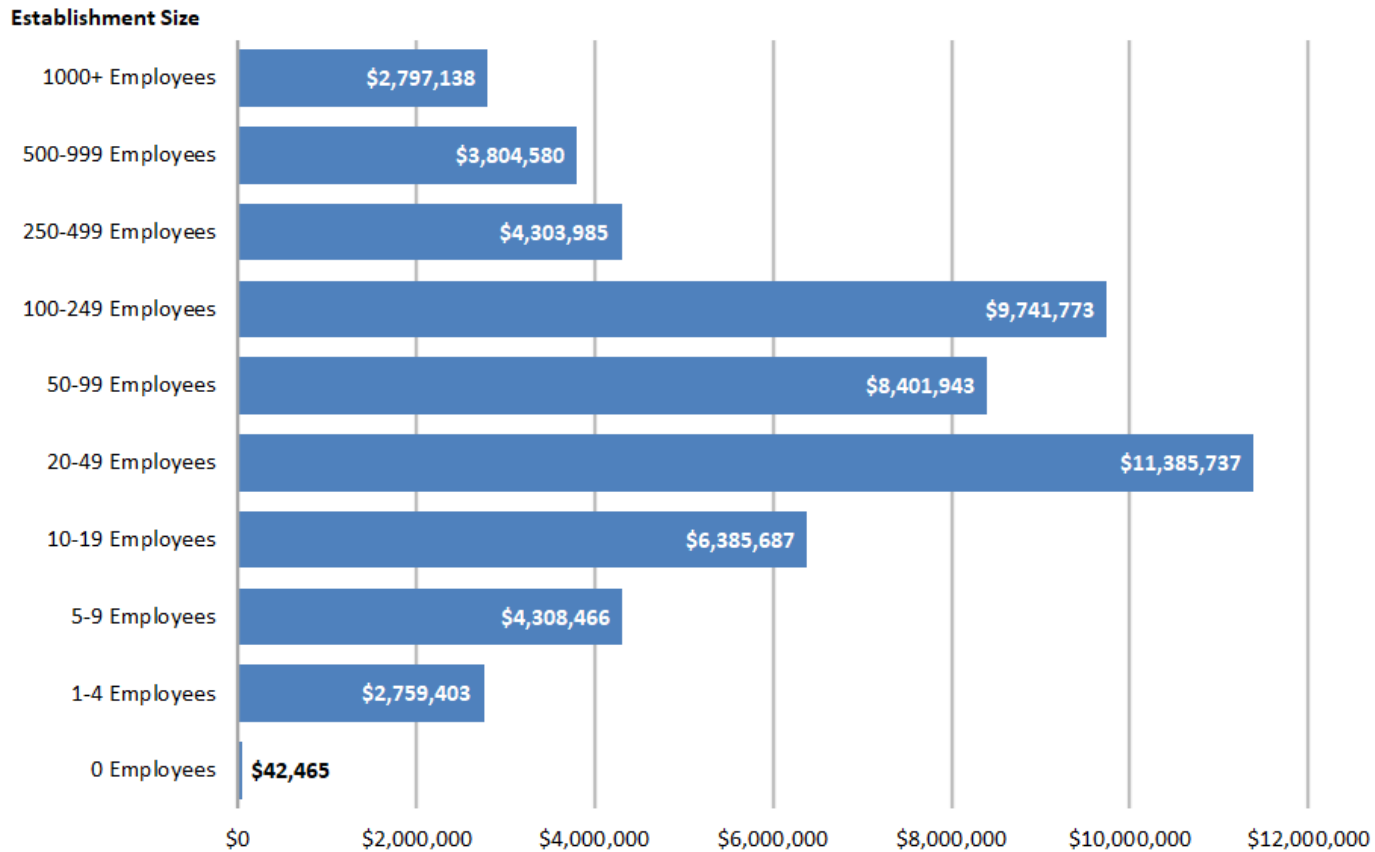


Note: Business establishments with zero employees had zero employees in the third month of the quarter.

- Business establishments with 50 to 99 and 100 to 249 employees had the highest paid UI tax rate at 1.3 percent in the 1st quarter 2021. Firms with 10 to 19, 20 to 49 and 250 to 499 employees paid contributions at 1.2 percent UI tax rate.
- The lowest paid UI tax rate was in the 1,000+ employee size range at 0.6 percent in the 1st quarter of 2021.

Business establishments employing 20 to 49 workers saw the largest increase in UI contributions from 1st quarter 2016 to 1st quarter 2021.

Chart 5: Change in Oklahoma UI Contributions by Size, 1st Quarter 2016 to 1st Quarter 2021

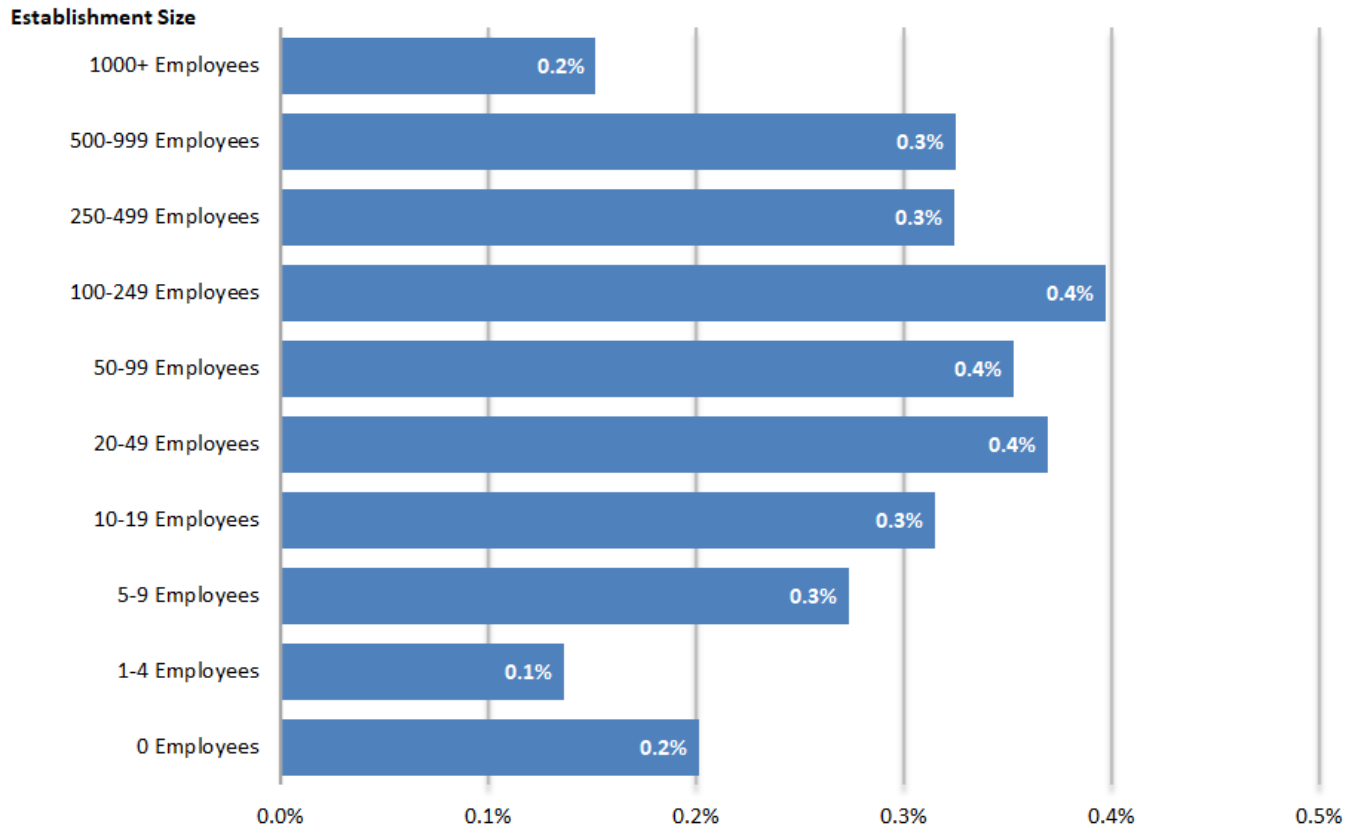


Note: Business establishments with zero employees had zero employees in the third month of the quarter.

- From 1st quarter 2016 to 1st quarter 2021, business establishments employing 20 to 49 workers had the largest increase in UI contributions, up \$11,385,737 for a 64.5 percent rise.
- During the same period, business establishments employing 500 to 999 workers saw the largest percent increase up 83.0 percent.

Business establishment of every size range saw their UI tax rates increase from 1st quarter 2016 to 1st quarter 2021.

Chart 6: Change in Oklahoma UI Tax Rates by Size, 1st Quarter 2016 to 1st Quarter 2021



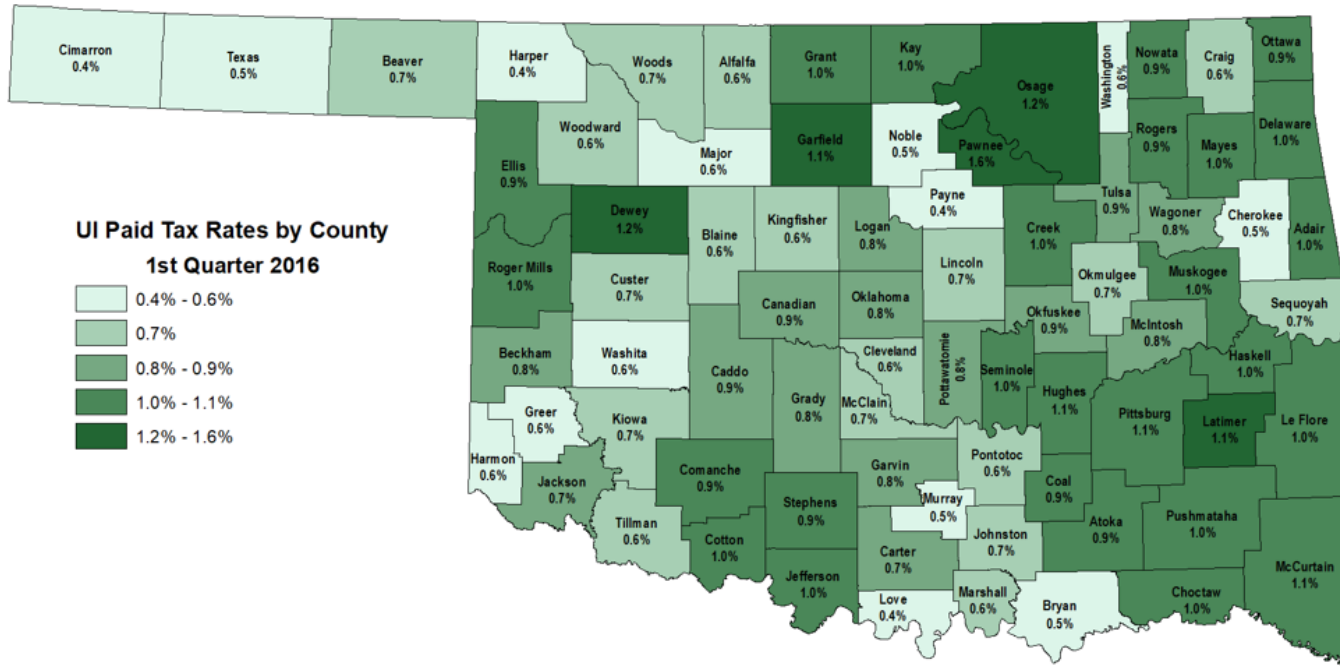
Note: Business establishments with zero employees had zero employees in the third month of the quarter.

- Business establishment sizes all saw UI tax rate increases of 0.1 percent or more.
- Business establishment sizes employing 20 to 249 workers saw the largest increases in UI tax rates, each up 0.4 percentage point.
- Business establishments employing 1 to 4 workers had the smallest percentage point increase in UI tax rates edging up from 0.8 percent in 2016 to 0.9 percent in 2021.

SECTION III: STATEWIDE MAPS

Employers in Cimarron, Harper, Love and Payne Counties paid the lowest Unemployment Insurance tax rate in the 1st quarter of 2016.

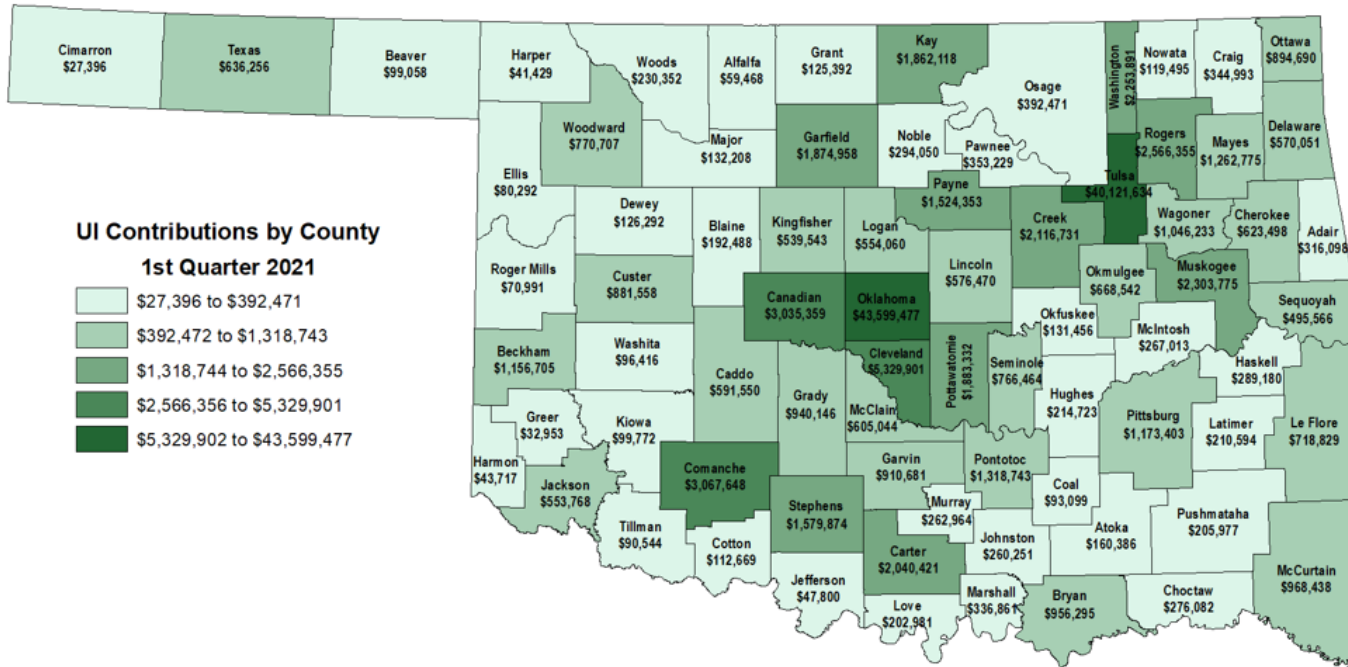
Map 2: Unemployment Insurance Paid Tax Rates by County, 1st Quarter 2016



- In the 1st quarter of 2016, employers in Cimarron, Harper, Love and Payne Counties paid the lowest UI tax rate than any other county at 0.4 percent.
- Pawnee County had the highest UI tax rate in 1st quarter 2016 at 1.6 percent.
- Dewey and Osage Counties had the second-highest paid UI tax rate at 1.2 percent in the 1st quarter of 2016.

In the 1st quarter 2021, Oklahoma County again led all other counties for the highest level of UI contributions.

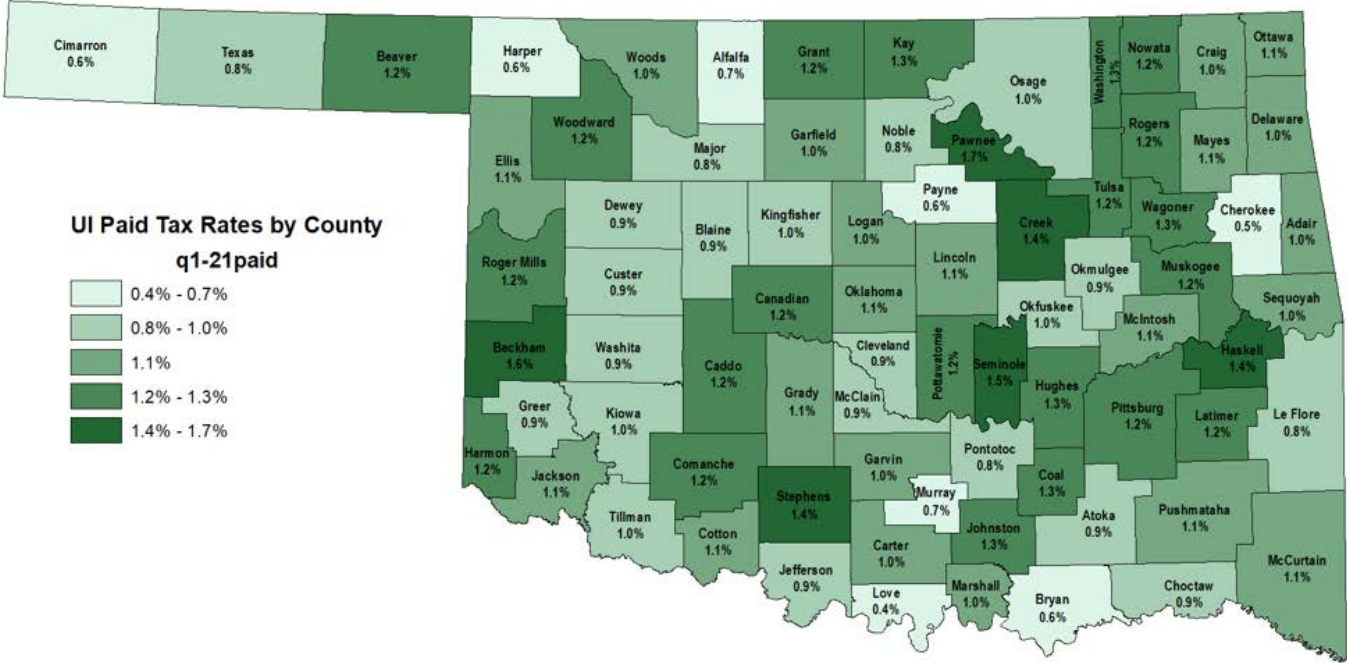
Map 3: Unemployment Insurance Contributions by County, 1st Quarter 2021



- By the 1st quarter of 2021, Oklahoma County’s share of statewide employment had grown to 28.6 percent and 25.4 percent of firms statewide. Its share of the total contributions was about at 29.7 percent.
- Tulsa County, the second-highest UI contributor, saw its share of statewide employment grow to 22.2 percent and 20.2 percent of total statewide firms. Its share of the total contributions was about at 27.3 percent.
- Cimarron County, once again, had the smallest level of UI tax contributions and saw no or little change in its share of statewide employment (0.05 percent) or firms (0.08 percent).

Love County employers paid the lowest Unemployment Insurance tax rate in the 1st quarter of 2021.

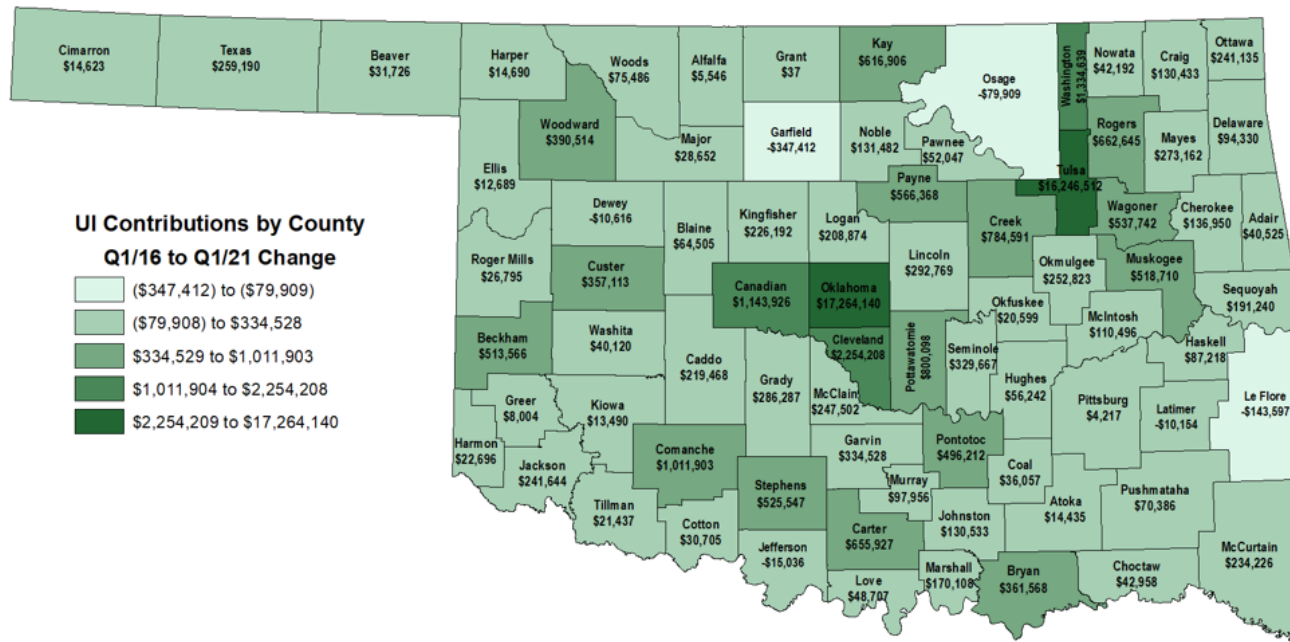
Map 4: Unemployment Insurance Paid Tax Rates by County, 1st Quarter 2021



- In the 1st quarter of 2021, Love County employers paid the lowest UI tax rate at 0.4 percent.
- Employers in Pawnee County paid the highest UI tax rate of all counties in the 1st quarter 2021. By the 1st quarter 2021 their tax rate was increased to 1.7 percent, still the highest.
- Employers in Beckham County paid the second highest UI tax rate at 1.6 percent.

From 1st quarter 2016 to 1st quarter 2021, employers in all but six Oklahoma counties saw reductions in levels of UI contributions.

Map 5: Change in UI Contributions by County, 1st Quarter 2016 to 1st Quarter 2021



- Garfield County employers saw the largest dollar amount reduction in UI contributions in 1st quarter 2021, dropping \$347,412 from the 1st quarter 2016 levels.
- Le Flore County employers saw the second-largest decline in UI contributions dropping \$143,597. Grant County employers had the smallest dollar amount increase in UI contributions up \$37.
- However, Oklahoma County saw the largest UI contribution increase, up \$17,264,140 in the 1st quarter 2021.

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