

# Review of Trust Fund Status and Economic Analysis

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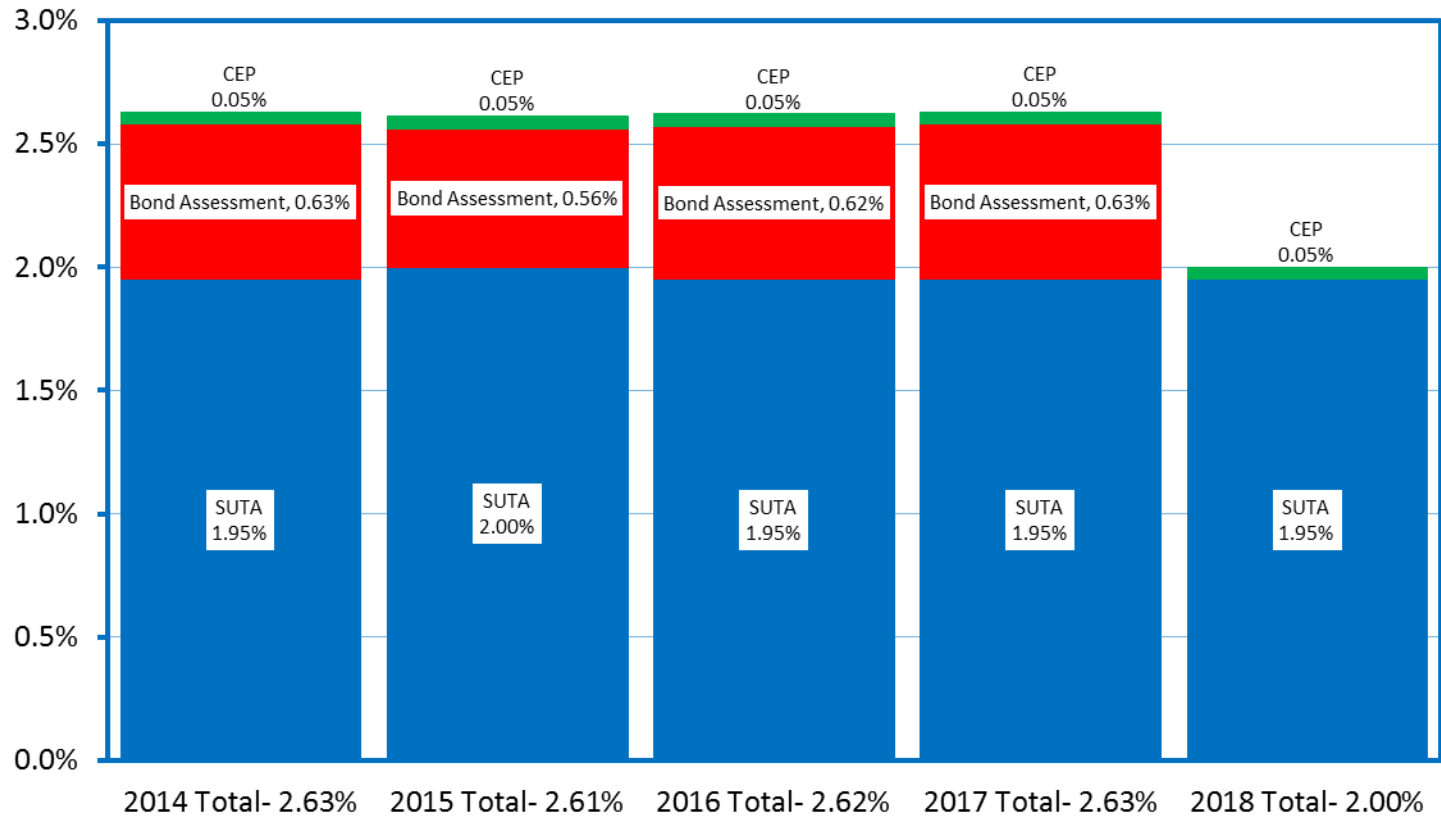
Small Business Workshop  
October 26, 2017

Alessandro Capello  
Research & Analysis Bureau



# Bond Overview: No Bond Assessment in 2018

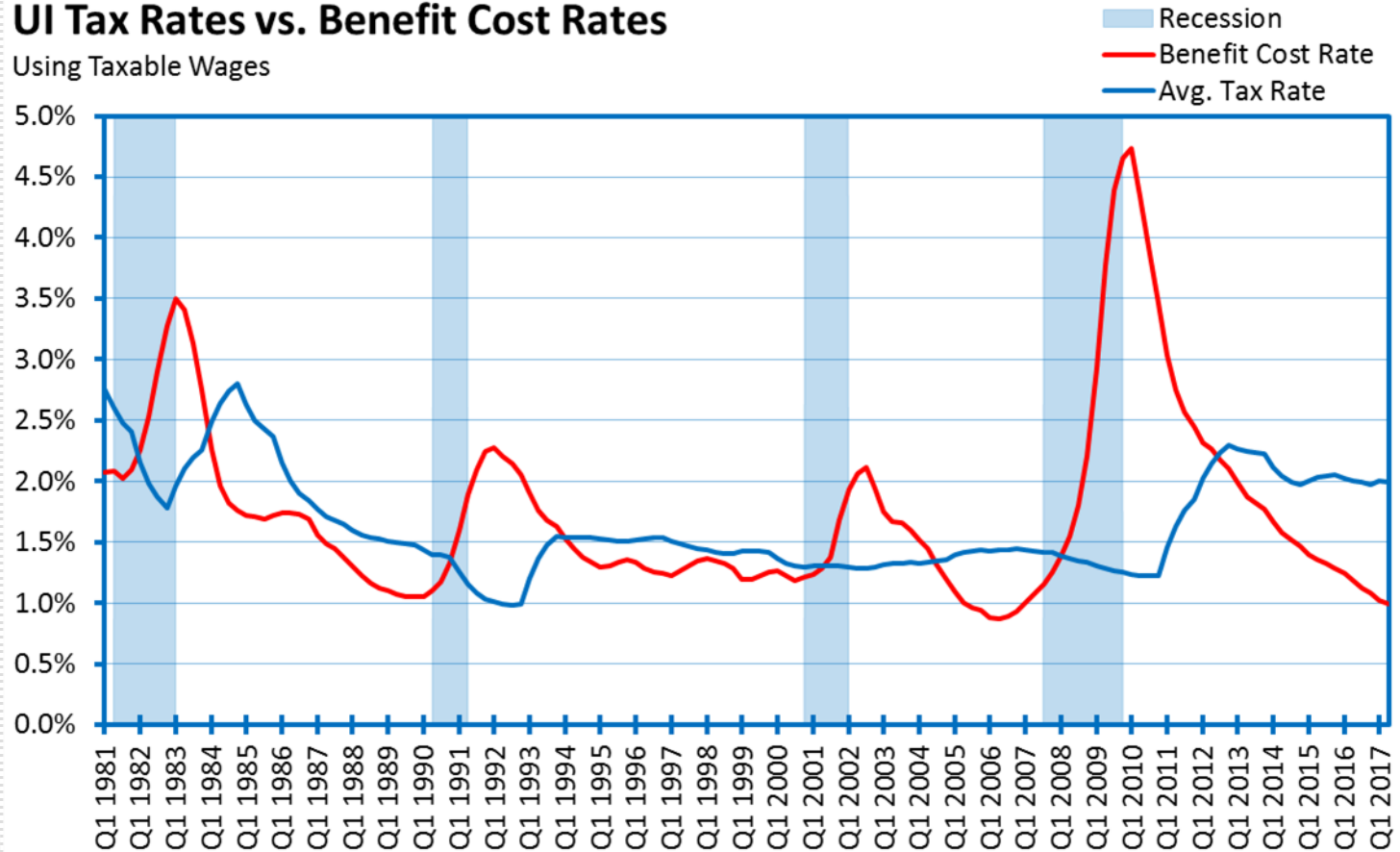
### Total Employer Costs



# Nevada's Trust Fund: Contribution Rates vs. Benefit Costs

## UI Tax Rates vs. Benefit Cost Rates

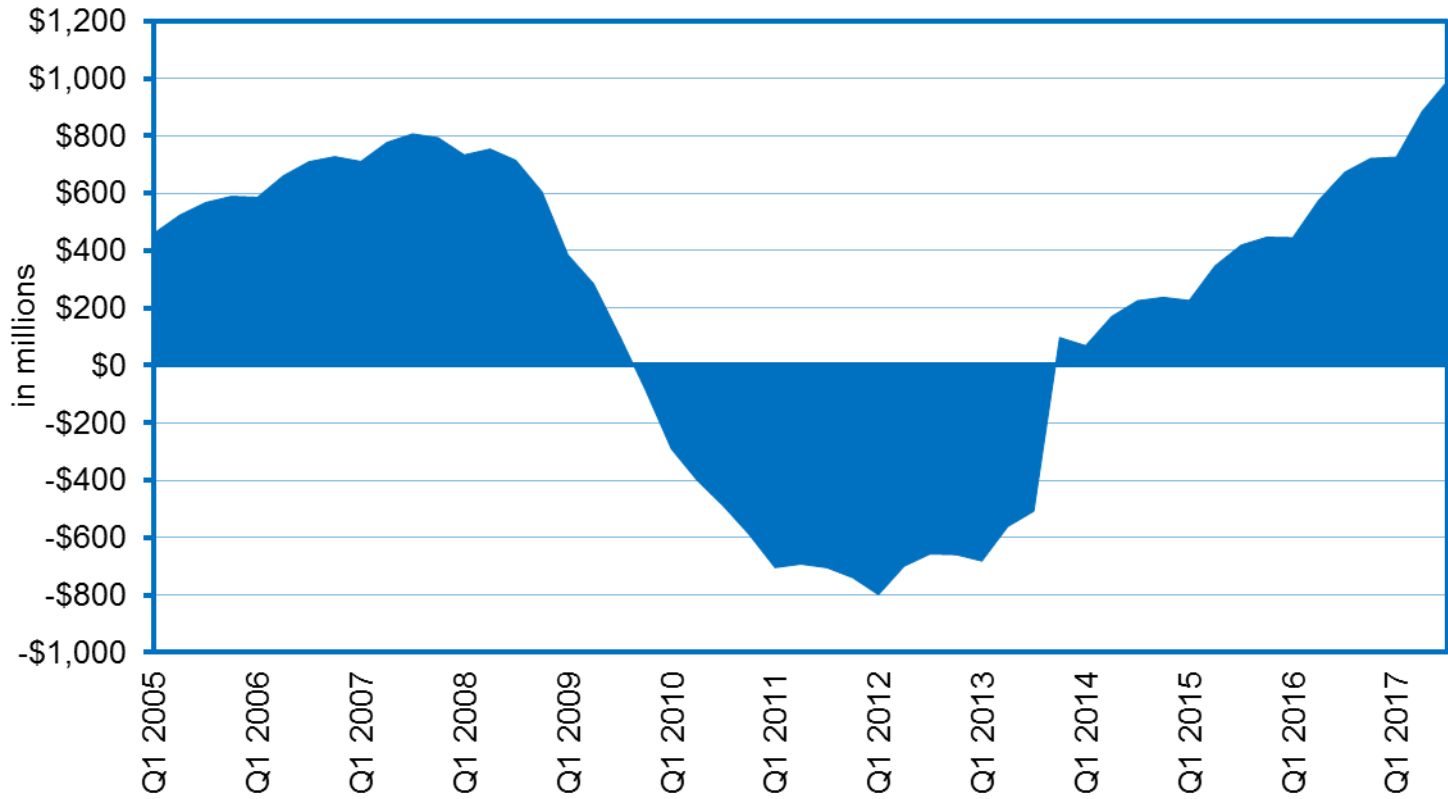
Using Taxable Wages



# Nevada's Trust Fund: Record Balance Reached in 2017

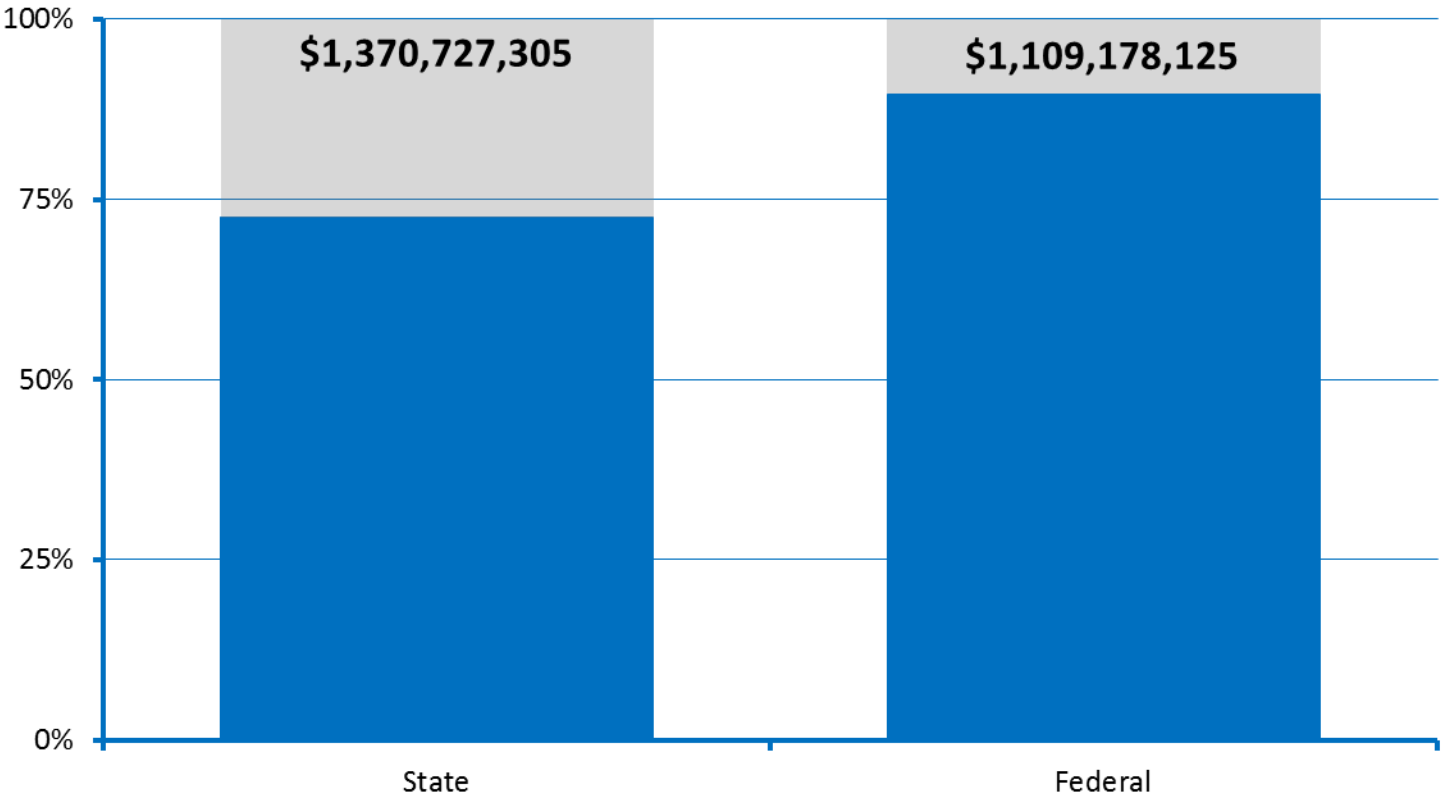
## Nevada Trust Fund Balance

By Quarter



# Nevada's Trust Fund: Rebuilding Trust Fund Reserves

Trust Fund Solvency Levels



# Nevada's Trust Fund: Expected 2018 Cash Flows

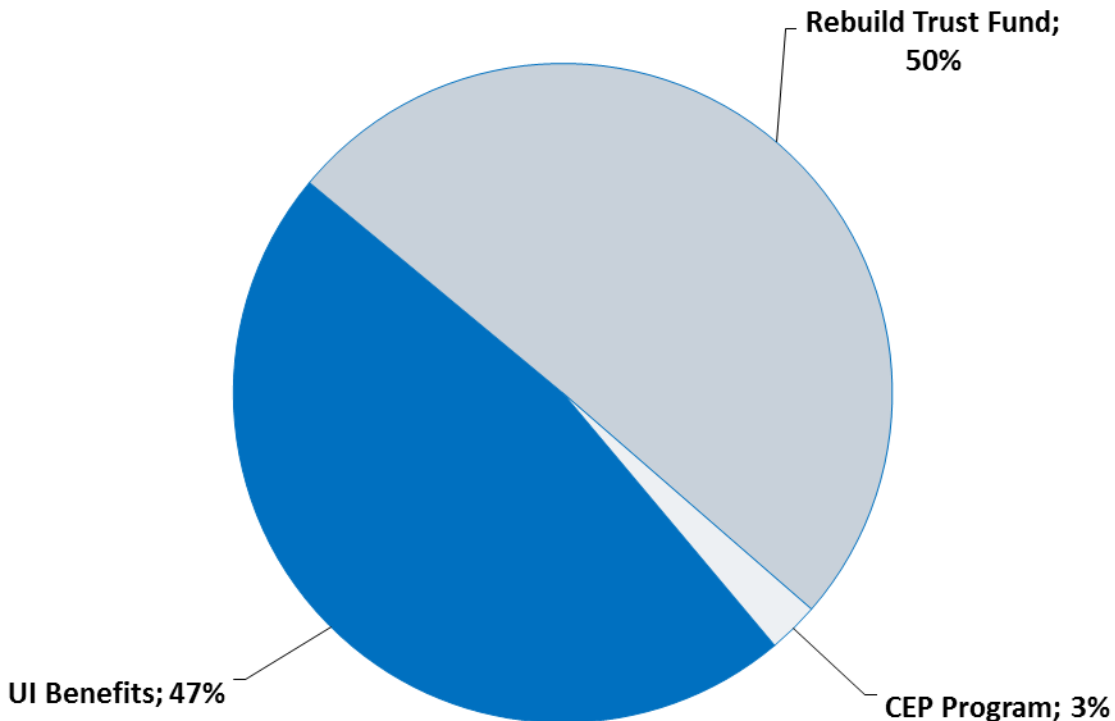
| Nevada Solvency Calculation                           | 2018             | 2018             | 2018             | 2018             | 2018             |
|---|------------------|------------------|------------------|------------------|------------------|
| Covered Employment                                    | 1,154,155        | 1,154,155        | 1,154,155        | 1,154,155        | 1,154,155        |
| Highest Risk Ratio - 11/2009                          | 18.98%           | 18.98%           | 18.98%           | 18.98%           | 18.98%           |
| Highest Weeks Duration - 05/2010                      | 19.12            | 19.12            | 19.12            | 19.12            | 19.12            |
| Average Weekly Payment                                | \$350.02         | \$350.02         | \$350.02         | \$350.02         | \$350.02         |
| <b>Solvency Target (Millions)</b>                     | <b>\$1,466.0</b> | <b>\$1,466.0</b> | <b>\$1,466.0</b> | <b>\$1,466.0</b> | <b>\$1,466.0</b> |
| <b>UI Trust Fund Level</b>                            |                  |                  |                  |                  |                  |
| <b>10/1/2017 Fund Balance (Millions)</b>              | <b>\$994.3</b>   | <b>\$994.3</b>   | <b>\$994.3</b>   | <b>\$994.3</b>   | <b>\$994.3</b>   |
| Intake to Fund  | 626.1            | 636.6            | 647.1            | 657.6            | 668.1            |
| Taxes   | 585.7            | 596.2            | 606.6            | 617.0            | 627.4            |
| Interest  | 25.4             | 25.5             | 25.6             | 25.6             | 25.7             |
| Excess Bond Funds                                     | 15.0             | 15.0             | 15.0             | 15.0             | 15.0             |
| Payout From Fund                                      | 293.2            | 293.2            | 293.2            | 293.2            | 293.2            |
| Regular Benefits                                      | 293.2            | 293.2            | 293.2            | 293.2            | 293.2            |
| Net Change in Fund                                    | 332.9            | 343.4            | 353.9            | 364.4            | 374.9            |
| <b>9/30/2018 Fund Balance (Millions)</b>              | <b>\$1,327.2</b> | <b>\$1,337.6</b> | <b>\$1,348.1</b> | <b>\$1,358.6</b> | <b>\$1,369.1</b> |
| State Solvency Gap (Millions)                         | (138.8)          | (128.3)          | (117.8)          | (107.3)          | (96.8)           |
| State Solvency Multiple                               | 0.91             | 0.91             | 0.92             | 0.93             | 0.93             |
| AHCM Solvency Gap (Millions)                          | 186.0            | 196.5            | 207.0            | 217.5            | 228.0            |
| Average High Cost Multiple                            | 1.14             | 1.15             | 1.16             | 1.17             | 1.18             |
| <b>Average Tax Rate</b>                               | <b>1.85%</b>     | <b>1.90%</b>     | <b>1.95%</b>     | <b>2.00%</b>     | <b>2.05%</b>     |
| Average Bond Assessment                               | -----            | -----            | -----            | -----            | -----            |
| CEP Assessment  | 0.05%            | 0.05%            | 0.05%            | 0.05%            | 0.05%            |
| <b>Total Cost to Employers</b>                        | <b>1.90%</b>     | <b>1.95%</b>     | <b>2.00%</b>     | <b>2.05%</b>     | <b>2.10%</b>     |
| <b>Average Cost Per Employee at Taxable Wage Base</b> | <b>\$579.50</b>  | <b>\$594.75</b>  | <b>\$610.00</b>  | <b>\$625.25</b>  | <b>\$640.50</b>  |





# Nevada's Trust Fund: Use of 2018 UI Contributions

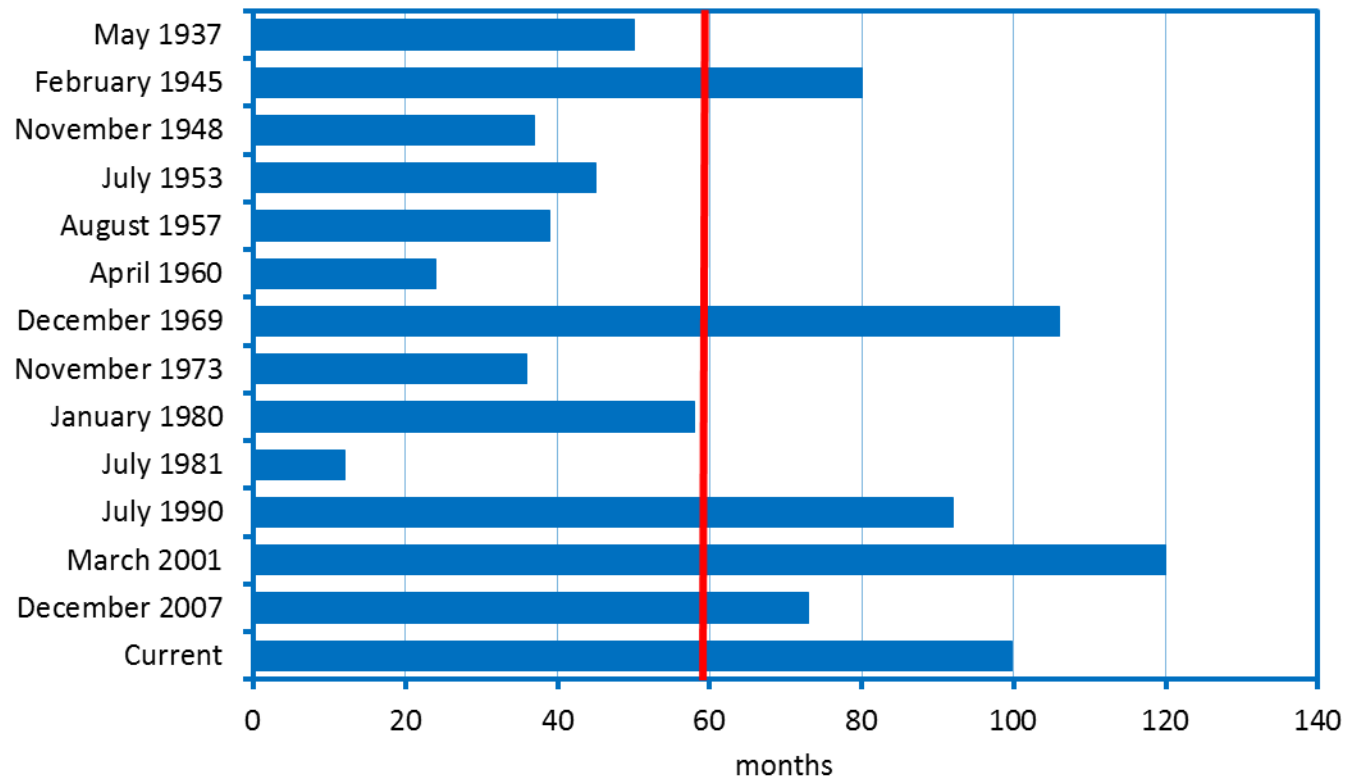
**Distribution of UI Contributions**



# Looking Ahead: Long Economic Recovery Ongoing

## Economic Expansion History

Red Line Shows 1937-2007 Average

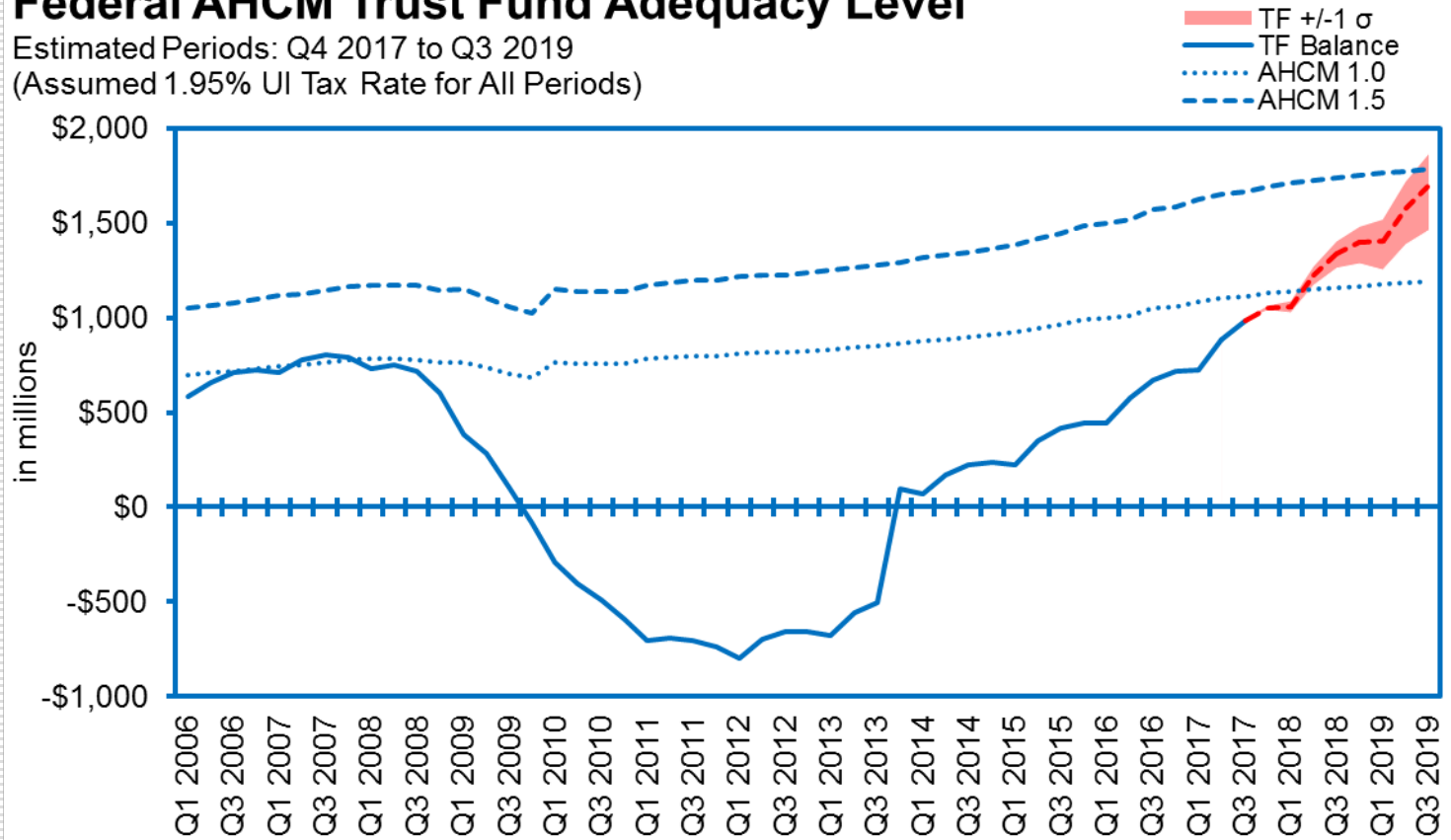




# Looking Ahead: AHCM Solvency Measure

## Federal AHCM Trust Fund Adequacy Level

Estimated Periods: Q4 2017 to Q3 2019  
(Assumed 1.95% UI Tax Rate for All Periods)



# Looking Ahead: Effect of 2018 Rate on Solvency

| AHCM on 9/30 of Each Year |             |             |             |             |             |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Tax Rate                  | 2017 AHCM   | 2018 AHCM   | 2019 AHCM   | 2020 AHCM   | 2021 AHCM   |
| 1.85%                     | 0.90        | 1.14        | 1.39        | 1.64        | 1.91        |
| 1.90%                     | 0.90        | 1.15        | 1.41        | 1.68        | 1.96        |
| <b>1.95%</b>              | <b>0.90</b> | <b>1.16</b> | <b>1.43</b> | <b>1.72</b> | <b>2.01</b> |
| 2.00%                     | 0.90        | 1.17        | 1.46        | 1.75        | 2.06        |
| 2.05%                     | 0.90        | 1.18        | 1.48        | 1.79        | 2.11        |

- ❑ Estimates reflect constant tax rate for all years

