

# Review of Trust Fund Status and Economic Analysis

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Small Business Workshop  
October 27, 2016

Research & Analysis Bureau

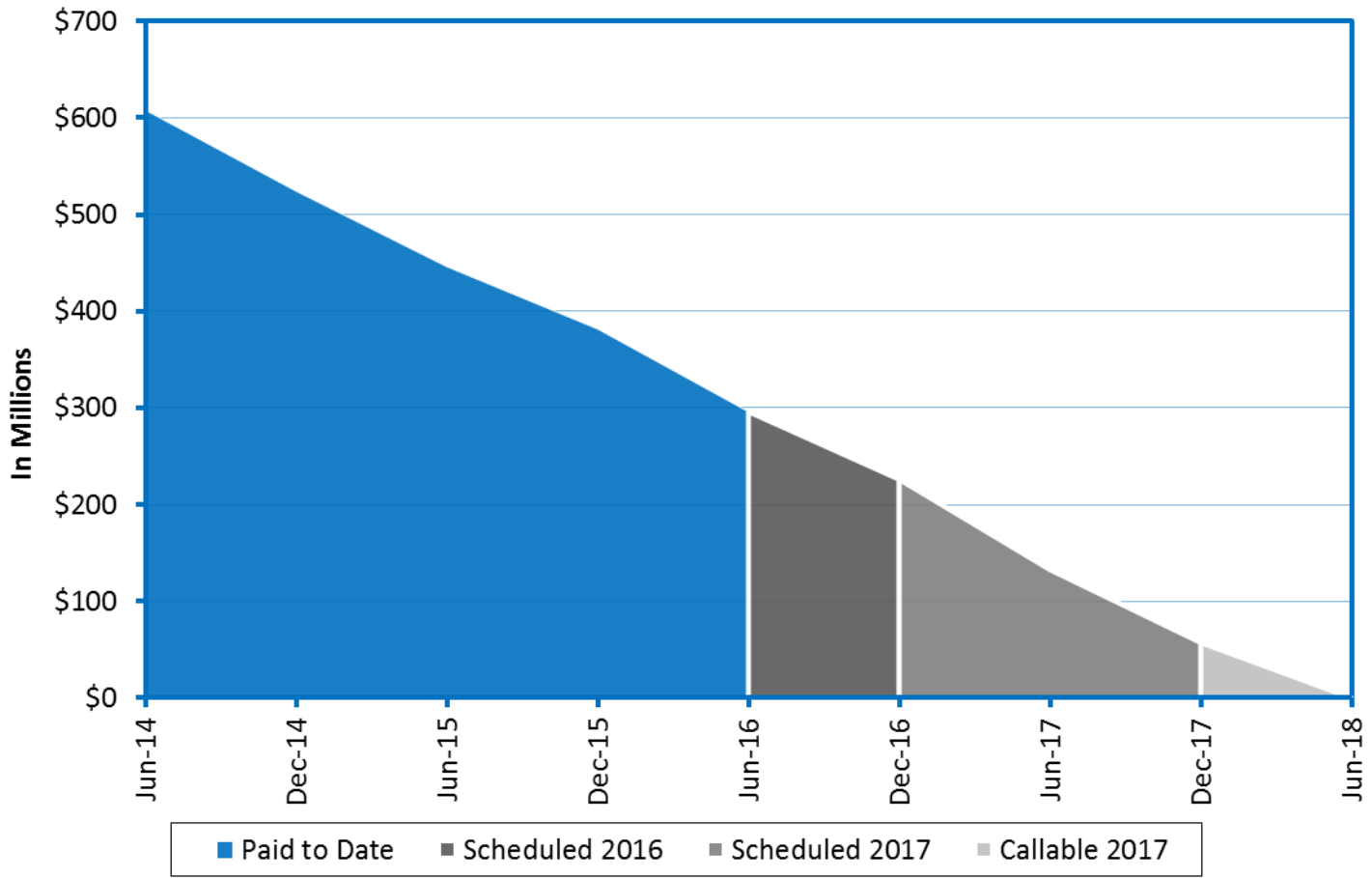


# 2017 Bond Overview: Bond Contribution Rates

Tier and Multiplier	2016	2017	2017 Reserve Ratio Range
Tier 1: Baseline x 0.45	<b>0.62%</b>	<b>0.28%</b>	<b>New</b>
Tier 2: Baseline x 1.4	<b>0.87%</b>	<b>0.87%</b>	<b>Less than 0</b>
Tier 3: Derived	<b>0.67%</b>	<b>0.69%</b>	<b>0 to 8.99</b>
Tier 4: Baseline x 0.25	<b>0.16%</b>	<b>0.16%</b>	<b>9.00 or Higher</b>
Average Cost per Employee at Taxable Wage Limit:	<b>\$174.84</b>	<b>\$185.85</b>	

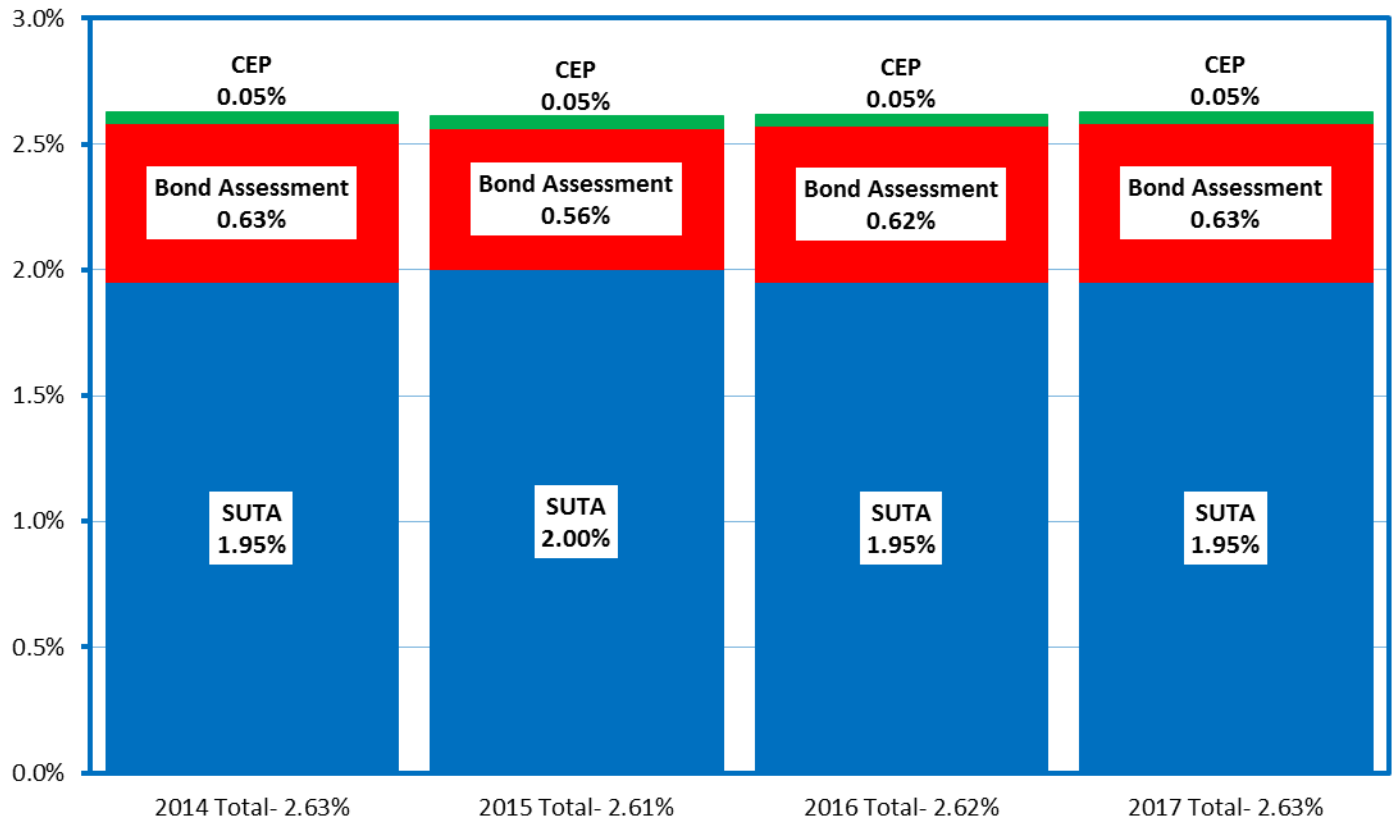


# 2017 Bond Overview: Should be Final Year of Bond



# 2017 Bond Overview: Rate Stability Over Life of Bond

### Total Employer Costs

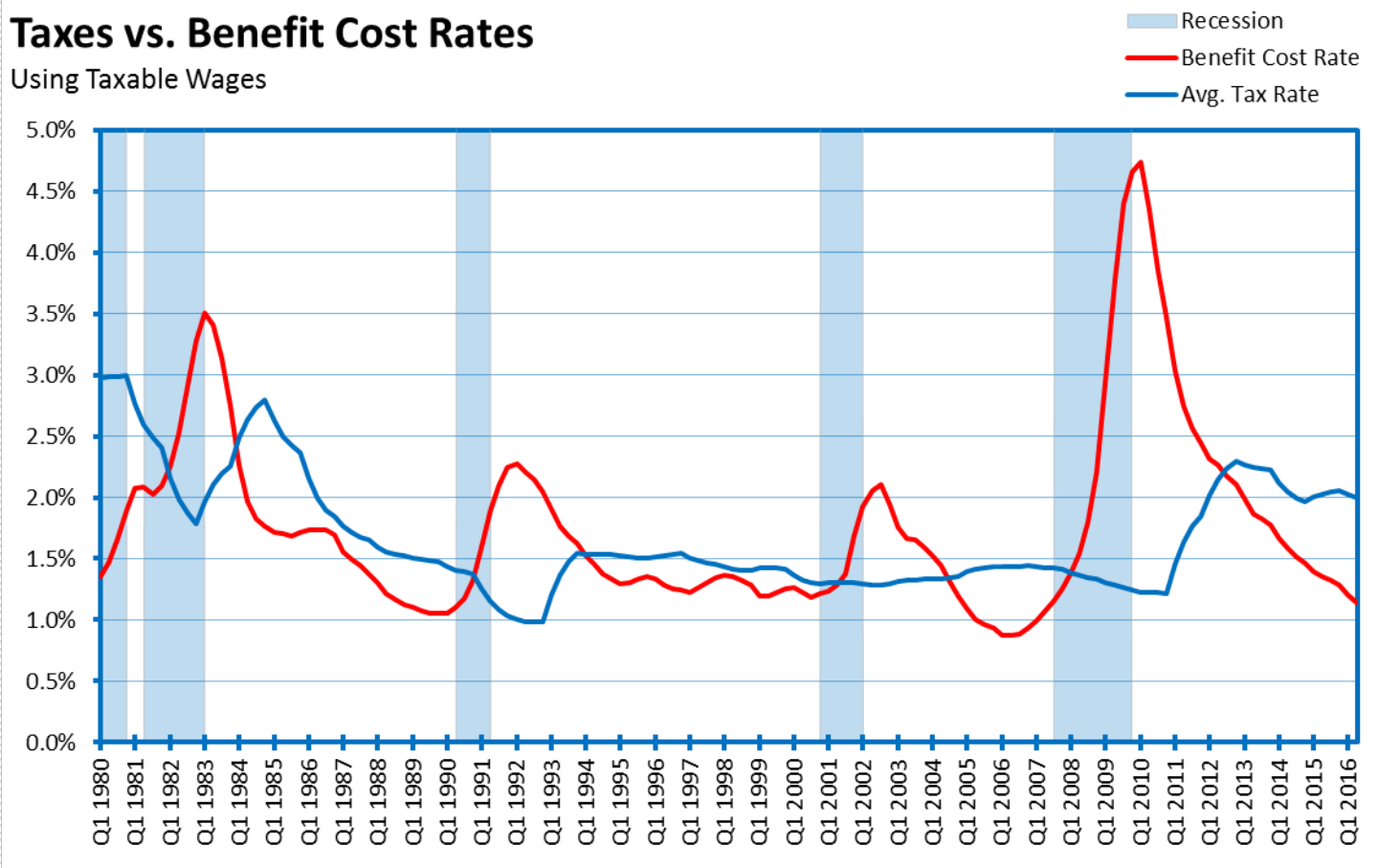


# Nevada's Trust Fund: Contribution Rates vs. Benefit Costs



## Taxes vs. Benefit Cost Rates

Using Taxable Wages



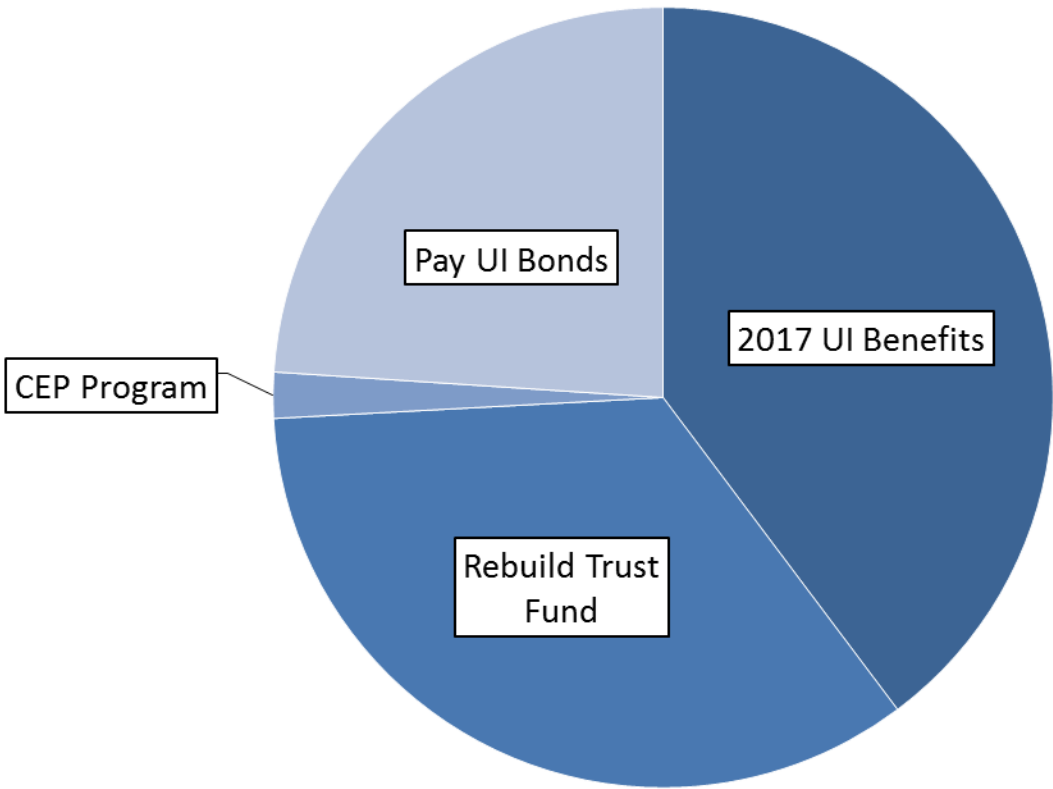
# Nevada's Trust Fund: Expected 2017 Cash Flows

<b>Nevada Solvency Calculation</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
Covered Employment	1,115,458	1,115,458	1,115,458	1,115,458	1,115,458
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	\$336.18	\$336.18	\$336.18	\$336.18	\$336.18
<b>Solvency Target (Millions)</b>	<b>\$1,360.8</b>	<b>\$1,360.8</b>	<b>\$1,360.8</b>	<b>\$1,360.8</b>	<b>\$1,360.8</b>
<b>UI Trust Fund Level</b>					
<b>10/1/2016 Fund Balance (Millions)</b>	<b>\$667.5</b>	<b>\$667.5</b>	<b>\$667.5</b>	<b>\$667.5</b>	<b>\$667.5</b>
Intake to Fund	607.7	618.2	628.6	639.0	649.5
Taxes	590.1	600.5	610.8	621.2	631.5
Interest	17.6	17.7	17.8	17.8	17.9
Payout From Fund	331.3	331.3	331.3	331.3	331.3
Regular Benefits	331.3	331.3	331.3	331.3	331.3
Net Change in Fund	276.4	286.8	297.3	307.7	318.1
<b>9/30/2017 Fund Balance (Millions)</b>	<b>\$943.9</b>	<b>\$954.3</b>	<b>\$964.74</b>	<b>\$975.18</b>	<b>\$985.6</b>
State Solvency Gap (Millions)	(416.9)	(406.5)	(396.1)	(385.6)	(375.2)
State Solvency Multiple	0.69	0.70	0.71	0.72	0.72
AHCM Solvency Gap (Millions)	(140.9)	(130.5)	(120.0)	(109.6)	(99.2)
Average High Cost Multiple	0.85	0.86	0.87	0.88	0.89
<b>Average Tax Rate</b>	<b>1.90%</b>	<b>1.95%</b>	<b>2.00%</b>	<b>2.05%</b>	<b>2.10%</b>
Average Bond Assessment	0.63%	0.63%	0.63%	0.63%	0.63%
CEP Assessment	0.05%	0.05%	0.05%	0.05%	0.05%
<b>Total Cost to Employers</b>	<b>2.58%</b>	<b>2.63%</b>	<b>2.68%</b>	<b>2.73%</b>	<b>2.78%</b>
<b>Average Cost Per Employee at Taxable Wage Base</b>	<b>\$761.10</b>	<b>\$775.85</b>	<b>\$790.60</b>	<b>\$805.35</b>	<b>\$820.10</b>



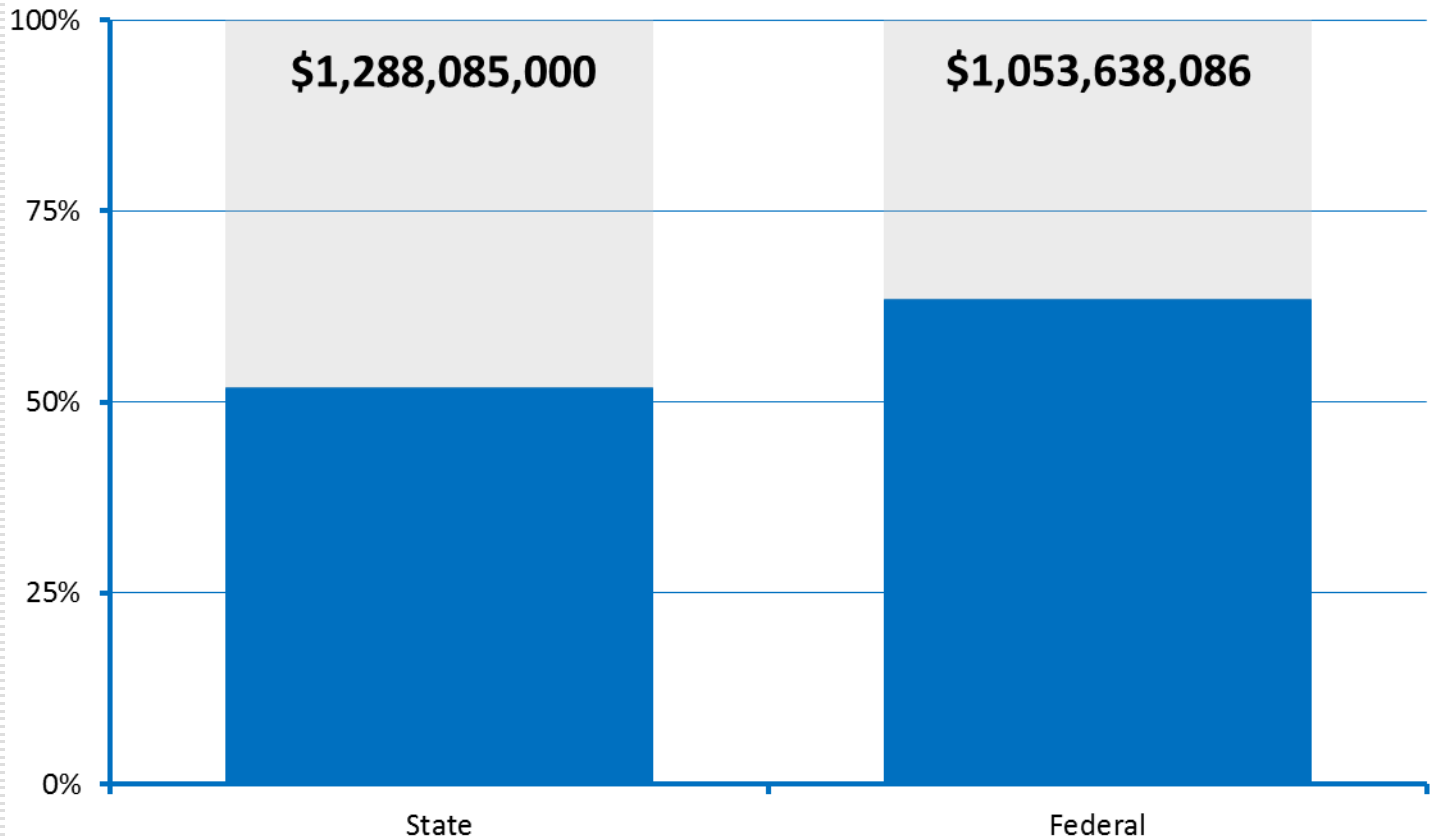
# Nevada's Trust Fund: Use of 2017 UI Contributions

Distribution of UI Contributions



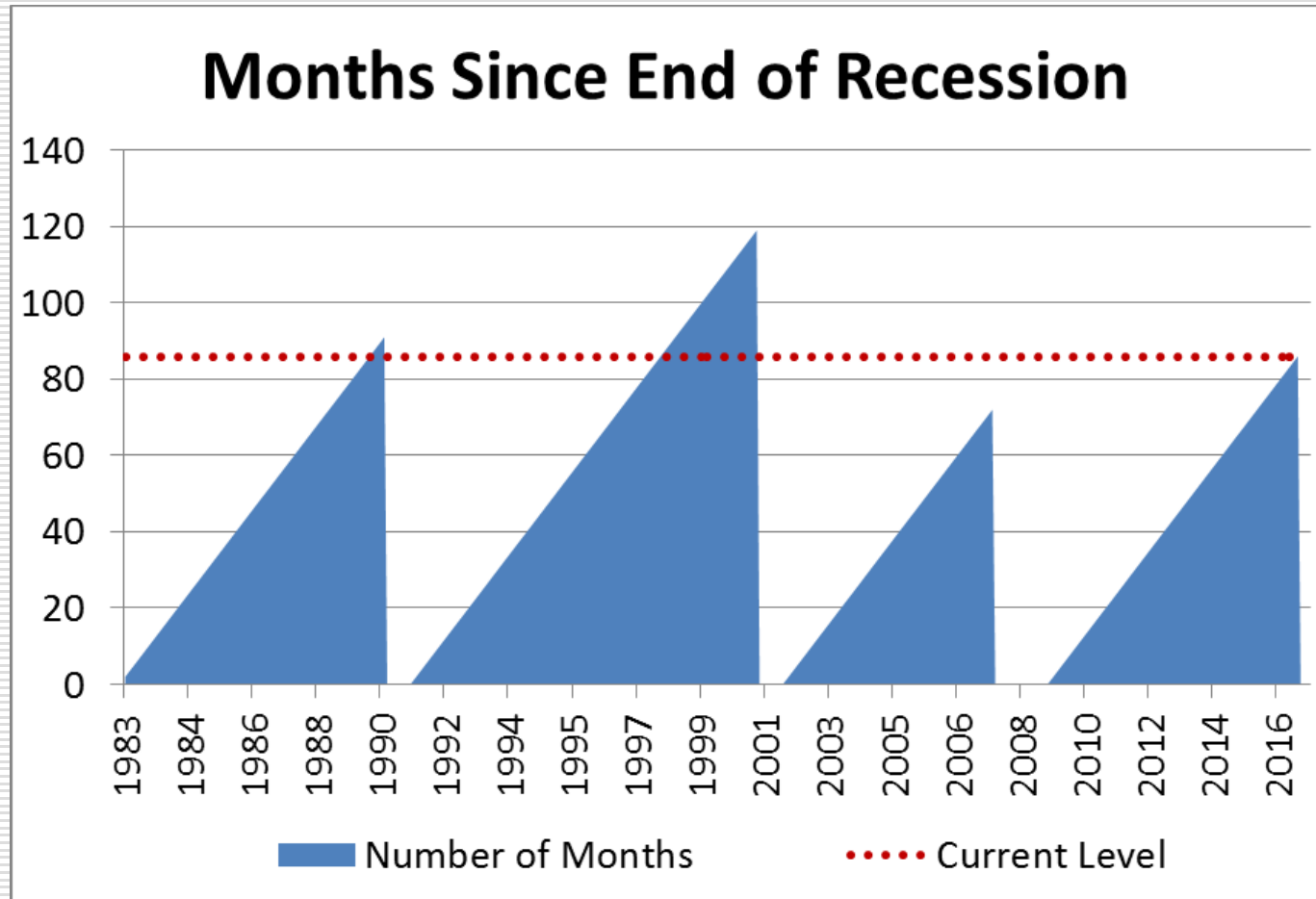
# Looking Ahead: Rebuilding Trust Fund Reserves

2016 Trust Fund Solvency Levels





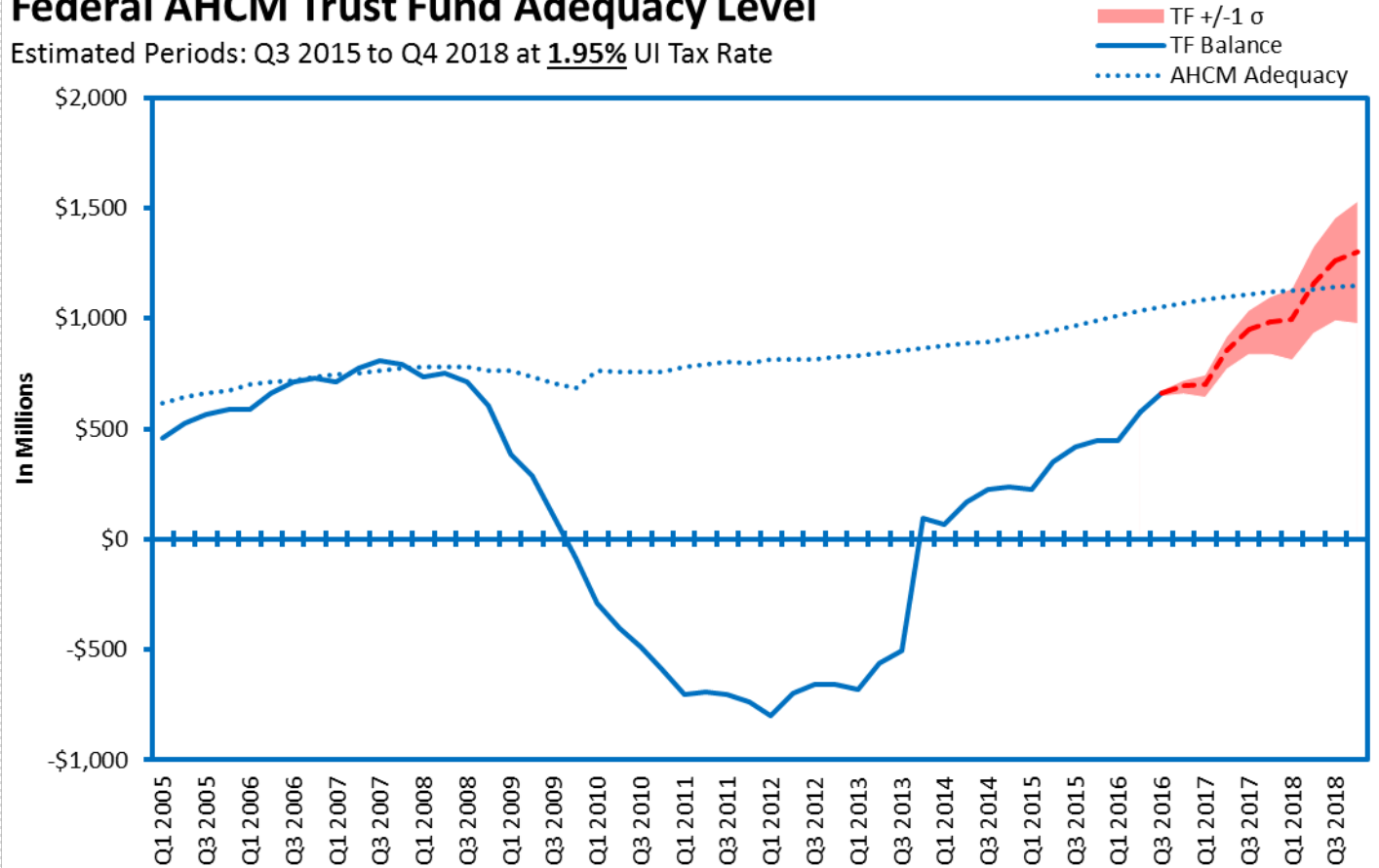
# Looking Ahead: Long Economic Recovery Ongoing



# Looking Ahead: AHCM Solvency Measure

## Federal AHCM Trust Fund Adequacy Level

Estimated Periods: Q3 2015 to Q4 2018 at 1.95% UI Tax Rate



# Looking Ahead: Effect of 2017 Rate on Solvency

Tax Rate	2016 AHCM	2017 AHCM	2018 AHCM	2019 AHCM	2020 AHCM
1.90%	0.63	0.85	1.08	1.33	1.59
<b>1.95%</b>	<b>0.63</b>	<b>0.86</b>	<b>1.11</b>	<b>1.37</b>	<b>1.37</b>
2.00%	0.63	0.87	1.13	1.41	1.69
2.05%	0.63	0.88	1.15	1.44	1.74
2.10%	0.63	0.89	1.18	1.48	1.80

- ❑ Average time from end of one recession to start of the next during the last 50 years: 5.4 years (December 2014)
- ❑ Longest time from end of one recession to start of the next during the last 50 years: 10 years (June 2019)

