



Review of UI Trust Fund

Small Business Workshop

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Department of Employment, Training, & Rehabilitation

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Prepared by the Research and Analysis Bureau

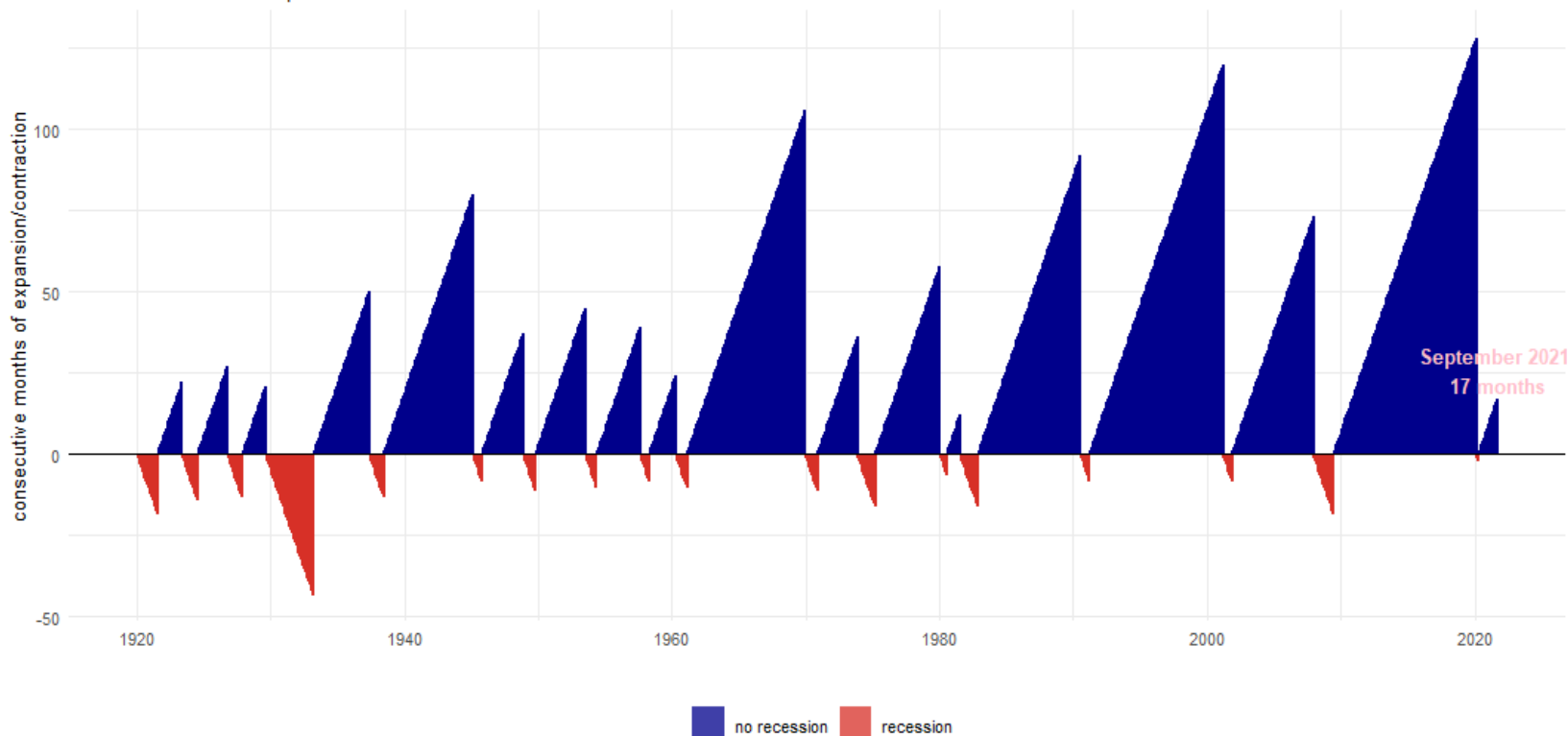
Agenda

- National Perspective and Outlook
- Nevada Unemployment Insurance Trends
- Nevada's Unemployment Insurance Trust Fund
- 2022 Rate Discussion

National Perspective: Economic Expansion on the Rebound

U.S. Economic Expansions & Contractions

consecutive months of expansion/contraction

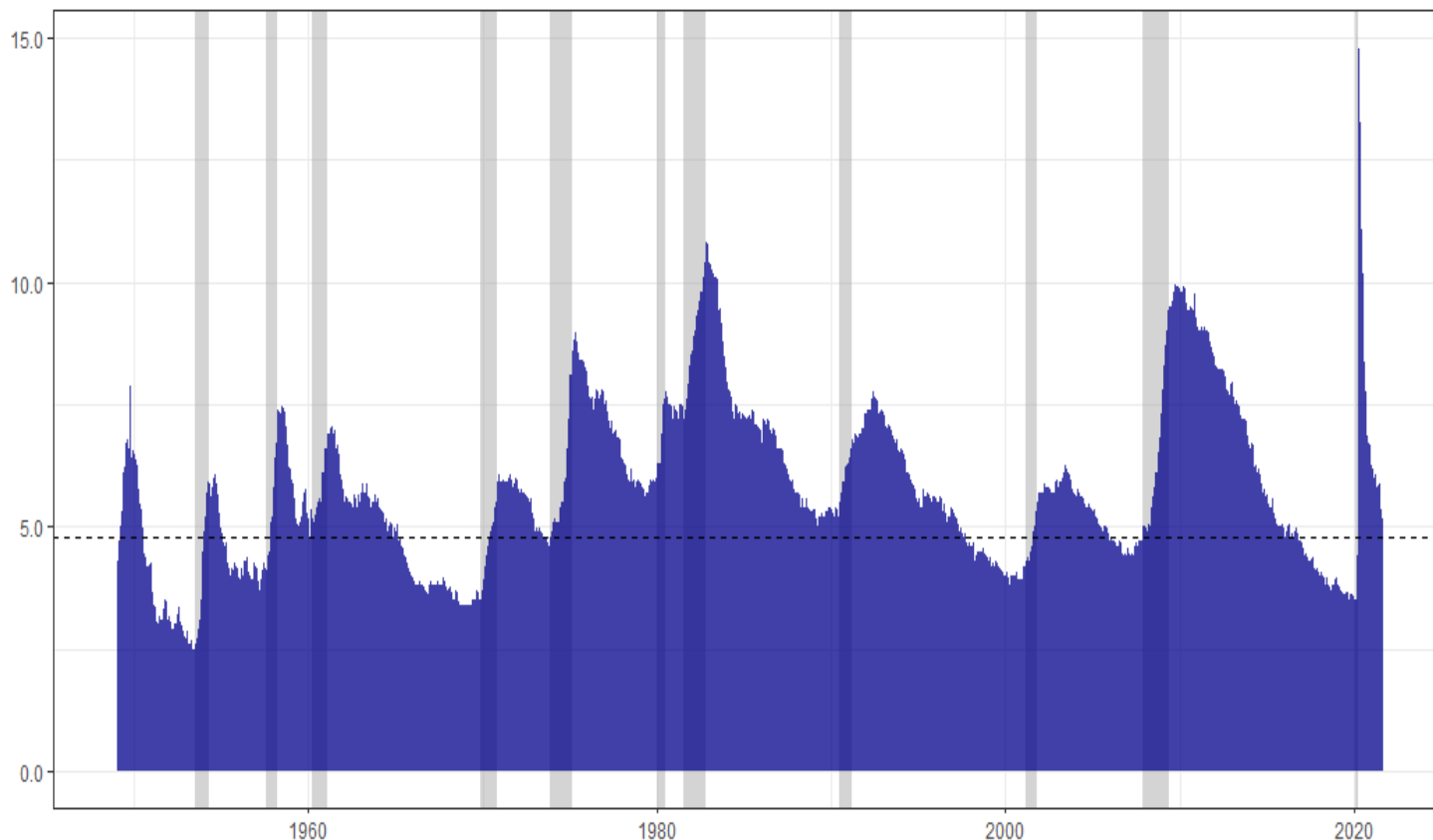


Source: National Bureau of Economic Research Recession Dates

National Perspective: Unemployment Rate Improving

U.S. Unemployment Rate

seasonally adjusted rates by month 1948 to 2021, dashed line at September 2021 rate



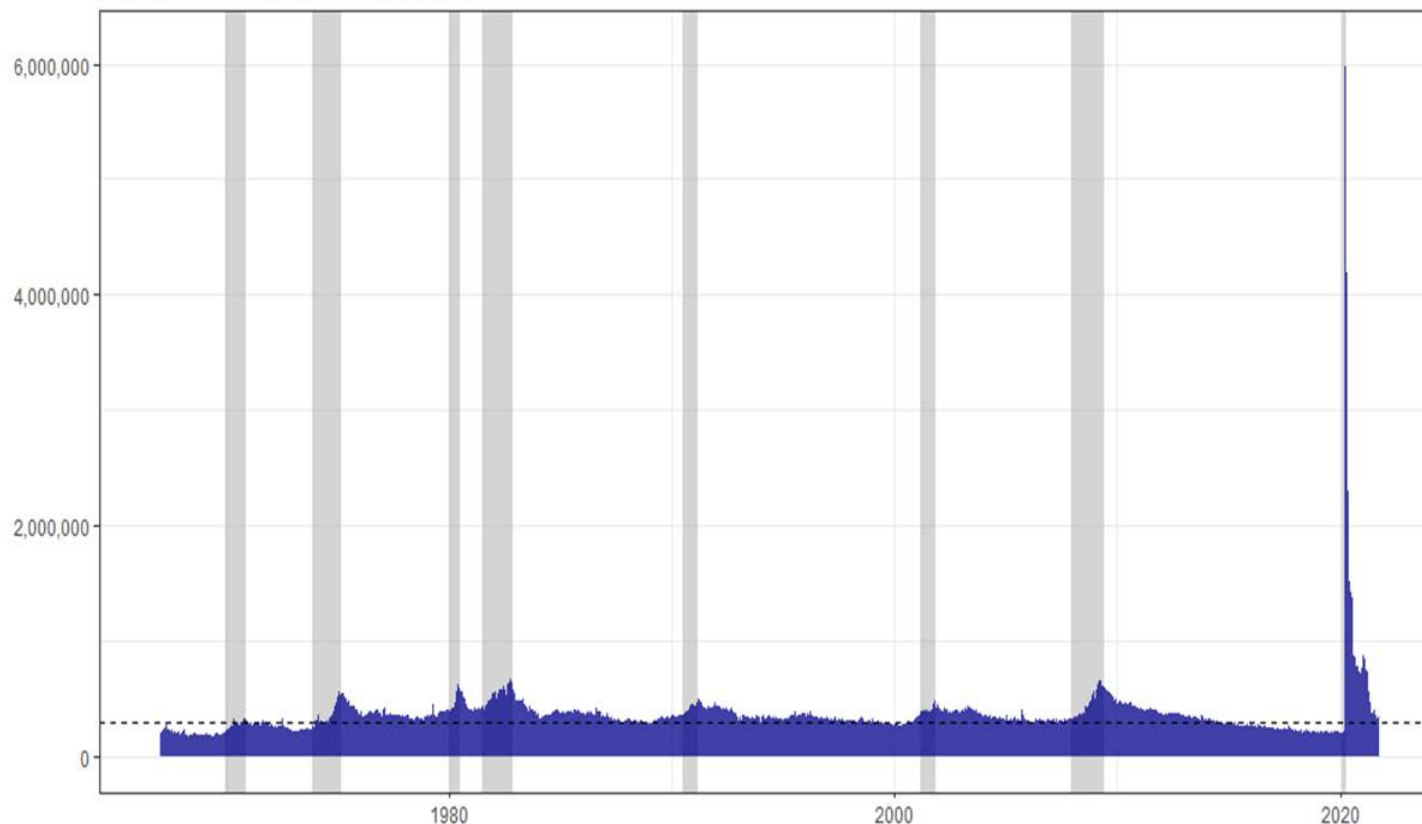
Source: Bureau of Labor Statistics

National Perspective:

UI Claims Headed towards Pre-pandemic Levels

U.S. Weekly Initial Claims for Unemployment Insurance

dotted line at October 9, 2021 value of 293k



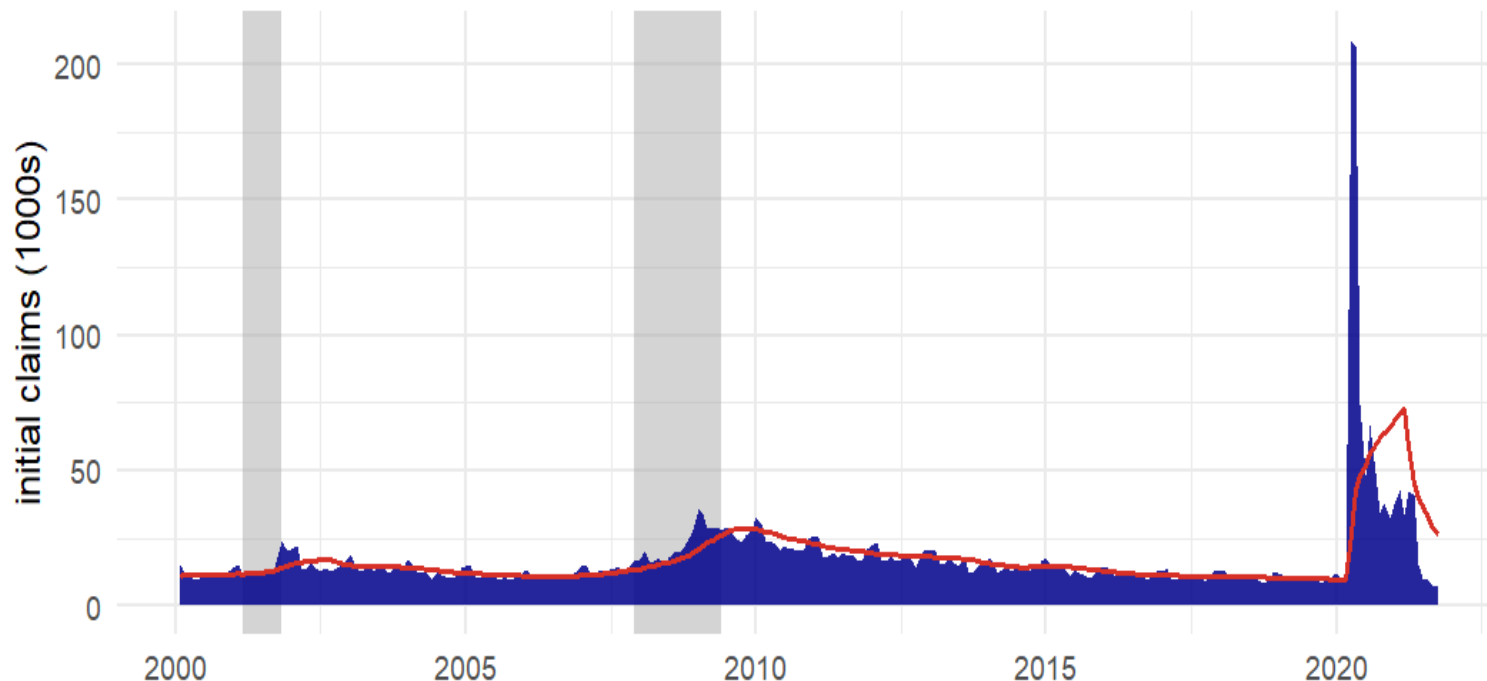
Source: Bureau of Labor Statistics

Nevada UI Trends:

Initial Claims Averaging 10k Last 3 Months

State of Nevada Unemployment Insurance Initial Claims

by month through September 2021; red line represents 12 month moving average

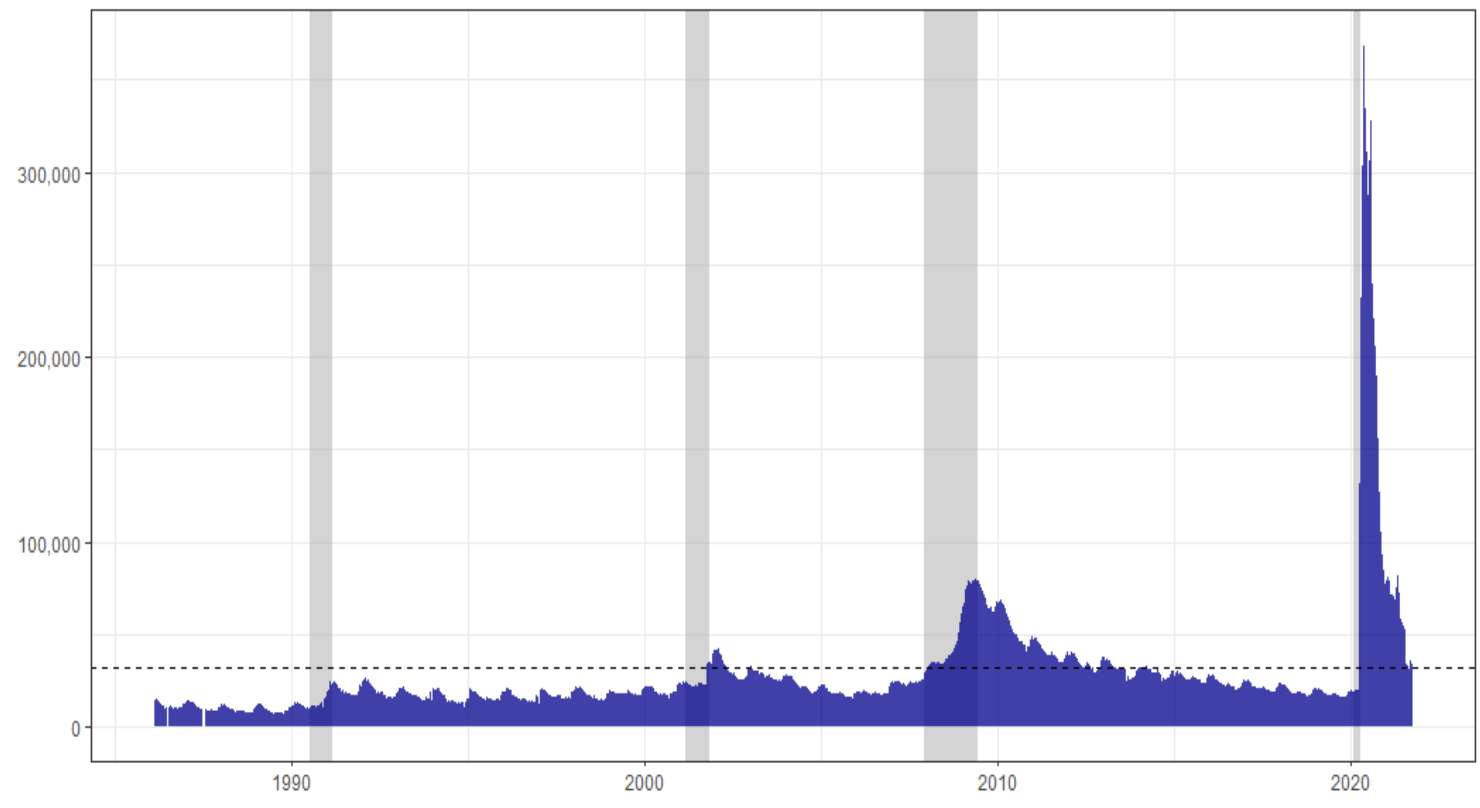


Source: ETA 5159

Nevada Continued Claims: Historical Trends

Nevada Continued Claims for Unemployment Insurance

dotted line at October 2, 2021 value of 32k

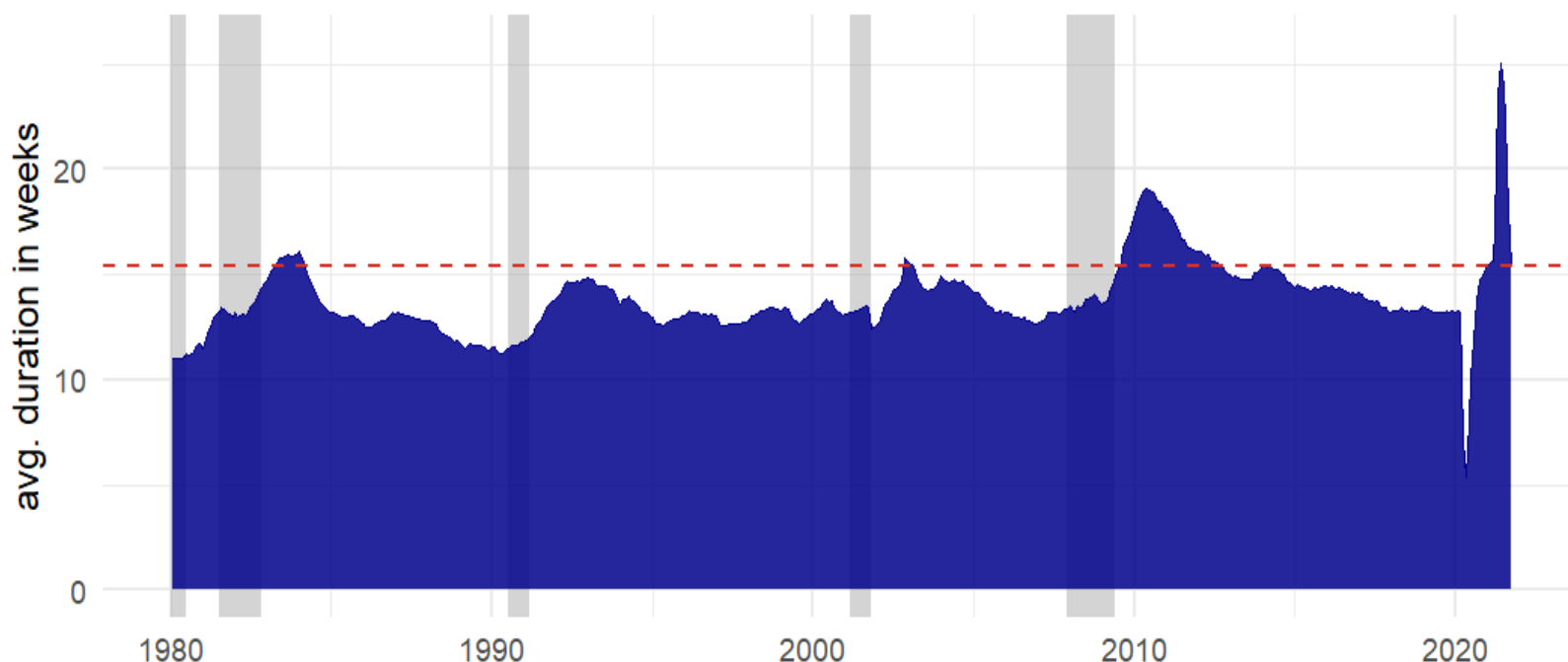


Source: U.S. Department of Labor

Nevada UI Trends: Average Duration of Benefits Improving

State of Nevada Unemployment Insurance Average Benefit Duration

by month, dashed line represents September 2021 level

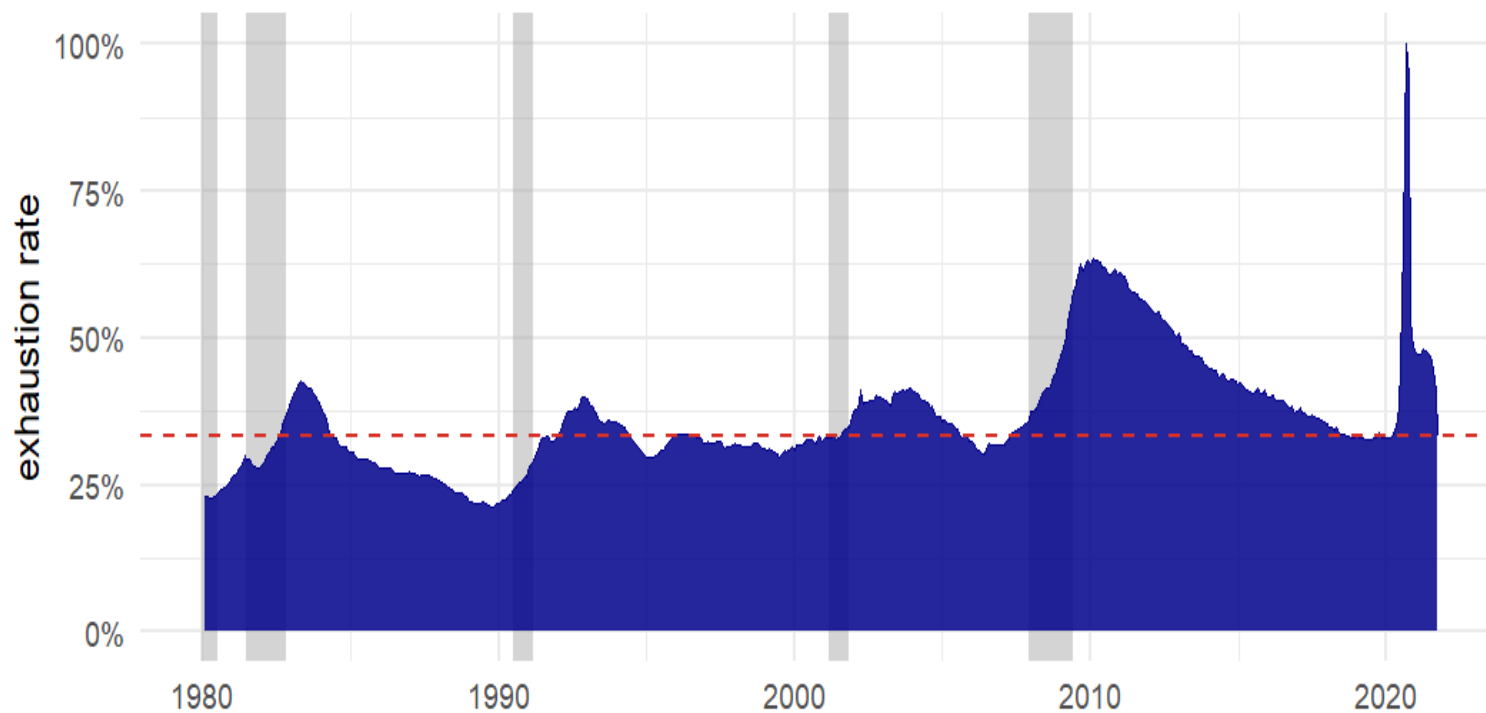


Source: ETA 5159

Nevada UI Trends: Exhaustion Rate Improving

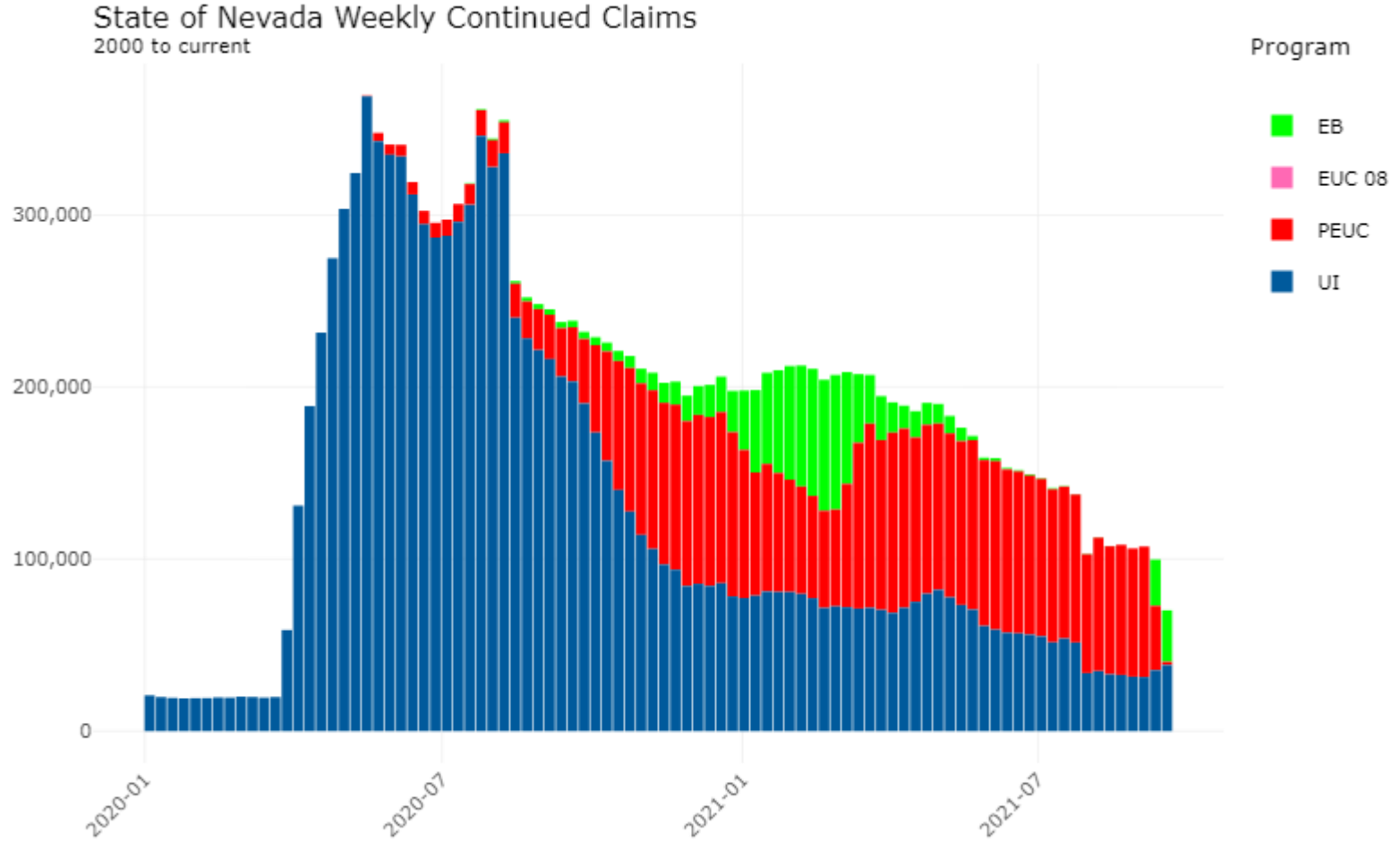
State of Nevada Unemployment Insurance Exhaustion Rate

by month, dashed line represents September 2021 rate



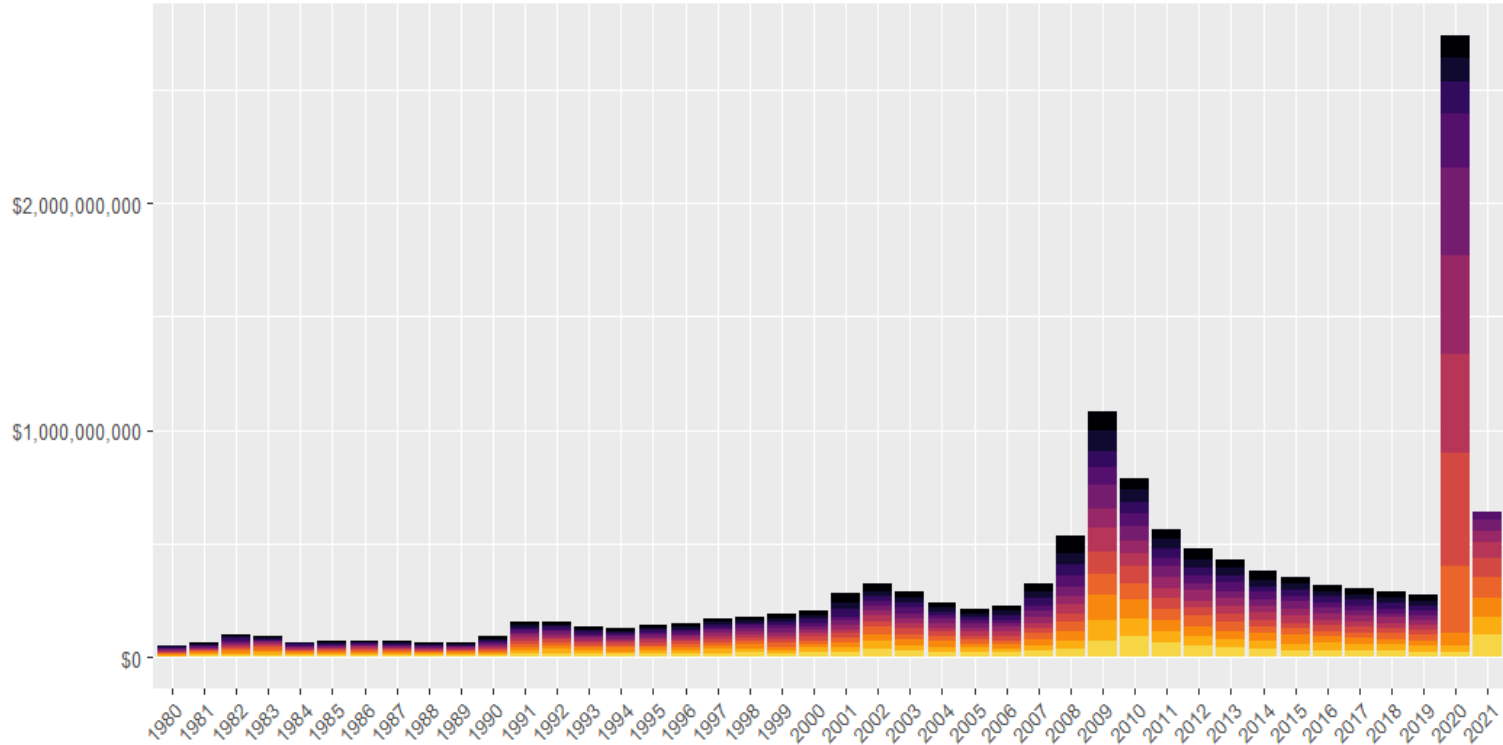
Source: ETA 5159

All UI Programs Pandemic: Continued Claims 2020 to Current

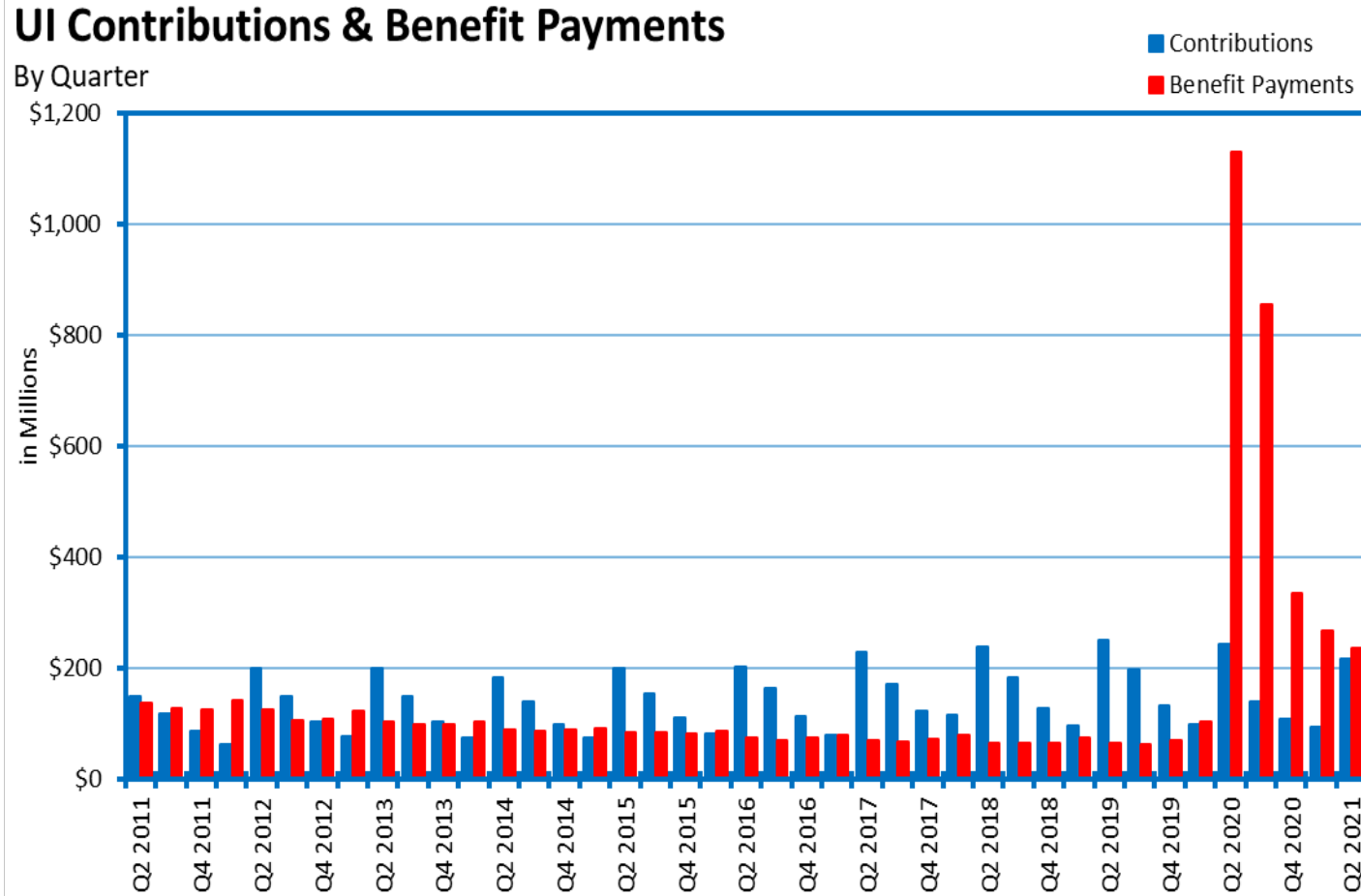


Amount Compensated: History of Regular Program

State of Nevada Total Amount Compensated
by year

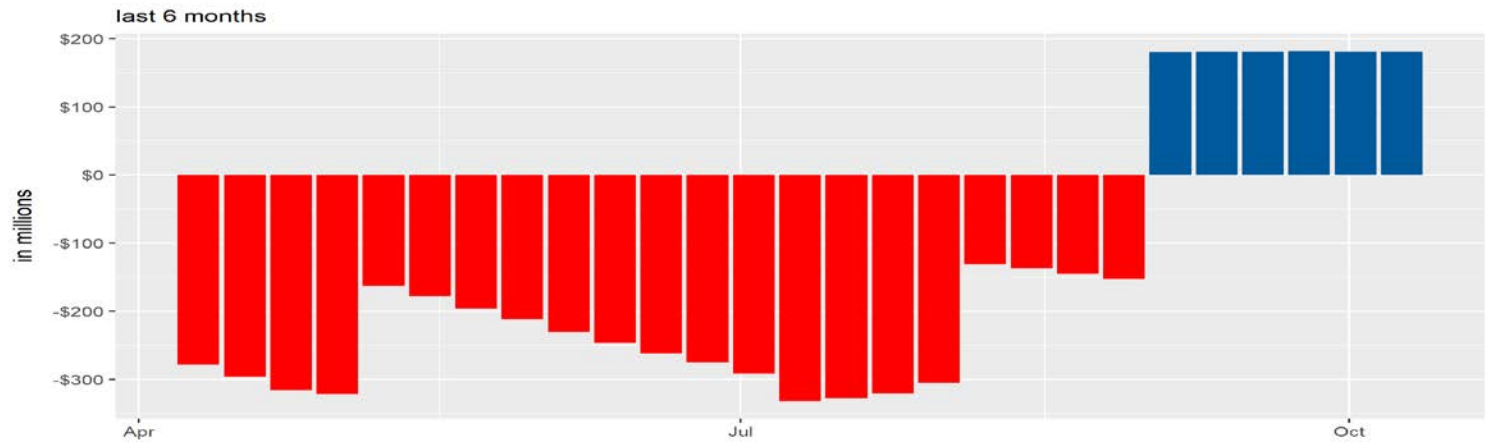
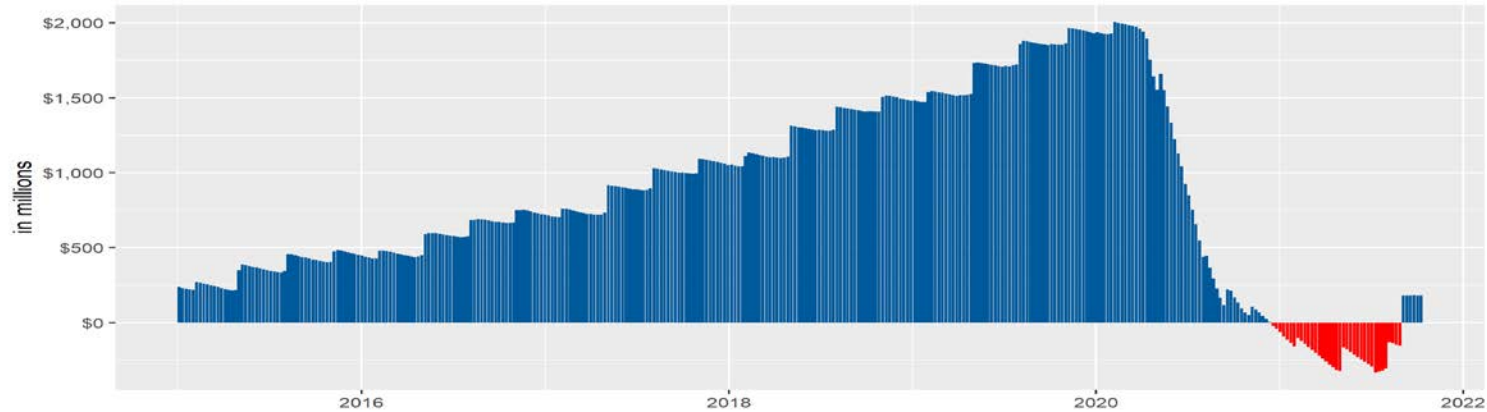


Nevada's Trust Fund: Benefits Exceed Contributions in 2021



Nevada's Trust Fund: Positive After American Rescue Plan Funds

UI Trust Fund Balance
week ending balance; net borrowing
since 2015

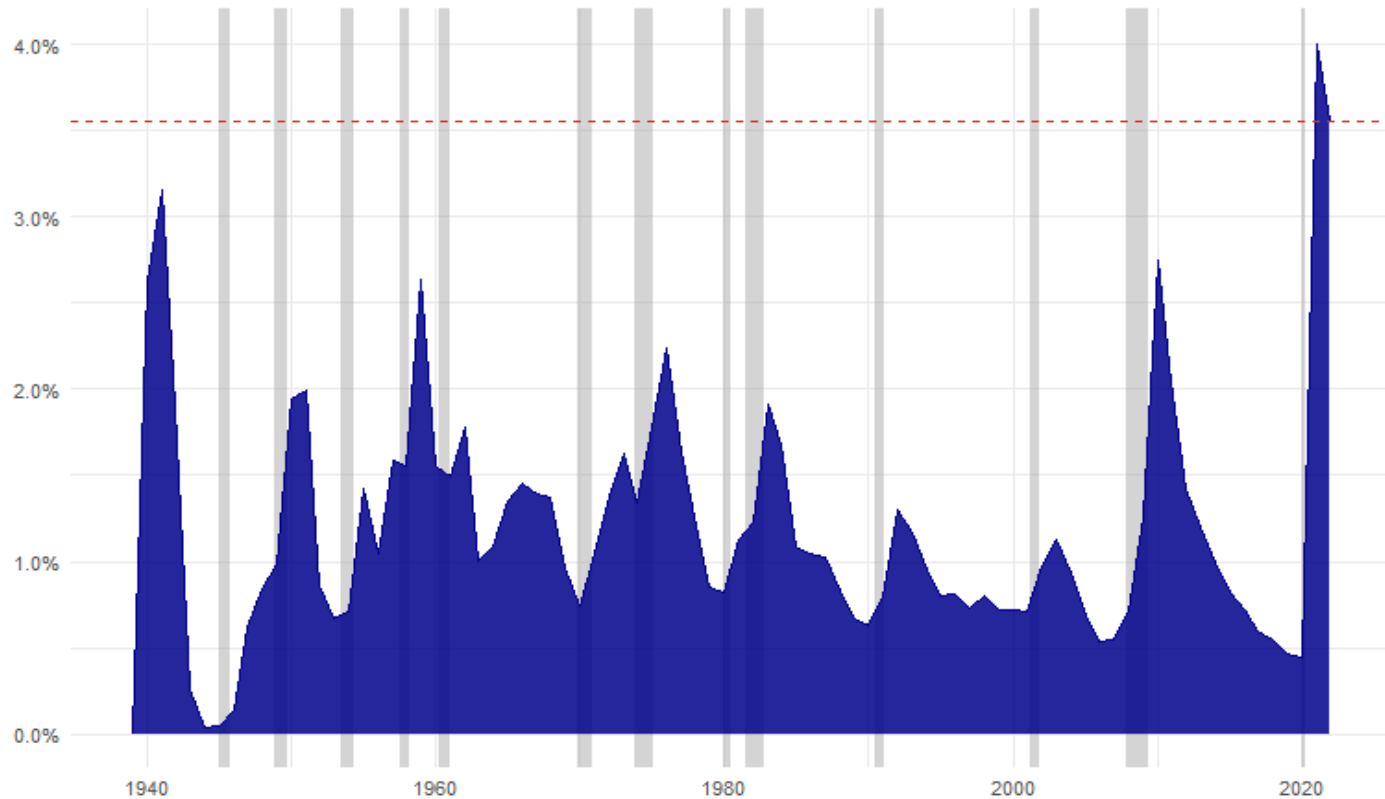


Nevada's Trust Fund: No Title VII Loan Benefits

No Title VII Loan Benefit	2022
Interest Earned	\$ 7,060,870.00
Interest Avoided	\$ 7,561,964.00
Assumed FUTA Cost/Emp	\$21
FUTA Credit Reduction Cost Avoided	\$ 28,496,248.20
Total Value Added/Year	\$ 43,119,082.20

2022 Rate Discussion: Nevada's Current BCR is High

State of Nevada Unemployment Insurance Benefit Cost Rates by Year
for calendar years 1939 to 2021

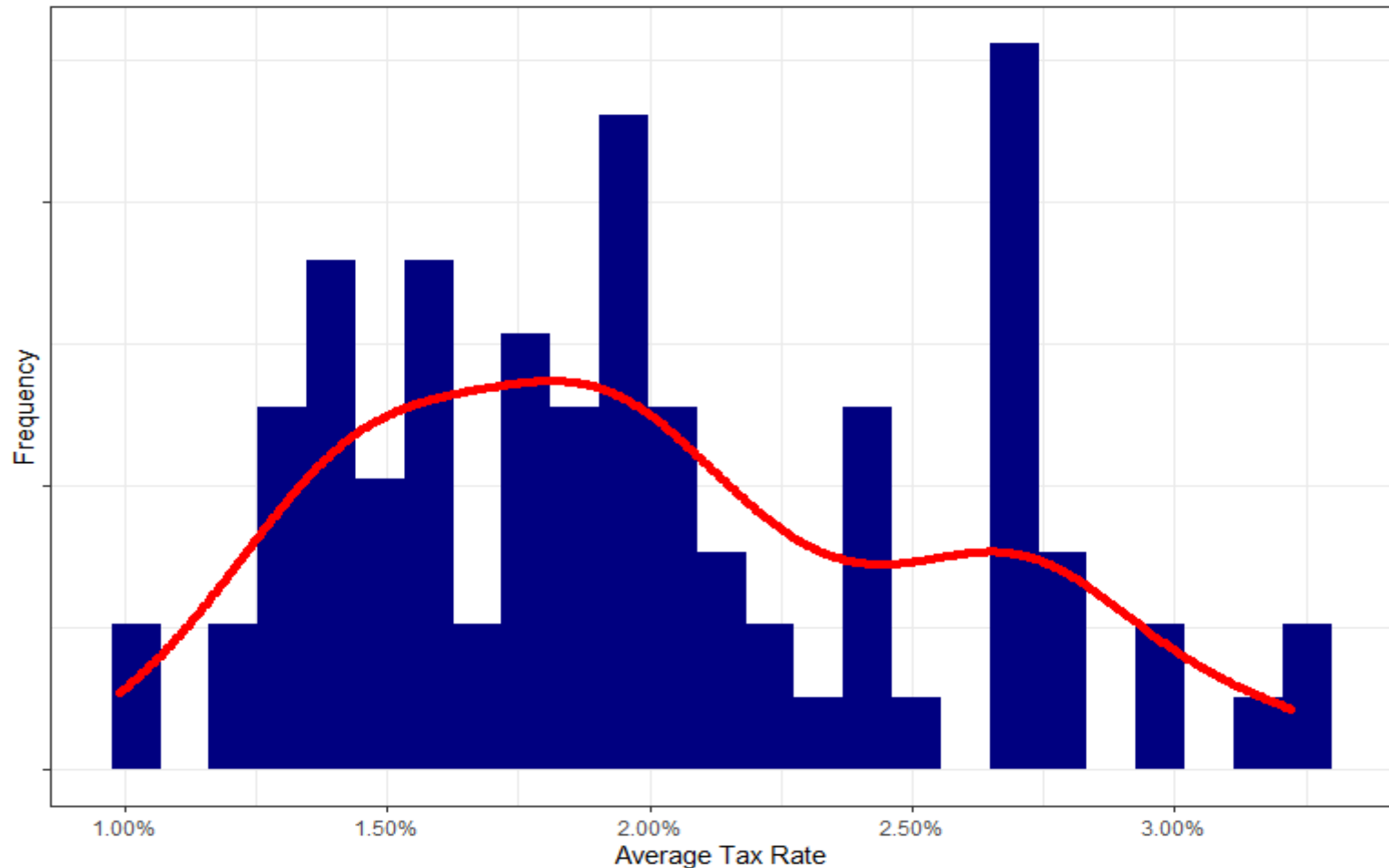


Source: ETA 394
*2021 rate is through 2021Q2

2022 Rate Discussion:

NV Tax Rate History on Taxable Wages

Frequency of Average UI Tax Rates



2022 Forecast:

Potential 2022 Tax Rates

Nevada Solvency Calculation	2022	2022	2022
Covered Employment	1,278,201	1,278,201	1,278,201
Highest Risk Ratio	42.81%	42.81%	42.81%
Highest Weeks Duration	25.02	25.02	25.02
Average Weekly Payment	\$327.41	\$327.41	\$327.41
Solvency Target (Millions)	\$4,483.2	\$4,483.2	\$4,483.2
UI Trust Fund Level			
Beginning Fund Balance (Millions)	\$180.0	\$180.0	\$180.0
Intake to Fund	570.2	637.9	688.8
Taxes	563.1	630.8	681.6
Interest	7.1	7.1	7.2
Payout From Fund	301.7	301.7	301.7
Regular Benefits	301.7	301.7	301.7
Net Change in Fund	268.5	336.2	387.2
Ending Fund Balance (Millions)	\$448.5	\$516.2	\$567.2
State Solvency Gap (Millions)	(4,034.7)	(3,967.0)	(3,916.1)
State Solvency Multiple	0.10	0.12	0.13
AHCM Solvency Gap (Millions)	(1,678.0)	(1,610.2)	(1,559.3)
Average High Cost Multiple	0.30	0.32	0.35
Average Tax Rate	1.65%	1.85%	2.00%
CEP Assessment	0.05%	0.05%	0.05%
Total Cost to Employers	1.70%	1.90%	2.05%
Average Cost Per Employee at Taxable Wage Base	\$622.20	\$695.40	\$750.30

2022 Forecast: Long Term Effect of Different Rates

AHCM on Sept. 30 of Each Year					
Tax Rate	Current	2022 AHCM	2023 AHCM	2024 AHCM	2025 AHCM
1.85%	0.08	0.33	0.64	1.03	1.54
2.00%	0.08	0.35	0.69	1.14	1.70

- Estimates reflect constant tax rate for all years in baseline, no recession scenario.

For Additional Information, Please Contact:

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