



Review of Unemployment Insurance Trust Fund

Small Business Workshop
October 2, 2020

Department of Employment, Training & Rehabilitation

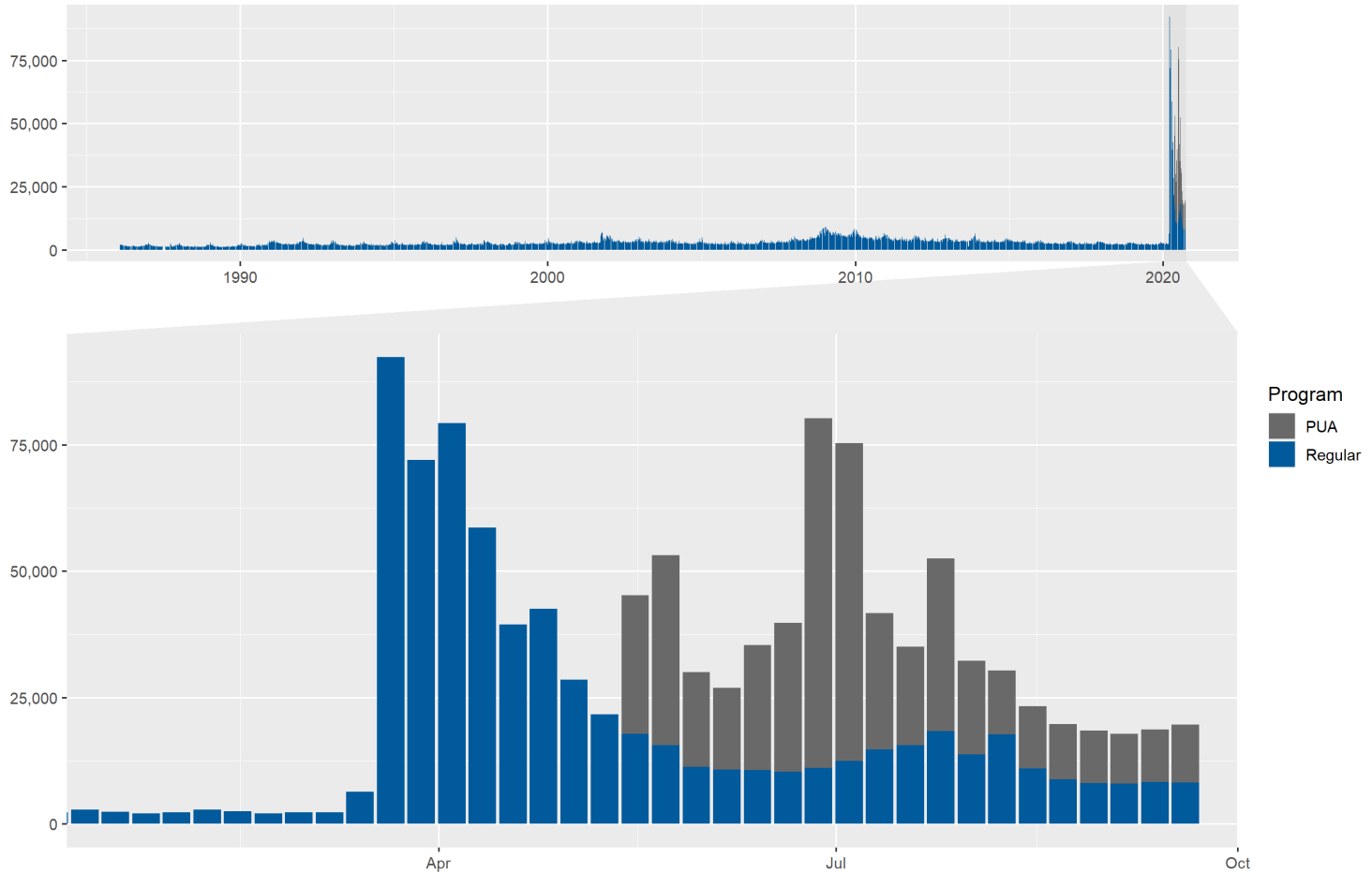
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Research and Analysis Bureau

Unemployment Insurance Trends

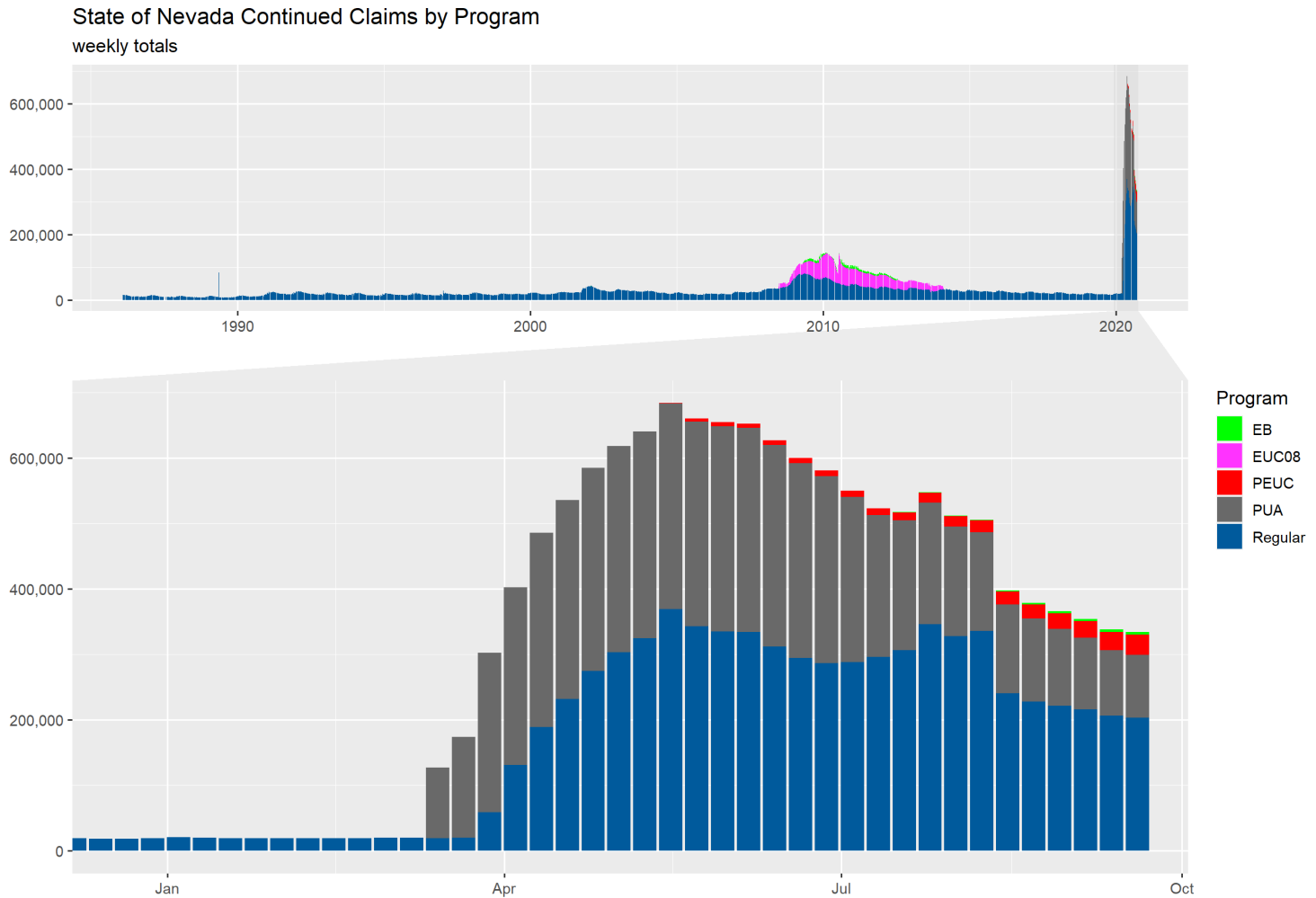
Unemployment Insurance Trends: Initial Claims

State of Nevada Initial Claims by Program
weekly totals



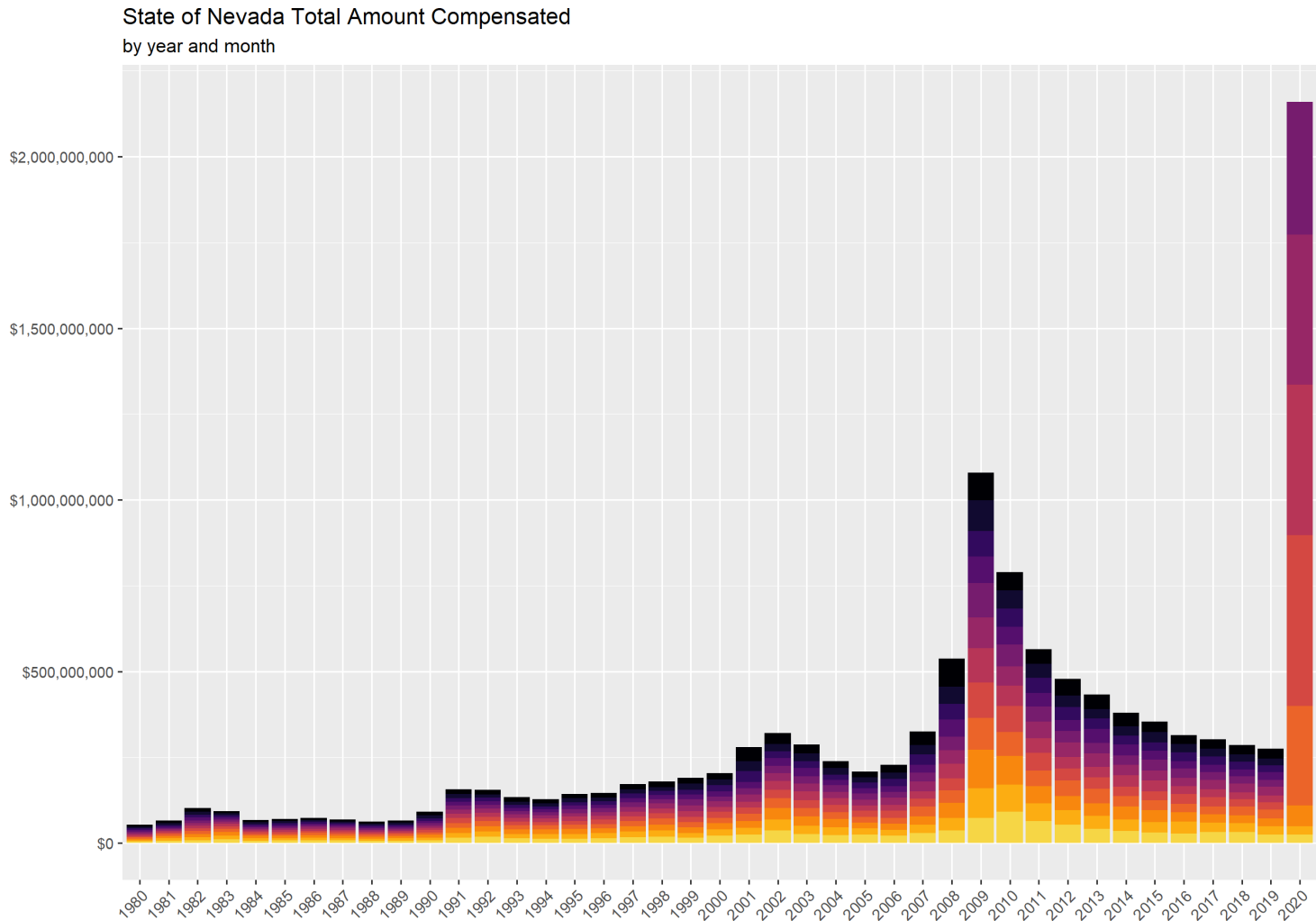
Source: ETA 539

Unemployment Insurance Trends: Continued Claims



Source: ETA 539

Unemployment Insurance Trends: Regular Benefit Payments



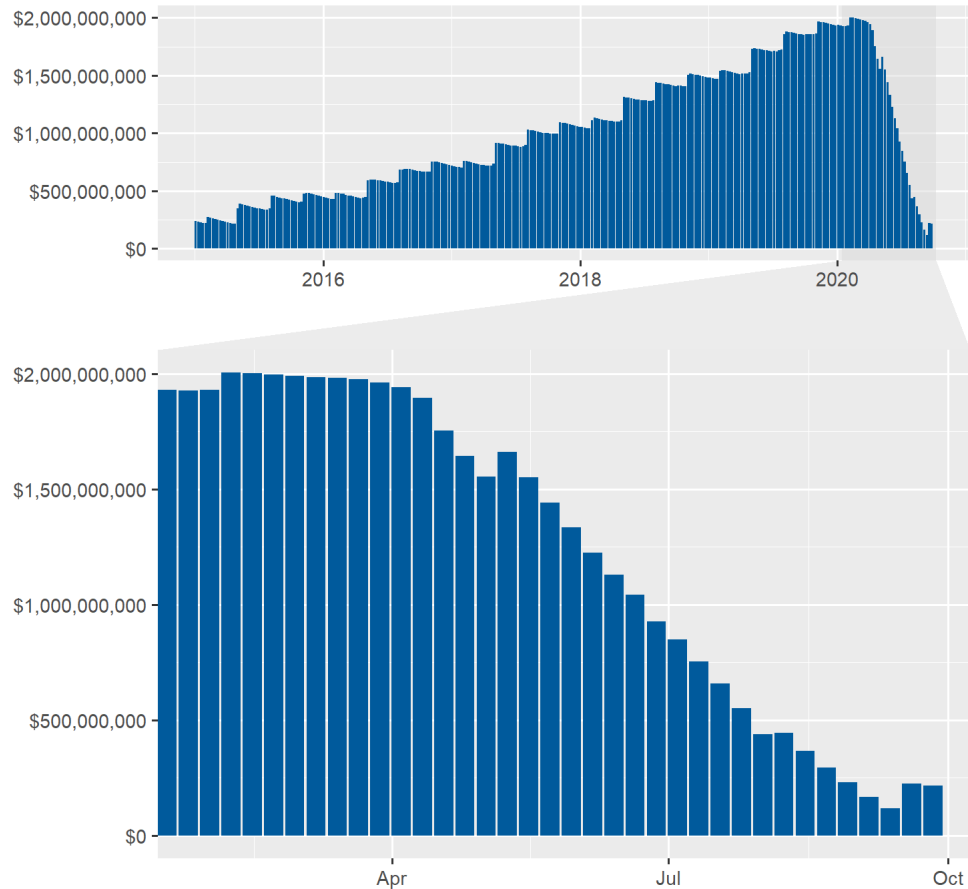
Unemployment Insurance Trends: Trust Fund Balance

Nevada's Fund briefly held a balance of over \$2 billion.

\$100+ million in weekly payments for much of the six months.

Recent balance increases related to draw corrections and use of federal waiting week funds.

Unemployment Insurance Trust Fund Balance
week ending balance



2021 Forecast

2021 Forecast: Looking Back

Recession scenarios presented in October 2019.

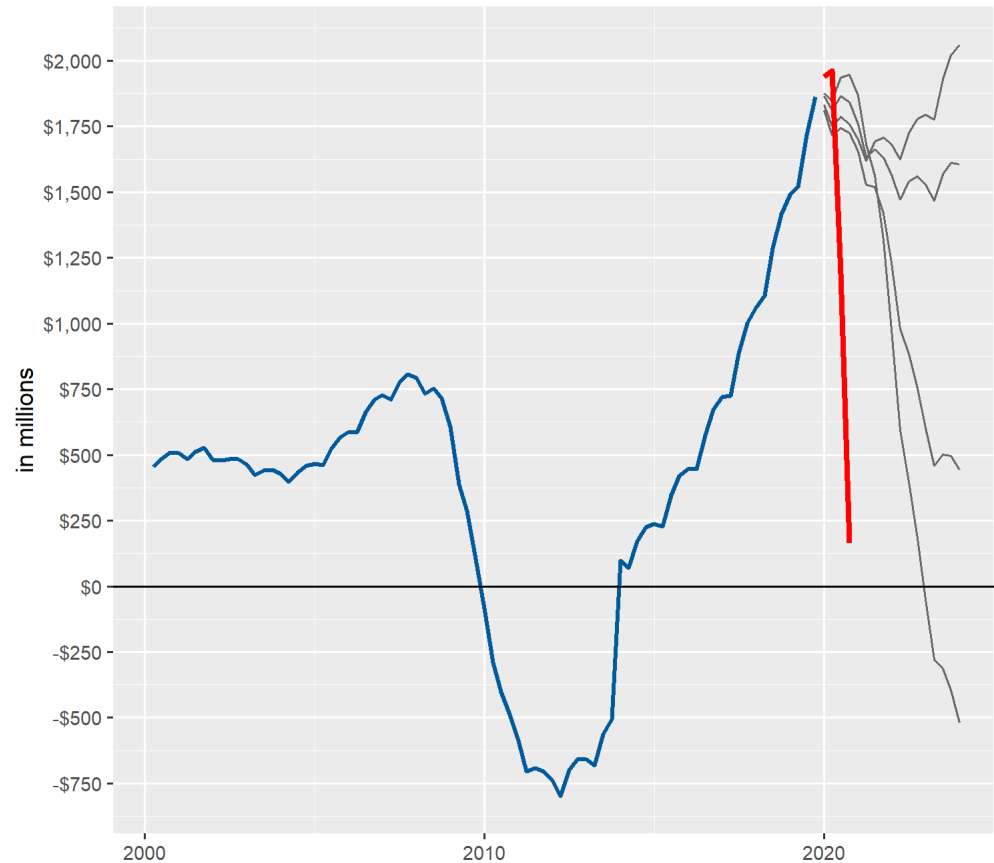
Nothing in state history comes remotely close to the pressure put on Nevada's Trust Fund over the last 7 months.

Nevada's reserve building over the last 5 years has allowed the state to get this far into the pandemic without borrowing.

2019 Recession Scenarios vs. Covid-19 Recession (So Far)

estimated Trust Fund quarter-ending balance

*grey lines represent 2019 estimate had a historical recession occurred



2021 Forecast: Historical Solvency Review

	2015	2016	2017	2018	2019	2020
NRS 612.550 Nevada Solvency Calculation	Actual	Actual	Actual	Actual	Actual	Preliminary
Covered Employment	1,051,719	1,087,749	1,125,334	1,168,816	1,211,812	1,239,160
Highest Risk Ratio	18.98%	18.98%	18.98%	18.98%	18.98%	16.84%
Highest Weeks Duration	19.12	19.12	19.12	19.12	18.42	16.21
Average Weekly Payment	\$318.88	\$326.32	\$335.91	\$347.25	\$360.54	\$355.22
Solvency Target (Millions)	\$1,217.0	\$1,288.1	\$1,371.7	\$1,472.9	\$1,527.7	\$1,201.2
Beginning Fund Balance (Millions)	\$225.5	\$419.3	\$672.9	\$1,000.8	\$1,415.8	\$1,863.9
Intake to Fund	535.9	571.3	613.7	690.5	712.5	679.6
Taxes	528.8	559.5	595.4	647.2	674.0	646.6
Bond Related	0.0	0.0	0.0	16.3	0.0	0.0
Interest	7.1	11.7	18.3	27.0	38.6	33.0
Payout From Fund	350.3	315.0	294.2	281.8	268.7	2,273.3
Regular Benefits	350.3	315.0	294.2	281.8	268.7	2,273.3
Net Change in Fund	193.8	253.6	327.9	415.0	448.1	(1699.0)
Ending Fund Balance (Millions)	\$419.3	\$672.9	\$1,000.8	\$1,415.8	\$1,863.9	\$164.9
State Solvency Excess/Gap (Millions)	(797.7)	(615.2)	(370.9)	(57.1)	336.2	(1,036.3)
State Multiple	0.34	0.52	0.73	0.96	1.34	0.05
Average High Cost Multiple	0.43	0.64	0.91	1.20	1.48	0.12
Average Tax Rate	2.00%	1.95%	1.95%	1.95%	1.85%	1.65%
Average Bond Assessment	0.56%	0.62%	0.63%	-	-	-
CEP Rate	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Total Cost to Employers	2.61%	2.62%	2.63%	2.00%	1.90%	1.70%
Average Cost per Employee at Max Taxable Wage (excl FUTA & Interest)	\$725.58	\$738.84	\$775.85	\$610.00	\$592.80	\$552.50

2021 Forecast: 2021 Tax Rate Estimate

	2021
NRS 612.550 Nevada Solvency Calculation	Estimate
Covered Employment	1,048,949
Highest Risk Ratio	38.08%
Highest Weeks Duration	24.5
Average Weekly Payment	\$391.10
Solvency Target (Millions)	\$3,827.1
Beginning Fund Balance (Millions)	\$164.9
Intake to Fund	561.4
Taxes	561.4
Interest	0.0
Payout From Fund	1,178.9
Regular Benefits	1,178.9
Net Change in Fund	(617.5)
Ending Fund Balance (Millions)	(\$452.6)
State Solvency Excess/Gap (Millions)	(4,276.6)
State Multiple	-1.12
AHCM Solvency Excess/Gap (Millions)	(1,660.8)
Average High Cost Multiple	-0.35
Average Tax Rate	1.65%
CEP Rate	0.05%
Total Cost to Employers	1.70%
Average Cost per Employee at Max Taxable Wage (excl FUTA & Interest)	\$567.80

For Additional Information, Please Contact:

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Credits

Special thanks to all the R and RStudio developers that built the packages to make this possible!

Packages used in this report:

xaringan, xaringantheme, tidyverse, lubridate, rmarkdown, viridis, scales,
data.table, RcppRoll, knitr, patchwork, ggforce, ggthemes, and gt