



Trust Fund Review and 2022 Rate Projections

Employment Security Council

October 4, 2021

Department of Employment, Training, & Rehabilitation

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Prepared by the Research and Analysis Bureau

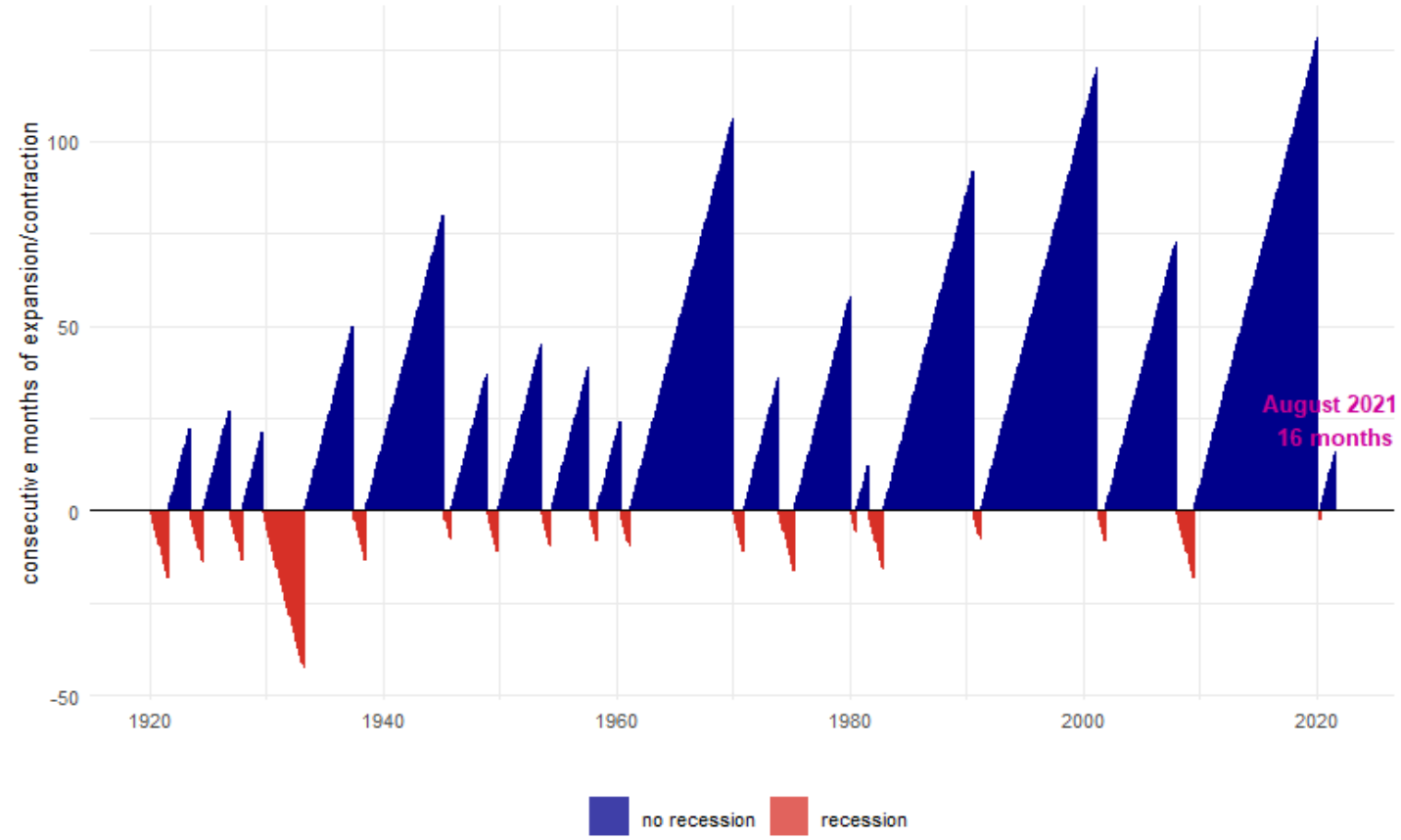
Agenda

- National Perspective and Outlook
- Nevada Unemployment Insurance Trends
- Federal Benefit Programs
- Nevada's Unemployment Insurance Trust Fund
- 2022 Rate Discussion & Tax Rate Forecasts

National Perspective: Economic Expansion on the Rebound

U.S. Economic Expansions & Contractions

consecutive months of expansion/contraction

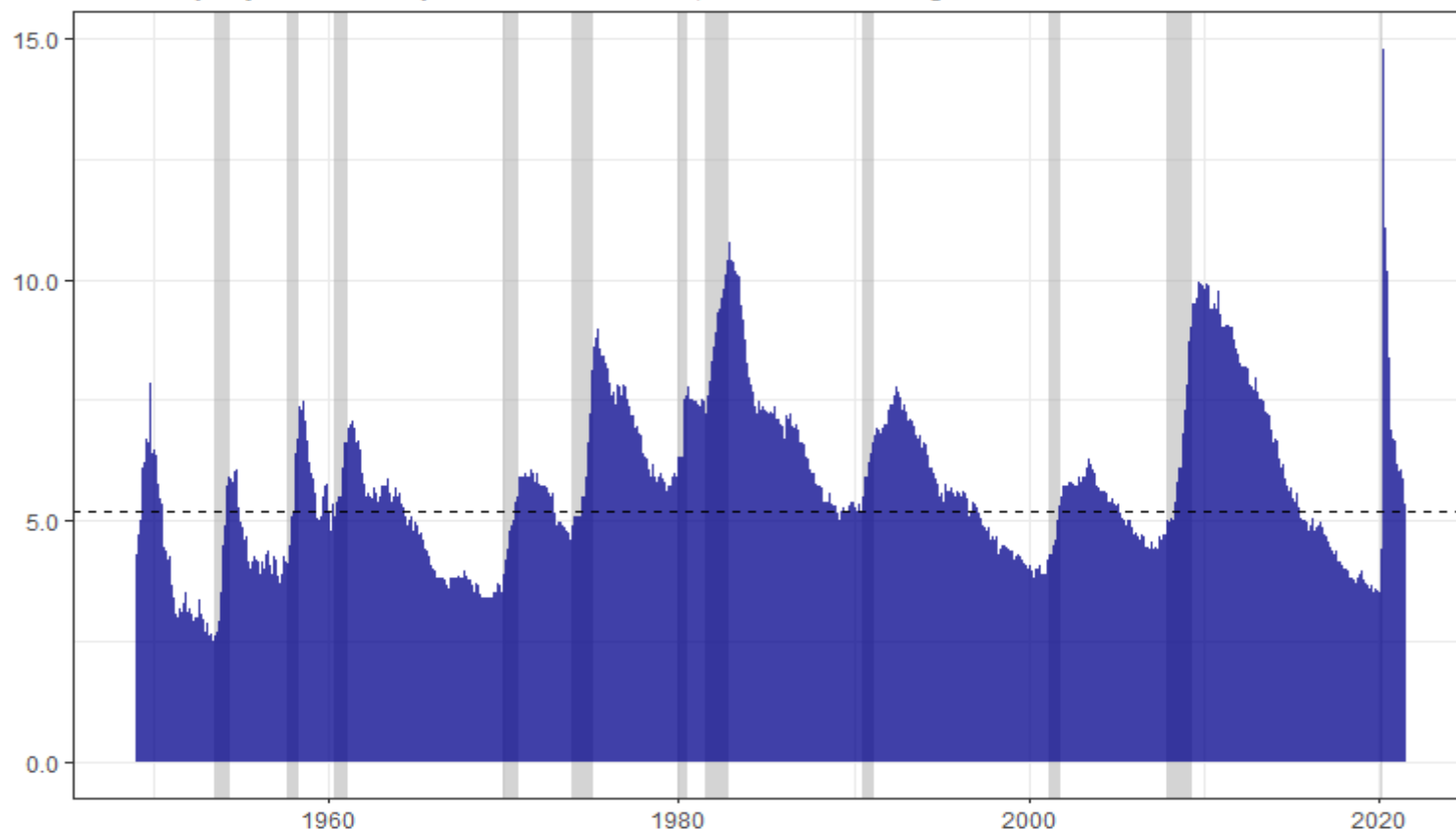


Source: National Bureau of Economic Research Recession Dates

National Perspective: Unemployment Rate Improving

U.S. Unemployment Rate

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



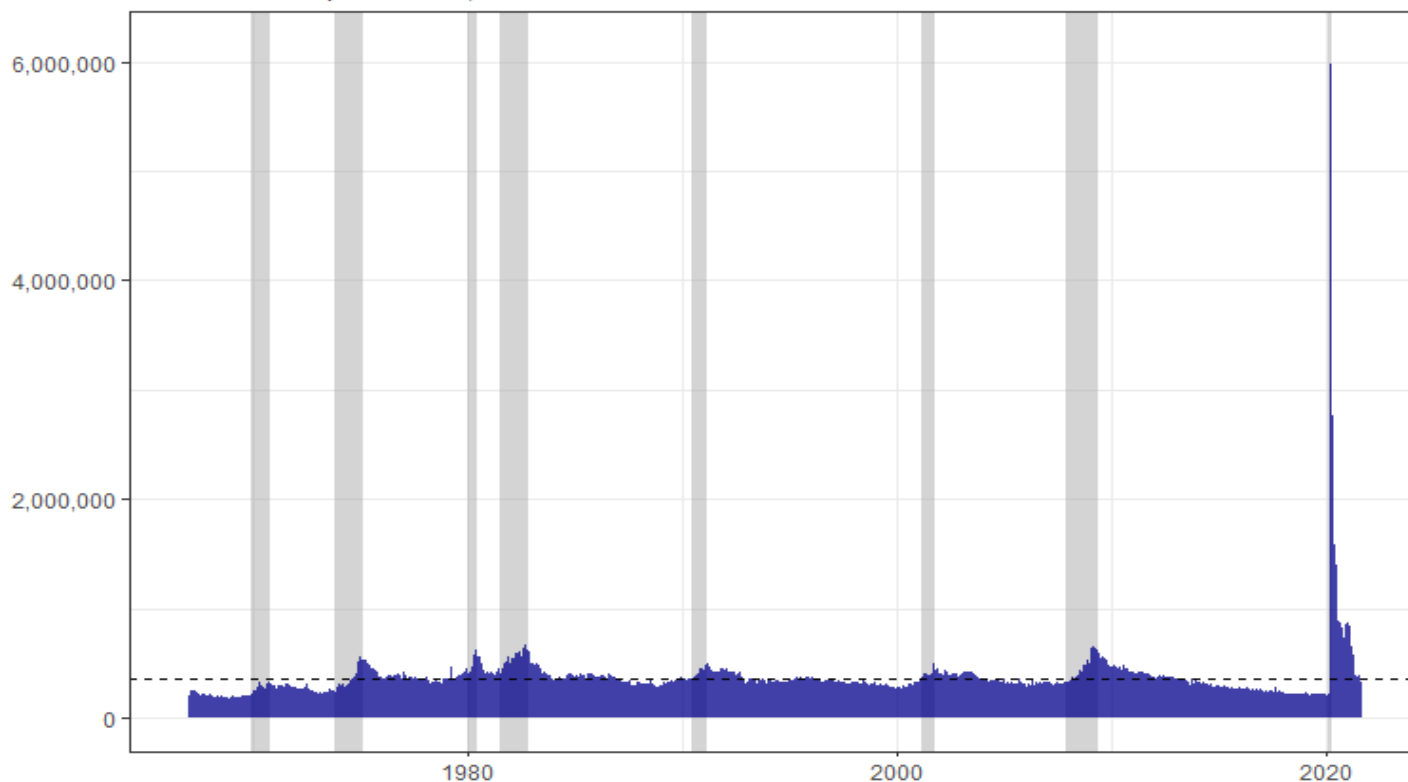
Source: Bureau of Labor Statistics

National Perspective:

UI Claims Headed towards Pre-pandemic Levels

U.S. Weekly Initial Claims for Unemployment Insurance

dotted line at September 25, 2021 value of 362k

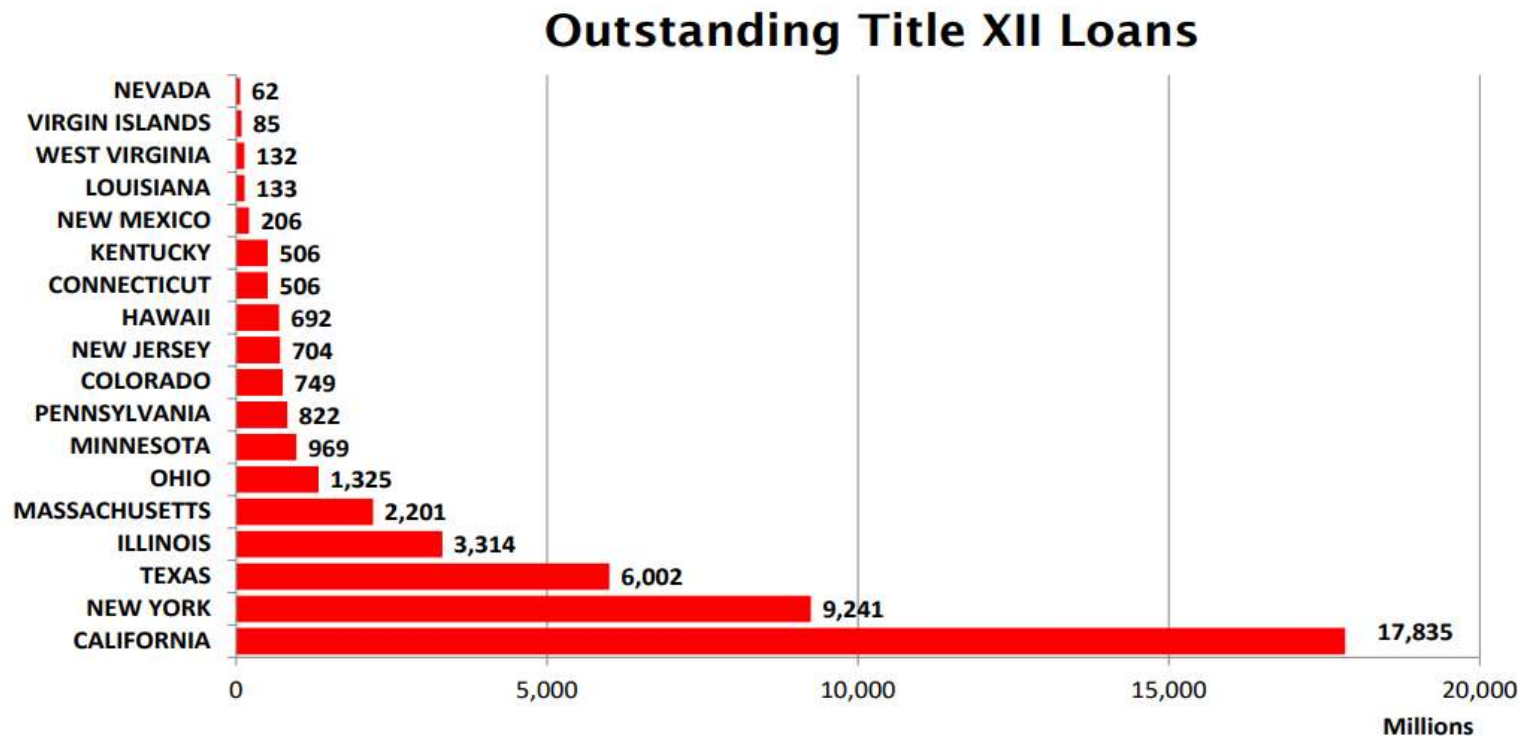


Source: Bureau of Labor Statistics

2022 Rate Discussion:

Outstanding UI Debt: By State

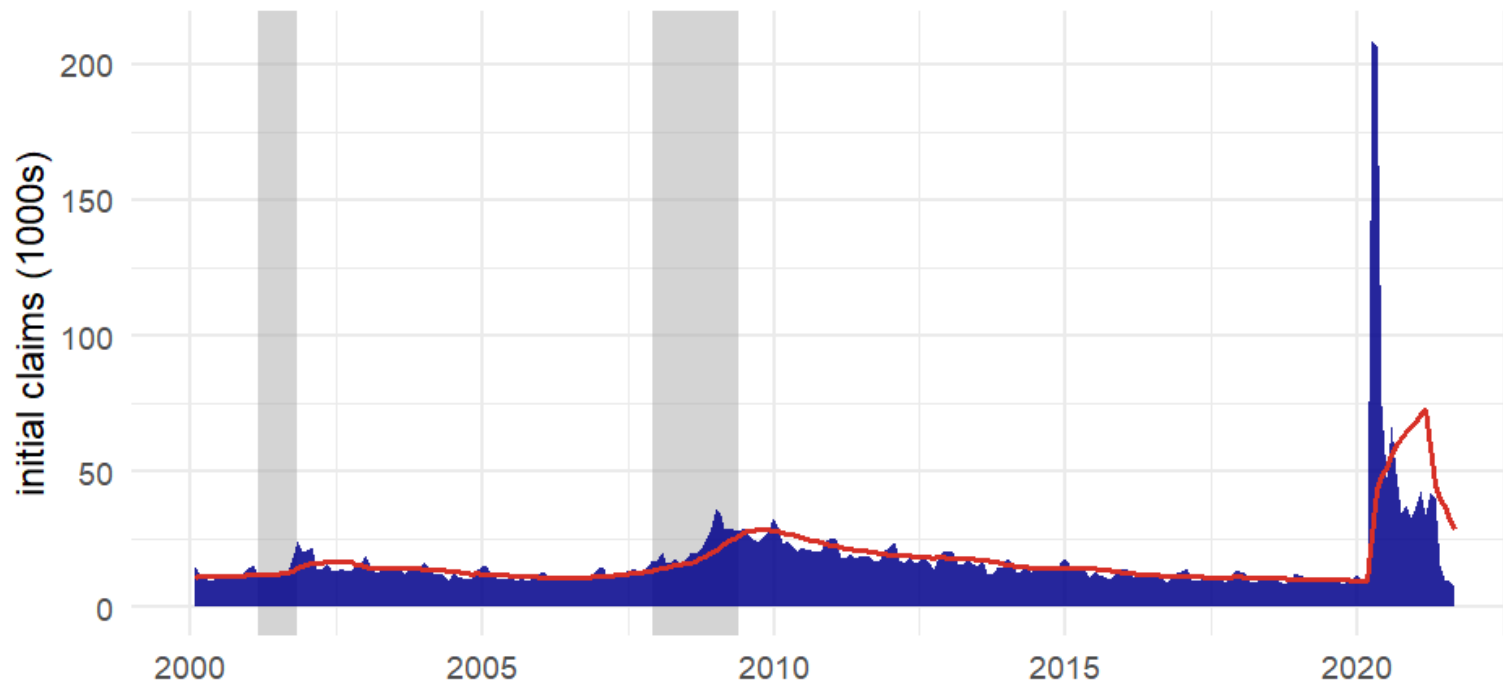
Outstanding UI Debt as of 1/1/2021 (\$Millions)



Nevada UI Trends: Initial Claims Averaging 10k Last 3 Months

State of Nevada Unemployment Insurance Initial Claims

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

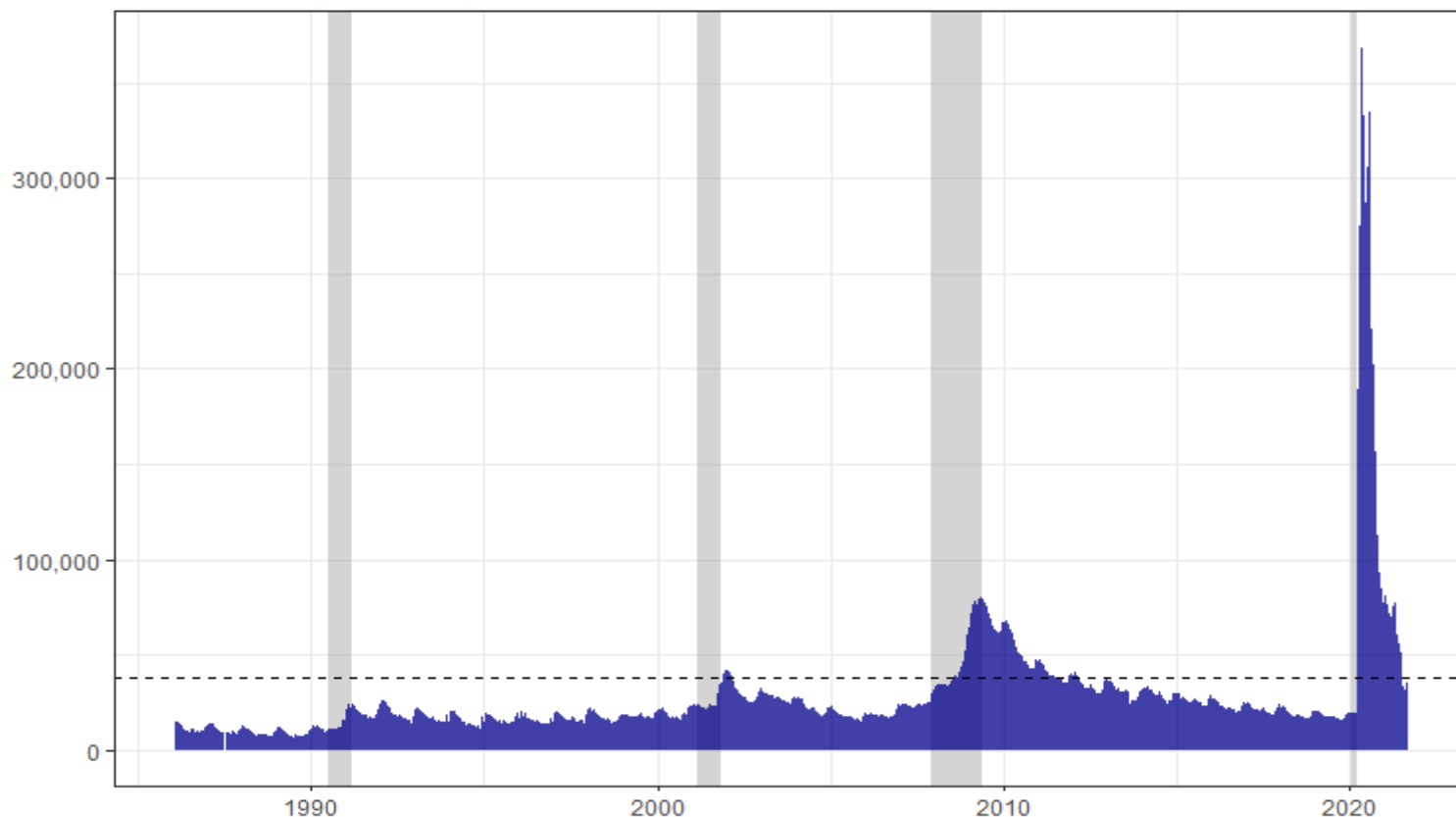


Source: ETA 5159

Nevada Continued Claims: Historical Trends

Nevada Continued Claims for Unemployment Insurance

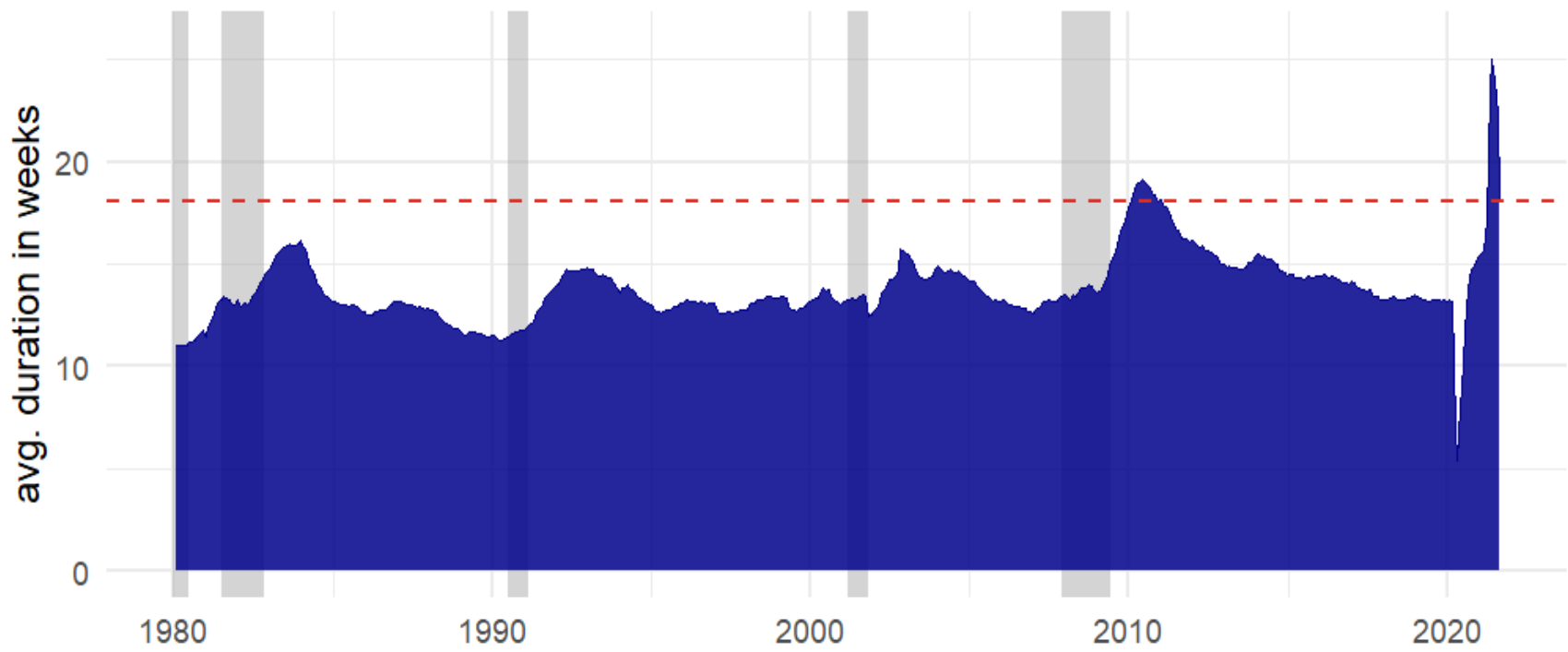
dotted line at September 11, 2021 value of 38k



Source: U.S. Department of Labor

Nevada UI Trends: Average Duration of Benefits Improving

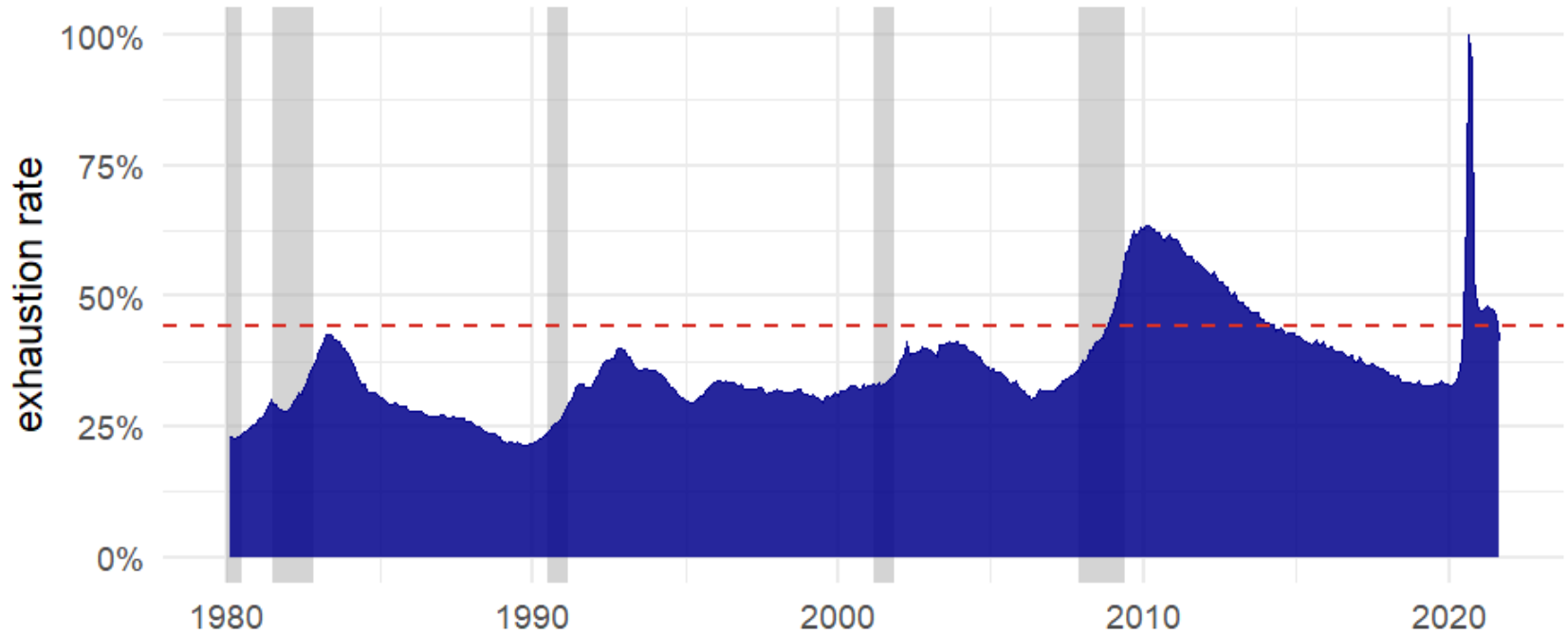
State of Nevada Unemployment Insurance Average Benefit Duration
by month, dashed line represents August 2021 level



Source: ETA 5159

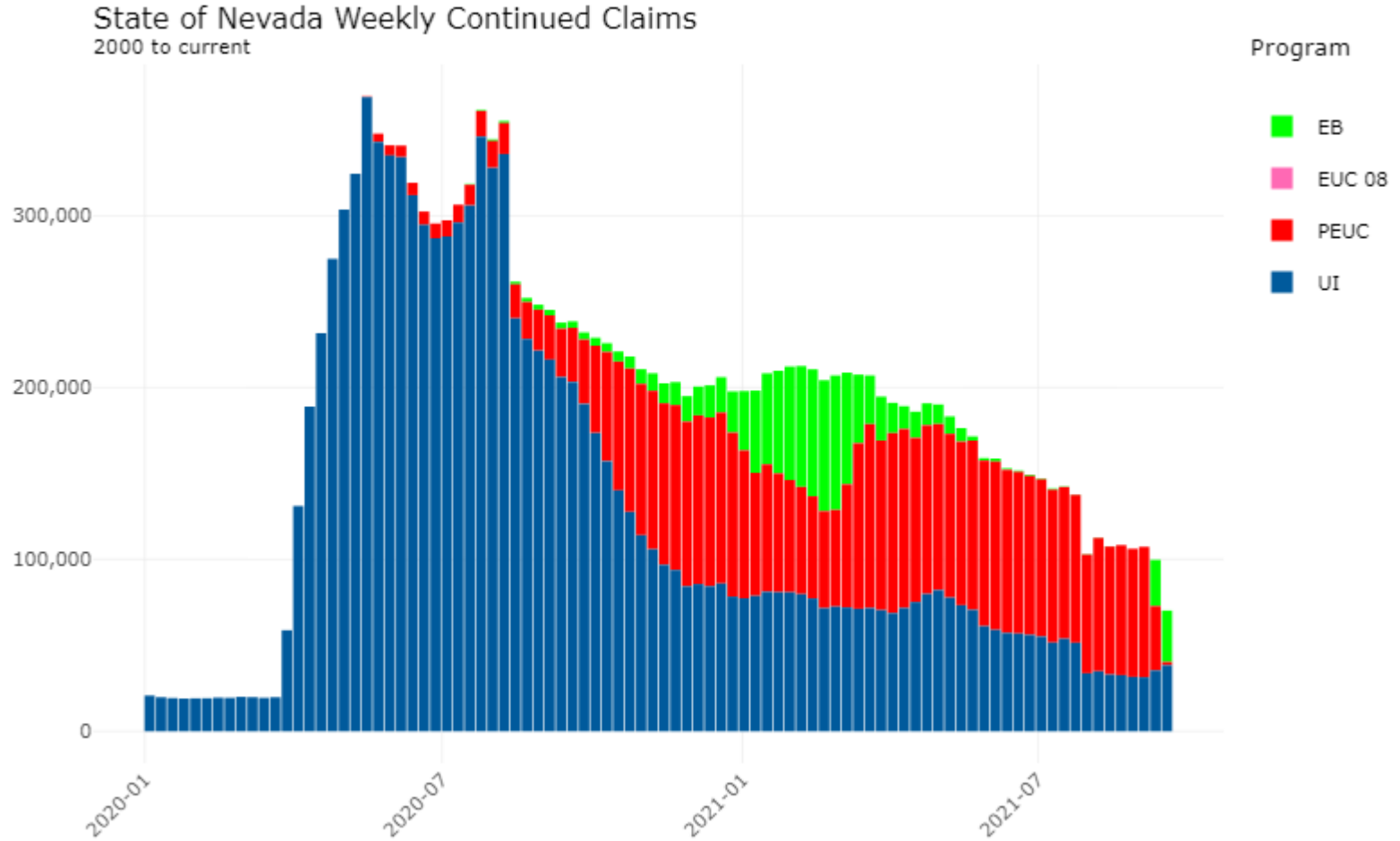
Nevada UI Trends: Exhaustion Rate Improving

State of Nevada Unemployment Insurance Exhaustion Rate by month, dashed line represents August 2021 rate



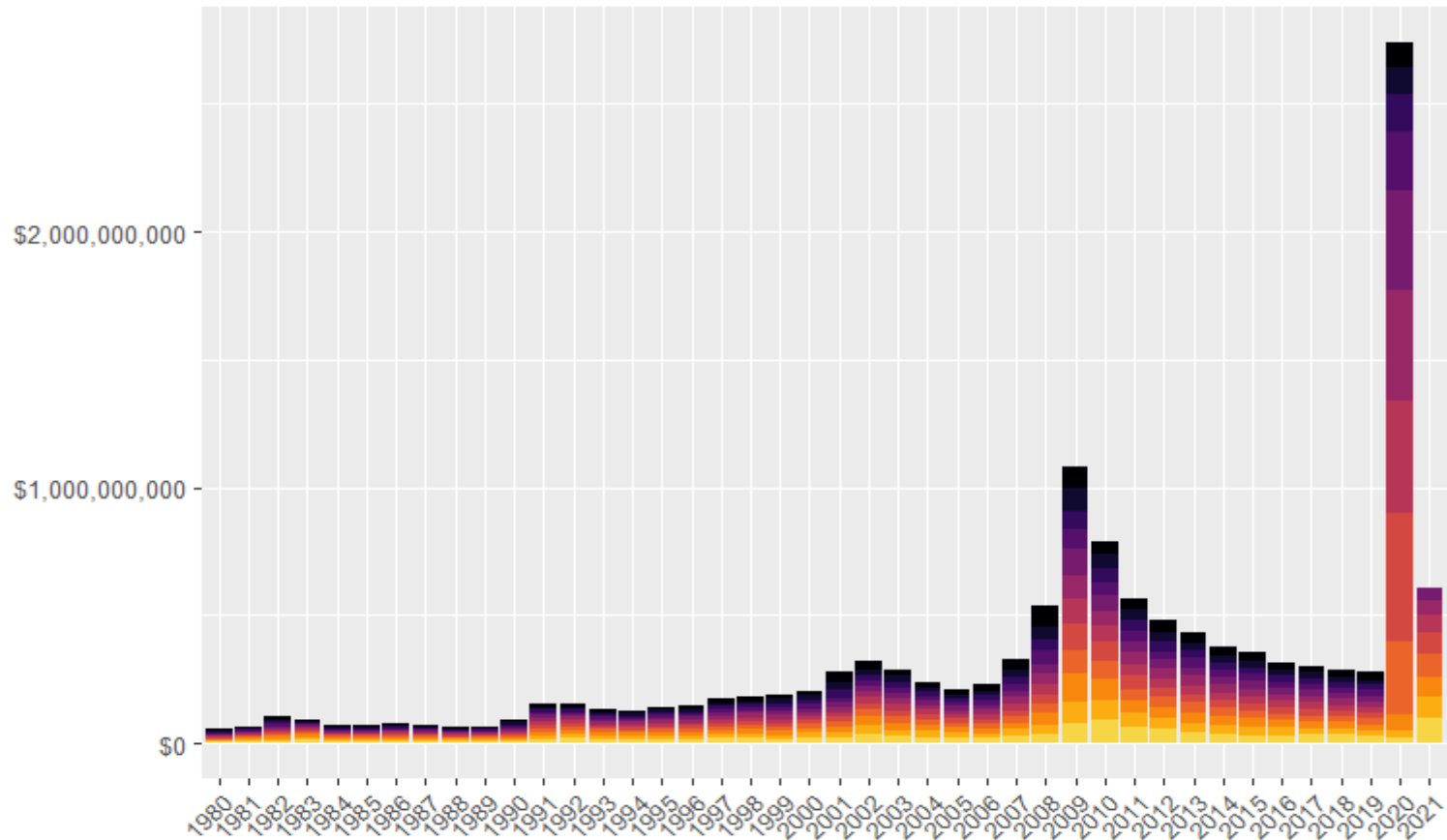
Source: ETA 5159

All UI Programs Pandemic: Continued Claims 2020 to Current



Amount Compensated: History of Regular Program

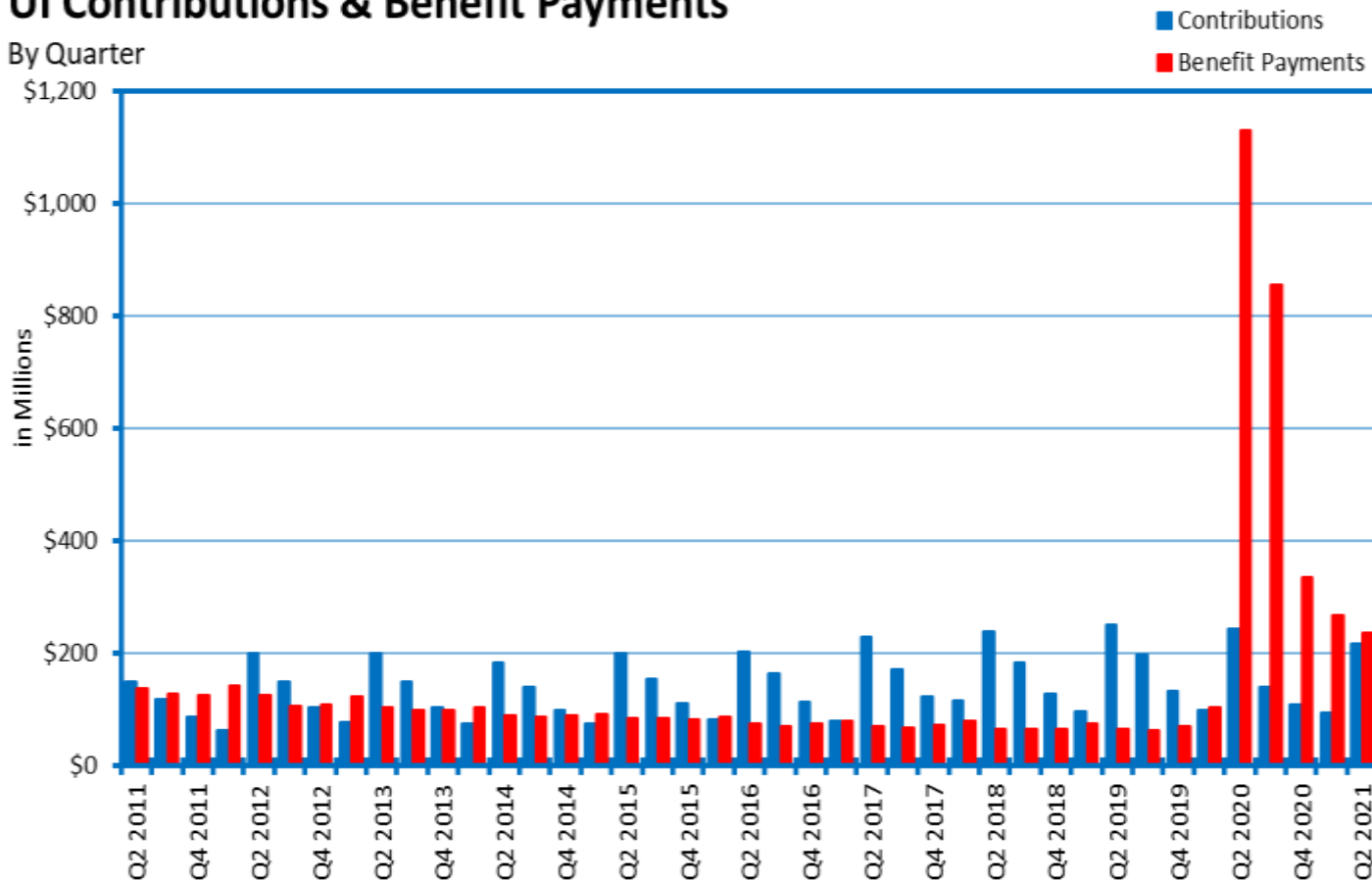
State of Nevada Total Amount Compensated
by year



Nevada's Trust Fund: Benefits Exceed Contributions in 2021

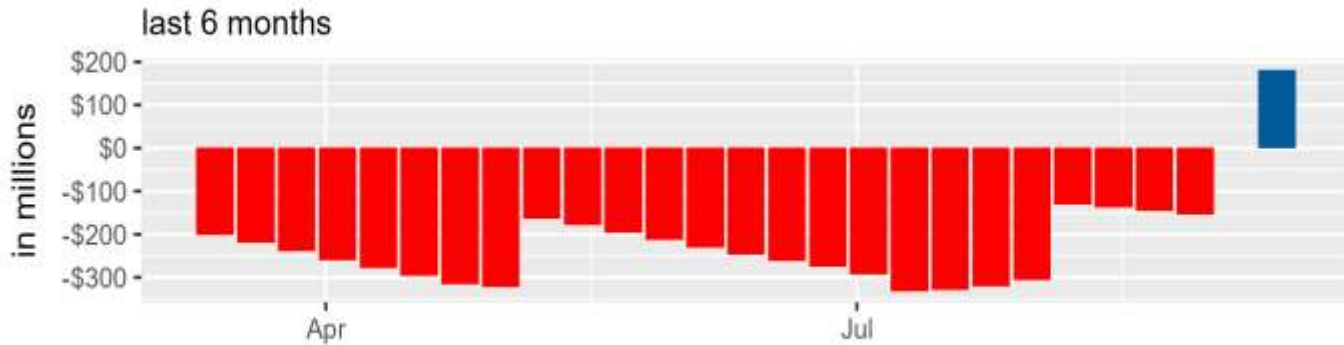
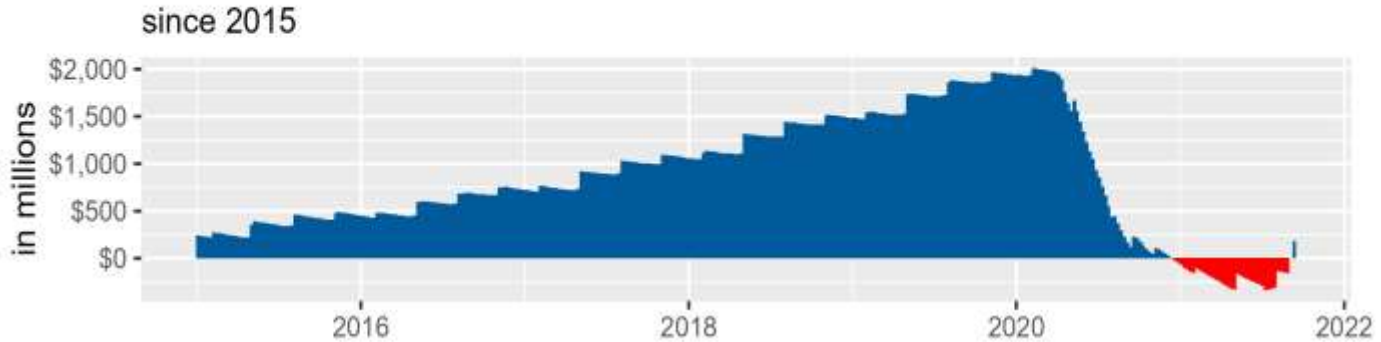
UI Contributions & Benefit Payments

By Quarter



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

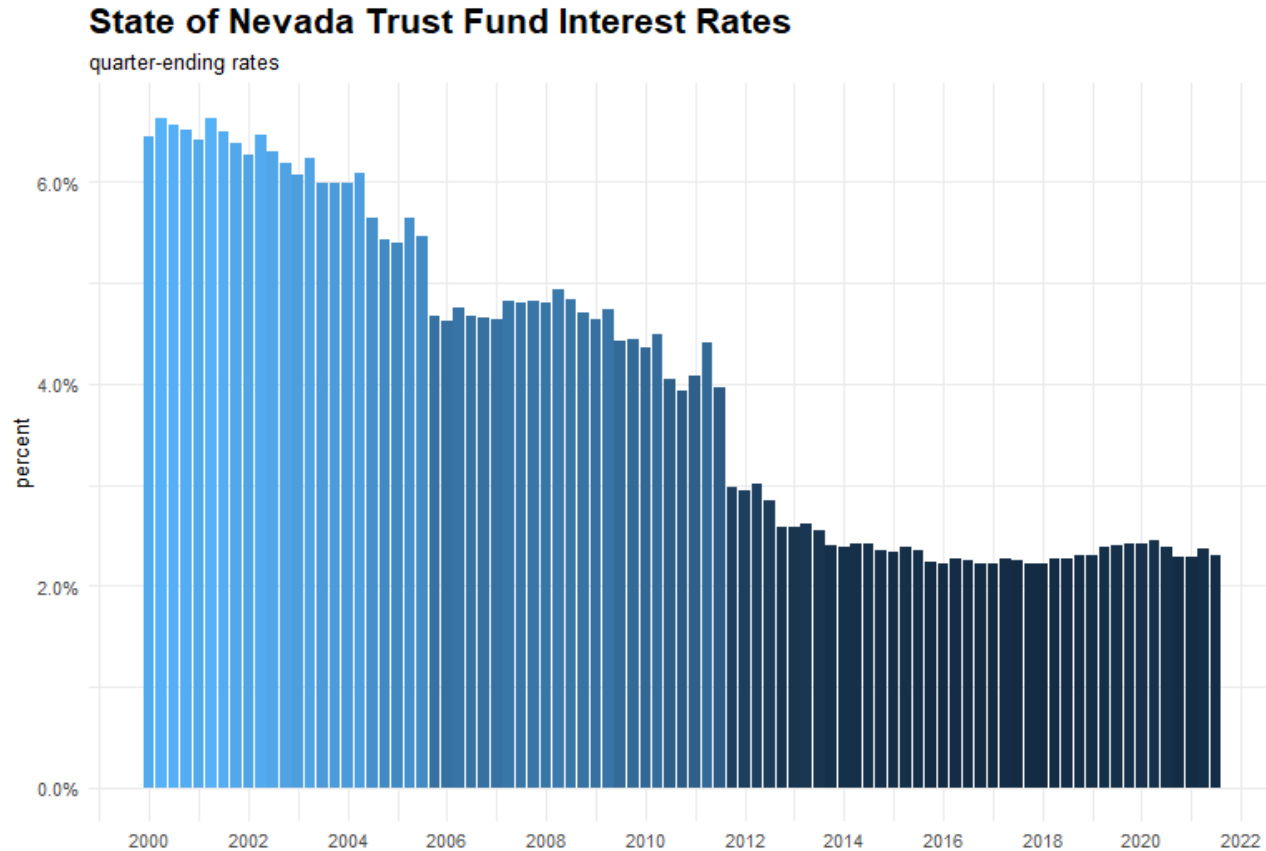
UI Trust Fund Balance
week ending balance; net borrowing



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

Nevada's Trust Fund : Historical Interest Rates



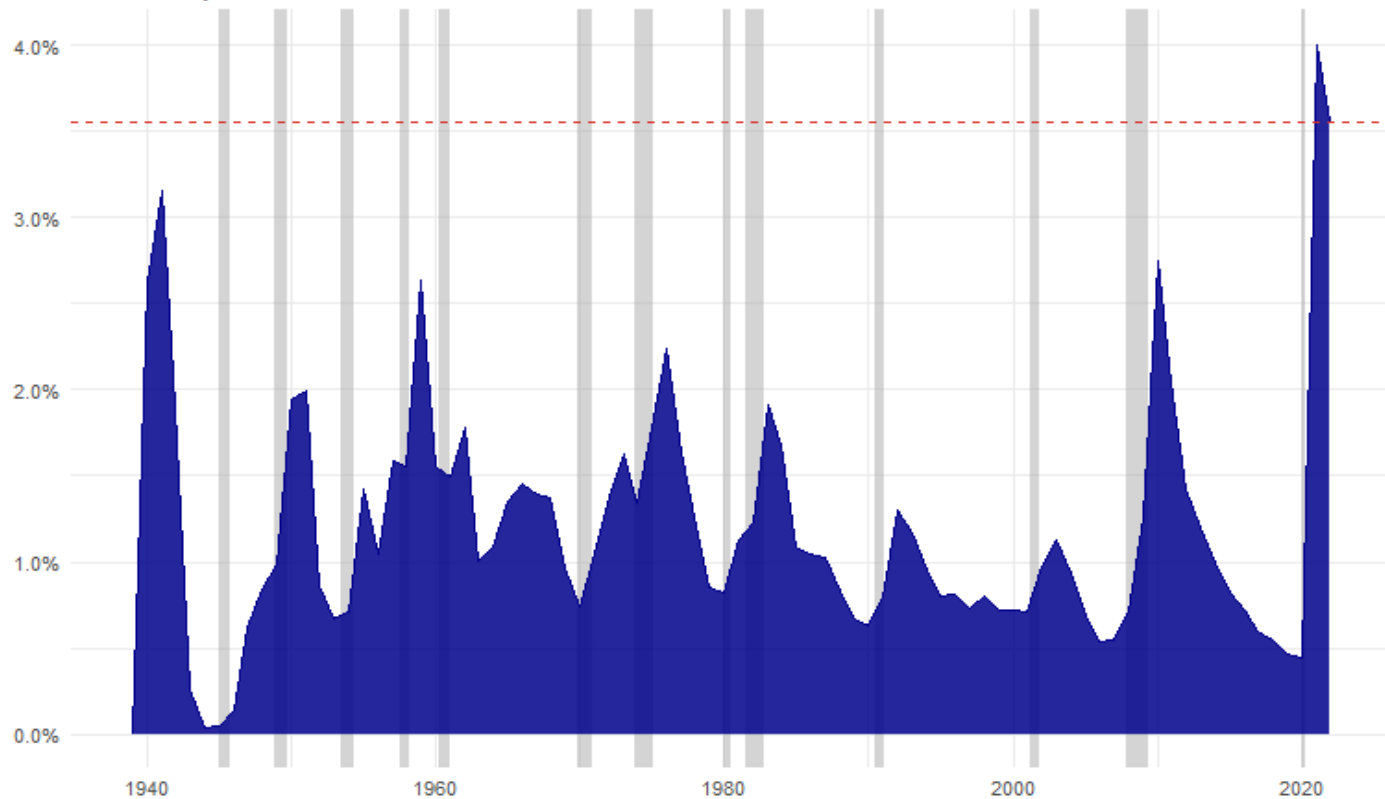
Source: Treasury Direct

2022 Rate Discussion: Historical Solvency Review

Nevada Solvency Calculation	Actual	Actual	Actual	Actual	Actual	Preliminary
NRS 612.550	2016	2017	2018	2019	2020	2021
Covered Employment	1,087,749	1,125,334	1,168,816	1,211,812	1,238,481	1,101,630
Highest Risk Ratio	18.98%	18.98%	18.98%	18.98%	16.84%	42.81%
Highest Weeks Duration	19.12	19.12	19.12	18.42	16.21	25.02
Average Weekly Payment	\$326.32	\$335.91	\$347.25	\$360.54	\$355.52	\$379.09
Solvency Target (Millions)	\$1,288.1	\$1,371.7	\$1,472.9	\$1,527.7	\$1,201.6	\$4,473.7
Beginning Fund Balance (Millions)	\$419.3	\$672.9	\$1,000.8	\$1,415.8	\$1,863.9	\$175.2
Intake to Fund	571.3	613.7	690.5	712.5	617.9	637.2
Taxes	559.5	595.4	647.2	674.0	617.9	637.2
Bond Related	0.0	0.0	16.3	0.0	0.0	0.0
Interest	11.7	18.3	27.0	38.6	0.0	0.0
Payout From Fund	315.0	294.2	281.8	268.7	2161.1	941.8
Regular Benefits	315.0	294.2	281.8	268.7	2161.1	941.8
Net Change in Fund	253.6	327.9	415.0	448.1	(1688.7)	(3.4)
Ending Fund Balance (Millions)	\$672.9	\$1,000.8	\$1,415.8	\$1,863.9	\$175.2	\$171.9
Solvency Level (Millions)	(615.2)	(370.9)	(57.1)	336.2	(1,026.3)	(4,301.9)
Multiple	0.52	0.73	0.96	1.34	0.19	0.04
Average High Cost Multiple	0.64	0.91	1.20	1.35	0.09	0.08
Average Tax Rate	1.95%	1.95%	1.95%	1.85%	1.65%	1.65%
Average Bond Assessment	0.62%	0.63%	-----	-----	-----	-----
CEP Rate	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Total Cost to Employers	2.62%	2.63%	2.00%	1.90%	1.70%	1.70%
Average Cost per Employee at Max Taxable Wage (excl FUTA & Interest)	\$738.84	\$775.85	\$610.00	\$592.80	\$623.90	\$586.50

2022 Rate Discussion: Nevada's Current BCR is High

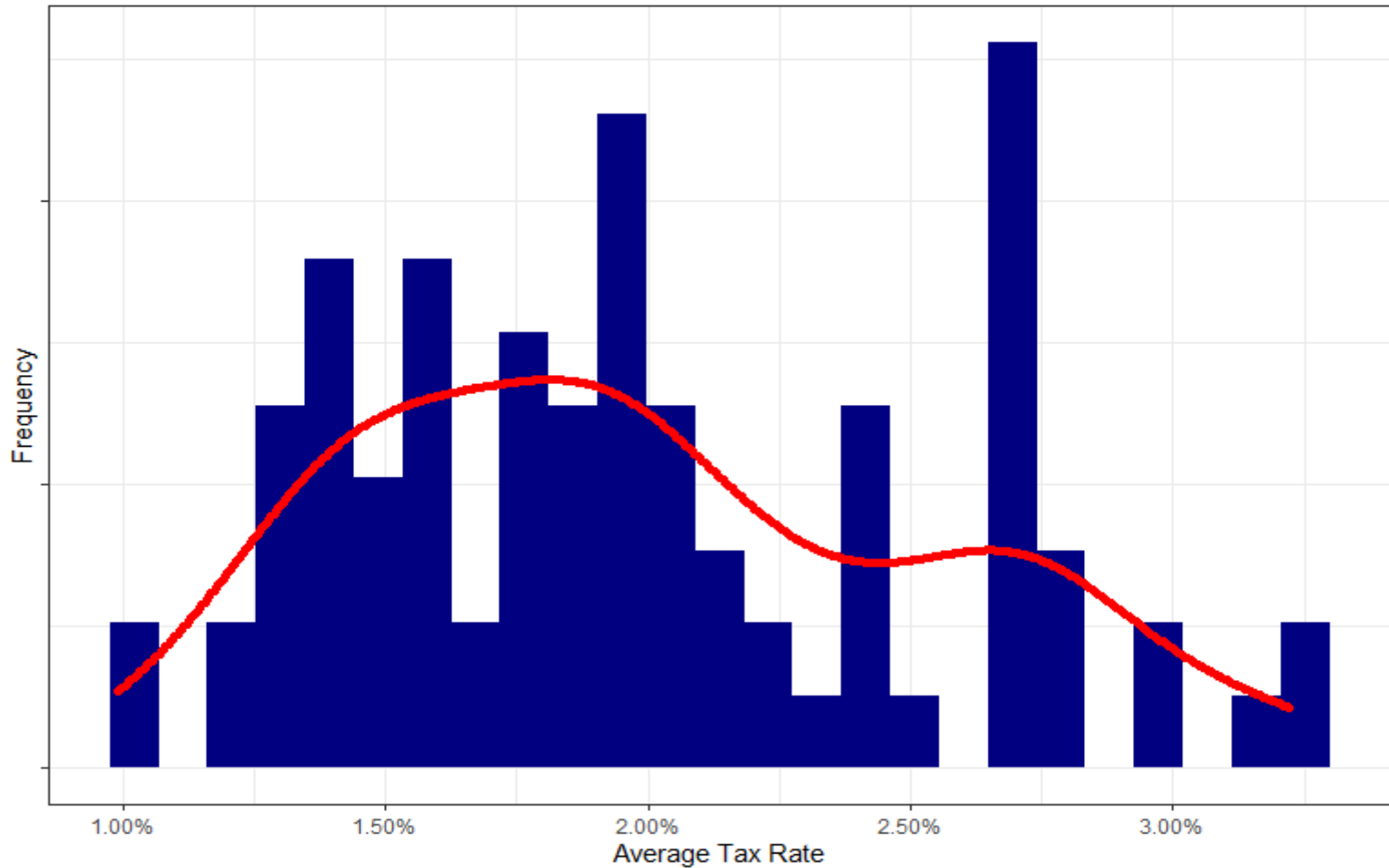
State of Nevada Unemployment Insurance Benefit Cost Rates by Year
for calendar years 1939 to 2021



Source: ETA 394
*2021 rate is through 2021Q2

2022 Rate Discussion: NV Tax Rate History on Taxable Wages

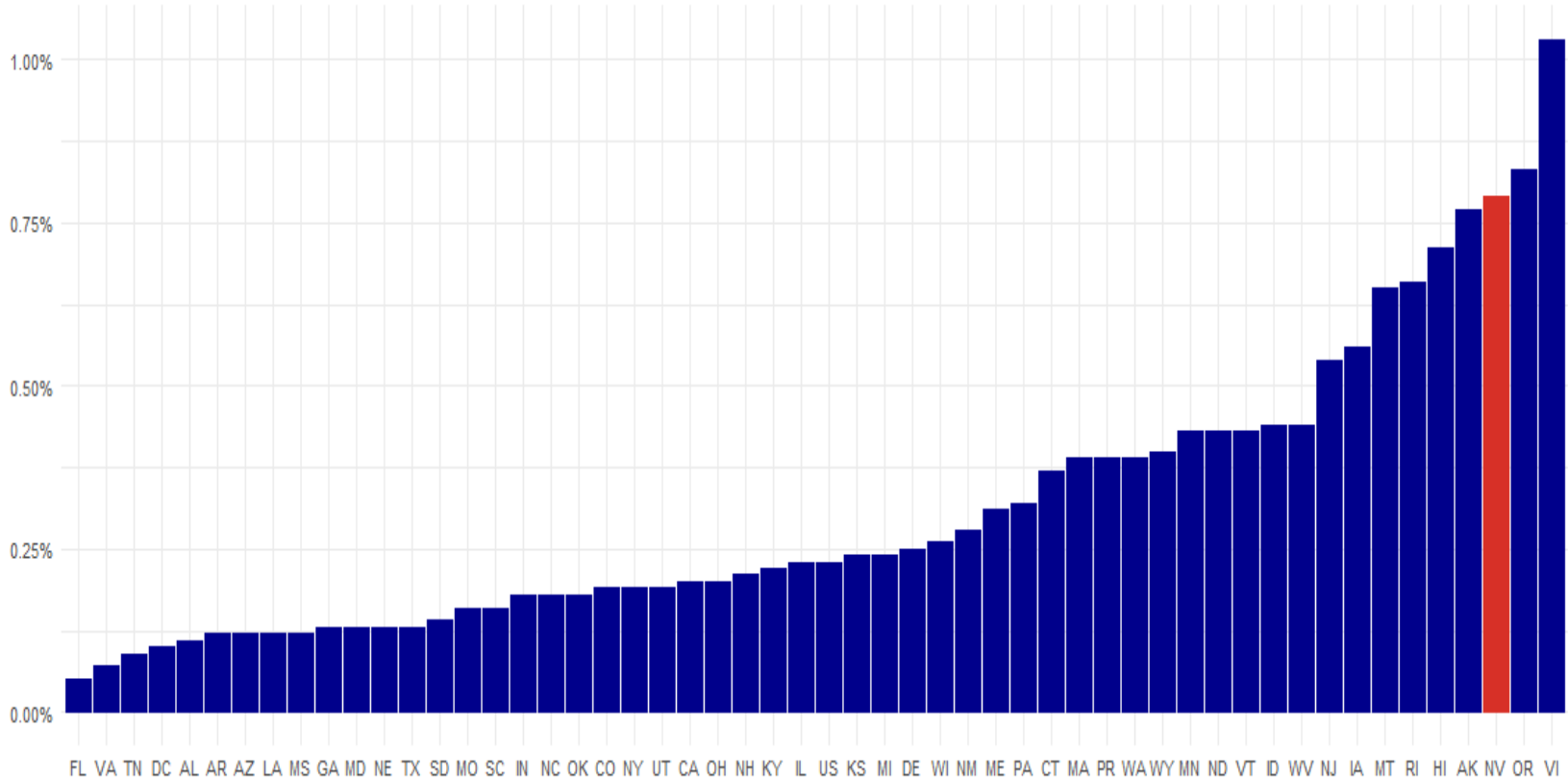
Frequency of Average UI Tax Rates



2022 Rate Discussion: NV has the 3rd Highest UI Tax Rate on Total Wages

Unemployment Insurance Average Tax Rates by State

as of end of Q1 2021



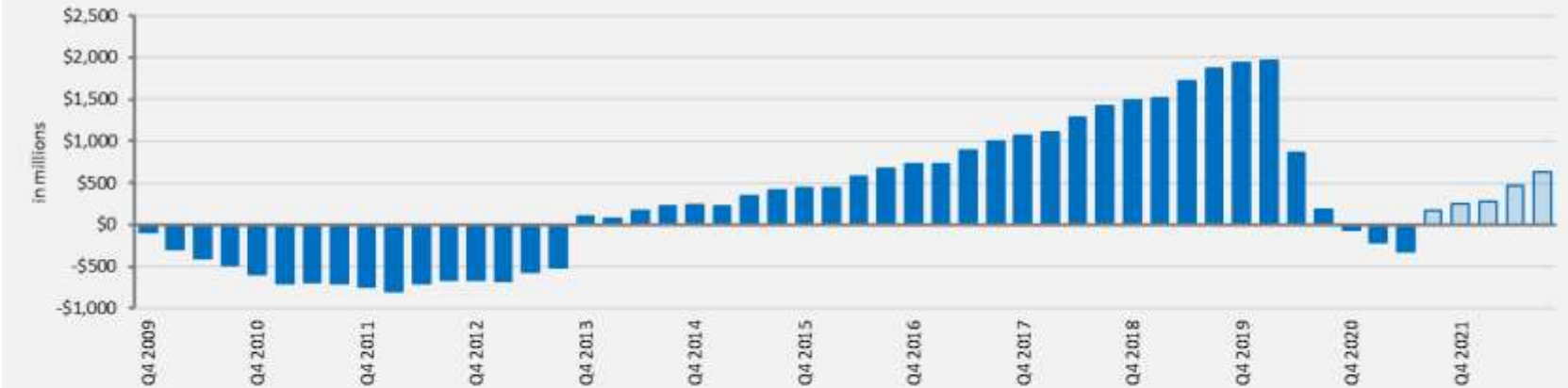
Source: ETA UI Data Summary

2022 Forecast:

Est. Trust Fund Balance through 2022 at a 1.65% Rate

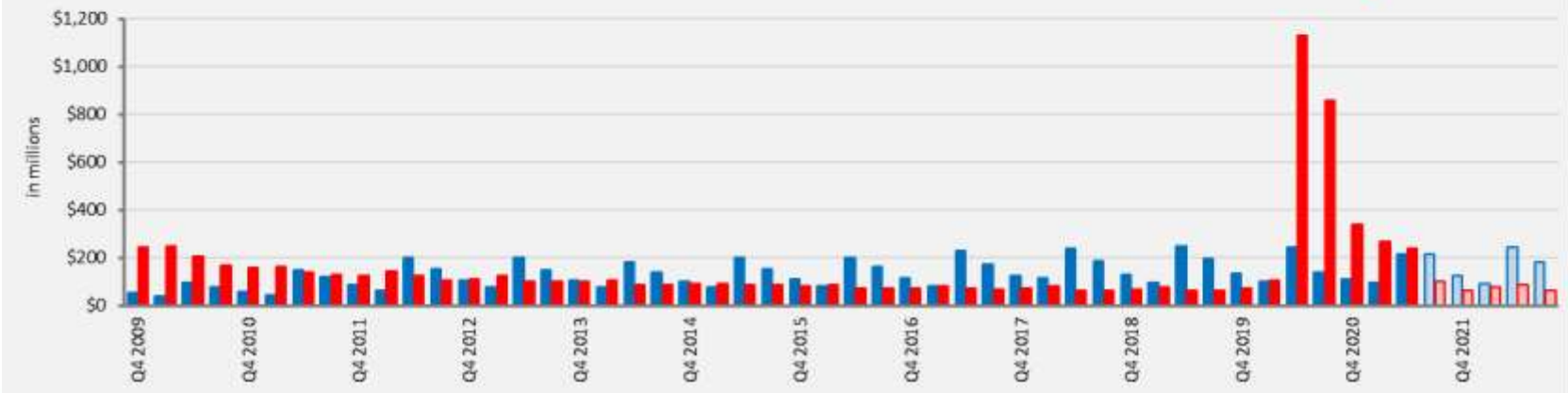
Unemployment Insurance Trust Fund Balance By Quarter

actual & estimated



Unemployment Insurance Contributions & Benefit Payments By Quarter

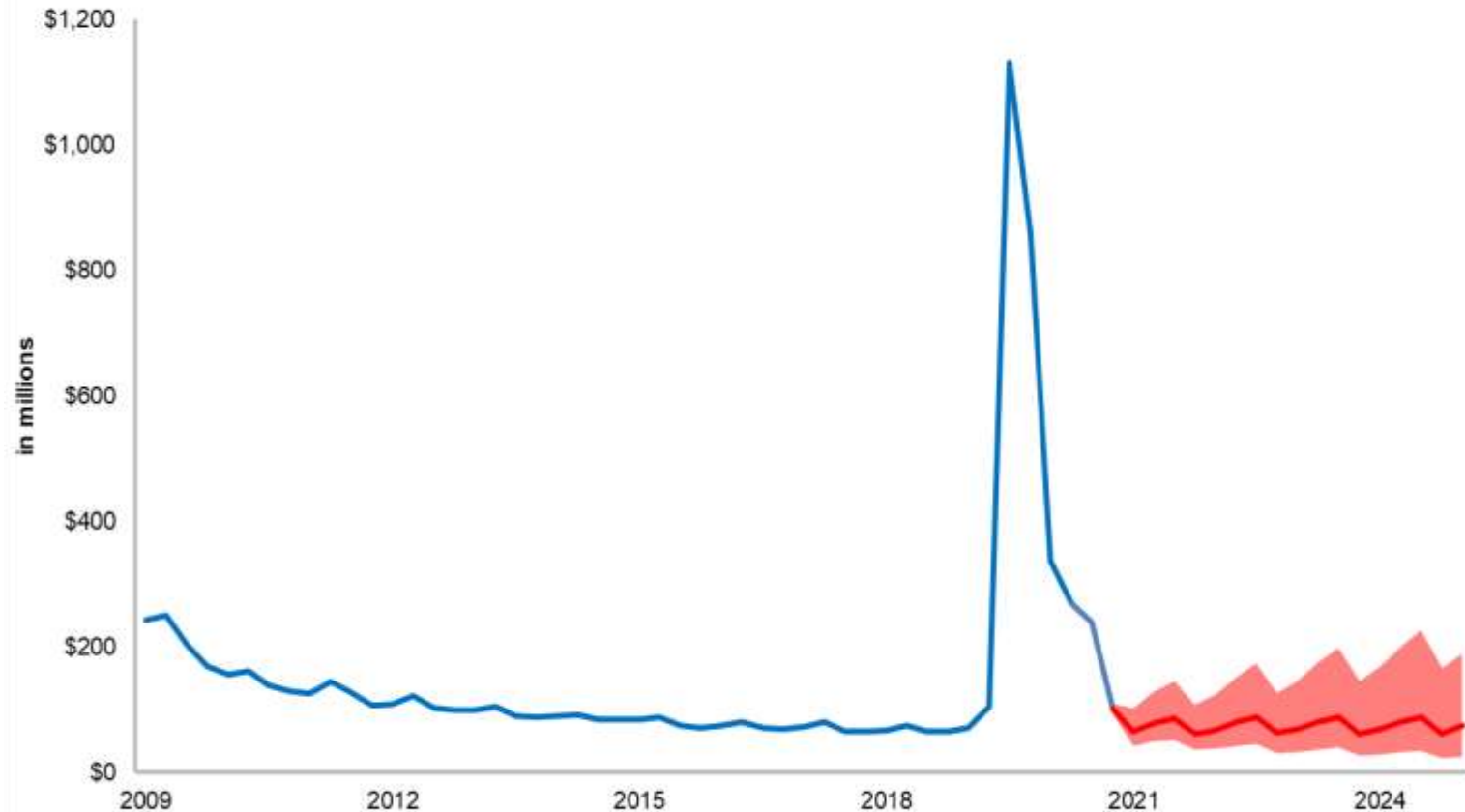
actual & estimated



2022 Forecast: Benefit Payments Expected to Remain Steady

State of Nevada UI Benefit Payments By Quarter

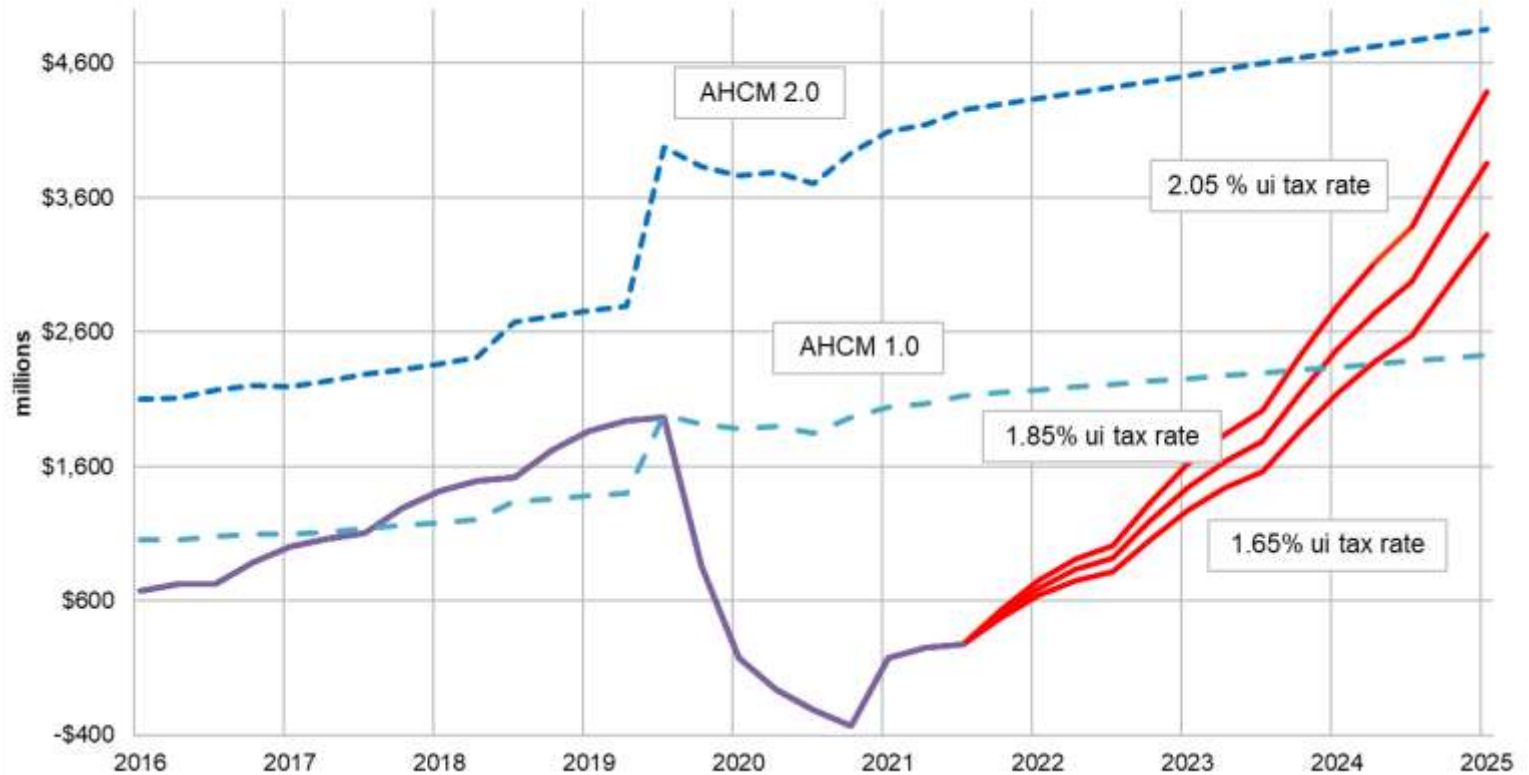
estimated periods: Q2 2021 to Q3 2024



2022 Forecast: Estimated Trust Fund Balance Over Time

UI Trust Fund Estimated Balance at Highest & Lowest Rates

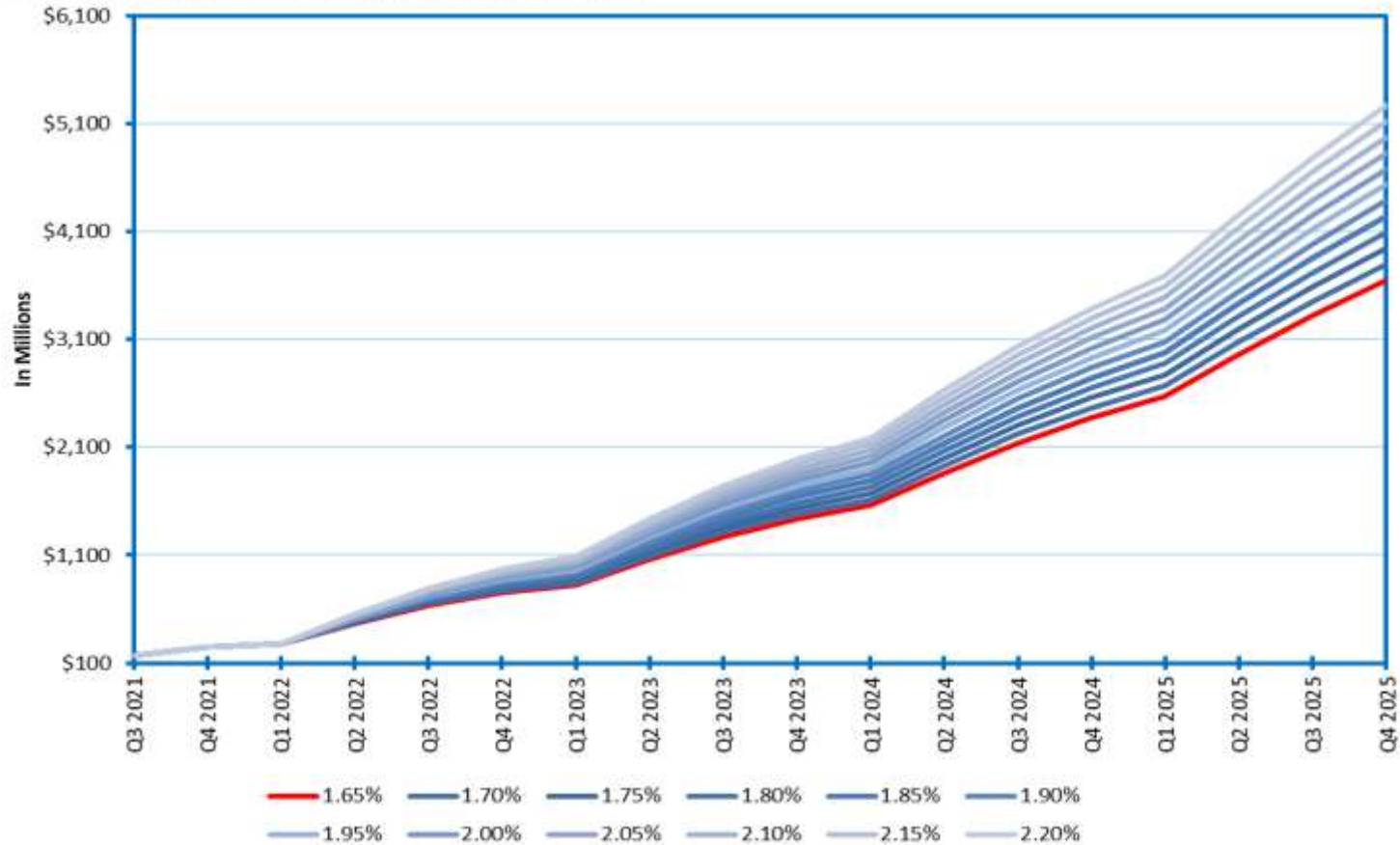
estimated periods: Q3 2021 to Q3 2025



2022 Forecast: Estimated Trust Fund Balance Over Time

Nevada UITF Balance By Quarter

Baseline Scenario Balance Using Alternative Tax Rates



2022 Forecast:

Potential 2022 Tax Rates

Nevada Solvency Calculation	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>
Covered Employment	1,278,201	1,278,201	1,278,201	1,278,201	1,278,201
Highest Risk Ratio - 3/2011	42.81%	42.81%	42.81%	42.81%	42.81%
Highest Weeks Duration - 09/2011	25.02	25.02	25.02	25.02	25.02
Average Weekly Payment	\$350.70	\$350.70	\$350.70	\$350.70	\$350.70
Solvency Target (Millions)	\$4,802.1	\$4,802.1	\$4,802.1	\$4,802.1	\$4,802.1
UI Trust Fund Level					
Beginning Fund Balance (Millions)	\$171.9	\$171.9	\$171.9	\$171.9	\$171.9
Intake to Fund	650.9	676.9	702.9	728.9	755.0
Taxes	643.8	669.7	695.6	721.5	747.4
Interest	7.1	7.2	7.3	7.4	7.5
Payout From Fund	290.3	290.3	290.3	290.3	290.3
Regular Benefits	290.3	290.3	290.3	290.3	290.3
Net Change in Fund	360.6	386.6	412.6	438.7	464.7
Ending Fund Balance (Millions)	\$532.5	\$558.5	\$584.5	\$610.5	\$636.5
State Solvency Excess (Millions)	(4,269.7)	(4,243.6)	(4,217.6)	(4,191.6)	(4,165.6)
State Solvency Multiple	0.11	0.12	0.12	0.13	0.13
AHCM Solvency Excess (Millions)	(1,594.0)	(1,568.0)	(1,542.0)	(1,516.0)	(1,489.9)
Average High Cost Multiple	0.29	0.31	0.32	0.33	0.35
Average Tax Rate	1.65%	1.75%	1.85%	1.95%	2.05%
CEP Assessment	0.05%	0.05%	0.05%	0.05%	0.05%
Total Cost to Employers	1.70%	1.80%	1.90%	2.00%	2.10%
Average Cost Per Employee at Taxable Wage Base	\$623.90	\$660.60	\$697.30	\$734.00	\$770.70

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
1.65%	0.08	0.29	0.56	0.92	1.37
1.75%	0.08	0.31	0.60	0.99	1.48
1.85%	0.08	0.32	0.64	1.05	1.59
1.95%	0.08	0.33	0.68	1.12	1.70
2.05%	0.08	0.35	0.72	1.19	1.81

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

For Additional Information, Please Contact:

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