

# Review of Trust Fund Status and Economic Analysis

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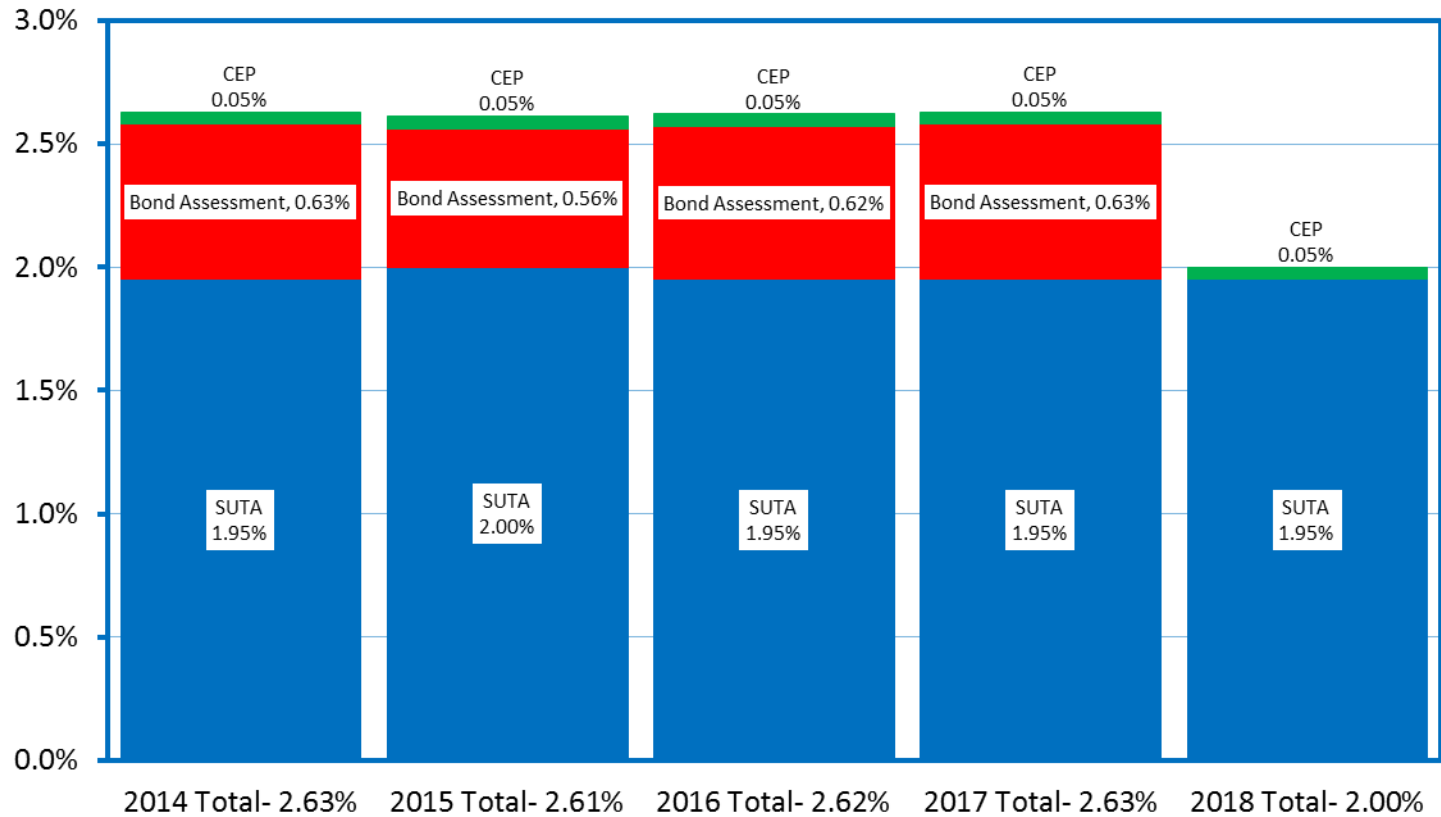
Small Business Workshop  
October 26, 2017

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Research & Analysis Bureau



# Bond Overview: No Bond Assessment in 2018

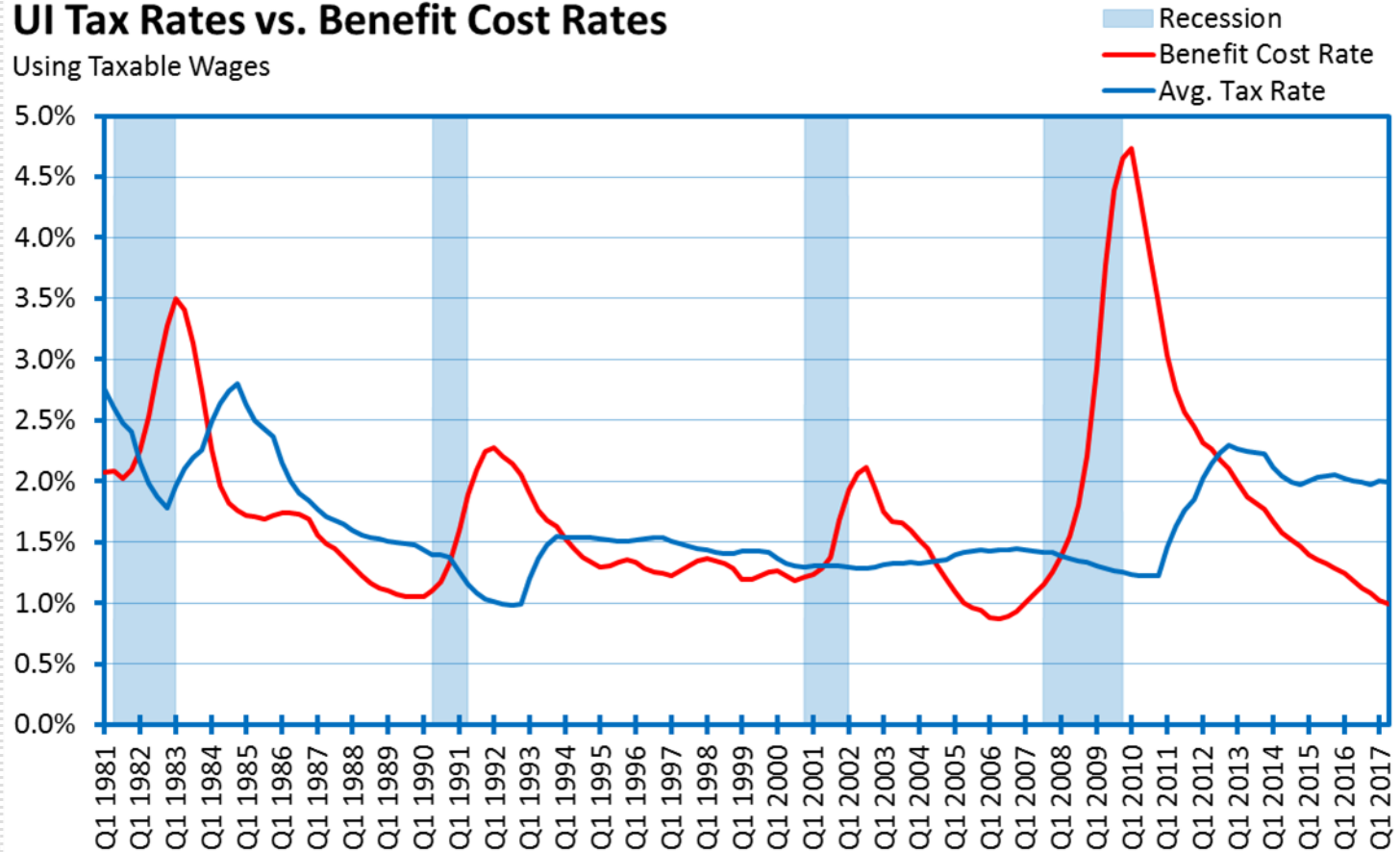
### Total Employer Costs



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

## UI Tax Rates vs. Benefit Cost Rates

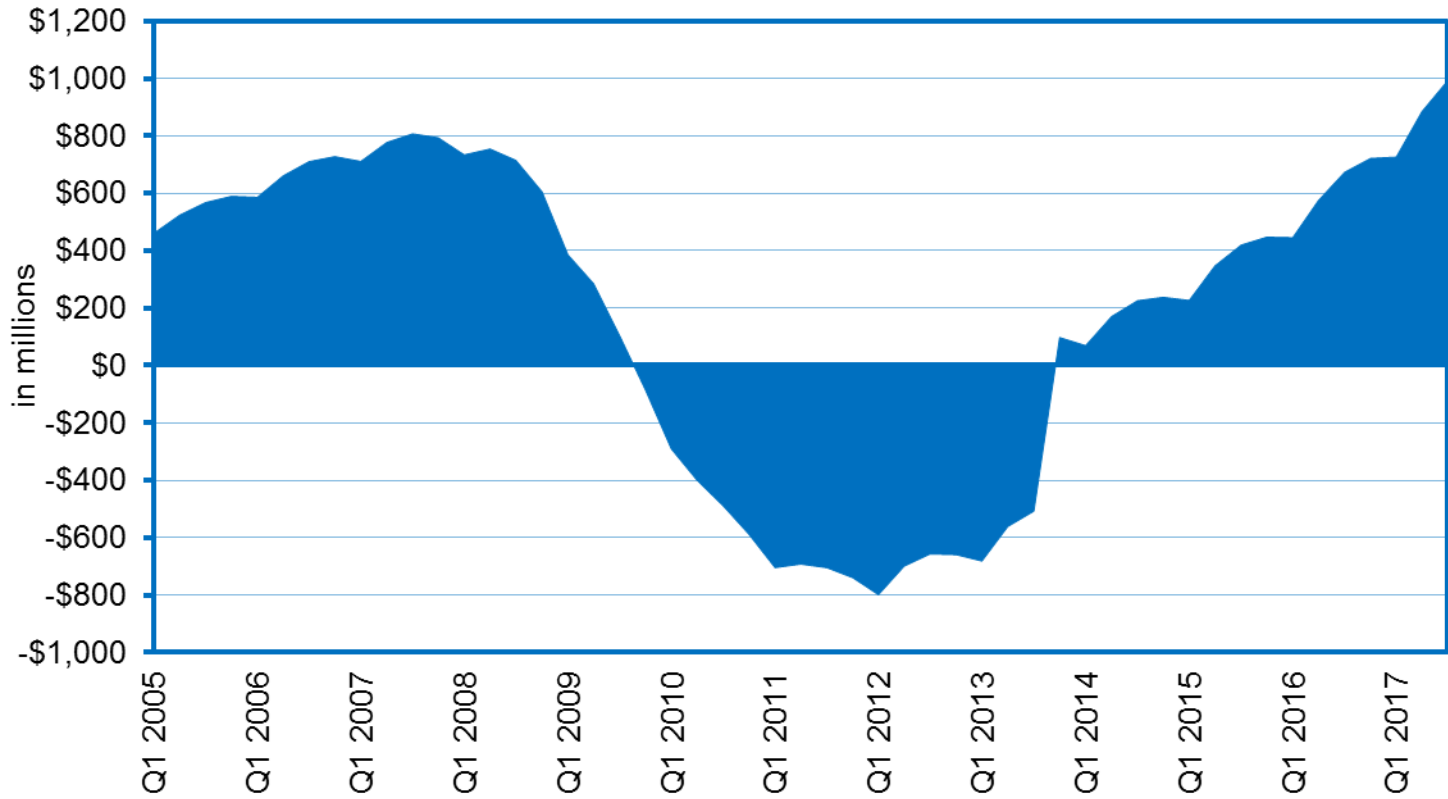
Using Taxable Wages



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

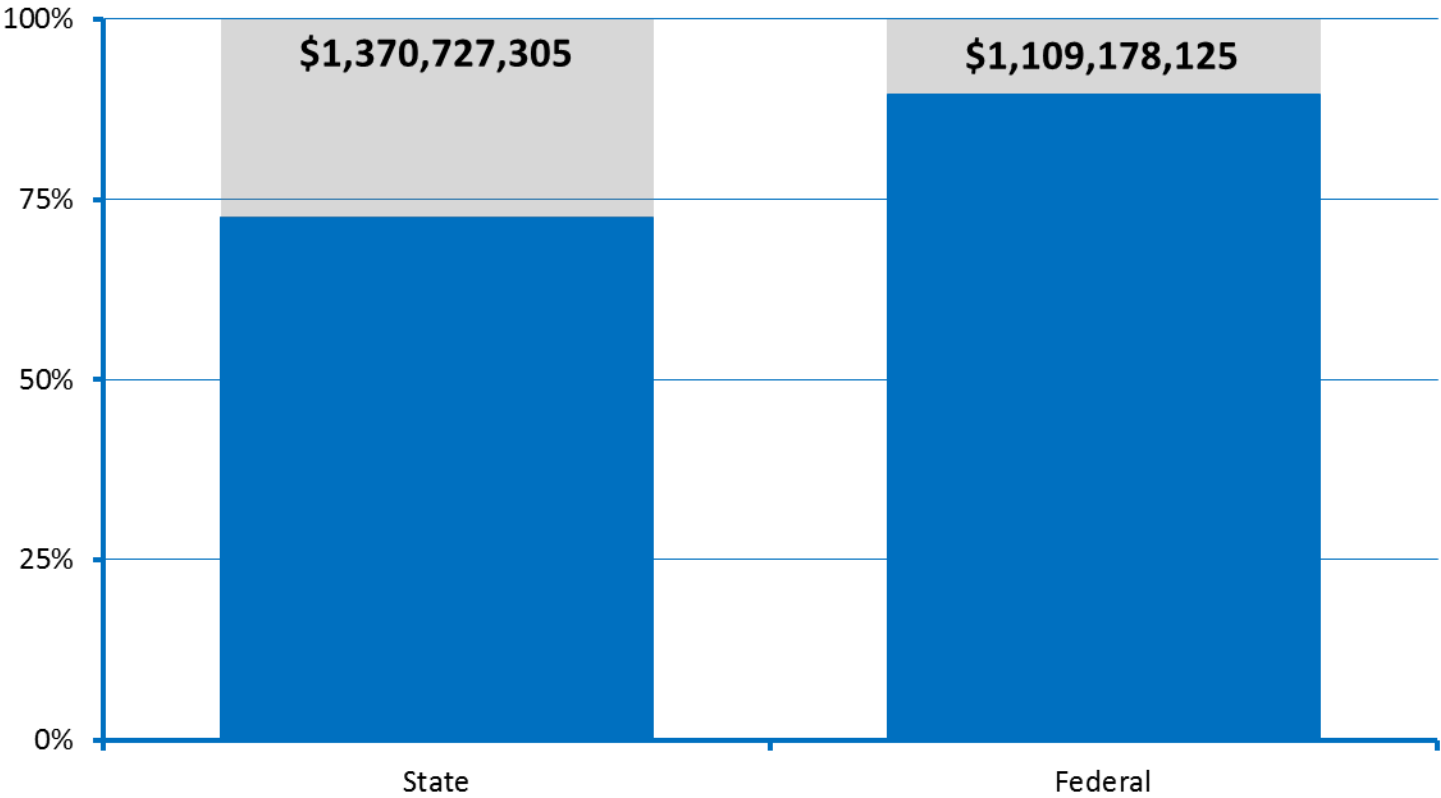
## Nevada Trust Fund Balance

By Quarter



# Nevada's Trust Fund: Rebuilding Trust Fund Reserves

Trust Fund Solvency Levels



# Nevada's Trust Fund: Expected 2018 Cash Flows

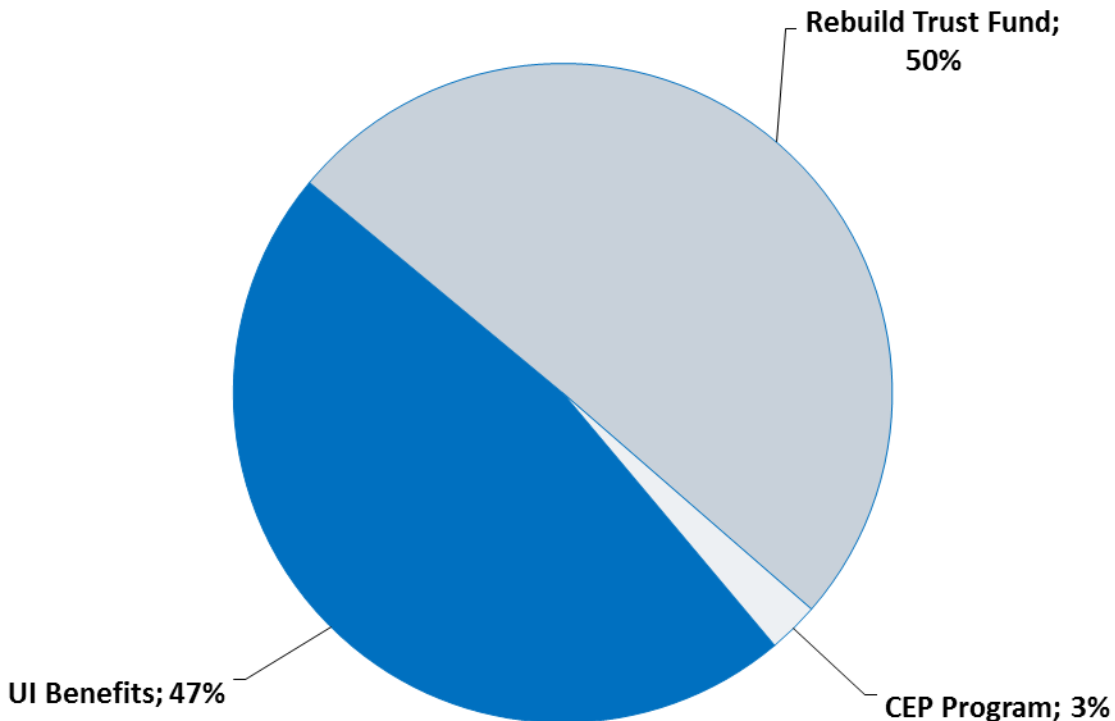
Nevada Solvency Calculation	2018	2018	2018	2018	2018
Covered Employment	1,154,155	1,154,155	1,154,155	1,154,155	1,154,155
Highest Risk Ratio - 11/2009	18.98%	18.98%	18.98%	18.98%	18.98%
Highest Weeks Duration - 05/2010	19.12	19.12	19.12	19.12	19.12
Average Weekly Payment	\$350.02	\$350.02	\$350.02	\$350.02	\$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

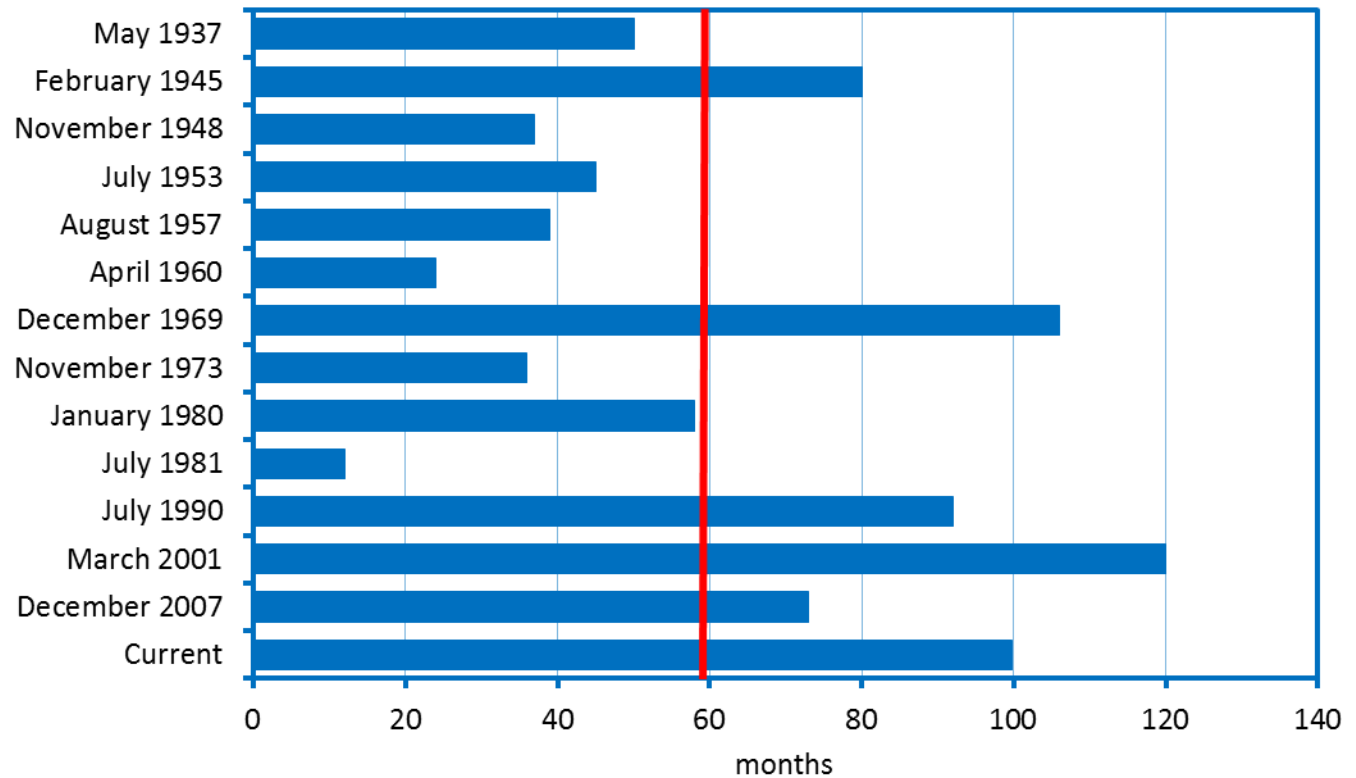
**Distribution of UI Contributions**



# Looking Ahead: Long Economic Recovery Ongoing

## Economic Expansion History

Red Line Shows 1937-2007 Average

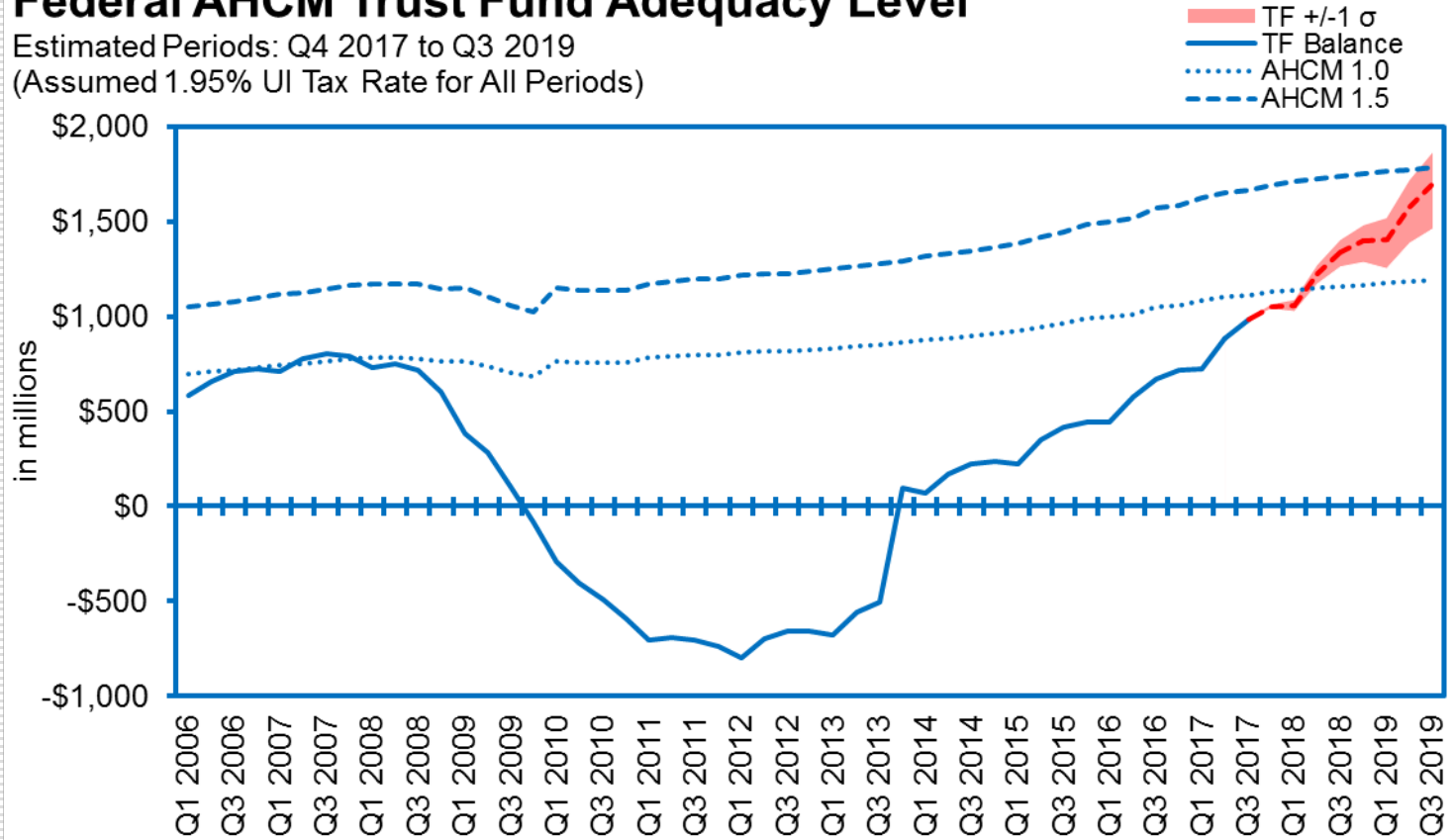




# Looking Ahead: AHCM Solvency Measure

## 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

