

RESEARCH NOTES



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UI Trust Fund
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Nevada's Unemployment Insurance Trust Fund Grows By \$281 Million Over the Past Year; Just Shy of Record Balance



| Trust Fund Overview | Amount in Millions |
|--------------------------|--------------------|
| 2016:IQ Ending Balance | \$445.13 |
| Contributions in Year | \$559.20 |
| Interest Earned in Year | \$14.73 |
| Benefit Payments in Year | \$299.78 |
| 2017:IQ Ending Balance | \$726.06 |

- With the end of the first quarter of 2017, Nevada's Unemployment Insurance (UI) contribution collection cycle, which is based on quarterly wages earned in 2016, came to a close. Over the 12 month period, nearly \$560 million in UI taxes were collected, an increase of nearly two percent compared to the previous year. Interest earned from the Trust Fund balance totaled \$15 million over the year, an increase of \$5.5 million compared to a year ago.
- Outflows from the fund, also known as benefit payments, were \$300 million over four quarters, \$38 million lower compared to the previous year. This, combined with the increase in UI contributions, allowed the Trust Fund to grow by \$281 million over the course of the 12 months and reach a balance of \$726 million at the end of the first quarter of 2017.
- However, the Trust Fund still requires further growth in order to meet adequacy measures. The most common measure, the Average High Cost Multiple (AHCM), provides an estimate of the amount of time the current Trust Fund balance could pay benefits at the average of a state's three highest cost years in the last two decades. The federally recommended AHCM is 1.0, which represents one year of benefits. Nevada's current AHCM of 0.66 means the Silver State's Trust Fund would currently cover eight months of benefits if a similar recession were to occur. In 2017, Nevada's Trust Fund is expected to reach a record high balance, improving the AHCM and the Fund's ability to withstand an economic downturn.