

Research Notes



Average High Cost Multiple
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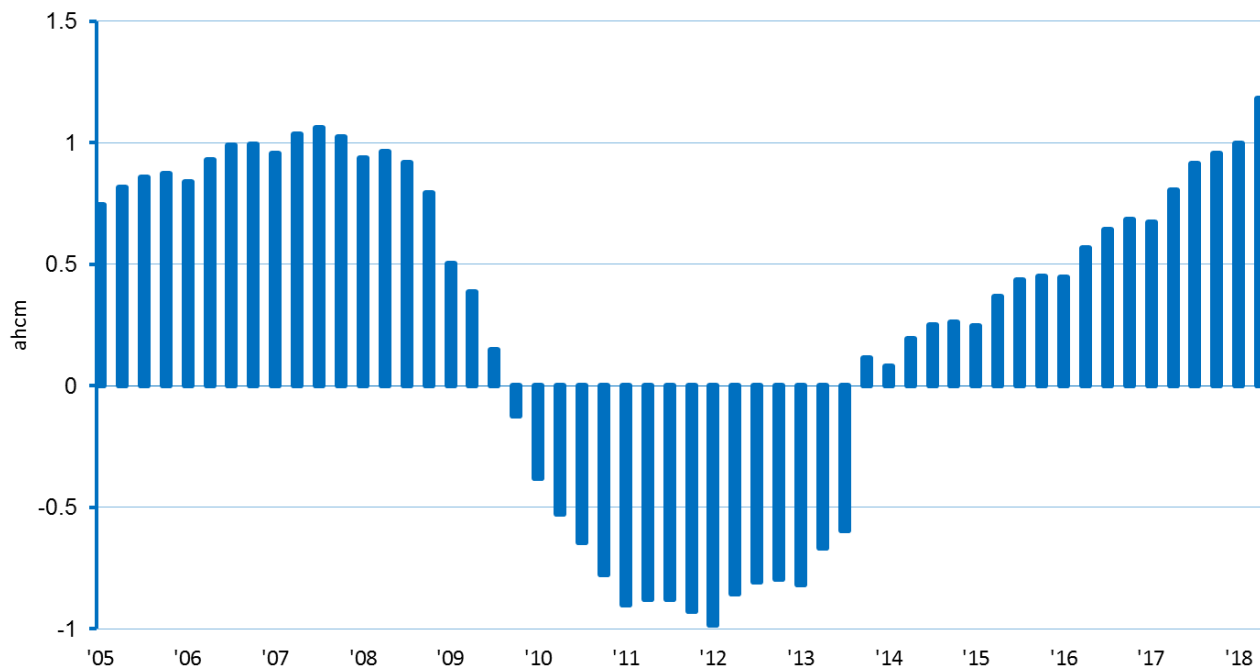
Note: 2018:67
May 22, 2018

Nevada reaches Unemployment Insurance Trust Fund Milestone

UI Trust Fund Average High Cost Multiple

May 7, 2018 AHCM: **1.18**

by quarter values 2005 to current



- The Nevada Unemployment Insurance (UI) Trust Fund surpassed \$1.3 billion in early May. While this may seem an arbitrary milestone, it is a significant amount for Nevada in a long-term planning sense, as it equates to an Average High Cost Multiple (AHCM) that is greater than one.
- The AHCM is a solvency calculation developed at the federal level, which approximates the length of time that a state's UI program can continue to pay claimants in the event of a recession. This calculation takes into consideration the severity of the past three recessions, when determining the solvency level for a given state.
- As of early May, Nevada's AHCM of 1.18 indicates that, on average, Nevada's UI Trust Fund could manage just over 14 months of recession.
- This is the first time that Nevada has had an AHCM greater than one since the fourth quarter of 2007.