

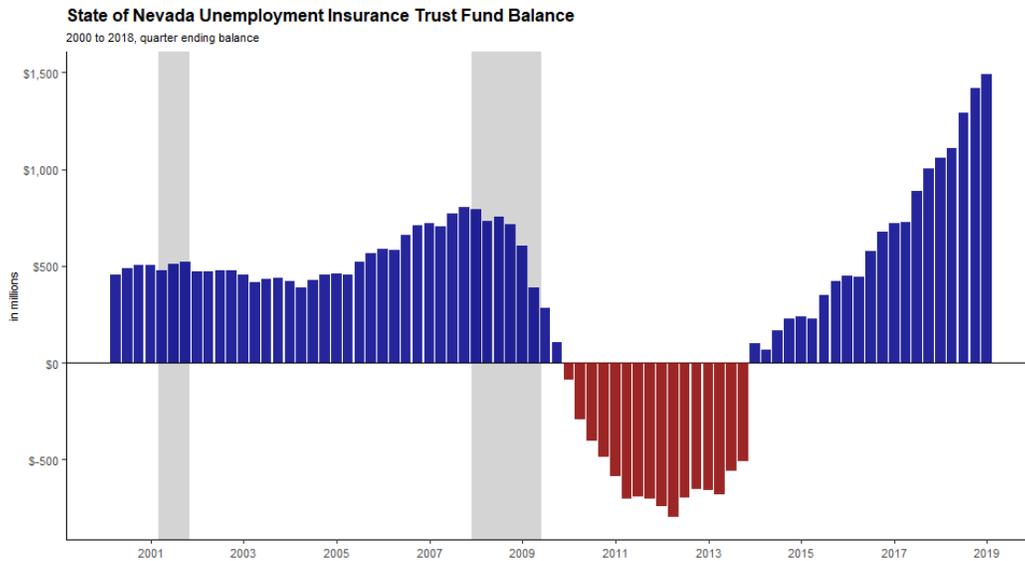
Research Notes



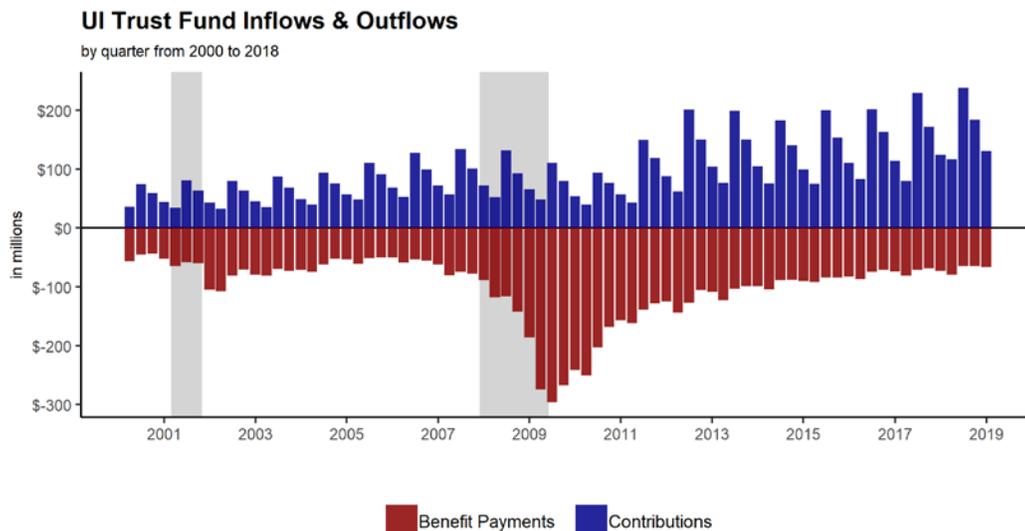
Unemployment Insurance Trust Fund
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Nevada's Unemployment Insurance Trust Fund Ends 2018 with a Balance of Nearly \$1.49 Billion



- Nevada's Unemployment Insurance (UI) Trust Fund ended 2018 with a balance of nearly \$1.49 billion, another record level. The purpose of this trust fund is to make the State's unemployment insurance system better able to weather the cyclical nature of the economy.
- This is accomplished by building reserves in times of relative economic prosperity, through employers' contributions; and then using those reserves in times of economic downturn, when contributions generally decrease and unemployment insurance claims are more prevalent.



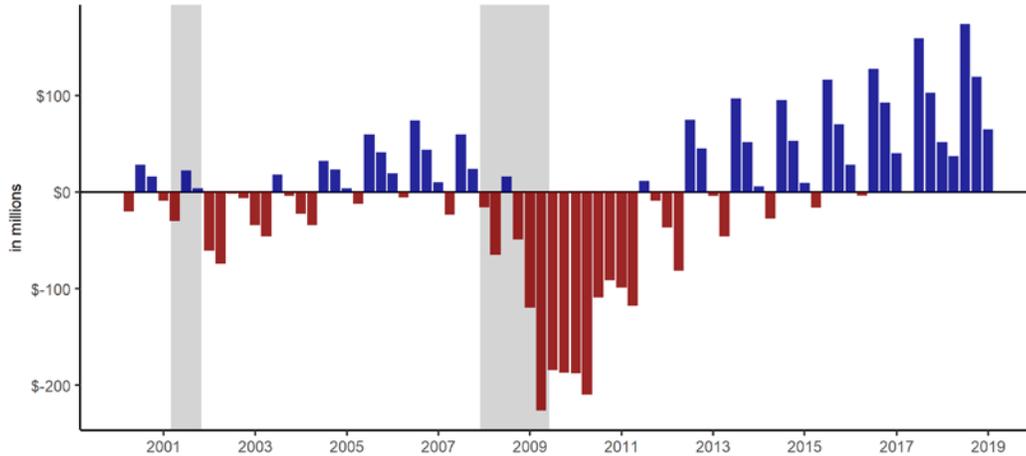
Benefit Payments Contributions

Research Notes



UI Trust Fund Net Inflows & Outflows

by quarter from 2000 to 2018

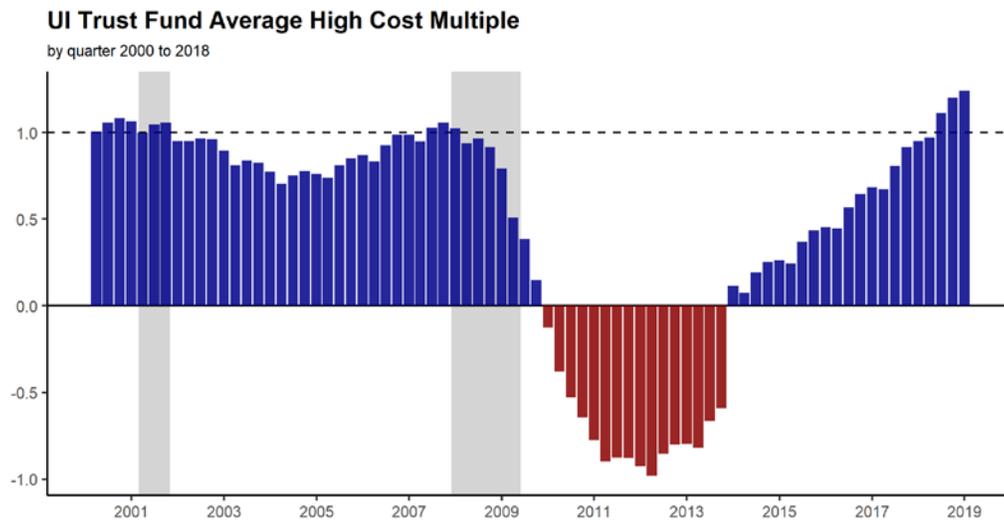


- As can be seen above, the net effect on the trust fund after the 2007 recession was an outflow of funds, whereas during the current period of economic prosperity, the net effect is an inflow of funds, even overtaking the seasonal decreases generally seen in the first quarter of each year.

| Trust Fund Overview | Millions of \$ |
|------------------------|----------------|
| Q3 2018 Ending Balance | \$1,415.81 |
| Plus: | |
| Contributions | \$131.07 |
| Interest Earned | \$8.58 |
| Less: | |
| Benefit Payments | \$66.01 |
| Q4 2018 Ending Balance | \$1,488.69 |

- Since last quarter, \$131 million in UI taxes were collected, 28.8 percent less than the quarter three contributions; which is to be expected due to the seasonal nature of the series. Interest earned by the Trust Fund totaled \$8.6 million in the fourth quarter; up nearly seven percent compared to last quarter.
- Benefit payments, which constitute the outflows from the fund, were \$66 million for the observed period, nearly \$6.6 million lower compared to the fourth quarter of the previous year. This, combined with trends in UI contributions, allowed the Trust Fund to grow by more almost \$72.9 million over the quarter.

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- Turning to solvency measures of the trust fund, 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 minimum AHCM is 1.0, which represents one year of benefits. With a balance of \$1.4 billion, Nevada's current AHCM of 1.24 indicates that the Silver State's Trust Fund would cover more nearly 15 months of benefits if a similar recession were to occur.

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