

Review of Trust Fund Status and Economic Analysis

Small Business Workshop
October 27, 2016

Research & Analysis Bureau

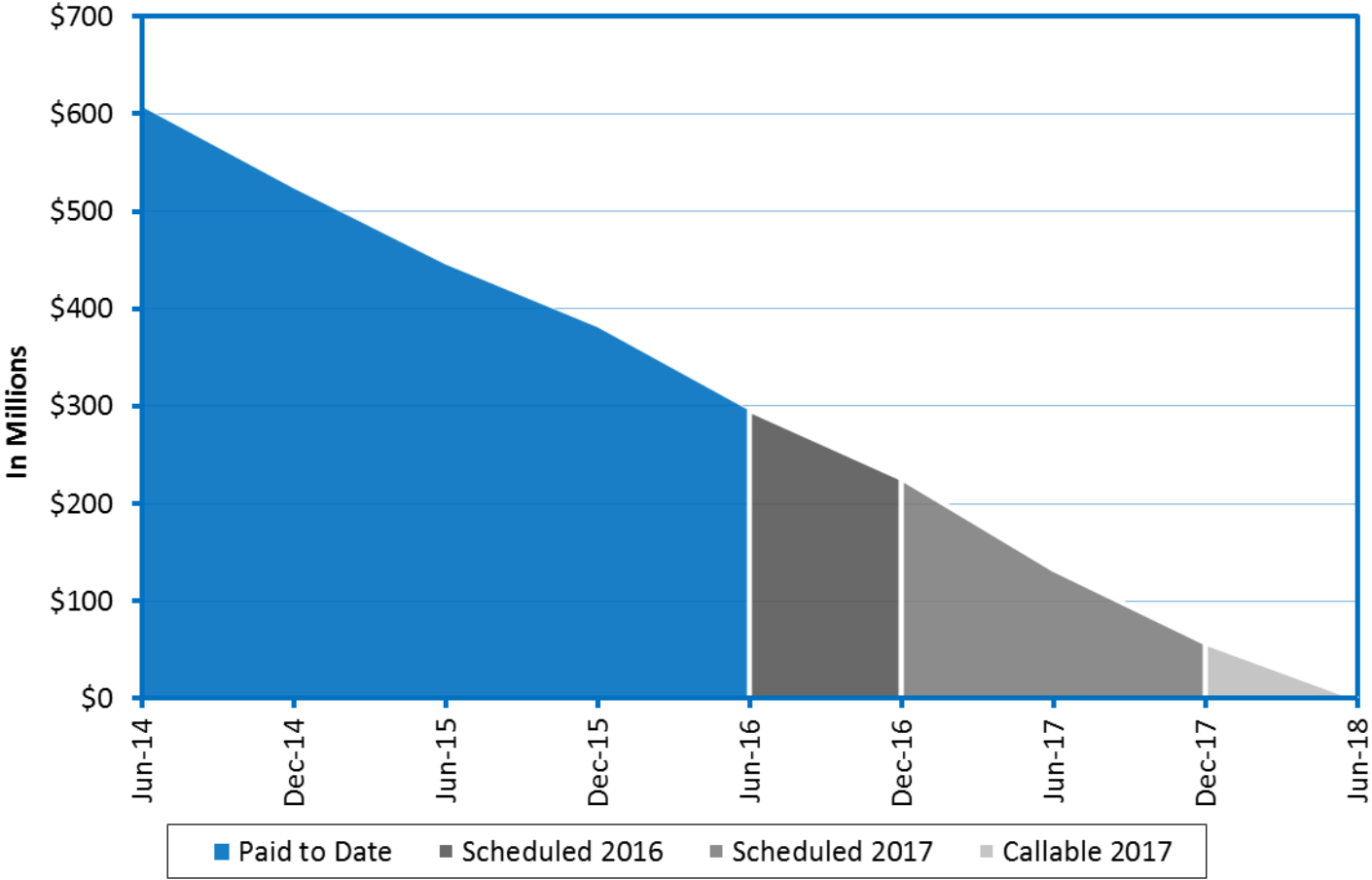


2017 Bond Overview: Bond Contribution Rates

Tier and Multiplier	2016	2017	2017 Reserve Ratio Range
Tier 1: Baseline x 0.45	0.62%	0.28%	New
Tier 2: Baseline x 1.4	0.87%	0.87%	Less than 0
Tier 3: Derived	0.67%	0.69%	0 to 8.99
Tier 4: Baseline x 0.25	0.16%	0.16%	9.00 or Higher
Average Cost per Employee at Taxable Wage Limit:	\$174.84	\$185.85	

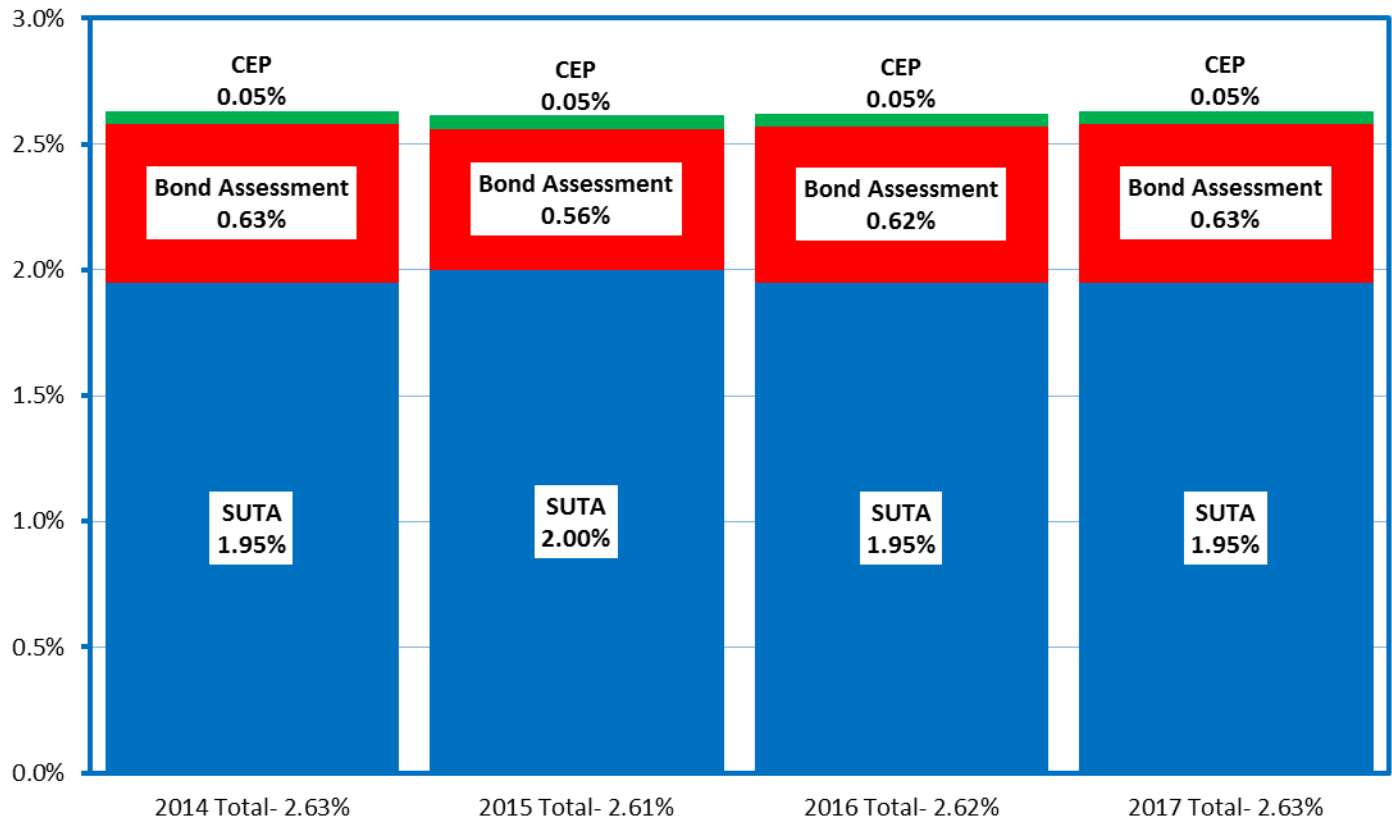


2017 Bond Overview: Should be Final Year of Bond



2017 Bond Overview: Rate Stability Over Life of Bond

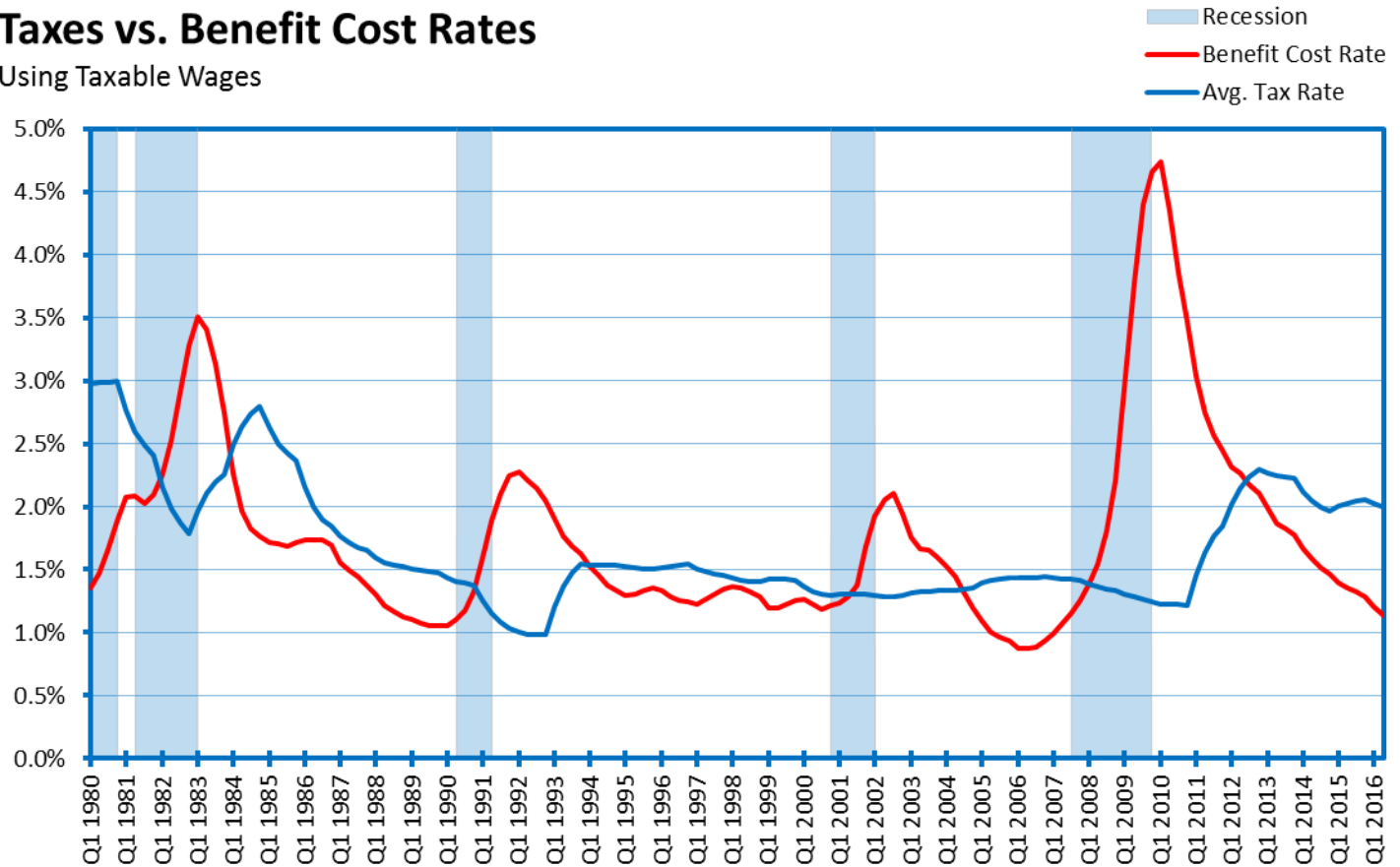
Total Employer Costs



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

Taxes vs. Benefit Cost Rates

Using Taxable Wages



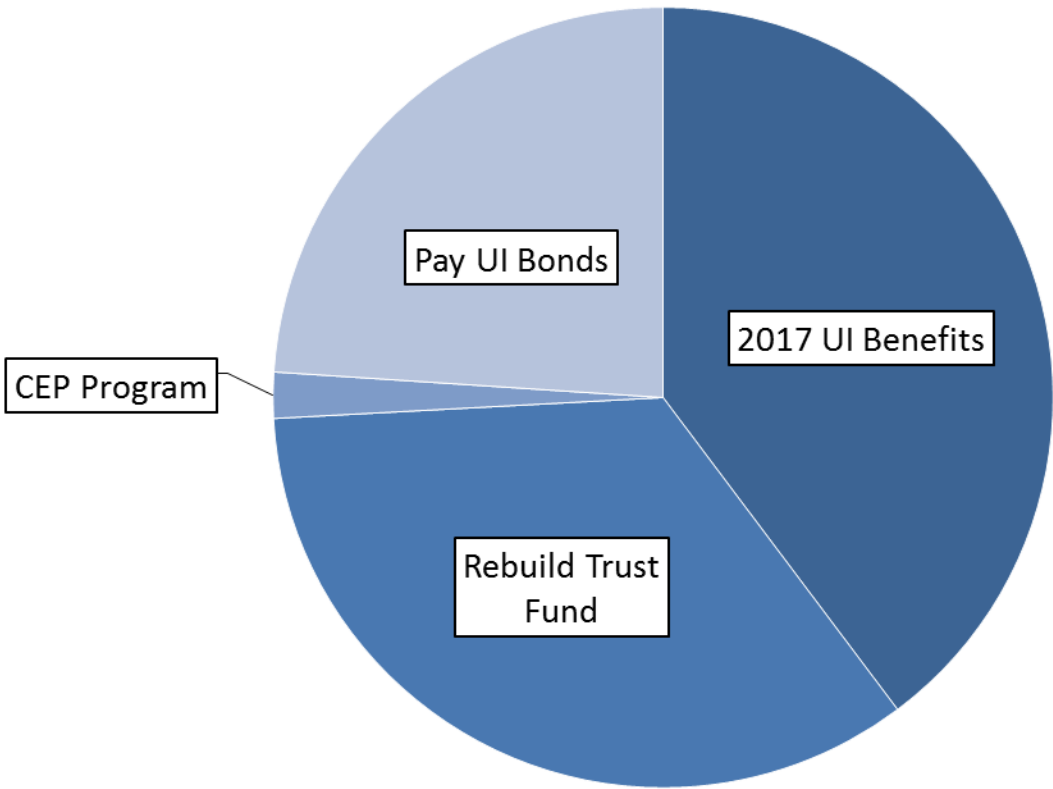
Nevada's Trust Fund: Expected 2017 Cash Flows

Nevada Solvency Calculation	2017	2017	2017	2017	2017
Covered Employment	1,115,458	1,115,458	1,115,458	1,115,458	1,115,458
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	\$336.18	\$336.18	\$336.18	\$336.18	\$336.18
Solvency Target (Millions)	\$1,360.8	\$1,360.8	\$1,360.8	\$1,360.8	\$1,360.8
UI Trust Fund Level					
10/1/2016 Fund Balance (Millions)	\$667.5	\$667.5	\$667.5	\$667.5	\$667.5
Intake to Fund	607.7	618.2	628.6	639.0	649.5
Taxes	590.1	600.5	610.8	621.2	631.5
Interest	17.6	17.7	17.8	17.8	17.9
Payout From Fund	331.3	331.3	331.3	331.3	331.3
Regular Benefits	331.3	331.3	331.3	331.3	331.3
Net Change in Fund	276.4	286.8	297.3	307.7	318.1
9/30/2017 Fund Balance (Millions)	\$943.9	\$954.3	\$964.74	\$975.18	\$985.6
State Solvency Gap (Millions)	(416.9)	(406.5)	(396.1)	(385.6)	(375.2)
State Solvency Multiple	0.69	0.70	0.71	0.72	0.72
AHCM Solvency Gap (Millions)	(140.9)	(130.5)	(120.0)	(109.6)	(99.2)
Average High Cost Multiple	0.85	0.86	0.87	0.88	0.89
Average Tax Rate	1.90%	1.95%	2.00%	2.05%	2.10%
Average Bond Assessment	0.63%	0.63%	0.63%	0.63%	0.63%
CEP Assessment	0.05%	0.05%	0.05%	0.05%	0.05%
Total Cost to Employers	2.58%	2.63%	2.68%	2.73%	2.78%
Average Cost Per Employee at Taxable Wage Base	\$761.10	\$775.85	\$790.60	\$805.35	\$820.10



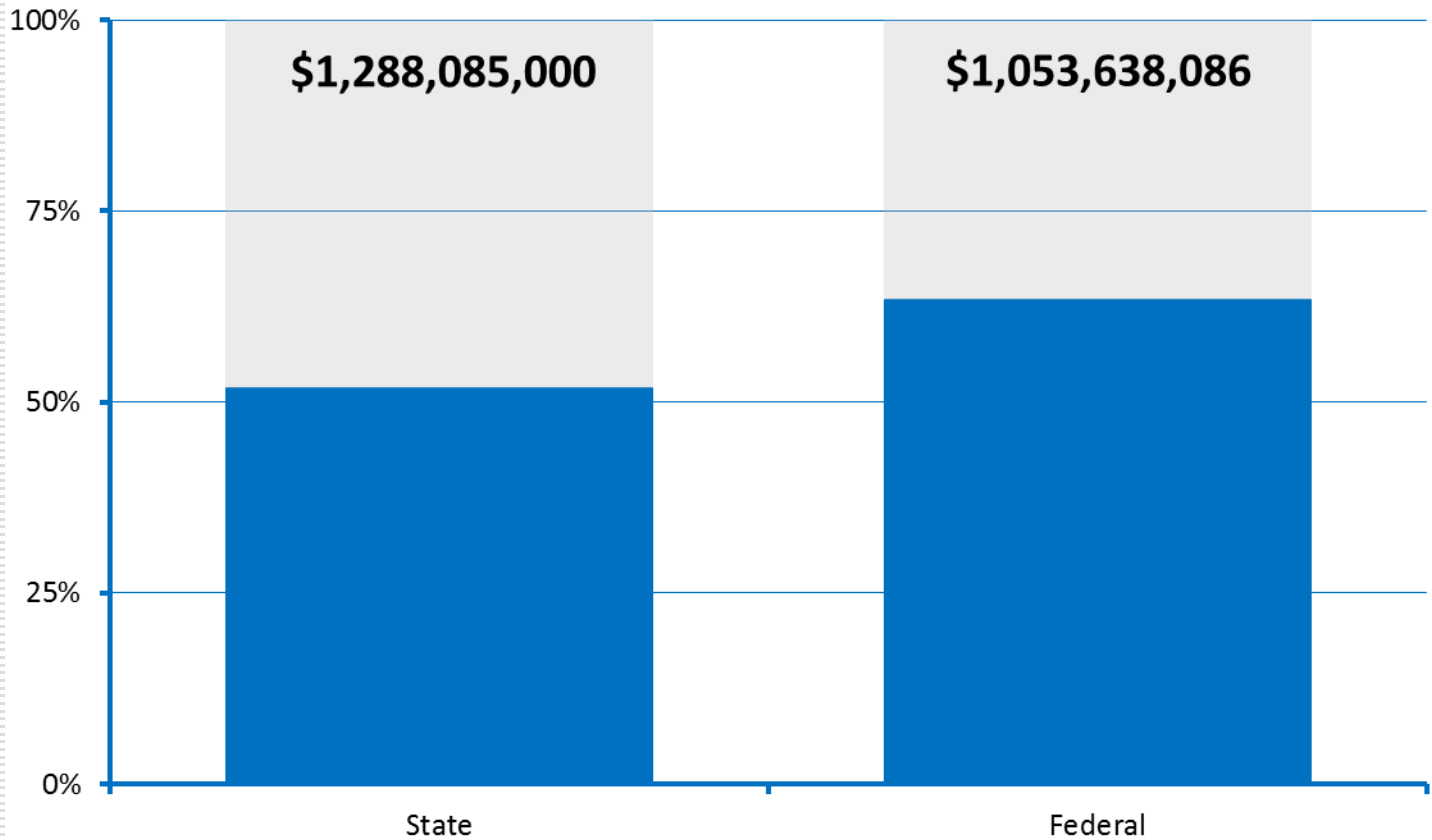
Nevada's Trust Fund: Use of 2017 UI Contributions

Distribution of UI Contributions

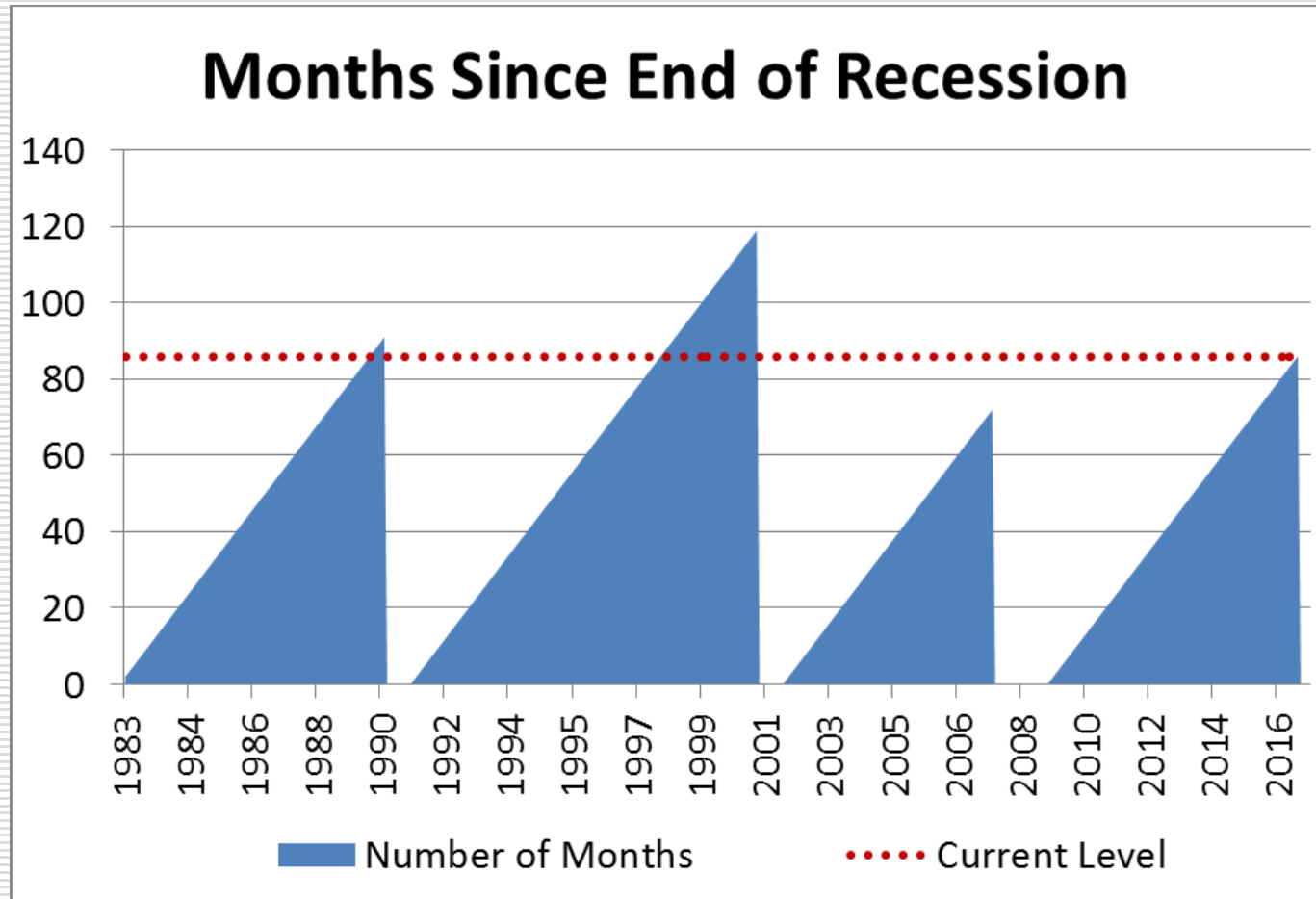


Looking Ahead: Rebuilding Trust Fund Reserves

2016 Trust Fund Solvency Levels



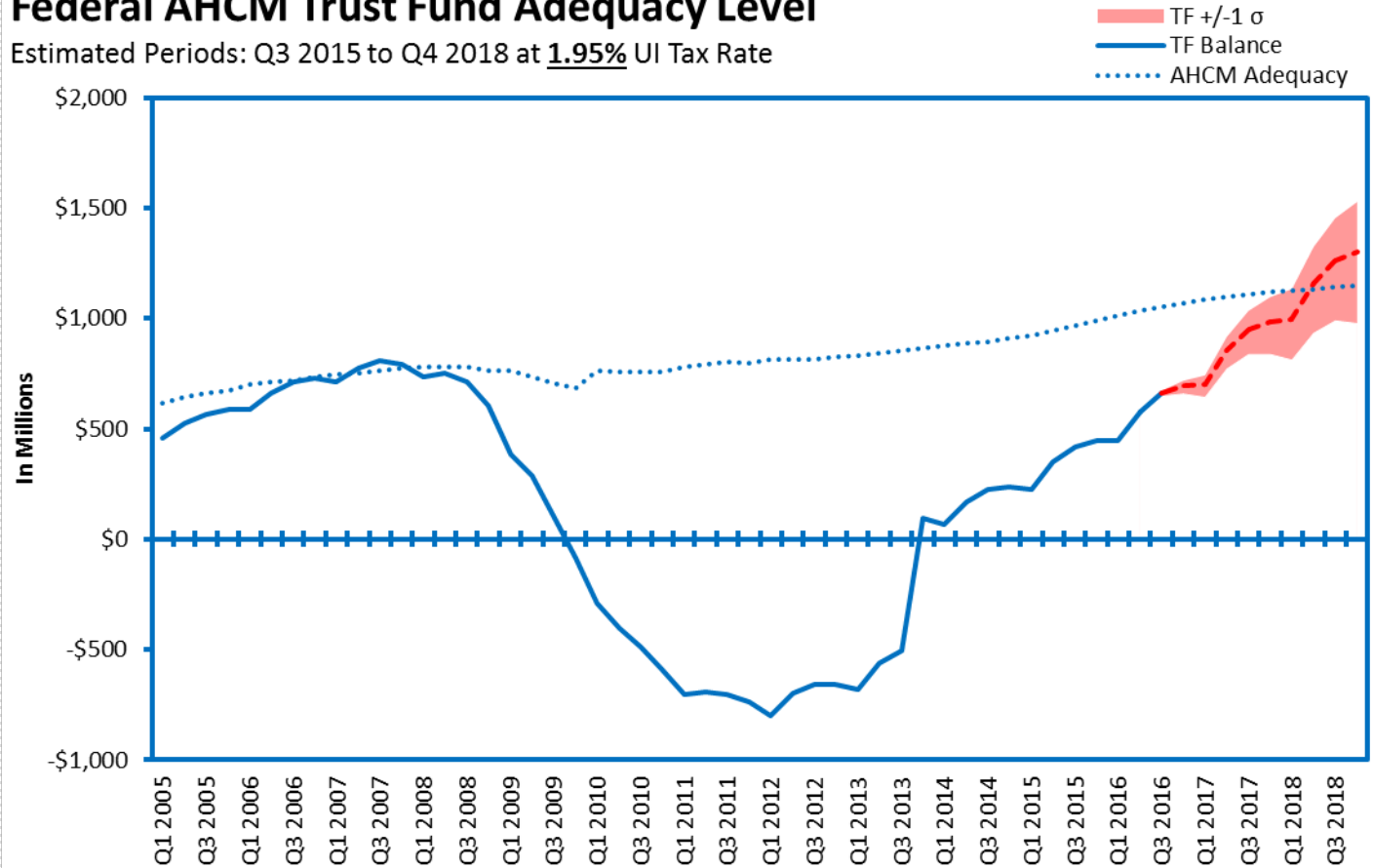
Looking Ahead: Long Economic Recovery Ongoing



Looking Ahead: AHCM Solvency Measure

Federal AHCM Trust Fund Adequacy Level

Estimated Periods: Q3 2015 to Q4 2018 at 1.95% UI Tax Rate



Looking Ahead: Effect of 2017 Rate on Solvency

Tax Rate	2016 AHCM	2017 AHCM	2018 AHCM	2019 AHCM	2020 AHCM
1.90%	0.63	0.85	1.08	1.33	1.59
1.95%	0.63	0.86	1.11	1.37	1.37
2.00%	0.63	0.87	1.13	1.41	1.69
2.05%	0.63	0.88	1.15	1.44	1.74
2.10%	0.63	0.89	1.18	1.48	1.80

- ❑ Average time from end of one recession to start of the next during the last 50 years: 5.4 years (December 2014)
- ❑ Longest time from end of one recession to start of the next during the last 50 years: 10 years (June 2019)

