Research Notes

Nevada's Unemployment Insurance Trust Fund Balance Nearly $1.3 Billion at the End of the First Half of 2018
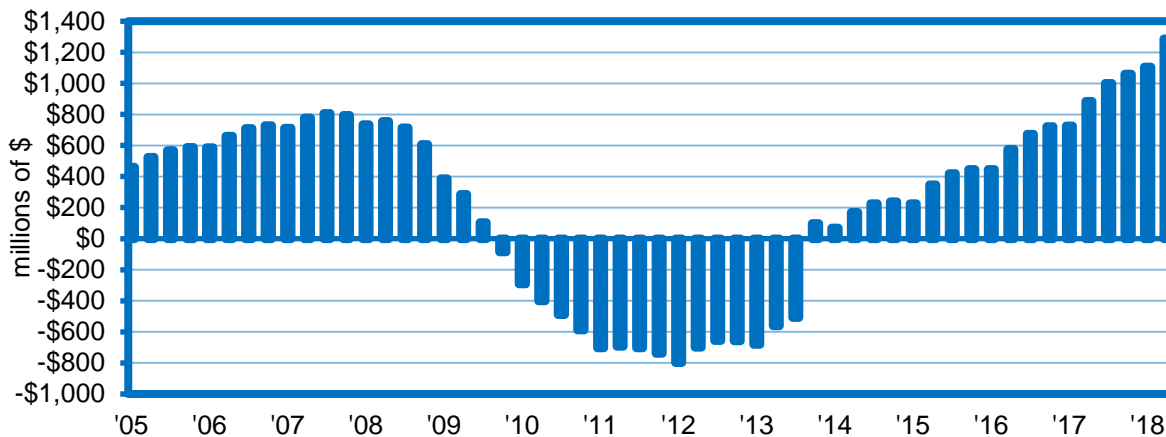
Trust Fund Overview	Millions of $
Q1 2018 Ending Balance	$1,105.06
Plus:	
Contributions	$238.63
Interest Earned	$7.00
Less:	
Benefit Payments	$64.96
Q2 2018 Ending Balance	$1,287.31

- Nevada's Unemployment Insurance (UI) Trust Fund ended the first half of 2018 with a balance of $1.29 billion, another record level.
- Since last quarter, $238.63 million in UI taxes were collected, an increase of 3.9 percent compared to the second quarter of 2017. Interest earned by the Trust Fund totaled $7.0 million in the second quarter; $2.26 million higher than last year's second quarter reading.
- Outflows from the fund, also known as benefit payments, were $64.96 million for the observed period, $5.9 million lower compared to the previous year. This, combined with the increase in UI contributions, allowed the Trust Fund to grow by $182.25 million over the quarter.
- 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 $1.29 billion, Nevada's current AHCM of 1.14 at the end of the first quarter of 2018 indicates that the Silver State's Trust Fund would cover more than one year of benefits if a similar recession were to occur.
- Alternatively, a more stringent measure of UI Trust Fund solvency would be the High Cost Multiple, which considers only the highest cost year in the past two decades. According to this measure, Nevada's UI Trust Fund could weather only 86.3% of a year similar to the worst recession year in Nevada's history. The solvency gap for this measure is $204.4 million.