

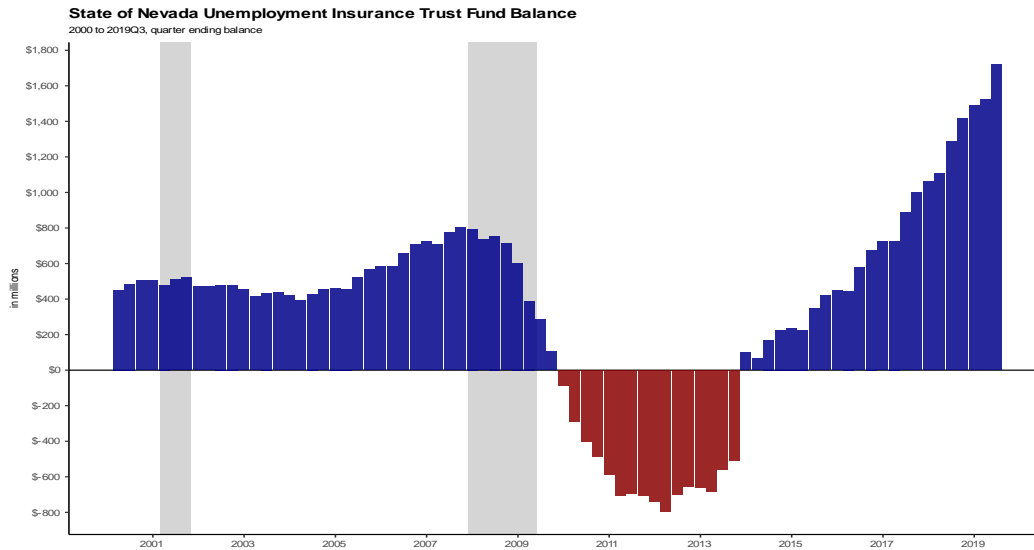
Research Notes



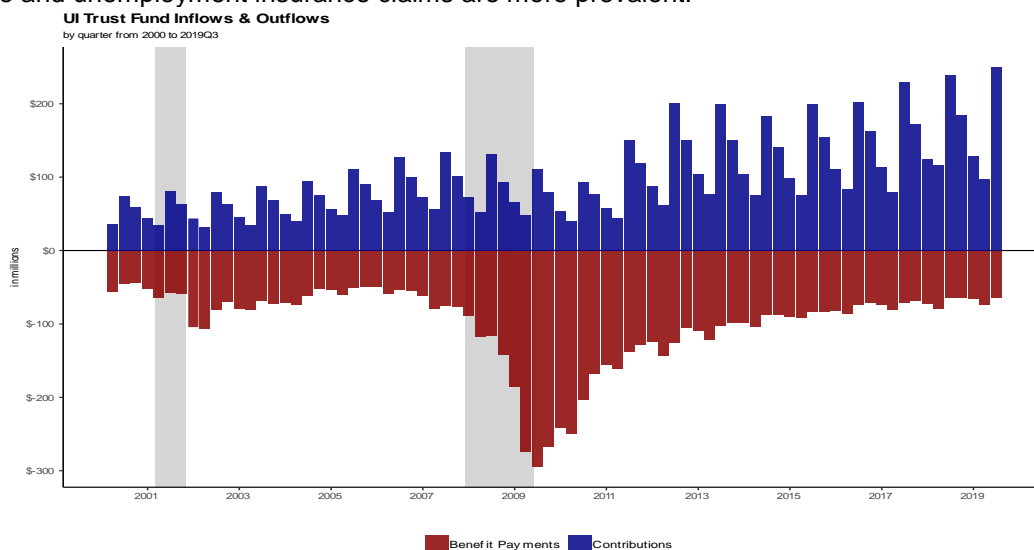
Unemployment Insurance Trust Fund 2019Q3
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Note: 2019:114
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Nevada's Unemployment Insurance Trust Fund Reaches \$1.85 Billion in the Third Quarter of 2019

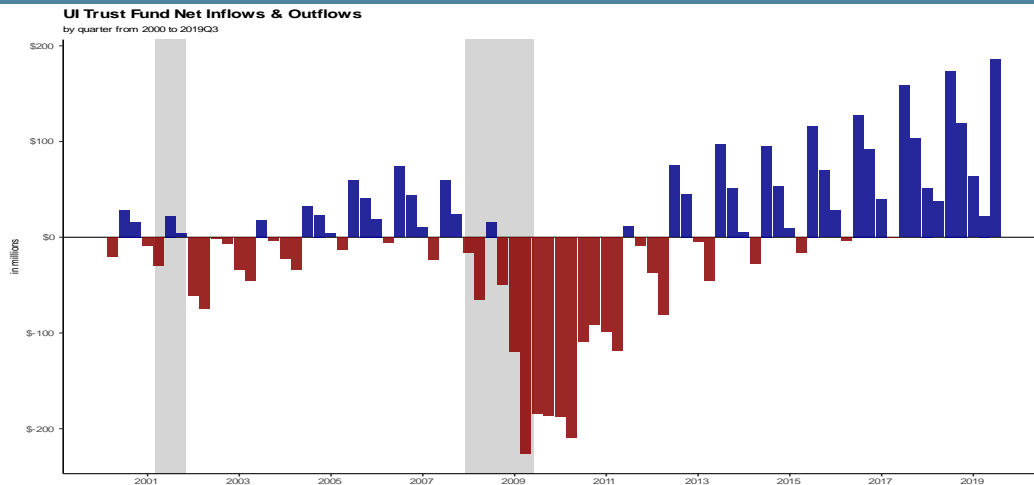


- Nevada's Unemployment Insurance (UI) Trust Fund ended the third quarter of 2019 with a balance of over \$1.85 billion, another record level. The purpose of this trust fund is to make the State's unemployment insurance system better able to weather the cyclical nature of the economy.
- This is accomplished 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



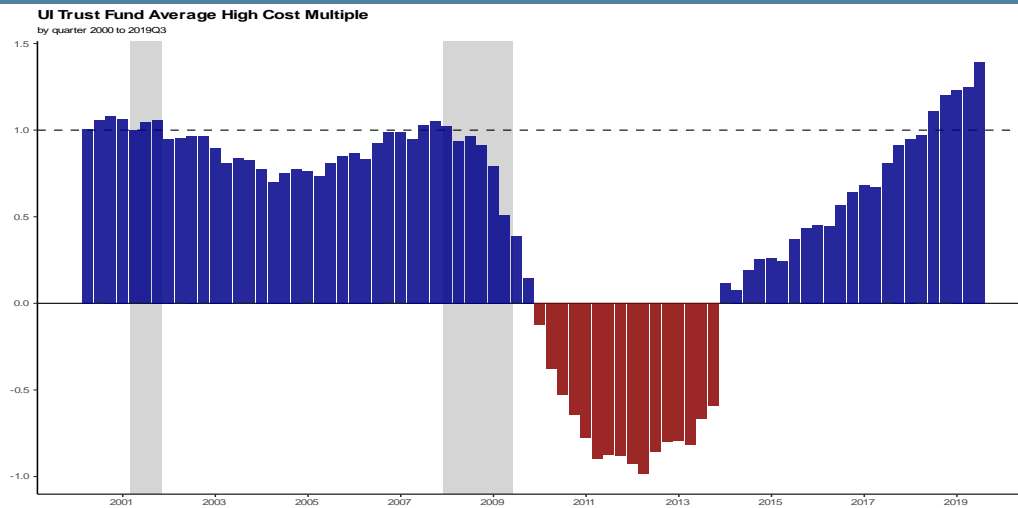
- As can be seen above, the net effect on the trust fund after the 2007 recession was an outflow of funds, whereas during the current period of economic prosperity, the net effect is an inflow of funds, even overtaking the seasonal decreases generally seen in the first quarter of each year.

Trust Fund Overview	Millions of \$
Q2 2019 Ending Balance	\$1,717.82
Plus:	
Contributions	\$197.92
Interest Earned	\$11.10
Less:	
Benefit Payments	\$64.11
Q3 2019 Ending Balance	\$1,852.81

- Over the third quarter, \$198 million in UI taxes were collected, up 30.9 percent relative to last year's third quarter reading. Relative to last quarter, contributions are down 20.85 percent, which is to be expected as some employers have already satisfied their contributions for the year. Interest earned by the Trust Fund totaled just over eleven million dollars in the third quarter; up 11.4 percent compared to last quarter.
- Benefit payments, which constitute the outflows from the fund, were \$64.1 million for the observed period, 0.2 percent lower when compared to the second quarter of the year.
- This, combined with trends in UI contributions, allowed the Trust Fund to grow by more than \$135 million over the quarter. Relative to the third quarter of 2018, the trust fund has grown by \$437 million, or 30.9 percent.

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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 \$1.85 billion, Nevada's current AHCM of 1.4 indicates that the Silver State's Trust Fund would cover nearly 17 months of benefits if a similar recession were to occur.

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