

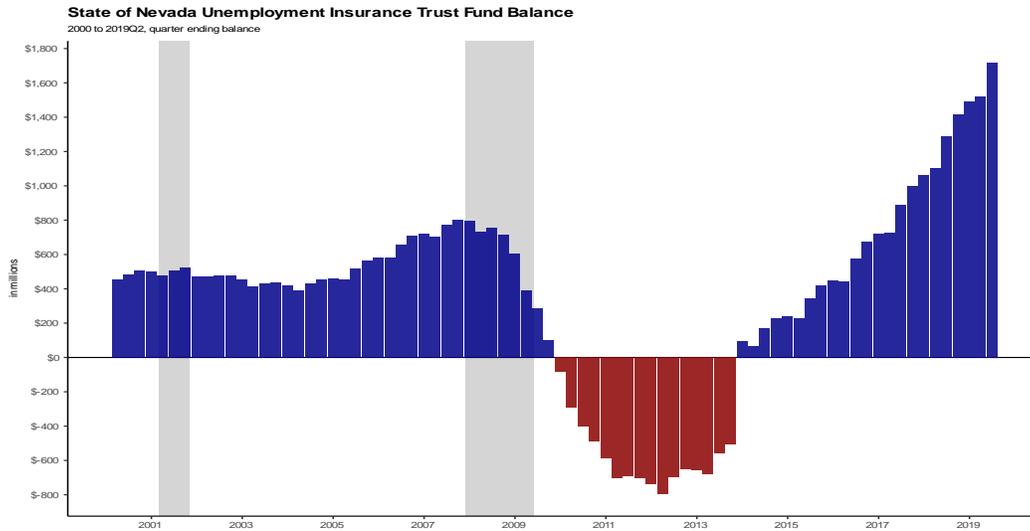
Research Notes



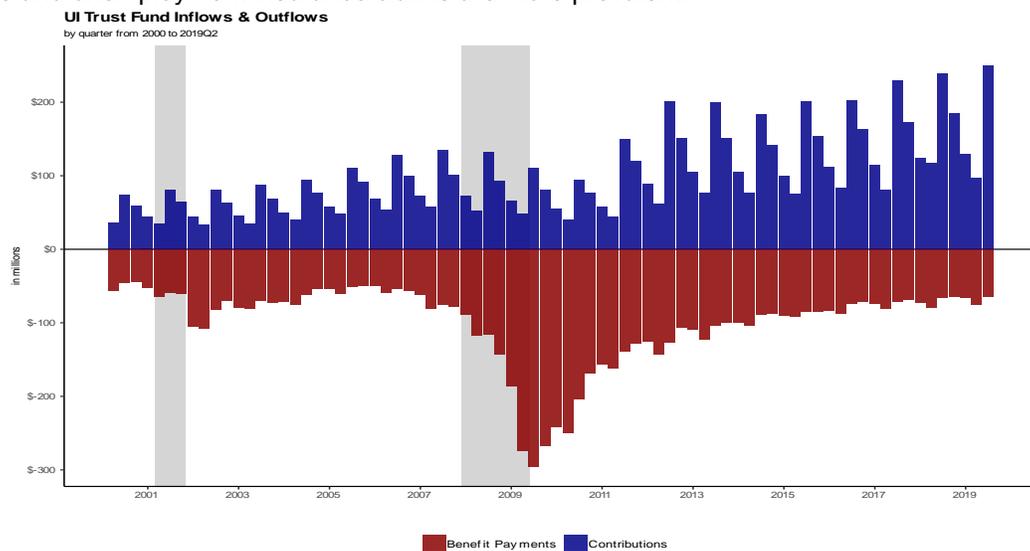
Unemployment Insurance Trust Fund
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Nevada's Unemployment Insurance Trust Fund Reaches \$1.72 Billion in the Second Quarter of 2019

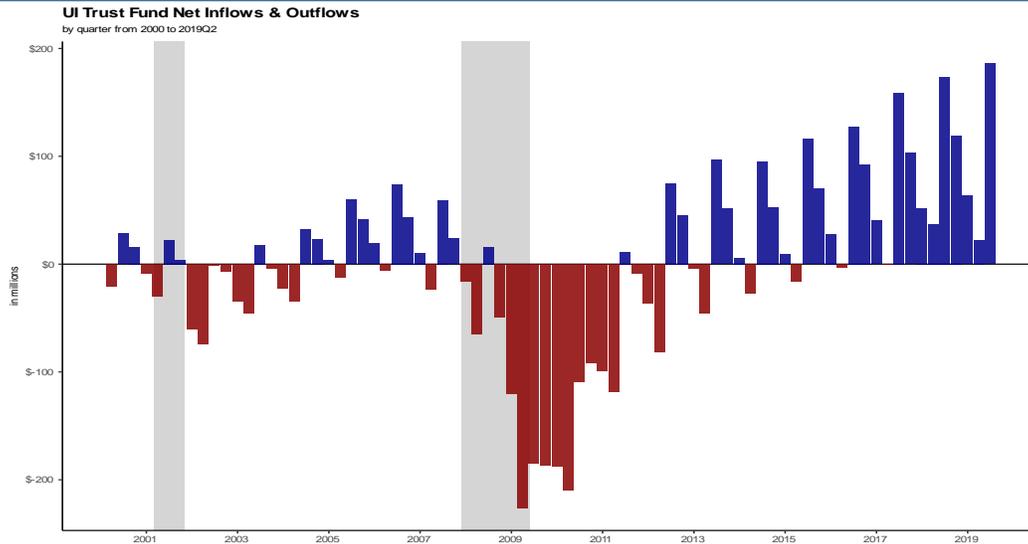


- Nevada's Unemployment Insurance (UI) Trust Fund ended the second quarter of 2019 with a balance of over \$1.72 billion, another record level. The purpose of this trust fund is to make the State's unemployment insurance system better able to weather the cyclical nature of the economy.
- This is accomplished 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

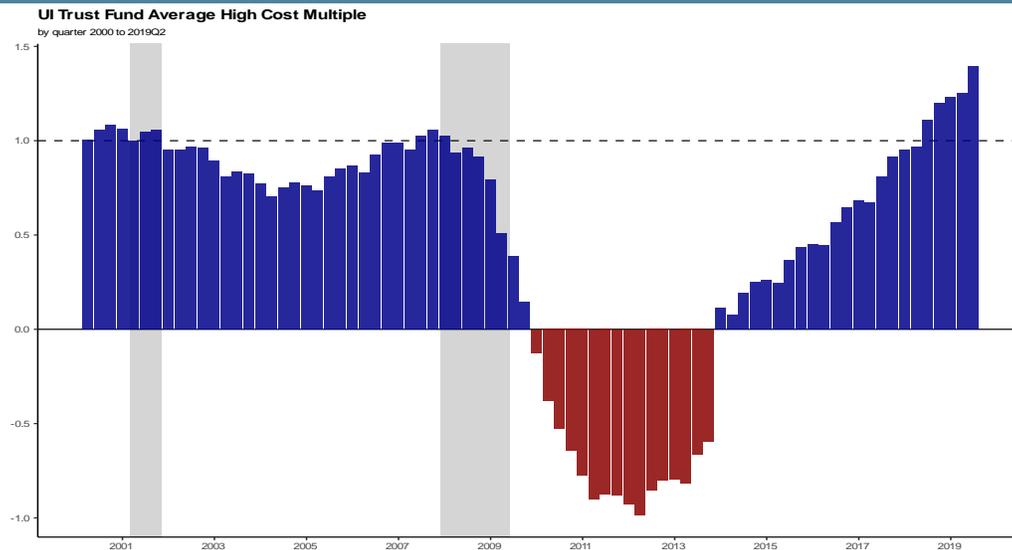


- As can be seen above, the net effect on the trust fund after the 2007 recession was an outflow of funds, whereas during the current period of economic prosperity, the net effect is an inflow of funds, even overtaking the seasonal decreases generally seen in the first quarter of each year.

Trust Fund Overview	Millions of \$
Q1 2019 Ending Balance	\$1,521.01
Plus:	
Contributions	\$250.05
Interest Earned	\$9.97
Less:	
Benefit Payments	\$64.20
Q2 2019 Ending Balance	\$1,717.82

- Since last quarter, \$250 million in UI taxes were collected, 158.2 percent higher than last quarter's contributions; which is to be expected, as the second quarter reading reflects contributions in the first quarter, which are generally the highest in the year due to employers having just begun their UI tax contributions for the year. Interest earned by the Trust Fund totaled just under ten million dollars in the first quarter; up 11.7 percent compared to last quarter.
- Benefit payments, which constitute the outflows from the fund, were \$64.2 million for the observed period, fourteen percent lower when compared to the first quarter of the year. This, combined with trends in UI contributions, allowed the Trust Fund to grow by more than \$196.8 million over the quarter.

Research Notes



- 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 \$1.72 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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