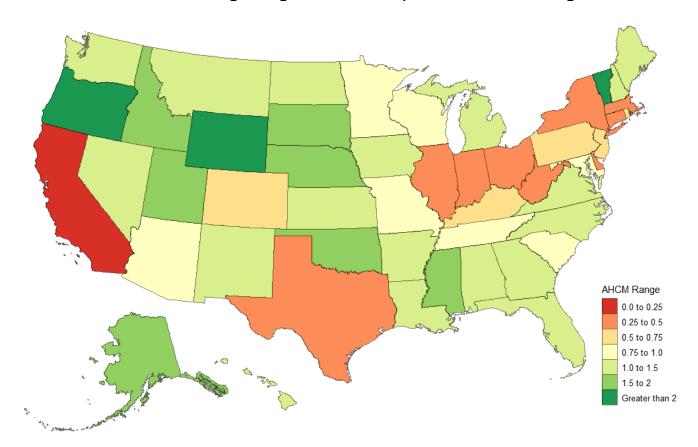
## Research Notes



Unemployment Insurance Trust Fund AHCM Alessandro Capello, Economist

## Note: 2018:103 August 16, 2018

## Nevada's Average High Cost Multiple at All-Time High



\*AHCM is calculated by dividing the Reserve Ratio (UITF balance divided by the previous year of Total Wages) by the Average High Cost Rate
This data is derived from lagged wage data

- 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.
- 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.
- All of this results in an AHCM of 1.14 for Nevada; indicating that the UI Trust Fund should be capable of weathering just over one year of benefit payments in an average recession.
- The map above indicates the current AHCM for all 50 states. As can be seen, California has the lowest AHCM in the country during the observed period, at 0.219. The highest AHCM is held by Wyoming, with a reading of 2.41.
- In all, 28 states and the District of Columbia have AHCMs in excess of one.





