

# STATE OF NEVADA

Steve Sisolak  
Governor



Dr. Tiffany G. Tyler-Garner  
Director

Kimberly Gaa  
Administrator

Department of Employment, Training and Rehabilitation  
**EMPLOYMENT SECURITY DIVISION**  
500 E. Third Street  
Carson City, Nevada 89713-0001

## **MEETING NOTICE AND AGENDA**

Post Date: 08/30/2019

Notice of Employment Security Council Meeting and Workshop to Solicit Comments on Proposed Regulation Amendment to NAC 612.270.

*This meeting, conducted by the Administrator of the Employment Security Division (ESD) and the Employment Security Council (ESC), is a workshop to review, discuss and solicit comment on a proposed amendment of a regulation pertaining to Chapter 612 of the Nevada Administrative Code pursuant to Nevada Revised Statute (NRS) 233B.061. The proposed amendment will establish the Unemployment Insurance Tax Rate Schedule for Nevada employers for calendar year 2020.*

**Name of Organization:** Nevada Employment Security Council; NRS 612.305

**Date and Time of Meeting:** Thursday, October 3, 2019; 11:00 A.M.

<b>Place of Meeting:</b>	<b><u>Live Meeting:</u></b>	<b><u>Video Conference To:</u></b>
	Legislative Building	Grant Sawyer Building
	401 S. Carson Street, Room 3137	555 E. Washington Ave., Room 4412
	Carson City, Nevada 89701	Las Vegas, Nevada 89101

**Note:** This meeting will also be broadcast on the Internet at [www.leg.state.nv.us](http://www.leg.state.nv.us)

### **AGENDA**

- I. Call to order and welcome – ESC
- II. Public Comment – *Chair may limit public comment to 5 minutes per speaker, but may not restrict comment based upon viewpoint. No action may be taken upon a matter raised under the public comment period, unless the matter itself has been specifically included on this agenda as an action item.*
- III. Confirmation of Posting – ESC
- IV. Roll Call of Council Members – ESC
- V. Review Written Comments – ESC

- VI. \* For possible action:** Discussion and action regarding Approval of Minutes from the October 3, 2018 – Employment Security Council Meeting – ESC
- A. Public Comment – *Chair may limit public comment to 5 minutes per speaker, but may not restrict comment based upon viewpoint. No action may be taken upon a matter raised under the public comment period, unless the matter itself has been specifically included on this agenda as an action item.*
  - B. Approval of October 3, 2018 Minutes
- VII.** Economic Outlook and Unemployment Insurance Update
- A. Economic Projections and Overview – R&A/DETR
  - B. Review of UI Trust Fund – R&A/DETR
  - C. Tax Schedule Explanation – ESD/DETR
- VIII.** Public Comment on Tax Rate Schedule - *Chair may limit public comment to 5 minutes per speaker, but may not restrict comment based upon viewpoint. No action may be taken upon a matter raised under the public comment period, unless the matter itself has been specifically included on this agenda as an action item.*
- IX. \* For possible action:** Council Adoption of Recommended Unemployment Insurance (UI) Tax Rate Schedule for Calendar Year 2020 (Nevada Administrative Code 612.270) – ESC
- X.** Closing Public Comment - *Chair may limit public comment to 5 minutes per speaker, but may not restrict comment based upon viewpoint. No action may be taken upon a matter raised under the public comment period, unless the matter itself has been specifically included on this agenda as an action item.*
- XI. \* For possible action:** Adjournment

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**Agenda items may be taken out of order. Two or more agenda items may be combined for consideration. An item may be removed or discussion on an item may be delayed at any time.**

A copy of the meeting Notice and Agenda can be requested either in person or by written request to the Department of Employment, Training and Rehabilitation; Employment Security Division, 500 E. Third Street, Carson City, Nevada 89713 or telephone Joyce Golden at (775) 684-3909 or fax request to (775) 684-3910. Copies of pertinent documents will also be made available on the DETR website at: <http://detr.nv.gov>

**NOTE:** Written comments must be received by the Employment Security Division on or before September 26, 2019, at the following address:

Attn: Joyce Golden  
Department of Employment, Training and Rehabilitation  
Employment Security Division  
500 E. Third Street, Carson City, NV 89713

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**NOTE:** Persons with disabilities who require reasonable accommodations or assistance at the meeting should notify the Employment Security Division in writing at 500 E. Third Street, Carson City, Nevada 89713, or call Joyce Golden at (775) 684-3909 (*for individuals who are deaf or have hearing disabilities, dial TTY (800) 326-6868 or 711 for Relay Nevada*) or send a fax to (775) 684-3910 within 72 hours of meeting date and time. Supporting materials as provided for in NRS 241.020(5) may be obtained by contacting Joyce Golden at the above-noted contact information.

Employment Security Council  
Meeting Notice and Agenda  
October 3, 2019

**Notice of this meeting was posted at the following locations on or before 9 a.m. on the 3<sup>rd</sup> working day prior to the scheduled meeting date.**

Nevada State Library & Archives, 100 North Stewart Street, Carson City, NV 89701  
Legislative Building, 401 South Carson Street, Carson City, NV 89701  
Grant Sawyer State Building, 555 E. Washington Ave., Las Vegas, NV 89101  
Legislative Counsel Bureau Web Site  
Department of Employment, Training and Rehabilitation Web Site  
All County Libraries in Nevada  
Employment Security Division, State Administrative Office, 500 East Third Street, Carson City, NV 89713  
Employment Security Division Southern Administrative Office, 2800 E. St. Louis Ave., Las Vegas, NV 89104  
Unemployment Insurance Contributions, 1320 South Curry Street, Carson City, NV 89703  
Las Vegas Field Audit Office, 2800 E. St. Louis Ave., Las Vegas, NV 89104  
Appeals Office, 2800 E. St. Louis Ave., Las Vegas, NV 89104  
Reno Day Labor Office, 420 Galletti Way, Sparks, NV 89431  
American Job Center of Nevada, 4001 South Virginia Street, Reno, NV 89502  
Las Vegas Day Labor Office, 1001 North A Street, Las Vegas, NV 89106  
Nevada JobConnect-Carson City, 1929 North Carson Street, Carson City, NV 89701  
Nevada JobConnect-Elko, 172 Sixth Street, Elko, NV 89801  
Nevada JobConnect-Ely, 1500 Avenue F, Suite 1, Ely, NV 89301  
Nevada JobConnect-Fallon, 121 Industrial Way, Fallon, NV 89406  
Nevada JobConnect-Henderson, 4500 E. Sunset Road, Suite 40, Henderson, NV 89014  
Nevada JobConnect-Las Vegas, 3405 South Maryland Parkway, Las Vegas, NV 89169  
Nevada JobConnect-North Las Vegas, 2827 Las Vegas Boulevard North, Las Vegas, NV 89030  
Nevada JobConnect-Sparks, 2281 Pyramid Way, Sparks, NV 89431  
Nevada JobConnect-Winnemucca, 475 Haskell St., Suite 1, Winnemucca, NV 89445

Notice of this meeting was posted on the Internet on the following websites: DETR's Public Notices website at: [https://detr.nv.gov/Page/PUBLIC\\_NOTICES](https://detr.nv.gov/Page/PUBLIC_NOTICES), the State of Nevada's Public Notices website at: <https://notice.nv.gov/>, and the Administrative Regulation Notices website at: <http://www.leg.state.nv.us/App/Notice/A/>.



# Economic Overview

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## Summary of Labor Market Conditions and Outlook

Department of Employment, Training, & Rehabilitation

Dr. Tiffany Tyler-Garner, Director

Dennis Perea, Deputy Director

David Schmidt, Chief Economist

*Prepared by the Research and Analysis Bureau*

# State Employment

**Total Employment of 1,433,600 in August (SA<sup>1</sup>)**

**Non-farm Job Levels Up 42,100<sup>1</sup> or 3.0% Over the Year**

**Nevada #1 in Employment Growth 11 Months Running**

**Up 5,400 Jobs Over the Month**

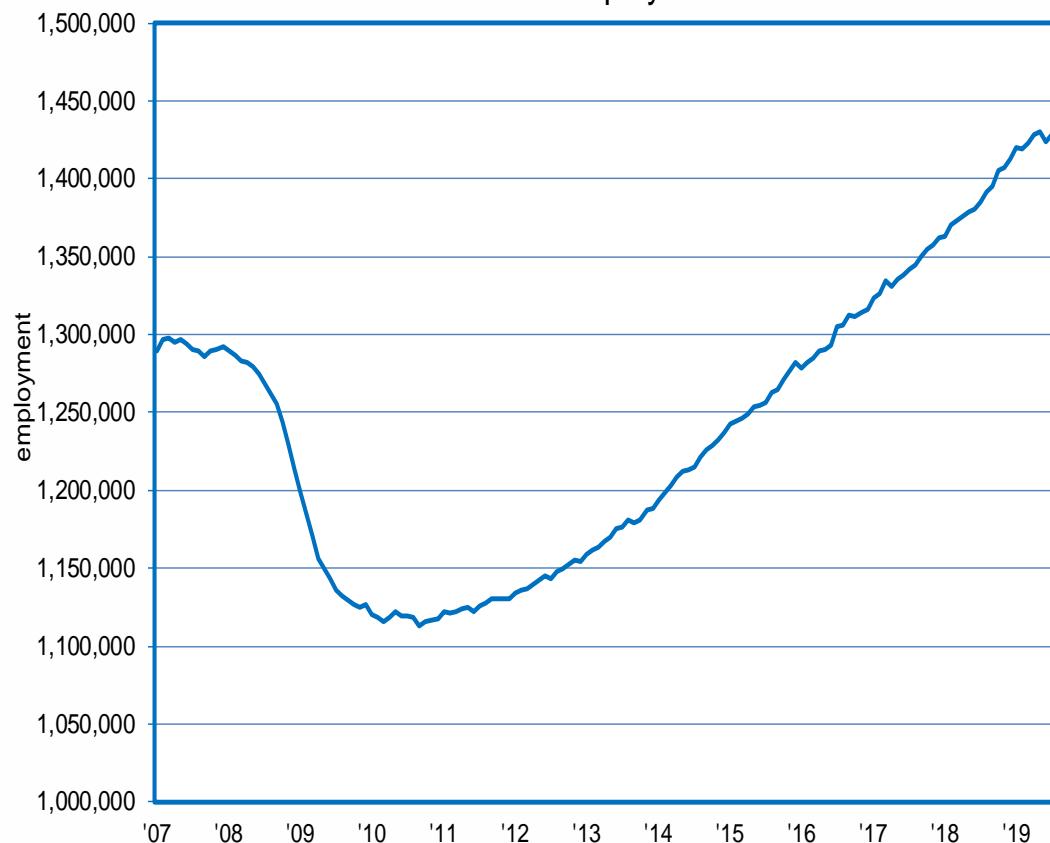
2,100 (NSA<sup>2</sup>) jobs were expected to be realized based upon historical trends, but 7,500 were actually added, resulting in the seasonally-adjusted increase

July's employment level was revised down by 700 jobs<sup>1</sup> bringing the two-month change to a gain of 9,900 jobs

<sup>1</sup> seasonally adjusted

<sup>2</sup> not seasonally adjusted

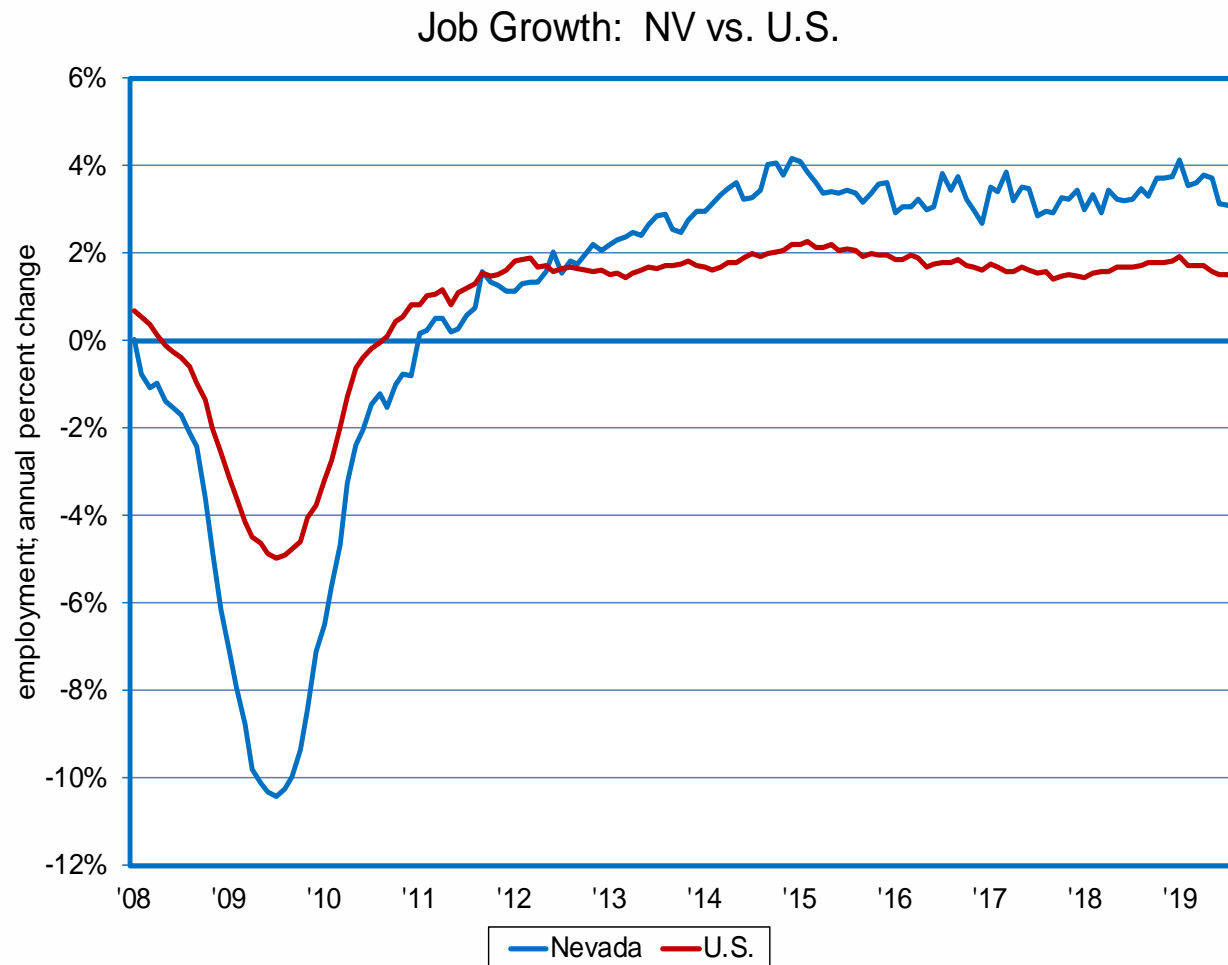
Total Nonfarm Employment



# Nevada Growing Twice as Fast as Nation

Nevada's employment grew at an annual rate of 3.0% in August, compared to 1.4% in the nation as a whole<sup>1</sup>

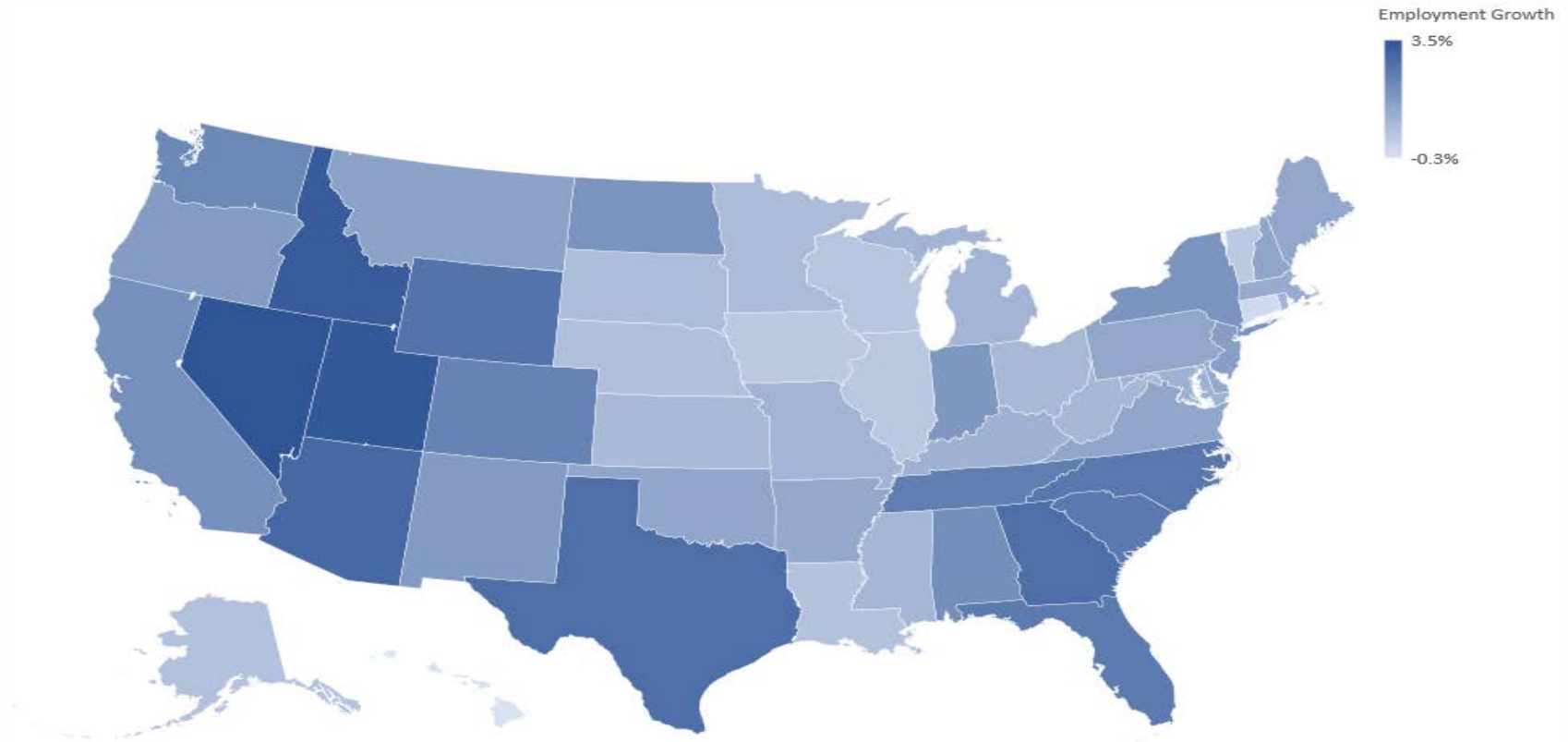
Nevada's job growth has outpaced the nation for 85 straight months



<sup>1</sup> seasonally adjusted

# Nevada #1 in Private Sector Job Growth Over the Year

Average Employment Growth by State, 2019 First Quarter (Year over Year - Total Private Employment, All Industries)



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© GeoNames

# 12-Month Average Job Growth Over The Same Time Last Year Across All Sectors

Professional and business services is up 12,900 jobs, using a 12-month average through August over the same time last year, a gain of 6.9%<sup>1</sup>

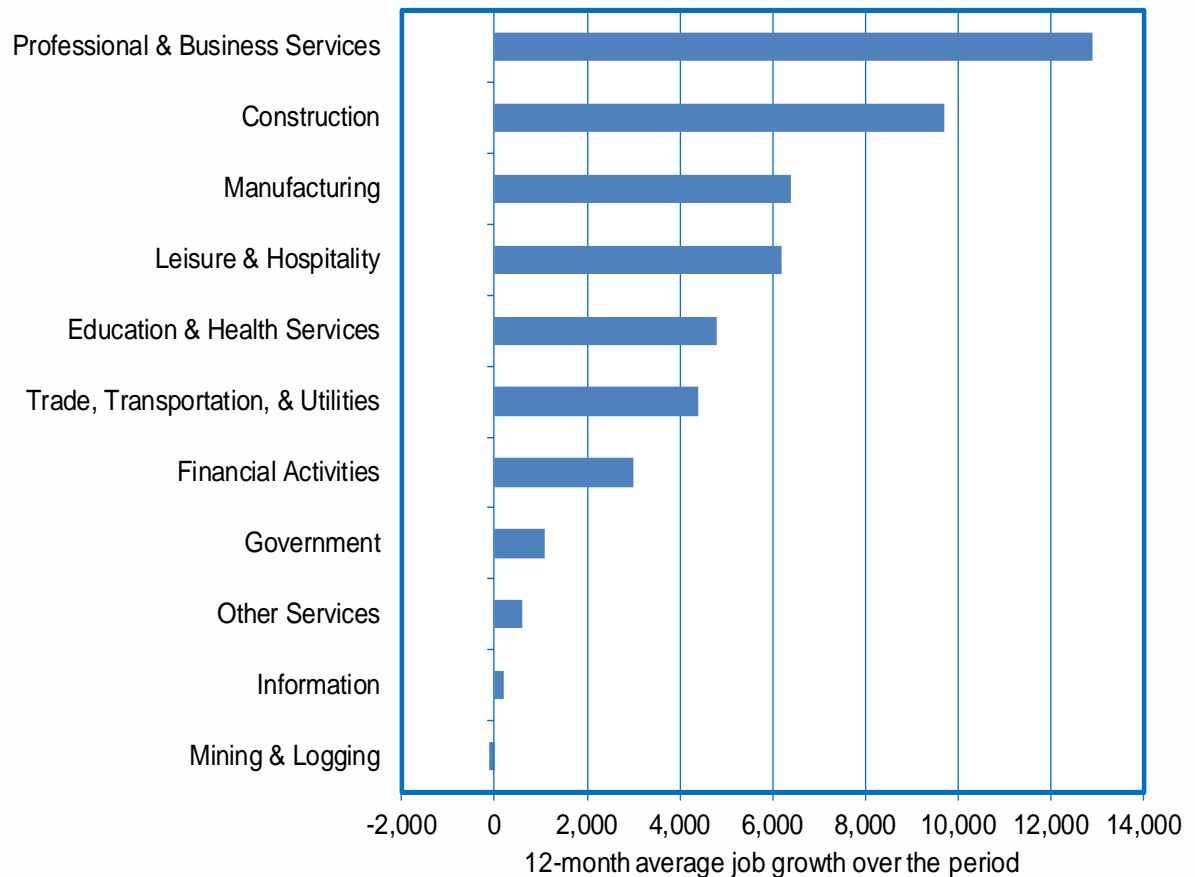
Manufacturing has grown by 12.2% after adding 6,400 jobs

Construction added 9,700 jobs, a gain of 11.1%

Leisure & hospitality grew by 1.8% and added 6,200 jobs

Mining declined by 100 or - 0.3%

Nevada Nonfarm Job Growth by Industry

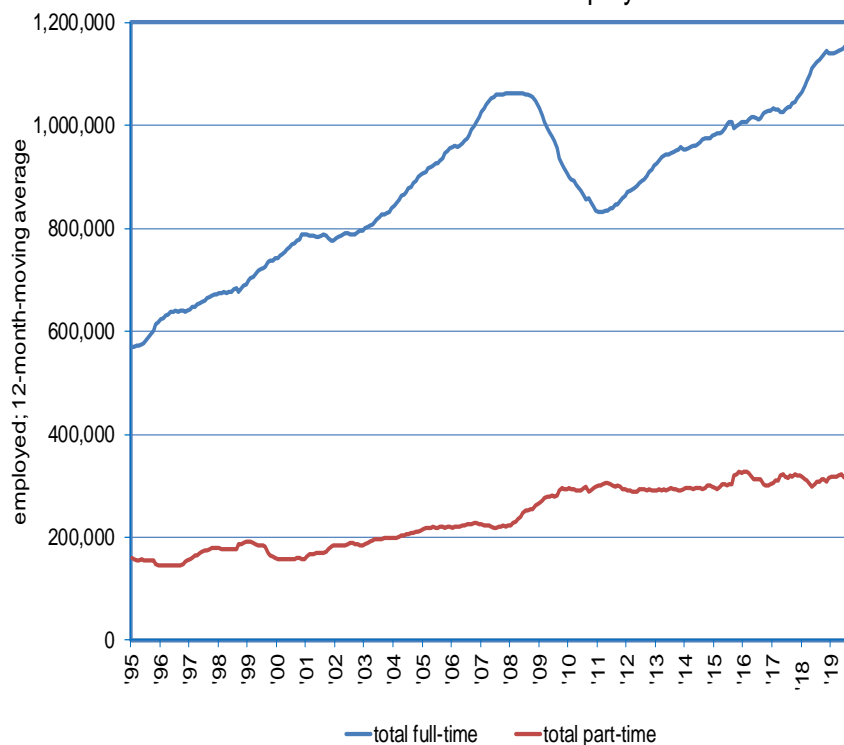


<sup>1</sup> not seasonally adjusted

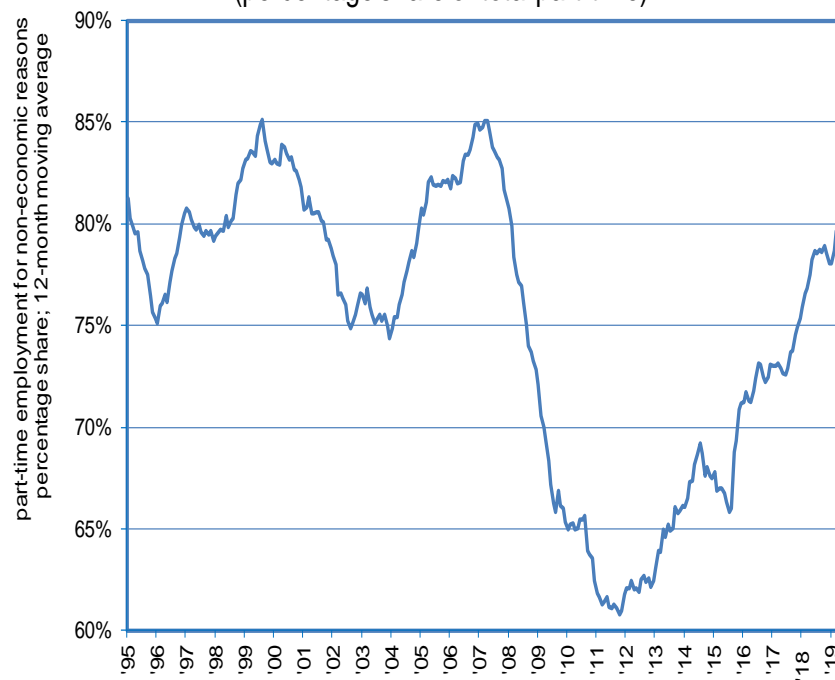


# Voluntary Part Time Employment Rising

Nevada: Full Time and Part Time Employment



Nevada: Part-time Employment for Non-Economic Reasons  
(percentage share of total part-time)



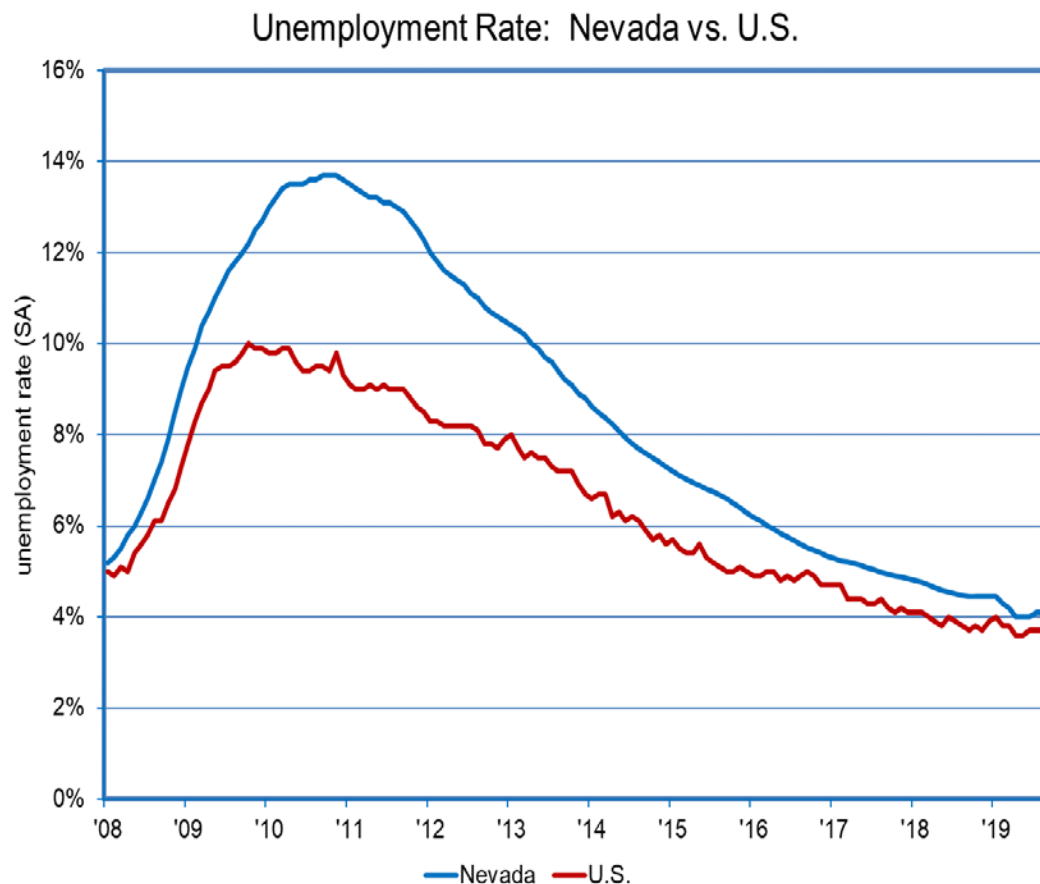
# State Unemployment Rate

## 4.1% in August 2019

Unchanged from July;  
down from 4.5% a year  
ago<sup>1</sup>.

Unemployment totaled  
63,299, up 1,063 over  
the month and down  
4,155 over the year

Compares to a 3.7%  
rate for the U.S. – 0.4  
percentage point  
higher

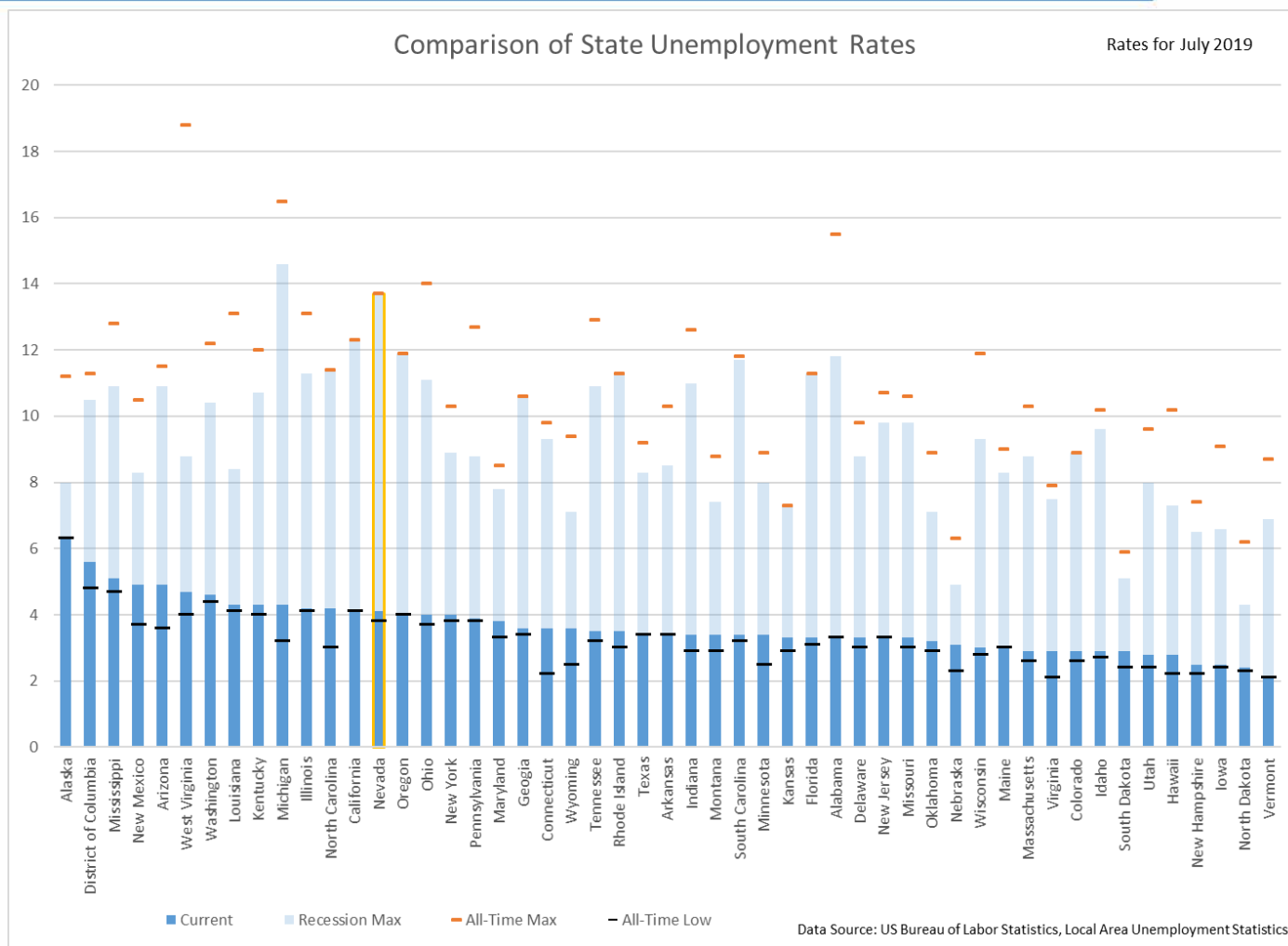


<sup>1</sup> seasonally adjusted

# Ranking of State Unemployment Rates

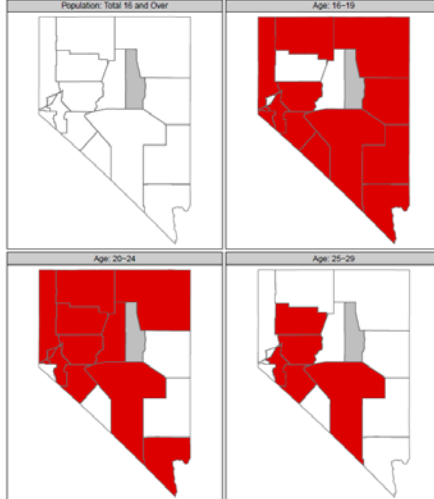
Currently, most states are near their all-time low unemployment rates.

39 states, including Nevada, are within 0.5 percentage points of their all-time low unemployment rate.

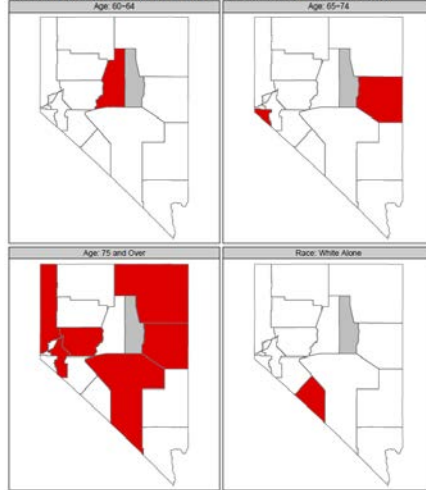


# Demographic Groups With High Unemployment

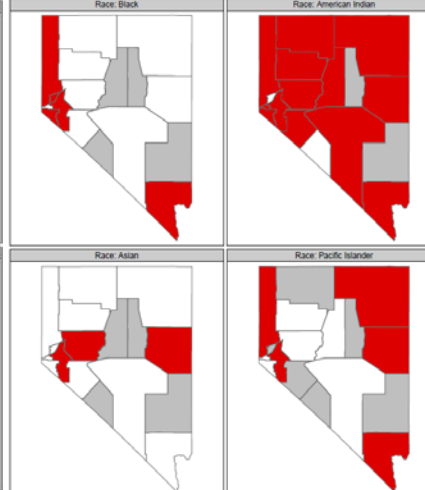
Areas Meeting at Least One High Unemployment Threshold, 2017



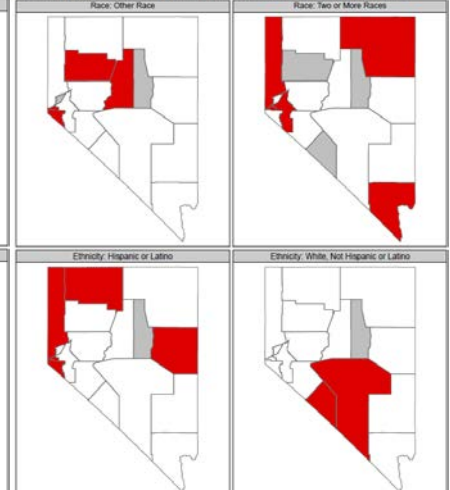
Areas Meeting at Least One High Unemployment Threshold, 2017



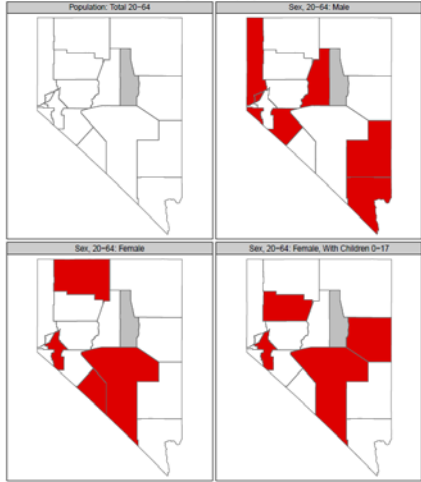
Areas Meeting at Least One High Unemployment Threshold, 2017



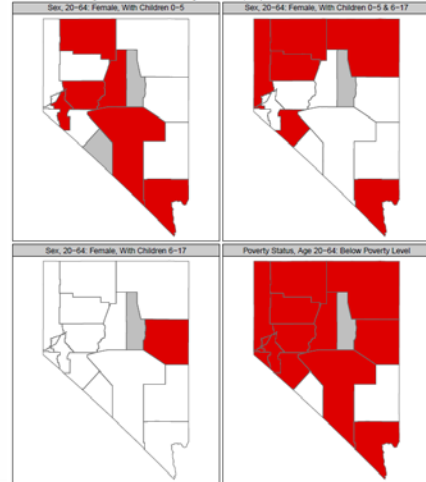
Areas Meeting at Least One High Unemployment Threshold, 2017



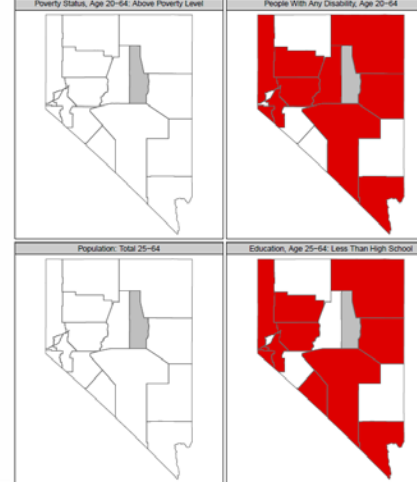
Areas Meeting at Least One High Unemployment Threshold, 2017



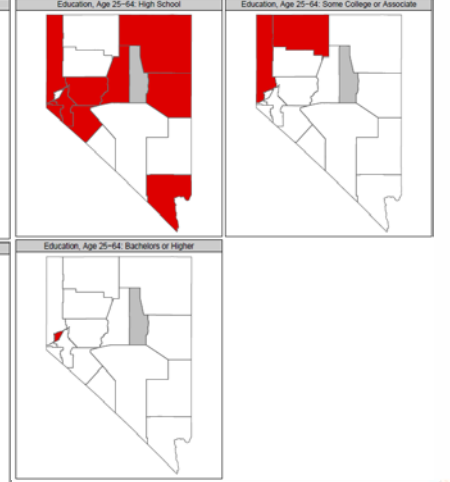
Areas Meeting at Least One High Unemployment Threshold, 2017



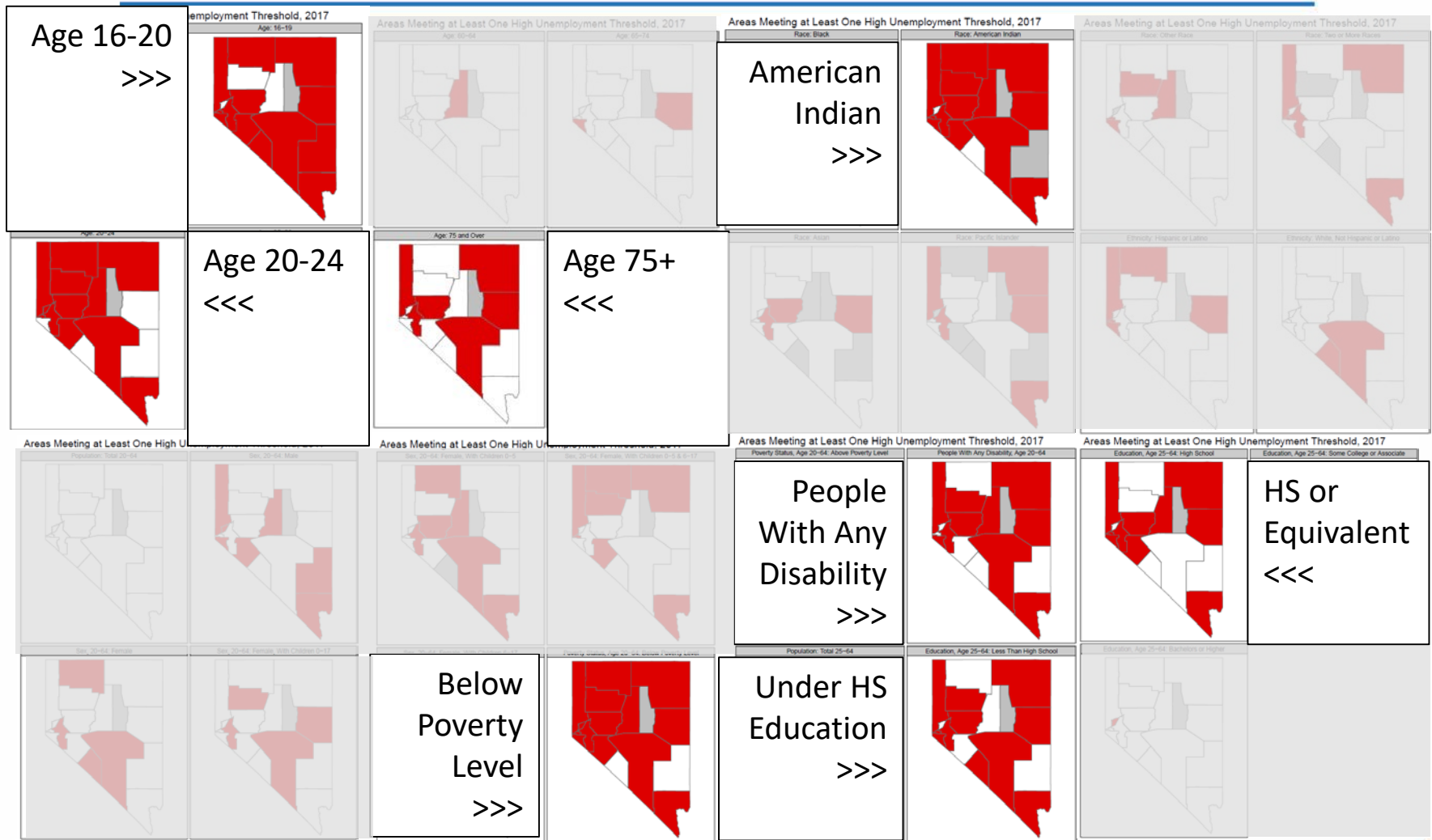
Areas Meeting at Least One High Unemployment Threshold, 2017



Areas Meeting at Least One High Unemployment Threshold, 2017



# Demographic Groups With High Unemployment



The Question Everyone Asks...

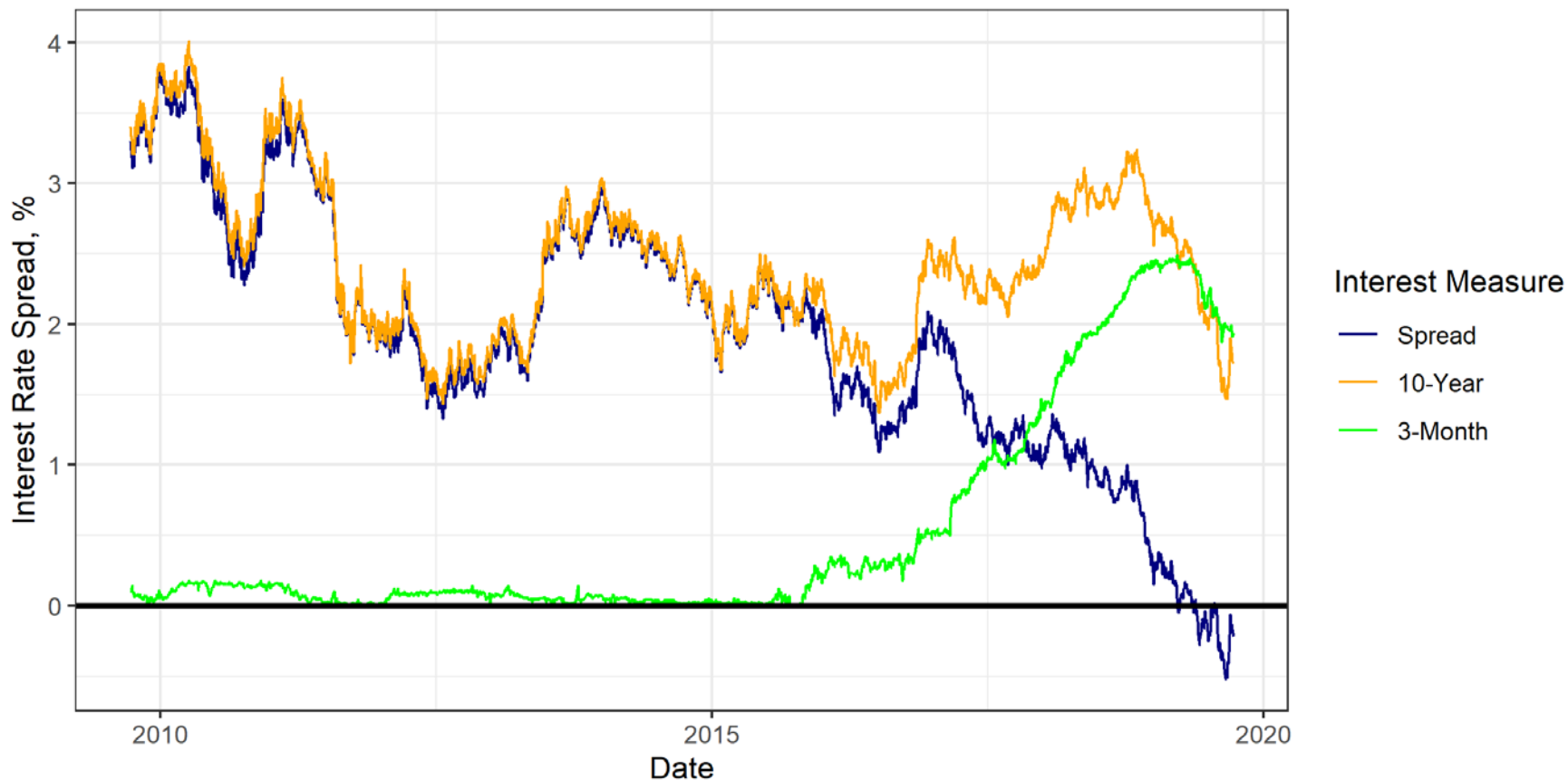
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**When is the next  
recession  
coming?**

# Yield Curve Outlook – Still Inverted

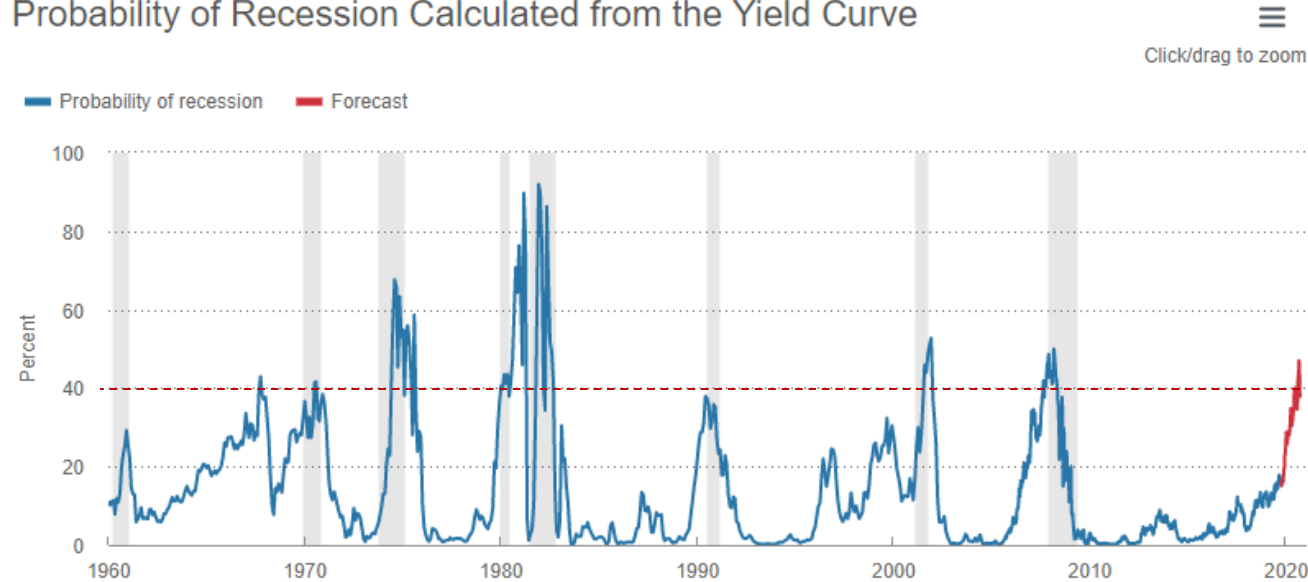
## Recent History of 10 Year/3 Month Yield Curve

Shaded areas indicate recessions



# Cleveland Federal Reserve Calculated Odds of Recession

## Probability of Recession Calculated from the Yield Curve



Source: Federal Reserve Board, Federal Reserve Bank of Cleveland, Haver Analytics

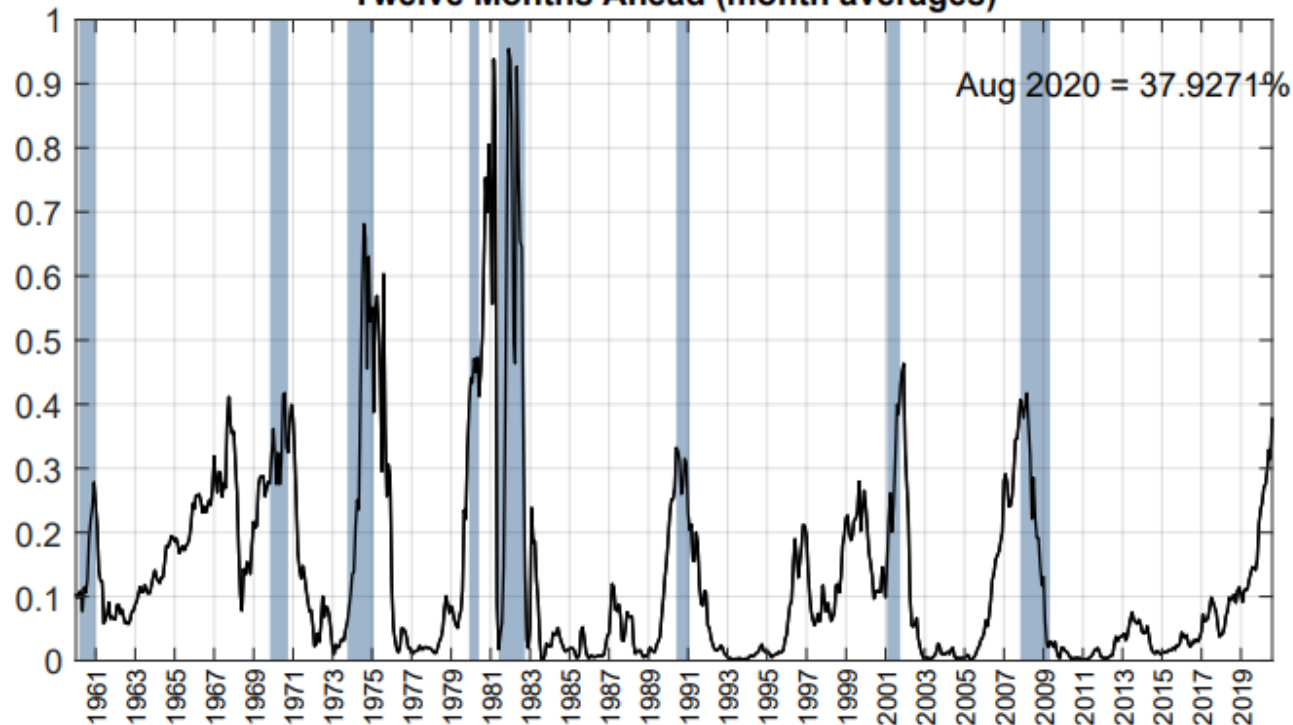
<https://www.clevelandfed.org/our-research/indicators-and-data/yield-curve-and-gdp-growth.aspx>

	July	August	September
3-month Treasury bill rate (percent)	2.11	1.96	1.95
10-year Treasury bond rate (percent)	2.07	1.58	1.80
Yield curve slope (basis points)	-4	-38	--15
Prediction for GDP growth (percent)	2.2	2.2	2.1
Probability of recession in 1 year (percent)	35.4	44.1	37.9



# New York Federal Reserve Calculated Odds of Recession

**Probability of US Recession Predicted by Treasury Spread\***  
Twelve Months Ahead (month averages)

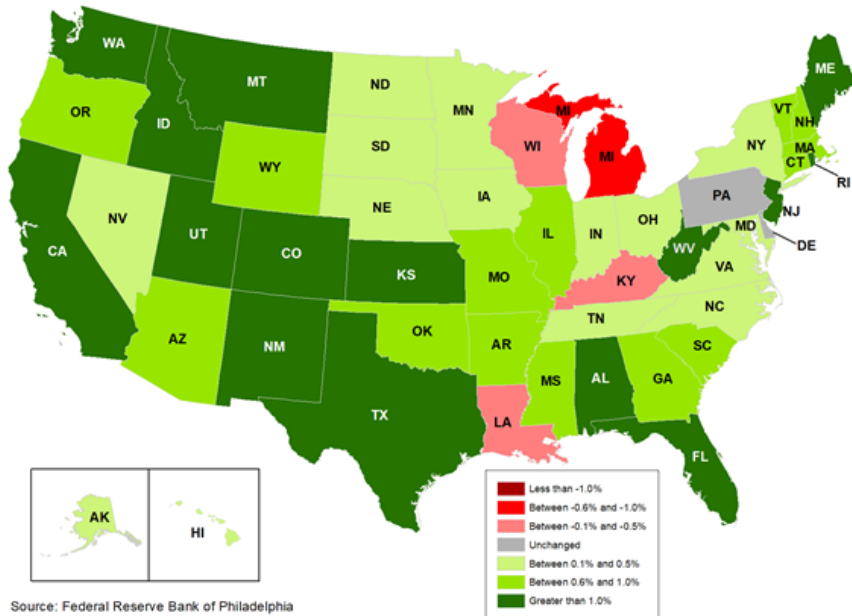


\*Parameters estimated using data from January 1959 to December 2009, recession probabilities predicted using data through Aug 2019.  
The parameter estimates are  $\alpha = -0.5333$ ,  $\beta = -0.6330$ .

Updated 04-Sep-2019

# Philadelphia Federal Reserve Coincident and Leading Indices

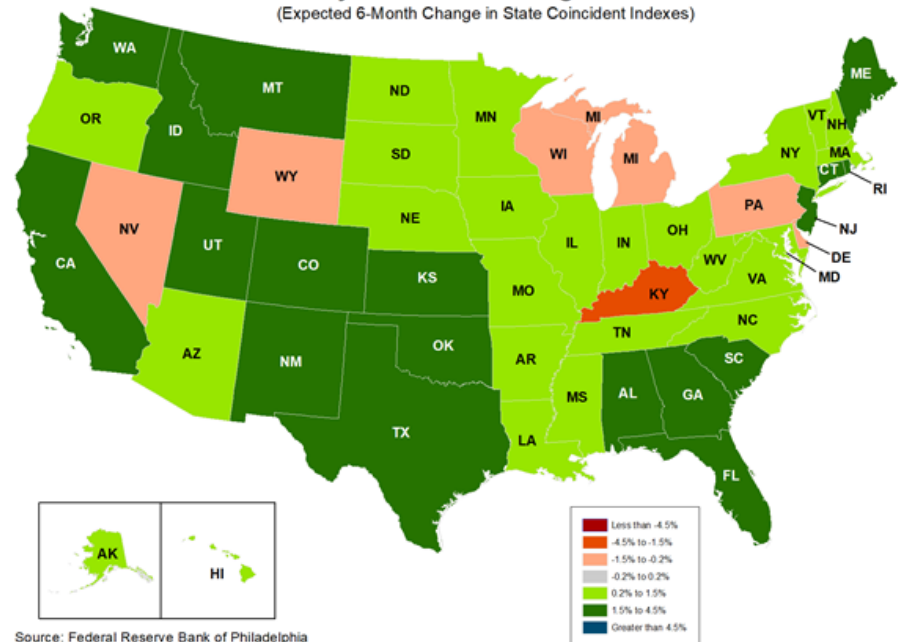
July 2019 State Coincident Indexes: Three-Month Change



Source: Federal Reserve Bank of Philadelphia

The leading index for each state predicts the six-month growth rate of the state's coincident index. In addition to the coincident index, the models include other variables that lead the economy: state-level housing permits (1 to 4 units), state initial unemployment insurance claims, delivery times from the Institute for Supply Management (ISM) manufacturing survey, and the interest rate spread between the 10-year Treasury bond and the 3-month Treasury bill.

July 2019 State Leading Indexes  
(Expected 6-Month Change in State Coincident Indexes)

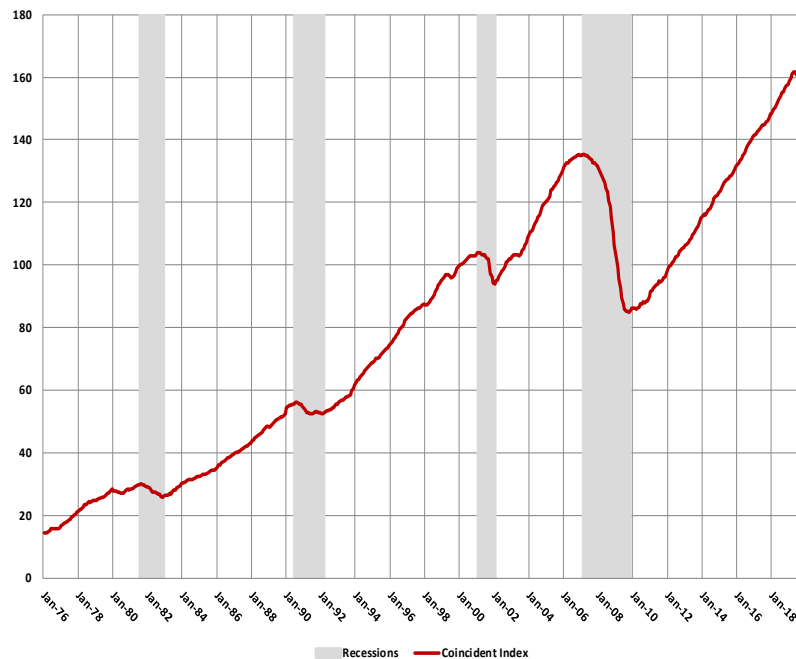


Source: Federal Reserve Bank of Philadelphia

# CBER-DETR Coincident and Leading Indices

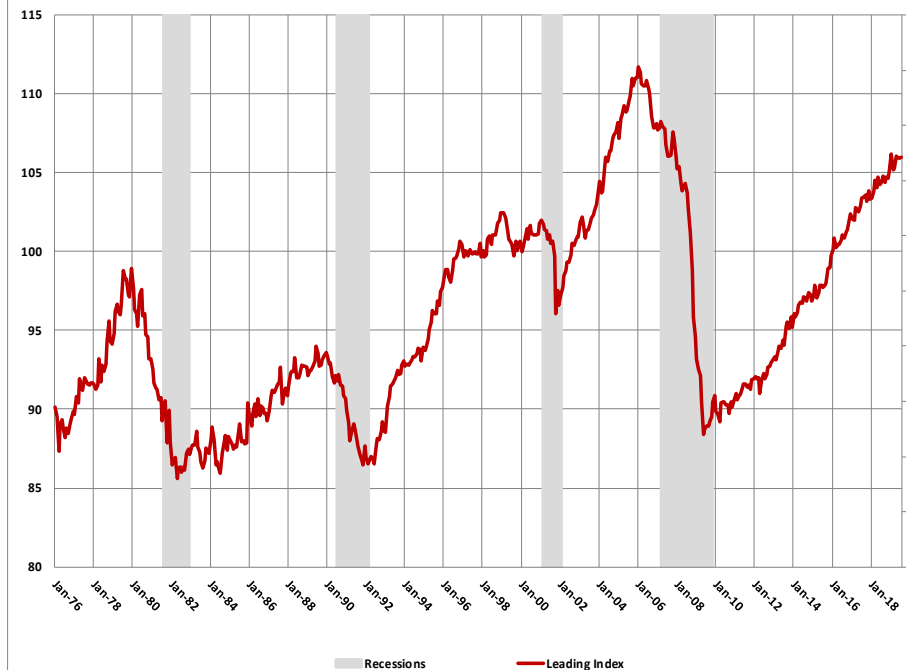
## CBER-DETR Coincident Index

Nevada Coincident Employment Index includes four employment measures – household employment, nonfarm employment, the unemployment rate (inverted, since an upward movement in the jobless rate is a “negative”), and the insured unemployment rate (inverted).



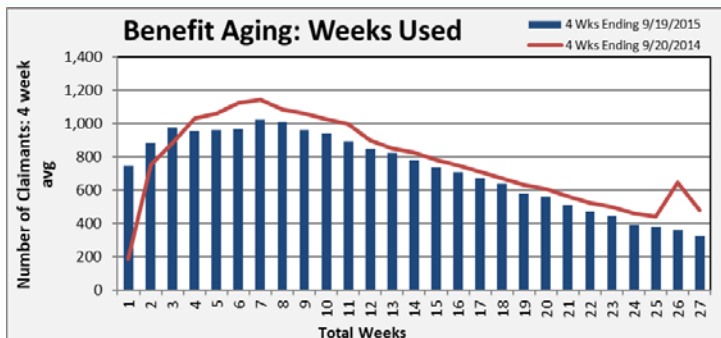
## CBER-DETR Leading Index

The Nevada Leading Employment Index includes six employment related measures – initial claims for unemployment insurance (inverted), the real 10-year Treasury rate (inverted), housing permits, commercial permits, construction employment, and the short-duration unemployment rate (inverted).

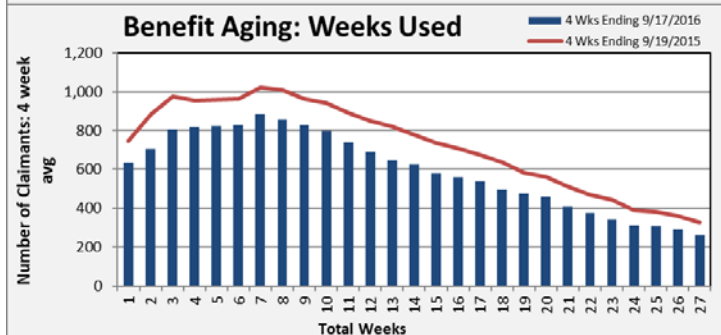


# Watching for Changes: UI Benefit Aging

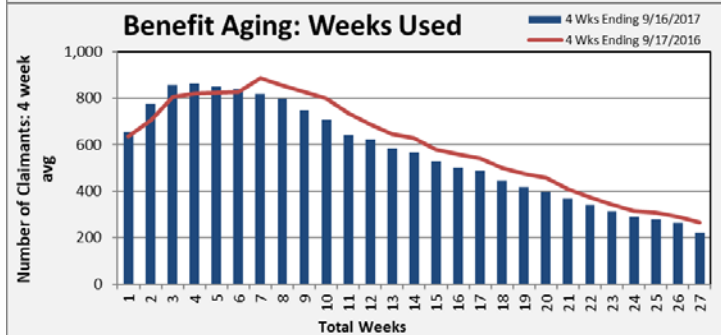
2015



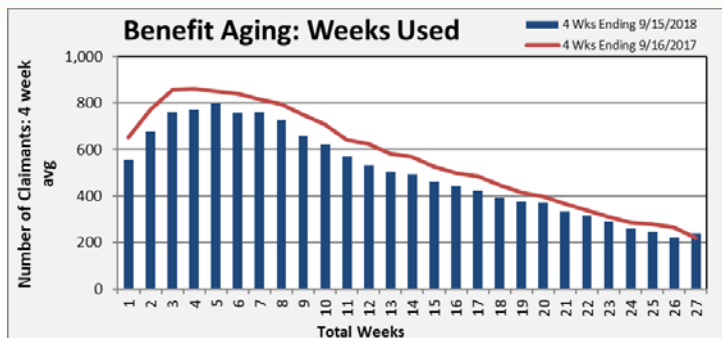
2016



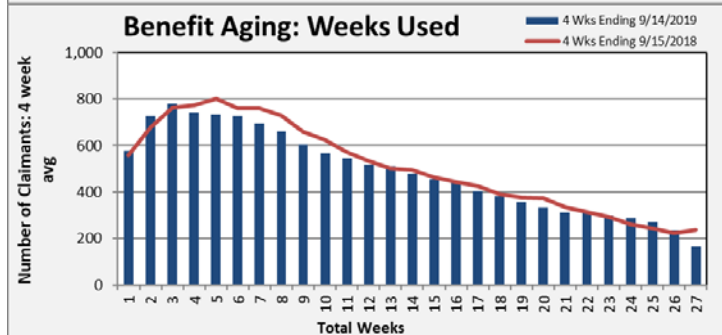
2017



2018

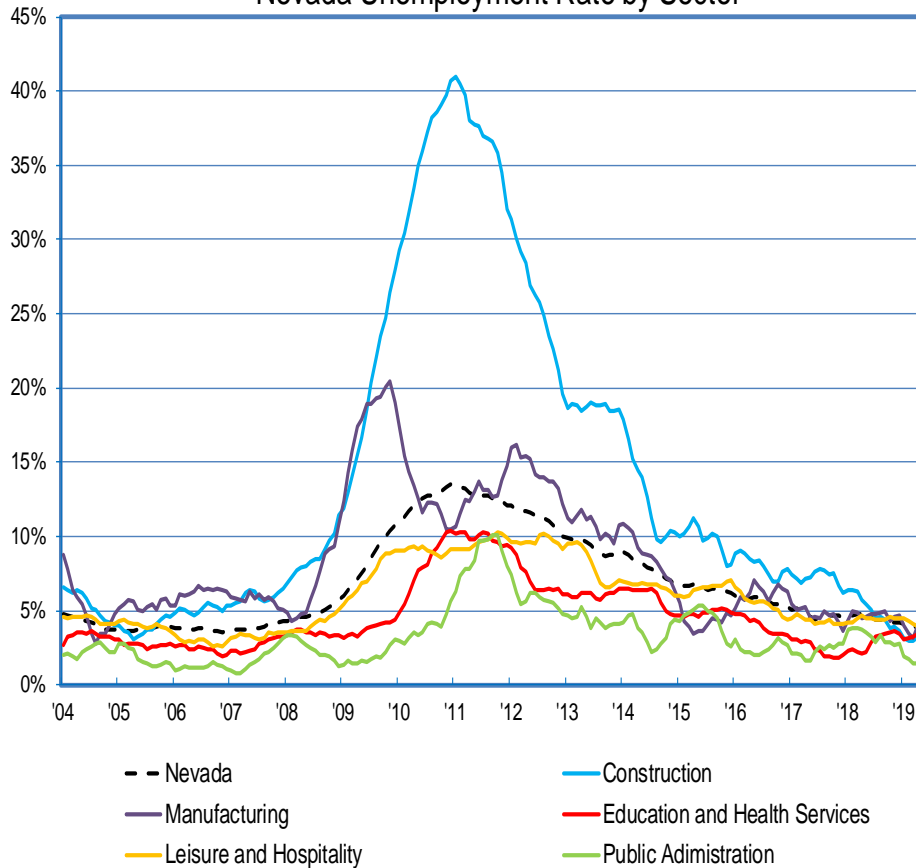


2019

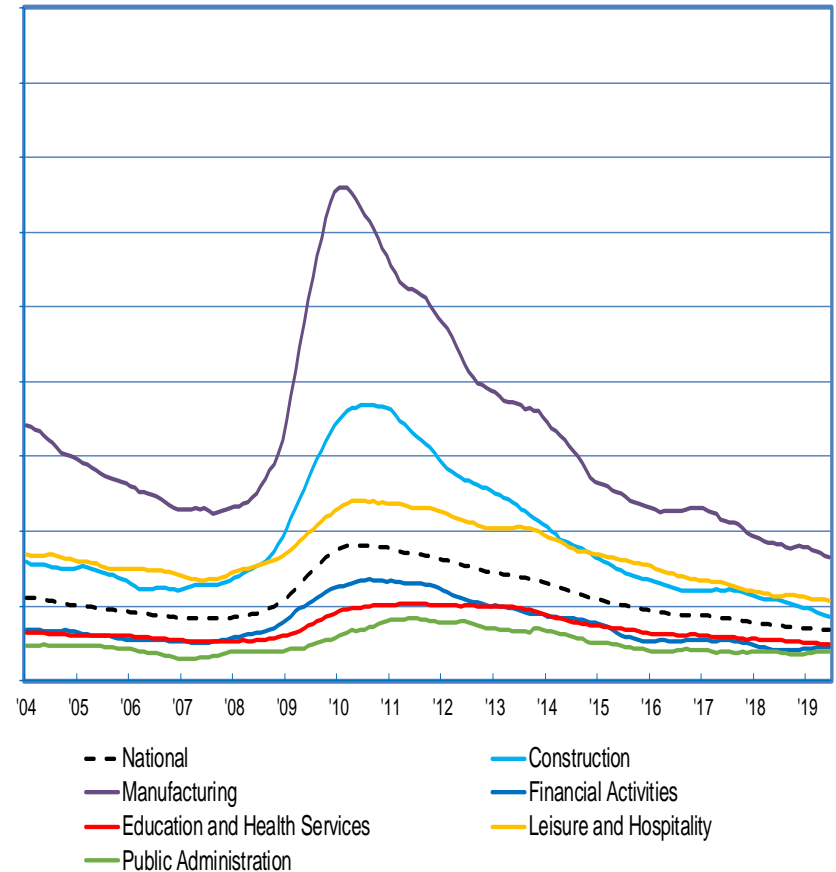


# Recession Impacts Vary by Region

## Nevada Unemployment Rate by Sector



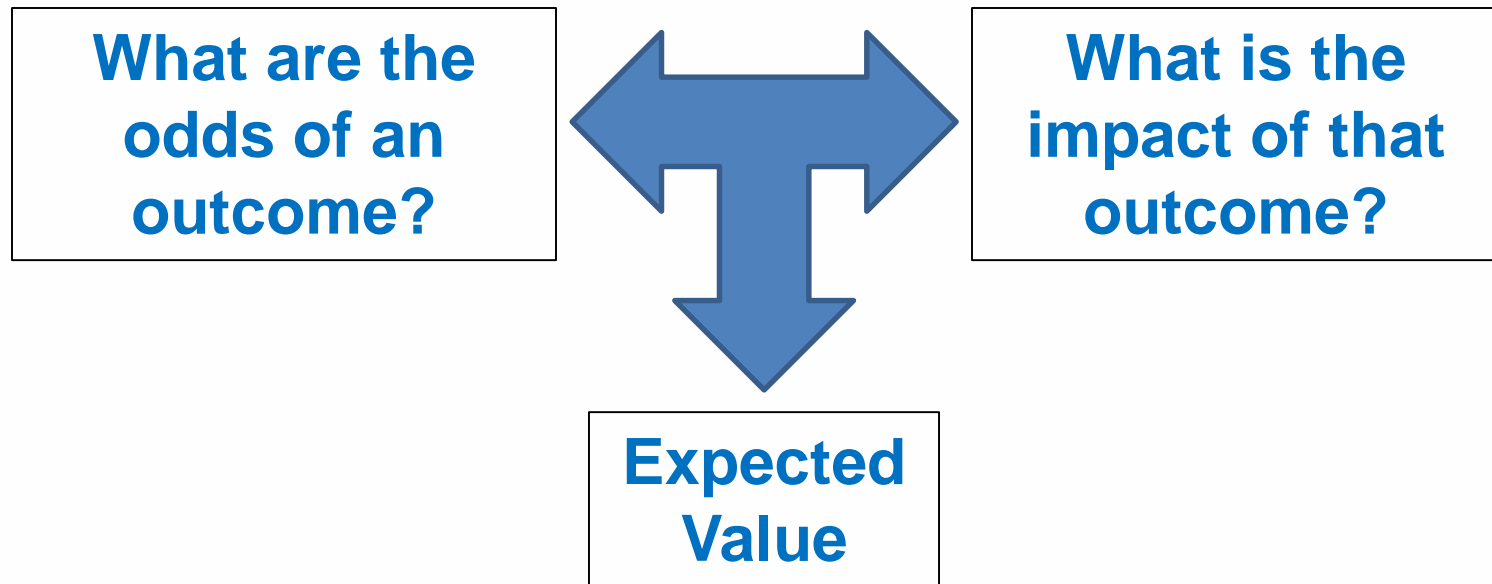
## National Unemployment Rate by Sector



# Responding to a Potential Recession

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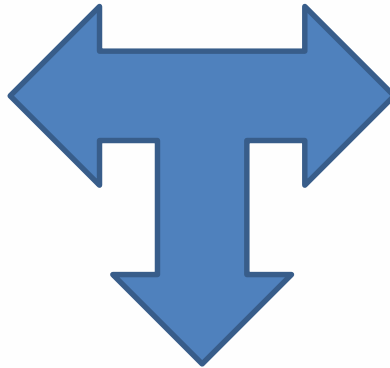
**What actions can you take today, with an uncertain outlook for next year?**



# Responding to a Potential Recession

Ask a question, multiply the probability of each outcome by the impact of that outcome, and add the totals together.

**Outcome 1: 10%**  
**Outcome 2: 30%**  
**Outcome 3: 60%**



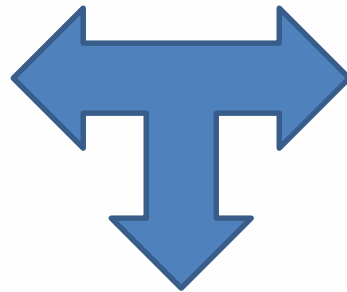
**O1: \$200,000**  
**O2: \$10,000**  
**O3: -\$1,000**

$$\begin{aligned} 0.1 \times \$200,000 &= \$20,000 + \\ 0.3 \times \$10,000 &= \$3,000 + \\ 0.6 \times -\$1,000 &= -\$600 = \\ &\mathbf{\$22,400} \end{aligned}$$

# Responding to a Potential Recession

What might an appropriate average tax rate be for 2020, given the potential for a recession to hit?

Recession: 40%  
No Recession: 60%



Recession Rate: 1.35%  
No Recession Rate: 1.85%

$$\begin{aligned} 0.4 \times 1.35\% &= 0.54\% + \\ 0.6 \times 1.85\% &= 1.11\% = \\ &\underline{\underline{1.65\%}} \end{aligned}$$

**Note:** The expected value here depends on both your assumed probabilities about an unknown future, and your own judgement about the best response to each outcome. It is a tool to help you structure your thoughts, not a crystal ball.



# For Additional Information, Please Contact:

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Nevada Department of Employment, Training and Rehabilitation  
Research and Analysis Bureau

David Schmidt  
Chief Economist  
[deschmidt@nvdetr.org](mailto:deschmidt@nvdetr.org)

Christopher Robison  
Supervising Economist  
[c-robison@nvdetr.org](mailto:c-robison@nvdetr.org)

(775) 684-0450  
<http://www.nevadaworkforce.com>



# Review of UI Trust Fund

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Employment Security Council

October 3, 2019

Department of Employment, Training, & Rehabilitation

Alessandro Capello, Supervising Economist

Jeremey Hays, Economist

*Prepared by the Research and Analysis Bureau*



# Agenda

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- National Perspective and Outlook
- Nevada Unemployment Insurance Trends
- Nevada's Unemployment Insurance Trust Fund
- 2020 Rate Discussion & Tax Rate Forecasts

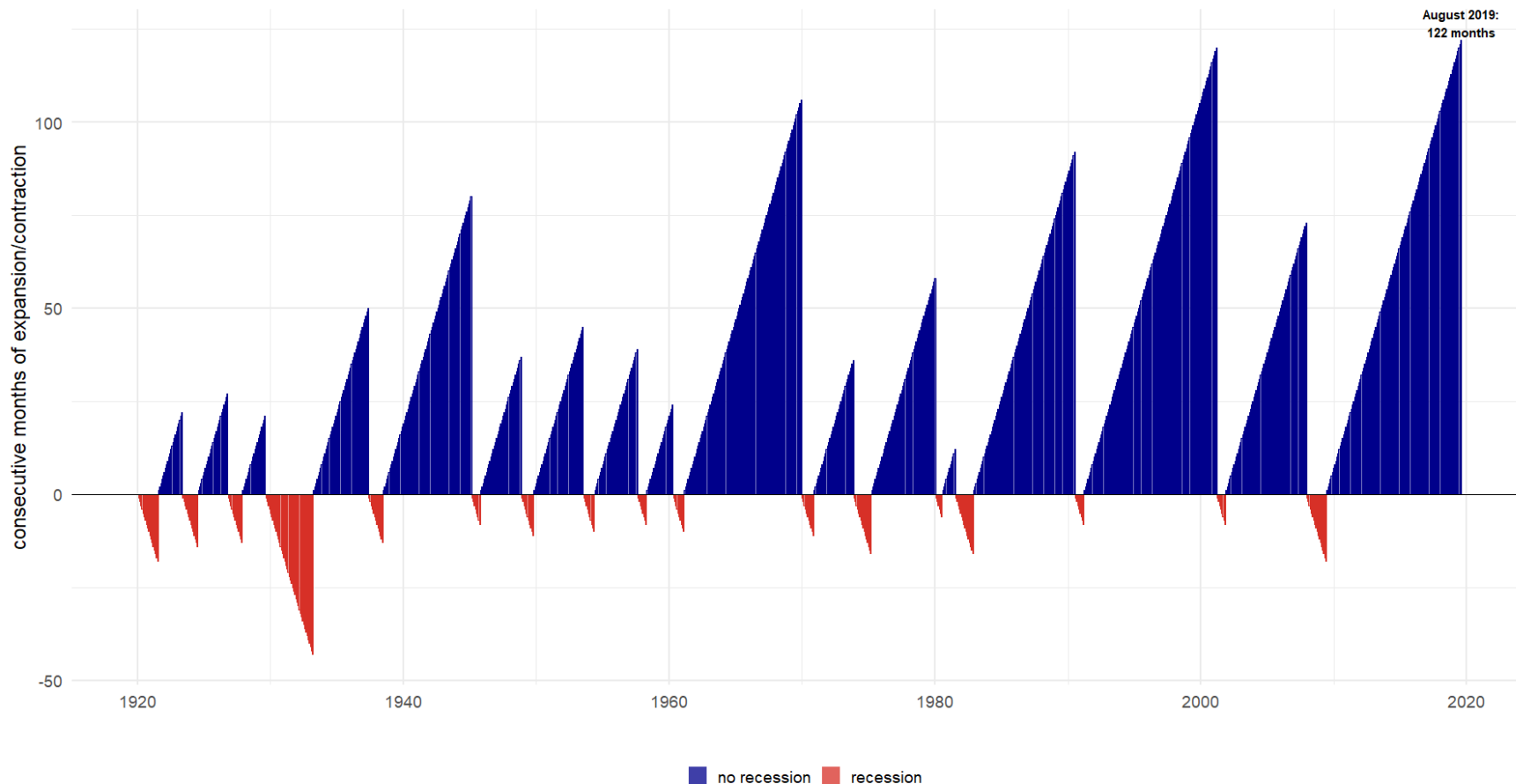


# National Perspective:

## Longest Economic Expansion in U.S. History

### U.S. Economic Expansions & Contractions

consecutive months of expansion/contraction



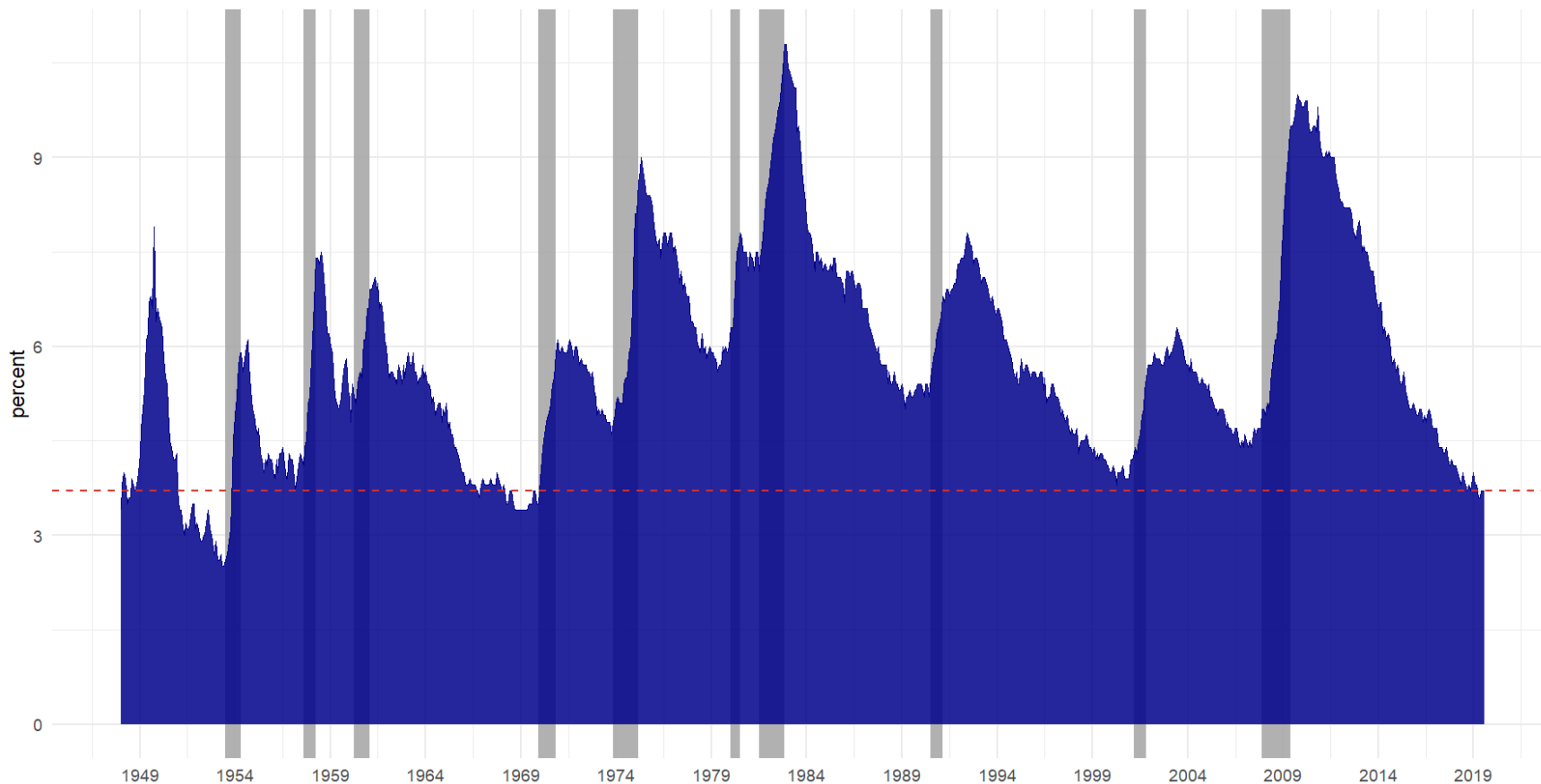
Source: National Bureau of Economic Research Recession Dates

# National Perspective:

## Unemployment Rate at Lowest Levels since 1960s

### U.S. Unemployment Rate

seasonally adjusted rates by month 1948 to 2019, dashed line at August 2019 rate

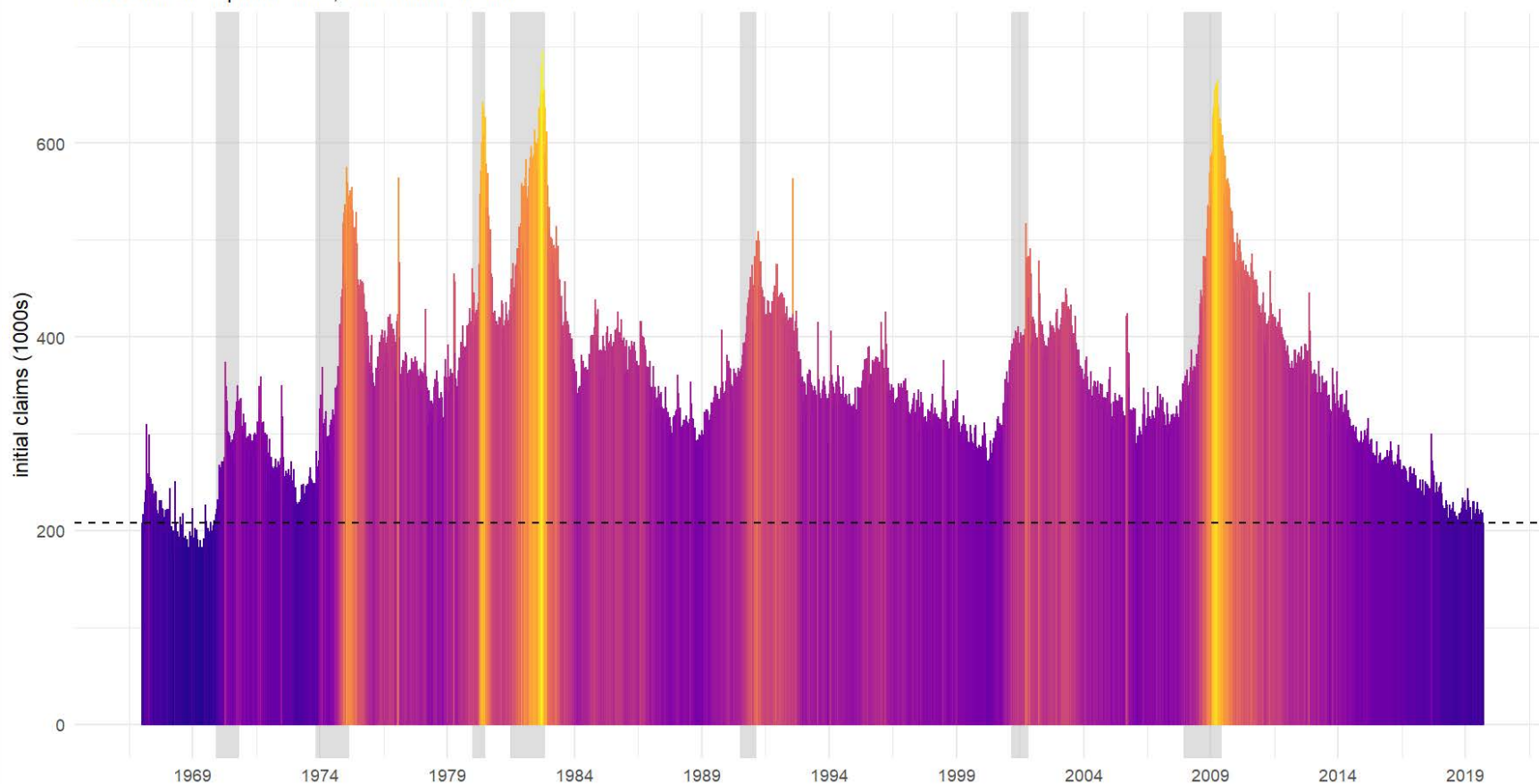


Source: U.S. Bureau of Labor Statistics, shaded bars represent NBER recessions

# National Perspective: UI Claims at Historic Lows

## U.S. Weekly Initial Claims for Unemployment Insurance

dotted line at September 14, 2019 value of 208k

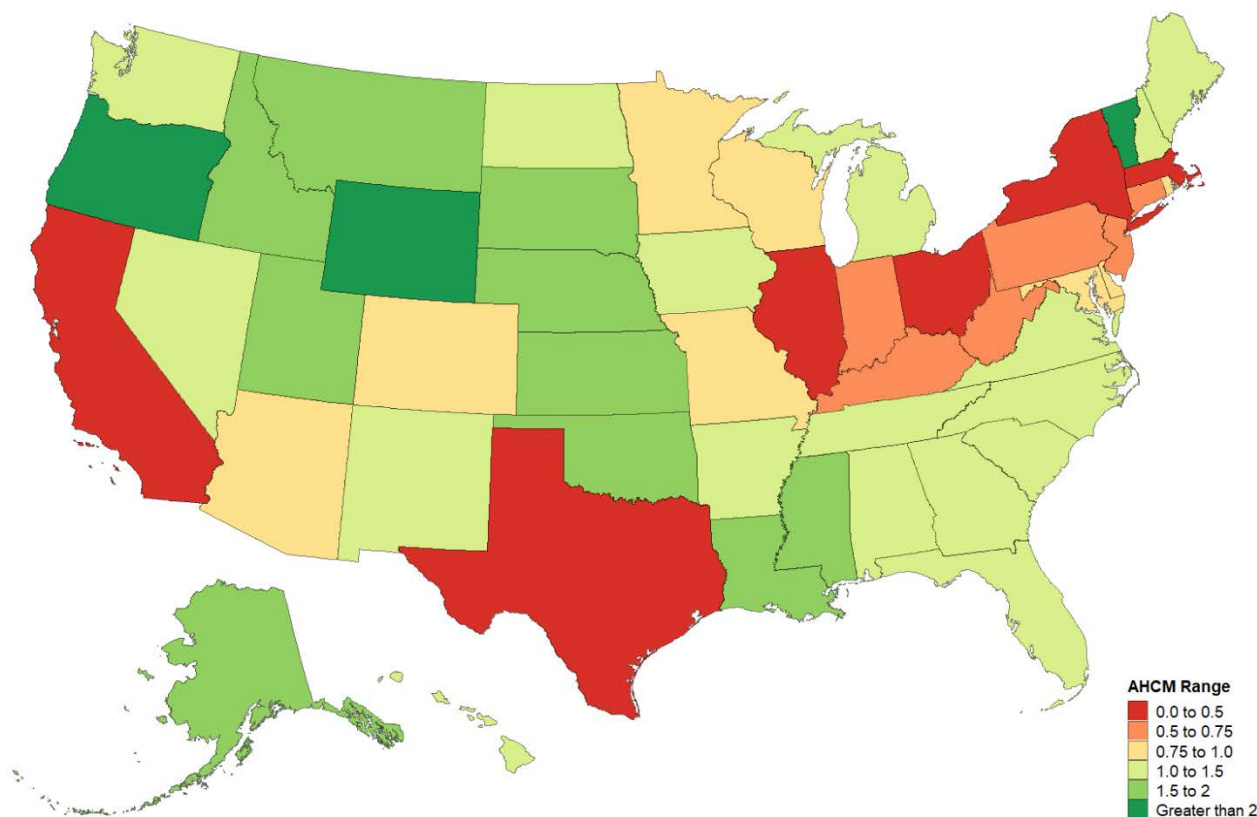


Source: U.S. Bureau of Labor Statistics

# National Perspective: Trust Fund Solvency is Improving Across the U.S.

## Average High Cost Multiple by State

as of 6/30/2019



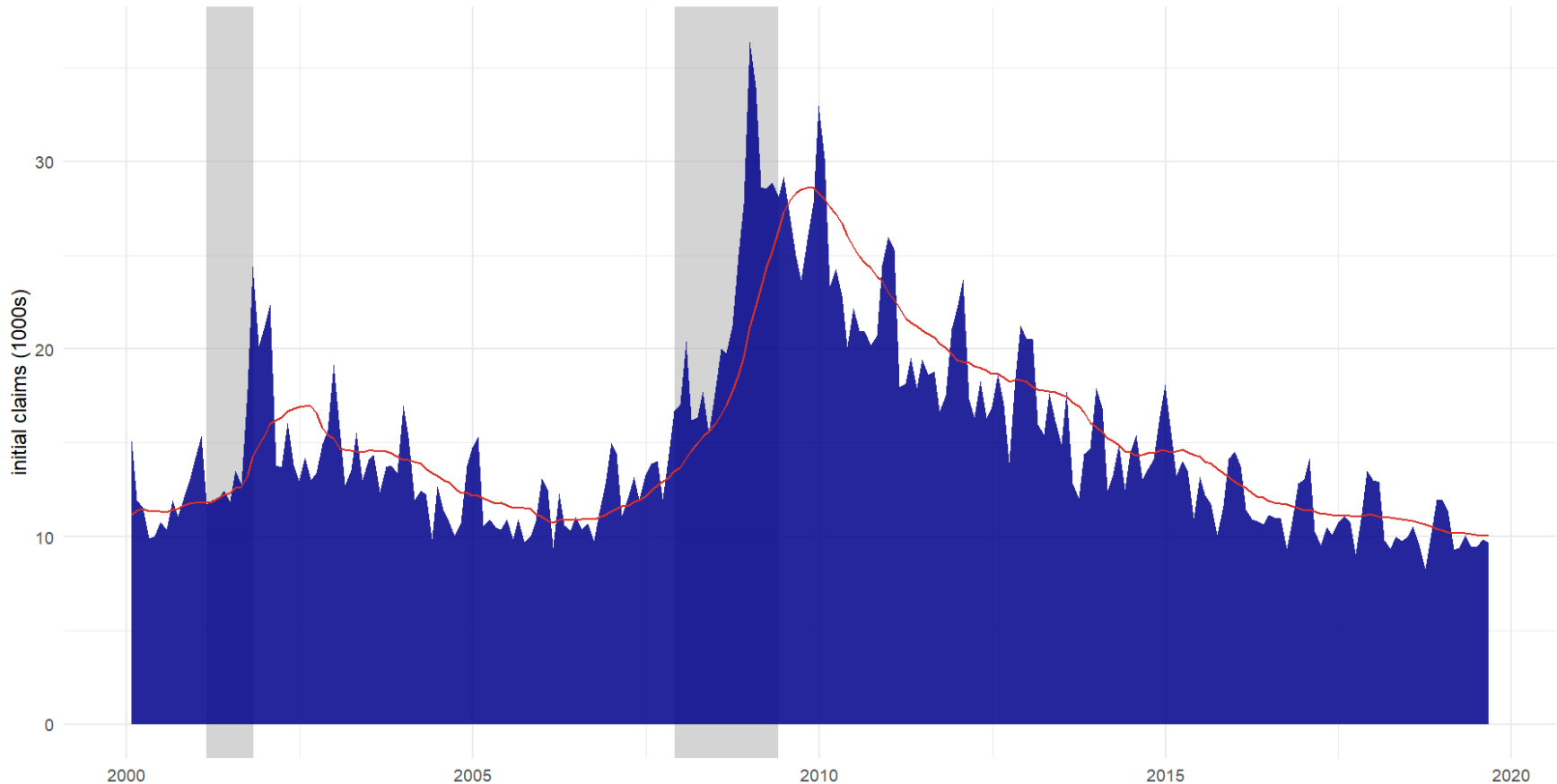
Sources: ETA 394, ETA 2112, and US Treasury  
AHCM is calculated by dividing the Reserve Ratio (UITF balance divided by the previous year of Total Wages) by the Average High Cost Rate  
\*Figure uses calendar year 2018 wages due to calculation lags

# Nevada UI Trends:

## Initial Claims Averaging 10k a Month

### State of Nevada Unemployment Insurance Initial Claims

by month, dashed line represents 12 month moving average



Source: ETA 5159

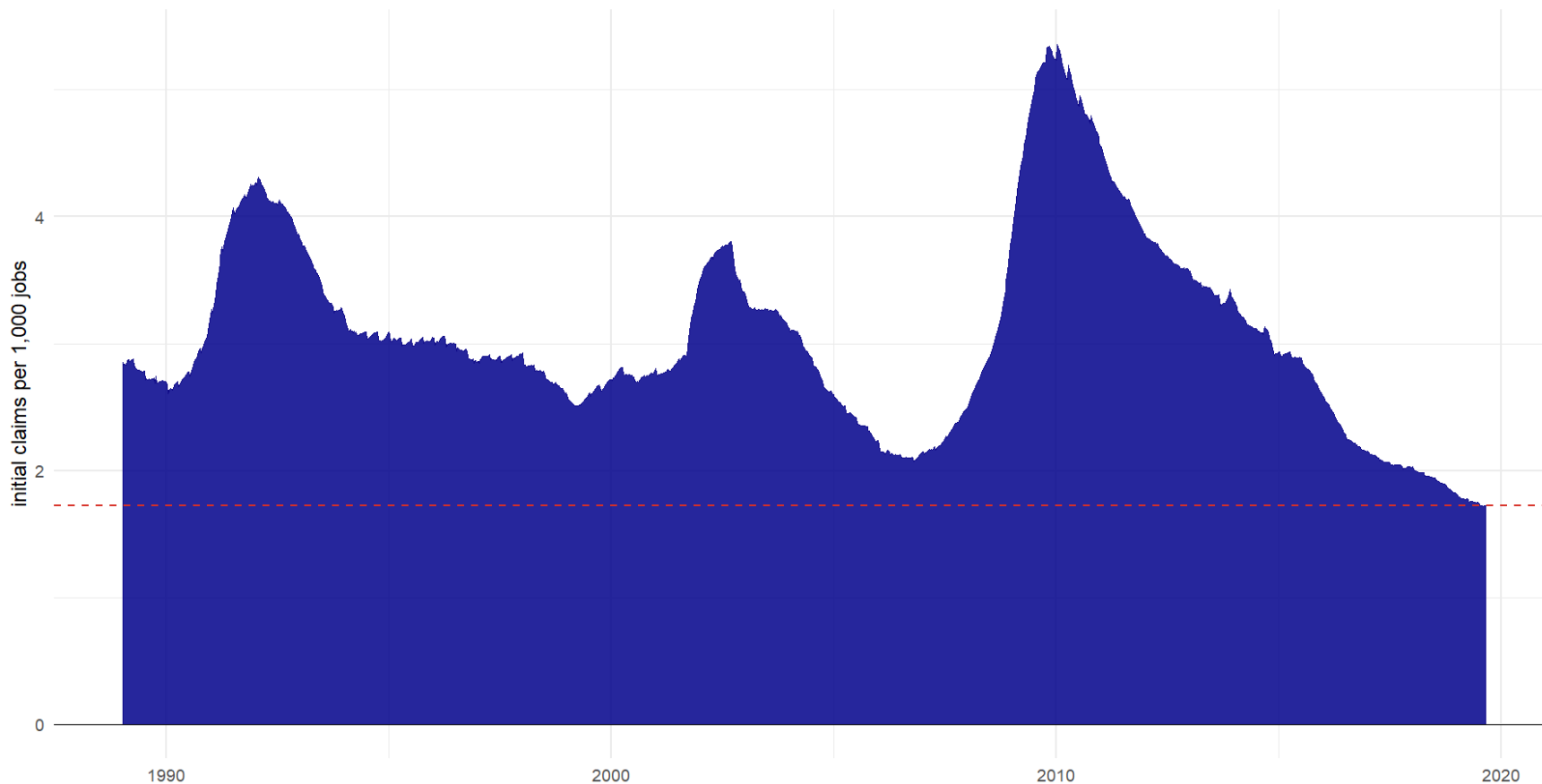


# Nevada UI Trends:

## Initial Claims at All-Time Low Relative to # of Jobs

### State of Nevada UI Initial Claims per 1,000 Jobs

1989 to current



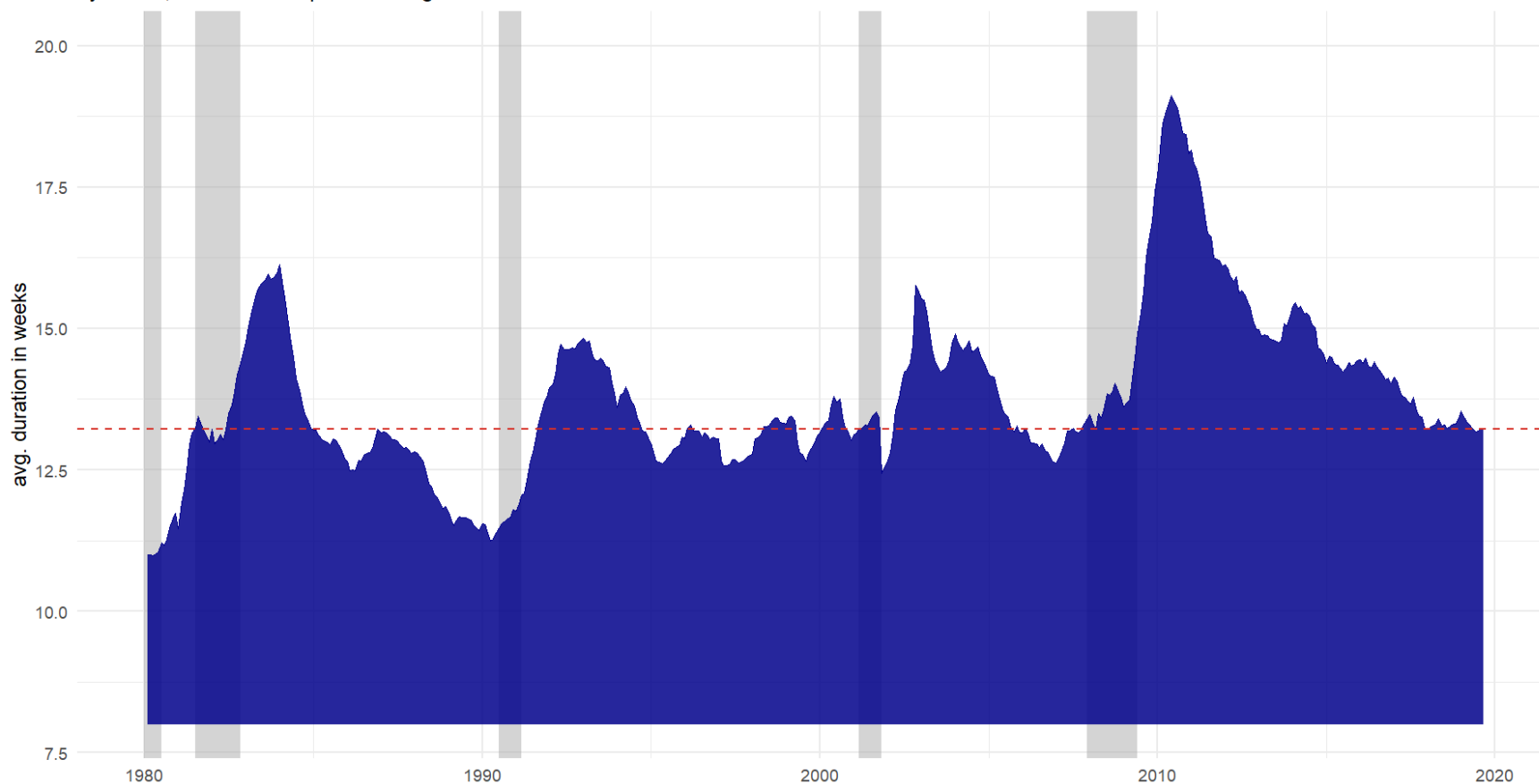
Source: ETA 539

# Nevada UI Trends:

## Average Duration of Benefits Flat

### State of Nevada Unemployment Insurance Average Benefit Duration

by month, dashed line represents August 2019 level



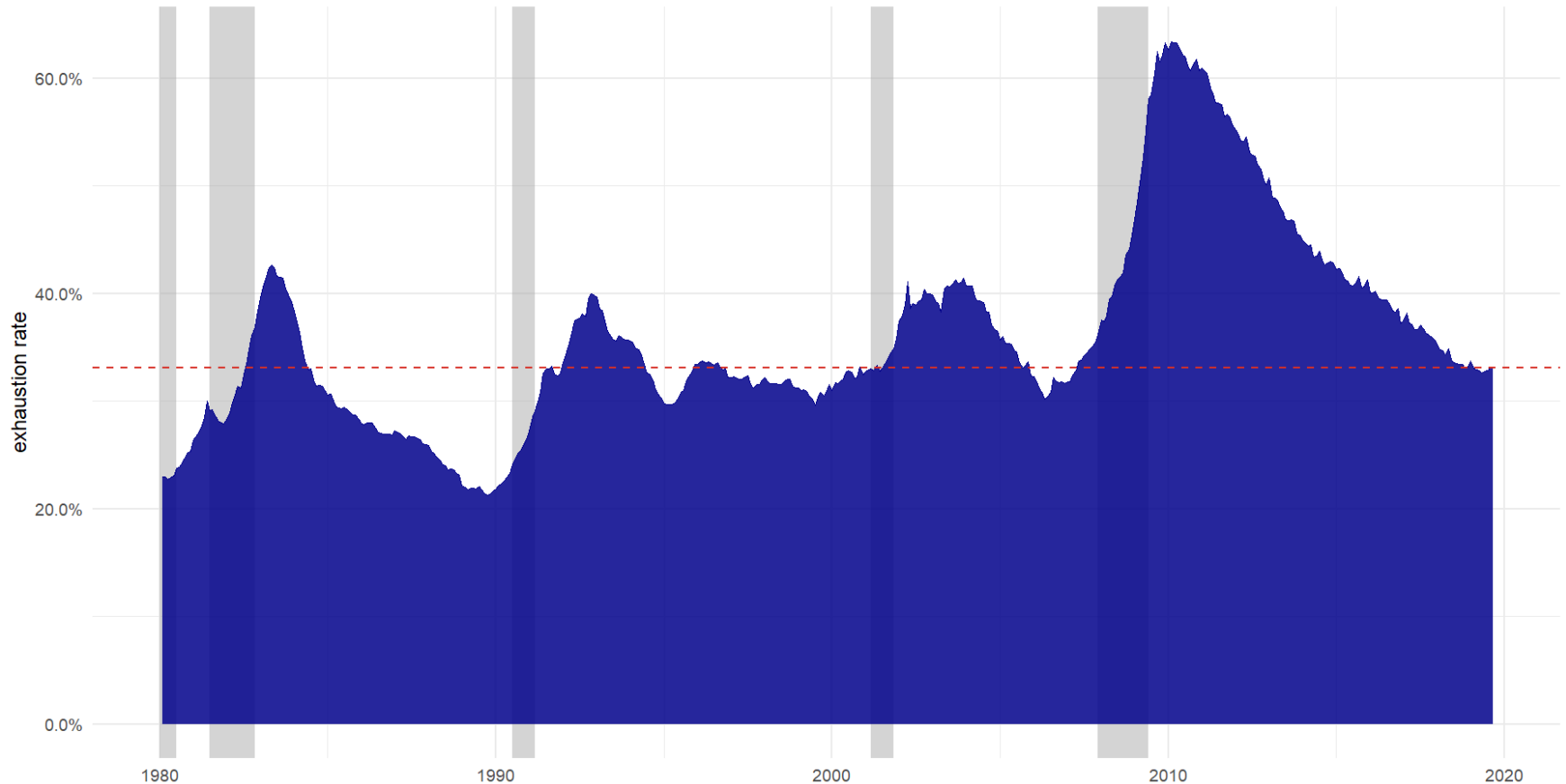
Source: ETA 5159

# Nevada UI Trends:

## Exhaustion Rate Beginning to Level Out

### State of Nevada Unemployment Insurance Exhaustion Rate

by month, dashed line represents August 2019 rate



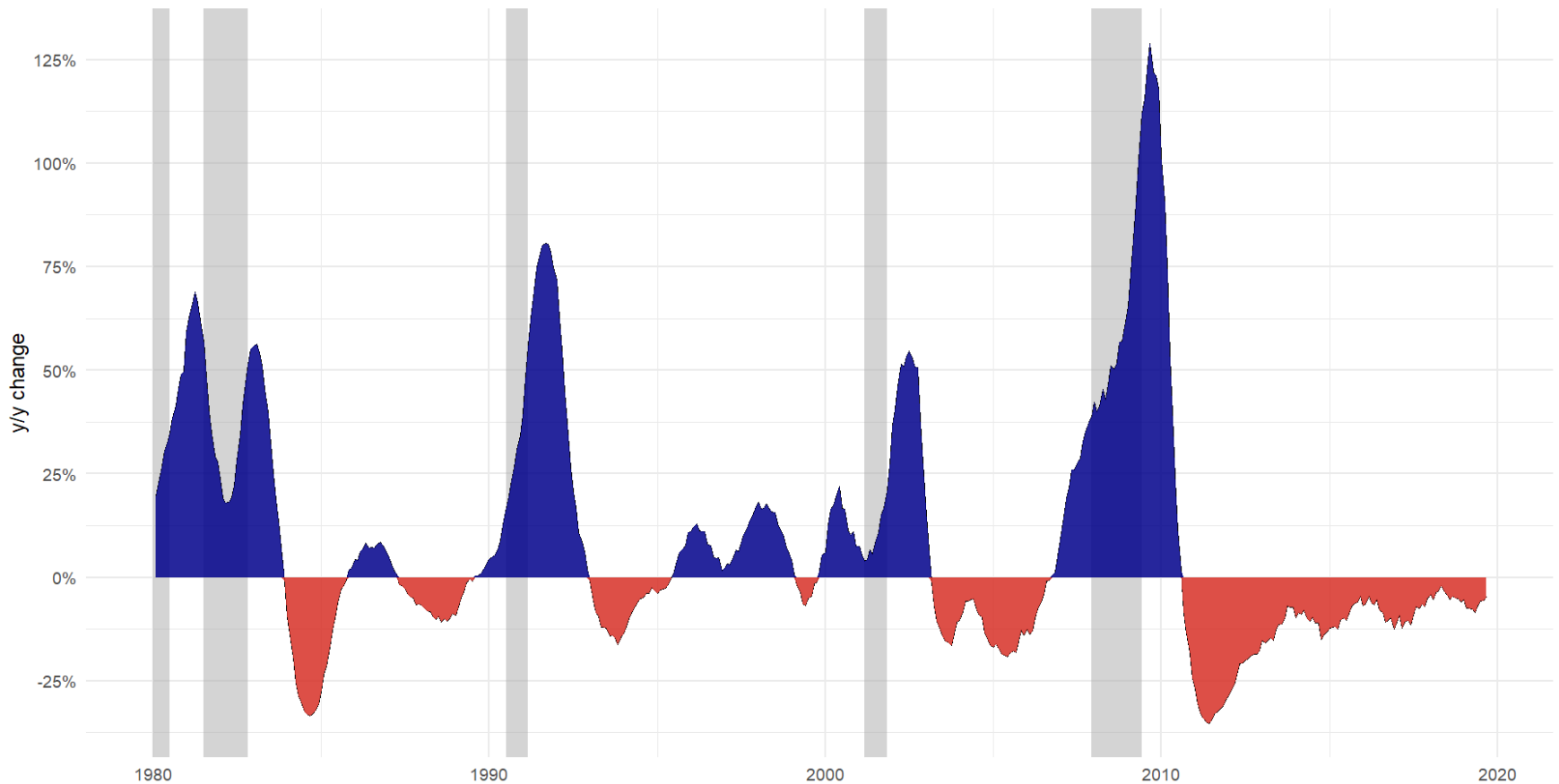
Source: ETA 5159

# Nevada UI Trends:

## Benefit Payments Still in Decline

### State of Nevada Unemployment Insurance % Change in Benefit Payments

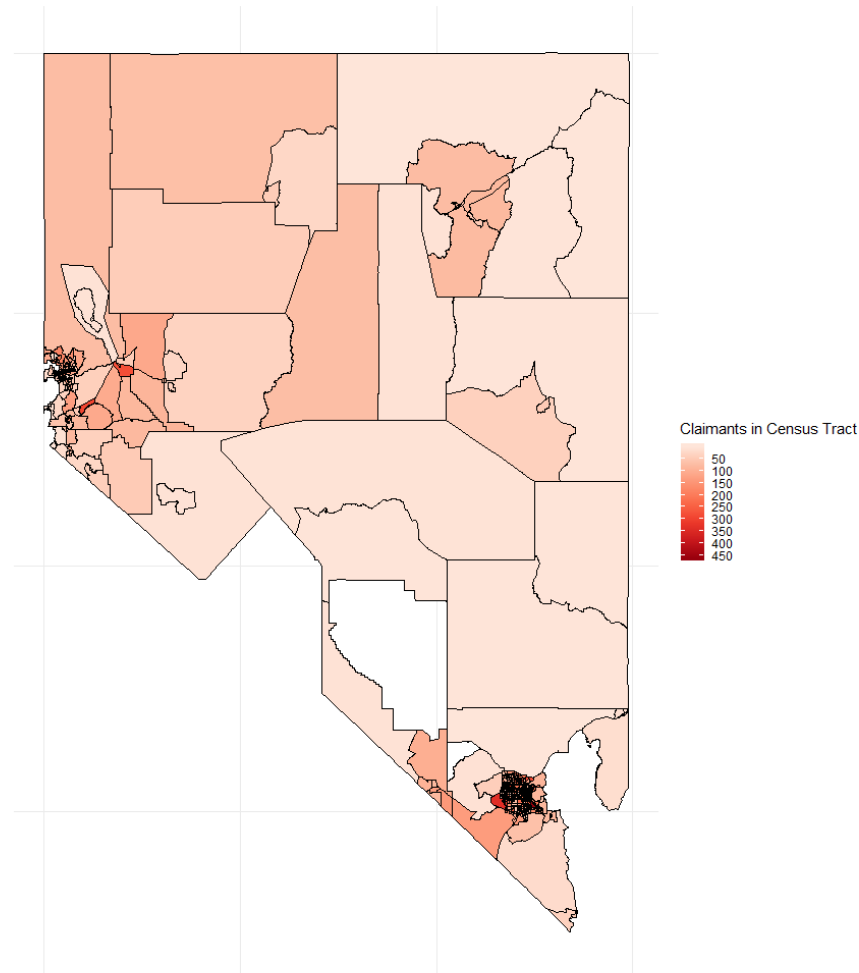
year-over-year using 12 month moving average



Source: ETA 5159

# Nevada UI Trends:

## Where are Claimants Coming From? 2018 Claimants By Census Tract



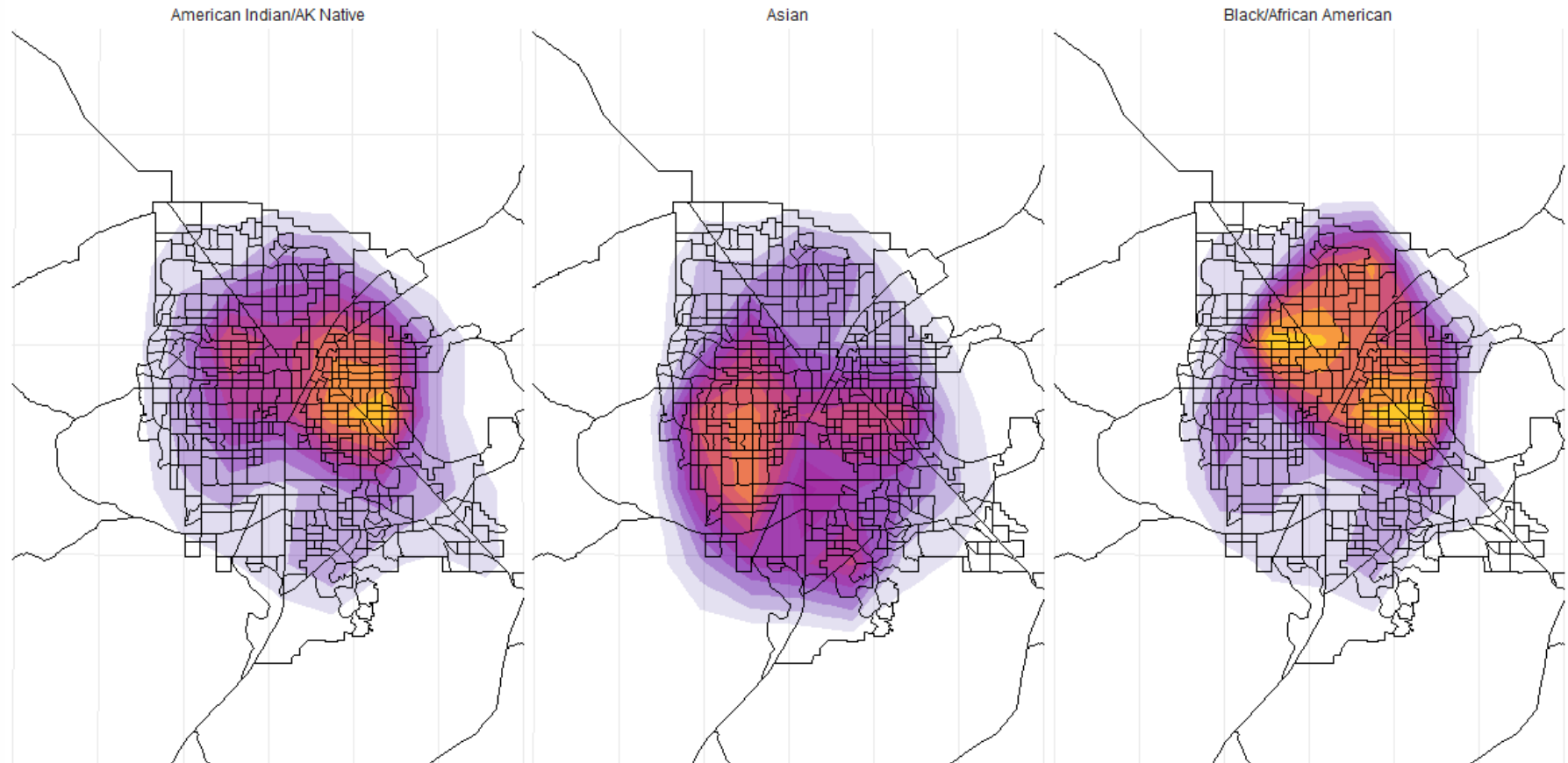
claims with BYE in 2018  
\*map only includes claimants that had an address that could be geo-coded

# Nevada UI Trends:

## Where are Claimants Coming From? (Part 1)

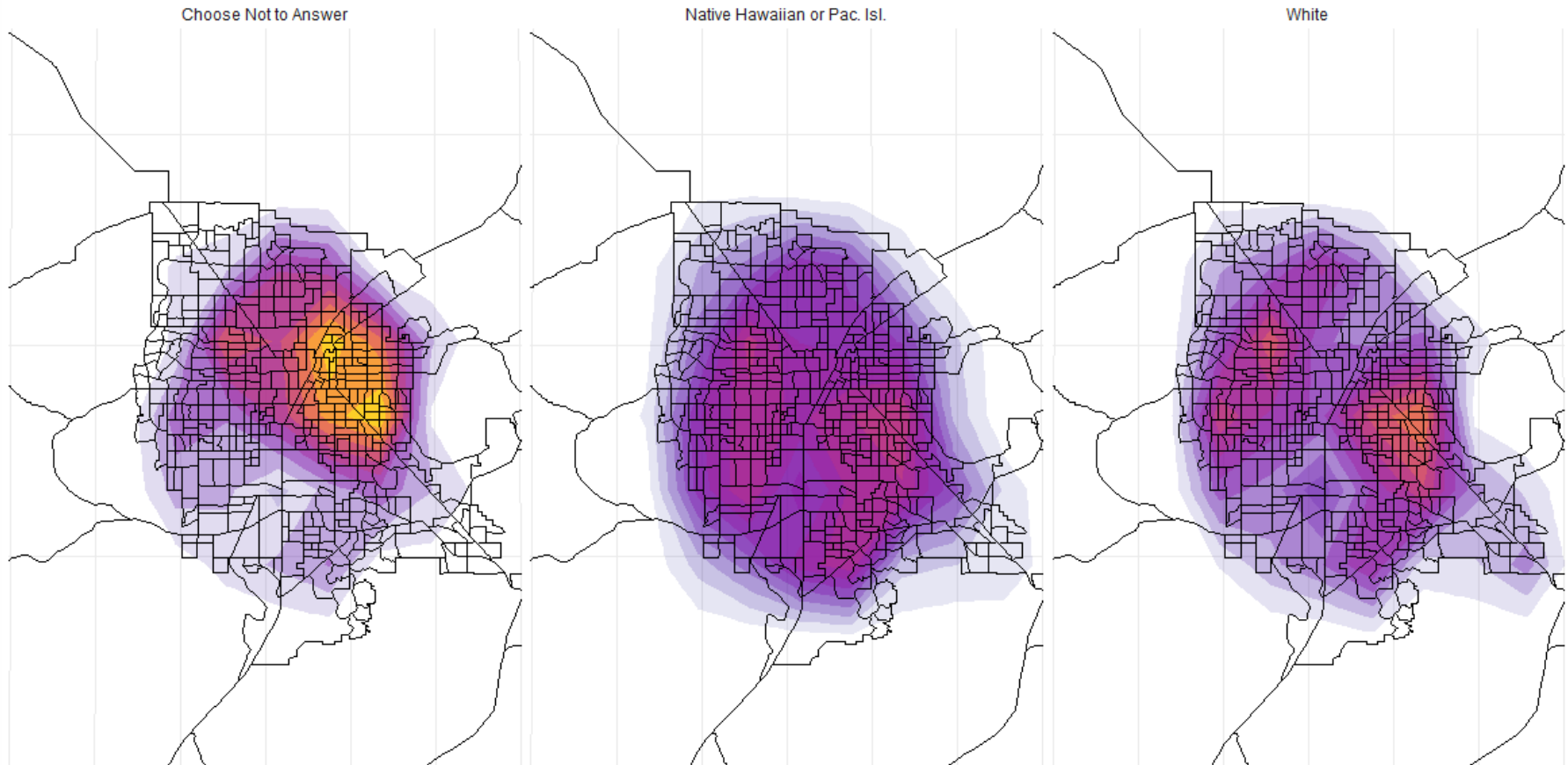
### Unemployment Insurance Claimants in Clark County by Race

claimants with BYE in 2018



# Nevada UI Trends:

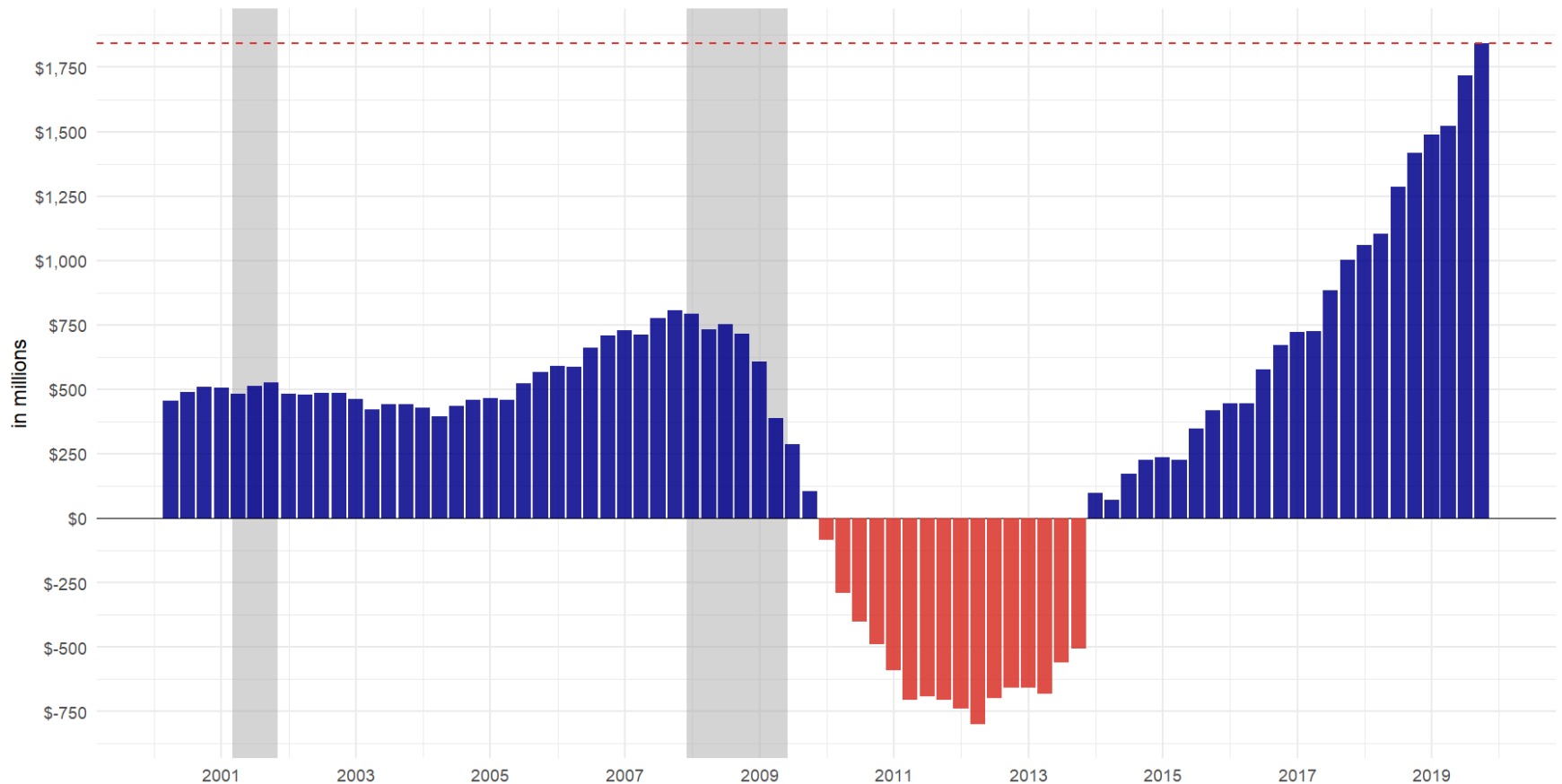
## Where are Claimants Coming From? (Part 2)



# Nevada's Trust Fund: Growing and Growing

## State of Nevada UI Trust Fund Balance

quarter-ending balances including borrowing



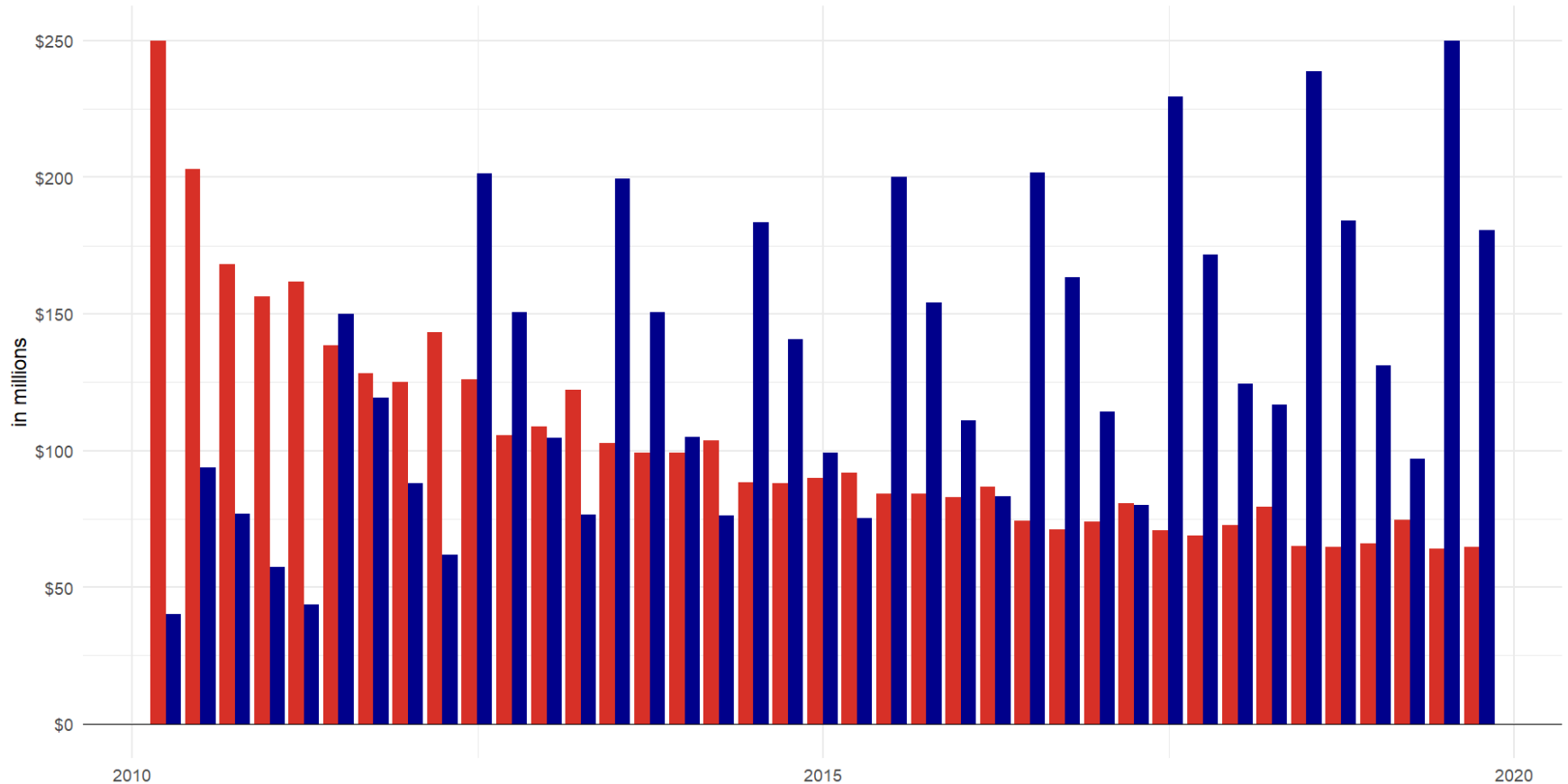
Source: ETA 2112 & Treasury Borrowing Reports



# Nevada's Trust Fund: Trust Fund Growth in Last 14 Quarters

## State of Nevada UI Contributions & Benefit Payments

quarter-ending totals (excludes UI bond proceeds)

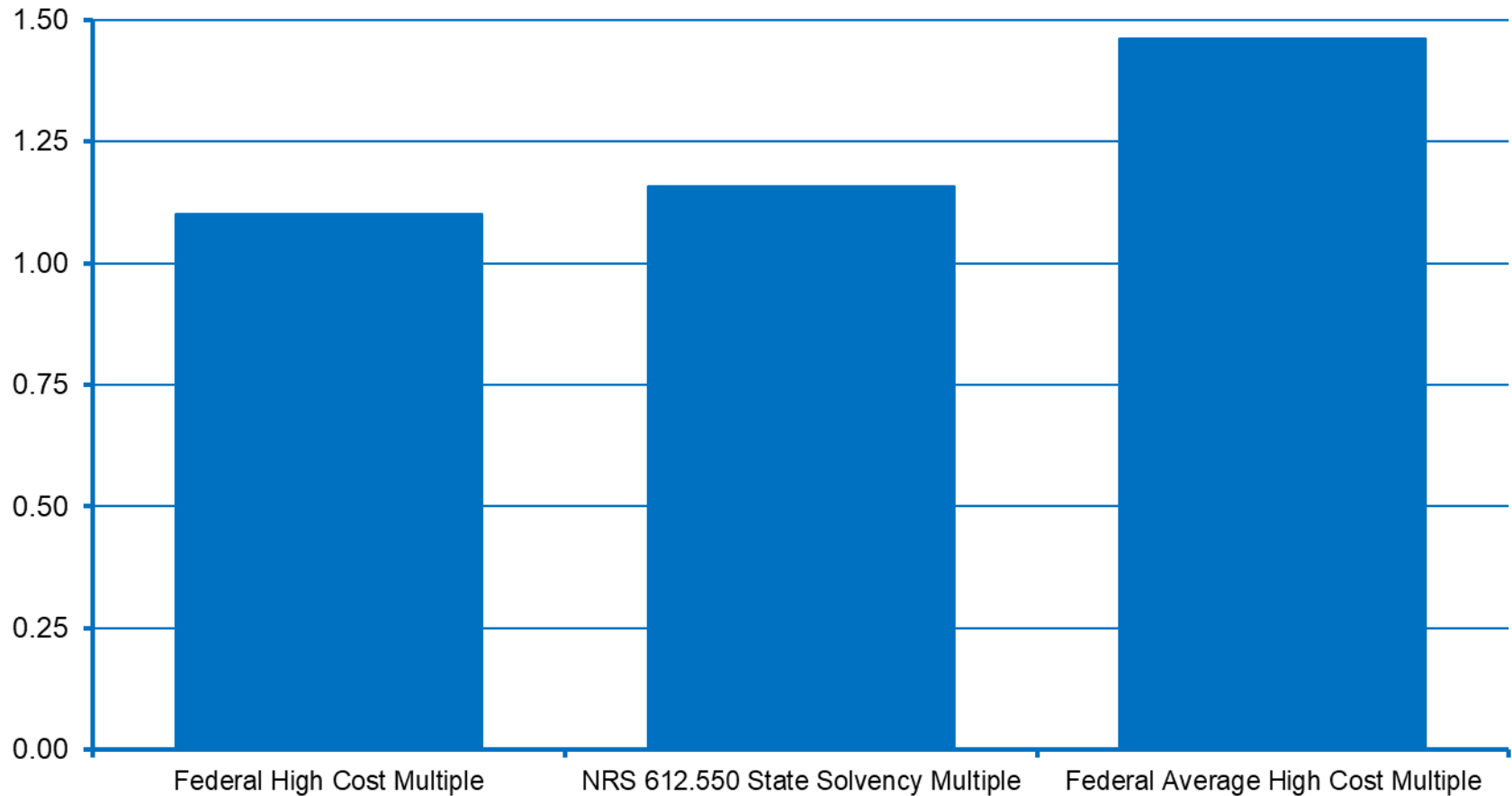


Source: ETA 2112

# Nevada's Trust Fund: Current Solvency Multiples

## Trust Fund Solvency Levels

quarter-ending Q3 2019



# 2020 Rate Discussion & Forecast:

## Where do we go from here?

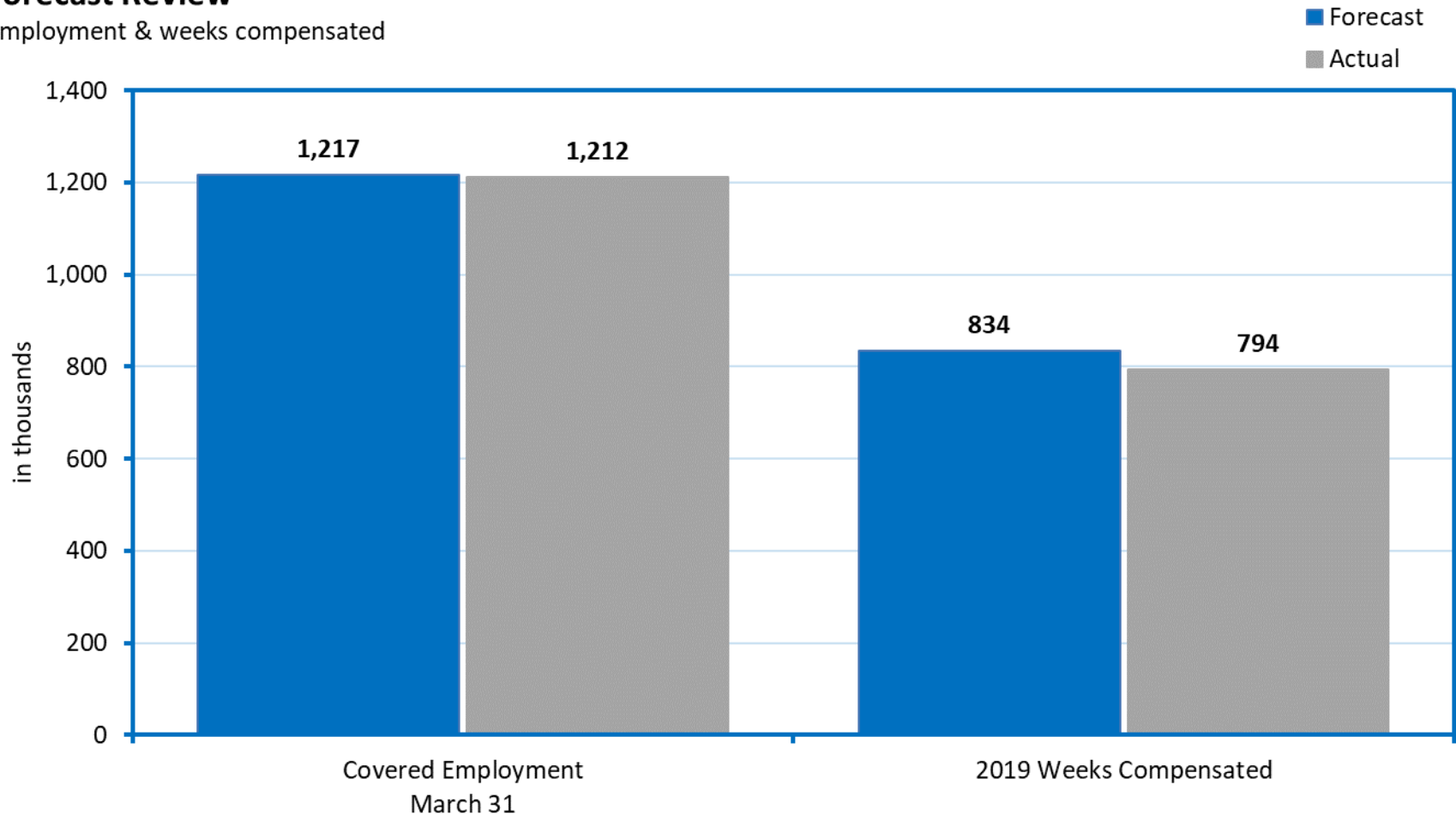
---

- Desired solvency level?
- How aggressive do we need to be?
- Recession Watch 2020

# 2020 Rate Discussion: Review of 2019 Forecast

## Forecast Review

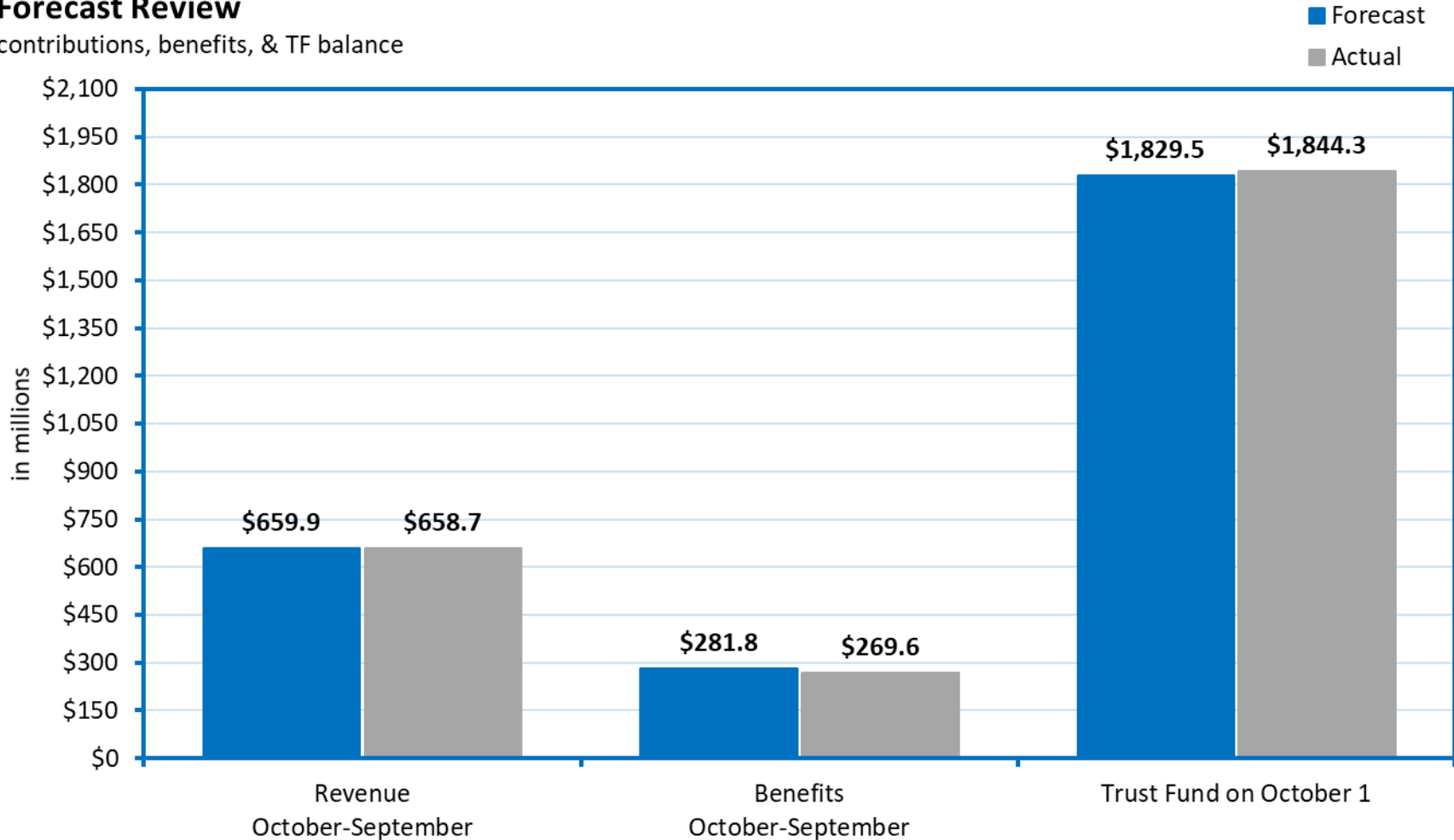
employment & weeks compensated



# 2020 Rate Discussion: Review of Forecast for 2019

## Forecast Review

contributions, benefits, & TF balance



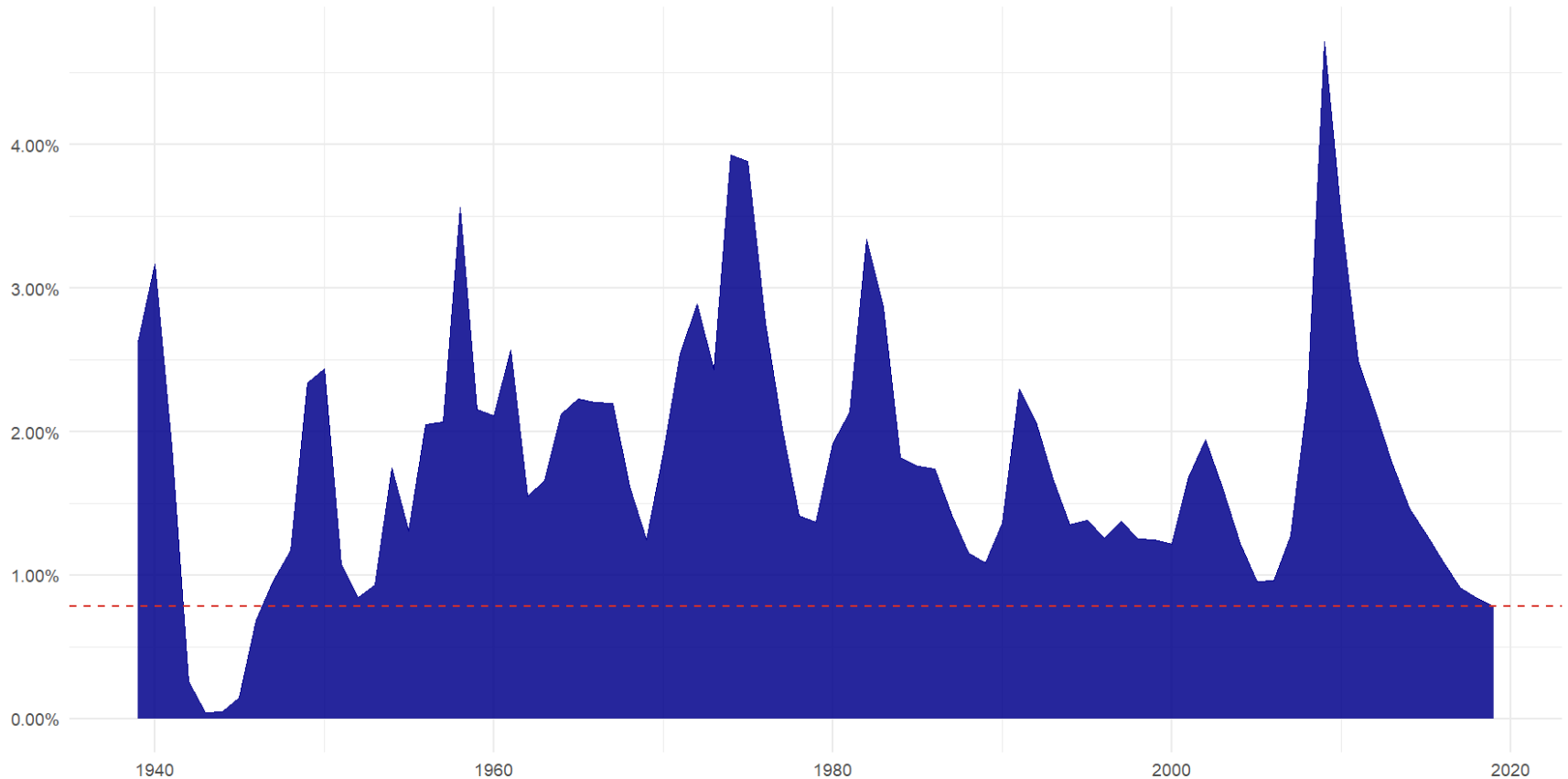
# 2020 Rate Discussion:

## Historical Solvency Review

Nevada Solvency Calculation	Actual	Actual	Actual	Actual	Actual	Preliminary
NRS 612.550	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Covered Employment	1,009,195	1,051,719	1,087,749	1,125,334	1,168,816	1,211,668
Highest Risk Ratio	18.98%	18.98%	18.98%	18.98%	18.98%	18.98%
Highest Weeks Duration	19.12	19.12	19.12	19.12	19.12	18.42
Average Weekly Payment	\$310.18	\$318.88	\$326.32	\$335.91	\$347.25	\$360.12
<b>Solvency Target (Millions)</b>	<b>\$1,136.0</b>	<b>\$1,217.0</b>	<b>\$1,288.1</b>	<b>\$1,371.7</b>	<b>\$1,472.9</b>	<b>\$1,525.7</b>
<b>Beginning Fund Balance (Millions)</b>	<b>(\$507.8)</b>	<b>\$225.5</b>	<b>\$419.3</b>	<b>\$672.9</b>	<b>\$1,000.8</b>	<b>\$1,415.8</b>
Intake to Fund	1,100.9	535.9	571.3	613.7	690.5	696.7
Taxes	505.4	528.8	559.5	595.4	647.2	658.7
Bond Related	592.4	0.0	0.0	0.0	16.3	0.0
Interest	3.1	7.1	11.7	18.3	27.0	38.1
Payout From Fund	379.1	350.3	315.0	294.2	281.8	269.6
Regular Benefits	379.1	350.3	315.0	294.2	281.8	269.6
Net Change in Fund	721.8	193.8	253.6	327.9	415.0	428.5
<b>Ending Fund Balance (Millions)</b>	<b>\$225.5</b>	<b>\$419.3</b>	<b>\$672.9</b>	<b>\$1,000.8</b>	<b>\$1,415.8</b>	<b>\$1,844.3</b>
<b>Solvency Level (Millions)</b>	<b>(910.4)</b>	<b>(797.7)</b>	<b>(615.2)</b>	<b>(370.9)</b>	<b>(57.1)</b>	318.6
Multiple	0.20	0.34	0.52	0.73	0.96	1.16
Average High Cost Multiple	0.25	0.43	0.64	0.91	1.20	1.46
<b>Average Tax Rate</b>	<b>1.95%</b>	<b>2.00%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>1.85%</b>
Average Bond Assessment	0.63%	0.56%	0.62%	0.63%	-----	-----
CEP Rate	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
<b>Total Cost to Employers</b>	<b>2.63%</b>	<b>2.61%</b>	<b>2.62%</b>	<b>2.63%</b>	<b>2.00%</b>	<b>1.90%</b>
<b>Average Cost per Employee at Max Taxable Wage (excl FUTA &amp; Interest)</b>	<b>\$720.62</b>	<b>\$725.58</b>	<b>\$738.84</b>	<b>\$775.85</b>	<b>\$610.00</b>	<b>\$592.80</b>

# 2020 Rate Discussion: Nevada's Current BCR is Historically Low

**State of Nevada Unemployment Insurance Benefit Cost Rates by Year**  
for calendar years 1939 to 2019



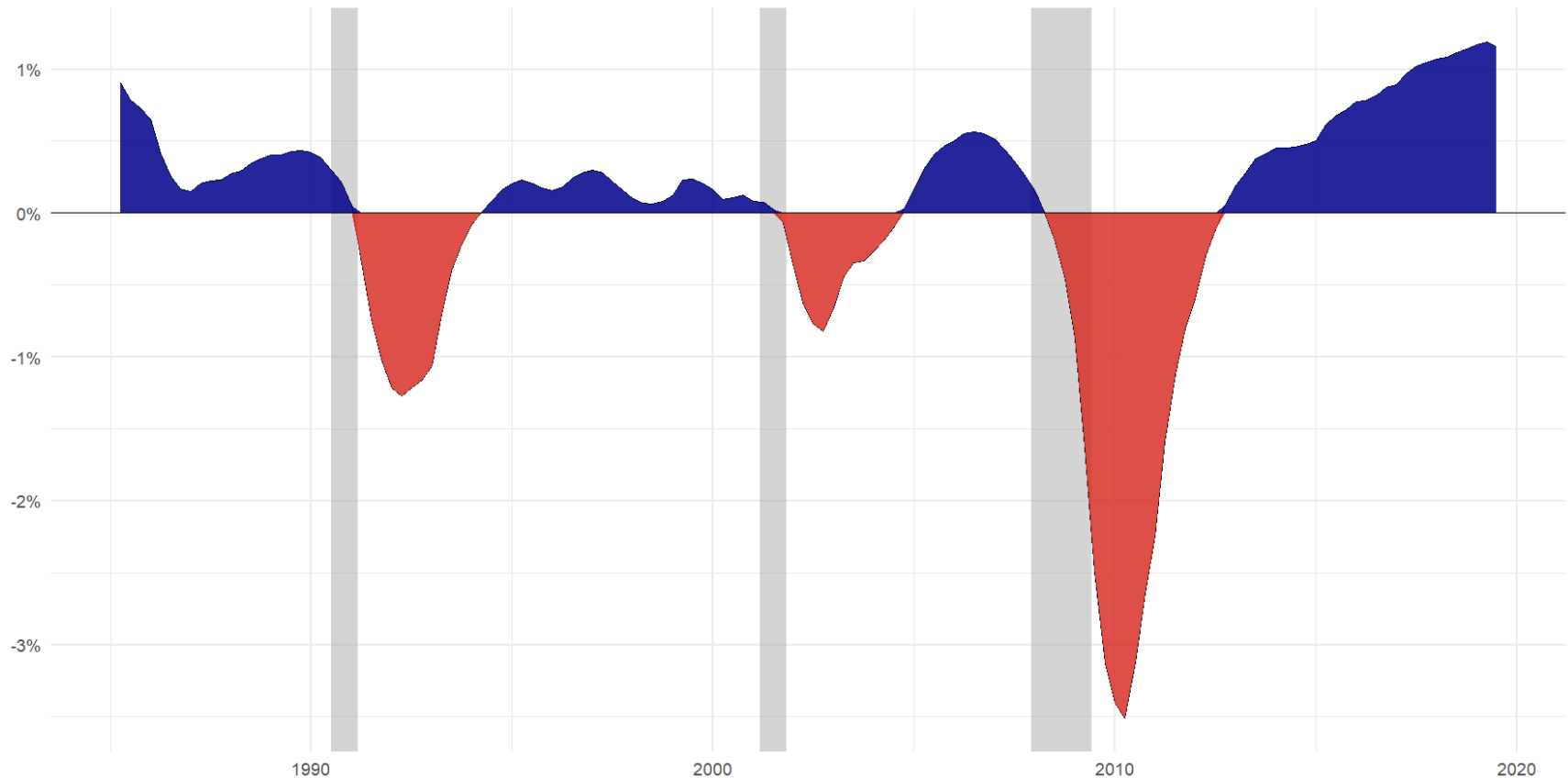
Source: ETA 394  
\*2019 rate is estimated

# 2020 Rate Discussion: Contribution Rates and Benefit Cost Rates

## Net Difference of UITF Average Tax Rate & Benefit Cost Rate

difference of quarterly rates

blue-shaded areas result in TF quarterly growth, red-shaded in TF quarterly decline



Source: ETA 2112

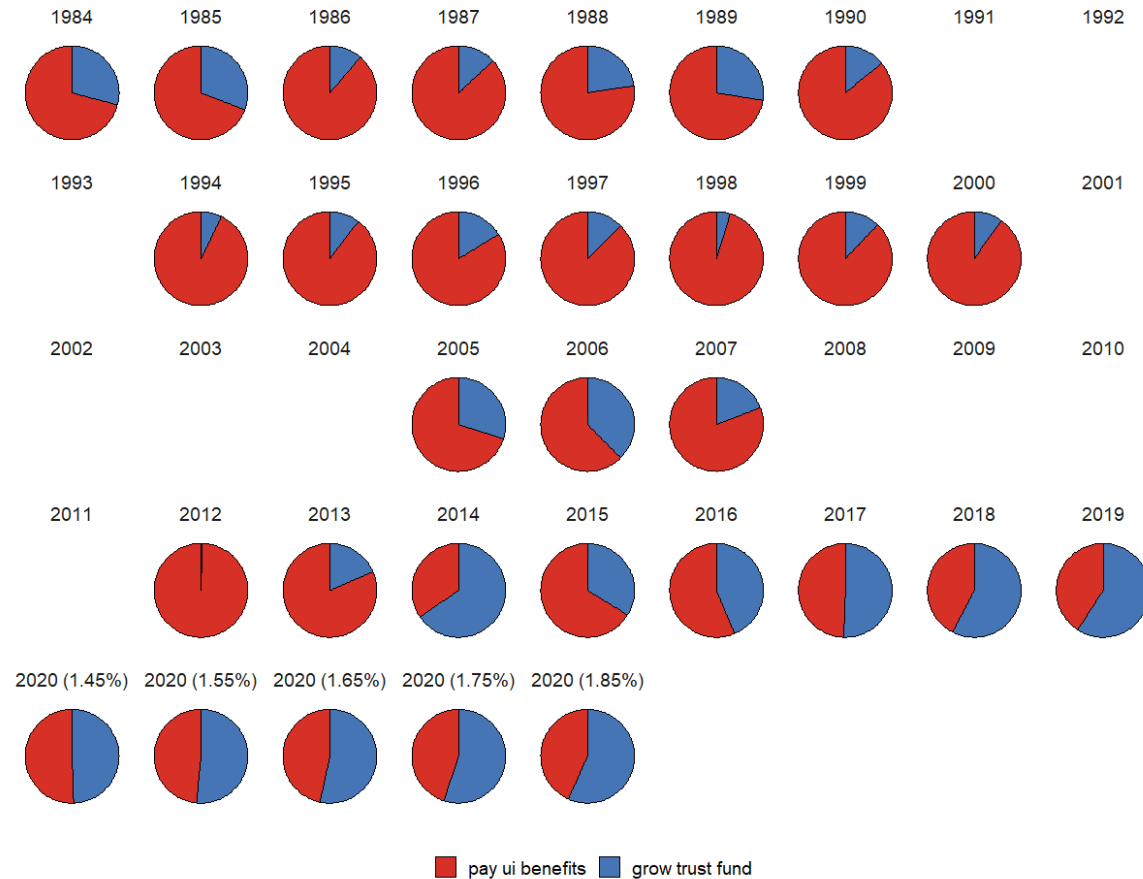


# 2020 Rate Discussion:

## Where do UI Contributions Go?

### Distribution of UI Contributions

by ESC year



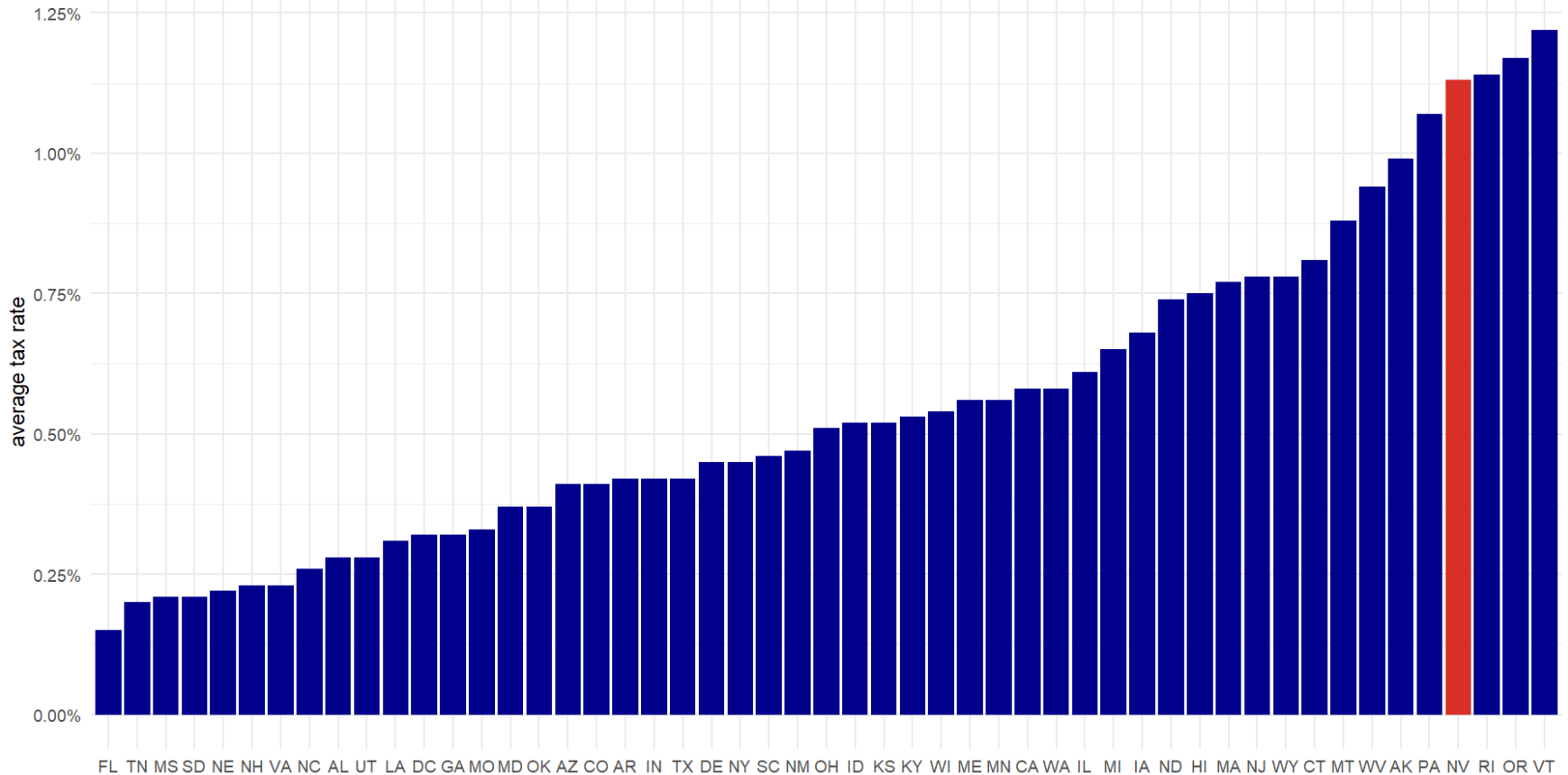
Source: ETA 2112

# 2020 Rate Discussion:

## Nevada had the 4<sup>th</sup> Highest UI Tax Rate in the Nation

### Unemployment Insurance Average Tax Rates by State

as of end of Q4 2018



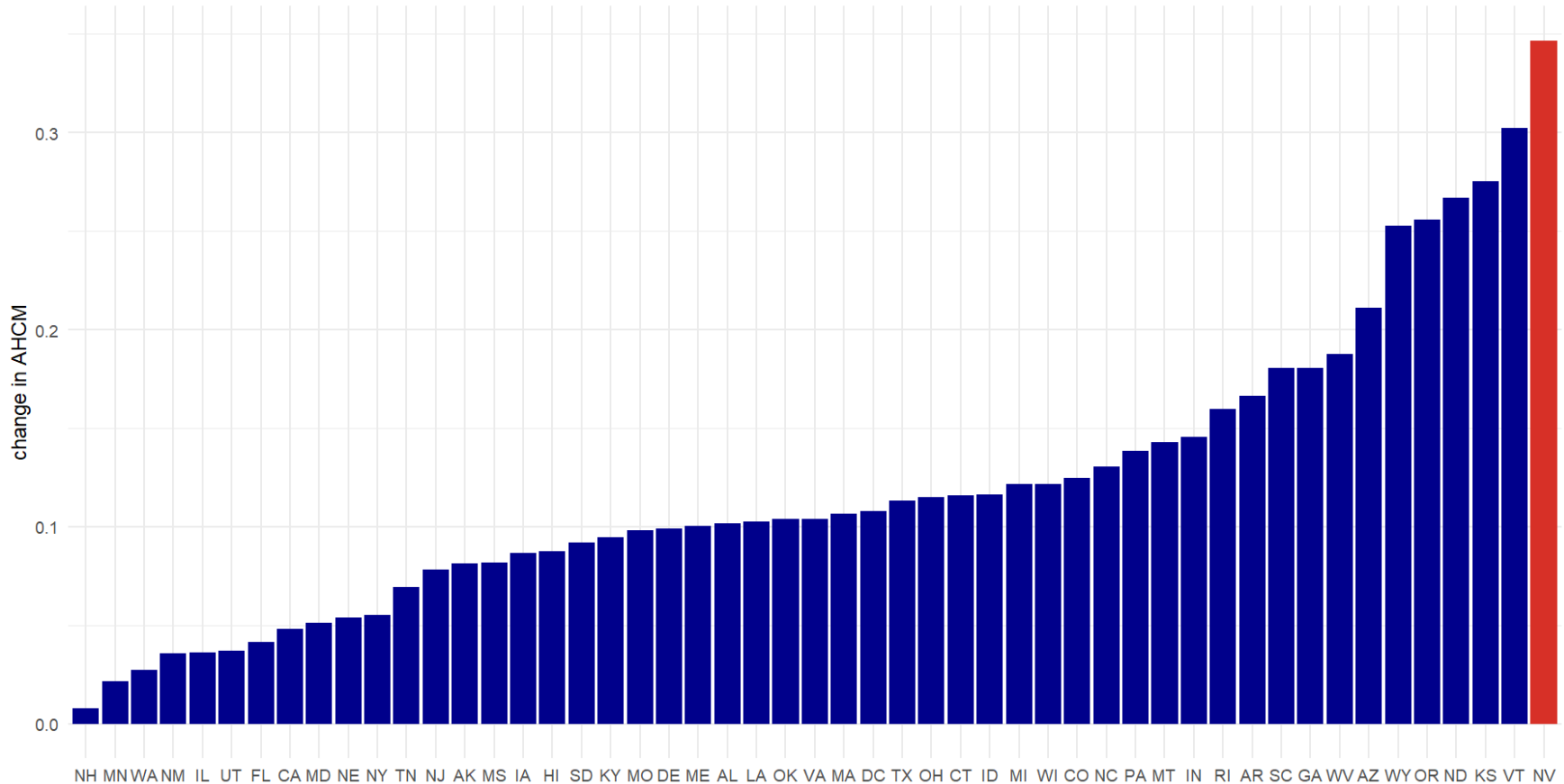
Source: ETA UI Data Summary

# 2020 Rate Discussion:

## Nevada's Trust Fund Growth is Amongst the Most Aggressive

### Unemployment Insurance Trust Fund Average High Cost Multiple by State

change in AHCM over-the-year, quarter-ending Q2 2019



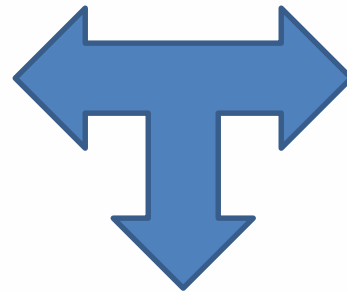
Source: ETA 2112

# 2020 Rate Discussion:

## Responding to a Potential Recession

What might an appropriate average tax rate be for 2020, given the potential for a recession to hit?

Recession: 40%  
No Recession: 60%



Recession Rate: 1.35%  
No Recession Rate: 1.85%

$$\begin{aligned} 0.4 \times 1.35\% &= 0.54\% + \\ 0.6 \times 1.85\% &= 1.11\% = \\ \underline{\underline{1.65\%}} \end{aligned}$$

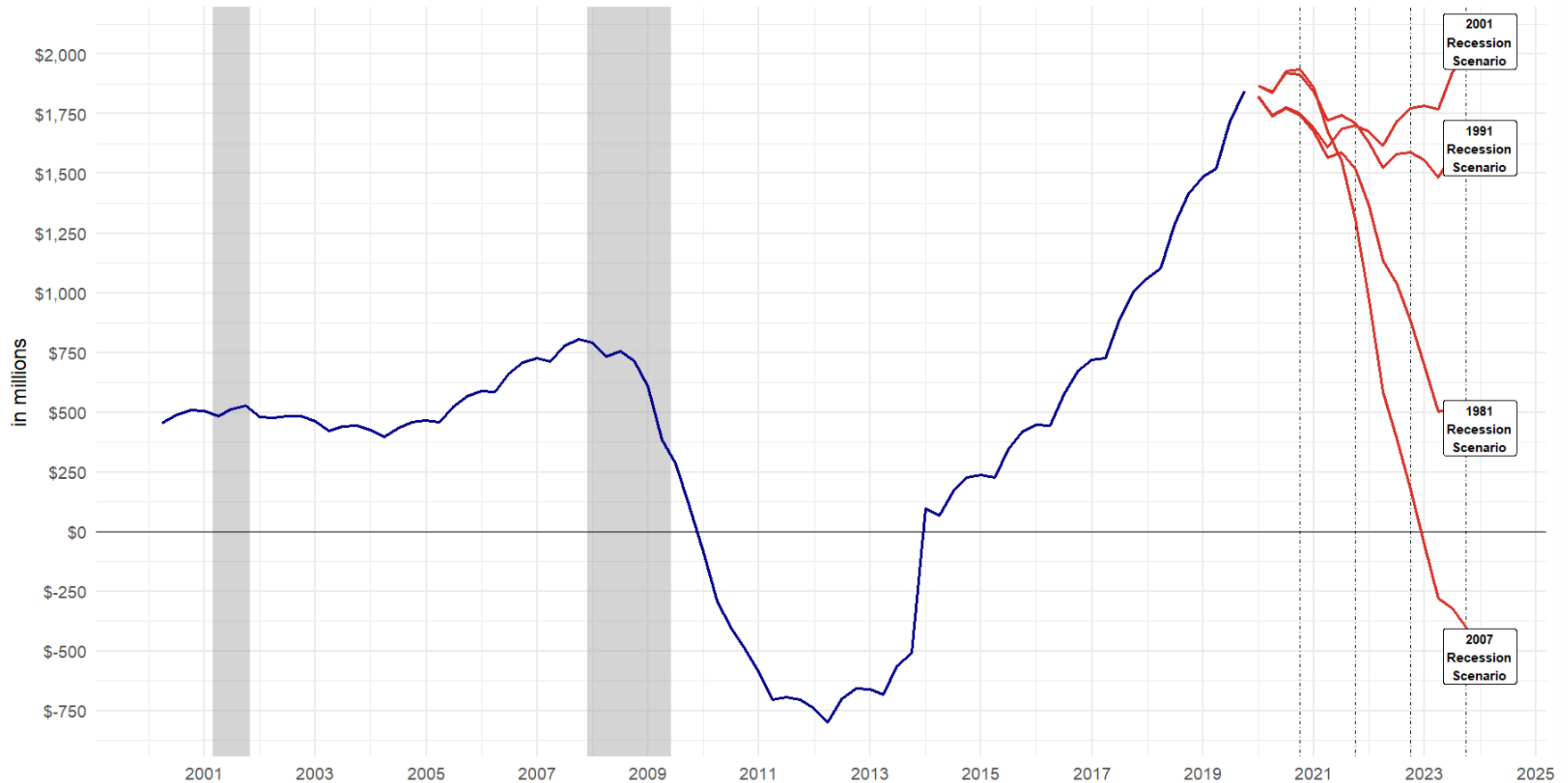
**Note:** The expected value here depends on both your assumed probabilities about an unknown future, and your own judgement about the best response to each outcome. It is a tool to help you structure your thoughts, not a crystal ball.

# 2020 Rate Discussion :

## What would Previous Recessions Look Like Today?

### State of Nevada UI Trust Fund Balance in Recession Scenarios

estimated periods: Q3 2019 to Q4 2023  
assumed 1.65% ui tax rate for all periods



# 2020 Forecast:

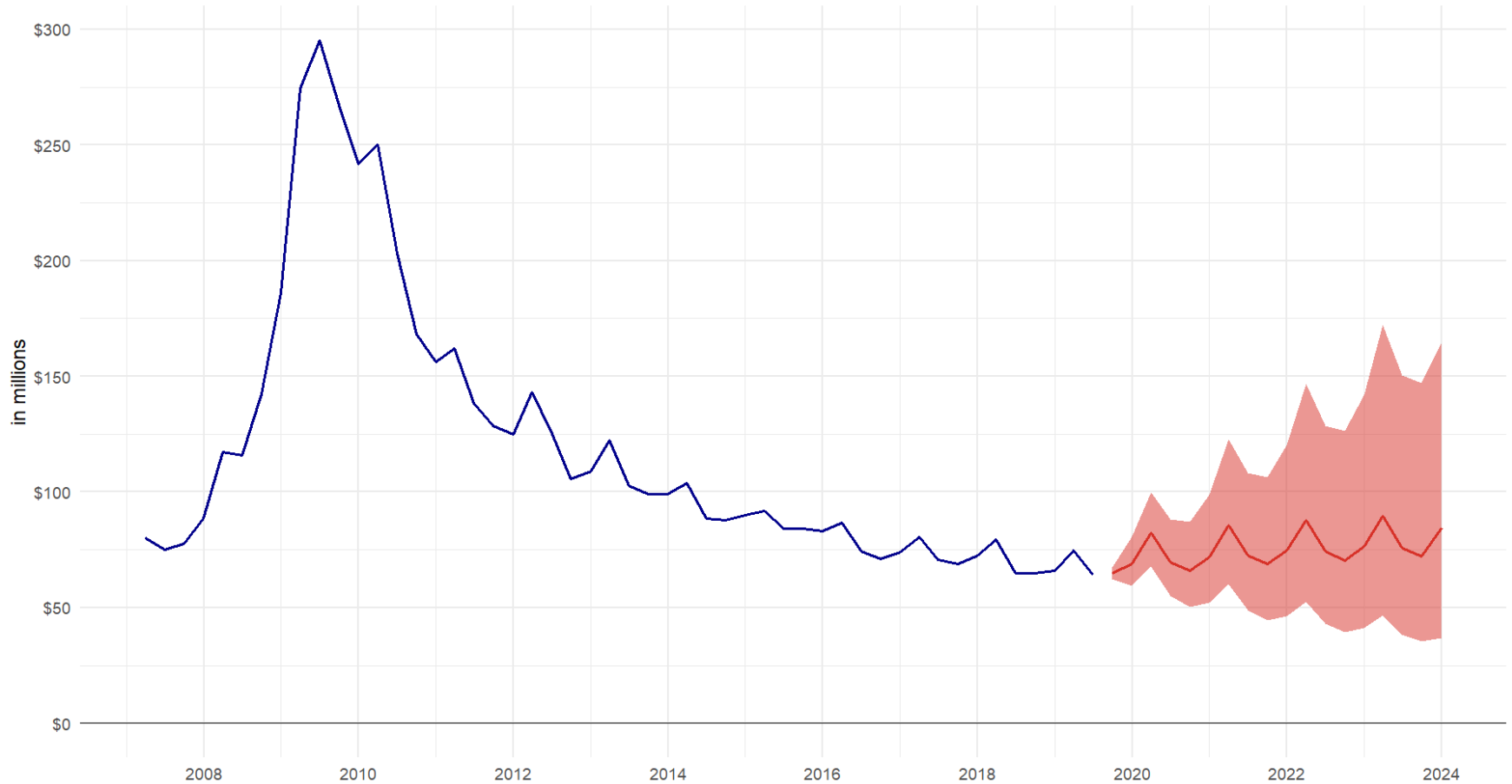
## Potential 2020 Tax Rates

<b>Nevada Solvency Calculation</b>	<b><u>2020</u></b>	<b><u>2020</u></b>	<b><u>2020</u></b>	<b><u>2020</u></b>	<b><u>2020</u></b>
Covered Employment	1,235,305	1,235,305	1,235,305	1,235,305	1,235,305
Highest Risk Ratio - 3/2011	12.42%	12.42%	12.42%	12.42%	12.42%
Highest Weeks Duration - 09/2011	16.21	16.21	16.21	16.21	16.21
Average Weekly Payment	\$372.29	\$372.29	\$372.29	\$372.29	\$372.29
<b>Solvency Target (Millions)</b>	<b>\$925.3</b>	<b>\$925.3</b>	<b>\$925.3</b>	<b>\$925.3</b>	<b>\$925.3</b>
<b>UI Trust Fund Level</b>					
<b>Beginning Fund Balance (Millions)</b>	<b>\$1,844.3</b>	<b>\$1,844.3</b>	<b>\$1,844.3</b>	<b>\$1,844.3</b>	<b>\$1,844.3</b>
Intake to Fund	614.8	638.9	662.9	686.9	710.9
Taxes	568.3	592.1	615.9	639.7	663.6
Interest	46.5	46.7	46.9	47.2	47.4
Payout From Fund	286.9	286.9	286.9	286.9	286.9
Regular Benefits	286.9	286.9	286.9	286.9	286.9
Net Change in Fund	327.9	351.9	375.9	400.0	424.0
<b>Ending Fund Balance (Millions)</b>	<b>\$2,172.2</b>	<b>\$2,196.2</b>	<b>\$2,220.3</b>	<b>\$2,244.3</b>	<b>\$2,268.3</b>
State Solvency Excess (Millions)	1,246.9	1,271.0	1,295.0	1,319.0	1,343.1
State Solvency Multiple	2.35	2.37	2.40	2.43	2.45
AHCM Solvency Excess (Millions)	884.4	908.4	932.5	956.5	980.5
Average High Cost Multiple	1.65	1.67	1.69	1.70	1.72
<b>Average Tax Rate</b>	<b>1.45%</b>	<b>1.55%</b>	<b>1.65%</b>	<b>1.75%</b>	<b>1.85%</b>
CEP Assessment	0.05%	0.05%	0.05%	0.05%	0.05%
<b>Total Cost to Employers</b>	<b>1.50%</b>	<b>1.60%</b>	<b>1.70%</b>	<b>1.80%</b>	<b>1.90%</b>
<b>Average Cost Per Employee at Taxable Wage Base</b>	<b>\$483.00</b>	<b>\$515.20</b>	<b>\$547.40</b>	<b>\$579.60</b>	<b>\$611.80</b>

# 2020 Forecast: Benefit Payments Expected to Rise

## State of Nevada UI Benefit Payments by Quarter

estimated periods: Q3 2019 to Q4 2023

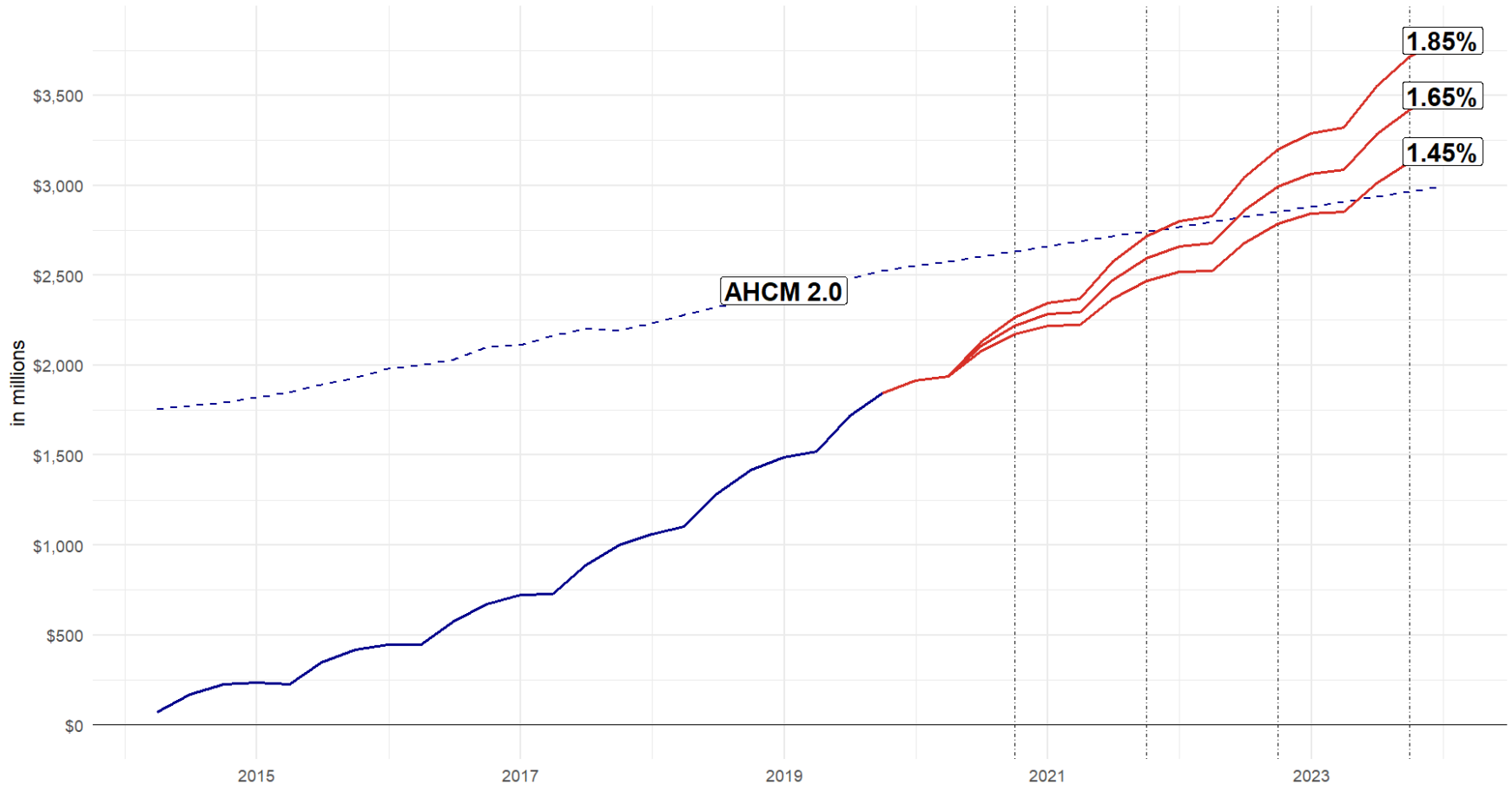


# 2020 Forecast:

## Estimated Trust Fund Balance Over Time

State of Nevada UI Trust Fund Estimated Balances at Various UI Tax Rates

estimated periods: Q3 2019 to Q4 2023





# 2020 Forecast:

## Long Term Effect of Different Rates

AHCM on Sept. 30 of Each Year					
Tax Rate	Current	2020 AHCM	2021 AHCM	2022 AHCM	2023 AHCM
1.45%	1.46	1.65	1.80	1.95	2.11
1.55%	1.46	1.67	1.85	2.02	2.21
1.65%	1.46	1.69	1.89	2.10	2.31
1.75%	1.46	1.70	1.94	2.17	2.41
1.85%	1.46	1.72	1.98	2.24	2.50

- Estimates reflect constant tax rate for all years in baseline, no recession scenario.

# 2020 Forecast:

## Potential 2020 Tax Rates

<b>Nevada Solvency Calculation</b>	<b><u>2020</u></b>	<b><u>2020</u></b>	<b><u>2020</u></b>	<b><u>2020</u></b>	<b><u>2020</u></b>
Covered Employment	1,235,305	1,235,305	1,235,305	1,235,305	1,235,305
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<b>Average Cost Per Employee at Taxable Wage Base</b>	<b>\$483.00</b>	<b>\$515.20</b>	<b>\$547.40</b>	<b>\$579.60</b>	<b>\$611.80</b>

# For Additional Information, Please Contact:

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# STATE OF NEVADA

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Department of Employment, Training and Rehabilitation

## EMPLOYMENT SECURITY DIVISION

2020

### Tax Schedule Explanation

For

Unemployment Insurance

Edgar Roberts – Chief of Contributions

Employment Security Council Meeting and Regulation Workshop

October 3, 2019



The Nevada Department of Employment, Training and Rehabilitation is a proactive workforce & rehabilitation agency

# Employment Security Council

- ❑ ESD Administrator sets the tax rates each year by adopting a regulation. (NRS 612.550.5)
- ❑ The role of the Employment Security Council is to recommend a change in the contribution rate whenever it becomes necessary to protect the solvency of the Unemployment Compensation Fund. (NRS 612.310)



# Regulatory Process

- ❑ October 3, 2019 – Employment Security Council Meeting and Regulation Workshop held to provide a recommendation for the 2020 tax schedule to ESD Administrator
- ❑ ESD will submit a proposed regulation to LCB for approval
- ❑ October 23, 2019 – Small Business Workshop
- ❑ December 5, 2019 – Public Hearing Adoption of annual regulation (NAC 612.270) by December 31, 2019



# FEDERAL UNEMPLOYMENT TAX = FUTA

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- ❑ FUTA imposes a federal payroll tax on all employers of 6.0% of each employee's wages, up to \$7,000 (\$420 per year)
- ❑ Employers receive a credit of 5.4%, if the employer participates in a state unemployment program approved by the U.S. Secretary of Labor
- ❑ Net cost under normal circumstances is  $0.6\% \times \$7,000 = \$42$  per employee
- ❑ State UI programs perform a certification process with the IRS to validate SUTA payments for FUTA credits.





# STATE UNEMPLOYMENT TAX = SUTA

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**THE ONLY PURPOSE OF THE STATE TAX IS TO PAY UNEMPLOYMENT BENEFITS. ANY OTHER USE IS PROHIBITED.**

- ☐ **Paid entirely by employers.**
- ☐ **Tax rates vary based on the employer's previous experience with unemployment.**
- ☐ **Funds must be deposited with the U.S. Treasury.**





# Experience Rating System

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- ❑ **NEW EMPLOYER RATE**  
**2.95% of Taxable Wages**
- ❑ **ANNUAL TAXABLE WAGE BASE**
  - 2017 - \$29,500**
  - 2018 - \$30,500**
  - 2019 - \$31,200**
  - 2020 - \$32,500**
- ❑ **EXPERIENCE RATING**  
**3½ to 4 YEARS**



# Eligible Employer Rates

Rate Class	Rate	2019 Maximum Cost Per Employee Taxable Limit \$31,200	2020 Maximum Cost Per Employee Taxable Limit \$32,500
18	5.40%	\$1,684.80	\$1,755.00
17	5.05%	\$1,575.60	\$1,641.25
16	4.75%	\$1,482.00	\$1,543.75
15	4.45%	\$1,388.40	\$1,446.25
14	4.15%	\$1,294.80	\$1,348.75
13	3.85%	\$1,201.20	\$1,251.25
12	3.55%	\$1,107.60	\$1,153.75
11	3.25%	\$1,014.00	\$1,056.25
10	2.95%	\$ 920.40	\$ 958.75
9	2.65%	\$ 826.80	\$ 861.25
8	2.35%	\$ 733.20	\$ 763.75
7	2.05%	\$ 639.60	\$ 666.25
6	1.75%	\$ 546.00	\$ 568.75
5	1.45%	\$ 452.40	\$ 471.25
4	1.15%	\$ 358.80	\$ 373.75
3	0.85%	\$ 265.20	\$ 276.25
2	0.55%	\$ 171.60	\$ 178.75
1	0.25%	\$ 78.00	\$ 81.25



The Nevada Department of Employment, Training and Rehabilitation is a proactive workforce & rehabilitation agency

# RESERVE RATIO

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**CONTRIBUTIONS PAID (MINUS) BENEFITS CHARGED**  
**(DIVIDED BY)**

**AVERAGE TAXABLE PAYROLL FOR PRIOR 3 YEARS**  
**(2016, 2017, 2018)**

**=**

***RESERVE RATIO***

## EXAMPLE

$\$60,000 - \$20,000 = \$40,000 / \$400,000 = .10$  or 10% Reserve Ratio



# Setting the Annual Rate Schedule

- ☐ Solvency of the state UI Trust Fund is measured on September 30<sup>th</sup>
- ☐ Projections are calculated for the next calendar year
  - ☐ Number of active employers
  - ☐ Amount of taxable payroll
  - ☐ Amount of state UI benefits that will be paid
  - ☐ Estimated revenues required for benefit payouts and trust fund solvency in the next calendar year
  - ☐ Optional schedules are developed with variable average tax rates and revenue projections



**ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION  
CALENDAR YEAR 2020**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-10.2	5.40%	2482	4.7%	\$1,024.24	3.0%	\$55.31
17	-10.2	-8.6	5.05%	187	0.4%	\$67.31	0.2%	\$3.40
16	-8.6	-7.0	4.75%	194	0.4%	\$57.22	0.2%	\$2.72
15	-7.0	-5.4	4.45%	270	0.5%	\$85.69	0.3%	\$3.81
14	-5.4	-3.8	4.15%	312	0.6%	\$92.23	0.3%	\$3.83
13	-3.8	-2.2	3.85%	370	0.7%	\$203.46	0.6%	\$7.83
12	-2.2	-0.6	3.55%	490	0.9%	\$260.94	0.8%	\$9.26
11	-0.6	1.0	3.25%	1600	3.1%	\$384.93	1.1%	\$12.51
10	1.0	2.6	2.95%	880	1.7%	\$517.17	1.5%	\$15.26
9	2.6	4.2	2.65%	1342	2.6%	\$1,039.62	3.1%	\$27.55
8	4.2	5.8	2.35%	1988	3.8%	\$1,750.51	5.1%	\$41.14
7	5.8	7.4	2.05%	3227	6.2%	\$3,613.69	10.6%	\$74.08
6	7.4	9.0	1.75%	6244	11.9%	\$6,804.02	20.0%	\$119.07
5	9.0	10.6	1.45%	8185	15.6%	\$10,085.32	29.7%	\$146.24
4	10.6	12.2	1.15%	9073	17.3%	\$6,083.91	17.9%	\$69.97
3	12.2	13.8	0.85%	6990	13.3%	\$1,272.01	3.7%	\$10.81
2	13.8	15.4	0.55%	3136	6.0%	\$335.98	1.0%	\$1.85
1	15.4	>	0.25%	5393	10.3%	\$321.76	0.9%	\$0.80
Total Eligible Employers				52,363	100.0%	\$34,000.00	100.0%	\$605.44
New Employers				2,991		\$2,300.00		\$67.85
TOTAL				79,354		\$36,300.00		\$673.29

**Average UI Rate: 1.85%    C.E.P.: 0.05%    TOTAL TAX RATE: 1.90%**





**ESTIMATED REVENUE AND EMPLOYER DISTRIBUTION  
CALENDAR YEAR 2020**

Class	RESERVE RATIO		TAX RATE	EMPLOYERS		TAXABLE WAGES		REVENUE (\$MILL)
	From	To		#	%	(\$MILL)	%	
18	<	-10.8	5.40%	2409	4.6%	\$997.12	2.9%	\$53.84
17	-10.8	-9.2	5.05%	191	0.4%	\$64.10	0.2%	\$3.24
16	-9.2	-7.6	4.75%	182	0.3%	\$70.66	0.2%	\$3.36
15	-7.6	-6.0	4.45%	220	0.4%	\$68.12	0.2%	\$3.03
14	-6.0	-4.4	4.15%	296	0.6%	\$92.84	0.3%	\$3.85
13	-4.4	-2.8	3.85%	361	0.7%	\$119.97	0.4%	\$4.62
12	-2.8	-1.2	3.55%	440	0.8%	\$260.53	0.8%	\$9.25
11	-1.2	0.4	3.25%	1532	2.9%	\$351.05	1.0%	\$11.41
10	0.4	2.0	2.95%	767	1.5%	\$440.87	1.3%	\$13.01
9	2.0	3.6	2.65%	1175	2.2%	\$840.13	2.5%	\$22.26
8	3.6	5.2	2.35%	1704	3.3%	\$1,309.91	3.9%	\$30.78
7	5.2	6.8	2.05%	2642	5.0%	\$2,732.45	8.0%	\$56.02
6	6.8	8.4	1.75%	4481	8.6%	\$5,496.05	16.2%	\$96.18
5	8.4	10.0	1.45%	7956	15.2%	\$9,741.07	28.7%	\$141.25
4	10.0	11.6	1.15%	9164	17.5%	\$7,967.05	23.4%	\$91.62
3	11.6	13.2	0.85%	8087	15.4%	\$2,515.48	7.4%	\$21.38
2	13.2	14.8	0.55%	4561	8.7%	\$532.26	1.6%	\$2.93
1	14.8	>	0.25%	6195	11.8%	\$400.32	1.2%	\$1.00

Total Eligible Employers		52,363	100.0%	\$34,000.00	100.0%	\$569.03
New Employers	2.95%	26,991		\$2,300.00		\$67.85

TOTAL		79,354		\$36,300.00		\$636.88
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**Average UI Rate: 1.75%    C.E.P.: 0.05%    TOTAL TAX RATE: 1.80%**



# SUMMARY

Estimated Distribution of Employers

12

Calendar Year 2020

Page #	1	2	3	4	5
Range of	-12.6	-12	-11.4	-10.8	-10.2
Reserve Ratios	13	13.6	14.2	14.8	15.4
Increments	1.6	1.6	1.6	1.6	1.6
Average UI Rate	1.45%	1.55%	1.65%	1.75%	1.85%
CEP	0.05%	0.05%	0.05%	0.05%	0.05%
Average Rate & CEP Total	1.50%	1.60%	1.70%	1.80%	1.90%

<b>REVENUE (mil)</b>	<b>\$563.85</b>	<b>\$600.05</b>	<b>\$636.88</b>	<b>\$636.88</b>	<b>\$673.29</b>
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## ELIGIBLE EMPLOYERS

Rate Class	5.40%	2222	2282	2340	2409	2482
	5.05%	161	182	172	191	187
	4.75%	185	182	214	182	194
	4.45%	194	187	184	220	270
	4.15%	216	254	288	296	312
	3.85%	282	308	331	361	370
	3.55%	359	359	389	440	490
	3.25%	420	487	538	1532	1600
	2.95%	1502	1567	1651	767	880
	2.65%	732	844	956	1175	1342
	2.35%	1103	1292	1456	1704	1988
	2.05%	1618	1871	2270	2642	3227
	1.75%	2498	3028	3643	4481	6244
	1.45%	4215	5019	6943	7956	8185
	1.15%	7647	8703	8845	9164	9073
	0.85%	9129	9335	8698	8087	6990
	0.55%	7971	7429	5914	4561	3136
	0.25%	11909	9034	7531	6195	5393
<b>Total</b>		<b>52,363</b>	<b>52,363</b>	<b>52,363</b>	<b>52,363</b>	<b>52,363</b>



The Nevada Department of Employment, Training and Rehabilitation is a proactive workforce & rehabilitation agency



**Nevada Department of Employment,  
Training and Rehabilitation**

**STATE OF NEVADA**  
**Department of Employment, Training and Rehabilitation**  
**EMPLOYMENT SECURITY DIVISION**

**2020**

**ESTIMATED TAX RATE SCHEDULES**

**For**

**Unemployment Insurance**

**Employment Security Council  
Meeting and Workshop**

**October 3, 2019**



SUMMARY

Estimated Distribution of Employers  
Calendar Year 2020

Page #	2	3	4	5	6
Range of Reserve Ratios	-12.6	-12	-11.4	-10.8	-10.2
Increments	13.0	13.6	14.2	14.8	15.4
Average UI Rate	1.6	1.6	1.6	1.6	1.6
CEP	1.45%	1.55%	1.65%	1.75%	1.85%
	0.05%	0.05%	0.05%	0.05%	0.05%
Total	1.50%	1.60%	1.70%	1.80%	1.90%
REVENUE (mil)	\$563.85	\$563.85	\$600.05	\$636.88	\$673.29
ELIGIBLE EMPLOYERS					
5.40%	2222	2282	2340	2409	2482
5.05%	161	182	172	191	187
4.75%	185	182	214	182	194
4.45%	194	187	184	220	270
4.15%	216	254	288	296	312
3.85%	282	308	331	361	370
3.55%	359	359	389	440	490
3.25%	420	487	538	1532	1600
2.95%	1502	1567	1651	767	880
2.65%	732	844	956	1175	1342
2.35%	1103	1292	1456	1704	1988
2.05%	1618	1871	2270	2642	3227
1.75%	2498	3028	3643	4481	6244
1.45%	4215	5019	6943	7956	8185
1.15%	7647	8703	8845	9164	9073
0.85%	9129	9335	8698	8087	6990
0.55%	7971	7429	5914	4561	3136
0.25%	11909	9034	7531	6195	5393
Total	52,363	52,363	52,363	52,363	52,363

**ESTIMATED REVENUE  
And Employer Distribution**

Calendar Year 2020

1.6 Increments

Class	RESERVE RATIO		TAX RATE	# OF EMPLOYERS	%	TAXABLE WAGES (\$MILL)	%	REVENUE (\$MILL)
	FROM	TO						
18 <		-12.6	5.40%	2222	4.2%	\$933.33	2.7%	\$50.40
17	-12.6	-11.0	5.05%	161	0.3%	\$60.65	0.2%	\$3.06
16	-11.0	-9.4	4.75%	185	0.4%	\$48.37	0.1%	\$2.30
15	-9.4	-7.8	4.45%	194	0.4%	\$86.38	0.3%	\$3.84
14	-7.8	-6.2	4.15%	216	0.4%	\$69.62	0.2%	\$2.89
13	-6.2	-4.6	3.85%	282	0.5%	\$73.80	0.2%	\$2.84
12	-4.6	-3.0	3.55%	359	0.7%	\$121.09	0.4%	\$4.30
11	-3.0	-1.4	3.25%	420	0.8%	\$242.12	0.7%	\$7.87
10	-1.4	0.2	2.95%	1502	2.9%	\$347.25	1.0%	\$10.24
9	0.2	1.8	2.65%	732	1.4%	\$395.60	1.2%	\$10.48
8	1.8	3.4	2.35%	1103	2.1%	\$801.69	2.4%	\$18.84
7	3.4	5.0	2.05%	1618	3.1%	\$1,214.60	3.6%	\$24.90
6	5.0	6.6	1.75%	2498	4.8%	\$2,486.76	7.3%	\$43.52
5	6.6	8.2	1.45%	4215	8.0%	\$4,978.69	14.6%	\$72.19
4	8.2	9.8	1.15%	7647	14.6%	\$9,194.90	27.0%	\$105.74
3	9.8	11.4	0.85%	9129	17.4%	\$8,759.40	25.8%	\$74.45
2	11.4	13.0	0.55%	7971	15.2%	\$3,131.62	9.2%	\$17.22
1	13.0 >		0.25%	11909	22.7%	\$1,054.12	3.1%	\$2.64

Total Eligible Employer		52,363	100.0%	\$34,000.00	100.0%	\$457.72
New Employers	2.95%	26,991		\$2,300.00		\$67.85

<b>TOTAL</b>		<b>79,354</b>		<b>\$36,300.00</b>		<b>\$525.57</b>
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AVERAGE UI RATE **1.45%**

CEP 0.05%

TOTAL TAX RATE 1.50%

**ESTIMATED REVENUE  
And Employer Distribution**

Calendar Year 2020

1.6 Increments

Class	RESERVE RATIO		TAX RATE	# OF EMPLOYERS	%	TAXABLE WAGES (\$MILL)	%	REVENUE (\$MILL)
	FROM	TO						
18 <		-12	5.40%	2282	4.4%	\$961.12	2.8%	\$51.90
17	-12.0	-10.4	5.05%	182	0.3%	\$53.06	0.2%	\$2.68
16	-10.4	-8.8	4.75%	182	0.3%	\$63.97	0.2%	\$3.04
15	-8.8	-7.2	4.45%	187	0.4%	\$62.87	0.2%	\$2.80
14	-7.2	-5.6	4.15%	254	0.5%	\$81.65	0.2%	\$3.39
13	-5.6	-4.0	3.85%	308	0.6%	\$92.67	0.3%	\$3.57
12	-4.0	-2.4	3.55%	359	0.7%	\$174.58	0.5%	\$6.20
11	-2.4	-0.8	3.25%	487	0.9%	\$277.28	0.8%	\$9.01
10	-0.8	0.8	2.95%	1567	3.0%	\$326.85	1.0%	\$9.64
9	0.8	2.4	2.65%	844	1.6%	\$511.39	1.5%	\$13.55
8	2.4	4.0	2.35%	1292	2.5%	\$960.47	2.8%	\$22.57
7	4.0	5.6	2.05%	1871	3.6%	\$1,522.12	4.5%	\$31.20
6	5.6	7.2	1.75%	3028	5.8%	\$3,544.70	10.4%	\$62.03
5	7.2	8.8	1.45%	5019	9.6%	\$6,336.29	18.6%	\$91.88
4	8.8	10.4	1.15%	8703	16.6%	\$9,947.21	29.3%	\$114.39
3	10.4	12.0	0.85%	9335	17.8%	\$6,777.62	19.9%	\$57.61
2	12.0	13.6	0.55%	7429	14.2%	\$1,593.02	4.7%	\$8.76
1	13.6 >		0.25%	9034	17.3%	\$713.13	2.1%	\$1.78
Total Eligible Employer				52,363	100.0%	\$34,000.00	100.0%	\$496.00
New Employers				26,991		\$2,300.00		\$67.85
<b>TOTAL</b>				<b>79,354</b>		<b>\$36,300.00</b>		<b>\$563.85</b>

AVERAGE UI RATE 1.55%

CEP 0.05%

TOTAL TAX RATE 1.60%



**ESTIMATED REVENUE  
And Employer Distribution**

Calendar Year 2020

1.6 Increments

Class	RESERVE RATIO		TAX RATE	# OF EMPLOYERS	%	TAXABLE WAGES (\$MILL)	%	REVENUE (\$MILL)
	FROM	TO						
18 <		-11.4	5.40%	2340	4.5%	\$983.13	2.9%	\$53.09
17	-11.4	-9.8	5.05%	172	0.3%	\$49.33	0.1%	\$2.49
16	-9.8	-8.2	4.75%	214	0.4%	\$69.54	0.2%	\$3.30
15	-8.2	-6.6	4.45%	184	0.4%	\$78.01	0.2%	\$3.47
14	-6.6	-5.0	4.15%	288	0.6%	\$68.84	0.2%	\$2.86
13	-5.0	-3.4	3.85%	331	0.6%	\$109.50	0.3%	\$4.22
12	-3.4	-1.8	3.55%	389	0.7%	\$221.92	0.7%	\$7.88
11	-1.8	-0.2	3.25%	538	1.0%	\$289.80	0.9%	\$9.42
10	-0.2	1.4	2.95%	1651	3.2%	\$425.20	1.3%	\$12.54
9	1.4	3.0	2.65%	956	1.8%	\$679.31	2.0%	\$18.00
8	3.0	4.6	2.35%	1456	2.8%	\$1,077.97	3.2%	\$25.33
7	4.6	6.2	2.05%	2270	4.3%	\$2,034.96	6.0%	\$41.72
6	6.2	7.8	1.75%	3643	7.0%	\$4,407.40	13.0%	\$77.13
5	7.8	9.4	1.45%	6943	13.3%	\$7,901.05	23.2%	\$114.57
4	9.4	11.0	1.15%	8845	16.9%	\$9,814.88	28.9%	\$112.87
3	11.0	12.6	0.85%	8698	16.6%	\$4,353.61	12.8%	\$37.01
2	12.6	14.2	0.55%	5914	11.3%	\$902.96	2.7%	\$4.97
1	14.2 >		0.25%	7531	14.4%	\$532.58	1.6%	\$1.33
Total Eligible Employer				52,363	100.0%	\$34,000.00	100.0%	\$532.20
New Employers				26,991		\$2,300.00		\$67.85
<b>TOTAL</b>				<b>79,354</b>		<b>\$36,300.00</b>		<b>\$600.05</b>

AVERAGE UI RATE **1.65%**

CEP 0.05%

TOTAL TAX RATE 1.70%

**ESTIMATED REVENUE  
And Employer Distribution**

**Calendar Year 2020**

**1.6 Increments**

Class	RESERVE RATIO		TAX RATE	# OF EMPLOYERS	%	TAXABLE WAGES (\$MILL)	%	REVENUE (\$MILL)
	FROM	TO						
18 <		-10.8	5.40%	2409	4.6%	\$997.12	2.9%	\$53.84
17	-10.8	-9.2	5.05%	191	0.4%	\$64.10	0.2%	\$3.24
16	-9.2	-7.6	4.75%	182	0.3%	\$70.66	0.2%	\$3.36
15	-7.6	-6.0	4.45%	220	0.4%	\$68.12	0.2%	\$3.03
14	-6.0	-4.4	4.15%	296	0.6%	\$92.84	0.3%	\$3.85
13	-4.4	-2.8	3.85%	361	0.7%	\$119.97	0.4%	\$4.62
12	-2.8	-1.2	3.55%	440	0.8%	\$260.53	0.8%	\$9.25
11	-1.2	0.4	3.25%	1532	2.9%	\$351.05	1.0%	\$11.41
10	0.4	2.0	2.95%	767	1.5%	\$440.87	1.3%	\$13.01
9	2.0	3.6	2.65%	1175	2.2%	\$840.13	2.5%	\$22.26
8	3.6	5.2	2.35%	1704	3.3%	\$1,309.91	3.9%	\$30.78
7	5.2	6.8	2.05%	2642	5.0%	\$2,732.45	8.0%	\$56.02
6	6.8	8.4	1.75%	4481	8.6%	\$5,496.05	16.2%	\$96.18
5	8.4	10.0	1.45%	7956	15.2%	\$9,741.07	28.7%	\$141.25
4	10.0	11.6	1.15%	9164	17.5%	\$7,967.05	23.4%	\$91.62
3	11.6	13.2	0.85%	8087	15.4%	\$2,515.48	7.4%	\$21.38
2	13.2	14.8	0.55%	4561	8.7%	\$532.26	1.6%	\$2.93
1	14.8 >		0.25%	6195	11.8%	\$400.32	1.2%	\$1.00
Total Eligible Employer				52,363	100.0%	\$34,000.00	100.0%	\$569.03
New Employers				26,991		\$2,300.00		\$67.85
<b>TOTAL</b>				<b>79,354</b>		<b>\$36,300.00</b>		<b>\$636.88</b>

AVERAGE UI RATE **1.75%**

CEP 0.05%

TOTAL TAX RATE 1.80%

**ESTIMATED REVENUE  
And Employer Distribution**

Calendar Year 2020

1.6 Increments

Class	RESERVE RATIO		TAX RATE	# OF EMPLOYERS	%	TAXABLE WAGES (\$MILL)	%	REVENUE (\$MILL)
	FROM	TO						
18 <		-10.2	5.40%	2482	4.7%	\$1,024.24	3.0%	\$55.31
17	-10.2	-8.6	5.05%	187	0.4%	\$67.31	0.2%	\$3.40
16	-8.6	-7.0	4.75%	194	0.4%	\$57.22	0.2%	\$2.72
15	-7.0	-5.4	4.45%	270	0.5%	\$85.69	0.3%	\$3.81
14	-5.4	-3.8	4.15%	312	0.6%	\$92.23	0.3%	\$3.83
13	-3.8	-2.2	3.85%	370	0.7%	\$203.46	0.6%	\$7.83
12	-2.2	-0.6	3.55%	490	0.9%	\$260.94	0.8%	\$9.26
11	-0.6	1.0	3.25%	1600	3.1%	\$384.93	1.1%	\$12.51
10	1.0	2.6	2.95%	880	1.7%	\$517.17	1.5%	\$15.26
9	2.6	4.2	2.65%	1342	2.6%	\$1,039.62	3.1%	\$27.55
8	4.2	5.8	2.35%	1988	3.8%	\$1,750.51	5.1%	\$41.14
7	5.8	7.4	2.05%	3227	6.2%	\$3,613.69	10.6%	\$74.08
6	7.4	9.0	1.75%	6244	11.9%	\$6,804.02	20.0%	\$119.07
5	9.0	10.6	1.45%	8185	15.6%	\$10,085.32	29.7%	\$146.24
4	10.6	12.2	1.15%	9073	17.3%	\$6,083.91	17.9%	\$69.97
3	12.2	13.8	0.85%	6990	13.3%	\$1,272.01	3.7%	\$10.81
2	13.8	15.4	0.55%	3136	6.0%	\$335.98	1.0%	\$1.85
1	15.4 >		0.25%	5393	10.3%	\$321.76	0.9%	\$0.80
Total Eligible Employer				52,363	100.0%	\$34,000.00	100.0%	\$605.44
New Employers				26,991		\$2,300.00		\$67.85
<b>TOTAL</b>				<b>79,354</b>		<b>\$36,300.00</b>		<b>\$673.29</b>

AVERAGE UI RATE **1.85%**

CEP 0.05%

TOTAL TAX RATE 1.90%



## **ESTIMATED TAX RATE SCHEDULES**

**For Calendar Year Ending 2020**

### **SUMMARY PAGE**

1. **PAGE** – indicates page number of detailed schedule.
2. **RANGE OF RESERVE RATIOS** – lowest reserve ratio indicates tax rate of 5.4%; highest ratio indicates tax rate of 0.25%.
3. **INCREMENTS** – range of reserve ratios applied to each tax rate.
4. **AVERAGE UI RATE** – average tax rate of all employers, including new employers not eligible for experience rating.
5. **CEP** – .05% tax for Career Enhancement Program.
6. **REVENUE (\$Mill)** – total estimated revenue for **unemployment insurance** for calendar year ending 2020 (does not include CEP tax.)
7. **NUMBER OF EMPLOYERS** – indicates the number of eligible employers receiving the various experience-rated tax rates under each schedule.

### **TAX RATE SCHEDULES**

1. Increments of reserve ratios applied to each tax rate.
2. Reserve Ratio ranges required for each tax rate.
3. Number and % of employers in each reserve ratio class.
4. Estimated taxable wages, and %.
5. Estimated tax revenue, and %.
6. Average UI Tax Rate – Average for all employers, including new employers.
7. CEP – Separate tax for Career Enhancement Program.

**RESERVE RATIO =**

Contributions paid to 9/1/19 minus  
Benefits charged to 6/30/19  
Divided by  
Average of Annual Taxable Wages for  
2016 plus 2017 plus 2018

**PROPOSED REGULATION OF THE ADMINISTRATOR OF THE  
EMPLOYMENT SECURITY DIVISION OF THE DEPARTMENT  
OF EMPLOYMENT, TRAINING AND REHABILITATION**

**LCB File N0. R**

October 3, 2019

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §§1 and 2, NRS 612.220 and 612.550.

A REGULATION relating to unemployment compensation; prescribing the contribution rate schedule for calendar year 2020 and providing other matters properly relating thereto.

**Section 1.** NAC 612.270 is hereby amended to read as follows:

612.270 The Administrator establishes the following schedule of contribution rates for eligible employers for calendar year ~~[2019:]~~ 2020:

1. Class 1: A rate of 0.25 percent is assigned to each employer whose reserve ratio is ~~[14.5]~~ 13.0 percent or more;
2. Class 2: A rate of 0.55 percent is assigned to each employer whose reserve ratio is at least ~~[12.9]~~ 11.4 percent but less than ~~[14.5]~~ 13.0 percent;
3. Class 3: A rate of 0.85 percent is assigned to each employer whose reserve ratio is at least ~~[11.3]~~ 9.8 percent but less than ~~[12.9]~~ 11.4 percent;
4. Class 4: A rate of 1.15 percent is assigned to each employer whose reserve ratio is at least ~~[9.7]~~ 8.2 percent but less than ~~[11.3]~~ 9.8 percent;
5. Class 5: A rate of 1.45 percent is assigned to each employer whose reserve ratio is at least ~~[8.1]~~ 6.6 percent but less than ~~[9.7]~~ 8.2 percent;



6. Class 6: A rate of 1.75 percent is assigned to each employer whose reserve ratio is at least ~~[6.5]~~ 5.0 percent but less than ~~[8.1]~~ 6.6 percent;
7. Class 7: A rate of 2.05 percent is assigned to each employer whose reserve ratio is at least ~~[4.9]~~ 3.4 percent but less than ~~[6.5]~~ 5.0 percent;
8. Class 8: A rate of 2.35 percent is assigned to each employer whose reserve ratio is at least ~~[3.3]~~ 1.8 percent but less than ~~[4.9]~~ 3.4 percent;
9. Class 9: A rate of 2.65 percent is assigned to each employer whose reserve ratio is at least ~~[1.7]~~ 0.2 percent but less than ~~[3.3]~~ 1.8 percent;
10. Class 10: A rate of 2.95 percent is assigned to each employer whose reserve ratio is at least ~~[0.1]~~ -1.4 percent but less than ~~[1.7]~~ 0.2 percent;
11. Class 11: A rate of 3.25 percent is assigned to each employer whose reserve ratio is at least ~~[-1.5]~~ -3.0 percent but less than ~~[0.1]~~ -1.4 percent;
12. Class 12: A rate of 3.55 percent is assigned to each employer whose reserve ratio is at least ~~[-3.1]~~ -4.6 percent but less than ~~[-1.5]~~ -3.0 percent;
13. Class 13: A rate of 3.85 percent is assigned to each employer whose reserve ratio is at least ~~[-4.7]~~ -6.2 percent but less than ~~[-3.1]~~ -4.6 percent;
14. Class 14: A rate of 4.15 percent is assigned to each employer whose reserve ratio is at least ~~[-6.3]~~ -7.8 percent but less than ~~[-4.7]~~ -6.2 percent;
15. Class 15: A rate of 4.45 percent is assigned to each employer whose reserve ratio is at least ~~[-7.9]~~ -9.4 percent but less than ~~[-6.3]~~ -7.8 percent;
16. Class 16: A rate of 4.75 percent is assigned to each employer whose reserve ratio is at least ~~[-9.5]~~ -11.0 percent but less than ~~[-7.9]~~ -9.4 percent;

17. Class 17: A rate of 5.05 percent is assigned to each employer whose reserve ratio is at least ~~[-11.1]~~ -12.6 percent but less than ~~[-9.5]~~ -11.0 percent; and

18. Class 18: A rate of 5.4 percent is assigned to each employer whose reserve ratio is less than ~~[-11.1]~~ -12.6 percent.

**Sec. 2.** This regulation becomes effective on January 1, 2020.

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Kimberly Gaa, Administrator  
Employment Security Division

**PROPOSED REGULATION OF THE ADMINISTRATOR OF THE  
EMPLOYMENT SECURITY DIVISION OF THE DEPARTMENT  
OF EMPLOYMENT, TRAINING AND REHABILITATION**

**LCB File N0. R**

October 3, 2019

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §§1 and 2, NRS 612.220 and 612.550.

A REGULATION relating to unemployment compensation; prescribing the contribution rate schedule for calendar year 2020 and providing other matters properly relating thereto.

**Section 1.** NAC 612.270 is hereby amended to read as follows:

612.270 The Administrator establishes the following schedule of contribution rates for eligible employers for calendar year ~~[2019:]~~ 2020:

1. Class 1: A rate of 0.25 percent is assigned to each employer whose reserve ratio is ~~[14.5]~~ 13.6 percent or more;
2. Class 2: A rate of 0.55 percent is assigned to each employer whose reserve ratio is at least ~~[12.9]~~ 12.0 percent but less than ~~[14.5]~~ 13.6 percent;
3. Class 3: A rate of 0.85 percent is assigned to each employer whose reserve ratio is at least ~~[11.3]~~ 10.4 percent but less than ~~[12.9]~~ 12.0 percent;
4. Class 4: A rate of 1.15 percent is assigned to each employer whose reserve ratio is at least ~~[9.7]~~ 8.8 percent but less than ~~[11.3]~~ 10.4 percent;
5. Class 5: A rate of 1.45 percent is assigned to each employer whose reserve ratio is at least ~~[8.1]~~ 7.2 percent but less than ~~[9.7]~~ 8.8 percent;

6. Class 6: A rate of 1.75 percent is assigned to each employer whose reserve ratio is at least ~~[6.5]~~ 5.6 percent but less than ~~[8.1]~~ 7.2 percent;
7. Class 7: A rate of 2.05 percent is assigned to each employer whose reserve ratio is at least ~~[4.9]~~ 4.0 percent but less than ~~[6.5]~~ 5.6 percent;
8. Class 8: A rate of 2.35 percent is assigned to each employer whose reserve ratio is at least ~~[3.3]~~ 2.4 percent but less than ~~[4.9]~~ 4.0 percent;
9. Class 9: A rate of 2.65 percent is assigned to each employer whose reserve ratio is at least ~~[1.7]~~ 0.8 percent but less than ~~[3.3]~~ 2.4 percent;
10. Class 10: A rate of 2.95 percent is assigned to each employer whose reserve ratio is at least ~~[0.1]~~ -0.8 percent but less than ~~[1.7]~~ 0.8 percent;
11. Class 11: A rate of 3.25 percent is assigned to each employer whose reserve ratio is at least ~~[-1.5]~~ -2.4 percent but less than ~~[0.1]~~ -0.8 percent;
12. Class 12: A rate of 3.55 percent is assigned to each employer whose reserve ratio is at least ~~[-3.1]~~ -4.0 percent but less than ~~[-1.5]~~ -2.4 percent;
13. Class 13: A rate of 3.85 percent is assigned to each employer whose reserve ratio is at least ~~[-4.7]~~ -5.6 percent but less than ~~[-3.1]~~ -4.0 percent;
14. Class 14: A rate of 4.15 percent is assigned to each employer whose reserve ratio is at least ~~[-6.3]~~ -7.2 percent but less than ~~[-4.7]~~ -5.6 percent;
15. Class 15: A rate of 4.45 percent is assigned to each employer whose reserve ratio is at least ~~[-7.9]~~ -8.8 percent but less than ~~[-6.3]~~ -7.2 percent;
16. Class 16: A rate of 4.75 percent is assigned to each employer whose reserve ratio is at least ~~[-9.5]~~ -10.4 percent but less than ~~[-7.9]~~ -8.8 percent;

17. Class 17: A rate of 5.05 percent is assigned to each employer whose reserve ratio is at least ~~[-11.1]~~ -12.0 percent but less than ~~[-9.5]~~ -10.4 percent; and

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612.270 The Administrator establishes the following schedule of contribution rates for eligible employers for calendar year ~~2019:~~ *2020:*

1. Class 1: A rate of 0.25 percent is assigned to each employer whose reserve ratio is ~~14.5~~ *14.2* percent or more;
2. Class 2: A rate of 0.55 percent is assigned to each employer whose reserve ratio is at least ~~12.9~~ *12.6* percent but less than ~~14.5~~ *14.2* percent;
3. Class 3: A rate of 0.85 percent is assigned to each employer whose reserve ratio is at least ~~11.3~~ *11.0* percent but less than ~~12.9~~ *12.6* percent;
4. Class 4: A rate of 1.15 percent is assigned to each employer whose reserve ratio is at least ~~9.7~~ *9.4* percent but less than ~~11.3~~ *11.0* percent;
5. Class 5: A rate of 1.45 percent is assigned to each employer whose reserve ratio is at least ~~8.1~~ *7.8* percent but less than ~~9.7~~ *9.4* percent;

6. Class 6: A rate of 1.75 percent is assigned to each employer whose reserve ratio is at least ~~[6.5]~~ 6.2 percent but less than ~~[8.1]~~ 7.8 percent;
7. Class 7: A rate of 2.05 percent is assigned to each employer whose reserve ratio is at least ~~[4.9]~~ 4.6 percent but less than ~~[6.5]~~ 6.2 percent;
8. Class 8: A rate of 2.35 percent is assigned to each employer whose reserve ratio is at least ~~[3.3]~~ 3.0 percent but less than ~~[4.9]~~ 4.6 percent;
9. Class 9: A rate of 2.65 percent is assigned to each employer whose reserve ratio is at least ~~[1.7]~~ 1.4 percent but less than ~~[3.3]~~ 3.0 percent;
10. Class 10: A rate of 2.95 percent is assigned to each employer whose reserve ratio is at least ~~[0.1]~~ -0.2 percent but less than ~~[1.7]~~ 1.4 percent;
11. Class 11: A rate of 3.25 percent is assigned to each employer whose reserve ratio is at least ~~[-1.5]~~ -1.8 percent but less than ~~[0.1]~~ -0.2 percent;
12. Class 12: A rate of 3.55 percent is assigned to each employer whose reserve ratio is at least ~~[-3.1]~~ -3.4 percent but less than ~~[-1.5]~~ -1.8 percent;
13. Class 13: A rate of 3.85 percent is assigned to each employer whose reserve ratio is at least ~~[-4.7]~~ -5.0 percent but less than ~~[-3.1]~~ -3.4 percent;
14. Class 14: A rate of 4.15 percent is assigned to each employer whose reserve ratio is at least ~~[-6.3]~~ -6.6 percent but less than ~~[-4.7]~~ -5.0 percent;
15. Class 15: A rate of 4.45 percent is assigned to each employer whose reserve ratio is at least ~~[-7.9]~~ -8.2 percent but less than ~~[-6.3]~~ -6.6 percent;
16. Class 16: A rate of 4.75 percent is assigned to each employer whose reserve ratio is at least ~~[-9.5]~~ -9.8 percent but less than ~~[-7.9]~~ -8.2 percent;

17. Class 17: A rate of 5.05 percent is assigned to each employer whose reserve ratio is at least ~~[-11.1]~~ -11.4 percent but less than ~~[-9.5]~~ -9.8 percent; and

18. Class 18: A rate of 5.4 percent is assigned to each employer whose reserve ratio is less than ~~[-11.1]~~ -11.4 percent.

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612.270 The Administrator establishes the following schedule of contribution rates for eligible employers for calendar year ~~[2019:]~~ 2020:

1. Class 1: A rate of 0.25 percent is assigned to each employer whose reserve ratio is ~~[14.5]~~ 14.8 percent or more;
2. Class 2: A rate of 0.55 percent is assigned to each employer whose reserve ratio is at least ~~[12.9]~~ 13.2 percent but less than ~~[14.5]~~ 14.8 percent;
3. Class 3: A rate of 0.85 percent is assigned to each employer whose reserve ratio is at least ~~[11.3]~~ 11.6 percent but less than ~~[12.9]~~ 13.2 percent;
4. Class 4: A rate of 1.15 percent is assigned to each employer whose reserve ratio is at least ~~[9.7]~~ 10.0 percent but less than ~~[11.3]~~ 11.6 percent;
5. Class 5: A rate of 1.45 percent is assigned to each employer whose reserve ratio is at least ~~[8.1]~~ 8.4 percent but less than ~~[9.7]~~ 10.0 percent;

6. Class 6: A rate of 1.75 percent is assigned to each employer whose reserve ratio is at least ~~[6.5]~~ 6.8 percent but less than ~~[8.1]~~ 8.4 percent;
7. Class 7: A rate of 2.05 percent is assigned to each employer whose reserve ratio is at least ~~[4.9]~~ 5.2 percent but less than ~~[6.5]~~ 6.8 percent;
8. Class 8: A rate of 2.35 percent is assigned to each employer whose reserve ratio is at least ~~[3.3]~~ 3.6 percent but less than ~~[4.9]~~ 5.2 percent;
9. Class 9: A rate of 2.65 percent is assigned to each employer whose reserve ratio is at least ~~[1.7]~~ 2.0 percent but less than ~~[3.3]~~ 3.6 percent;
10. Class 10: A rate of 2.95 percent is assigned to each employer whose reserve ratio is at least ~~[0.1]~~ 0.4 percent but less than ~~[1.7]~~ 2.0 percent;
11. Class 11: A rate of 3.25 percent is assigned to each employer whose reserve ratio is at least ~~[-1.5]~~ -1.2 percent but less than ~~[0.1]~~ 0.4 percent;
12. Class 12: A rate of 3.55 percent is assigned to each employer whose reserve ratio is at least ~~[-3.1]~~ -2.8 percent but less than ~~[-1.5]~~ -1.2 percent;
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17. Class 17: A rate of 5.05 percent is assigned to each employer whose reserve ratio is at least ~~[-11.1]~~ -10.8 percent but less than ~~[-9.5]~~ -9.2 percent; and

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**Section 1.** NAC 612.270 is hereby amended to read as follows:

612.270 The Administrator establishes the following schedule of contribution rates for eligible employers for calendar year ~~[2019:]~~ 2020:

1. Class 1: A rate of 0.25 percent is assigned to each employer whose reserve ratio is ~~[14.5]~~ 15.4 percent or more;
2. Class 2: A rate of 0.55 percent is assigned to each employer whose reserve ratio is at least ~~[12.9]~~ 13.8 percent but less than ~~[14.5]~~ 15.4 percent;
3. Class 3: A rate of 0.85 percent is assigned to each employer whose reserve ratio is at least ~~[11.3]~~ 12.2 percent but less than ~~[12.9]~~ 13.8 percent;
4. Class 4: A rate of 1.15 percent is assigned to each employer whose reserve ratio is at least ~~[9.7]~~ 10.6 percent but less than ~~[11.3]~~ 12.2 percent;
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8. Class 8: A rate of 2.35 percent is assigned to each employer whose reserve ratio is at least ~~[3.3]~~ 4.2 percent but less than ~~[4.9]~~ 5.8 percent;
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10. Class 10: A rate of 2.95 percent is assigned to each employer whose reserve ratio is at least ~~[0.1]~~ 1.0 percent but less than ~~[1.7]~~ 2.6 percent;
11. Class 11: A rate of 3.25 percent is assigned to each employer whose reserve ratio is at least ~~[-1.5]~~ -0.6 percent but less than ~~[0.1]~~ 1.0 percent;
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