

Jeffrey Frischmann: 1 o'clock, and I would like to call this meeting to order.

Jeffrey Frischmann: Good morning, my name, or good afternoon. My name is Jeffrey Frischman, and I am here for the Nevada Employment Security Council.

Jeffrey Frischmann: Thank you, members of the Council, the Public, and the Department of Employment Training and Rehabilitation staff for your participation in today's public meeting.

Jeffrey Frischmann: During today's meeting, under Agenda Item Number 7, we'll hear from the following presenters.

Jeffrey Frischmann: Economic Overview, Expectations for Calendar Year 2026, and UI Trust Fund Review by David Schmidt. DETR's chief economist.

Jeffrey Frischmann: We'll also hear 3 average contribution rate scenarios for calendar year 2026, presented by Jennifer Carroll.

Jeffrey Frischmann: DETR's Chief of Contributions.

Jeffrey Frischmann: Pursuant to NRS 612310, the Council acts as an advisory council to the Employment Security Division administrator.

Jeffrey Frischmann: And when convened, makes recommendations to the administrator whenever it believes that a change in contribution or benefit rates are necessary to protect the solvency of the unemployed insurance compensation fund.

Jeffrey Frischmann: The Council will receive information presented here today, and then take possible action under Agenda Item 8 to make said recommendation.

Jeffrey Frischmann: I appreciate the Council's service on behalf of Nevada's workforce and employer communities, and the public's participation in this process.

Jeffrey Frischmann: I'd like to start by opening the meeting up to public comment.

Jeffrey Frischmann: Prior to making comment, please state your name, title, and who you represent.

Jeffrey Frischmann: Get started in Las Vegas. Is there anyone present to make public comments in Las Vegas?

Tony Tish: Nobody present to make comments.

Jeffrey Frischmann: Please identify yourself for the record?

Tony Tish: Sorry, Tony Tish, I'm with, ITD and, DETR.

Jeffrey Frischmann: Okay, thanks very much, Tony.

Jeffrey Frischmann: Moving to Carson City, is there anyone present to make public comment in Carson City?

Casey Frasca: Casey Frasca, for the record, there is no one to make public comment.

Jeffrey Frischmann: Moving to phone lines, are there any callers waiting to make public comments?

Casey Frasca: Casey Frasca, for the record, there are no callers to make public comment.

Jeffrey Frischmann: Thank you, Casey. Moving to agenda item number 3, the confirmation posting.

Jeffrey Frischmann: Casey Frasca? Was proper notice provided for this meeting pursuant to Nevada's Open Meeting Law, NRS 241.020

Casey Frasca: Casey Frasca, for the record, I hereby attest and affirm that proper notice was given for this October 6th, 2025 Nevada Employment Security Council meeting, pursuant to Nevada's Open Meeting Law, NRS241.020.

Jeffrey Frischmann: Thank you, Casey.

Jeffrey Frischmann: Okay, now I'd like to do roll call of council members.

Jeffrey Frischmann: First, Jeffrey Frischman, present, I represent the public.

Jeffrey Frischmann: And I'm chairman of the council.

Jeffrey Frischmann: Mark Costa, are you present?

Mark Costa: Yes.

Jeffrey Frischmann: And who do you represent, sir?

Mark Costa: General public.

Jeffrey Frischmann: General public, thank you.

Jeffrey Frischmann: Peter Kluzman, are you present?

Peter Guzman: Present.

Jeffrey Frischmann: And Mr. Guzman, who do you represent?

Peter Guzman: That's a good question.

Jeffrey Frischmann: Okay, if I'm not mistaken, I believe you represent the employer community.

Jeffrey Frischmann: I could be mistaken there, maybe we could get a follow-up on that later.

Peter Guzman: No, I... and I think you are correct.

Jeffrey Frischmann: Okay. Thank you, Mr. Guzman.

Jeffrey Frischmann: Charles Billings, are you press...

Charles Billings: I'm present, and I represent labor on the Security Council and the Board of Review.

Jeffrey Frischmann: Thank you very much, Mr. Billings.

Jeffrey Frischmann: Daniel Costella, are you present?

Daniel Costella: Yes, I am, and I also represent labor.

Jeffrey Frischmann: Thank you, Mr. Costello.

Jeffrey Frischmann: Tom Susich, are you present?

Tom Susich: Yes, I am, and I represent the general public, both on the Council and the Board of Review.

Jeffrey Frischmann: Thank you, Mr. Susich.

Jeffrey Frischmann: And welcome all Council members. It's been a while since we've... Spoken.

Jeffrey Frischmann: Thank you for your attendance today.

Jeffrey Frischmann: We do have a quorum, so I hereby confirm that this council meeting has reached a quorum.

Jeffrey Frischmann: Moving on to agenda item number 5, review of written comments. Casey Frasca, or any written comments received?

Casey Frasca: Casey Frasca, for the record, I hereby attest that no written comments were received by the department for this meeting.

Jeffrey Frischmann: Thank you very much, Mr. Frasca.

Jeffrey Frischmann: We'll now move on to Agenda item number 6, which is the approval of minutes from our last Council meeting held on October 4th, 2023.

Jeffrey Frischmann: I will accept a motion for approval of the October 4th, 2023 meeting minutes.

Jeffrey Frischmann: Anyone, can I hear a motion to accept?

Mark Costa: Mark Costa, motion to accept in minutes.

Jeffrey Frischmann: And is there a second?

Peter Guzman: Peter Guzman, second.

Jeffrey Frischmann: Thank you. And is there any discussion regarding the meeting minutes?

Jeffrey Frischmann: Hearing none, I will now call for a vote of motion to approve the opportunity for 2023 Council meeting minutes.

Jeffrey Frischmann: All in favor, say aye.

Tom Susich: Aye.

Daniel Billings: Aye.

Jeffrey Frischmann: Any opposed? Say aye.

Jeffrey Frischmann: Any opposed, say may.

Jeffrey Frischmann: Okay, any abstentions?

Jeffrey Frischmann: Thank you. With that. I believe we are unanimous. Aye to accept the minutes.

Jeffrey Frischmann: Thank you.

Jeffrey Frischmann: Let the record reflect that the agenda item has passed.

Jeffrey Frischmann: We'll now move to Agenda Item 7A and B, and I ask Dave Schmidt, Dieter's Chief Economist, to provide us with an economic outlook and Unemployment insurance trust fund update.

Jeffrey Frischmann: Another question, do you want, if there's questions, do you want us to wait till the end, or during the presentation?

David Schmidt: I would be happy to take questions at any time.

Jeffrey Frischmann: Thanks.

David Schmidt: Alright, thank you, and good afternoon.

David Schmidt: For the record, my name is David Schmidt. I'm the Chief Economist for the Research and Analysis Bureau in the Nevada Department of Computer Training and Rehabilitation. I'm joined today by Tim Wilcox, who is a supervising economist in our bureau, as well as Andrew Stencil, who is a staff economist.

David Schmidt: And as the chair said, we'll be providing an overview of the current state of the economy, what that means for the Unemployment Trust Fund, and projections for the next year's Trust Fund data. Before we get started, I just wanted to take a moment to highlight something, go ahead and go to the next slide, that's changed since the last time that we spoke. For many years, I had presented to this Council a couple of different ways of looking at the solvency or the preparedness of the Unemployment Trust Fund. In the 2025 legislative session, AV 21 removed one of those measures from state statute. This was a measure that

David Schmidt: was... the weakness of this measure was highlighted, by what we experienced through COVID, and it wasn't providing, useful information at this point in time. It, changed,

very dramatically, because of the very intense, way that the COVID recession impacted the Unemployment Trust Fund.

David Schmidt: So going forward, as we've presented in the past, we'll still be presenting the average high-cost multiple, which is a federal standard that looks at a broader period of time and has performed better both before and since the COVID recession. But wanted to highlight how that's changed, because I think I've come here many times in the past and said, here's a formula, but it's not that great. It kind of changed from not that great to

David Schmidt: We should get rid of this so that it doesn't, lead people to make bad decisions in the future.

David Schmidt: So we can go on to the next slide. Like I said, the things we're talking about today, current economic conditions, what that means for the unemployment insurance system, and then what... how those, impacts, affect our projections of future benefit, and contribution levels. So the next slide.

David Schmidt: gives you a quick overview of employment in the state, looking, since... from 1990 to the present for both Las Vegas and Reno. Las Vegas is at the top, Reno is at the bottom.

David Schmidt: And focusing in on what's happened over the last couple of decades, you can see the Great Recession stands out in the middle of this chart, where there was a large decline in employment in both Reno and Las Vegas areas. We recovered from that recession. We continued to grow until 2019 and early 2020, when we had the COVID recession, which was very deep, but very short.

David Schmidt: Starting in early 2022, we recovered the jobs that we had prior to the COVID recession, and continued to expand. But in the last year or so, you can see from this chart that employment growth in the state, both in the North and the South, has been slowing pretty considerably.

David Schmidt: So...

David Schmidt: I don't think we have any physical copies available here. Okay, no problem.

David Schmidt: Thank you. Yes.

108

David Schmidt: Sorry for the interruption. No problem.

David Schmidt: On the next slide, you can see, over the 2022 to 2025 period, most industries have added jobs.

David Schmidt: This is every different industry, and so some of them, like Total Private, includes all the entire private sector. Total non-farm includes private sector and government sector. But the areas where we've added the most jobs have been education and health services.

David Schmidt: And then accommodation and food services, as well as the broader leisure and hospitality industry. One of the industries that's performed very well of note is arts,

entertainment, and recreation. This is a piece of leisure and hospitality. In terms of total jobs, it's much smaller than accommodation and food services. Accommodation and food services is a very broad industry. It includes Caesars and McDonald's, and so every hotel, every casino.

David Schmidt: If you have rooms to rent, every restaurant, every fast food place are all in this industry. But arts entertainment recreations, where you have things like spectator sports, standalone movie theaters, The Sphere, things like that, where it's a standalone entertainment venue, have been adding jobs very rapidly.

David Schmidt: But you can see in this chart down at the bottom that there are a couple of industries that have lagged in jobs over this whole 2022 to 2025 period. And of note, retail trade and the construction industry have both shed jobs from August of 2022 in particular to August of 2025, which is our most recent data, in this data. So, there are a few industries where we have seen some declines.

David Schmidt: Moving to the next slide, focusing in on what's been happening so far this year. This is a chart that shows the average movement of employment.

David Schmidt: for all jobs in the state, starting in January of a given year, and then showing the range of what we've experienced every single year, 1990 to the present. Typically, the black line is the average of every single year, that's right in the middle. And the darker the ribbon, the more common that level of employment growth is.

David Schmidt: So through August, what this is telling us is that our total jobs have barely increased, where typically, we're seeing about a 5-10% increase in employment from January through August, because you get into July, you get into summer travel season, you get into peak construction season.

David Schmidt: But instead, employment activity in the state is very, very flat. In fact, going back to 1990, there are only 3 years where we've seen weaker performance from January through August, and that was 2008 and 2009, in the middle of the COVID recession, and 2020.

David Schmidt: So we have 3 recessions are the only times when we have been in a weaker place, employment-wise, than where we stand so far this year. Excuse me. Mark Costa.

David Schmidt: So remember... Going back to the previous slide and comparing it with this one, you mentioned that

David Schmidt: most of the net, or almost all the industries, showed a positive net, so I would take that that,

Jeffrey Frischmann: That means that most of the increase that they showed is from earlier in the year? Since that is showing basically flat.

David Schmidt: Yes, David Schmidt, for the record. The previous slide was a 3-year period, so it was 2022 through 2025, and so in contrast, most of the growth that we've seen was in that 2022-2023

David Schmidt: 2024, to some extent, period, and now that we're into 2025, is when we've seen this real flattening in the data. If you go back a couple of slides, you would see the same picture, where

David Schmidt: The growth trend was booming coming out of COVID, it grew past where we were, and then it's flattened off over the last year or so. Are these numbers seasonally adjusted? This chart, no. And I like it to show kind of the seasonal patterns, so you can see where we typically add jobs or, you know, flatten off later in the year. So we've typically grown more in the first half of the year, and then it kind of flattens off, as you can see.

David Schmidt: here as we get into the back half of the year. So the fact that we're already flat probably says, as we look ahead, that flat is about the normal case. We would have to outperform typical expectations to see this rise.

David Schmidt: And there is at least some risk of it actually falling and turning negative on the year.

Jeffrey Frischmann: Jeff Frischman from the record for we hadn't seen expectations is probably... you say?

David Schmidt: Less jobs.

Jeffrey Frischmann: a decreased way it's trending?

David Schmidt: David Schmidt, for the record, yes.

David Schmidt: It's hard to say. One of the factors that's contributing to the number that we have in August is we did have two industries that had what we economists would call a statistically significant decrease in employment over the month. So from July to August.

David Schmidt: both the estimate of the initial jobs number as well as the error range around that number were all below zero. And that was the accommodation and food service industry and the construction industry, which are both fairly large.

David Schmidt: But both had declines of, over 4,000 jobs from July to August. And so, to have a couple of major industries, one of whom we pointed out earlier, is about 4,000 jobs down over the last 3 years.

David Schmidt: is a sign of weakness, but it's not necessarily that things are starting to get into more layoffs, and I will have some slides to touch on that here in just a little bit.

Jeffrey Frischmann: Sorry, Jeff Frischmann again, for the record. So, considered, looked at, we're prepared. We're at, where we're at today, government shutdown. How that effect has affected Pointed in the past: Have you factored anything in, you can definitely check that.

David Schmidt: David Schmidt, for the record, no, we haven't, but historically, most federal government shutdowns haven't had a very large impact in and of themselves on overall employment, because they tend to be on a scale that's too fast for us to notice. A shutdown of a week, or two weeks, or even four to six weeks, which I think is about the longest shutdowns that you would see going back over decades.

David Schmidt: might show up as a blip unless it had longer-lasting changes. What might happen, and we don't yet have data to really show the impact of this, would be the, we've had the deferred resignation programs and some programs at the federal level that... where people

have stopped working, but they're still being paid. And for our employment estimates, if someone is still being paid, we still count them as employed by that person. You're on vacation, you're on

David Schmidt: Admittedly, you're not fired yet.

David Schmidt: But now that we've hit October, there were a couple of different, dates, depending on the programs taken by federal employees, some around October 1st, some around January 1st.

David Schmidt: And so, as those deferred layoffs start to hit, we could see a decline in federal employment in Nevada. Federal employment isn't

David Schmidt: a major source of jobs in the state, outside of a few exceptions, for Churchill County, for Mineral County, where you have large military bases, in particular, you do tend to have some higher concentrations of federal employment.

David Schmidt: But overall, Nevada isn't necessarily as exposed to the layoffs in the, sort of, professional class of workers. Like, we don't have the large staffing agencies for, like, the IRS, we have the local offices, and so we're relatively less exposed, though there could be some impacts from that.

David Schmidt: All of that being said, none of that's explicitly included here, because we don't have hard numbers on it yet.

Jeffrey Frischman: Jeffrey Frischman for the record, so I suspect that We're hearing about.: Mass layoffs from federal workers and such, which is frightening.

David Schmidt: But we're hearing about that, but that hasn't really been factored in, and there's a lot of...

David Schmidt: People are very unsure what is going to happen with the administration.

Jeffrey Frischmann: I said they're gonna do, whether they did, etc. You understand. That's...

David Schmidt: And David Schmidt for the record, and I would also say, if you're interested in tracking

David Schmidt: activity from federal workers, there is a fact sheet that's up on our website, NevadaWorkforce.com, shameless plug, that tracks the level of unemployment claims from federal workers, both initial claims and ongoing claims. None of these impact the trust fund, because that's all paid directly from the federal government.

David Schmidt: But we've been tracking it since the beginning of the year to see if that shows up in the data, and to date, Nevada's actually outperformed the nation. Most states have had higher levels of federal claims than what we have experienced so far, at least through about mid-September.

Jeffrey Frischmann: Thank you.

David Schmidt: Moving on to the next slide.

David Schmidt: To add to the, employment landscape, and David Schmidt again for the record, if I didn't say that.

David Schmidt: Adding to the employment landscape, so far we've been talking about the monthly jobs estimates that come out. One thing to note, as long as the federal shutdown's going on, we won't be getting updates to this particular data series. We would have been scheduled to release September data in about the middle of October, but as of right now, August is the most recent data that we have, but

David Schmidt: Earlier in September, the U.S. Bureau of Labor Statistics came out with updates. Every year, the monthly jobs numbers are updated to take into account the jobs numbers that are generated, ultimately, from the unemployment insurance program. We take the data that employers report, look at it, refine it, clean it, fill in estimates, try to deal with missing accounts, contact them for follow-up.

David Schmidt: And this produces what's known as the Quarterly Census of Employment Wages, which is sort of the backbone employment numbers that help to support the survey-based numbers going forward. And the survey gets adjusted to reflect what comes in from this unemployment insurance data.

David Schmidt: At a national level, the preliminary benchmark that the Bureau of Labor Statistics put together, looking at the comparison of these data series, suggested a downward revision of about 0.6% in the monthly jobs numbers...

David Schmidt: for the nation as a whole. For Nevada, that downward revision would be, better, only down 0.2%, but a little bit less than what the monthly estimates are suggesting. And so, if you were looking on, will the numbers be

David Schmidt: stronger than expected or weaker than expected, slightly weaker would be the way to lean based on that preliminary benchmark, comparing data, through, I believe, the first quarter of 2025.

David Schmidt: Moving to the next slide, the reason why I don't look at all of these charts and immediately go.

David Schmidt: there's bad, tidings in the wind when it comes to jobs numbers, is that the flip side of the coin is

David Schmidt: That wages and hours have been holding up reasonably well. The amount that people are being paid is strong, and if you look at the beginning of this chart, you can see in 2007, 2008, 2009, 2010, and 11,

David Schmidt: the total average weekly wages that people were earning were flat to negative. The black line here is from those monthly jobs estimates, the blue line is from the quarterly census of employment wages.

David Schmidt: Some definitional differences make the numbers different, but you can see the broad trend is largely the same. In a recession, it's easier to cut hours

David Schmidt: and potentially wages than it is to cut people. And so we typically see a little bit of a pullback in terms of what people are being paid in a recession.

David Schmidt: But today, as we see here, we're actually seeing very strong growth in weekly wages, up about 6% over the years so far, and this is reflected in both sources of data. And so, if we were in a place where employers were saying.

David Schmidt: we don't need workers anymore, we're cutting back, we're pulling back, which would be really negative for job growth, to the chair's point. You would see that showing up more in the wages, too, because it's easier to start cutting hours than it is to cut people.

David Schmidt: In a lot of cases, and so it's a leading indicator of what we can expect with employment, and for it to be so strong, suggests there is still a strong demand for labor, but we're seeing some contraction in the availability of labor.

David Schmidt: And so that might be guiding some of the dynamics that we see here.

David Schmidt: On the next slide, we look at the Job Opening and Labor Turnover Survey. Another reflection of this, sort of.

David Schmidt: tightening labor market is that both hires and the total number of separations have been solved. So this measures the overall churn in the economy, and we'll typically say, you know, the economy added 3,000 jobs, it lost 3,000 jobs.

David Schmidt: I think it's important to note that's the net of a lot of activity that takes place

David Schmidt: 60,000 people are being hired every month. 60,000 people are being separated every month, and it's the balance between these two that makes the labor market continue to function. Even in the worst month of the Great Recession, we still had over 20,000 people

David Schmidt: quitting their job, for whatever reason, but you have a lot of built-in turnover, but...

David Schmidt: Two, three years ago, we had very high levels of hiring, very high levels of job opening, very high levels of quits, as workers had a lot of options available to them, and so there was a lot more of that churn through the economy

David Schmidt: That has pulled back, but it's pulled back to about where we were in 2019. So there's still healthy activity taking place even in the liquor market, even though the overall pace of turnover has been slow.

David Schmidt: Shifting... Yes.

David Schmidt: ...to question on the previous slide here over to churn.

Jeffrey Frischmann: intensity calculation a little bit more, because I know it's particularly hard.

David Schmidt: really high on March 2024, 96.7%. Yep. So the churn intensity rate on this chart is, sort of an experimental measure. Most of this data comes from the Bureau of Labor

Statistics. The churn numbers are something that we're calculating and putting in here for comparison.

David Schmidt: Here we're defining churn as the lower number of either hires or separations, and so if you imagine an employer that had... or a state that had, 20,000 people being hired and 20,000 people being separated, the net change in the labor market is zero.

David Schmidt: And so that would have a churn intensity rate, which is basically the... that churn number divided by the

David Schmidt: either hires or separations, it would be 100%, because all of your hires replaced jobs that basically went away, and so there was no net gain or loss. And so all of the activity you're seeing was churn. If you had 40,000 hires and 20,000 separations, then you'd have a churn intensity rate of 50%.

David Schmidt: In practice, the numbers are very close, and so it generally is pretty close to 100%. 100% is the maximum possible value. Our average over the last 12 months has been about 93%, and so in August, or in July.

David Schmidt: we had a slightly higher level of churn relative to total hire and separation activity, but it's just a way to try to compare how the

Jeffrey Frischmann: How productive is the hiring and separation activity that's taking place? Is it changing the number, or is it running faster on the hamster wheel to end up at the same place? And that's the concept that we're kind of trying to measure with that churn intensity level. And where we sat in July was

David Schmidt: basically dead in the middle of the country, at 26th overall. And that's why I calculated as a rate, is so that I can compare it how is our activity compared to some others? Because there are states with very high hire, very high separation rates.

David Schmidt: Which helps keep the labor market functioning, but also is a lot of effort that employers and job seekers are going through.

David Schmidt: To kind of end up at the same place.

David Schmidt: I hope that answers your question.

Jeffrey Frischmann: That would be... in March of 2024, if I'm understanding correctly, it was basically purchases.

David Schmidt: That's correct. Separations. Yes, and that happens fairly often.

David Schmidt: So David Schmidt again, for the record, moving on to the next slide. Shifting from employment to unemployment, which is a little bit more relevant to the unemployment insurance program. Nevada currently has the third highest unemployment rate in the country, if you include the District of Columbia, second highest if you don't.

David Schmidt: We are right behind California, right ahead of the state of Michigan, sitting at 5.3% as of August. I say higher because 5.3% in a long-term historical context is not high

unemployment. We are not seeing lots of people out of work, unable to find jobs, but we are higher than some other states. And one reason for this

David Schmidt: is on the next slide, where we look at both the unemployment rate as well as labor force participation. The unemployment rate is the share of the people who are either working or looking for work that are looking for work. The labor force participation rate is the share of your

David Schmidt: population that could be working, or looking for work, that is. And so, labor force participation sort of measures your engagement with the labor force. How much of your population is looking for work? And so on the low end here, you have a state like West Virginia with fewer than 55% of

David Schmidt: It's the people in its population either working or looking for work. This is common if you're, like, Florida. More likely to have an older population that's retired. Not everyone outside the labor force is someone that's going to be engaged in the labor force, and so you can't really make the two exactly the same.

David Schmidt: But the different mixture of participation and unemployment does pose some different economic challenges for a state. You might think high labor force participation, super low unemployment rate, best of all possible worlds, except...

David Schmidt: If you want to expand in a state like South Dakota, where you have nearly 70% labor force participation and a 2% unemployment rate, the question would be, where are you going to find workers to do that? More of the population is already engaged in the labor market than you would typically expect.

David Schmidt: And a lot fewer of them are unemployed, and so the pool of workers that you could potentially expand from is vanishingly small.

David Schmidt: On the other hand, for Nevada, we have a, fairly average unemployment, or labor force participation rate, slightly above average, but higher unemployment, because we have more people that are engaged in, or are unemployed because they are entering the labor market looking.

David Schmidt: It is a different... challenge to figure out how do I take someone who has been fired from a job versus someone who is entering the labor market looking for work, to say, how can I attach them to a job?

David Schmidt: And the reason for unemployment is really important to me because, this is a chart probably only an economist could love, but it shows the path of two different things. Horizontally, you have the share of the unemployed who are job losers. On the vertical axis, you have the share of unemployed who are not job losers. They've entered the labor market looking for work.

David Schmidt: And this is important because, going back as far as we have data here, you can see in both the Great Recession and the COVID recession, what really happened was you had a sharp increase in the number of people who were unemployed because they lost their job.

David Schmidt: And so for me, that's a more economically meaningful number, because it tells you that employers are letting people go.

David Schmidt: And not that you have unemployment that's driven by people entering the labor market looking for work, which is a positive direction for people to be moving. Where we sit today is the bright yellow arrow that's kind of lost on the left, and so I point to it with the red arrow.

David Schmidt: But we are still to the left of that dashed line. We still have most of our unemployment being people who are entering the labor market, not people who are losing their job.

David Schmidt: And what you see in a recession is typically an increase in job loss drives the unemployment rate up.

David Schmidt: Then you see an increase in not job loss unemployment, as people who were sidelined start to re-enter the labor market and look for work. And then you see the recovery as both of those rates start to decline over time in COVID.

David Schmidt: You know, it happened very fast, basically all at once, because this is a four-quarter moving average, but the reason for unemployment matters a lot, and it matters for unemployment insurance, because if you want to file for unemployment benefits, you have to have lost a job through no fault of your own.

David Schmidt: Used to be more costly.

Jeffrey Frischmann: Councilmember, I had a question, you know, about your participation rate. These rates seem low.

Jeffrey Frischmann: 50, most of them, and the biggest things between 50, 70%.

David Schmidt: It's only... it's people... Interested in working.

Jeffrey Frischmann: And does that include...

David Schmidt: It's at a certain age range that you're including the participation rate, examples of retired people are in there.

Jeffrey Frischmann: it seems frighteningly low to have that participation rate.

David Schmidt: David Schmidt, for the record, and you essentially answered the question, the biggest factor is the baseline population is your total civilian, non-institutionalized population, 16 or older. So if you are a 105-year-old grandfather and you haven't wanted to work in 40 years.

Jeffrey Frischmann: awesome, you would be counted as not participating, but still in population. So you are part of that, you know, 30%, if you're looking at, you know, a 70% participation rate.

David Schmidt: it's anyone who is not working or actively looking for work, which means you looked for work in the last 4 weeks. There are some people who

David Schmidt: I want a job, and I've looked in the last year, but not in the last 4 weeks. You have some people who say, I want a job, but I haven't even searched for work in the last year. But sure, I'd take a job if it fell into my lap. People are complicated, there's many different stories here.

David Schmidt: If you take everyone who says that they want a job, It's a Stilton...

David Schmidt: 10-20% of the total non-participation rate. So almost everyone that's not participating doesn't want to. It could be someone who's a stay-at-home parent. They've chosen to be a single-income household.

David Schmidt: they're not participating in the labor force. It could be someone who's retired, it could be someone who's independently wealthy and doesn't have to work. All of these scenarios would be non-participating if you say, nope, don't want a job.

David Schmidt: epic implications.

David Schmidt: So these people aren't perfect. income. Benefits insurance from somewhere else.

David Schmidt: Yep. Data from it for the record, and what you'll find in looking at the detailed data is that most of these people would... are retired.

David Schmidt: As far as the total non-participation rate. For the share that, says that they want a job, there's also, like, people who are in school. People, like, there's a wide range of scenarios, but certainly there is additional detail out there that we could dive into in the future if, yeah.

Jeffrey Frischmann: I guess you're saying that, most of the sole folks are on Medicare, our insurance and are indexed. Not looking at the book.

David Schmidt: Okay, probably. Probably, yes. So, turning to the next slide, and here I'll be transitioning over to Tim.

251

00:41:56.470 --> 00:42:21.390

MASS ESD: Just in a snapshot, what does this mean for unemployment benefits in Nevada? Similar to the employment picture, if I were to summarize what have we seen over the last year, it's been that unemployment insurance activity has also been pretty flat. Focusing on the annual change column in this table, which is the second from the right, there's only one level that's up more than 10%, and that's weekly claims.

David Schmidt: And that's because August 2025 had 5 Sundays, so when people can file for benefits online, they typically file the first day that they can for a given week, and so we tend to see about a 20% bump when you have 5 weeks instead of 4 in a monthly reporting period. Other than that, for initial claims, for weeks being paid.

David Schmidt: Overall, the activity has been fairly flat in terms of benefits. We have not yet seen any surge of demand for benefits, even though we saw those 4,000 job declines in both accommodation food service as well as construction. We looked at the claims from those industries and related occupations.

David Schmidt: And we haven't seen any recent jump in those benefit activities either, and so, like employment overall, the broader trend for unemployment benefits has been pretty flat.

David Schmidt: over the course of the past year, which puts us...

David Schmidt: We're not number one in the country, but we're generally in about the top half of the country in terms of how those levels have changed over the last year.

David Schmidt: And with that, and, 30 minutes of your time gone, I will, hand it over to, to Tim Wilcox to look at more trends in the unemployment insurance program.

Tim Wilcox: Alright, this is the level of weekly initial claims per 1,000 jobs in Nevada.

Tim Wilcox: The naked eye, the only one you can really see is the COVID recession.

Tim Wilcox: So, going to the next one.

Tim Wilcox: This is the same data, just converted to a log, or logarithmic scale.

Tim Wilcox: So it's more readily apparent.

Tim Wilcox: a lot of changes.

Tim Wilcox: Again, COVID shows up quite prominently.

Tim Wilcox: You'll see that since COVID, there's only been a very slight increase in the level of initial claims since early 2021.

Tim Wilcox: Okay. These are the two components that I used to forecast benefits.

Tim Wilcox: And one was the average employment. This comes from the quarterly census of Employment and Wages.

Tim Wilcox: And... Last date, and this uses annual data, so the last data point was About 1.376 million for 2024.

Tim Wilcox: And the projected growth is that for 2026, as of December 31st, You know, we've \$1.387 million.

Tim Wilcox: And, annual wage. This is your total wages divided by average employment.

Tim Wilcox: And the projection is it's gonna go up by about 6%.

Tim Wilcox: So you get the two... you get the two values.

Tim Wilcox: And you multiply by the average rate of taxable wages to total wages.

Tim Wilcox: Because not all wages are taxable. That's 55.2%.

Tim Wilcox: And that brings us to a forecasted taxable wage base.

Tim Wilcox: About 54.9 billion.

Tim Wilcox: Thanks.

Tim Wilcox: And this is the projected contributions. Blue line is the existing Existing values.

Tim Wilcox: And \$906 million is the previous value, \$54.9 billion.

Tim Wilcox: Multiplied by 1.65%, just with the assumption that we keep it the tax rate, and it's standard.

Tim Wilcox: And next one, please.

Tim Wilcox: Alright, these are... Worst... these are all the scenarios for, From 0% up to 1.85%, So...

Tim Wilcox: You will see that even if we had a 0% tax rate.

Tim Wilcox: Given the projected benefits and contributions, The trust fund, which is...

Tim Wilcox: Value, the up and down value.

Tim Wilcox: Would still be positive.

Tim Wilcox: Hand it off to Andrew.

Andrew Stencel: Andrew Stencel, for the record, DETR economist.

Andrew Stencel: Taking a look at the historic cash flows of the trust fund.

Andrew Stencel: the... the main... this is... this kind of goes back to what Dave talked about. We used to have a separate measure for Nevada, got rid of it, but using the federal standard called the Average High Cost Multiple, that kind of measures

Andrew Stencel: It measures the average of the three worst benefit cost years for the state, so the three worst recession-level benefit payments to see if we could cover one of those, if it were to come up with what's currently in the trust fund.

Andrew Stencel: And currently, that's up to .82. The federal target is 1.0.

Andrew Stencel: But that's taking into account the COVID recession, which hit Nevada especially hard, and if you don't think that has a one-third chance of happening, that's where we get that little text box that pops out saying we're actually at 1.18 for standard recession, so we're already at the recession

Andrew Stencel: A level that we wouldn't be able to cover recession benefit payments.

Andrew Stencel: And that's kind of important as we look at the UI tax rate to say, are we able to cover a recession if it were to happen? If we don't expect another COVID to happen next year, we are currently at a solvent level in terms of the trust equity.

Jeffrey Frischmann: Excuse me, I'm sorry, yeah, first, for the record. My question is, is, okay, so that...

Jeffrey Frischmann: Are you saying that we would have enough for a recession compared to the 2009 recession? Yes. It had enough sets of recession?

Andrew Stencel: Yes, yes. A level of recession. Yeah, so, yeah. Which is a big one. Yeah, a big one, but not COVID yet.

Jeffrey Frischmann: Right, I gotcha. So, just to clarify. Yes.

Andrew Stencel: Obviously, there's a lot of other information on the slide, but as you can see, we're continuing to build the trust fund every year, and that's a lot of money sitting in the account, which we'll be able to cover if there were to be a recession.

Andrew Stencel: Going to the next slide, we'll see some of our projected cash flows.

Andrew Stencel: For this next year, we have a 1.45% average tax rate. Forecast number, 1.65 average tax rate, just if we kept what we've been doing the last several years. And then, just for fun, I threw in a, if we wanted to reach a one for the federal standard, if we thought COVID might happen again.

Andrew Stencel: Funny enough, the math works out to where it's another 0.2% jump to 1.85% tax rate if we wanted to get to gold standard if COVID were to happen again.

Andrew Stencel: kind of a level.

Andrew Stencel: As you can see, if we were to keep it at 1.65, at the end of next year, we would expect to be an average high-cost multiple of .96, which is very close to that target of 1.0, even including COVID.

Andrew Stencel: But if we kind of ignore the COVID recession and keep it at 1.65, we'd be up to,

Andrew Stencel: a non-COVID average high-cost multiple of 1.38, so it would be really, really solvent.

Andrew Stencel: So that's why we include the 1.45% forecast on there, where we still are moving up to a .92, so we're getting closer and closer to that 1.0. We're still taking in more money in contributions than we're going to pay out, so we're still building a trust fund, even at a 1.45.

Andrew Stencel: Average tax bubble.

Jeffrey Frischmann: Excuse me, I have a question here, the solvency level changes significantly. Yes. I heard.

Jeffrey Frischmann: Could you go over that a little bit? Yeah, so that is just identifying the extra money and the change that we'd be taking in. So, at 1.45, we'd be, according to the federal standard.

Jeffrey Frischmann: \$220 million less than what their target for a 1.0 average high-cost multiple would be. So if we raise that tax, we're taking more money and getting closer to the target level, so it's a less negative number, we're closer to the target. And on the right side, where it says zero.

316

00:50:28.690 --> 00:50:35.650

MASS ESD: Or, like, there's the dash for net zero, that's where we're at. Fully federal, 1.0, everything's great.

Andrew Stencel: everything, I should say, would be great if we had a gigantic recession in terms of being able to pay out what we're,

Andrew Stencel: Payout benefits to everyone.

Jeffrey Frischmann: Okay, so that's... that's... The higher rate is less salt seed.

Jeffrey Frischmann: You don't...

Andrew Stencel: Yeah, we are... we are closer to the target if we have... if we take more in, in terms of contributions with that, or 10.

Andrew Stencel: Okay, that's all of our slides, and we are happy to answer any other questions the Council has.

Jeffrey Frischmann: Any other questions, from the Council?

Jeffrey Frischmann: None, again, I'd like to thank you for an awesome presentation.

Jeffrey Frischmann: At each meet. How dry it is, I still look forward to it. Thank you very much, I know it's a lot of work.

Jeffrey Frischmann: With that, we can move forward, for presentation by, Chief Carroll for contributions to, present, overviews of three average UI estimated tax rates. Take it away, Ms. Carroll.

Jeffrey Frischmann: I'll adjourn the meeting for 5 minutes while we pull up, Recess. Or recess, I'm sorry, there we go. I knew it was the right word. If we can take a 5-minute recess, wouldn't pull up the slide. Reconvene then at, 1:53.

Jeffrey Frischmann: All the, meeting to order.

Jeffrey Frischmann: And, hand it over to Chief Carroll for her presentation.

Jennifer Carroll: Good afternoon, Mr. Chairman and members of the Council. My name is Jennifer Carroll. I serve as the Chief of Contributions for the Employment Security Division.

Jennifer Carroll: Today, I'll be presenting information for the proposed 2026 tax rate schedules. This meeting is for the council members to review the information and recommend a tax rate schedule to the administrator.

Jennifer Carroll: Slide.

Jennifer Carroll: The administrator determines the tax rate each year by adopting a regulation in accordance with NRS 612.550. Additionally, under NRS 612.310, the Employment Security Council is responsible for recommending changes to the contribution rate

Jennifer Carroll: as needed to safeguard the integrity of the Unemployment Compensation Fund.

Jennifer Carroll: Next slide.

Jennifer Carroll: The regulatory process slide details the meeting schedules for establishing the tax rate. Following today's meeting and the Small Business Workshop.

Jennifer Carroll: Proposed regulation will be sent to the Legislative Council Bureau, and the public hearing to adopt a regulation is scheduled for December 1st, 2025. Next slide.

Jennifer Carroll: Employers are required to pay federal unemployment tax, also known as FUTA, of 6% on the first \$7,000 of an employee's wages unless the employer pays payroll taxes under a state program, which reduces the federal tax to .6%.

Jennifer Carroll: The 5.4 reduction, 5.4% reduction in tax rate lowers the amount due to the federal payroll tax per employee from \$420 to \$42.

Jennifer Carroll: The Unemployment Insurance Contribution section validates tax payments with the IRS through yearly certification reports to the IRS for all employers.

Jennifer Carroll: Sorry.

Jennifer Carroll: State unemployment tax, commonly referred to as SUTA, is collected from employers and deposited into the UI Trust Fund. Once collected, these funds are used to provide unemployment benefits to eligible workers who have been separated from their jobs. SUTA rates vary based on an employer's experience with unemployment claims.

Jennifer Carroll: Slide.

Jennifer Carroll: As a newly registered business, the employer's unemployment insurance tax rate will be 2.95% of taxable wages.

Jennifer Carroll: The taxable wage limit is calculated annually at 66 and two-thirds percent of the average annual wage paid to Nevada workers.

Jennifer Carroll: Taxes are applied to individual wages up to the taxable limit during the calendar year, and the total wages paid to each employee must be reported to the division quarterly.

Jennifer Carroll: However, any wages paid to an individual that exceed the taxable limit within the calendar year are not subject to tax.

Jennifer Carroll: The annual taxable wage base for 2026 is set at \$43,700. The 2.95% rate will be maintained by the employer for the next 14 to 17 calendar quarters, depending on when the employer became subject to the unemployment compensation law.

Jennifer Carroll: After this period, the employer's rate will be determined based on the experience rating system.

Jennifer Carroll: Slide.

Jennifer Carroll: Employers are assigned one of the 18 unemployment insurance tax rates, which range from 0.25% to 5.4%.

Jennifer Carroll: This rating is dependent upon the employer's past experience with unemployment claims and the rate schedule in effect. The purpose of this experience rating system is to set individual tax rates based on each employer's potential risk to the UI Trust Fund.

Jennifer Carroll: Employers with higher employee turnover are considered a greater risk, and therefore pay higher rates compared to those with lower turnover.

Jennifer Carroll: In 2025, the annual cost for unemployment insurance per employer ranged from a high of \$2,257.20 per employee

Jennifer Carroll: to a low of \$104.50 per employee. Looking ahead to the 2026 calendar year, the maximum annual cost per employee will see a slight increase, rising to a high.

Jennifer Carroll: Of \$2,359.80, and a low of \$109.25, due to an increase in average annual wages and the annual taxable wage limit.

Jennifer Carroll: Next Slide.

Jennifer Carroll: To measure an employer's experience with unemployment, Nevada, like many other states, utilizes the Reserve Ratio Experience Rating System.

Jennifer Carroll: This system involves the division maintaining separate records for each employer to calculate their reserve ratio annually.

Jennifer Carroll: The formula for determining an employer's reserve ratio involves summing all contributions or unemployment insurance taxes paid by the employer and subtracting the benefit charges to them.

Jennifer Carroll: This figure is then divided by the employer's average payroll over the last 3 completed calendar years, establishing their reserve ratio. The purpose of this method is to create a level playing field for both large and small employers, regardless of industry type.

Jennifer Carroll: For instance, if an employer paid \$60,000 in contributions, had \$20,000 in benefit charges, and an average taxable payroll of \$400,000, their reserve ratio would be a positive 10%.

Jennifer Carroll: A higher reserve ratio corresponds to a lower tax rate for the employer. If an employer incurs more benefit charges than taxes paid, their reserve ratio will be negative, typically resulting in a higher tax rate.

Jennifer Carroll: Next slide.

Jennifer Carroll: Each employer's ratio is used to determine the applicable annual tax rate schedule for the calendar year. Prior to establishing the tax rate schedule for the upcoming year, NRS 6120550 mandates that the administrator assess the balance of the trust fund as of September 30th.

Jennifer Carroll: Following this assessment, projections for the next year are created. These projections include estimates of the number of active employers, the taxable payroll, the expected unemployment benefits to be paid, and the estimated revenue required for the trust fund to cover these benefit payments and remain solvent.

Jennifer Carroll: Utilizing the employer ratio data, multiple potential tax rate schedules are generated, featuring various tax rates and revenue forecasts.

Jennifer Carroll: Let's review the 2026 estimated tax rate schedule slides. The schedules provided include 3 tax rates for the Council to consider. This information will help you make a recommendation to the administrator regarding the average tax rate for 2026.

Jennifer Carroll: The detailed tax schedules outline the reserve ratio, the increments between rates, and the estimated number and percentages of employers in each rate category. Additionally, they present the estimated taxable wages, along with percentages of the projected total revenue. Next slide.

Jennifer Carroll: Let's consider an average rate of 1.45%. The reserve ratio ranges from a positive 16.50 to negative 9.1, with increments of 1.6 between each ratio.

Jennifer Carroll: In this scenario, an employer with a reserve ratio of a positive 16.5 or better qualifies for the lowest rate of 0.25%.

Jennifer Carroll: Conversely, an employer with a reserve ratio of negative 9.10 would be assigned the highest rate of 5.4%, while other employers fall somewhere in between these rates. Approximately 13.67% of eligible employers received the lowest rate of 0.25%,

Jennifer Carroll: And the 3.35% fall under the highest rate of 5.40%.

Jennifer Carroll: As you review different schedules, you will notice variations in the number of employers associated with each estimated tax rate.

Jennifer Carroll: As of September 30th, 2025, Out of a total of 102,142 employers, 76,770 are eligible for experience ratings.

Jennifer Carroll: We estimate that under this first schedule, the revenue generated for the Unemployment Trust Fund would reach \$598.27 million, alongside an additional \$402.58 million from new employers.

Jennifer Carroll: In total, the overall revenue would amount to just over \$1 billion, attributed to an average rate of 1.45%.

Jennifer Carroll: This rate schedule outlines the specifics for an average rate of 1.55%. To reach this average, reserve ratios range from a positive 17.1 to negative 8.5.

Jennifer Carroll: The projected total revenue rises to \$1,043 million, and the distribution of employers across rate classification shifts. 12.414% of eligible employers fall within the lowest rate of 0.25%.

Jennifer Carroll: Well, 3.46% are in the highest rate of 5.40%.

Jennifer Carroll: Next slide.

Jennifer Carroll: This schedule provides details for an average rate of 1.65%. To attain this average, reserve ratios range from a positive 17.75 to a negative 7.85. The projected total revenue increases to \$1,085 million, and the distribution of employers across rate classification changes.

Jennifer Carroll: 10.72% of eligible employers are in the lowest rate of 0.25%, while 3.59% are in the highest rate of 5.40%.

Jennifer Carroll: slide.

Jennifer Carroll: This chart summarizes the average rates of 1.45%, 1.55%, and 1.65%.

Jennifer Carroll: It details the range of reserve ratios, increments, average UI tax rates, estimated revenue, and the distribution of eligible employers within each rate classification.

Jennifer Carroll: Additionally, each schedule includes a .05% addition for the Career Enhancement Program, which is a separate state training tax mandated by Statute NRS 612.606.

Jennifer Carroll: Thank you, Mr. Chairman and members of the Council. This concludes my presentation.

Jeffrey Frischmann: Thank you, Chief Carroll. Jeff Frischman, for the record, I have a question for you.

Jeffrey Frischmann: Okay, it gave us 3 rates, I think.

Jeffrey Frischmann: Currently, we're at 165, correct? Correct. Earlier, we saw a slide with a 185.

Jeffrey Frischmann: What would that look like?

Jeffrey Frischmann: I'd like to... understand.

Jeffrey Frischmann: On the other side are keeping it the same.

Jeffrey Frischmann: What an increase would look like, is not what the present.

Jennifer Carroll: Can you elaborate?

Jeffrey Frischmann: So, I'm not sure if you want to field this one, because you have those figures. So, I'm going to defer to Dave. Okay,

David Schmidt: Dave, for the record. Essentially you would see the same thing, the way that the math works out on this, if you were to compare 145 and 165, the difference between that, take that same shift.

David Schmidt: and apply it to 165 to 185, you would see slightly more employers at the higher tax rates, slightly fewer employers at the low tax rates. Total number of employers would be the same. Revenue impact would be about the same revenue impact that you see going from the 145 to 165, because

David Schmidt: At the end of the day, the average rate on all total wages equals a pretty fixed change in revenue per workshop.

David Schmidt: But you would see a few more employers at the top, a few fewer employers at the bottom.

David Schmidt: Across all of these different scenarios, the...

David Schmidt: Tipping point, where you have someone who has a...

David Schmidt: reserve ratio of zero, or that they're not a net positive or a net negative, ends up being pretty close to the 2.95% rate in the distribution, and so these are all very, very close to

David Schmidt: evenly balanced tax rates, where we're not... someone who has a positive rate generally gets a better rate than the 2.95 standard. Someone who has a negative reserve ratio has a higher rate than the 2.95 standard. I don't know if that totally answers the question, but...

Jeffrey Frischmann: Totally, guys. I just think in the future, it might be nice to have both sides of it, presentations, rather than... pleading.

Jeffrey Frischmann port one side or the other, right, upward down.

Jeffrey Frischmann: the future, that would be valuable information that they would counsel to be able to consider.

Jeffrey Frischmann: Secondly, I'd like to ask you, you've talked about solvency.

Jeffrey Frischmann: Mr. Schmidt, I'll direct this question to you, please. The solvency is, I understand if I'm understanding this correctly.

Jeffrey Frischmann: In the eyes of the federal

Jeffrey Frischmann: When they view what solvency is, we are not solvent. Now, is that correct? But the change in the state law makes us solvent, but we are not solvent in the federal ties.

David Schmidt: David, for the record, I would not say the change on the state side makes us, although the state side did was remove the calculation, because the state measure, if we had included it, would say that we need somewhere in the neighborhood of \$8 billion, in the trust fund, as opposed to about the \$2.5 billion that we paid out during COVID, because it emphasized

David Schmidt: too much at one point in time. So that's why...

David Schmidt: that, that formula... that was the justification for, removing that formula from statute. In, you know.

David Schmidt: I would also not quite say, like, in the eyes of the federal government, because they do not mandate in any way, like, you have to get this, but yes, you know, the recommended minimum target is a 1.0 average high-cost multiple, and we are not at that point yet. Under the 1.65, we would be at

David Schmidt: 0.96, under 1.45, we'd be at .92. It would take an increase to get us there in one year.

David Schmidt: However, in Nevada, the way that the tax rate setting process is structured, we do have

David Schmidt: a little bit more flexibility, because we're not locked into the formula, and so that's why we presented. You know, if you look at

David Schmidt: what was the... because the solvency calculation is an estimate of what might you have to pay out in benefits in a given year, based on your experience in previous recessions. And so, if the recessions that we take into account are the three worst years of the Great Recession.

David Schmidt: then we would be solvent. But because it's a formulaic approach that says, what's your 3 worst years in the last 20 years, or if you're including the last 3 recessions.

David Schmidt: that takes 2020 into account, and so the question of weighing solvency for the Council is one of

Jeffrey Frischmann: how much weight do you give the likelihood of something like COVID happening again? If, the council was, say.

Jeffrey Frischmann: we think we should be prepared for that 30% unemployment, because it happened once, it could happen again, then you would probably want to lean more toward the full average high-cost multiple. We'll give it a 1 in 3 chance. If you wanted to say.

David Schmidt: Economically driven recessions are much more common, much more likely. We should use a measure of the points at those. Then...

David Schmidt: I would suggest you lean toward the, non-COVID average high-cost multiple, where we're, you know, currently 18% above that calculation, and would be

David Schmidt: I think about 30% above that calculation based on our slides, under the different scenarios that were presented today. Or you could pick something in between. I think

we have a 15% chance of COVID and want to downweight one of those. We would end up somewhere in the middle and probably still be solvent. I think the only way we don't

David: have enough money? Because that's the underlying question, is if you put a roughly one-third chance on something like COVID happening again in the period that we're preparing.

David Schmidt: Sorry for the long explanation, but it's a... I'll be wise. One more question, and then I'll certainly to other council members a question they may have.

Jeffrey Frischmann: But if you can jog my memory correctly.

Jeffrey Frischmann: And I don't know how this affects projections, all honesty.

Jeffrey Frischmann: If I recall correctly.

Jeffrey Frischmann: There was a large... under the previous administration, there was a large amount of money that came over during health figures, and that money

Jeffrey Frischmann: It's used to replenish the unemployment insurance.

Jeffrey Frischmann: So that was money that was used there instead of... to help benefit

Jeffrey Frischmann: and enhance the lives of Nevadans in other areas.

Jeffrey Frischmann: So, considering that that money came in in that big chunk, does that...

Jeffrey Frischmann: change your projections? Is that figured in there, where you have figured this? Because it was such a...

Jeffrey Frischmann: Big amount of money pushed in that It could affect your projection.

Jeffrey Frischmann: Is that... is that considered?

David Schmidt: For, like, time series projections, the shortest answer is no. We're not looking at the impact of those lump sums. I believe it was about \$340 million that came in to... of the money that was allocated to the state.

David Schmidt: the legislature, I believe, chose to, essentially repay the loans that we had taken because

David Schmidt: through COVID, we had about \$2 billion in February of 2020. We had just hit that mark. We drew down those funds, we began borrowing in about December of 2020, and so we did have sufficient funds at the time.

David Schmidt: to be prepared for the initial 6 months of COVID, but then, you know, benefits continue to get paid. We dipped

David Schmidt: about half as deep into borrowing as we did in the Great Recession, because we were more prepared in advance.

David Schmidt: But, in addition to that, there was all the federal programs, the other, the FPUC programs, the PUC programs, the PUA program, all of those were paid entirely with federal money, and so aren't included, in either the solvency calculation or projected benefit levels. Projected benefits here are just for the benefits and contributions for the UI Trust Fund for Nevada.

Jeffrey Frischmann: Thank you very much.

Jeffrey Frischmann: Other council members, any questions for...

Tom Susich: This is Tom Susich. I have a quick question.

Tom Susich: am I understanding correctly that We would need \$8 billion in the trust fund to be solvent.

Tom Susich: Is that what I heard?

David Schmidt: I think that's by the old calculation, but...

Jeffrey Frischmann: Mr. Smith, did I... is that correct?

David Schmidt: Yes, Mr. Chair, that's correct. That was the calculation that was removed, in the 2025 session, and so that measure is no longer in place or, you know, presented really for consideration.

Tom Susich: So what is the current, amount that we would need in the trust fund to be solvent?

David Schmidt: Alright, David Schmidt, for the record, I am just looking up the number.

David Schmidt: of this business.

David Schmidt: The number would be about \$2.7 billion for 2026. It does go up every year, based on the average level of employment and wages in the state. So, we're about...

David Schmidt: So we're about 500 million short, about a half a billion dollars short of action being solvent, is how I understand, what you just said.

David Schmidt: Except that that solvency level changes every year, and so the measure for this year, would be...

David Schmidt: about... 2.6 billion. So it goes up.

David Schmidt: You know, 50 to 100 million, just based on the raise in average wages, because it takes into account what's your current employment level, your current total amount of wages, and then calculates a ratio based on the total wage level in the state.

David Schmidt: If you had X percent of your total wages turn into unemployment benefits, then that's the number that becomes that solvency measure.

Jeffrey Frischmann: Lisa, do any other questions?

Jeffrey Frischmann: Tom, can you hear me?

Tom Susich: Pardon me? No, no more...

Jeffrey Frischmann: Do you have any other... any other follow-up questions to that? Sure.

Tom Susich: No, thank you.

Jeffrey Frischmann: Thank you.

Jeffrey Frischmann: We're across the council member.

Jeffrey Frischmann: As I recall, I don't have the chart in front of me, but it seems like

Jeffrey Frischmann: We've had it kept it at 1.65.

Jeffrey Frischmann: About 5 or 6 years.

Jeffrey Frischmann: Something along that, in each... You're aimed...

Jeffrey Frischmann: In terms of increasing our balance.

Jeffrey Frischmann: 300 to 400 million a year.

Jeffrey Frischmann: As I recall, in the last...

Jeffrey Frischmann: last few years. In fact, we're up to just over two... 2.25.

Jeffrey Frischmann: A billion now.

Jeffrey Frischmann: So, understanding that it changes every year because of the way of wages going up, the point of going up.

Jeffrey Frischmann: But we're still short by... 2.7 million into that, about \$450,000, or \$450 million.

Jeffrey Frischmann: So I'm thinking... Looking at this,

Jeffrey Frischmann: One hand, it doesn't sound very imaginative.

Jeffrey Frischmann: But if we continue at 1.65,

Jeffrey Frischmann: We may be able to get up to the solvency level In a couple of years.

Jeffrey Frischmann: Assuming that we don't have a huge For a big recession.

Jeffrey Frischmann: between now and then, that,

Jeffrey Frischmann: There's no guarantee for that. We're certainly due for a recession.

Jeffrey Frischmann: Right now, and there's some warning signs with the increase in the contingency, or the amount of...

Jeffrey Frischmann: Continued claims increased.

Jeffrey Frischmann: And, and the job growth rate, it's, like you pointed out, said, flat.

Jeffrey Frischmann: So there's some risk involved.

Jeffrey Frischmann: But I don't see where, in light of all the other Obstacles employers are facing.

Jeffrey Frischmann: I don't think in the increase in the rate.

Jeffrey Frischmann: Would improve, at least on paper here, our situation that much.

Jeffrey Frischmann: with... Increasing our salt level.

Jeffrey Frischmann: You know, it would not increase at that...

Jeffrey Frischmann: Quickly to incur... to justify increasing rate.

Jeffrey Frischmann: If we hold the course.

Jeffrey Frischmann: on the rates, we'll get there eventually. We've made a lot of progress in the last 4 or 5 years in terms of building up a UI Trust Fund.

Jeffrey Frischmann: Yeah, I think...

Jeffrey Frischmann: Keep it the way it is, you know, we're continuing to make that progress, and at the same time, not create an additional expense for employers.

Jeffrey Frischmann: It's kind of rambling, but, you know, it's kind of what I was thinking about, looking at the information we have available.

Jeffrey Frischmann: Thank you for your comments, Mr. Costa.

Jeffrey Frischmann: Is there any other council members? We'll move to the next section. Part 2,

Jeffrey Frischmann: recommend a rate, if there's no further questions for the, prediction it, or, chief Carroll.

Jeffrey Frischmann: Any other questions?

Jeffrey Frischmann: Okay, with that, again, thank you guys very much. This was very informative.

Jeffrey Frischmann: I will now accept a motion for the 2026 UI tax rate recommendation, and

Jeffrey Frischmann: follow with discussion, for the ESD manager.

Jeffrey Frischmann: Do I hear a motion for a...

Jeffrey Frischmann: Or tax rate, recommended tax rate.

Tom Susich: This is Tom Susich. I'd make a motion that we leave the tax rate at 1.65.

Peter Guzman: Peter Guzman, I second that.

Jeffrey Frischmann: Okay, I have a first, keep it at 1.65 by Mr. Susich.

Jeffrey Frischmann: and Mr. Guzman has seconded.

Jeffrey Frischmann: Any further discussion on that from Council members?

Jeffrey Frischmann: More cost to Councilmember, just to be clear. We're looking at a rate of 1.65, and then we have to separate

Jeffrey Frischmann: 0.05 on top of that, so we've got 1.7. Correct.

Jeffrey Frischmann: Okay, as far as discussion.

Jeffrey Frischmann: My own personal feeling is that I continually hear how well the economy's doing.

Jeffrey Frischmann: I'm watching these job numbers, and they're very concerning. They're flat, not going up.

Jeffrey Frischmann: Personally, I believe that it's time for an increase, because it's...

Jeffrey Frischmann: Well, business is good, we need to increase it now, because we're not going to increase it, we're going to do nothing but decrease it, should a recession hit.

Jeffrey Frischmann: And I think each year, we fail to do the increase, and I think part of that is political rather than thinking it through, but we need to go a little bit higher, get solvent, because eventually we're going to see a recession. We're seeing signs of it.

Jeffrey Frischmann: And we need to get That, salty that, Fun.

Jeffrey Frischmann: Built.

Jeffrey Frischmann: So with that, that's just my opinion on it as far as discussion.

Jeffrey Frischmann: more than happy... the motion's been made, and I'm more than happy to hear, and I will be voting against that motion.

Jeffrey Frischmann: But, I'd love to hear if there's any other input into it.

Jeffrey Frischmann: What rate would you like to see?

Jeffrey Frischmann: We'll move on from our chair. The motion has been made.

Jeffrey Frischmann: And if that passes, per se, I'd want to see 1.85, but...

Jeffrey Frischmann: We'll go ahead and take a vote on it. For the record, the motion to recommend a UI tax rate

Jeffrey Frischmann: of one, was it 1.65 plus .05 for the CEP,

Jeffrey Frischmann: was moved by Mr. Susage, and seconded by Mr. Guzman.

Jeffrey Frischmann: There apparently is no further discussion.

Jeffrey Frischmann: So I will now call a vote on the motion. All in favor say aye.

Peter Guzman: Aye.

Daniel Costella: Aye.

Charles Billings: Aye.

Jeffrey Frischmann: I believe that's 4 Aye's.

Jeffrey Frischmann: Those opposed, say nay.

Mark Costa: I'll say nay.

Jeffrey Frischmann: Bit of mine, maybe we need to go ahead and look at this a little further, in terms of...

Jeffrey Frischmann: a rate increase is needed, so I'll say no to the current proposal. I vote nay to the first,

Jeffrey Frischmann: Motion, however, the motion passes 4-2.

Jeffrey Frischmann: So... Is there any abstentions on inherent extensions?

Jeffrey Frischmann: Thank you. So let the record reflect that it is the consensus of the Council to recommend to the ESP administrator an average UI tax rate

Jeffrey Frischmann: at 1.65%, plus the 0.05% for CEP for the calendar year 2026.

Jeffrey Frischmann: I will offer one final opportunity for public comment. Remember, please state your name, title, and who you represent for the record.

Jeffrey Frischmann: We will start in Las Vegas. Is there anyone present to make public comments in Las Vegas?

Jamie Tatum: For the record, Jamie Tatum, nobody present for public comment.

Jeffrey Frischmann: Okay, thank you very much, Las Vegas. Moving to Carson City. Is there anyone present to make public comments in Carson City?

Kristine Nelson: Kristine Nelson, for the...

Kristine Nelson: Esc Employment Security Division Administrator for the Nevada Department of Employment Training and Rehabilitation. I just want to thank the Council, Chair Frischman, Council Members for your time today.

Kristine Nelson: For providing a very thorough consideration of the information that was presented to you by Mr. Schmidt and his team, and Ms. Carroll and her team.

Kristine Nelson: I also want to thank the staff of the contributions, Research and Analysis, and, management

Kristine Nelson: administrative support services, for this support to this meeting today. I truly appreciate it. So, thank you. Thank you. Awesome.

Jeffrey Frischmann: Any other comments in Carson City?

Jeffrey Frischmann: Moving to the phone lines, are there any callers waiting to make public comments?

Casey Frasca: Casey Frasca, for the record, there are no callers for public comment.

Jeffrey Frischmann: Okay, thanks, Mr. Frasca.

Jeffrey Frischmann: Okay, moving forward, I will accept a motion for adjournment. I would also, just prior to that, I would also like to thank the council members and your input. It's very valuable.

Jeffrey Frischmann: Do a very important task here, and...

Jeffrey Frischmann: Thank you very much for taking time out of your busy days to participate. With that, I will make... I will accept a motion for adjournment for the record.

Jeffrey Frischmann: So...

Daniel Costella: Danny Costella, make a motion to adjourn the meeting. Member of the Council.

Jeffrey Frischmann: Mr. Costa, let's... do I hear a second?

Mark Costa: Second.

Charles Billings: Charles Billings second that motion to adjourn the meeting.

Jeffrey Frischmann: Billing second. Is there any further discussion?

Jeffrey Frischmann: Seeing none, I'll now call for a vote.

Jeffrey Frischmann: All those in favor of the motion to, for the meeting, say aye.

Frederick Suwe: Aye.

Charles Billings: I...

Jeffrey Frischmann: Post? Post?

Jeffrey Frischmann: Here's none, with that.

Jeffrey Frischmann: Megan is turned. Thank you very much.

Daniel Costella: Thank you.