



Unemployment Insurance Trust Fund Report

Outlook Report September 2016

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of August 31, 2016 the Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.114 billion. This balance is the sum of the private contributory account balance of \$1.004 billion and the governmental contributory account balance of \$110 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2016

The private contributory account projections for 2016 are based on the following: (1) the 2016 distribution of employer experience rates; (2) the July 2016 Moody's Economy.com economic forecasts; and (3) unemployment insurance claims and payment activities through second quarter 2016. The projections remain as published in the August 2016 Outlook Report.

Estimates for the private contributory account are based on experience rating schedule C and a \$15,000 taxable wage base.

Employer contributions remain estimated at \$1.322 billion in 2016. Benefit payments remain projected at \$1.329 billion. The 2016 private contributory account year-end balance stays estimated at \$840 million. Under the current economic scenario, federal advances from the federal unemployment account will not be required in 2016.

2016 ACTIVITY TO DATE

August's employer contributions of \$182.8 million generated a year-to-date total of \$1.110 billion, \$4 million lower than 2015's collections through August and \$10 million lower than projected. The difference was due to slightly lower than expected taxable payroll in the second quarter.

Through August, total benefit payments of \$940.3 million were \$14 million lower than those paid in the same time period in 2015 but \$11 million higher than the projection. Initial claims and continued weeks claimed through August were 0.1 percent and 6.9 percent less than last year's same eight months total.

July's ending balance plus August's employer contributions less benefit payments generated an August 31, 2016 private contributory account balance of \$1.004 billion, \$21 million lower than projected. The 2016 year-end balance projection remains at \$840 million.

2017 – 2020 PROJECTIONS

Projections for the private contributory account for the years 2017 to 2020, published in the August 2016 Outlook Report, remain unchanged.

As set by Legislation, employer contributions on 2017 payrolls will be on rate schedule C and a \$15,000 taxable wage base. Projections for employer contributions and benefit payments remain unchanged at \$1.230 billion and \$1.407 billion, respectively. The private contributory account 2017 year-end balance is expected to be \$681 million.

In 2018, tax rate schedule F is projected to trigger for employer contributions and a \$15,000 taxable wage base. Employer contributions are estimated at \$1.797 billion and benefit payments remain projected at \$1.493 billion. By the end of 2018, the private contributory account balance is expected to be \$1.006 billion.

Tax rate schedule F is again projected to trigger for employer contributions on 2019 payrolls. Employer contributions with a \$15,000 taxable wage base hold steady at \$1.786 billion and benefit payments remain at \$1.584 billion. The year-end private contributory balance is projected at \$1.236 billion.

For 2020, tax rate schedule E is projected to trigger for employer contributions with a \$15,000 taxable wage base. Contributions are estimated to be \$1.542 billion with benefit payments projected at \$1.675 billion. Year-end private contributory balance is estimated at \$1.132 billion.

Under the current economic assumptions the projections indicate that no borrowing from the federal unemployment account will be required through the 2020 outlook period.