



Unemployment Insurance Trust Fund Report

Outlook Report January 2016

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of December 31, 2015 the Massachusetts Unemployment Insurance Trust Fund ending balance was \$940 million. This balance is the sum of the private contributory account balance of \$827 million and the governmental contributory account balance of \$113 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND HIGHLIGHTS FOR 2015

Annual employer contributions of \$1.293 billion in 2015 were \$1.0 million or 0.1 percent lower than the \$1.294 billion projected in the October through December 2015 Outlook Reports. The 2015 employer contributions were \$404 million or 23.8 percent lower than the \$1.697 billion collected in 2014 on a higher tax schedule. Employer contributions plus interest earnings of \$19 million generated \$1.312 billion in private contributory income during 2015.

Annual benefit payments of \$1.321 billion in 2015 were \$164 million or 11 percent lower than the \$1.485 billion paid in 2014 reflecting the decreases of 10.8 percent in initial claims and 14.5 percent in weeks compensated. Benefit payments were \$40 million or 3.0 percent lower than the projection of \$1.361 billion first published in the October 2015 Outlook Report.

The year-end private contributory account balance of \$827 million was \$39 million higher than the projection of \$788 million.

2016 OUTLOOK

As published in the October through December 2015 Outlook Reports, the 2016 employer contributions on tax rate schedule C and a \$15,000 taxable wage base is expected to be \$1.253 billion. Benefit payments are estimated to be \$1.409 billion.

Under the current economic assumptions and rate schedule, trust fund solvency will continue with a private contributory account balance expected to be at \$689 million at the end of the year and no borrowing

from the federal unemployment account is expected. This year-end balance is \$39 million more than the previous estimate of \$650 million due to the higher than projected ending balance in 2015.

2017 – 2019 PROJECTIONS

Projections for employer contributions and benefit payments for the years 2017 to 2019 remain unchanged as published in the October through December 2015 Outlook Reports. Year-end balances, however, are higher due to a higher 2015 ending balance. Under the current economic scenario, no borrowing from the federal unemployment account is anticipated for 2017 to 2019.

As set by Legislation, employer contributions on 2017 payrolls will be on rate schedule C and a \$15,000 taxable wage base. Employer contributions remain estimated at \$1.328 billion. Benefit payments continue to be projected at \$1.489 billion. The private contributory account 2017 year-end balance is expected to be \$541 million.

In 2018, tax rate schedule F is projected to trigger for employer contributions and also on a \$15,000 taxable wage base. Employer contributions are estimated to be \$1.932 billion and benefit payments projected at \$1.548 billion. By the end of 2018, the private contributory account balance is estimated at \$943 million.

Tax rate schedule F is again projected to trigger for employer contributions on 2019 payrolls and a \$15,000 taxable wage base. Employer contributions are projected to be \$1.867 billion and benefit payments estimated at \$1.608 billion. The year-end private contributory balance is projected at \$1.229 billion.

Note: Revised trust fund projections for 2016 through 2019 along with 2020 projections will be published in the February 2016 Outlook Report. Revisions will be based on 2015 claims and payment activities and the latest economic assumptions from Moody's Economy.com.