

Unemployment Insurance Trust Fund Report

Outlook Report December 2016

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of November 30, 2016 the Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.044 billion. This balance is the sum of the private contributory account balance of \$931 million and the governmental contributory account balance of \$113 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 September 2016 Moody's Economy.com economic forecasts; and (3) unemployment insurance claims and payment activities through third quarter 2016. The projections remain as published in the October and November 2016 Outlook Reports.

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

Employer contributions remain estimated at \$1.313 billion in 2016. Benefit payments remain projected at \$1.337 billion. The 2016 private contributory account year-end balance stay estimated at \$822 million.

2016 ACTIVITY TO DATE

November employer contributions of \$20.9 million generated a year-to-date total of \$1.295 billion, \$6.2 million higher than 2015's collections through November but \$13.4 million less than projected. The difference was caused by slightly less than expected taxable payroll in the third quarter of 2016.

Through the end of November, total benefit payments of \$1.204 billion were \$2 million higher than those paid in the same time period in 2015 and at \$1.0 million more were in-line with the projection. Continued weeks claimed through November were 5.9 percent less than last year's same eleven months total.

October's ending balance plus November's employer contributions less benefit payments generated a November

30, 2016 private contributory account balance of \$931 million, \$14.6 million lower than projected. The 2016 year-end balance projection remains at \$822 million.

2017 – 2020 PROJECTIONS

Projections for the private contributory account for the years 2017 to 2020, published in the October and November 2016 Outlook Reports, 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 \$1.234 billion and \$1.430 billion, respectively. The private contributory account 2017 year-end balance is expected to be \$643 million.

In 2018, contribution rate schedule F is projected to trigger for employer contributions and a \$15,000 taxable wage base. Employer contributions are estimated at \$1.807 billion and benefit payments remain projected at \$1.511 billion. By the end of 2018, the private contributory account balance is expected to be \$958 million.

Experience 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 \$1.805 billion and benefit payments remain at \$1.564 billion. The year-end private contributory balance is projected at \$1.226 billion.

For 2020, contribution rate schedule E is projected to trigger for employer contributions with a \$15,000 taxable wage base. Contributions are estimated to be \$1.558 billion with benefit payments projected at \$1.661 billion. Year-end private contributory balance is estimated at \$1.152 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.