



Unemployment Insurance Trust Fund Report

Outlook Report March 2017

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of February 28, 2017 the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$779 million. This balance is the sum of the preliminary private contributory account balance of \$666 million and the governmental contributory account balance of \$113 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2017

The private contributory account projections for 2017 are based on the following: (1) the 2017 distribution of employer experience rates; (2) the January 2017 Moody's Economy.com economic forecasts; and (3) 2016 unemployment insurance claims and payment activities. The projections remain as published in the February 2017 Outlook Report.

Employer contributions based on rate schedule C and a \$15,000 taxable wage base are estimated to be \$1.363 billion in 2017. Benefit payments are projected to be \$1.315 billion. The 2017 private contributory account year-end balance is estimated to be \$906 million. Under the current economic scenario, federal advances from the federal unemployment account will not be required in 2017.

2017 ACTIVITY TO DATE

February's preliminary employer contributions of \$12.4 million generated a year to date total of \$128.0 million, \$8.2 million or 6.8 percent more than the January through February 2016 collections but \$11.2 million or 8.8 percent lower than projected. Taxable payrolls in the fourth quarter of 2016 were lower than expected.

Year to date preliminary benefit payments of \$298.0 million through February 2016 were \$33 million or 12.5 percent higher than those paid in the same two months in 2016 and \$12 million or 4.0 percent more than the projection. Continued weeks compensated through February were 6.1 percent higher than last year's first two months' total and

may be the result of resolving issues on claims quicker for payment.

January's ending balance plus February's preliminary employer contributions less benefit payments generated a February 28, 2017 private contributory account balance of \$666 million, \$23 million lower than projected. The 2017 year-end balance projection stands at \$906 million.

2018 – 2021 PROJECTIONS

Projections for the private contributory account for the years 2018 to 2021 remain as published in the February 2017 Outlook Reports. Taxable wage base was set at \$15,000.

In 2018, tax rate schedule E is projected to trigger for employer contributions. Employer contributions are estimated to be \$1.671 billion and benefit payments projected at \$1.591 billion. By the end of 2018, the private contributory account balance is expected to be \$1.010 billion.

Tax rate schedule E is again projected to trigger for employer contributions on 2019 payrolls. Employer contributions are projected to be \$1.646 billion and benefit payments estimated at \$1.700 billion. The year-end private contributory balance is projected at \$981 million.

For 2020, tax rate schedule E is projected to trigger for employer contributions. Contributions are estimated to be \$1.642 billion with benefit payments projected at \$1.874 billion. Year-end private contributory balance is estimated at \$770 million.

In 2021, tax rate schedule F is projected to trigger for employer payrolls and generate \$1.853 billion in contributions. Benefit payments are expected to be \$2.018 billion and a year-end private contributory fund balance at \$621 million.

Under the current economic assumptions the projections indicate that no borrowing from the federal unemployment account will be required through the 2021 outlook period.