



# Unemployment Insurance Trust Fund Report

## Outlook Report April 2017

### THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of March 31, 2017, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$637 million. This balance is the sum of the preliminary private contributory account balance of \$526 million and the governmental contributory account balance of \$111 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 and March 2017 Outlook Reports.

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

March's preliminary employer contributions of \$5.9 million generated a first quarter total of \$133.9 million, \$9.1 million or 7.3 percent more than the January through March 2016 collections but \$8.9 million or 6.7 percent lower than projected. Taxable payrolls in the fourth quarter of 2016 were lower than expected.

First quarter 2017 preliminary benefit payments of \$448.3 million were \$15.4 million or 3.6 percent higher than those paid in the same three months in 2016 and \$25.8 million or 5.8 percent more than the projection. The average weekly benefit amount of \$492.52 for the first quarter of 2017 was \$20.27 higher than the projection of \$472.25

February's ending balance plus March's preliminary employer contributions and interest earned less preliminary

benefit payments generated a March 31, 2017 private contributory account balance of \$526 million, \$34 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 and March 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.

Revised projections for 2017 to 2021 based on first quarter 2017 unemployment insurance claims and payment activities and the most current Moody's Economy.com forecasts will be released in the May Outlook Report.