



Unemployment Insurance Trust Fund Report

Outlook Report June 2017

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of May 31, 2017, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.137 billion. This balance is the sum of the preliminary private contributory account balance of \$1.025 billion and the governmental contributory account balance of \$112 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 April 2017 Moody's Economy.com economic forecasts; and (3) 2017 first quarter unemployment insurance claims and payment activities. The projections remain as published in the May 2017 Outlook Report.

Employer contributions based on rate schedule C and a \$15,000 taxable wage base remain estimated at \$1.359 billion in 2017. Benefit payments stay projected at \$1.370 billion. The 2017 private contributory account year-end balance is estimated to be \$845 million. Under the current economic outlook, federal advances from the federal unemployment account will not be required in 2017.

2017 ACTIVITY TO DATE

May's preliminary employer contributions of \$535.3 million generated a year-to-date total of \$873.0 million, \$45.8 million or 5.5 percent more than the January through May 2016 collections and \$60.2 million or 6.9 percent higher than projected. Taxable payrolls in the first quarter of 2017 were higher than expected.

Year to date preliminary benefit payments of \$688.1 million through May were \$50.6 million or 7.9 percent higher than those paid in the same time span in 2016 and \$22.2 million or 3.2 percent more than the projection. The average weekly benefit amount of \$500.23 for the first two months of the second quarter of 2017 was \$27.61 higher than the same two months in 2016.

April's ending balance plus May's preliminary employer contributions less preliminary benefit payments generated a

May 31, 2017 private contributory account balance of \$1.025 billion, \$38 million higher than projected. The 2017 year-end balance projection stands at \$845 million.

2018 – 2021 PROJECTIONS

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

In 2018, tax rate schedule F is projected to trigger for employer contributions. Employer contributions remain estimated at \$1.924 billion and benefit payments projected at \$1.560 billion. By the end of 2018, the private contributory account balance is expected to be \$1.235 billion.

Tax rate schedule E is projected to trigger for employer contributions on 2019 payrolls. Employer contributions stay projected at \$1.634 billion and benefit payments estimated at \$1.670 billion. The year-end private contributory balance remain projected at \$1.231 billion.

For 2020, tax rate schedule E is again projected to trigger for employer contributions. Contributions are estimated to be \$1.601 billion with benefit payments projected at \$1.793 billion. Year-end private contributory balance remain estimated at \$1.065 billion.

In 2021, tax rate schedule E is also projected to trigger for employer payrolls and generate \$1.632 billion in contributions. Benefit payments are expected to be \$1.872 billion and a year-end private contributory fund balance at \$847 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.