THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF UNEMPLOYMENT ASSISTANCE

Commonwealth of Massachusetts
Charles D. Baker, Governor
Rosalin Acosta, Secretary
Executive Office of Labor and Workforce Development

Unemployment Insurance Trust Fund Report

Outlook Report July 2017

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of June 30, 2017, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was $1.057 billion. This balance is the sum of the preliminary private contributory account balance of $947 million and the governmental contributory account balance of $110 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 and June 2017 Outlook Reports.

Employer contributions on tax 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, advances from the federal unemployment account will not be required in 2017.

2017 ACTIVITY TO DATE

June's preliminary employer contributions of $10.5 million generated a year-to-date total of $883.5 million, $51.7 million or 6.2 percent more than the January through June 2016 collections and $15.7 million or 1.8 percent higher than projected. Taxable payrolls in the first quarter of 2017 were higher than expected.

Through second quarter, preliminary benefit payments of $782.0 million were $42.7 million or 5.8 percent higher than those paid in the same time span in 2016 and $15.6 million or 2.0 percent more than the projection. The average weekly benefit amount of $498.79 for the second quarter of 2017 was $26.35 or 5.6 percent higher as compared to the same three months in 2016.

May's ending balance plus June's preliminary employer contributions and interest earned less preliminary benefit payments generated a June 30, 2017 private contributory account balance of $947 million, at less than half a million dollars lower, is in-line with the projection. 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 and June 2017 Outlook Reports. 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.

This report is submitted to the Legislature in accordance with the provisions of Chapter 151A, section 14F of the General Laws.
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