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TO: Senator Michael Rodrigues, Chair, Senate Committee on Ways and Means
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Representative Paul Brodeur, Chair, Joint Committee on Labor and Workforce Development
Michael D. Hurley, Senate Clerk
Steven T. James, House Clerk

FROM: Richard A. Jeffers

DATE: April 16, 2019

SUBJECT: APRIL 2019 UNEMPLOYMENT INSURANCE TRUST FUND REPORT

The attached April Unemployment Insurance Trust Fund Report provides information on the trust fund status through the end of first quarter 2019. Projections for the private contributory account for 2019 through 2023 remain as published in the February and March 2019 Outlook Reports.

The report highlights include:

The March 2019 preliminary private contributory account balance was \$829.2 million, just \$1.3 million less than the latest projection of \$830.5 million.

The 2019 outlook for benefit payments remain as projected at \$1.354 billion; employer contributions on tax rate schedule E and a \$15,000 taxable wage base, set by statute, are estimated at \$1.782 billion and the year-end private contributory account balance is expected to be \$1.561 billion.

Under the current economic assumptions the projections indicate that no borrowing from the federal unemployment account will be required in the 2019 through 2023 outlook period.

cc: Distribution List

Unemployment Insurance Trust Fund Report

Outlook Report April 2019

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of March 31, 2019, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$956.4 million. This balance is the sum of the preliminary private contributory account balance of \$829.2 million and the governmental contributory account balance of \$127.2 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2019

The private contributory account projections for 2019 are based on the following: (1) the 2018 distribution of employer experience rates; (2) the January 2019 Moody's Analytics Data Services economic forecasts; and (3) 2018 unemployment insurance claims and payments activities. The projections remain as published in the February and March 2019 Outlook Reports.

As set by statute, employer contributions on tax rate schedule E and a \$15,000 taxable wage base are estimated to be \$1.782 billion in 2019. Benefit payments are projected to be \$1.354 billion. The 2019 private contributory year-end balance is estimated to be \$1.561 billion. Under the current economic scenario, federal advances from the federal unemployment account will not be necessary.

2019 ACTIVITY TO DATE

March's preliminary employer contributions of \$3.2 million generated a first quarter total of \$143.1 million, \$11.8 million more than the January through March 2018 collections but at just \$1.6 million less were in-line with the projection.

Through first quarter 2019, preliminary benefit payments of \$420.5 million were \$28.5 million lower than those paid in the same three months in 2018 but in-line with the latest projection of \$422.0 million.

February's ending balance plus March's preliminary employer contributions and interest earned less benefit payments generated a March 31, 2019 private contributory account balance of \$829.2 million, just \$1.3 million lower than the projection of \$830.5 million. The 2019 year-end balance projection stands at \$1.561 billion.

2020 – 2023 PROJECTIONS

Projections for the private contributory account for the years 2020 to 2023 remain as published in the February and March 2019 Outlook Reports. The taxable wage base remains at \$15,000.

For 2020, tax rate schedule E is projected to trigger for employer contributions. Employer contributions are estimated to be \$1.758 billion and benefit payments projected at \$1.730 billion. By the end of 2020, the private contributory account balance is expected to be \$1.629 billion.

Tax rate schedule D is now projected to trigger for employer contributions on 2021 payrolls. Employer contributions are projected to be \$1.538 billion and benefit payments estimated at \$2.131 billion. The year-end private contributory balance is projected at \$1.072 billion.

For 2022, tax rate schedule E is projected to trigger for employer contributions. Contributions are estimated to be \$1.845 billion with benefit payments projected at \$2.167 billion. Year-end private contributory balance is estimated at \$774 million.

In 2023, tax rate schedule F is projected to trigger for employer payrolls and generate \$2.207 billion in contributions. Benefit payments are expected to be \$2.434 billion and a year-end private contributory fund balance at \$565 million.

Under the current economic assumptions the projections indicate that no borrowing from the federal unemployment account will be required through the 2023 outlook period.