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Steven T. James, House Clerk

FROM: Richard A. Jeffers

DATE: September 17, 2019

SUBJECT: SEPTEMBER 2019 UNEMPLOYMENT INSURANCE TRUST FUND REPORT

The attached September Unemployment Insurance Trust Fund Report provides information on the trust fund status through the end of August 2019. Projections for the private contributory account for 2019 through 2023 remain as published in the August 2019 Outlook Report.

The report highlights include:

The August 2019 preliminary private contributory account balance was \$1.687 billion, in-line with the latest projection of \$1.688 billion.

The 2019 outlook for benefit payments remain as projected at \$1.293 billion; employer contributions on tax rate schedule E and a \$15,000 taxable wage base, set by statute, are estimated at \$1.730 billion and the year-end private contributory account balance is expected to be \$1.563 billion.

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

cc: Distribution List

Unemployment Insurance Trust Fund Report

Outlook Report September 2019

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of August 31, 2019, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.821 billion. This balance is the sum of the preliminary private contributory account balance of \$1.687 billion and the governmental contributory account balance of \$134 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2019

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

As set by statute, employer contributions on tax rate schedule E and a \$15,000 taxable wage base are estimated to be \$1.730 billion in 2019. Benefit payments are projected to be \$1.293 billion. The 2019 private contributory year-end balance is estimated to be \$1.563 billion.

2019 ACTIVITY TO DATE

August's preliminary employer contributions of \$41.6 million generated a year-to-date total of \$1.475 billion, \$165 million more than the January through August 2018 collections on a lower tax schedule but just \$5 million less than the projection of \$1.480 billion.

Through August 2019, preliminary benefit payments of \$903.7 million were \$50.1 million lower than those paid in the same eight months in 2018 and at just \$3.5 million less, is in-line with the latest projection of \$907.2 million. Year-to-date initial claims and continued weeks claimed through August were 3.8 percent and 8.8 percent less than the same months last year, respectively.

July's ending balance plus August's preliminary employer contributions less benefit payments generated an August 31, 2019 private contributory account balance of \$1.687 billion, in-line with the latest projection of \$1.688 billion.

The 2019 year-end balance projection remains at \$1.563 billion.

2020 – 2023 PROJECTIONS

Projections for the private contributory account for the years 2020 to 2023 stay as published in the August 2019 Outlook Report. The taxable wage base remained at \$15,000.

For 2020, tax rate schedule E is projected to trigger for employer contributions. Employer contributions are estimated to be \$1.749 billion and benefit payments projected at \$1.520 billion. By the end of 2020, the private contributory account balance is expected to be \$1.818 billion.

Tax rate schedule D is projected to trigger for employer contributions on 2021 payrolls. Employer contributions are projected to be \$1.507 billion and benefit payments estimated at \$1.726 billion. The year-end private contributory balance is projected at \$1.624 billion.

For 2022, tax rate schedule E is projected to trigger for employer contributions. Contributions are expected to be \$1.732 billion with benefit payments projected at \$1.889 billion. Year-end private contributory balance is estimated at \$1.491 billion.

In 2023, tax rate schedule E is predicted to trigger for employer payrolls and generate \$1.778 billion in contributions. Benefit payments are estimated at \$1.933 billion and a year-end private contributory fund balance at \$1.356 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.