



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

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MEMORANDUM

TO: Senator Michael Rodrigues, Chair, Senate Committee on Ways and Means
Representative Aaron Michlewitz, House Committee on Ways and Means
Senator Patricia D. Jehlen, Chair, Joint Committee on Labor and Workforce Development
Representative Stephen Hay, Vice Chair, Joint Committee on Labor and Workforce Development
Michael D. Hurley, Senate Clerk
Steven T. James, House Clerk

FROM: Richard A. Jeffers

DATE: January 16, 2020

SUBJECT: DECEMBER 2019 UNEMPLOYMENT INSURANCE TRUST FUND REPORT

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

The report highlights include:

The November 2019 preliminary private contributory account balance was \$1.697 billion, just \$20 million higher than the latest projection of \$1.677 billion.

The 2019 outlook for benefit payments remain as projected at \$1.262 billion; employer contributions on tax rate schedule E and a \$15,000 taxable wage base, set by statute, are estimated at \$1.708 billion and the year-end private contributory account balance still expected to be \$1.577 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 December 2019

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of November 30, 2019, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.835 billion. This balance is the sum of the preliminary private contributory account balance of \$1.697 billion and the governmental contributory account balance of \$138 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 September 2019 Moody's Analytics Data Services economic forecasts; and (3) unemployment insurance claims and payments activities through third quarter 2019. The projections remain as published in the October and November 2019 Outlook Reports.

As set by statute, employer contributions on tax rate schedule E and a \$15,000 taxable wage base remain estimated at \$1.708 billion in 2019. Benefit payments still projected to be \$1.262 billion. The 2019 private contributory year-end balance is estimated to be \$1.577 billion.

2019 ACTIVITY TO DATE

November's preliminary employer contributions of \$26.6 million generated a year-to-date total of \$1.715 billion, \$194 million more than the January through November 2018 collections on a lower tax schedule and \$13 million more than the projection of \$1.702 billion.

Through November 2019, preliminary benefit payments of \$1.143 billion were \$66 million lower than those paid in the same eleven months in 2018 but at \$7 million less was in-line with the latest projection of \$1.150 billion. Year-to-date initial claims and continued weeks claimed through November were 3.2 percent and 8.9 percent less than the same time span last year, respectively.

As a result, October's ending balance plus November's preliminary employer contributions less benefit payments generated a November 30, 2019 private contributory account balance of \$1.697 billion, \$20 million higher than

the latest projection of \$1.677 billion. The 2019 year-end balance projection remains at \$1.577 billion.

2020 – 2023 PROJECTIONS

Projections for the private contributory account for the years 2020 to 2023 remain as published in the October and November 2019 Outlook Reports. 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 \$1.662 billion and benefit payments projected at \$1.417 billion. By the end of 2020, the private contributory account balance is expected to be \$1.846 billion.

Tax rate schedule D is projected to trigger for employer contributions on 2021 payrolls. Employer contributions are projected to be \$1.470 billion and benefit payments estimated at \$1.588 billion. The year-end private contributory balance stays projected at \$1.754 billion.

For 2022, tax rate schedule D is projected to trigger for employer contributions. Contributions are expected to be \$1.445 billion with benefit payments projected at \$1.708 billion. Year-end private contributory balance remains estimated at \$1.514 billion.

In 2023, tax rate schedule E is predicted to trigger for employer payrolls and generate \$1.622 billion in contributions. Benefit payments are estimated at \$1.724 billion and a year-end private contributory fund balance at \$1.434 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.