



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: JANUARY 2020 UNEMPLOYMENT INSURANCE TRUST FUND REPORT

The attached January Unemployment Insurance Trust Fund Report provides information on the trust fund status through the end 2019. Projections for the private contributory account for 2020 through 2023 remain as published in the October and November 2019 Outlook Reports. Year end trust fund balances, however, were revised based on the actual 2019 year-end balance.

The report highlights include:

The preliminary 2019 year-end private contributory account balance was \$1.062 billion, \$25 million higher than projected caused by higher than expected employer contributions and federal interest earned. Preliminary total employer contributions of \$1.724 billion were \$16 million more than projected while benefit payments of \$1.257 billion, at \$5 million less, were in-line with the projection.

Tax rate schedule E triggered for 2020 employer contributions and the taxable wage base remained at \$15,000.

The 2020 outlook for benefit payments is \$1.417 billion; employer contributions are estimated at \$1.662 billion and the year-end private contributory account balance is now expected to be \$1.871 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.

Revised trust fund projections for 2020 to 2023 along with 2024 projections will be released in the February 2020 Outlook Report.

cc: Distribution List

Unemployment Insurance Trust Fund Report

Outlook Report January 2020

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

The preliminary 2019 Massachusetts Unemployment Insurance Trust Fund year-end balance was \$1.739 billion. This balance is the sum of the preliminary private contributory account balance of \$1.602 billion and the governmental contributory account balance of \$137 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND HIGHLIGHTS FOR 2019

Preliminary annual employer contributions of \$1.724 billion in 2019 were \$16 million more than the projection released in the October and November 2019 Outlook Reports. The 2019 employer contributions were \$198 million or 13 percent higher than the \$1.526 billion collected in 2018 on a lower tax rate schedule. Employer contributions plus interest earnings of \$34 million generated \$1.758 billion in private contributory income during 2019.

Preliminary annual benefit payments of \$1.257 billion in 2019 were \$53 million or 4.0 percent lower than the \$1.310 billion paid in 2018 but in-line with the projection of \$1.262 billion. The 2019 initial claims and continued weeks claimed were 1.3 percent and 8.2 percent less than last year, respectively.

The preliminary year-end private contributory account balance of \$1.602 billion is \$25 million higher than the projection of \$1.577 billion due primarily to the higher than expected employer contributions and federal interest earned.

2020 OUTLOOK

As published in the October and November 2019 Outlook Reports, tax rate schedule E triggered for 2020 employer contributions. With a \$15,000 taxable wage base employer contributions are projected at \$1.662 billion. Benefit payments are estimated to be \$1.417 billion.

Under the current economic assumptions and tax rate schedule, trust fund solvency will continue with a year-end private contributory account balance now expected to be \$1.871 billion. In addition, no borrowing from the federal unemployment account is anticipated. This actual year-end balance is \$25 million more than the previous

estimate of \$1.846 billion, the amount the 2019 year-end balance was over the projection.

2021 – 2023 PROJECTIONS

Projections for employer contributions and benefit payments for the years 2021 to 2023 remain unchanged as published in the October and November 2019 Outlook Reports. Taxable wage base remains at \$15,000. Projected year-end balances, however, are higher due to the larger 2019 actual ending balance of \$25 million. Under the current economic scenario, no borrowing from the federal unemployment account is expected for 2021 to 2023.

For 2021, tax rate schedule D is projected to trigger for employer contributions. Contributions stay estimated at \$1.470 billion with benefit payments still projected at \$1.588 billion. Year-end private contributory balance projection increases to \$1.779 billion.

In 2022, tax rate schedule D is again projected to trigger for employer payrolls and generate \$1.445 billion in contributions. Benefit payments are still expected to be \$1.708 billion and a year-end private contributory fund balance now at \$1.540 billion.

For 2023, tax rate schedule E is projected to trigger for employer contributions. Contributions remain estimated at \$1.622 billion with benefit payments still projected at \$1.724 billion. Year-end private contributory balance projection now estimated to be \$1.459 billion.⁷²⁴

Note: Revised trust fund projections for 2020 through 2023 along with 2024 projections will be published in the February 2020 Outlook Report. Revisions will be based on 2019 claims and payment activities and the latest economic assumptions from Moody's Analytics Data Services.