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 January 2019

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

The preliminary 2018 Massachusetts Unemployment Insurance Trust Fund year-end balance was $1.223 billion. This balance is the sum of the preliminary private contributory account balance of $1.101 billion and the governmental contributory account balance of $122 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND HIGHLIGHTS FOR 2018

Preliminary annual employer contributions of $1.526 billion in 2018 were in-line with the projection released in the October through December 2018 Outlook Reports. The 2018 employer contributions were $172 million or 12.7 percent higher than the $1.354 billion collected in 2017 on a lower tax rate schedule. Employer contributions plus interest earnings of $23 million generated $1.549 billion in private contributory income during 2018.

Preliminary annual benefit payments of $1.310 billion in 2018 were $40 million or 3.0 percent lower than the $1.350 billion paid in 2017 and $37 million less than projected. Initial claims and continued weeks claimed were 6.7 percent and 5.0 percent less than last year, respectively.

The preliminary year-end private contributory account balance of $1.101 billion is $37 million higher than the projection of $1.064 billion.

2019 OUTLOOK

As published in the October through December 2018 Outlook Reports, the 2019 employer contributions on tax rate schedule E, set by statute, and a $15,000 taxable wage base is expected to be $1.753 billion. Benefit payments are estimated to be $1.518 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 $1.364 billion. In addition, no borrowing from the federal unemployment account is anticipated. This year-end balance is $37 million more than the previous estimate of $1.327 billion, the amount the 2018 year-end balance was over the projection.

2020 – 2022 PROJECTIONS

Projections for employer contributions and benefit payments for the years 2020 to 2022 remain unchanged as published in the October through December 2018 Outlook Reports. Projected year-end balances, however, are higher due to the larger 2018 actual ending balance. Under the current economic scenario, no borrowing from the federal unemployment account is expected for 2020 to 2022.

For 2020, tax rate schedule E is projected to trigger for employer contributions. Contributions stay estimated at $1.707 billion with benefit payments still projected at $1.798 billion. Year-end private contributory balance projection increases to $1.305 billion.

In 2021, tax rate schedule E is again projected to trigger for employer payrolls and generate $1.710 billion in contributions. Benefit payments are still expected to be $2.118 billion and a year-end private contributory fund balance now at $924 million.

For 2022, tax rate schedule F is projected to trigger for employer contributions. Contributions remain estimated at $2.022 billion with benefit payments still projected at $2.198 billion. Year-end private contributory balance projection now estimated to be $767 million.

Note: Revised trust fund projections for 2019 through 2022 along with 2023 projections will be published in the February 2019 Outlook Report. Revisions will be based on 2018 claims and payment activities and the latest economic assumptions from Moody's Analytics Data Services.

This report is submitted to the Legislature in accordance with the provisions of Chapter 151A, section 14F of the General Laws.
For more information please call: (617) 626-6600