

Unemployment Insurance Trust Fund Report

Outlook Report March 2019

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of February 28, 2019, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.078 billion. This balance is the sum of the preliminary private contributory account balance of \$950 million and the governmental contributory account balance of \$128 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 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 \$1.782 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

February's preliminary employer contributions of \$16.4 million generated a year to date total of \$139.9 million, \$12.9 million more than the January through February 2018 collections but just \$1.2 million less than expected.

Year to date preliminary benefit payments of \$290.8 million through February 2019 were \$16.1 million lower than those paid in the same two months in 2018 but \$5.1 million higher than the latest projection.

January's ending balance plus February's preliminary employer contributions less benefit payments generated a February 28, 2019 private contributory account balance of \$950 million, just \$6.3 million lower than the projection of \$956.3 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 2019 Outlook Report. 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.