

Unemployment Insurance Trust Fund Report

Outlook Report June 2019

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of May 31, 2019, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.739 billion. This balance is the sum of the preliminary private contributory account balance of \$1.608 billion and the governmental contributory account balance of \$131 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 April 2019 Moody's Analytics Data Services economic forecasts; and (3) unemployment insurance claims and payments activities through first quarter 2019. The projections remain as published in the May 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 \$1.810 billion in 2019. Benefit payments are projected to be \$1.366 billion. The 2019 private contributory year-end balance is estimated to be \$1.572 billion. Under the current economic scenario, federal advances from the federal unemployment account will not be necessary.

2019 ACTIVITY TO DATE

May's preliminary employer contributions of \$69.4 million generated a year-to-date total of \$1.128 billion, \$141 million more than the January through May 2018 collections on a lower tax schedule but at just \$11 million less were in-line with the projection.

Through the first five months of 2019, preliminary benefit payments of \$627.2 million were \$36.9 million lower than those paid in the same five months in 2018 and \$15.5 million less than the latest projection of \$642.7 million. Year-to-date initial claims and continued weeks claimed through May were 3.6 percent and 9.4 percent less than the same months last year, respectively.

April's ending balance plus May's preliminary employer contributions less benefit payments generated a May 31, 2019 private contributory account balance of \$1.608 billion,

at just \$5 million higher is in-line with the latest projection of \$1.603 billion. The 2019 year-end balance projection remains at \$1.572 billion.

2020 – 2023 PROJECTIONS

Projections for the private contributory account for the years 2020 to 2023 remain as published in the May 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 \$1.778 billion and benefit payments projected at \$1.570 billion. By the end of 2020, the private contributory account balance is expected to be \$1.814 billion.

Tax rate schedule D is projected to trigger for employer contributions on 2021 payrolls. Employer contributions are projected to be \$1.498 billion and benefit payments estimated at \$1.874 billion. The year-end private contributory balance is projected at \$1.473 billion.

For 2022, tax rate schedule E is projected to trigger for employer contributions. Contributions are estimated to be \$1.671 billion with benefit payments projected at \$2.032 billion. Year-end private contributory balance is estimated at \$1.143 billion.

In 2023, tax rate schedule E is now projected to trigger for employer payrolls and generate \$1.649 billion in contributions. Benefit payments are expected to be \$2.228 billion and a year-end private contributory fund balance at \$587 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.