

Unemployment Insurance Trust Fund Report

Outlook Report July 2019

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of June 30, 2019, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.673 billion. This balance is the sum of the preliminary private contributory account balance of \$1.542 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 and June 2019 Outlook Reports.

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

June's preliminary employer contributions of \$5.9 million generated a year-to-date total of \$1.134 billion, \$140 million more than the January through June 2018 collections on a lower tax schedule and \$16 million less than the projection.

Through second quarter 2019, preliminary benefit payments of \$706.2 million were \$42.9 million lower than those paid in the same two quarter in 2018 and \$39.2 million less than the latest projection of \$745.4 million. Year-to-date initial claims and continued weeks claimed through June were 2.7 percent and 7.2 percent less than the same months last year, respectively.

May's ending balance plus June's preliminary employer contributions plus interest earned less benefit payments generated a June 30, 2019 private contributory account

balance of \$1.542 billion, \$26 million higher than the latest projection of \$1.516 billion. The difference was primarily the result of lower than expected benefit payments especially in the month of June. 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 and June 2019 Outlook Reports. 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.

Revised trust fund projections based on claims and payments activities through second quarter 2019 and the latest Moody's Analytics Data Services economic forecasts will be released in August.