



Unemployment Insurance Trust Fund Report

Outlook Report April 2020

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of March 31, 2020, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.434 billion. This balance is the sum of the preliminary private contributory account balance of \$1.294 billion and the governmental contributory account balance of \$140 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2020

The private contributory account projections for 2020 are based on the following: (1) the 2020 distribution of employer experience rates; (2) the January 2020 Moody's Analytics Data Services economic forecasts; and (3) 2019 unemployment insurance claims and payments activities. The projections remain as published in the February 2020 Outlook Report.

Employer contributions on tax rate schedule E, as triggered, and a \$15,000 taxable wage base are estimated to be \$1.738 billion in 2020. Benefit payments are projected to be \$1.271 billion. The 2020 private contributory year-end balance is estimated to be \$2.106 billion.

2020 ACTIVITY TO DATE

March's preliminary employer contributions of \$3.9 million generated a year to date total of \$161.2 million, \$18.1 million more than the first quarter 2019 collections but just \$6.0 million more than expected.

Year to date preliminary benefit payments of \$478.7 million through March 2020 were \$58.2 million higher than those paid in the same three months in 2019 and \$57.7 million more than the latest projection. In the month of March initial claims were up over 2,000 percent and total weeks compensated were 35 percent higher as compared to March of last year due to the Covid-19 pandemic.

As a result of higher benefit payments, the March 31, 2020 private contributory account balance of \$1.294 billion was \$51 million lower than the projection of \$1.345 billion at the end of the month. The 2020 year-end balance projection remains projected at \$2.106 billion. Please note that revised trust fund projections will be released in May and it

is anticipated that due to the Covid-19 pandemic the trust fund balance will be significantly less due to an increase in benefit payments.

2021 – 2024 PROJECTIONS

Projections for the private contributory account for the years 2021 to 2024 remain as published in the February 2020 Outlook Report. The taxable wage base remains at \$15,000.

For 2021, tax rate schedule D is projected to trigger for employer contributions. Employer contributions are estimated to be \$1.558 billion and benefit payments projected at \$1.468 billion. By the end of 2021, the private contributory account balance is expected to be \$2.235 billion.

Tax rate schedule D is again projected to trigger for employer contributions on 2022 payrolls. Employer contributions are projected to be \$1.512 billion and benefit payments estimated at \$1.633 billion. The year-end private contributory balance is projected at \$2.154 billion.

For 2023, employer contributions are expected to remain on tax rate schedule D. Contributions are estimated to be \$1.505 billion with benefit payments projected at \$1.736 billion. Year-end private contributory balance is estimated at \$1.960 billion.

In 2024, tax rate schedule D is again projected to trigger for employer payrolls and generate \$1.506 billion in contributions. Benefit payments are expected to be \$1.754 billion and a year-end private contributory fund balance at \$1.745 billion.

As in 2020, it is expected that revised trust fund projections for 2021 to 2024 will show higher benefit payments and decreased trust fund balances due to the prolonged effects of the pandemic.