



Unemployment Insurance Trust Fund Report

Outlook Report April 2021

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of March 31, 2021, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was -\$2.927 billion. This balance is the sum of the preliminary private contributory account balance of -\$3.060 billion and the governmental contributory account balance of \$133 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2021

The private contributory account projections for 2021 are based on the following: (1) the preliminary 2021 distribution of employer experience rates; (2) the January 2021 Moody's Analytics Data Services economic forecasts; and (3) 2020 claims activities.

Employer contributions on tax rate schedule E, as set by legislation, and a \$15,000 taxable wage base remain estimated at \$2.037 billion and benefit payments are projected to be \$3.735 billion in 2021. The 2021 private contributory year-end balance is estimated to be insolvent at -\$4.066 billion. Massachusetts borrowed a total of \$2.2 billion in 2020 and \$49.1 million in the first quarter of 2021 from the federal unemployment account and will continue to be needed throughout 2021 but will be interest-free through September 6, 2021. Interest on federal advances from September 7 through September 30, 2021, totaling \$6 million must be paid by September 30, 2021.

2021 ACTIVITY TO DATE

March's preliminary employer contributions of \$4.0 million generated a first quarter total of \$144.7 million, \$16.5 million less than 2020 first quarter collections and \$37.2 million lower than the projection of \$181.9 million. Employer contributions in March were less than expected.

Year to date preliminary benefit payments of \$865.9 million through first quarter 2021 were \$387.2 million higher than those paid in the same quarter in 2020 but \$98 million less than the latest projection of \$963.9 million. Year to date initial claims and continued weeks claimed were just 51 percent and 44 percent higher than last year's first quarter totals, respectively, as Massachusetts eases up on opening guidelines for businesses.

As a result of the differences between employer contributions and benefit payments plus \$9.0 million in ARPA 2021 reimbursements, the March 2021 private contributory account

balance of -\$3.060 billion was \$90 million more than the projection of -\$3.150 billion at the end of March.

2022 – 2025 PROJECTIONS

Projections for the private contributory account for the years 2022 to 2025 remain as published in the February and March 2021 Outlook Reports. Taxable wage base remains at \$15,000.

Tax rate schedule E was set by legislation for employer contributions in 2022. Employer contributions remain estimated at \$2.030 billion and benefit payments projected at \$2.342 billion. The legislation, also, provides for an employer surcharge to pay the interest on federal advances that cannot be paid from the state's UI Trust Fund and authorizes the Commonwealth to issue bonds to restore trust fund solvency in 2022. An estimated \$6 billion bond pays off the federal advances by November 9, 2022 resulting in a year-end positive balance of \$1.622 billion. Interest due on advances is estimated at around \$122 million will be due in September 2022.

With the trust fund still insolvent at the end of third quarter 2022 when rates are determined, tax rate schedule G is projected to trigger for employer contributions in 2023. Employer contributions are projected at \$2.674 billion and benefit payments estimated at \$1.273 billion. The year-end 2023 private contributory account balance will continue to be solvent and is projected at \$3.044 billion.

A solvent account balance and higher payrolls triggered tax rate schedule C for 2024 employer payrolls. Employer contributions are estimated at \$1.666 billion and benefit payments projected to be \$1.229 billion. Year-end 2024 private contributory account balance is projected at \$3.513 billion.

For 2025, employer payrolls are projected to remain on tax rate schedule C and generate \$1.663 billion in employer contributions. Benefit payments are projected at \$1.311 billion and a year-end balance solvent at \$3.871 billion.

Revised projections based on the latest Moody's Analytics Data Services forecasts and claims activities through first quarter 2021 will be released in the May 2021 Outlook Report.