



Unemployment Insurance Trust Fund Report

Quarterly Outlook Report - April 15, 2022

OVERVIEW

About the Massachusetts Unemployment Insurance Program

Unemployment Insurance (UI) is an economic stabilization program implemented under federal and state law that provides a safety net for workers who become separated from employment due to no fault of their own. The UI program provides temporary benefits to unemployed workers from the Massachusetts Department of Unemployment Assistance's (DUA) Unemployment Insurance Trust Fund (UI Trust Fund). The UI program is governed by both state and federal laws. Employer-paid state unemployment taxes and reimbursements fund the UI Trust Fund and pay for benefits. The United States Department of Labor (USDOL) allocates funds from the Federal Unemployment Tax Act (FUTA) to the state to pay for DUA administrative and operational costs.

The Massachusetts UI Trust Fund balance is the combination of two subsidiary components: the private contributory account balance and the governmental account balance.

- **Private Contributory Account:** The private contributory account is the largest component of the UI Trust Fund, representing approximately 90% of total wages covered by UI and over 85% of covered employment in Massachusetts. The private contributory account is principally funded by contributions from private, for-profit employers that are required under Chapter 151A of the Massachusetts General Laws (Chapter 151A) to contribute to the UI Trust Fund. Employer contributions to the private contributory system are payable quarterly and payments are due within one calendar month of the end of each quarter, on April 30 (1st Quarter), July 31 (2nd Quarter), October 31 (3rd Quarter), and January 31 (4th Quarter). An employer's contribution level is informed by the employer's experience history, which refers to both the amount of unemployment benefits paid in prior years and the number of employees laid off. The private contributory system also includes certain governmental employers that elect to contribute to the UI system in the same manner as private, for-profit employers.
- **Governmental Account:** The governmental system covers employees of state and local governmental entities and non-profit employers (organizations holding 501(c)(3) status). In lieu of paying quarterly contributions into the UI system, governmental entities and non-profit employers may choose to reimburse DUA for benefits paid to their former employees. These reimbursements cover benefits paid to employees on a dollar-for-dollar basis. The governmental account balance is funded with payments from governmental and non-profit employers.

Quarterly Outlook Report

DUA issues Quarterly Reports on the private contributory system and the UI Trust Fund pursuant to Chapter 151A and Chapter 118 of the Acts of 1992 (Chapter 118). This Quarterly Outlook Report (Outlook Report) provides an update on the status of the UI Trust Fund for the calendar quarter beginning January 1, 2022 and ending March 31, 2022 (2022 1st Quarter). Figures in this Outlook Report are preliminary and unaudited. Information contained in this Outlook Report is subject to change without notice. Any provisions of the general and special laws referred to in this Outlook Report are summarized for informational purposes only and should not be relied on as comprehensive statements of law. Figures are presented in rounded form throughout for ease of presentation.

This Outlook Report contains updated projections for estimated contributions, benefit payments, and UI Trust Fund balances for the five-year Outlook Period (the Outlook Period) beginning January 1, 2022 and ending December 31, 2026. Projections for the Outlook Period include economic forecasts from Moody's Analytics Data Services (Moody's),

data from the Bureau of Labor Statistics (BLS), and the Quarterly Census of Employment and Wages (QCEW)¹ regarding wage and salary growth, unemployment, and size of the labor force. The economic forecasts presented in this report are based on 2021 employer experience rates and claims activities through December 31, 2021 related to the private contributory account balance. The projections, forecasts, estimates, and other forward-looking statements contained in this Outlook Report are subject to a variety of risks and uncertainties that may cause actual results to differ from the projections set forth. DUA uses information from sources that are believed to be reliable; however, DUA assumes no responsibility for information from sources outside the Commonwealth and its agencies.

¹ The Quarterly Census of Employment and Wages (QCEW) is a federal/state program that collects information about employment and wages from employers in industries covered by unemployment insurance, and makes the data available at the county, metropolitan, state, and national levels by industry. See [Quarterly Census of Employment and Wages: U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov/quarterly-census-of-employment-and-wages).

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2022 1st QUARTER ACTIVITY***Quarterly UI Trust Fund Activity***

The beginning balance of the UI Trust Fund as of January 1, 2022 was approximately \$2.854 billion. As of March 31, 2022, the preliminary UI Trust Fund ending balance decreased marginally to approximately \$2.636 billion.

The UI Trust Fund balance reflects actual collections through March 31, 2022 of employer assessments for the 2022 1st Quarter (January 1, 2022-March 31, 2022) assessment period. As noted above, UI assessments from private contributory employers are due on a quarterly basis one calendar month after the end of each calendar quarter (April 30, July 31, October 31, January 31). As a result, the due date for the first quarterly payment period in calendar 2022 will not occur until April 30, 2022. The UI Trust Fund balance also reflects actual collections through March 31, 2022 of COVID-19 Recovery Assessments for the 1st Quarter of 2022. The COVID-19 Recovery Assessment was established by Chapter 16 of the Acts of 2021 (Chapter 16), which was enacted on May 28, 2021 to implement a new COVID-specific employer charge. The COVID-19 Recovery Assessment reduces the short-term impact of COVID-related benefit costs on employer UI rates by spreading the recovery of COVID-related benefit costs over time. See “EMPLOYER CONTRIBUTIONS—COVID-19 Recovery Assessment” on page 11.

The \$2.636 billion UI Trust Fund balance includes \$376 million² in employer credits outstanding as of March 31, 2022. Employer credits reflect payments made by employers at unadjusted 2021 rates before the passage of Chapter 16. This legislation resolved the treatment of COVID-related UI claims, which resulted in a mid-year downward rate adjustment for the average employer. Employers’ payment obligations for 2022 are therefore subject to be offset by any outstanding credits. This is expected to correspondingly reduce net revenue in 2022.

As of March 31, 2022, Massachusetts owed \$1.768 billion to the federal government for the repayment of certain federal loans drawn between June 2020 and April 2021 to finance benefit payments during the COVID-19 pandemic, a period of extraordinary demand. These loan amounts are liabilities of the UI system. See “UNEMPLOYMENT TRUST FUND BALANCE—Federal Loans” on page 8 for additional information regarding the outstanding federal loan balance.

The ending balance of the UI Trust Fund as of March 31, 2022 reflects the following:

- Employer Contributions collected in the 2022 1st Quarter as of the reporting date were \$155 million,³ including COVID-19 Recovery Assessments in the amount of \$11 million. (See page 10 for additional information about Employer Contributions and COVID-19 Recovery Assessments.)
- Benefit payments paid during the 2022 1st Quarter were \$493 million,⁴ which were paid to 111,356 claimants. (See page 15 for additional information about Benefits.)
- Deposit of approximately \$47.9 million into the UI Trust Fund of a one-time reimbursement from the federal government for the first week of benefit payments to new claimants during prior benefit periods. These were paid by DUA between December 2020 and February 2022, pursuant to a federal reimbursement program enacted in response to the COVID-19 pandemic.⁵
- Transfer of approximately \$156 million from the UI Trust Fund account into an escrow account to repay returned federal funds to federal sources, as further discussed below.
- Deposit of approximately \$0.449 million into the UI Trust Fund to repay returned UI funds.

² The amount of outstanding employer credits related to Chapter 16 increased slightly from a total of \$374 million as of February 28, 2022. The reason for this increase was an adjustment to past employer contribution payments, which reduced the amount of credits used in a prior payment period.

³ Employer contributions in the amount of \$155 million are reported in this Outlook Report on an actual cash basis for amounts collected in 2022 1st Quarter as of March 31, 2022. However, this amount of actual collections does not represent the full amount of employer contributions due and payable for 2022 1st Quarter payment period, because 2022 1st Quarter payments are not yet due. Actual employer contributions including the first quarterly payment period due on April 30, 2022 are expected to be reported in the Monthly Report on or about May 15, 2022. Amounts published herein may differ from amounts published on TreasuryDirect due to differences in payment timing.

⁴ Benefit payments are reported in this Outlook Report on an actual cash basis as of March 31, 2022. Amounts published herein may differ from amounts published on TreasuryDirect due to differences in payment timing.

⁵ Under Chapter 151A, UI claimants are generally ineligible for benefits during a one-week waiting period after becoming unemployed. However, during the COVID-19 pandemic, Congress and the Massachusetts Legislature enacted a program to temporarily waive the week-long waiting period, under which states could pay an added first week of benefits and the federal government would reimburse states for the expense. Massachusetts elected to pay the added first week of benefits and DUA received reimbursement of \$242 million in December 2020 for payments it made from April 2020 through December 2020. Payments made under the waiver program from December 2020 through the end of the program totaled \$47.9 million, and were reimbursed in full on March 21, 2022. The waiver of the waiting week has now expired, and the original provisions of Chapter 151A are in effect. DUA does not anticipate any additional reimbursement from the federal government for waiver of the waiting week.

Recent Developments—Resolution of Payments Returned by Banks

In December 2021, the Executive Office of Labor and Workforce Development (EOLWD) identified approximately \$318 million in benefit payments for various state and federally funded unemployment related programs that were returned to the DUA due to automated bank returns. These benefits had been paid directly to individual claimant bank accounts and returned automatically by the receiving banks directly to the UI Trust Fund's Benefit Payment Account for various reasons. These returned payments from banks were not reconciled to original funding sources upon initial receipt in the Benefit Payment Account because the returns were not accompanied with sufficient details to identify them to the original outgoing claims, and most of them represented single payments for a mix of UI related programs. In December 2021, EOLWD directed a financial review and determined that approximately \$156 million of the bank returned funds are owed to the federal government to repay amounts that had originally been paid from federally funded programs. EOLWD is seeking guidance from the USDOL on the repayment process and has withdrawn such funds from the UI Trust Fund as noted above and deposited funds in an escrow account to be used for that purpose pending federal guidance.

In the course of this financial review, EOLWD also determined that approximately \$0.449 million of the total amount returned by banks had originally been drawn from the regular UI program and paid from the UI Trust Fund. The total amount of \$0.449 million was returned to the UI Trust Fund on March 28, 2022.

Finally, the financial review determined that the remaining bank-returned funds included approximately \$127 million that was subsequently properly reissued to claimants and approximately \$35 million in reversed transactions that had a net-zero impact on the UI account. These amounts do not require repayment to the federal government or the UI Trust Fund.

ECONOMIC OUTLOOK AND ASSUMPTIONS**Overview**

By statute, the UI Trust Fund Outlook Report is required to include a five-year projection for the UI system's private contributory system (Chapter 118, Section 53). Specifically, the Outlook Report must project the dollar amount of contributions, benefit payments, and the UI Trust Fund balance for each calendar year. When federal loans are outstanding, Chapter 118 further requires the projection of the estimated interest owed to the federal government as of September 30th of the current calendar year, any interest to be collected from employers through a surcharge, and the aggregate dollar amount of any employer FUTA credit reduction that will be applicable in the calendar year. To forecast these figures, DUA relies on outside data sources, estimates, projections, and assumptions. The assumptions, economic forecasts, and source data used in this Outlook Report are described below.

Notice

All estimates, projections, and assumptions included in this Outlook Report are based on information currently available to DUA. While DUA believes the sources consulted are reliable, it does not claim that such estimates, projections, and assumptions are correct or complete. Because of the inherent limitations of data, in addition to the inability to predict all factors that may affect the future, including but not limited to events, economic conditions, changes of law and policy, actions, decisions, business conditions, financial circumstances, actual developments may differ from the projections provided in this Outlook Report.

Sources

DUA makes economic projections using data sourced from Moody's Analytics (Moody's), the Quarterly Census of Employment and Wages (QCEW),⁶ Local Area Unemployment Statistics (LAUS),⁷ the American Community Survey (ACS),⁸ and the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).⁹

⁶ The [Quarterly Census of Employment and Wages \(QCEW\)](#) program publishes a quarterly count of employment and wages reported by employers covering more than 95 percent of U.S. jobs, available at the county, MSA, state and national levels by industry. Source: US Bureau of Labor Statistics.

⁷ The [Local Area Unemployment Statistics \(LAUS\)](#) program produces monthly and annual employment, unemployment, and labor force data for Census regions and divisions, States, counties, metropolitan areas, and many cities, by place of residence. Source: U.S. Bureau of Labor Statistics.

⁸ The [American Community Survey](#) is an ongoing survey that provides vital information on a yearly basis about the United States and its people. Source: U.S. Census Bureau.

⁹ The [Consumer Price Index for Urban Wage Earners and Clerical Workers \(CPI-W\)](#) is a monthly measure of the average change over time in the prices paid by urban wage earners and clerical workers for a market basket of consumer goods and services. Source: US Bureau of Labor Statistics.

- DUA projected the dollar amount of contributions and benefits to Massachusetts' UI programs using Moody's most recent (March 2022) economic forecasts. See FIGURES 1-3 for a summary of Moody's March 2022 projections.
- DUA projected unemployment rate, wage and salary growth, and the size of labor force over a 10-year timespan using data from QCEW, LAUS, and Moody's.
- DUA tested and calibrated assumptions using data from ACS and CPI-W, in addition to internal DUA data.

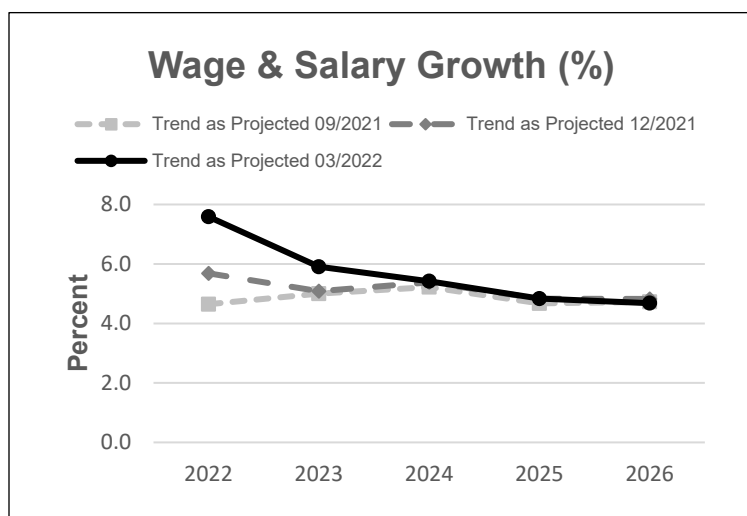
In making projections, DUA used the following direct data inputs:

- **Covered employment:** the total number of employees covered by Massachusetts' UI program that are reported to the state by employers.
- **Total covered payroll:** the total amount of all wages for employment covered by UI, including both taxable payroll and payroll of those employers not subject to UI contributions.
- **Taxable payroll:** taxable wages paid to employees by employers that are subject to UI contributions.
- **Chapter 151A effective tax rate on taxable wages:** the rate assessed against eligible employer taxable wages that an employer subject to UI contributions is required to contribute pursuant to Chapter 151A.
- **Solvency assessment:** the annual factor assessed to an employer's taxable wages to cover the net balance of charges and credits not directly assigned to individual employers, including dependency allowances or approvable voluntary separations. Note that the solvency assessment is not a separate contribution but rather an amount used to determine an employer's Chapter 151A effective tax rate.
- **Taxable wage proportion:** the ratio of employer's taxable wages (taxable payroll) to total wages (total covered payroll).
- **Total unemployment rate:** the rate computed by dividing total unemployment by the civilian labor force.
- **Total insured unemployment rate:** the rate computed by dividing the number of Insured Unemployed for the current quarter by the average covered employment for the first four of the last six completed quarters.

Economic Outlook

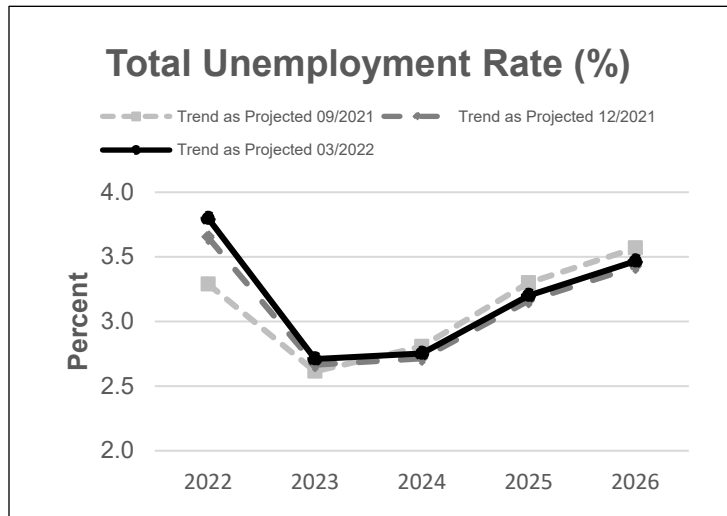
Projections of wage and salary growth, total unemployment rate, and the size of the labor force in Massachusetts for each calendar year of the Outlook Period (2022-2026) are represented in FIGURES 1-3. For purposes of the projection estimates contained in this Outlook Report, QCEW is the primary source for historical actual data on wages and salaries and size of the labor force. LAUS is the primary source for official unemployment rates. DUA relied on Moody's forecasts dated September 2021, December 2021, and March 2022 to track forecast trends as they change over time. Moody's forecasts were used to project historical QCEW and LAUS data over the Outlook Period for wage and salary growth, total unemployment rate, and size of labor force.

FIGURE 1
Projected Annual Rate of Wage and Salary Growth in Massachusetts (2022-2026)



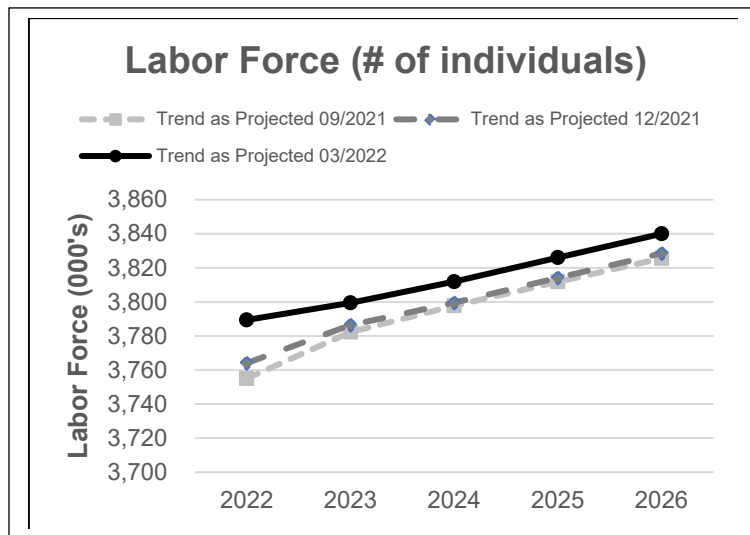
		Month of Moody's Report		
		Sep-21	Dec-21	Mar-22
Projected Year	2022	4.6%	5.7%	7.6%
	2023	5.0%	5.1%	5.9%
	2024	5.2%	5.4%	5.4%
	2025	4.7%	4.8%	4.8%
	2026	4.7%	4.8%	4.7%

FIGURE 2
Projected Total Unemployment Rate in Massachusetts (2022-2026)



Projected Year	Month of Moody's Report		
	Sep-21	Dec-21	Mar-22
2022	3.3%	3.6%	3.8%
2023	2.6%	2.7%	2.7%
2024	2.8%	2.7%	2.8%
2025	3.3%	3.2%	3.2%
2026	3.6%	3.4%	3.5%

FIGURE 3
Projected Size of Labor Force in Massachusetts (2022-2026)



Projected Year	Month of Moody's Report		
	Sep-21	Dec-21	Mar-22
2022	3,754,984	3,764,052	3,789,389
2023	3,782,255	3,786,366	3,799,450
2024	3,797,761	3,799,485	3,811,898
2025	3,811,815	3,814,125	3,826,026
2026	3,825,556	3,828,479	3,839,997

FIGURE 4
Historical Actuals (2006-2021) and Projections (2022-2026) for Average Annual Unemployment Rate and Annual Wage and Salary Growth Rate in Massachusetts

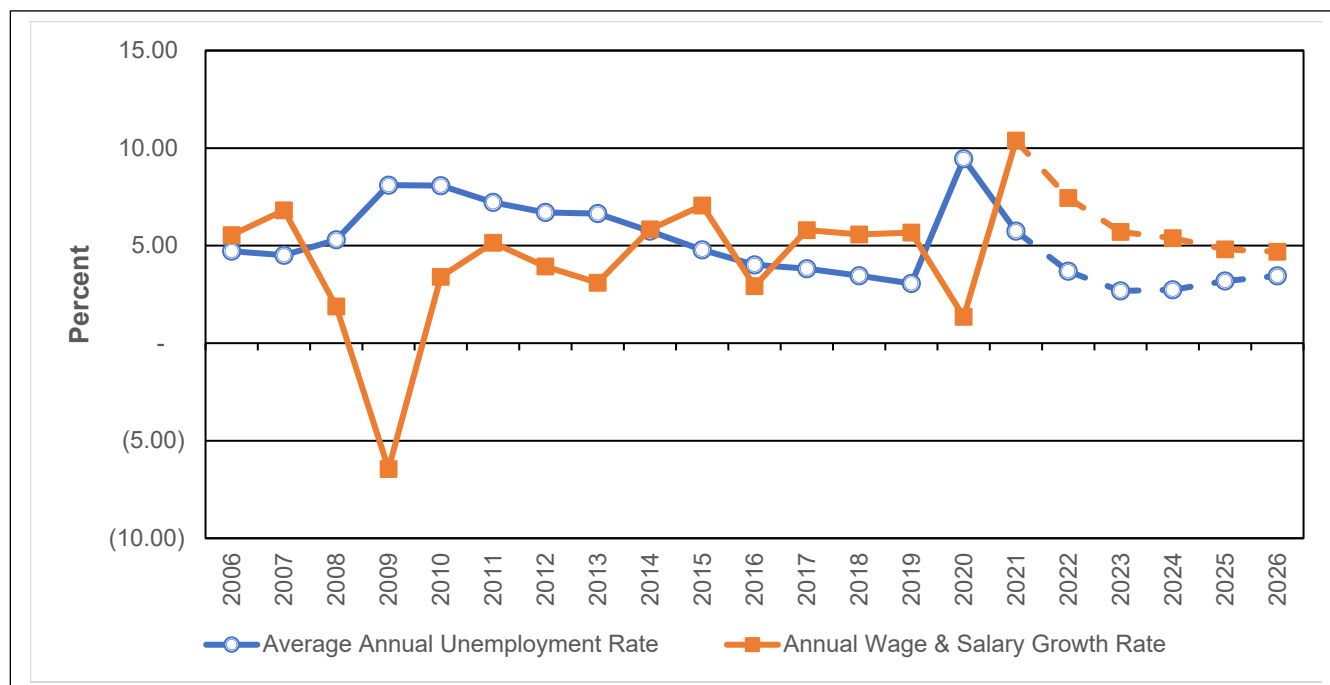


FIGURE 5
Historical Actuals (2006-2021) and Projections (2022-2026) for Average Annual Unemployment Rate and Annual Wage and Salary Growth Rate in Massachusetts

Year	Historical Actuals																Projections				
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average Annual Unemployment Rate (LAUS)	4.7	4.5	5.3	8.1	8.1	7.2	6.7	6.6	5.7	4.8	4.0	3.8	3.5	3.1	9.5	5.7	3.7	2.7	2.7	3.2	3.4
Annual Wage & Salary Growth Rate (QCEW)	5.5	6.8	1.9	-6.5	3.4	5.1	3.9	3.1	5.8	7.1	2.9	5.8	5.6	5.7	1.3	10.4	7.4	5.7	5.4	4.8	4.7

*Projections driven by three-month average of Moody's Analytics estimates [Figure 1]

QCEW and LAUS actuals reflect actual data for Average Annual Unemployment Rate (LAUS) and Annual Wage and Salary Growth Rate (QCEW). Moody's Analytics Projections estimated growth rates for 2022-2026 total nonagricultural employment series are then used to project the most recent LAUS and QCEW data forward.

UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

Overview

As of March 31, 2022, the preliminary Massachusetts UI Trust Fund ending balance was \$2.636 billion. The Massachusetts UI Trust Fund balance is the combination of two subsidiary components: the private contributory account balance and the governmental account balance as described on page 1.

Federal Loans

The Federal Advance program provides repayable Federal Unemployment Account (FUA) loans to states when their UI Trust Funds become insolvent. This enables states to continue to meet benefit obligations to workers.

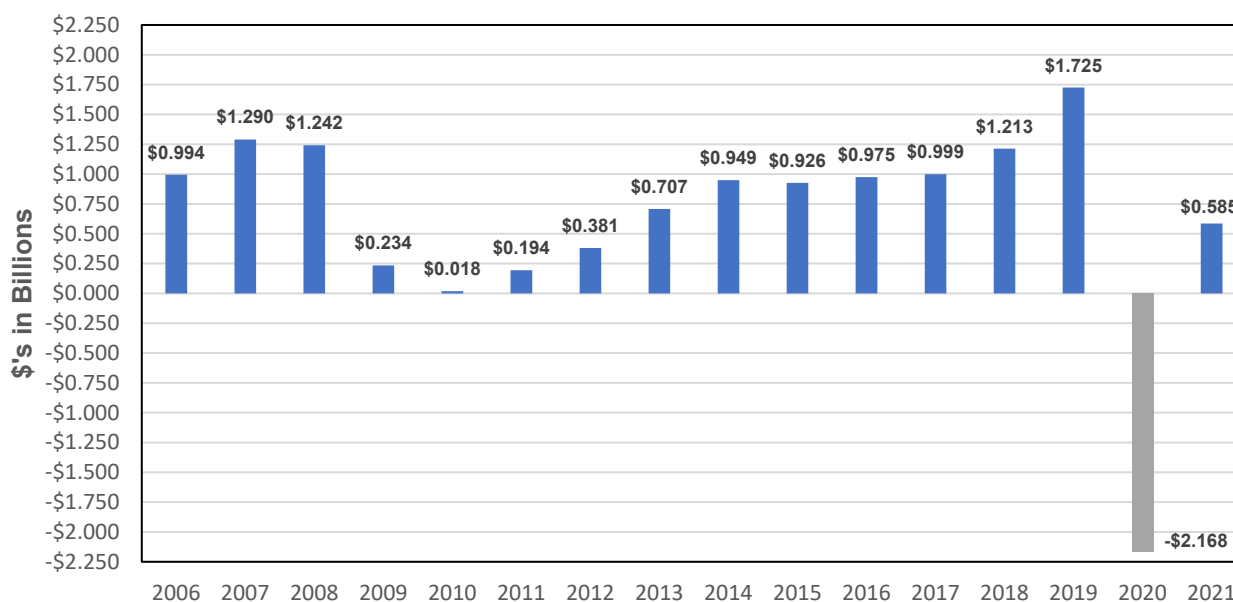
During the COVID-19 pandemic, Massachusetts borrowed a total of approximately \$2.268 billion under the Federal Advance program. A \$500 million portion of the outstanding FUA loan was repaid on March 25, 2022.¹⁰ As of March 31, 2022, the remaining FUA loan balance was approximately \$1.768 billion. Massachusetts currently plans to issue up to \$2.6 billion of special obligation bonds on or before September 30, 2022 for the purposes of repaying the federal loans and improving the solvency of the UI Trust Fund. Bond proceeds will be used to repay the outstanding FUA loan balance of \$1.768 billion, and the remaining proceeds will be deposited in the UI Trust Fund.

States are assessed an interest charge on outstanding FUA loan balances, subject to certain exceptions. Massachusetts' FUA loans were interest-free through September 6, 2021 due to various federal initiatives that provided support to states during COVID-19. On September 30, 2021, the Commonwealth paid \$3.4 million in interest, representing amounts accrued from September 7, 2021 to September 30, 2021. From October 1, 2021 through March 31, 2022, interest owed on Massachusetts' FUA loans totaled \$21.8 million. DUA currently projects that total interest accrued on FUA loans from October 1, 2021 through September 30, 2022 will be approximately \$35.9 million.¹¹

If a state has an outstanding FUA loan balance for an extended period of time, employers in the state can be subject to reductions of their FUTA tax credits until all of the state's outstanding FUA loans are repaid.¹² Based on Massachusetts' current bonding and loan repayment plans, DUA expects that the FUA loan balance will be repaid in full before it triggers any reduction in FUTA tax credits. Accordingly, DUA currently projects no reductions in employer FUTA credits due to outstanding FUA loans at any time during the 2022-2026 Outlook Period.

FIGURE 6 illustrates UI Trust Fund balances, less the amount of outstanding FUA loans, at the end of each year during the period of 2006-2021. In 2009, 2010, 2011 and 2012, Massachusetts borrowed from the Federal Advance program and fully repaid the FUA loans prior to the end of each calendar year. Between June and December of 2020, Massachusetts borrowed a total of \$2.201 billion under the Federal Advance program. Between January and April of 2021, Massachusetts borrowed an additional \$66.8 million under the program.

FIGURE 6
Historical UI Trust Fund Balance, 2006-2021



The Balance of the UI Trust Fund, less federal loans, as of December 31. Source: TreasuryDirect

¹⁰ The \$500 million that was used to partially repay the FUA loan balance was appropriated under Chapter 102 of the Acts of 2021.

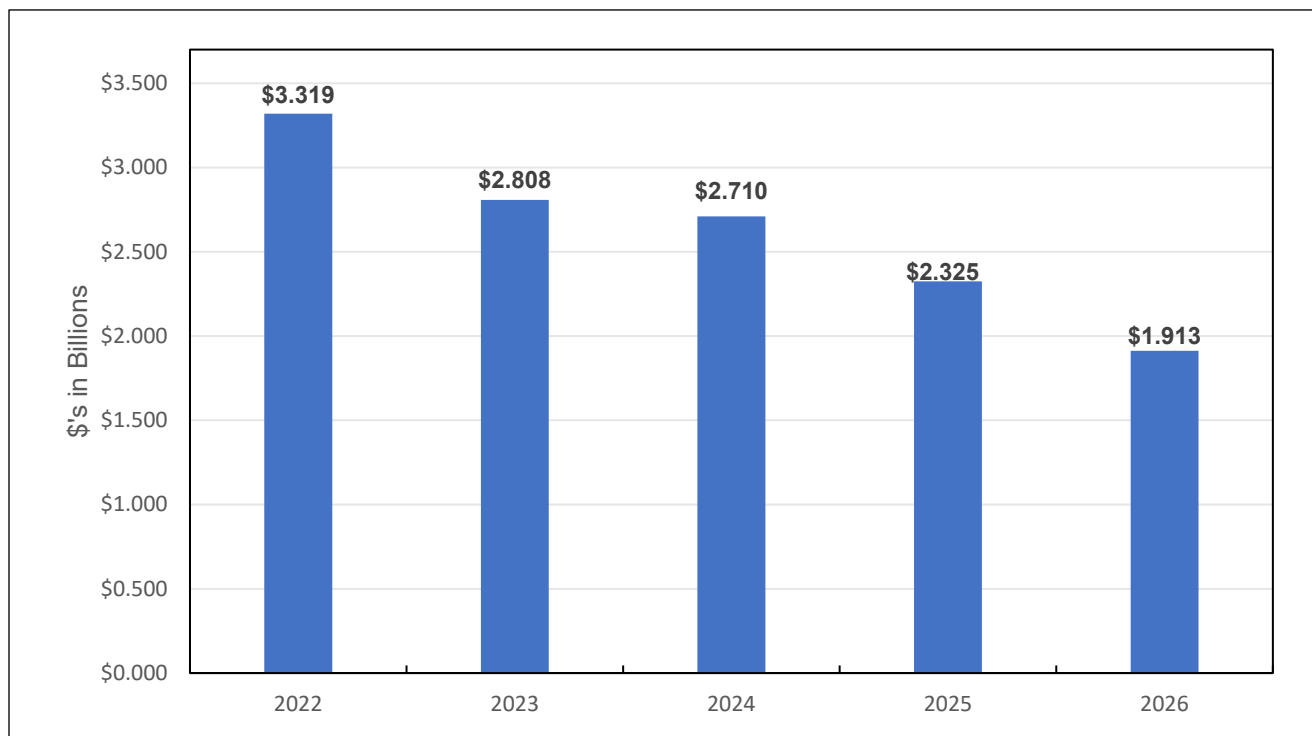
¹¹ This total assumes that interest accrues at rates of 2.28% per annum during 2021 and 1.59% per annum in 2022, and it also takes into account a partial repayment of \$500 million on March 25, 2022.

¹² FUTA tax is 6.0% of first \$7,000 earned in covered employment. Employers get a 5.4% tax credit if state law meets minimum federal requirements. If a state has an outstanding FUA loan balance on two consecutive January 1st and an outstanding loan balance remains on November 10th of the second year, employers in the state are subject to a reduction of the FUTA tax credit for the second year and subsequent years until all of the state's outstanding FUA loans are repaid in full. If the FUTA tax credit is reduced in this manner, the reduction is initially 0.3% per year, escalating by 0.3% annually thereafter until the state's FUA loans are fully repaid.

The 2022 year-end private contributory account balance is projected to be approximately \$3.319 billion. The current 2022 projection assumes the issuance of special obligation bonds as described above, repayment of the remaining \$1.768 billion of federal loans during calendar 2022, and the deposit of approximately \$800 million of remaining bond proceeds in the UI Trust Fund to improve the fund's solvency.

FIGURE 7 below shows projected year-end private contributory account balances for the Outlook Period 2022-2026. The total projected decrease of the private contributory account balance from 2023-2026 is \$895 million.

FIGURE 7
Projected Annual Private Contributory Account Balance, 2022-2026



EMPLOYER CONTRIBUTIONS

Overview

Private, for-profit employers are required under Chapter 151A to contribute to the UI Trust Fund if their business meets the following conditions: 1) they have employees working one or more days in 13 weeks during a calendar year (weeks of employment need not be consecutive, nor must the employees remain the same); and 2) they pay wages of \$1,500 or more in any calendar quarter. Under Chapter 151A, governmental and non-profit employers may elect to contribute to the private contributory UI system instead of participating as reimbursable employers.

Employer contributions are based on taxable wages paid to covered employees on a quarterly basis. Wages subject to contributions are the cumulative total of the first \$15,000 paid to each employee in each of the computational rate years.

Employer contribution rates are based on the experience history of the employer. Experience history refers to the amount of unemployment insurance benefits paid to employees separated from work in prior years and the number of employees laid off. DUA maintains an experience rate account for each contributory employer. An employer's experience rate account is a record of the contributions paid to the UI Trust Fund and the amount of UI benefits paid to an employer's workers or former workers. DUA relies on employer experience rate accounts to determine the annual contribution rate for each employer in the private contributory UI system.

Once an experience-based contribution rate is assigned, DUA calculates employer contributions by applying the employer's annual contribution rate to the taxable wages paid to covered employees for that rate year.

Additional information about Employer Contributions can be found at <https://www.mass.gov/doc/the-employers-guide-to-unemployment-insurance-2/download>

Net Employer Contributions

Employer contributions totaled \$155 million, which was collected on a cash basis during the period January 1, 2022 through March 31, 2022, inclusive. This amount includes \$11 million of COVID-19 Recovery Assessments collected during the same period. Schedule E is currently in effect for 2022, as established by Chapter 9 of the Acts of 2021 (Chapter 9) that froze the rate schedule for calendar years 2021 and 2022.¹³

The due date for the 2022 1st Quarter employer contributions is April 30, 2022, as noted above. Therefore, the amount of employer contributions actually collected through March 31, 2022 does not reflect the anticipated total amount of revenue expected to be paid to DUA for the quarterly assessment period, because the due date extends for 30 days after the end of the calendar quarter. A significant portion of total quarterly revenue collected by DUA for each assessment period is remitted on or near the due date. The next UI Trust Fund monthly report to be published on or about May 15, 2022 will reflect additional employer contributions that are paid through April 30, 2022 for the assessment period that ended on March 31, 2022.

As illustrated in FIGURE 8 below, employer contributions for the full year are projected to be approximately \$1.568 billion for the 2022 assessment year (assessment year is the same as a calendar year), which reflects contributions under rate Schedule E.

See FIGURE 10 for detail on historical employer contributions collected in calendar years 2003 to 2021.

The total amount of projected employer contributions for calendar years 2022 and 2023 are expected to be reduced due to use of certain employer credits currently outstanding, which may be used by employers to offset contributions otherwise due and payable.

Credits Offsetting Employer Contributions in Part

Current projections by DUA assume that employers will claim credits of approximately \$200 million in calendar year 2022 and approximately \$176 million in calendar year 2023.

Legislation was enacted during 2021 to provide UI rate relief to employers.¹⁴ Upon its enactment, the legislation adjusted rates retroactively to the beginning of the 2021 assessment year. This mid-year rate adjustment resulted in over \$600 million of credits against future employer contributions to the UI system in the accounts of those employers that paid contributions at higher rates in effect before the mid-year adjustment. As of March 31, 2022, there were approximately \$376 million of employer credits resulting from the rate adjustment still outstanding.

See "2022 1ST QUARTER ACTIVITY—Quarterly UI Trust Fund Activity" on page 4 for a summary of Chapter 16, which created these employer contribution credits.

COVID-19 Recovery Assessment

The COVID-19 Recovery Assessment is a new COVID-specific employer charge that was established by legislation in 2021.¹⁵ It was designed to stabilize employer contribution rates that otherwise would have dramatically increased through normal DUA rate-setting mechanisms as a result of the extraordinarily high benefit payouts during the COVID-19 pandemic. The COVID-19 Recovery Assessment is intended to stabilize employer contribution rates in the near term by recovering the costs of COVID-period benefit outflows over a longer time period.

¹³ [Chapter 9 of the Acts of 2021](#) (Chapter 9).

¹⁴ [Chapter 16 of the Acts of 2021](#) (Chapter 16).

¹⁵ [Chapter 16](#).

Like regular UI employer contributions, the COVID-19 Recovery Assessment applies to the employer's taxable wage base and is collected quarterly. For calendar years 2021 and 2022, the COVID-19 Recovery Assessment is charged to experience-rated employers based on a formula prescribed by DUA using the employer's experience rating. For 2021 and 2022, the COVID-19 Recovery Assessment was assessed to generate a total of \$150 million in each year, and the resulting COVID-19 Recovery Assessment equaled a 10.5% and 12.5% charge against the employer's underlying UI contribution rate for 2021 and 2022, respectively. The COVID-19 Recovery Assessment was deposited in the UI Trust Fund in calendar year 2021 and a portion of the COVID-19 Recovery Assessment collected in calendar year 2022 will be deposited in the UI Trust Fund.

The COVID-19 Recovery Assessment was first collected in calendar year 2021, and collections totaled \$137.5 million in calendar 2021. The COVID-19 Recovery Assessment to be collected in calendar 2022 is projected to total \$150 million, of which DUA currently projects that approximately \$75 million will be deposited in the UI Trust Fund and approximately \$75 million will be deposited in a Special Contribution Unemployment Compensation Trust Fund.

The Special Contribution Unemployment Compensation Trust Fund was established to facilitate the issuance of certain special obligation bonds described above. See "UNEMPLOYMENT TRUST FUND BALANCE—Overview" on page 9 for more information about the special obligation bonds. With the exception of receipts from the COVID-19 Recovery Assessment previously deposited and to be deposited in the UI Trust Fund for calendar years 2021 and 2022, respectively, the COVID-19 Recovery Assessment to be collected by DUA will be credited to the Special Contribution Unemployment Compensation Trust Fund and used solely to repay the bonds. From calendar year 2023 until the complete retirement of the special obligation bonds, DUA will assess employers a COVID-19 Recovery Assessment based on the debt service requirements of the bonds.

Projections

Projected employer contributions in this Outlook Report are based on directly forecasting taxable payroll from total private contributory employment. Forecasts of wage and salary growth, unemployment rate, and size of the labor force for calendar years 2022 through 2026 are derived using data from the Quarterly Census of Employment and Wages (QCEW) for the period ending September 30, 2021. Total private contributory employment is forecasted using growth rates from the Moody's total nonagricultural employment series to project QCEW data through the Outlook Period. QCEW data are also used to project employer contributions over the Outlook Period. See "ECONOMIC OUTLOOK AND ASSUMPTIONS—Sources" on page 5 for additional details on data sources.

Projected employer contributions are also based on historical Unemployment Insurance (UI) contribution rate data for both experience-rated businesses and non-experience-rated businesses.

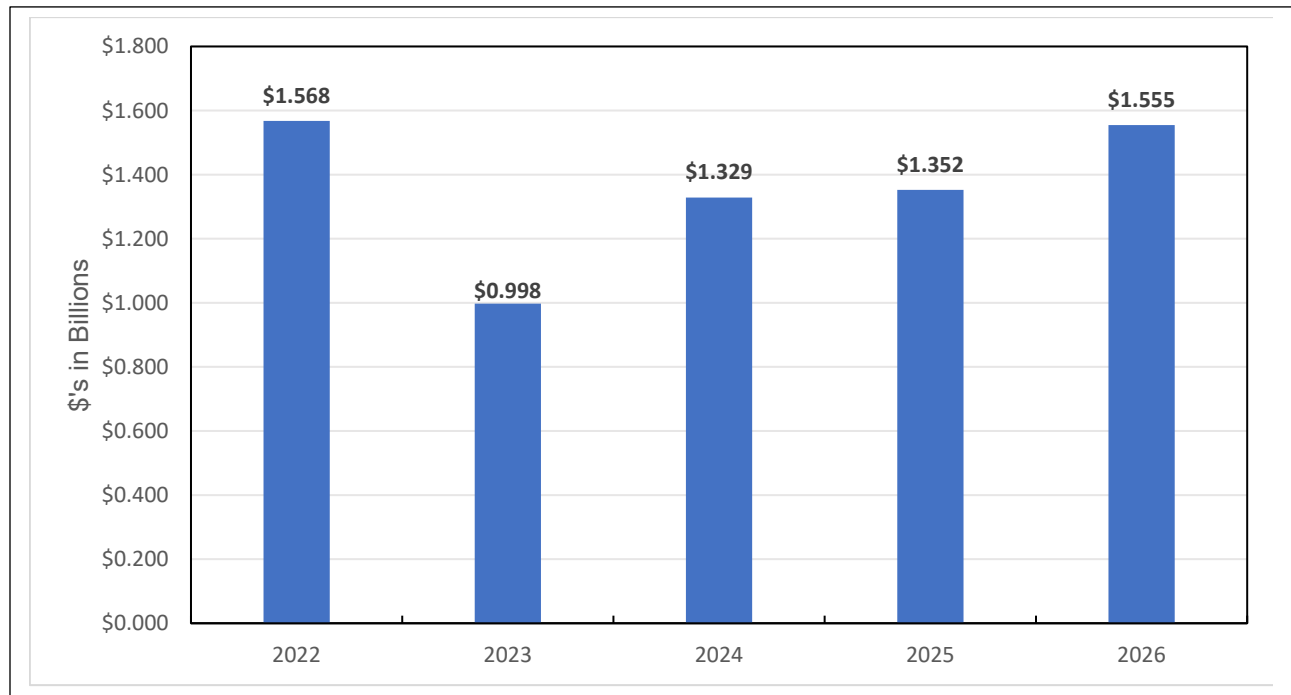
- For experience-rated businesses, UI contributions and Taxable Payroll estimates are derived from the QCEW forecasts. Estimated Taxable Payroll accounts for earnings equal to and below the taxable wage base of \$15,000 and is verified by ACS Census data. Estimated tax contributions are calculated using an average tax rate applied to the Taxable Payroll estimate using the Experience Rate Table (FIGURE 9 on page 14) for that year across all the experience ratings for the estimate of tax contributions.
- For non-experience-rated businesses, the average employment percentage is used to estimate total employment. The average employment data is sourced from the Bureau of Labor Statistics' Business Employment Dynamics¹⁶ series, over the historical period of 2014-2021. The taxable wages estimated for experience-rated businesses is derived from this percentage to get an estimate of taxable wages from employment at non-experience-rated businesses. This value is then multiplied by the tax rate from the appropriate schedule for the experience rating band (see FIGURE 9 on page 14).

¹⁶ [Business Employment Dynamics](#) is a set of statistics generated from the QCEW program. These quarterly data series consist of gross job gains and gross job losses statistics from 1992 forward. These data help to provide a picture of the dynamic state of the labor market. Source: U.S. Bureau of Labor Statistics

As illustrated in FIGURE 8 below, employer contributions (inflows) are projected to be approximately \$1.568 billion in calendar year 2022 with Schedule E remaining in effect the entire year.

For 2023, DUA projects Schedule A to be in effect for the entire year, generating approximately \$997.5 million in contributions.

FIGURE 8
Projected Annual Employer UI Contributions, 2022-2026



Experience Rate Table

FIGURE 9 reflects DUA's current employer UI contribution rates by employers' reserve percentages in accordance with Chapter 151A. The reserve percentage is calculated by the ending balance of the fund as of September 30 in a year divided by the average combined annual wages for all contributing employers for the last three years; this percentage determines which schedule is in effect for the following year.¹⁷ Schedule E is currently in effect for calendar 2022, as established by Chapter 9. Changes to the schedule would impact estimates within the model, including employer contributions and benefit outlays.

FIGURE 9
Experience Rate Table

		A	B	C	D	E	F	G
		UITF Reserve Percentage						
		Minimum:	1.65%	1.50%	1.20%	0.90%	0.60%	0.30%
		Maximum:		1.65	1.50	1.20	0.90	0.60
								0.29%
Employer Account Reserve Percentage	Positive Percentage							
	17.0 or more	0.56	0.64	0.73	0.83	0.94	1.07	1.21
	16.0 but less than 17.0	0.64	0.73	0.83	0.95	1.08	1.22	1.39
	15.0 but less than 16.0	0.73	0.83	0.94	1.07	1.21	1.38	1.57
	14.0 but less than 15.0	0.81	0.92	1.04	1.18	1.34	1.53	1.73
	13.5 but less than 14.0	0.97	1.10	1.25	1.42	1.61	1.83	2.08
	13.0 but less than 13.5	1.05	1.19	1.35	1.54	1.75	1.99	2.26
	12.5 but less than 13.0	1.13	1.28	1.46	1.66	1.89	2.14	2.43
	12.0 but less than 12.5	1.21	1.37	1.56	1.77	2.01	2.29	2.60
	11.5 but less than 12.0	1.29	1.46	1.67	1.89	2.15	2.45	2.78
	11.0 but less than 11.5	1.37	1.56	1.77	2.01	2.29	2.60	2.96
	10.5 but less than 11.0	1.45	1.65	1.87	2.13	2.42	2.75	3.12
	10.0 but less than 10.5	1.53	1.74	1.98	2.25	2.56	2.91	3.30
	9.5 but less than 10.0	1.61	1.83	2.08	2.36	2.69	3.05	3.47
	9.0 but less than 9.5	1.70	1.93	2.19	2.49	2.82	3.21	3.65
	8.5 but less than 9.0	1.78	2.02	2.29	2.61	2.96	3.37	3.82
	8.0 but less than 8.5	1.85	2.10	2.39	2.72	3.09	3.51	3.99
	7.5 but less than 8.0	1.94	2.20	2.50	2.84	3.23	3.67	4.17
	7.0 but less than 7.5	2.02	2.30	2.61	2.96	3.37	3.82	4.35
	6.5 but less than 7.0	2.09	2.38	2.71	3.08	3.50	3.97	4.51
	6.0 but less than 6.5	2.17	2.47	2.81	3.20	3.63	4.13	4.69
	5.5 but less than 6.0	2.25	2.56	2.91	3.31	3.76	4.28	4.86
	5.0 but less than 5.5	2.34	2.66	3.02	3.43	3.90	4.43	5.04
	4.5 but less than 5.0	2.42	2.75	3.13	3.55	4.04	4.59	5.21
	4.0 but less than 4.5	2.50	2.84	3.23	3.67	4.17	4.74	5.38
	3.5 but less than 4.0	2.58	2.93	3.33	3.79	4.30	4.89	5.56
	3.0 but less than 3.5	2.67	3.03	3.44	3.91	4.44	5.05	5.74
	2.5 but less than 3.0	2.75	3.12	3.54	4.02	4.57	5.20	5.90
	2.0 but less than 2.5	2.82	3.21	3.65	4.14	4.71	5.35	6.08
	1.5 but less than 2.0	2.90	3.30	3.75	4.26	4.84	5.50	6.25
	1.0 but less than 1.5	2.98	3.39	3.85	4.38	4.98	5.65	6.43
	0.5 but less than 1.0	3.06	3.48	3.96	4.50	5.11	5.81	6.60
	0.0 but less than 0.5	3.14	3.57	4.06	4.61	5.24	5.96	6.77
	Negative Percentage							
	0.0 but less than 1.0	4.22	4.79	5.45	6.19	7.03	7.99	9.08
	1.0 but less than 3.0	4.58	5.21	5.92	6.72	7.64	8.68	9.86
	3.0 but less than 5.0	4.95	5.63	6.39	7.27	8.26	9.38	10.66
	5.0 but less than 7.0	5.32	6.04	6.86	7.80	8.86	10.07	11.44
	7.0 but less than 9.0	5.68	6.46	7.34	8.34	9.48	10.77	12.23
	9.0 but less than 11.0	6.05	6.87	7.81	8.88	10.09	11.46	13.02
	11.0 but less than 13.0	6.42	7.29	8.29	9.42	10.70	12.16	13.81
	13.0 but less than 15.0	6.78	7.71	8.76	9.95	11.31	12.85	14.60
	15.0 but less than 17.0	7.15	8.13	9.24	10.49	11.93	13.55	15.39
	17.0 but less than 19.0	7.52	8.54	9.71	11.03	12.53	14.24	16.18
	19.0 but less than 21.0	7.88	8.96	10.18	11.57	13.15	14.94	16.97
	21.0 but less than 23.0	8.25	9.37	10.65	12.11	13.76	15.63	17.79
	23.0 or more	8.62	9.79	11.13	12.65	14.37	16.33	18.55

¹⁷ [Experience Rate Schedule](#)

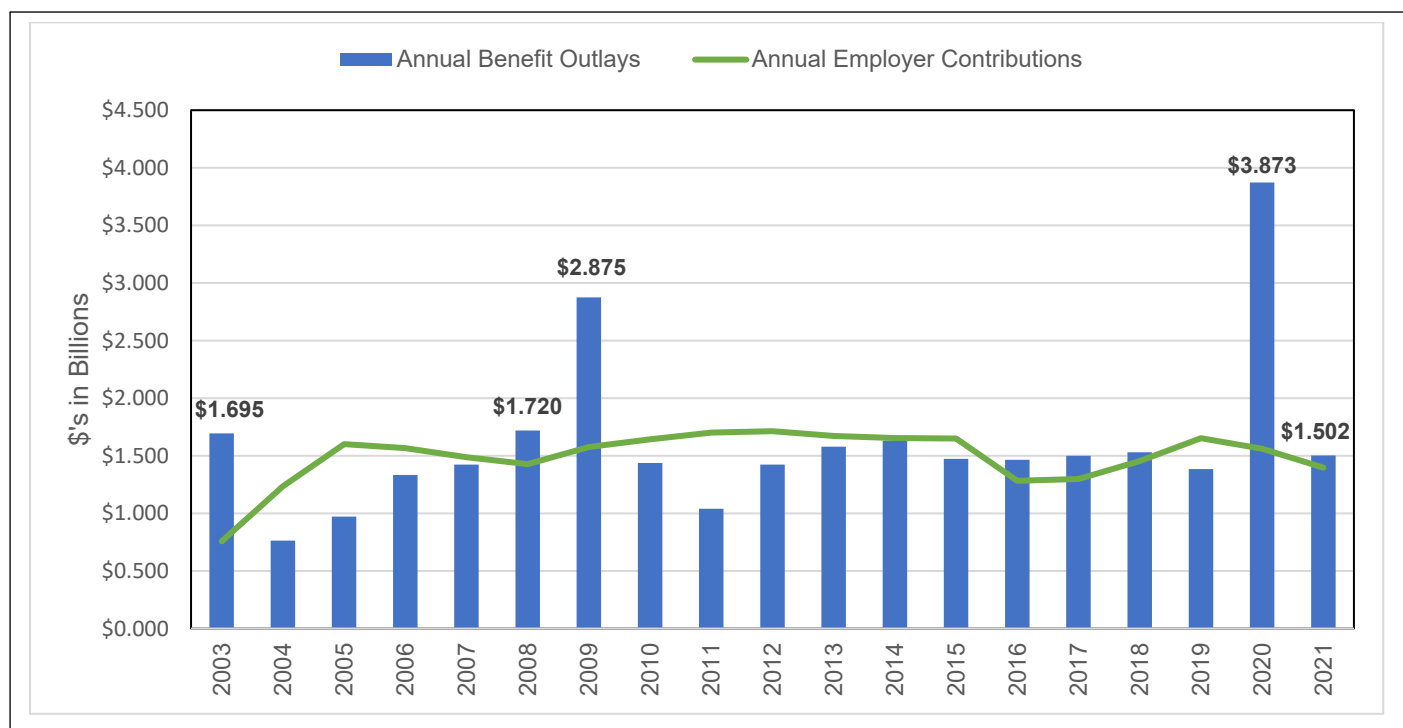
BENEFIT PAYMENTS

Overview

UI benefits provide temporary income protection during periods of unemployment and uncertainty for Massachusetts employees who are separated from employment through no fault of their own and are actively seeking new work. UI benefits are entirely funded through employer contributions and reimbursements.

Over the past 20 years, the Massachusetts UI program typically provided an average of \$1.612 billion in aggregate annual benefit payments for state UI benefits. During the recession of 2009-2010, annual benefit payments peaked at almost \$2.875 billion per year. In 2020, during the COVID-19 pandemic, DUA provided benefit payments of \$3.873 billion from state funds.

FIGURE 10
Historical UI Trust Fund Annual Benefit Outlays (2003-2021)



Source: TreasuryDirect/ DUA

Projections

To project future benefit payments, DUA begins with QCEW actuals for the period ending September 30, 2021. QCEW total private employment is projected forward by taking growth rates from the Moody's total nonagricultural employment series. DUA forecasts on wage and salary growth, unemployment rate, and size of the labor force for calendar years 2022 through 2026 are shown in FIGURES 1-3 on pages 6-7.

FIGURE 11 below shows amounts projected to be withdrawn from the UI Trust Fund for benefits from 2022 to 2026. Benefit payments for calendar 2022 are currently projected to be \$1.854 billion.

The projection for the Outlook Period shows decreases in benefit payments in 2023 relative to 2022 and increases in 2024–2026 relative to 2023 due primarily to average weekly wage growth and changes in the estimated unemployment rate.

For 2023, benefit payments are projected to be \$1.386 billion, which is \$468 million lower than the projections for 2022 outlays. This decrease is primarily driven by fewer unemployment claims and total weeks compensated generating fewer benefit payments.

FIGURE 11
Projected Annual Benefit Outlays (2002-2026)



FIGURE 12
Model Projections (2022-20226)

Category	2022	2023	2024	2025	2026
Balance Jan 1	2,853,502,104	\$ 3,319,366,731	\$ 2,807,636,125	\$ 2,709,794,028	\$ 2,325,039,725
Income (through Dec 31)	\$ 1,567,596,098	\$ 997,529,247	\$ 1,328,528,871	\$ 1,352,306,913	\$ 1,554,812,920
Trust Fund Interest	\$ 45,370,683	\$ 52,777,931	\$ 44,641,414	\$ 43,085,725	\$ 36,968,132
Covid Relief Assessment	\$ 75,000,000				
FUA Reimbursement					
Wait Week Reimbursement					
Inflows Subtotal	\$ 1,687,966,782	\$ 1,050,307,178	\$ 1,373,170,285	\$ 1,395,392,639	\$ 1,591,781,052
Outlays (through Dec 31)	\$ (1,854,102,155)	\$ (1,386,037,784)	\$ (1,471,012,382)	\$ (1,780,146,942)	\$ (2,003,855,090)
COVID Employer Credit	\$ (200,000,000)	\$ (176,000,000)			
Outflows Subtotal	\$ (2,054,102,155)	\$ (1,562,037,784)	\$ (1,471,012,382)	\$ (1,780,146,942)	\$ (2,003,855,090)
Balance Pre-Federal Advance	\$ 2,487,366,731	\$ 2,807,636,125	\$ 2,709,794,028	\$ 2,325,039,725	\$ 1,912,965,687
Federal UI Advances					
Supplemental Funding	\$ 500,000,000				
Bonding	\$ 2,600,000,000				
Federal Loan Repayment	\$ (2,268,000,000)				
Balance, Dec 31	\$ 3,319,366,731	\$ 2,807,636,125	\$ 2,709,794,028	\$ 2,325,039,725	\$ 1,912,965,687

Category	2022	2023	2024	2025	2026
Total Payroll	\$228,807,221,824	\$239,080,101,090	\$248,930,601,510	\$258,082,518,888	\$267,265,347,405
Taxable Payroll	\$ 39,516,783,351	\$ 40,305,160,991	\$ 40,598,325,396	\$ 40,727,745,018	\$ 40,824,043,517
Contributions as a % of Payroll	0.69%	0.42%	0.53%	0.52%	0.58%
Benefits as a % of Total Payroll	0.81%	0.58%	0.59%	0.69%	0.75%
Wage Base	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Schedule	E	A	C	C	D
Total Unemp Rate	3.80%	2.71%	2.75%	3.20%	3.47%
Average Contribution Rate	3.80%	2.37%	3.14%	3.19%	3.66%
Solvency Rate	1.68%	1.13%	0.78%	0.65%	0.72%
T.F. Bal as a % of Total Payroll	1.45%	1.17%	1.09%	0.90%	0.72%
AHCM*	0.831	0.673	0.623	0.516	0.410

UNEMPLOYMENT INSURANCE TRUST FUND SOLVENCY**Overview**

USDOL calculates the solvency level of a state's UI Trust Fund using the Average High-Cost Multiple (AHCM). This measure compares the current trust fund balance to a measure of potential future high benefit costs based on past high benefit cost experience. AHCM computations are based on the average benefit cost rate for the three highest years in the last twenty years or the last three recessions, whichever is higher.

States that meet the AHCM target are eligible for certain short-term federal borrowing programs under federal regulations. The AHCM measure is designed to encourage states to build sufficient reserves to finance an economic downturn similar to downturns in the past. The Massachusetts AHCM measures projected below are for the overall UI Trust Fund including both the private contributory and governmental accounts. The ratio of the average tax rate and the benefit costs rate over the previous five years must be at least 75 percent.

Projections

To project future UI Trust Fund solvency, DUA utilizes forecasts prepared by QCEW actuals for the period ending September 30, 2021. The QCEW total private employment is projected forward by taking growth rates from the Moody's total nonagricultural employment series. The forecasts on wage and salary growth, unemployment rate, and size of the labor force for calendar years 2022 through 2026 are shown in FIGURES 1-3 on pages 6-7.

As stated above, the preliminary quarter-ending balance of the Massachusetts UI Trust Fund as of March 31, 2022 (2022 1st Quarter), is \$2.636 billion. Additionally, as of March 31, 2022, Massachusetts had an outstanding FUA loan balance of \$1.768 billion.

For the 2022 1st Quarter, interest owed on the federal loans balance (representing amounts accrued from October 1, 2021 through March 31, 2022) totaled \$21.8 million. DUA projects interest payable through September 30, 2022 to be approximately \$35.9 million. This projection is subject to change.

DUA does not currently project any interest to be collected from employers through a surcharge and does not currently project any federal unemployment tax act (FUTA) employer credit reduction that will be applicable in calendar year 2022.

As described above, proceeds of the bond issuance of approximately \$800 million are expected to be deposited into the UI Trust Fund to enhance solvency, thus impacting the solvency calculations going forward.

ADDITIONAL INFORMATION

The Executive Office of Labor and Workforce Development publishes Monthly Reports on the status of the UI Trust Fund. The next Monthly Report will be published on or about May 15, 2022 with data for the calendar month beginning April 1, 2022 and ending April 30, 2022. EOLWD also publishes Quarterly Outlook Reports on the UI Trust Fund with updated five-year projections. The next Quarterly Outlook Report for the quarter beginning April 1, 2022 and ending June 30, 2022 with updated projections for the 2022-2026 Outlook Period will be published on or about August 15, 2022.

Additional information and past reports can be found at
<https://lmi.dua.eol.mass.gov/LMI/UnemploymentInsuranceTrustFund#>

Those seeking additional information regarding the UI Trust Fund can email economicresearch@mass.gov.