



# Unemployment Insurance Trust Fund Report

Trust Fund Update June 2022

## THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of May 31, 2022, the preliminary Massachusetts Unemployment Insurance Trust Fund ("UI Trust Fund") ending balance was \$2.89 billion. This was an increase from the UI Trust Fund ending balance as of April 30, 2022, which was \$2.589 billion.

There are \$181.01 million of remaining employer credits in the UI Trust Fund that are expected to be claimed as a credit against future payables and are therefore projected to reduce future contributions. These remaining employer credits reflect payments made by employers at unadjusted 2021 rates before the passage of Chapter 16 of the Acts of 2021, which was enacted on May 28, 2021 (Chapter 16). This legislation resolved the treatment of COVID-related Unemployment Insurance (UI) claims and created a downward rate adjustment effective during the 2021 assessment year while it was already underway. Employers who had made payments at the higher, unadjusted 2021 rates in effect before the legislative adjustment were credited with the difference between their actual payment and the new, adjusted rates. Employer 2022 payment obligations will be offset by any outstanding credits, which is expected to reduce net revenue in 2022 and future years. In addition to the credits created due to the aforementioned rate recalculation, credits can be created in an employer's account for other reasons during the normal course of business.

During the COVID-19 pandemic, Massachusetts borrowed a total of approximately \$2.27 billion under the Federal Advance program (FUA). The Department of Unemployment Assistance (DUA) repaid a \$500 million portion of the outstanding FUA loan on March 25, 2022. As of April 30, 2022, the remaining FUA loan balance was approximately \$1.77 billion. The FUA loan (\$2.27 billion) was interest-free through September 6, 2021 due to federal initiatives to support states during COVID-19. On September 30, 2021, the Commonwealth paid \$3.40 million in interest, representing amounts accrued from September 7, 2021 to September 30, 2021. From October 1, 2021 to May 31, 2022, interest accrued on the FUA loan totaled approximately \$26.50 million. Interest is payable each September 30<sup>th</sup>.

## 2022 ACTIVITY TO DATE

### ***Employer Contributions***

The preliminary employer contributions in May 2022 are \$378.25 million for a year-to-date total of \$624.14 million. May 2022 contributions were lower than the comparable month of May 2021, which were \$1.54 billion<sup>1</sup>. As described above, Chapter 16 was enacted in May 2021 and adjusted rates downward retroactively to the beginning of the 2021 assessment year. Actual April 2021 employer contributions, which were collected at the original higher rates, included over \$600 million of credits created by the mid-year rate adjustment. May 2022 employer contributions reflect the lower contribution rates currently in effect and were further reduced by some employers' use of credits against current payment obligations.

### ***Benefits and Claimants***

Year-to-date through May 31, 2022, DUA paid \$718.81 million in benefits for regular UI and federal pandemic programs to over 340 thousand claimants.

### ***COVID-19 Recovery Assessment***

Consistent with earlier reports, the portion of the COVID-19 Recovery Assessment for calendar year 2022 collected from January 1, 2022 through April 24, 2022, inclusive, which totals \$20.24 million, was credited to the UI Trust Fund. Beginning April 25, 2022, the COVID-19 Recovery Assessments collected by DUA will be credited to the Special Contribution

<sup>1</sup> Employer contributions in this monthly report are reported on an actual cash basis as of May 31, 2022. Amounts published herein may differ from amounts published on TreasuryDirect, due to timing differences.

Unemployment Compensation Trust Fund instead of the UI Trust Fund, pursuant to Chapter 9 of the Acts of 2021<sup>2</sup>. The Special Contribution Unemployment Compensation Trust Fund was created to facilitate the issuance of special obligation bonds issued to repay the FUA borrowing outlined above and restore the long-term solvency of the UI Trust Fund.

*The amounts in this report are preliminary, unaudited, and subject to change.*

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<sup>2</sup> Chapter 9 of the Acts of 2021 as amended (Chapter 9) authorized the issuance of special obligation bonds to repay the COVID-19 related FUA borrowing and restore solvency to the UI Trust Fund. Chapter 9 also authorized a new COVID-19 Recovery Assessment to implement a new COVID-19 related employer charge to pay for the debt service and other costs of the special obligation bonds. The COVID-19 Recovery Assessment and special obligation bonds are intended to reduce the short-term impact of COVID-related benefit costs on employer UI rates by spreading the recovery of COVID-related benefit costs over time. Like regular UI employer contributions, the COVID-19 Recovery Assessment applies to the employer's taxable wage base and is collected quarterly.