



## Quarterly Outlook– August 2023

### Introduction

#### 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). 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.

Additional information, including past reports, can be found at <https://mass.gov/uitrustfund>.

Those seeking further information regarding the UI Trust Fund can email [economicresearch@mass.gov](mailto:economicresearch@mass.gov).

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.

#### Summary

This *Outlook Report* provides the status of the UI Trust Fund and updated projections for the 2023 through 2027 outlook period.

As required by MGL Chapter 151A, Section 14F, DUA publishes an annual report and quarterly outlooks for the UI Trust Fund based on forecasts for total unemployment rate, annual wage and salary growth rate, and annual labor force. In addition to those statutory requirements, DUA also provides monthly updates on the status of the UI Trust Fund on the dashboard found at <https://mass.gov/uitrustfund>.

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 (2023-2027) are represented in Figure 3 through Figure 5. For purposes of the projection estimates contained in this Outlook Report, the Quarterly Census of Employment and Wages (QCEW) was the primary source for historical actual data on wages and salaries and size of the labor force. Local Area Unemployment Statistics (LAUS) were the primary source for official unemployment rates. DUA relied on Moody's Analytics (Moody's), forecasts dated August 2023 to inform this quarterly report. 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.

The outlook presented is for the regular UI program based on 2022 employer experience rates and claims activities through the 2nd quarter of 2023. Key findings on the year follow.

- Year-to-date employer contributions through June 30, 2023, are estimated to be approximately \$586.2 million with a 2023 projected year-end total estimated to be \$862.5 million.
- Year-to-date benefit payments through June 30, 2023, are approximately \$1.1 billion, with a 2023 projected year-end total estimated to be \$1.9 billion.
- The balance of the UI Trust Fund on June 30, 2023, was \$3.5 billion on a cash basis. The 2023 UI Trust Fund year-end balance is projected to be \$3 billion.

## Table of Contents

<a href="#">Introduction</a> .....	1
<a href="#">About the Massachusetts Unemployment Insurance Program</a> .....	1
<a href="#">Summary</a> .....	1
<a href="#">Projection of Balance and Solvency</a> .....	3
<a href="#">Economic Basis for Projections</a> .....	4
<a href="#">Summary of Projected Inflows</a> .....	7
<a href="#">Summary of Projected Outflows</a> .....	8
<a href="#">Appendix 1: Detailed Programmatic Background and Methodology</a> .....	9
<a href="#">Experience Rate Table</a> .....	9
<a href="#">Economic Projections Methodology</a> .....	11
<a href="#">Unemployment Insurance Definitions</a> .....	12
<a href="#">Appendix 2: Data Projections Tables</a> .....	14

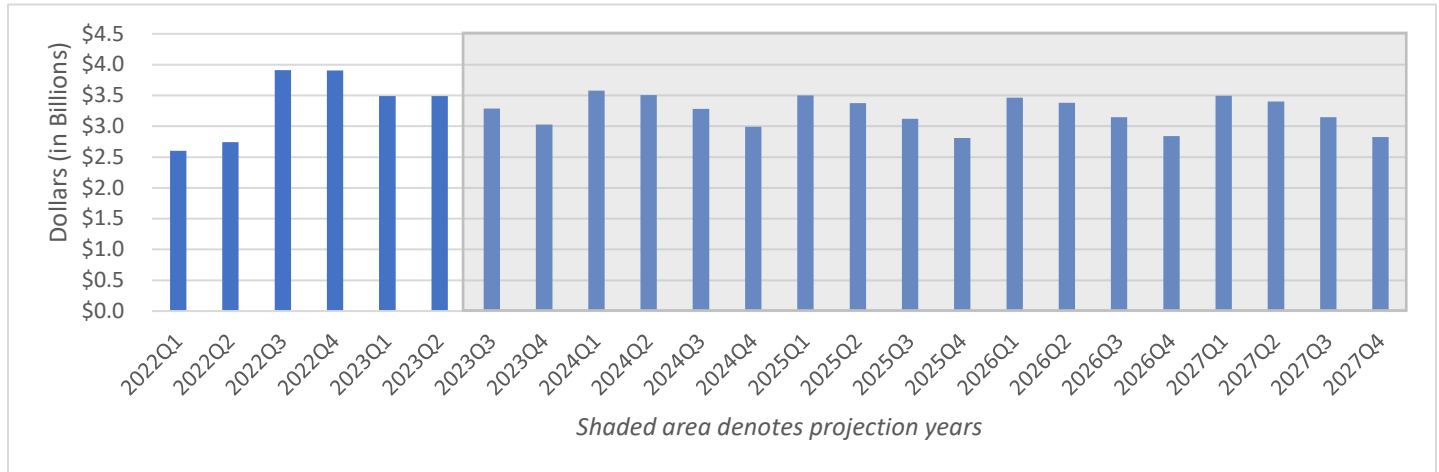
## Projection of Balance and Solvency

As of June 30, 2023, the month-end Massachusetts UI Trust Fund ending cash balance was \$3.5 billion. For an accessible version of the data in all charts, please see *Appendix 2: Data Projections Tables*.

### Projections

To project future UI Trust Fund solvency, DUA utilizes forecasts prepared using a model describe in Appendix 1. The model is based on QCEW actual wage and salary data for the period ending June 30, 2023. The QCEW total payrolls are projected forward by taking growth rates from the Moody’s wage and salary projections. The forecasts on UI Trust Fund ending balance by quarter are shown in Figure 1. The forecasts on wage and salary growth, unemployment rate, and size of the labor force for calendar years 2023 through 2027 are shown in Figure 3 through Figure 5.

**Figure 1: UITF Balance at End of Quarter, 2022-2027**



## Federal Advances, Bond Issuance, and the COVID-19 Recovery Assessment

The federal-state unemployment insurance system and the Massachusetts unemployment insurance program played a critical role in delivering economic relief to individuals and families experiencing economic hardship during the COVID-19 pandemic. From June 2020 to April 2021, the Commonwealth borrowed \$2.268 billion of Federal Advances to pay benefits. In March 2022, \$500 million of the borrowed amount was repaid from ARPA funds.

In August 2022, \$2.681 billion in special obligation bonds were issued pursuant to the UI Improvement Act (Chapter 9 of the Acts of 2021) and proceeds were used to (i) repay the outstanding Federal Advances as well as the accrued interest on such Federal Advances; (ii) fund a deposit to the UI Trust Fund in the amount of \$867.6 million to pay unemployment compensation benefits to qualifying persons in the Commonwealth; and (iii) pay bond issuance costs.

The UI Improvement Act provided that a COVID-19 Recovery Assessment will be charged to experience-rated, private contributory employers for each year the bonds are outstanding. For 2021 and 2022, the COVID-19 Recovery Assessment was set at \$150 million. For 2023 and until no bonds remain outstanding, the Commonwealth will assess employers a COVID-19 Recovery Assessment which must be at least 125% of the annual debt service on the bonds. The COVID-19 Assessment is in addition to the SUTA tax charged and is a fixed percentage of each employer's SUTA rate. The COVID-19 Recovery Assessment will be credited to a special contribution fund held by the bond trustee.

Based on assumptions used at the time of issuing the bonds, the projected COVID-19 annual assessment is as follows:

COVID-19 Annual Assessment (\$ Millions)					
Year	2023	2024	2025	2026	2027
Assessment	\$916	\$365	\$349	\$335	\$318
2023 assessment is scheduled. 2024-2027 are estimated and subject to change.					

## Economic Basis for Projections

Figure 2 shows the summary of the inflows and outflows to the UI Trust Fund, relevant performance statistics, and cost burden measures over the projection period. Multiple measures are considered in forming the projections (see *Appendix 1* for details). Key among those are wage and salary growth, unemployment rate, and the size of the civilian labor force. Charts outlining those estimates are below. For an accessible version of data in the charts below, please see *Appendix 2*.

- The rate of quarter-to-quarter wage and salary growth is expected to rise to 1.5% in 2023Q4 before settling around 1% by late 2024 and remaining at that approximate level for the rest of the forecast period. See Figure 3.
- The unemployment rate is expected to fall during the early part of the forecast, hitting its minimum of just under 3% in 2023Q3. Afterward, the unemployment rate is expected to rise slowly to 3.6% in early 2025 and remain at that level for the rest of the projection period. See Figure 4.
- The civilian labor force is expected to grow slowly but steadily over the projection period, starting from roughly 3.7 million in 2023Q2 and ending at nearly 3.8 million in 2027Q4. Total growth is estimated to be approximately 34,000 from the beginning to end of the projection period. See Figure 5.

**Figure 2: Model Projections (2023-2027)**

Dollars in thousands

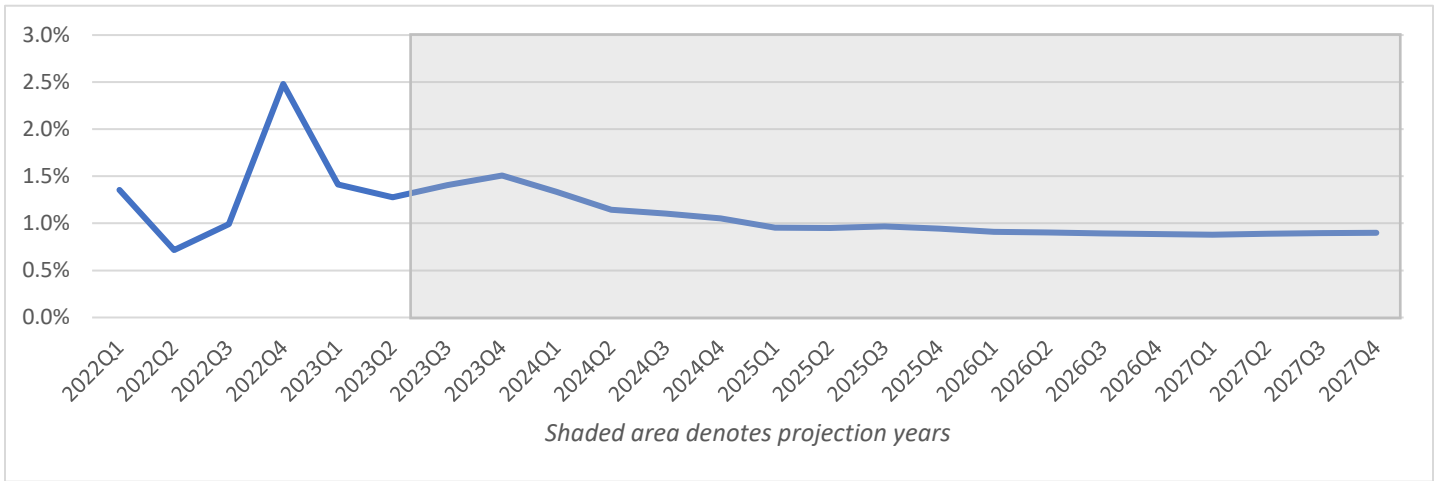
Category	2023	2024	2025	2026	2027
<b>Balance January 1</b>	<b>\$3,907,462</b>	<b>\$3,029,794</b>	<b>\$2,990,066</b>	<b>\$2,807,167</b>	<b>\$2,838,357</b>
Contributions	\$862,457	\$1,659,707	\$1,710,115	\$1,990,095	\$2,030,704
Trust Fund Interest	\$69,623	\$65,790	\$63,799	\$62,860	\$63,258
Other Inflows and Outflows <sup>^</sup>	\$62,379	\$0	\$0	\$0	\$0
<b>Inflows Subtotal</b>	<b>\$994,459</b>	<b>\$1,725,496</b>	<b>\$1,773,914</b>	<b>\$2,052,955</b>	<b>\$2,093,962</b>
Outlays	(\$1,872,127)	(\$1,765,224)	(\$1,956,813)	(\$2,021,765)	(\$2,108,707)
<b>Outflows Subtotal</b>	<b>(\$1,872,127)</b>	<b>(\$1,765,224)</b>	<b>(\$1,956,813)</b>	<b>(\$2,021,765)</b>	<b>(\$2,108,707)</b>
<b>Balance December 31</b>	<b>\$3,029,794</b>	<b>\$2,990,066</b>	<b>\$2,807,167</b>	<b>\$2,838,357</b>	<b>\$2,823,612</b>

Category	2023	2024	2025	2026	2027
<b>Total CY Payroll</b>	<b>\$286,264,879</b>	<b>\$301,310,519</b>	<b>\$313,582,361</b>	<b>\$325,290,103</b>	<b>\$337,013,244</b>
<b>Taxable CY Payroll</b>	<b>\$49,756,055</b>	<b>\$50,718,742</b>	<b>\$51,503,949</b>	<b>\$52,253,063</b>	<b>\$53,003,161</b>
<b>Total CY Contributions as a % of Total CY Payroll</b>	<b>0.30%</b>	<b>0.55%</b>	<b>0.55%</b>	<b>0.61%</b>	<b>0.60%</b>
<b>Total CY Benefits as a % of Total CY Payroll</b>	<b>0.65%</b>	<b>0.59%</b>	<b>0.62%</b>	<b>0.62%</b>	<b>0.63%</b>
<b>Wage Base</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
<b>Schedule*</b>	<b>A</b>	<b>C</b>	<b>C</b>	<b>D</b>	<b>D</b>
<b>Total Unemployment Rate*</b>	<b>3.07%</b>	<b>3.52%</b>	<b>3.58%</b>	<b>3.61%</b>	<b>3.63%</b>
<b>Average Contribution Rate*</b>	<b>2.37%</b>	<b>3.14%</b>	<b>3.19%</b>	<b>3.66%</b>	<b>3.68%</b>
<b>Solvency Rate*</b>	<b>0.53%</b>	<b>0.69%</b>	<b>0.69%</b>	<b>0.68%</b>	<b>0.70%</b>
<b>T.F. Bal as a % of Total Payroll*</b>	<b>1.06%</b>	<b>0.99%</b>	<b>0.90%</b>	<b>0.87%</b>	<b>0.84%</b>
<b>AHCM*</b>	<b>0.616</b>	<b>0.577</b>	<b>0.521</b>	<b>0.507</b>	<b>0.487</b>

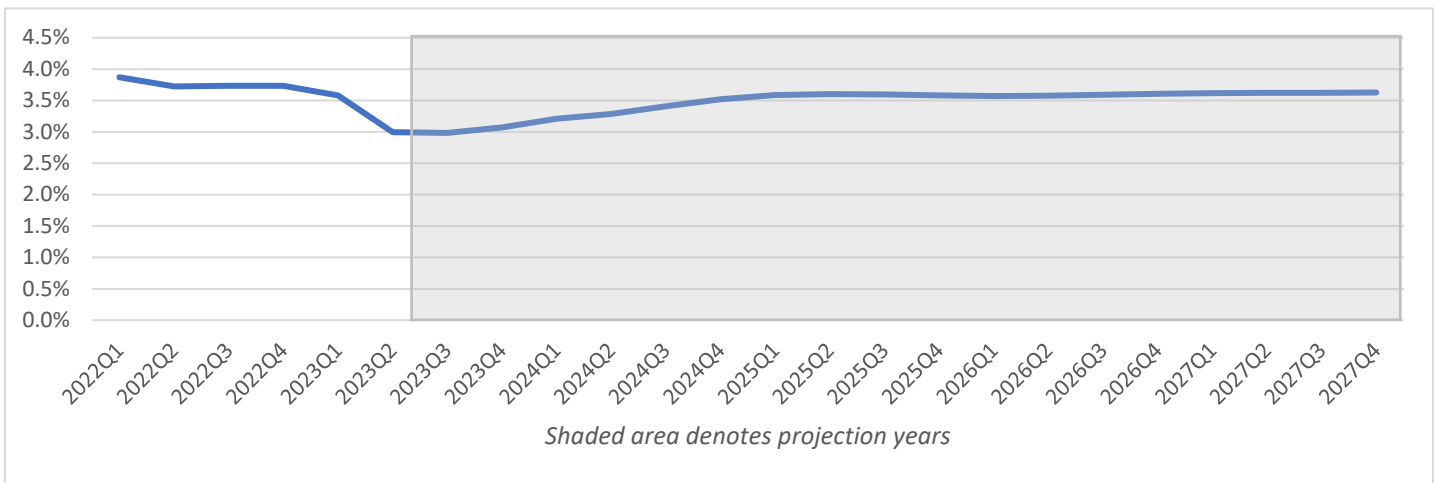
Note: Items marked with asterisk (\*) show the value in Q4 rather than an annual sum or average.

<sup>^</sup>: These amounts are those that are exogenous to the projection methodology. For example, in previous years it has included bond proceeds, employer reimbursements, and the like. In this case, the amount in 2023 is an adjustment to reconcile estimated values with the known balance at the end of Q1 and Q2 and largely represents contributions from government and reimbursable employers.

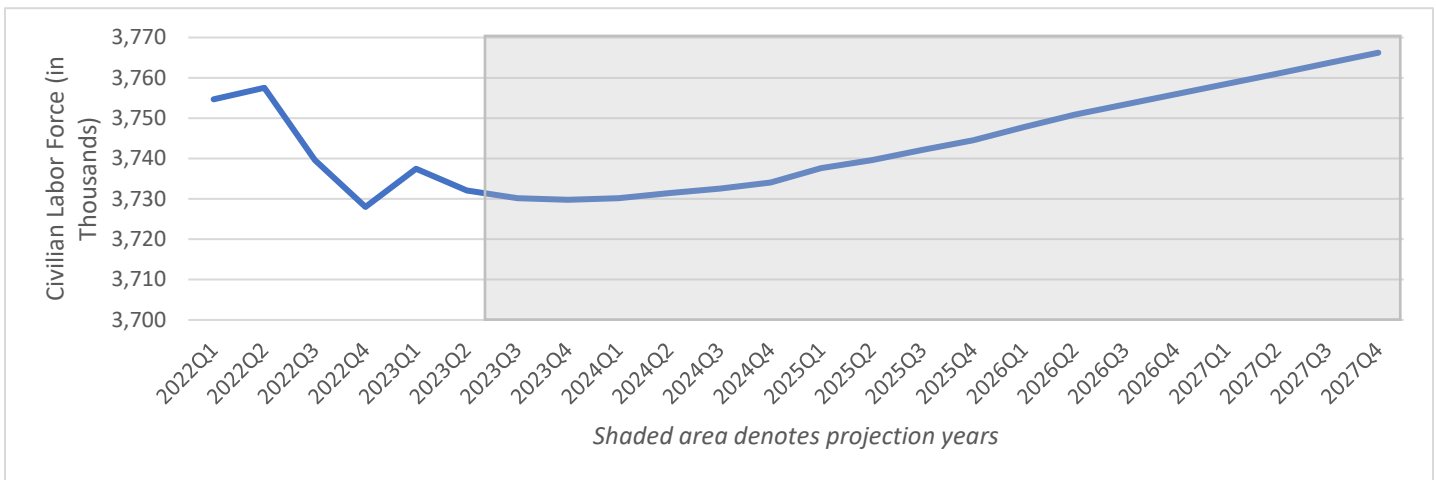
**Figure 3: Wage and Salary Growth Rate**



**Figure 4: Unemployment Rate**



**Figure 5: Civilian Labor Force**



## Summary of Projected Inflows

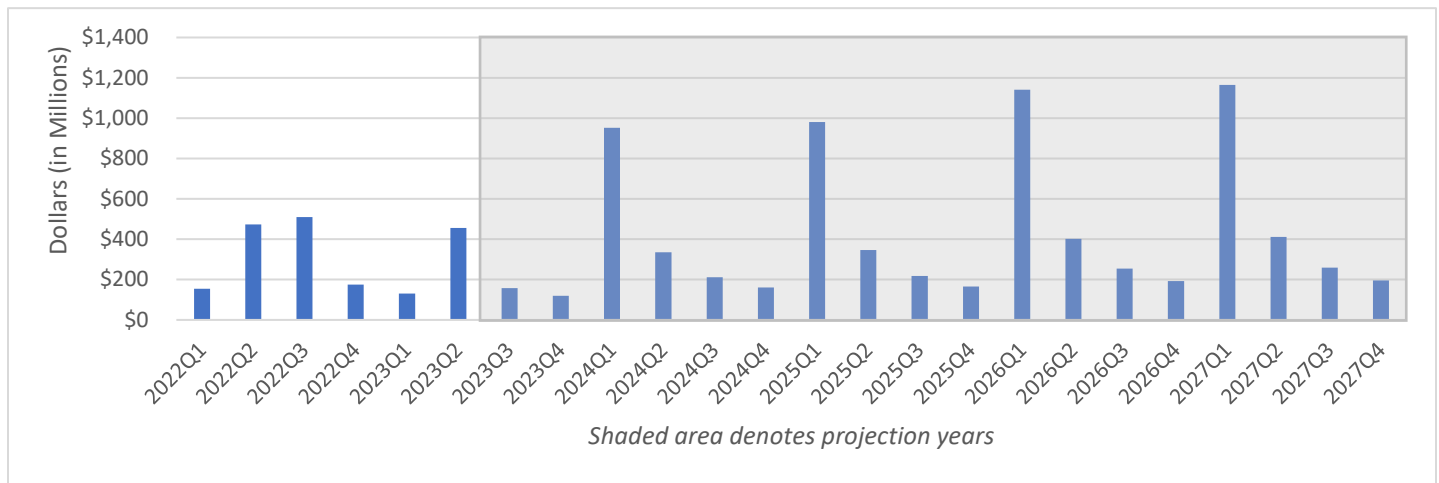
Private, for-profit employers are required under Chapter 151A to contribute to the UI Trust Fund if their business meets each of the following conditions:

1. They have employees working in Massachusetts 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 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). For accessible version of data in Figure 6 below, please see Appendix 2.

Year-to-date contributions through June 30, 2023, are estimated to be \$586.2 million.

**Figure 6: Summary of Inflows to UITF at the End of Quarter, 2022-2027<sup>1</sup>**



<sup>1</sup> 2022 1<sup>st</sup> quarter contributions reflect approximately \$200 million of employer credits. Legislation was enacted ([Chapter 16 of the Acts of 2021](#) (Chapter 16).) during 2021 to provide UI rate relief to employers. 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.

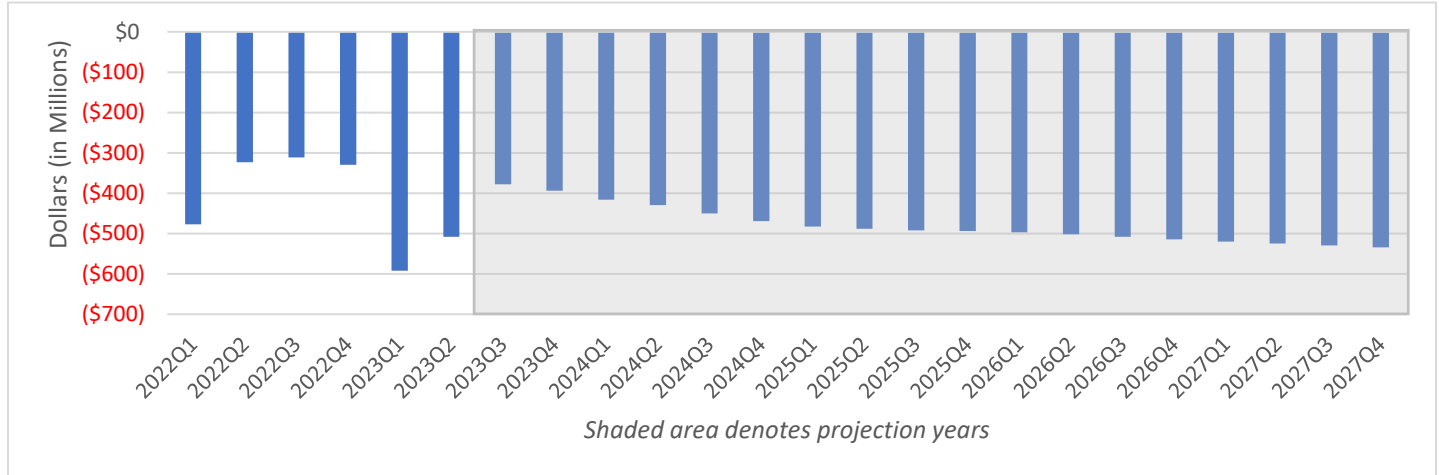
## Summary of Projected Outflows

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 work. UI benefits are paid from the UITF and funded through employer contributions.

The updated projections for the outlook period show total benefits outlays for 2023 increasing relative to 2022 likely due to the elimination of the dependency cap<sup>2</sup> in MGL 151A section 29 as of December 2022. A decline in outflows is projected through the remainder of 2023 due to a drop-in unemployment rate as shown in Figure 4. Outflows are projected to increase steadily between 2024 and 2027 as depicted in Figure 7 due to a projected increase in unemployment in that period. For an accessible version of data in Figure 7 below, please see Appendix 2.

Preliminary benefit payments were \$1.1 billion for year-to-date through June 30, 2023.

**Figure 7: Summary of Outflows from UITF at the End of Quarter, 2022-2027<sup>3</sup>**



<sup>2</sup> <https://malegislature.gov/Laws/SessionLaws/Acts/2020/Chapter81>

<sup>3</sup> Projected outflows of benefits are based on an actuarial methodology and subject to revision as more current information used to determine various assumptions become available.



## Appendix 1: Detailed programmatic background and methodology

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 [mass.gov/doc/the-employers-guide-to-unemployment-insurance-2/](https://mass.gov/doc/the-employers-guide-to-unemployment-insurance-2/).

### Experience Rate Table

Figure 8 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.<sup>4</sup> The calculated reserve percentage as of September 30, 2022, determined Schedule A would be in effect for 2023. Changes to the schedule would impact estimates within the model, including employer contributions and benefit outlays.

**Figure 8: Experience Rate Table**

		A	B	C	D	E	F	G	
		<b>UITF Reserve Percentage</b>							
<i>Minimum:</i>		1.65%	1.50%	1.20%	0.90%	0.60%	0.30%		
<i>Maximum:</i>			1.65	1.50	1.20	0.90	0.60	0.29%	
<b>Positive Percentage</b>									
<b>Employer Account Reserve Percentage</b>		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		

<sup>4</sup> Experience Rate Schedule: <https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXXI/Chapter151A/Section14>

		A	B	C	D	E	F	G
		UITF Reserve Percentage						
		<i>Minimum:</i>	1.65%	1.50%	1.20%	0.90%	0.60%	0.30%
<i>Maximum:</i>		1.65	1.50	1.20	0.90	0.60	0.29%	
	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
	<b>Negative Percentage</b>							
	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

### 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 30<sup>th</sup> 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. In connection with the Commonwealth's fiscal 2022 audit, the Executive Office of Labor and Workforce Development (EOLWD) undertook a reconciliation of federal funding received during fiscal years 2020 through 2023 with respect to expanded and enhanced unemployment insurance provided by the federal government for individuals impacted by the COVID-19 pandemic. In connection with other measures taken in response to COVID-19, the federal government enacted laws to provide such expanded and enhanced federal employment insurance and such federal programs were administered by the Commonwealth mainly through the Executive Office of Labor and Workforce Development (EOLWD). Such reconciliation identified \$2.491 billion drawn by the Commonwealth from federal funding sources in fiscal years 2020 through 2022 in error. The amount, if any, that may be due to the federal government as a result of such error, and the timing, method, and source of such reimbursement, if any, is currently unknown. The Commonwealth is engaged in discussions with the U.S. Department of Labor to resolve this matter. As a result of this reconciliation, the beginning balance of the Unemployment Compensation Trust Fund in the 2022 ACFR was restated and reduced to account for overdraws in fiscal 2020 and fiscal 2021.

### Sources

DUA makes economic projections using data sourced from Moody's, the Quarterly Census of Employment and Wages (QCEW),<sup>5</sup> Local Area Unemployment Statistics (LAUS),<sup>6</sup> the American Community Survey (ACS),<sup>7</sup> and the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).<sup>8</sup>

- DUA projected the dollar amount of contributions and benefits to Massachusetts' UI programs using Moody's most recent economic forecasts. See above for summary of 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.

---

<sup>5</sup> 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: U.S. Bureau of Labor Statistics.

<sup>6</sup> 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.

<sup>7</sup> 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.

<sup>8</sup> 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: U.S. Bureau of Labor Statistics.

- **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.

## Unemployment Insurance Definitions

### Average High-Cost Multiple (AHCM)

The ratio of the year-end trust fund balance as a percent of total wages divided by the Average High-Cost Rate.

### Average High-Cost Rate

The average of the three highest calendar benefit cost rates in the last 20 years (or a period including three recessions, if longer).

### Benefit Cost Rate

The benefit cost rates are private UI contributory employers' benefits paid (including the state's share of extended benefits when applicable) as a percent of their total wages.

### Benefits Paid

The unemployment insurance benefits paid to individuals funded through the state program. This includes all weeks compensated including partial payments.

### Civilian Labor Force

The estimated average number of Massachusetts residents who are either employed or unemployed in the week of the 12th for the three months of the quarter.

### Covered Employment

The number of employees covered by Unemployment Insurance reported to the state by employers. The number represents the count of all employees for the payroll period that includes the 12<sup>th</sup> of the month.

### Federal Advances

Advances acquired by the state under Title XII of the Social Security Act which allows states to use repayable advances from the federal UI account.

### Initial Claims

Any notice of unemployment filed by an individual (1) to request a new determination of entitlement to and eligibility for unemployment compensation or (2) to begin a second or subsequent period of eligibility within a benefit year or period of eligibility following an additional separation from employment.

### Insured Unemployment

Insured unemployment, also referred to as continued claims, is the number of people who have already filed an initial claim and who have experienced a week of unemployment and then filed a continued claim to claim benefits for that week of unemployment.

### Insured Unemployment Rate (IUR)

The rate computed by dividing Insured Unemployed for the current quarter by the average Covered Employment for the first four of the last six completed quarters.

## **Solvency Assessment**

The annual factor assessed to employer taxable payrolls to cover the net balance of charges and credits not directly assigned to individual employers.

## **Taxable Wages or Taxable Payroll**

Wages paid to covered employees that are subject to State Unemployment Insurance taxes. For Massachusetts, the first \$15,000 in wages per employee is covered by UI.

## **Taxable Wage Base**

For each State, the maximum amount of wages paid to an employee by an employer during a year in which their employment is subject to UI taxes. Wages above this amount are not subject to UI tax.

## **Total Unemployed**

The estimated average number of residents, 16 years of age or older, who do not have a job but are available for work and actively seeking work in the week of the 12th for the three months of the quarter. This includes individuals on layoff and waiting to report to a new job within 30 days.

## **Total Unemployment Rate (TUR)**

The rate computed by dividing Total Unemployed by the Civilian Labor Force.

## **Total Wages**

All wages or remuneration paid to workers on all payrolls covered by Unemployment Insurance.

## **Trust Fund Balance (TF)**

The balance in the individual state account in the Unemployment Trust Fund. Outlook estimates are for the private contributory account within the Trust Fund.

## **Reserve Ratio or Trust Fund Balance as % of Taxable Wages**

Year-end Trust Fund Balance as a percent of estimated taxable wages for the most recent 12 months; also referred to as the Reserve Ratio. Estimated wages are based on the latest growth rate in the 12-month moving average (MA).

## **Unemployment Trust Fund**

A fund established in the Treasury of United States which contains all monies deposited by state agencies to the credit of their unemployment fund accounts.

## **Weeks Claimed**

The number of weeks claimed for UI benefits, including weeks for which a waiting period or fixed disqualification period is being served. Interstate claims are counted in the state of residence.

## **Weeks Compensated**

The number of weeks claimed for which UI benefits are paid. Weeks compensated for partial unemployment are included. Interstate claims are counted in the paying state.

## Appendix 2: Data Projections Tables

Figure 1: UITF Balance at End of Quarter, 2023-2027

Date	Balance at the End of Quarter (\$M)
2022Q1	\$2,603
2022Q2	\$2,744
2022Q3	\$3,913
2022Q4	\$3,907
2023Q1	\$3,489
2023Q2	\$3,492
2023Q3	\$3,289
2023Q4	\$3,030
2024Q1	\$3,580
2024Q2	\$3,504
2024Q3	\$3,283
2024Q4	\$2,990
2025Q1	\$3,503
2025Q2	\$3,378
2025Q3	\$3,121
2025Q4	\$2,807
2026Q1	\$3,465
2026Q2	\$3,382
2026Q3	\$3,145
2026Q4	\$2,838
2027Q1	\$3,497
2027Q2	\$3,400
2027Q3	\$3,146
2027Q4	\$2,824

**Figure 2: Wage and Salary Growth Rate**

<b>Date</b>	<b>Wage and Salary Growth Rate (%)</b>
2022Q1	1.35%
2022Q2	0.72%
2022Q3	0.99%
2022Q4	2.48%
2023Q1	1.41%
2023Q2	1.28%
2023Q3	1.41%
2023Q4	1.51%
2024Q1	1.33%
2024Q2	1.15%
2024Q3	1.10%
2024Q4	1.05%
2025Q1	0.95%
2025Q2	0.95%
2025Q3	0.97%
2025Q4	0.94%
2026Q1	0.91%
2026Q2	0.90%
2026Q3	0.89%
2026Q4	0.88%
2027Q1	0.88%
2027Q2	0.89%
2027Q3	0.90%
2027Q4	0.90%

**Figure 3: Unemployment Rate**

<b>Date</b>	<b>Unemployment Rate (%)</b>
2022Q1	3.87%
2022Q2	3.72%
2022Q3	3.73%
2022Q4	3.73%
2023Q1	3.58%
2023Q2	2.99%
2023Q3	2.98%
2023Q4	3.07%
2024Q1	3.21%
2024Q2	3.28%
2024Q3	3.41%
2024Q4	3.52%
2025Q1	3.59%
2025Q2	3.60%
2025Q3	3.60%
2025Q4	3.58%
2026Q1	3.57%
2026Q2	3.58%
2026Q3	3.59%
2026Q4	3.61%
2027Q1	3.62%
2027Q2	3.62%
2027Q3	3.62%
2027Q4	3.63%



**Figure 4: Civilian Labor Force**

<b>Date</b>	<b>Civilian Labor Force (Thousands)</b>
2022Q1	3,755
2022Q2	3,758
2022Q3	3,740
2022Q4	3,728
2023Q1	3,737
2023Q2	3,732
2023Q3	3,730
2023Q4	3,730
2024Q1	3,730
2024Q2	3,731
2024Q3	3,733
2024Q4	3,734
2025Q1	3,738
2025Q2	3,740
2025Q3	3,742
2025Q4	3,745
2026Q1	3,748
2026Q2	3,751
2026Q3	3,753
2026Q4	3,756
2027Q1	3,759
2027Q2	3,761
2027Q3	3,764
2027Q4	3,766

**Figure 5: Summary of Inflows to UITF at the End of Quarter, 2023-2027**

<b>Date</b>	<b>Employer Contributions (\$M)</b>
2022Q1	\$154.5
2022Q2	\$473.5
2022Q3	\$509.8
2022Q4	\$175.3
2023Q1	\$130.3
2023Q2	\$455.9
2023Q3	\$157.4
2023Q4	\$118.8
2024Q1	\$951.6
2024Q2	\$335.8
2024Q3	\$212.2
2024Q4	\$160.2
2025Q1	\$980.5
2025Q2	\$346.0
2025Q3	\$218.6
2025Q4	\$165.0
2026Q1	\$1,141.0
2026Q2	\$402.6
2026Q3	\$254.4
2026Q4	\$192.0
2027Q1	\$1,164.3
2027Q2	\$410.9
2027Q3	\$259.6
2027Q4	\$196.0

**Figure 6: Summary of Outflows from UITF at the End of Quarter, 2022-2027<sup>9</sup>**

<b>Date</b>	<b>Benefits Payments (\$M)</b>
2022Q1	(\$477.3)
2022Q2	(\$323.5)
2022Q3	(\$311.1)
2022Q4	(\$329.5)
2023Q1	(\$592.4)
2023Q2	(\$507.9)
2023Q3	(\$377.9)
2023Q4	(\$393.9)
2024Q1	(\$416.1)
2024Q2	(\$429.9)
2024Q3	(\$450.3)
2024Q4	(\$469.0)
2025Q1	(\$482.7)
2025Q2	(\$488.2)
2025Q3	(\$491.9)
2025Q4	(\$494.0)
2026Q1	(\$497.2)
2026Q2	(\$502.0)
2026Q3	(\$508.1)
2026Q4	(\$514.5)
2027Q1	(\$520.1)
2027Q2	(\$525.0)
2027Q3	(\$529.4)
2027Q4	(\$534.3)

---

<sup>9</sup> Projected outflows of benefits are based on an actuarial methodology and subject to revision as more current information used to determine various assumptions become available.