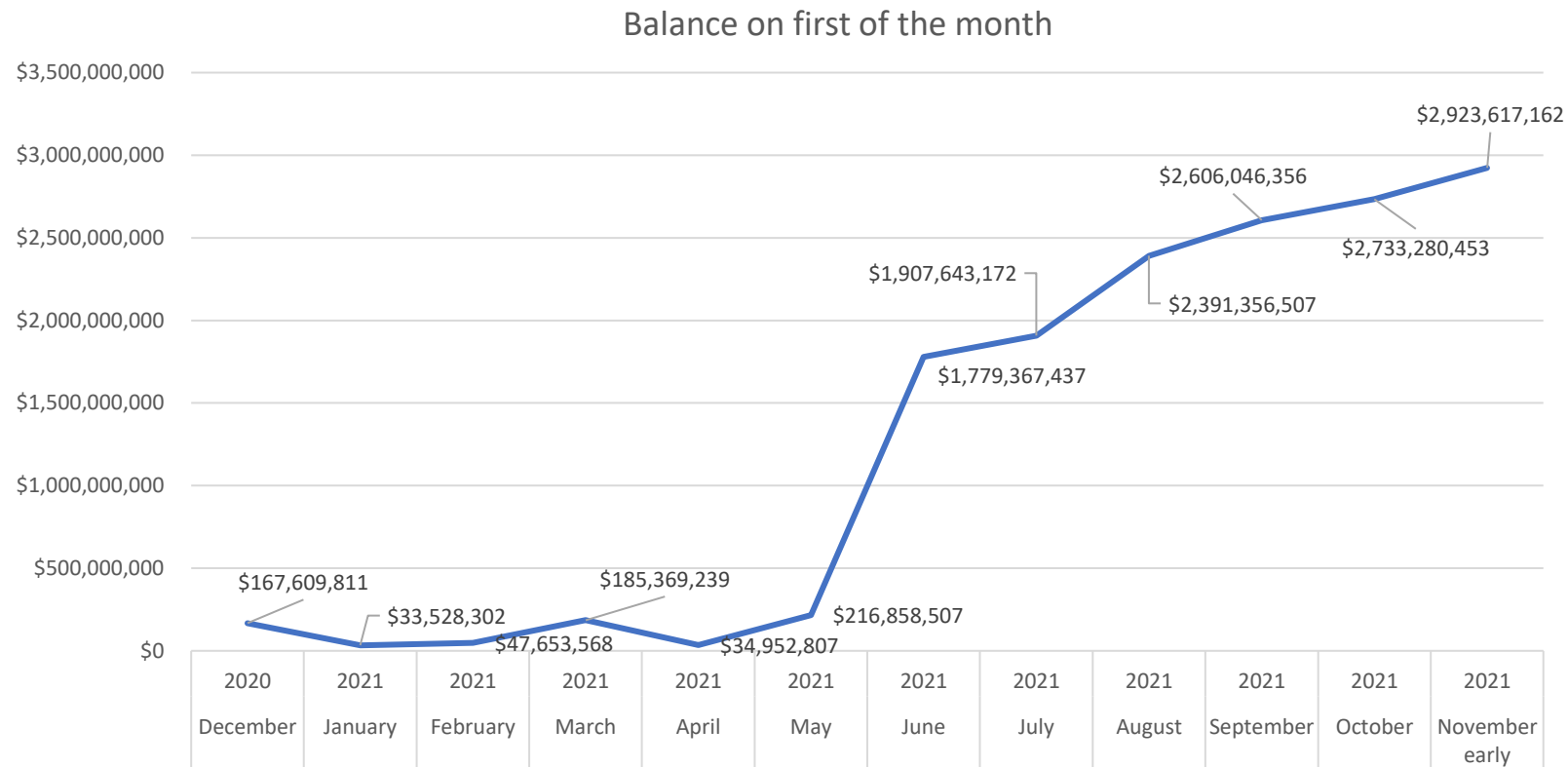


# Updates

Presentation by committee staff:

Matt Hartman, Emily Reynolds, Rob Cohen

# Federal data on UI Trust Fund



<https://www.treasurydirect.gov/govt/reports/tbp/account-statement/report.html>

See also: <https://taxfoundation.org/state-unemployment-trust-funds-2021/>

MA is the only state that owes federal debt with a positive balance trust fund.

# Status of federal debt

## Title XII Advance Activities Schedule

As of: November 8, 2021

Interest Rate: 2.27770000%

State	Outstanding Advance Balance	Advance Authorization Current Month	Gross Advance Draws Current Month	Interest Accrued for FY 2022	Interest Received for FY 2022	Net Interest Due by 9/30/2022
California	19,333,716,374.76	700,000,000.00	11,097,080.52	47,979,044.58	0.00	47,979,044.58
Colorado	1,014,167,918.51	200,000,000.00	0.00	2,468,185.87	0.00	2,468,185.87
Connecticut	532,241,928.33	100,000,000.00	0.00	1,333,469.95	0.00	1,333,469.95
Hawaii	0.00	65,000,000.00	0.00	19,584.53	18,455.52	1,129.01
Illinois	4,448,493,505.58	138,000,000.00	0.00	10,732,714.53	0.55	10,732,713.98
Massachusetts	2,268,015,459.63	0.00	0.00	5,519,681.27	0.00	5,519,681.27
Minnesota	1,027,134,598.06	175,000,000.00	15,454,786.00	2,731,577.17	35,056.40	2,696,520.77
New Jersey	336,071,056.61	300,000,000.00	64,341,000.00	1,179,370.44	1.17	1,179,369.27
New York*	8,993,370,029.76	700,000,000.00	24,048,182.34	22,374,959.68	0.00	25,757,053.97
Pennsylvania	680,449,693.84	300,000,000.00	43,782,859.44	2,048,749.88	0.00	2,048,749.88
Texas	5,726,384,362.47	220,000,000.00	46,524,034.43	14,368,502.21	4,895.40	14,363,606.81
Virgin Islands	95,663,394.51	0.00	0.00	233,793.40	235.02	233,558.38
West Virginia	0.00	0.00	0.00	0.00	0.00	0.00
Totals	44,455,708,322.06	2,898,000,000.00	205,247,942.73	110,989,633.51	58,644.06	114,313,083.74

Final federal advance treasury records is 4/21

The current law simulation estimates for 2021 through 2025 are displayed in Tables 3 and 4, below.

**Table 3: Unemployment Trust Fund Projections for the Private Contributory Account, 2021 - 2025**

(All \$ in Millions except Average Cost/Employee)

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Balance, January 1</b>	\$1,602	-\$2,368	-\$4,066	\$1,622	\$3,044	\$3,513
<b>Income</b>	\$1,577	\$2,037	\$2,030	\$2,674	\$1,666	\$1,633
Trust Fund Interest	\$13			\$21	\$32	\$36
Other Income**	\$367					
Bond Payment			\$6,000			
<b>Benefit Outlays</b>	\$5,927	\$3,735	\$2,342	\$1,273	\$1,229	\$1,311
Federal Loan Interests		\$6	\$122			
<b>Balance, December 31</b>	-\$2,368	-\$4,066	\$1,622	\$3,044	\$3,513	\$3,871
Schedule*	E	E	E	G	C	C
Average Cost/Employee	\$584	\$692	\$678	\$886	\$549	\$536

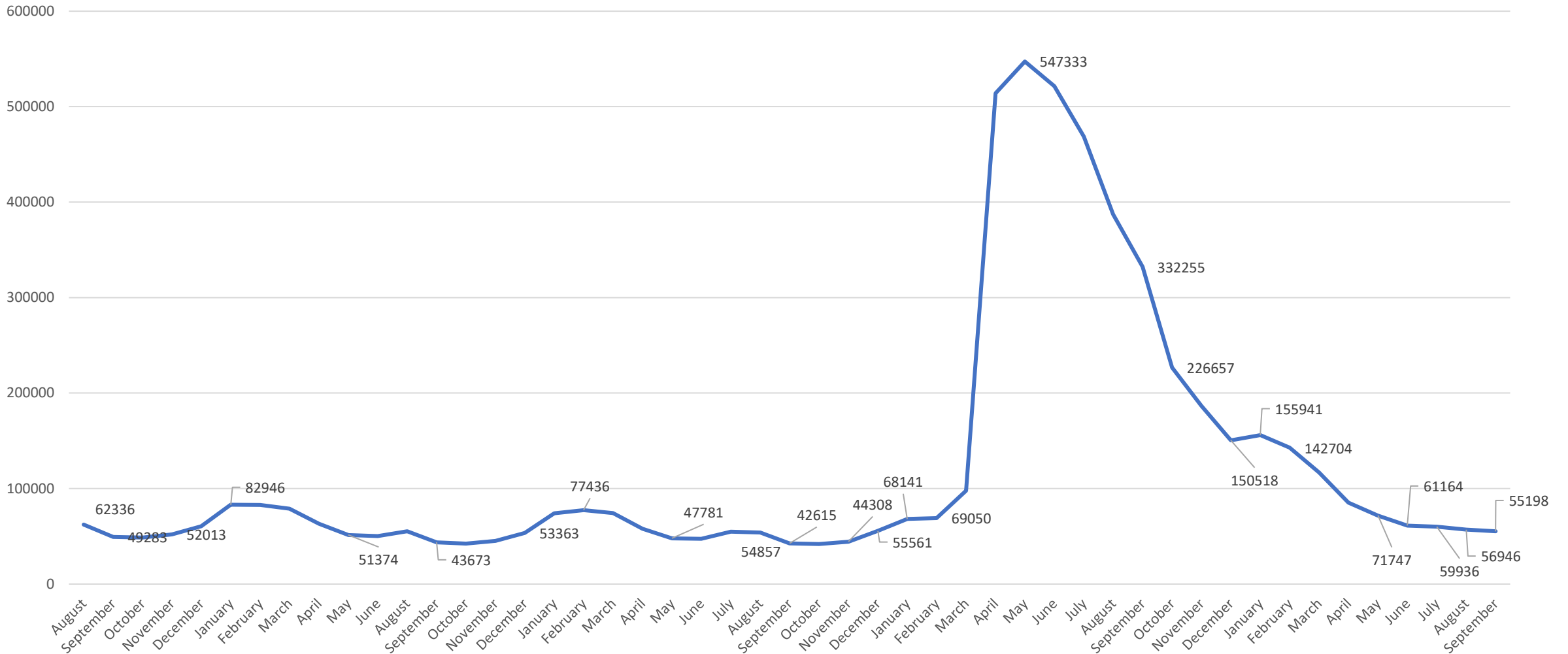
\*2020 to 2022 rate schedule set by Legislation. 2023 to 2025 rate schedule projected based on current statutory triggers calculated with previous average total wages. Taxable Wages at \$15,000

Source: Massachusetts Department of Unemployment Assistance UNIS-X model

\*\*Other Income: CARES Act Reimbursement.

*Figures may not add up due to rounding*

### Number of claimants/week 2017-2021



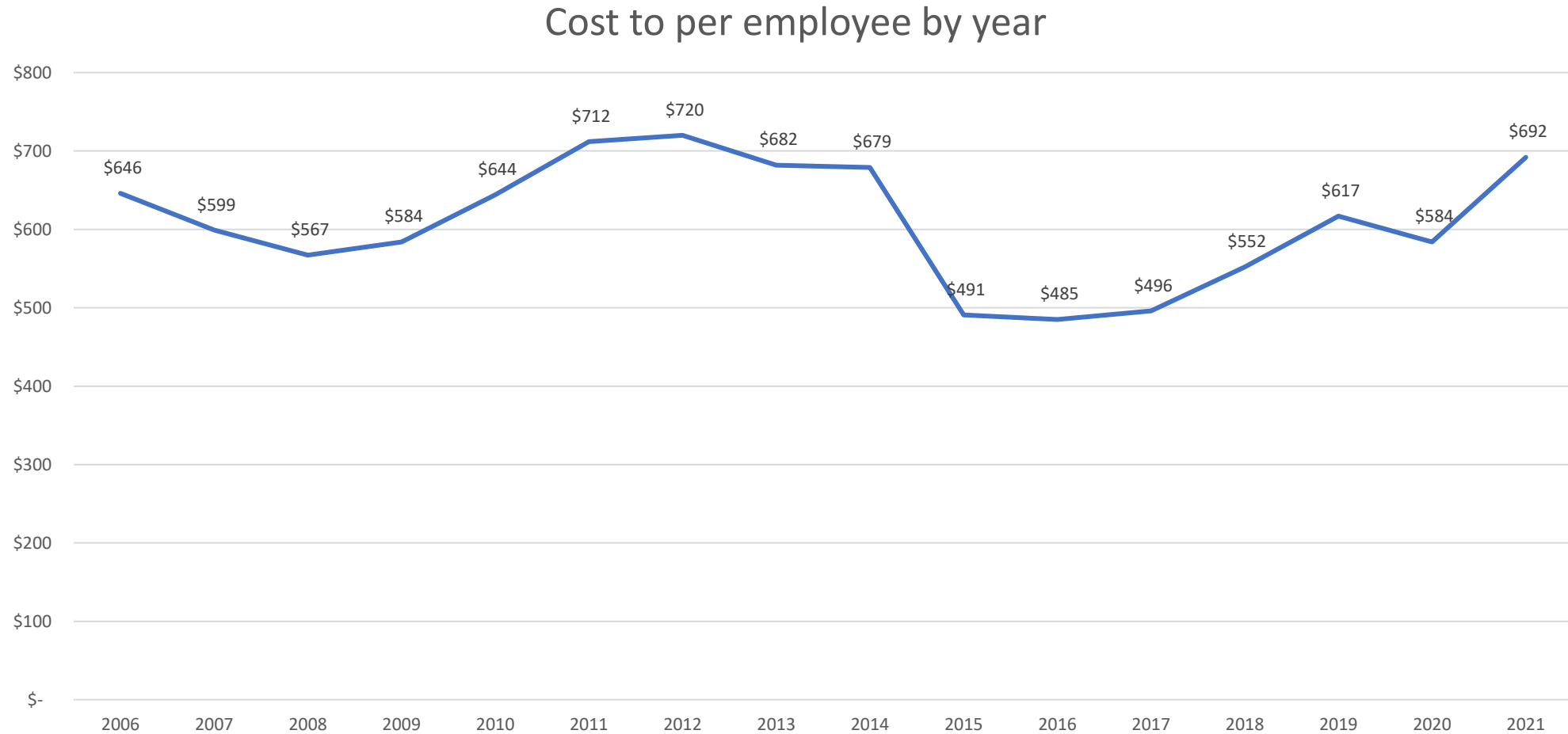
Winter high-cost month Feb. 2019: \$139.9M

Claimants: 77436

Current month comparison: August 2019- \$91.7M

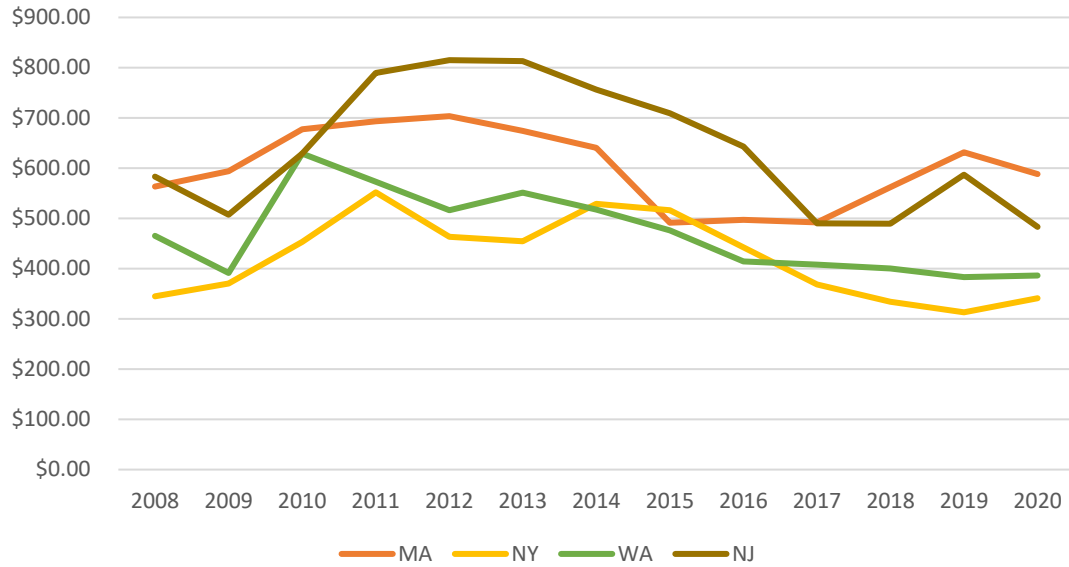
Claimants: 53847

# Cost per employee - Update

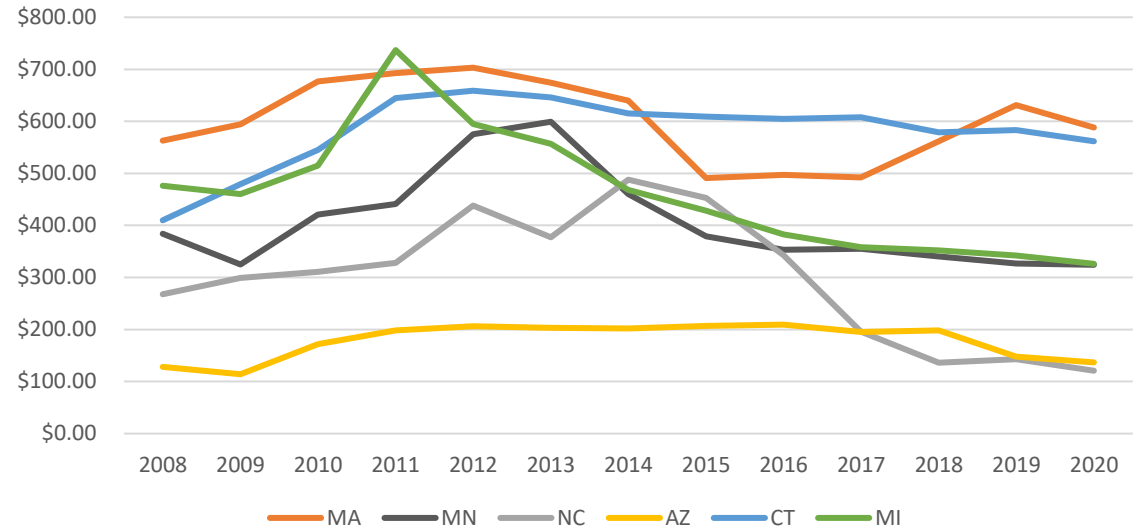


Source: MA State Trust fund reports

Cost per employee annually



Cos per employee annually



Cost per \$100 of wages and Regional Price Parity metric

MA	WA	MN	NJ	CT	MI	NC	AZ	NY
\$0.77	\$0.50	\$0.53	\$0.75	\$0.72	\$0.58	\$0.23	\$0.26	\$0.40
110.4	108.4	98	116	105	92.3	91.7	96.3	116.3

# Cross subsidization request

Positive Balance Employers Contributions/Benefits out	Negative Balance Employers Contributions/Benefits out
260%	71%

\*Based upon 2019 data from DUA



# Nonprofits and other Reimbursables

- 26 USC 3309 allows for government entities and other organizations exempt from income tax (nonprofits) that would otherwise be liable for contributions to unemployment to elect to pay "an amount equal to the amounts of compensation attributable under state laws to such service."
  - This payment in lieu of contributions may be done "for such minimum period and at such time as may be provided by state law"
- MGL c151A, sec14A(a) allows nonprofits and governmental employers to pay either through contributions or elect to pay the amount of benefits attributable to that employer

# Unemployment by Employer Size

COUNT_CATAGORY	Total Businesses in this bracket	Total business employees in bracket	Total Business Avg UI Rate	Total Contributory Non Profits in this bracket	Total Contributory Non-profit sector employees in bracket	Contributory Non-Profit Avg UI Rate	Total Reimbursable Non Profits in this bracket	Total Reimbursable Non-profit sector employees in bracket
0-49 Employees	201,887	1,129,013	3.077	5,004	34,543	2.776	1,118	10,311
50-74 Employees	3,455	209,090	3.721	115	7,033	2.951	87	5,368
75-99 Employees	1,772	152,114	3.721	61	5,270	3.051	64	5,538
100-149 Employees	1,831	223,471	3.646	74	8,829	3.025	109	13,550
150-249 Employees	1,427	272,382	3.519	44	8,534	2.975	130	24,551
250-499 Employees	1,021	354,967	3.427	23	7,986	3.347	121	42,031
500-999 Employees	512	351,912	3.353	5	3,527	3.066	92	63,403
1000+ Employees	423	1,248,362	2.774	2	2,639	3.765	103	369,640
Totals	212,328	3,941,311		5,328	78,361		1,824	534,392

Information provided by DUA

# Connecticut UI Reform

- HB6633, signed into law July 12, 2021
  - The provisions of the bill will not go into effect until 2024
- Taxable wage base will increase from \$15,000 to \$25,000 and be indexed
- The maximum weekly benefit amount will freeze for four years
- The experience rate table changes from 0.1%-10% to 0.5%-5.4%
  - This will still have 50 different experience ratings for employers to fall into based on the employer benefit ratio

# Connecticut UI Reform cont.

- Raise the minimum earnings for eligibility from \$600 to \$1,600, indexed
  - CT's average weekly wage is \$1,446, making eligibility 2.13% of the average annual salary
  - MA minimum earnings is currently \$5,400, and with an AWW of \$1,488, eligibility is 6.9% of the average annual salary
- Unemployment benefits will be deferred until severance pay is exhausted

# Effects of Requiring Two Quarters of Work for Eligibility

- Using 2019 claimant data, 34,000 claimants would have been deemed ineligible for UI
  - There were approximately 208,000 claimants, so about 16% of claimants would have been ineligible
- These claimants received \$201 million in benefits

This information was provided by the Department of Unemployment Assistance

# Voluntary Quit Data

Claimants with Voluntary Quit Issue Approved to Receive Benefits (2019)	All Claimants who Received a First Payment in 2019	Percentage of First Payments to Claimants who Quit for Good Cause
8,532	161,854	5.27%

2019 Voluntary Quit Data Provided By the Department of Unemployment Assistance, First Payment Data from US DOL Unemployment Insurance Data Quarterly Reports

# Effects of Adjusting Max Benefit Calculations

Computation Date	MA AWW	Max benefit (current 1 year lookback)	Max Benefit (Avg of prior two year AWW)	Max Benefit (Avg of prior three year AWW)
10/1/2021	\$1,694.24	\$974.00	\$914.83	\$884.29
10/1/2020	\$1,487.78	\$855.00	\$839.34	\$824.71
10/1/2019	\$1,431.66	\$823.00	\$809.33	\$796.01
10/1/2018	\$1,383.41	\$795.00	\$782.42	\$769.20
10/1/2017	\$1,338.05	\$769.00	\$756.06	\$744.87
10/1/2016	\$1,291.74	\$742.00	\$732.61	\$721.28

# Projections of Adjusted Max Benefit

Based on the median growth rate of the AWW from  
2001-2021 (3.49%)

Year	MA AWW	Current Max Benefit	Average of prior 2 year AWW	Average of prior 3 year AWW
2026	\$2,011.55	\$1,156.64	\$1,137.12	\$1,118.03
2025	\$1,943.63	\$1,117.59	\$1,098.72	\$1,080.28
2024	\$1,878.01	\$1,079.85	\$1,061.62	\$1,043.80
2023	\$1,814.60	\$1,043.39	\$1,025.78	\$1,008.58
2022	\$1,753.33	\$1,008.17	\$991.18	\$945.94



# Notes about Maximum Benefit Calculation

- 33 States adjust maximum benefits for inflation
- MA is middle of the pack, using 57.5% of AWW
- Only one state uses more than 12 months of data to calculate AWW – PA takes average of prior three years
- Solvency impact of slowing rise in maximum benefit may be limited
  - Few unemployed workers earn enough to receive the maximum – In 2021 a worker would have an average weekly wage of \$1710
  - On average, between 2015-2021 85% of unemployed workers have had an AWW of less than \$1,600