

Unemployment Insurance Trust Fund Report

Trust Fund Update March 2022

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of February 28, 2022, the preliminary Massachusetts Unemployment Insurance Trust Fund (“UI Trust Fund”) ending balance was \$2.74 billion.

The \$2.74 billion total balance includes \$374 million in employer credits. Employer credits reflect payments made by employers at unadjusted 2021 rates before the passage of Chapter 16 of the Acts of 2021, enacted on May 28, 2021. This legislation resolved the treatment of COVID-related Unemployment Insurance (UI) claims and created a downward rate adjustment. Employer 2022 payment obligations will be offset by any outstanding credits, which will correspondingly reduce net revenue in 2022.

During the pandemic, the Commonwealth elected to draw Title XII Advances from the federal government. Between June 2020 and April of 2021, Massachusetts borrowed approximately \$2.3 billion in outstanding loan obligations from the federal government under the Title XII Advance program. These loan amounts do not affect the UI Trust Fund balance but are liabilities of the Commonwealth’s UI system. The entire \$2.3 billion of borrowed funds were interest-free through September 6, 2021. From September 7, 2021, through February 28, 2022, interest owed on federal advances totaled approximately \$18.9 million.

The UI Trust Fund balance reflects several adjustments made in calendar year 2021 in coordination with the federal government. Taken together, these adjustments returned approximately \$678 million to the fund balance, as described in the [November Unemployment Insurance Trust Fund Report](#) dated December 31, 2021.

In late 2021, the Commonwealth identified an issue with respect to approximately \$318 million in benefit payments that were returned to the Commonwealth due to bank returns to the Benefit Payment Account, as described in the [November Unemployment Insurance Trust Fund Report](#) dated December 31, 2021. The Commonwealth engaged an independent consultant to assist in the review of these transactions and to recommend corrective actions. The review is still ongoing as of the date of this report. The reconciliation is expected to result in up to \$300 million to be repaid to the federal government.

The UI Trust Fund Balance reported as of February 28, 2022 does not reflect a \$500 million transfer of funds approved by the Legislature in Chapter 102 of the Acts of 2021, enacted on December 13, 2021. The Commonwealth expects to apply this \$500 million to reduce its outstanding Title XII Advance loan balance in Q1 of calendar year 2022.

2022 ACTIVITY TO DATE

February 2022 employer contributions of \$12.9 million are lower than the comparable month of February 2021, which was \$84.6 million. Included in the February 2022 employer contributions is \$380 thousand of COVID assessments collected through February 2022 month-to-date. The COVID-19 Recovery Assessment was established in May 2021 through legislation which included a new COVID-specific employer charge to begin to recover the charges to the COVID-19 Employer Relief Account. The COVID-19 Recovery Assessment is intended to reduce the impact of COVID-related charges to employers’ UI rates by recovering these costs over time.

In calendar year 2021, DUA paid \$12.2 billion in benefits to over 1.7 million claimants. Year-to-date through February 28, 2022, DUA paid \$305.2 million in benefits to over 74 thousand claimants.

DUA will release an updated report on the status of the UI Trust Fund on April 15, 2022.

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