



Unemployment Insurance Trust Fund Report

Outlook Report November 2015

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of October 31, 2015 the Massachusetts Unemployment Insurance Trust Fund ending balance was \$988 million. This balance is the sum of the private contributory account balance of \$878 million and the governmental contributory account balance of \$110 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2015

The private contributory account projections for 2015 are based on the following: (1) the 2015 distribution of employer experience rates; (2) the September 2015 Moody's Economy.com economic forecasts; and (3) unemployment insurance claims and payment activities through the end of the third quarter 2015. The projections remain as published in the October 2015 Outlook Report.

Beginning in 2015 private contributory employers have a new experience rating table and a \$15,000 taxable wage base. Rate schedule C was set by statute for employer contributions for 2015 to 2017 payrolls.

Employer contributions based on rate schedule C and a \$15,000 taxable wage base remain estimated at \$1.294 billion in 2015. Benefit payments remain projected at \$1.361 billion. The 2015 private contributory account year-end balance is estimated to be \$788 million. Under the current economic scenario, federal advances from the federal unemployment account will not be required in 2015.

2015 ACTIVITY TO DATE

October's employer contributions of \$65.4 million generated a year to date total of \$1.177 billion, \$479.4 million lower than 2014's first ten months' collections on a different tax table and \$85.3 million lower than projected. The difference was due to October 31 falling on a Saturday causing a share of employer contributions being received in early November.

Year to date benefit payments of \$1.150 million through October 2015 were \$131.8 million lower than those paid in the same time span in 2014. Through October, benefit payments are \$6.1 million lower than the projection.

Weeks compensated were 14.8 percent less and initial claims 10.7 percent fewer than last year's totals through the same time period.

September's ending balance plus October's employer contributions less benefit payments generated an October 31, 2015 private contributory account balance of \$878 million, \$79 million less than projected due to the lower than expected employer contributions credited in October. The 2015 year-end balance projection remains at \$788 million

2016 – 2019 PROJECTIONS

Projections for the private contributory account for the years 2016 to 2019 remain unchanged as published in the October 2015 Outlook Report.

As set by Legislation, employer contributions on 2016 payrolls will be on rate schedule C and a \$15,000 taxable wage base. Employer contributions remain estimated at \$1.253 billion. Benefit payments stay projected at \$1.409 billion. The private contributory account 2016 year-end balance is expected to be \$650 million.

As in the previous two years, rate schedule C and a \$15,000 taxable wage base is set for employer contributions in 2017 generating revenues of \$1.328 billion. Benefit payments remain projected at \$1.489 billion. The December 31, 2017 account balance stay estimated at \$502 million.

In 2018, tax rate schedule F is projected to trigger for employer contributions. Employer contributions are estimated to be \$1.932 billion and benefit payments projected at \$1.548 billion. By the end of 2018, the private contributory account balance is expected to be \$903 million.

Tax rate schedule F is again projected to trigger for employer contributions on 2019 payrolls. Employer contributions are projected to be \$1.867 billion and benefit payments estimated at \$1.608 billion. The year-end private contributory balance is projected at \$1.190 billion.