



Unemployment Insurance Trust Fund Report

Outlook Report March 2016

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of February 29, 2016 the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$798.2 million. This balance is the sum of the preliminary private contributory account balance of \$681.7 million and the governmental contributory account balance of \$116.5 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2016

The private contributory account projections for 2016 are based on the following: (1) the 2015 distribution of employer experience rates; (2) the January 2016 Moody's Economy.com economic forecasts; and (3) 2015 unemployment insurance claims and payment activities. The projections remain as published in the February 2016 Outlook Report.

Estimate for the private contributory account are based on a new experience rating table and a \$15,000 taxable wage base enacted in June 2014. In addition, the legislation also sets private employer contributions on rate schedule C for 2015 through 2017.

Employer contributions based on rate schedule C and a \$15,000 taxable wage base are estimated to be \$1.270 billion in 2016. Benefit payments are projected to be \$1.398 billion. The 2016 private contributory account year-end balance is estimated to be \$717 million. Under the current economic scenario, federal advances from the federal unemployment account will not be required in 2016.

2016 ACTIVITY TO DATE

February's employer contributions of \$76.7 million generated a year to date total of \$119.8 million, \$38.8 million or 24.5 percent less than the January through February 2015 collections but \$8.5 million or 7.1 percent higher than projected.

Year to date benefit payments of \$265.0 million through February 2016 were \$19.0 million or 6.7 percent lower

than those paid in the same two months in 2015. Through February, benefit payments are \$23.7 million or 8.9 percent lower than the projection. Weeks compensated through February were 14.1 percent less and initial claims were 4.3 percent lower than last year's first two months' total.

January's ending balance plus February's employer contributions less benefit payments generated a February 29, 2016 private contributory account balance of \$681.7 million, \$32 million higher than projected. The 2016 year-end balance projection stands at \$717 million.

2017 – 2020 PROJECTIONS

Projections for the private contributory account for the years 2017 to 2020 remain as published in the February 2016 Outlook Reports.

As set by Legislation, employer contributions on 2017 payrolls will be on rate schedule C. Employer contributions are estimated to be \$1.326 billion. Benefit payments are projected to be \$1.501 billion. The private contributory account 2017 year-end balance is expected to be \$557 million.

In 2018, tax rate schedule F is projected to trigger for employer contributions. Employer contributions are estimated to be \$1.956 billion and benefit payments projected at \$1.570 billion. By the end of 2018, the private contributory account balance is expected to be \$960 million.

Tax rate schedule F is again projected to trigger for employer contributions on 2019 payrolls. Employer contributions are projected to be \$1.905 billion and benefit payments estimated at \$1.609 billion. The year-end private contributory balance is projected at \$1.284 billion.

For 2020, tax rate schedule E is projected to trigger for employer contributions. Contributions are estimated to be \$1.628 billion with benefit payments projected at \$1.681 billion. Year-end private contributory balance is estimated at \$1.263 billion.

Under the current economic assumptions the projections indicate that no borrowing from the federal unemployment account will be required through the 2020 outlook period.