



# Unemployment Insurance Trust Fund Report

## Outlook Report June 2016

### THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of May 31, 2016 the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.133 billion. This balance is the sum of the preliminary private contributory account balance of \$1.019 billion and the governmental contributory account balance of \$114 million.

### THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2016

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

Estimates for the private contributory account are based on experience rating schedule C and a \$15,000 taxable wage base.

Employer contributions remain estimated at \$1.310 billion in 2016. Benefit payments remain projected at \$1.359 billion. The 2016 private contributory account year-end balance stays estimated at \$798 million. Under the current economic scenario, federal advances from the federal unemployment account will not be required in 2016.

### 2016 ACTIVITY TO DATE

May's preliminary employer contributions of \$508 million generated a year-to-date total of \$827.2 million, \$2.3 million lower than 2015's January to May collection but \$13.3 million higher than projected.

Year to date preliminary benefit payments of \$638.5 million were \$29.1 million lower than those paid in the same time period in 2015 and \$14.6 million lower than the projection. Initial claims and weeks compensated through the first five months were 0.8 percent and 11.6 percent less than last year's same months total.

April's ending balance plus May's preliminary employer contributions less benefit payments generated a May 31, 2016 private contributory account balance of \$1.019 billion, \$27.9 million higher than projected. The 2016 year-end balance projection remains at \$798 million.

### 2017 – 2020 PROJECTIONS

Projections for the private contributory account for the years 2017 to 2020, published in the May 2016 Outlook Report, remain unchanged.

As set by Legislation, employer contributions on 2017 payrolls will be on rate schedule C and a \$15,000 taxable wage base. Projections for employer contributions and benefit payments remain unchanged at \$1.229 billion and \$1.435 billion, respectively. The private contributory account 2017 year-end balance is expected to be \$609 million.

In 2018, tax rate schedule F is projected to trigger for employer contributions and a \$15,000 taxable wage base. Employer contributions are estimated at \$1.793 billion and benefit payments remain projected at \$1.505 billion. By the end of 2018, the private contributory account balance is expected to be \$915 million.

Tax rate schedule F is again projected to trigger for employer contributions on 2019 payrolls. Employer contributions with a \$15,000 taxable wage base hold steady at \$1.793 billion and benefit payments remain at \$1.601 billion. The year-end private contributory balance is projected at \$1.133 billion.

For 2020, tax rate schedule E is projected to trigger for employer contributions with a \$15,000 taxable wage base. Contributions are estimated to be \$1.556 billion with benefit payments projected at \$1.684 billion. Year-end private contributory balance is estimated at \$1.032 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.