

# Unemployment Insurance Trust Fund Report

Outlook Report November 2017

## THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of October 31, 2017, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.132 billion. This balance is the sum of the preliminary private contributory account balance of \$1.020 billion and the governmental contributory account balance of \$112 million.

## THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2017

The private contributory account projections for 2017 are based on the following: (1) the 2017 distribution of employer experience rates; (2) the September 2017 Moody's Economy.com economic forecasts; and (3) unemployment insurance claims and payment activities through third quarter 2017. The projections remain as published in the October 2017 Outlook Report.

Employer contributions on contribution rate schedule C and a \$15,000 taxable wage base remain estimated at \$1.362 billion in 2017. Benefit payments stay projected at \$1.380 billion. The 2017 private contributory account year-end balance is estimated to be \$839 million.

## 2017 ACTIVITY TO DATE

October's preliminary employer contributions of \$162.5 million generated a year-to-date total of \$1.329 billion, \$54.9 million or 4.3 percent more than the January through October 2016 collections but were in-line with the projection.

Through October, preliminary benefit payments of \$1.160 billion were \$57.8 million or 5.2 percent higher than those paid in the same time span in 2016 and just \$1.7 million or 0.1 percent more than the projection. Year-to-date initial claims were 3.1 percent less and continued weeks claimed were 4.1 percent lower as compared to last year's first ten months total.

The September ending balance plus October's preliminary employer contributions less preliminary benefit payments generated an October 31, 2017 private contributory account balance of \$1.020 billion, \$1.4 million less than the projection. The 2017 year-end balance projection remains at \$839 million.

## 2018 – 2021 PROJECTIONS

Projections for the private contributory account for the years 2018 to 2021 remain as published in the October 2017 Outlook Report. Chapter 63 of the Acts of 2017, enacted in August, sets private contributory employer rate schedule D for 2018 and rate schedule E for 2019 for employer contributions. Taxable wage base stayed set at \$15,000.

In 2018, employer contributions, as set by statute on contribution rate schedule D, remain estimated at \$1.515 billion and benefit payments projected at \$1.548 billion. By the end of 2018, the private contributory account balance is expected to be \$825 million.

Tax rate schedule E as enacted for 2019 employer payrolls will generate employer contributions projected at \$1.712 billion and benefit payments remain estimated at \$1.532 billion. The year-end private contributory balance remain projected at \$1.027 billion.

For 2020, tax rate schedule F is projected to trigger for employer contributions. Contributions stay estimated at \$1.861 billion with benefit payments still projected at \$1.686 billion. Year-end private contributory balance remain estimated at \$1.229 billion.

In 2021, tax rate schedule E is projected to trigger for employer payrolls and generate \$1.613 billion in contributions. Benefit payments are expected to be \$1.751 billion and a year-end private contributory fund balance at \$1.119 billion.

Under the current economic assumptions the projections indicate that no borrowing from the federal unemployment account will be required through the 2021 outlook period.