

Unemployment Insurance Trust Fund Report

Outlook Report September 2018

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of August 31, 2018, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.346 billion. This balance is the sum of the preliminary private contributory account balance of \$1.227 billion and the governmental contributory account balance of \$119 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2018

The private contributory account projections for 2018 are based on the following: (1) the 2018 distribution of employer experience rates; (2) the July 2018 Moody's Analytics Data Services economic forecasts; and (3) unemployment insurance claims and payments activities through second quarter 2018. The projections remain as published in the August 2018 Outlook Report.

As set by statute, employer contributions on tax rate schedule D and a \$15,000 taxable wage base remain estimated at \$1.549 billion in 2018. Benefit payments stay projected at \$1.362 billion. The 2018 private contributory year-end balance is estimated to be \$1.072 billion. Under the current economic scenario, federal advances from the federal unemployment account will not be necessary.

2018 ACTIVITY TO DATE

August's preliminary employer contributions of \$41.2 million generated a year-to-date total of \$1.310 billion, \$146 million more than the 2017 first eight months collections of \$1.164 billion on a lower tax rate schedule. Year-to-date employer contributions were \$22 million or 1.7 percent lower than the projection of \$1.332 billion as taxable payrolls in the second quarter were less than expected.

Through August 2018, preliminary total benefit payments of \$953.8 million were \$41.2 million less than those paid in the same time span of 2017 but just \$4.2 million or 0.4 percent less than the projection. Year-to-date initial claims and weeks compensated were 6.2 percent and 3.5 percent lower, respectively, as compared to last year's first eight months total.

The July ending balance plus the August preliminary employer contributions less benefit payments generated an August 31, 2018 preliminary private contributory account balance of \$1.227 billion, \$17 million lower than the latest projection of \$1.244 billion. The 2018 year-end balance projection remains at \$1.072 billion.

2019 – 2022 PROJECTIONS

Projections for the private contributory account for the years 2019 to 2022 remain as published in the August 2018 Outlook Report. Taxable wage base remains set at \$15,000.

For 2019, employer contributions are on tax rate schedule E. Employer contributions remain estimated at \$1.735 billion and benefit payments projected at \$1.494 billion. By the end of 2019, the private contributory account balance is expected to be \$1.342 billion.

Tax rate schedule E is projected to trigger for employer contributions on 2020 payrolls. Employer contributions remain projected at \$1.694 billion and benefit payments are estimated at \$1.802 billion. The year-end private contributory balance remain projected at \$1.266 billion.

For 2021, tax rate schedule E is projected to trigger for employer contributions. Contributions are estimated to be \$1.685 billion with benefit payments projected at \$2.081 billion. Year-end private contributory balance stays estimated at \$897 million.

In 2022, tax rate schedule F is projected to trigger for employer payrolls and generate \$1.994 billion in contributions. Benefit payments are expected to be \$2.162 billion and a year-end private contributory fund balance at \$749 million.

Under the current economic assumptions the projections indicate that no borrowing from the federal unemployment account will be required through the 2022 outlook period.