

# Unemployment Insurance Trust Fund Report

Outlook Report December 2018

## THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of November 30, 2018, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.313 billion. This balance is the sum of the preliminary private contributory account balance of \$1.190 billion and the governmental contributory account balance of \$123 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 September 2018 Moody's Analytics Data Services economic forecasts; and (3) unemployment insurance claims and payments activities through third quarter 2018. The projections remain as published in the October and November 2018 Outlook Reports.

As set by statute, employer contributions on rate schedule D and a \$15,000 taxable wage base remain estimated at \$1.526 billion in 2018. Benefit payments stay projected at \$1.347 billion. The 2018 private contributory year-end balance is estimated to be \$1.064 billion.

## 2018 ACTIVITY TO DATE

November's preliminary employer contributions of \$22 million generated a year-to-date total of \$1.521 billion, \$169 million more than the 2017 first eleven months collections of \$1.352 billion on a lower rate schedule. Year-to-date employer contributions at just \$1 million or 0.1 percent higher are in-line with the projection of \$1.520 billion first released in the October Outlook Report.

Through November 2018, preliminary total benefit payments of \$1.209 billion were \$41 million less than those paid in the same time span of 2017 and \$13.6 million or 1.1 percent less than the projection. Year-to-date initial claims and weeks compensated were 6.3 percent and 3.9 percent lower, respectively, as compared to last year's same months total.

The October ending balance plus the November preliminary employer contributions less benefit payments generated a November 30, 2018 preliminary private contributory account

balance of \$1.190 billion, \$14 million more than the latest projection of \$1.176 billion. The difference was due to slightly lower than expected benefit payments. The 2018 year-end balance projection remains at \$1.064 billion.

## 2019 – 2022 PROJECTIONS

Projections for the private contributory account for the years 2019 to 2022 remain as published in the October and November 2018 Outlook Reports. The taxable wage base remains set at \$15,000.

For 2019, employer contributions are set by statute on rate schedule E. Employer contributions remain estimated at \$1.753 billion and benefit payments projected at \$1.518 billion. By the end of 2019, the private contributory account balance is expected to be \$1.327 billion.

Rate schedule E is projected to trigger for employer contributions on 2020 payrolls. Employer contributions remain projected at \$1.707 billion and benefit payments are estimated at \$1.798 billion. The year-end private contributory balance remain projected at \$1.268 billion.

For 2021, rate schedule E is projected to trigger for employer contributions. Contributions are estimated to be \$1.710 billion with benefit payments projected at \$2.118 billion. Year-end private contributory balance stays estimated at \$887 million.

In 2022, rate schedule F is projected to trigger for employer payrolls and generate \$2.022 billion in contributions. Benefit payments are expected to be \$2.198 billion and a year-end private contributory fund balance at \$730 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.