



Unemployment Insurance Trust Fund Report

Outlook Report November 2016

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of October 31, 2016 the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.127 billion. This balance is the sum of the preliminary private contributory account balance of \$1.012 billion and the governmental contributory account balance of \$115 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 September 2016 Moody's Economy.com economic forecasts; and (3) unemployment insurance claims and payment activities through third quarter 2016. The projections remain as published in the October 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 \$1.313 billion in 2016. Benefit payments remain projected at \$1.337 billion. The 2016 private contributory account year-end balance stays estimated at \$822 million.

2016 ACTIVITY TO DATE

October employer contributions of \$159.7 million generated a year-to-date total of \$1.274 billion, \$90 million higher than 2015's collections through October and \$20 million more than projected. The difference was caused by last year's due date, October 31, falling on a Saturday causing lower than expected employer contributions as shares of collections were credited in the month of November instead of October.

Through the end of October, total benefit payments of \$1.103 billion were \$19 million lower than those paid in the same time period in 2015 and \$10 million less than the

projection. Continued weeks claimed through October were 5 percent less than last year's same ten months total.

September's ending balance plus October's employer contributions less benefit payments generated an October 31, 2016 private contributory account balance of \$1.012 billion, \$30 million higher than projected. The 2016 year-end balance projection remains at \$822 million.

2017 – 2020 PROJECTIONS

Projections for the private contributory account for the years 2017 to 2020, published in the October 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 \$1.234 billion and \$1.430 billion, respectively. The private contributory account 2017 year-end balance is expected to be \$643 million.

In 2018, contribution rate schedule F is projected to trigger for employer contributions and a \$15,000 taxable wage base. Employer contributions are estimated at \$1.807 billion and benefit payments remain projected at \$1.511 billion. By the end of 2018, the private contributory account balance is expected to be \$958 million.

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 \$1.805 billion and benefit payments remain at \$1.564 billion. The year-end private contributory balance is projected at \$1.226 billion.

For 2020, contribution rate schedule E is projected to trigger for employer contributions with a \$15,000 taxable wage base. Contributions are estimated to be \$1.558 billion with benefit payments projected at \$1.661 billion. Year-end private contributory balance is estimated at \$1.152 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.