

July 2007

THE UNEMPLOYMENT INSURANCE TRUST FUND

As of June 30, 2007, the Massachusetts Unemployment Insurance Trust Fund balance was \$1.247 billion. The private contributory account balance was \$1.136 billion and the governmental contributory account balance was \$111 million.

2007 ACTIVITY TO DATE

Employer contributions through the end of June 2007 were \$959.9 million. Year-to-date contributions showed a decrease of 5.2 percent over revenues collected in the same time period in 2006. Year-to-date benefit payments of \$709.4 million were 8.1 percent higher than those paid in the first six months of last year. The higher than expected benefit payments reflect the over the year increases in initial claims and continued weeks claimed due to inclement weather, especially in the earlier months of 2007.

Employer contributions plus interest earned through the second quarter were approximately \$1.2 million below the projection while benefit payments were \$7.8 million higher than the projection - generating a private contributory account balance that was \$9 million or 0.8 percent lower than the projection at the end of June.

Current Outlook

The private contributory trust fund projections, based on the 2007 employer experience rates and the April 2007 Economy.com economic forecasts, remain as published in the May and June 2007 Trust Fund Reports.

Projections for employer contributions based on rate schedule D and a \$14,000 contributory wage base

are estimated to total \$1.525 billion in 2007. Benefit outlays are projected to be \$1.286 billion, \$111 million more than the payments made in 2006. The increase in expected level of benefit payments reflects actual payments made in the first four months of 2007 and a slightly higher estimated unemployment rate.

By the end of 2007, employer contributions plus federal interest of \$41 million are expected to exceed benefit payments by \$280 million, generating a private contributory account balance of \$1.144 billion. The overall Trust Fund balance is estimated to be \$1.258 billion.

2008 – 2011 PROJECTIONS

Projections for the years 2008 to 2011 remain as published in the May and June 2007 Trust Fund Report. Over this four year period, benefit payments are expected to average \$1.2 billion a year.

Employer contributions for 2008 under rate schedule E are estimated to be \$1.614 billion. Benefit payments are estimated at \$1.247 billion. The year-end private contributory account balance for 2008 is expected to be \$1.569 billion.

For 2009, rate schedule D is projected to trigger for employer contributions generating revenues of \$1.370 billion. A slight decrease in the annual unemployment rate would result in slightly lower benefit payments of \$1.2 billion.

For 2010, employer contributions on rate schedule D are estimated to be \$1.286 billion. Benefit payments are projected to be 1.178 billion.

In 2011 employer contributions on rate schedule C are estimated to be \$1.116 billion. Benefit payments are expected to be \$1.164 billion. By the end of 2011, the private contributory account balance is expected to reach \$2.080 billion or 1.33 percent of total payroll.