

Unemployment Insurance Trust Fund Report

Monthly Outlook Report December 2008

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of November 30, 2008, the Massachusetts Unemployment Insurance Trust Fund balance was \$1.391 billion. The private contributory account balance was \$1.273 billion and the governmental contributory account balance was \$118 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2008

The private contributory trust fund projections, based on the 2008 distribution of employer experience rates, the October 2008 Moody's Economy.com economic forecasts and the unemployment insurance claims and payment activities through the end of the third quarter of 2008, remain as published in the October 2008 Quarterly Outlook Report and the November Monthly Outlook Report.

Employer contributions are estimated to be \$1.417 billion in 2008. Benefit payments are projected to be \$1.466 billion. The 2008 year end private contributory account balance is expected to be \$1.137 billion. The overall Trust Fund balance is estimated to be \$1.255 billion.

2008 ACTIVITY TO DATE

Employer contributions through the end of November were \$1.407 billion, a decrease of 5.2 percent from revenues collected in the same time period in 2007. Employer contributions through the end of November were \$6.7 million or 0.5 percent less than the current projection and should remain in-line with the end of the year projections.

Through the end of November benefit payments of \$1.306 billion were 13.1 percent higher than benefits paid in the same time period last year reflecting the over the year increases of 13.5 percent in initial claims and 16.0 percent in continued weeks claimed.

Year to date benefit payments were \$19.2 million or 1.5 percent below the current projection but in-line with the 2008 projections for the end of the year.

The twelve month moving average ratio of claimants exhausting their unemployment insurance benefits edged up from 34.5 percent in November 2007 to 39.6 percent in November 2008 due to higher number of claims and a decrease in the maximum number of weeks from 30 to 26 weeks during the federal Emergency Unemployment Compensation (EUC) program.

The November 30, 2008 private contributory account balance was \$12.5 million or 1.0 percent more than projected but in-line with the year-end projections.

2009 – 2012 PROJECTIONS

Projections for the years 2009 to 2012 remain unchanged as published in the October 2008 Quarterly Outlook Report and the November Monthly Outlook Report.

Employer contributions for 2009 will be based on rate schedule E. Annual contributions are estimated to be \$1.528 billion. Benefit payments are projected to be \$1.777 billion.

For 2010, rate schedule F is projected to trigger for employer contributions generating contributions of \$1.689 billion. Benefit payments are expected to be \$1.619 billion.

For 2011, rate schedule F is also projected to trigger for employer contributions. Contributions are estimated to be \$1.646 billion. A moderate decrease in the projected unemployment rate would result in benefit payments of \$1.307 billion.

In 2012, rate schedule E is projected to trigger for employer contributions. By the end of 2012, the private contributory account balance is expected to be \$1.672 billion or 1.02 percent of total payrolls.