



Unemployment Insurance Trust Fund Report

Outlook Report March 2014

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of February 28, 2014 the Massachusetts Unemployment Insurance Trust Fund ending balance was \$526.7 million. This balance is the sum of the private contributory account balance of \$421.8 million and the governmental contributory account balance of \$104.9 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2014

The private contributory account projections for 2014 are based on the following: (1) the 2013 distribution of employer experience rates; (2) the February 2014 Moody's Economy.com economic forecasts; and (3) 2013 unemployment insurance claims and payment activities. The projections remain as published in the February 2014 Outlook Report.

Employer contributions based on rate schedule E and a \$14,000 taxable wage base are estimated to be \$1.864 billion in 2014. Benefit payments are projected to be \$1.481 billion. The 2014 private contributory account year-end balance is estimated to be \$998 million. Under the current economic scenario, federal advances from the federal unemployment account will not be required in 2014.

2014 ACTIVITY TO DATE

February's employer contributions of \$25.2 million generated a year to date total of \$160.6 million, \$1.0 million or 0.6 percent more than the current projection and \$1.9 million or 1.2 percent higher than 2013's employer contribution total for the same two months.

Benefit payments of \$165.0 million in February were \$1.9 million higher than expected. Year to date benefit payments of \$334.1 million through February 2014 were \$3.1 million or 0.9 percent higher than those paid in the same time span in 2013. Through February, benefit payments are now \$1.4 million or 0.4 percent lower than the projection.

January's ending balance plus February's employer contributions less benefit payments generated a February 28, 2014 private contributory account balance of \$421.8 million, at just \$2.4 million higher, is in-line with the projection. The 2014 year-end balance projection remains at \$998 million.

2015 – 2018 PROJECTIONS

Projections for the private contributory account for the years 2015 to 2018, published in the February 2014 Outlook Report, remain unchanged.

For 2015, rate schedule F has triggered for employer contributions generating contributions estimated to be \$2.051 billion. Benefit payments are estimated to be \$1.420 billion. Under the current economic assumptions, loans will not be required in 2015. Trust fund solvency will continue to rebuild with a private contributory account balance expected to be at \$1.664 billion.

Rate schedule E is projected to be triggered for employer contributions on 2016 payrolls. Employer contributions are estimated to be \$1.729 billion. Benefit payments are projected to be \$1.395 billion. The private contributory account 2016 year-end balance is expected to be \$2.046 billion.

For 2017, rate schedule D is projected to trigger for employer contributions generating revenues of \$1.459 billion. Benefit payments are projected to be \$1.420 billion. The December 31, 2017 account balance is now estimated at \$2.138 billion.

In 2018, employer contributions, based on rate schedule D, are estimated to be \$1.418 billion and benefit payments are expected to be \$1.493 billion. By the end of 2018, the private contributory account balance is expected to be \$2.116 billion.