



Unemployment Insurance Trust Fund Report

Outlook Report June 2014

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of June 30, 2014 the Massachusetts Unemployment Insurance Trust Fund ending balance was \$950.1 million. This balance is the sum of the private contributory account balance of \$844.3 million and the governmental contributory account balance of \$105.8 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 May 2014 Moody's Economy.com economic forecasts; and (3) first quarter 2014 unemployment insurance claims and payment activities. The projections remain as published in the May 2014 Outlook Report.

Employer contributions based on rate schedule E and a \$14,000 taxable wage base are estimated to be \$1.770 billion in 2014. Benefit payments are projected to be \$1.505 billion. The 2014 private contributory account year-end balance is estimated to be \$879 million. It is anticipated that federal loans will not be required in 2014 based on the current economic assumptions.

2014 ACTIVITY TO DATE

Employer contributions of \$70.8 million in June generated a year-to-date total of \$1.104 billion, \$13 million or 1.2 percent less than the current projection and \$27 million or 2.3 percent lower than 2013's employer contribution total for the same six months.

Benefit payments of \$105.3 million in June were in-line with the projection. Year to date benefit payments of \$861.0 million through June 2014 were \$22.5 million or 2.7 percent higher than those paid through second quarter of 2013. Through June, benefit payments are \$12.9 million or 1.5 percent higher than the projection.

Ending balance through May plus June's employer contributions and federal interests less benefit payments

generated a June private contributory account balance of \$844.3 million, \$27.3 million lower than projected due to the lower than expected employer contributions in the second quarter based on first quarter payrolls. Additionally, benefit payments were higher than expected due to larger average weekly benefit amount. The 2014 year-end balance projection remains at \$879 million.

2015 – 2018 PROJECTIONS

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

As stated in the May Outlook Report, legislation, enacted in June, introduces a new experience rating table and a slightly higher taxable wage base of \$15,000 for private contributory employers beginning in 2015. Further, private contributory employer contributions are set on a new schedule C for 2015 to 2017.

For 2015, employer contributions on schedule C and \$15,000 wage base will generate contributions estimated to be \$1.526 billion. Benefit payments are estimated to be \$1.533 billion. Under the current economic assumptions, loans will not be required in 2015. A private contributory account balance is expected to be at \$892 million.

Employer contributions for 2016 on schedule C and \$15,000 wage base are estimated to be \$1.507 billion. Benefit payments are projected to be \$1.491 billion. The private contributory account 2016 year-end balance is expected to be \$930 million.

For 2017, employer contributions on schedule C will generate revenues of \$1.535 billion. Benefit payments are projected to be \$1.501 billion. The December 31, 2017 account balance is now estimated at \$987 million.

In 2018, rate schedule F is projected to trigger for employer contributions and estimated to be \$2.169 billion and benefit payments are expected to be \$1.629 billion. By the end of 2018, the private contributory account balance is expected to be \$1.559 billion.