



# Unemployment Insurance Trust Fund Report

## Outlook Report June 2015

### THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of May 31, 2015 the Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.114 billion. This balance is the sum of the private contributory account balance of \$1.002 billion and the governmental contributory account balance of \$112 million.

### THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2015

The private contributory account projections for 2015 are based on the following: (1) the 2015 distribution of employer experience rates; (2) the April 2015 Moody's Economy.com economic forecasts; and (3) unemployment insurance claims and payment activities through first quarter 2015. The projections remain as published in the May 2015 Outlook Report.

In June 2014, the Legislature introduced a new experience rating table and a \$15,000 taxable wage base for private contributory employers beginning in 2015. In addition, rate schedule C was set for employer contributions for 2015 to 2017 payrolls.

Employer contributions based on rate schedule C and a \$15,000 taxable wage base remain estimated at \$1.503 billion in 2015. Benefit payments remain projected at \$1.471 billion. The 2015 private contributory account year-end balance is estimated to be \$890 million. Under the current economic scenario, federal advances from the federal unemployment account will not be required in 2015.

### 2015 ACTIVITY TO DATE

May's employer contributions of \$78.1 million generated a year to date total of \$829.5 million, \$209.5 million lower than 2014's first five months collections and \$93.4 million lower than projected.

Year to date benefit payments of \$667.6 million through May 2015 were \$90.7 million lower than those paid in the same five months in 2014. Through May, benefit payments are \$40.8 million lower than the projection. Weeks compensated and initial claims were 13.0 and 3.5 percent less than last year's total for the same months.

April's ending balance plus May's employer contributions less benefit payments generated a May 31, 2015 private contributory account balance of \$1.002 billion, \$52.6 million less than projected. The 2015 year-end balance projection remains at \$890 million.

### 2016 – 2019 PROJECTIONS

Projections for the private contributory account for the years 2016 to 2019, published in the May 2015 Outlook Report, remain unchanged.

As set by Legislation, employer contributions on 2016 payrolls will be on rate schedule C and a \$15,000 taxable wage base. Employer contributions are estimated to be \$1.542 billion. Benefit payments are projected to be \$1.509 billion. The private contributory account 2016 year-end balance is expected to be \$947 million.

As in the previous two years, rate schedule C and a \$15,000 taxable wage base is set for employer contributions in 2017 generating revenues of \$1.543 billion. Benefit payments are projected to be \$1.549 billion. The December 31, 2017 account balance is now estimated at \$965 million.

In 2018, tax rate schedule E is projected to trigger for employer contributions. Employer contributions are estimated to be \$1.946 billion and benefit payments projected at \$1.636 billion. By the end of 2018, the private contributory account balance is expected to be \$1.304 billion.

Tax rate schedule E is again projected to trigger for employer contributions on 2019 payrolls. Employer contributions are projected to be \$1.892 billion and benefit payments estimated at \$1.730 billion. The year-end private contributory balance is projected at \$1.502 billion.