



Unemployment Insurance Trust Fund Report

Outlook Report January 2017

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

The preliminary 2016 Massachusetts Unemployment Insurance Trust Fund year-end balance was \$947 million. This balance is the sum of the preliminary private contributory account balance of \$836 million and the governmental contributory account balance of \$111 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND HIGHLIGHTS FOR 2016

Preliminary annual employer contributions of \$1.299 billion in 2016 were \$14 million or 1.1 percent lower than the \$1.313 billion projected in the October through December 2016 Outlook Reports. The 2016 employer contributions were \$6 million or 0.5 percent higher than the \$1.293 billion collected in 2015. Employer contributions plus interest earnings of \$19 million generated \$1.318 billion in private contributory income during 2016.

Preliminary annual benefit payments of \$1.308 billion in 2016 were \$13 million or 1.0 percent lower than the \$1.321 billion paid in 2015 reflecting the decreases of 6.0 percent in continued weeks claimed and a 0.5 week shorter average duration of a claim. Benefit payments were \$29 million or 2.2 percent lower than the projection of \$1.337 billion first published in the October 2016 Outlook Report.

The preliminary year-end private contributory account balance of \$836 million was \$14 million higher than the projection of \$822 million.

2017 OUTLOOK

As published in the October through December 2016 Outlook Reports, the 2017 employer contributions on tax rate schedule C and a \$15,000 taxable wage base is expected to be \$1.234 billion. Benefit payments are estimated to be \$1.430 billion.

Under the current economic assumptions and tax rate schedule, trust fund solvency will continue with a year-end private contributory account balance expected to be at \$657 million. In addition, no borrowing from the federal unemployment account is anticipated. This year-end

balance is \$14 million more than the previous estimate of \$643 million due to the higher than projected actual ending balance in 2016.

2018 – 2020 PROJECTIONS

Projections for employer contributions and benefit payments for the years 2018 to 2020 remain unchanged as published in the October through December 2016 Outlook Reports. Projected year-end balances, however, are higher due to the larger 2016 actual ending balance. Under the current economic scenario, no borrowing from the federal unemployment account is expected for 2018 to 2020.

In 2018, tax rate schedule F is projected to trigger for employer contributions and also on a \$15,000 taxable wage base. Employer contributions are estimated to be \$1.807 billion and benefit payments projected at \$1.511 billion. By the end of 2018, the private contributory account balance is estimated at \$972 million.

Tax rate schedule F is again projected to trigger for employer contributions on 2019 payrolls and a \$15,000 taxable wage base. Employer contributions are projected to be \$1.805 billion and benefit payments estimated at \$1.564 billion. The year-end private contributory balance is projected at \$1.240 billion.

For 2020, tax rate schedule E is projected for employer contributions and on a \$15,000 taxable wage base generate \$1.558 billion in contributions. Benefit payments are estimated at \$1.661 billion and a year-end balance of \$1.166 billion.

Note: Revised trust fund projections for 2017 through 2020 along with 2021 projections will be published in the February 2017 Outlook Report. Revisions will be based on 2016 claims and payment activities and the latest economic assumptions from Moody's Economy.com.