

Unemployment Insurance Trust Fund Report

Outlook Report September 2017

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of August 31, 2017, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.144 billion. This balance is the sum of the preliminary private contributory account balance of \$1.033 billion and the governmental contributory account balance of \$111 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2017

The private contributory account projections for 2017 are based on the following: (1) the 2017 distribution of employer experience rates; (2) the July 2017 Moody's Economy.com economic forecasts; and (3) unemployment insurance claims and payment activities through second quarter 2017. The projections remain as published in the August 2017 Outlook Report.

Employer contributions on contribution rate schedule C and a \$15,000 taxable wage base remain estimated at \$1.372 billion in 2017. Benefit payments stay projected at \$1.425 billion. The 2017 private contributory account year-end balance is estimated to be \$803 million. Under the current economic outlook, advances from the federal unemployment account will not be required for the remainder of 2017.

2017 ACTIVITY TO DATE

August's preliminary employer contributions of \$34.6 million generated a year-to-date total of \$1.164 billion, \$54.1 million or 4.9 percent more than the January through August 2016 collections but \$12.8 million or 1.1 percent lower than projected. Taxable payrolls in the second quarter of 2017 were less than expected.

Through August, preliminary benefit payments of \$975.5 million were \$31.5 million or 3.3 percent higher than those paid in the same time span in 2016 but \$36.6 million or 3.8 percent less than the projection. Year-to-date initial claims were 3.3 percent less and continued weeks claimed were 4.2 percent lower as compared to last year's first eight months total.

July's ending balance plus August's preliminary employer contributions less preliminary benefit payments generated

an August 31, 2017 private contributory account balance of \$1.033 billion, \$23.9 million higher than the projection. The 2017 year-end balance projection stands at \$803 million.

2018 – 2021 PROJECTIONS

Projections for the private contributory account for the years 2018 to 2021 remain as published in the August 2017 Outlook Report. Chapter 63 of the Acts of 2017, enacted in August, sets private contributory employer rate schedule D for 2018 and rate schedule E for 2019 for employer contributions. Taxable wage base stayed set at \$15,000.

In 2018, employer contributions, as set by statute on contribution rate schedule D, remain estimated at \$1.513 billion and benefit payments projected at \$1.554 billion. By the end of 2018, the private contributory account balance is expected to be \$780 million.

Tax rate schedule E as enacted for 2019 employer payrolls will generate employer contributions projected at \$1.714 billion and benefit payments remain estimated at \$1.521 billion. The year-end private contributory balance remain projected at \$994 million.

For 2020, contribution rate schedule F is projected to trigger for employer contributions. Contributions stay estimated at \$1.857 billion with benefit payments still projected at \$1.657 billion. Year-end private contributory balance remain estimated at \$1.222 billion.

In 2021, contribution rate schedule E is projected to trigger for employer payrolls and generate \$1.606 billion in contributions. Benefit payments are still expected to be \$1.804 billion and a year-end private contributory fund balance at \$1.051 billion.

Under the current economic assumptions the projections indicate that no borrowing from the federal unemployment account will be required through the 2021 outlook period.