

Unemployment Insurance Trust Fund Report

Outlook Report January 2018

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

The preliminary 2017 Massachusetts Unemployment Insurance Trust Fund year-end balance was \$970 million. This balance is the sum of the preliminary private contributory account balance of \$861 million and the governmental contributory account balance of \$109 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND HIGHLIGHTS FOR 2017

Preliminary annual employer contributions of \$1.354 billion in 2017 were \$8 million or 0.6 percent lower than the \$1.362 billion projected in the October through December 2017 Outlook Reports. The 2017 employer contributions were \$55 million or 4.2 percent higher than the \$1.299 billion collected in 2016. Employer contributions plus interest earnings of \$20 million generated \$1.374 billion in private contributory income during 2017.

Preliminary annual benefit payments of \$1.350 billion in 2017 were \$42 million or 3.2 percent higher than the \$1.308 billion paid in 2016 primarily caused by an average weekly benefit amount of \$494.52 in 2017, which is an increase of \$19.03 or 4 percent from 2016. Benefit payments were \$30 million or 2.2 percent lower than the projection of \$1.380 billion first published in the October 2017 Outlook Report due to lower than expected payments made in December.

The preliminary year-end private contributory account balance of \$861 million is \$22 million higher than the projection of \$839 million.

2018 OUTLOOK

As published in the October through December 2017 Outlook Reports, the 2018 employer contributions on tax rate schedule D, set by statute, and a \$15,000 taxable wage base is expected to be \$1.515 billion. Benefit payments are estimated to be \$1.548 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 \$847 million. In addition, no borrowing from the federal unemployment account is anticipated. This year-end

balance is \$22 million more than the previous estimate of \$825 million, the amount the 2017 year-end balance was over the projection.

2019 – 2021 PROJECTIONS

Projections for employer contributions and benefit payments for the years 2019 to 2021 remain unchanged as published in the October through December 2017 Outlook Reports. Projected year-end balances, however, are higher due to the larger 2017 actual ending balance. Under the current economic scenario, no borrowing from the federal unemployment account is expected for 2019 to 2021.

Tax rate schedule E as enacted for 2019 employer payrolls will generate employer contributions projected at \$1.712 billion and benefit payments remain estimated at \$1.532 billion. The year-end private contributory balance is now projected at \$1.049 billion.

For 2020, tax rate schedule F is projected to trigger for employer contributions. Contributions stay estimated at \$1.861 billion with benefit payments still projected at \$1.686 billion. Year-end private contributory balance projection increases to \$1.251 billion.

In 2021, tax rate schedule E is projected to trigger for employer payrolls and generate \$1.613 billion in contributions. Benefit payments are still expected to be \$1.751 billion and a year-end private contributory fund balance now at \$1.141 billion.

Note: Revised trust fund projections for 2018 through 2021 along with 2022 projections will be published in the February 2018 Outlook Report. Revisions will be based on 2017 claims and payment activities and the latest economic assumptions from Moody's Economy.com.