

Unemployment Insurance Trust Fund Report

Outlook Report July 2018

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of June 30, 2018, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$1.230 billion. This balance is the sum of the preliminary private contributory account balance of \$1.116 billion and the governmental contributory account balance of \$114 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2018

The private contributory account projections for 2018 are based on the following: (1) the 2017 distribution of employer experience rates; (2) the May 2018 Moody's Analytics Data Services economic forecasts; and (3) unemployment insurance claims and payments activities through first quarter 2018. The projections remain as published in the May and June 2018 Outlook Reports.

As set by statute, employer contributions on tax rate schedule D and a \$15,000 taxable wage base remain estimated at \$1.558 billion in 2018. Benefit payments stay projected at \$1.357 billion. The 2018 private contributory year-end balance is estimated to be \$1.084 billion. Under the current economic scenario, federal advances from the federal unemployment account will not be necessary.

2018 ACTIVITY TO DATE

June's preliminary employer contributions of \$7.7 million generated a year-to-date total of \$994.5 million, \$111 million more than the 2017 first two quarter collections of \$883.5 million on a lower tax rate schedule but \$8.7 million or 0.9 percent higher than the projection of \$985.8 million at the end of June.

Through second quarter 2018, preliminary total benefit payments of \$749.1 million were \$33.2 million less than those paid in the same two quarters of 2017 and \$15.5 million or 2.1 percent less than the projection. Second quarter 2018 initial claims and weeks compensated were 8.5 percent and 4.3 percent lower, respectively, as compared to last year's same quarter.

May's ending balance plus June's preliminary employer contributions and interest earned less benefit payments generated a June 30, 2018 preliminary private contributory

account balance of \$1.116 billion, \$26 million higher than the latest projection of \$1.090 billion. The 2018 year-end balance projection remains at \$1.084 billion.

2019 – 2022 PROJECTIONS

Projections for the private contributory account for the years 2019 to 2022 remain as published in the May and June 2018 Outlook Reports. Taxable wage base remains set at \$15,000.

In 2019, tax rate schedule E was enacted for employer contributions. Employer contributions remain estimated at \$1.720 billion and benefit payments projected at \$1.474 billion. By the end of 2019, the private contributory account balance is expected to be \$1.358 billion.

Tax rate schedule E is projected to trigger for employer contributions on 2020 payrolls. Employer contributions stay projected at \$1.649 billion and benefit payments estimated at \$1.809 billion. The year-end private contributory balance remain projected at \$1.230 billion.

For 2021, tax rate schedule E is again projected to trigger for employer contributions. Contributions are estimated to be \$1.651 billion with benefit payments projected at \$2.087 billion. Year-end private contributory balance stays estimated at \$820 million.

In 2022, tax rate schedule F is projected to trigger for employer payrolls and generate \$1.952 billion in contributions. Benefit payments are expected to be \$2.136 billion and a year-end private contributory fund balance at \$654 million.

Under the current economic assumptions the projections indicate that no borrowing from the federal unemployment account will be required through the 2022 outlook period.

Note: Revised trust fund projections for 2018 through 2022 will be published in the August 2018 Outlook Report. Revisions will be based on 2018 distribution of employer experience rates, claims and payment activities through second quarter and the latest economic assumptions from Moody's Analytics Data Services.