

# Unemployment Insurance Trust Fund Report

Outlook Report April 2018

## THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of March 31, 2018, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was \$656.8 million. This balance is the sum of the preliminary private contributory account balance of \$547.4 million and the governmental contributory account balance of \$109.4 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 January 2018 Moody's Analytics Data Services economic forecasts; and (3) 2017 unemployment insurance claims and payments activities. The projections remain as published in the February and March 2018 Outlook Reports.

As set by statute, employer contributions on tax rate schedule D and a \$15,000 taxable wage base remain estimated at \$1.568 billion in 2018. Benefit payments stay projected at \$1.381 billion. The 2018 private contributory year-end balance is estimated to be \$1.072 billion. Under the current economic scenario, federal advances from the federal unemployment account will not be necessary.

## 2018 ACTIVITY TO DATE

March's preliminary employer contributions of \$4.3 million generated a 2018 first quarter total of \$131.3 million, just \$2.6 million less than the 2017 first quarter collections and \$9.2 million lower than projected. Taxable wages were lower than expected in the fourth quarter of 2017.

First quarter 2018 preliminary total benefit payments of \$449.0 million were \$0.7 million higher than those paid in the same three months of 2017 but \$8.9 million less than the projection.

February's ending balance plus March's preliminary employer contributions and interest earned less benefit payments generated a March 31, 2018 preliminary private contributory account balance of \$547.4 million, at just \$0.2 million higher is in-line with the projection. The 2018 year-end balance projection remains at \$1.072 billion.

## 2019 – 2022 PROJECTIONS

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

In 2019, tax rate schedule E was enacted for employer contributions. Employer contributions are estimated to be \$1.733 billion and benefit payments projected at \$1.565 billion. By the end of 2019, the private contributory account balance is expected to be \$1.268 billion.

Tax rate schedule E is projected to trigger for employer contributions on 2020 payrolls. Employer contributions are projected to be \$1.675 billion and benefit payments estimated at \$1.810 billion. The year-end private contributory balance is projected at \$1.163 billion.

For 2021, tax rate schedule E is again projected to trigger for employer contributions. Contributions are estimated to be \$1.684 billion with benefit payments projected at \$1.850 billion. Year-end private contributory balance is estimated at \$1.023 billion.

In 2022, tax rate schedule F is projected to trigger for employer payrolls and generate \$1.942 billion in contributions. Benefit payments are expected to be \$1.830 billion and a year-end private contributory fund balance at \$1.161 billion.

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

Revised projections for 2018 to 2022 based on first quarter 2018 unemployment insurance claims and payment activities and the most current Moody's Analytics Data Services economic forecasts will be released in the May Outlook Report.