

### THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of August 31, 2008, the Massachusetts Unemployment Insurance Trust Fund balance was \$1.489 billion. The private contributory account balance was \$1.372 billion and the governmental contributory account balance was \$117 million.

### THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2008

The private contributory trust fund projections, based on the 2008 distribution of employer experience rates, the July 2008 Moody's Economy.com economic forecasts and the unemployment insurance claims and payment activities through the end of the second quarter of 2008, remain as published in the August 2008 Quarterly Outlook Report.

Projections for employer contributions are estimated to total \$1.429 billion in 2008. Benefit payments are projected to be \$1.423 billion.

By the end of 2008, the private contributory account balance is expected to be \$1.194 billion. The overall Trust Fund balance is estimated to be \$1.314 billion.

### 2008 ACTIVITY TO DATE

Employer contributions through the end of August 2008 were \$1.216 billion, a decrease of 5.1 percent from revenues collected in the same time period in 2007. Year to date contributions through the end of August were \$12.3 million or 1.0 percent less than the current projection.

Year-to-date benefit payments of \$1.0 billion were 10.1 percent higher than benefits paid in the same time period last year reflecting the over the year increases in initial claims and continued weeks claimed. Through the end of August, initial claims and continued weeks claimed were up 7.7 percent and 11.9 percent, respectively, from last year.

The year-to-date benefit payments, however, were \$7.4 million or 0.7 percent below the current projection. Increases in workload related to the implementation of

the federally funded extended benefits program resulted in less timely first payments for August.

The average duration for claims is up 0.3 of a week to 18.0 weeks from the 17.7 weeks duration from a year ago. In addition, the ratio of claimants exhausting their unemployment insurance benefits edged up from 34.7 percent in August 2007 to 36.6 percent in August 2008. Both of these measures, which are twelve month moving averages, show the impact of the increase in claims for the regular UI program. These measures do not include counts for claimants on the federally funded extended benefits program.

Employer contributions plus interest earned less benefit payments through August generated a private contributory account balance that was \$4.9 million or 0.4 percent less than the projection.

### 2009 – 2012 PROJECTIONS

Projections for the years 2009 to 2012, also, remain unchanged as published in the August 2008 Quarterly Outlook Report. Over this four year period, benefit payments are expected to average just over \$1.4 billion a year.

Rate schedule E is expected to trigger for employer contributions in 2009. Annual contributions are estimated to be \$1.543 billion. Benefit payments are projected to be \$1.568 billion.

For 2010, rate schedule E is projected to trigger for employer contributions generating contributions of \$1.513 billion. Benefit payments are expected to be \$1.442 billion.

For 2011, rate schedule E is again projected to trigger for employer contributions. Contributions are estimated to be \$1.449 billion. A moderate decrease in the projected unemployment rate would result in lower benefit payments of \$1.321 billion.

In 2012, rate schedule E is now projected to trigger for employer contributions. By the end of 2012, the private contributory account balance is expected to be \$1.686 billion or 1.06 percent of total payrolls.