



Unemployment Insurance Trust Fund Report

Monthly Outlook Report November 2012

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of October 31, 2012, the Massachusetts Unemployment Insurance Trust Fund ending balance was \$583.9 million. This balance is the sum of the private contributory account balance of \$495.9 million and the governmental contributory account balance of \$88 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2012

The projections remain as published in the October 2012 Quarterly Outlook Report.

Employer contributions based on rate schedule E and a \$14,000 taxable wage base are estimated to be \$1.767 billion. Benefit payments are projected to be \$1.551 billion. The 2012 private contributory account year-end balance is estimated to be \$324 million.

2012 ACTIVITY TO DATE

Year-to-date total employer contributions of \$1.720 billion were \$26 million higher than the contributions collected in the first ten months of 2011 and just \$4.1 million less than the projection.

Benefit payments of \$1.330 billion through the end of October 2012 were \$26.2 million higher than those paid in January through October of 2011 and \$13.5 million more than projected. Year to date, through the end of October, initial claims and weeks compensated were 4.0 and 0.4 percent lower than the same period last year. However, the three most recent months' average weekly benefit amount of \$384.48 was \$12.93 more than the \$371.55 average in the same three months of 2011. The average duration of a claim was at 17.7 weeks.

Lower than expected employer contributions less higher benefit payments generated an October 31, 2012 private contributory account balance of \$495.9 million which was \$17.6 million lower than projected.

2013 – 2016 PROJECTIONS

Projections for the private contributory account for the years 2013 to 2016 published in the October 2012 Quarterly Outlook Report remain unchanged.

For 2013, rate schedule G is expected to trigger for employer contributions generating contributions estimated to be \$2.246 billion. Benefit payments are estimated to be \$1.567 billion. Under the current economic assumptions, it is anticipated that interest free cash flow loans will be required in early April and be repaid by month's end. No further borrowing is expected for the rest of the year. Trust fund solvency will rebuild with a private contributory account balance expected to be at \$1.023 billion at the end of the year.

Rate schedule F is projected to be triggered for employer contributions on 2014 payrolls. Employer contributions are estimated to be \$1.896 billion. Benefit payments are projected to be \$1.607 billion. The private contributory account 2014 year-end balance expected to be \$1.350 billion.

For 2015, rate schedule E is projected to trigger for employer contributions generating revenues of \$1.625 billion. Benefit payments are projected to be \$1.600 billion. The December 31, 2015 account balance is estimated at \$1.417 billion.

In 2016, employer contributions, based on rate schedule E, are estimated to be \$1.417 billion and benefit payments are expected to be \$1.544 billion. By the end of 2016, the private contributory account balance is expected to be \$1.548 billion or 0.80 percent of total payrolls.