



# Unemployment Insurance Trust Fund Report

Outlook Report November 2020

## THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

As of October 31, 2020, the preliminary Massachusetts Unemployment Insurance Trust Fund ending balance was -\$1.823 billion. This balance is the sum of the preliminary private contributory account balance of -\$1.948 billion and the governmental contributory account balance of \$125 million.

## THE UNEMPLOYMENT INSURANCE TRUST FUND OUTLOOK FOR 2020

The private contributory account projections for 2020 are based on the following: (1) the 2020 distribution of employer experience rates; (2) the September 2020 Moody's Analytics Data Services economic forecasts; and (3) unemployment insurance claims and payments activities through third quarter 2020. The projections remain as published in the October 2020 Outlook Report.

Employer contributions on tax rate schedule E, as triggered, and a \$15,000 taxable wage base remain estimated at \$1.511 billion and benefit payments are projected to be \$6.467 billion in 2020. The 2020 private contributory year-end balance is estimated to be insolvent at -\$2.395 billion. The year-end balance includes other income from the emergency unemployment relief fund (FUA) and an estimated \$615 million from the CARES Act reimbursements. Massachusetts needed to borrow \$2.027 billion from the federal unemployment account for the month from June to October and will continue to borrow throughout the year. The loans will be interest-free through December 2020.

## 2020 ACTIVITY TO DATE

October's preliminary employer contributions of \$67.9 million generated a year to date total of \$1.409 billion, \$280 million less than 2019 collections through October and \$73 million lower than the projection of \$1.482 billion.

Year to date preliminary benefit payments of \$5.303 billion through October 2020 were \$4.237 billion higher than those paid in the same time span in 2019 and \$228 million more than the latest projection. The difference is primarily due to when the CARES Act reimbursements are applied. The projected benefit payments include first payments as being charged to the UI account while the actual payments treat first payments as being reimbursed.

As a result of the differences between employer contributions and benefit payments, the October 31, 2020 private contributory account balance of -\$1.948 billion was \$155 million more than the projection of -\$2.103 billion at the end of October.

## 2021 – 2024 PROJECTIONS

Projections for the private contributory account for the years 2021 to 2024 remain as published in the October 2020 Outlook Reports. The taxable wage base remains at \$15,000. Massachusetts will need to rely on interest bearing advances from the federal unemployment insurance throughout the outlook period.

For 2021, tax rate schedule G is projected to trigger for employer contributions. Employer contributions remain estimated to be \$2.451 billion and benefit payments projected at \$4.821 billion. By the end of 2021, the private contributory account balance is expected to be insolvent at -\$4.765 billion. Private contributory employer's federal unemployment taxes will increase \$21 per employee due to outstanding advances at the end of 2020 and 2021 and not paid back by November 10, 2022.

Tax rate schedule G is again projected to trigger for employer contributions on 2022 payrolls. Employer contributions are projected to be \$2.530 billion and benefit payments estimated at \$2.785 billion. The year-end private contributory balance will continue to be insolvent at -\$5.020 billion.

For 2023, employer contributions are expected to remain on tax rate schedule G. Contributions are estimated to be \$2.522 billion with benefit payments projected at \$1.567 billion. Year-end private contributory balance still insolvent at -\$4.065 billion.

In 2024 employer payrolls will remain on tax rate schedule G and generate \$2.546 billion in contributions. Benefit payments are expected to be \$1.394 billion and a year-end private contributory fund balance at -\$2.913 billion.

On May 3, 2020, Massachusetts triggered on the federal/state Extended Benefit (EB) program due to the rapid increase in UI claims. EB costs will be federally funded 100 percent for private contributory and reimbursable employers through week ending December 26, 2020.