



Unemployment Insurance Trust Fund Report

Outlook Report January 2021

THE UNEMPLOYMENT INSURANCE TRUST FUND BALANCE

The preliminary 2020 Massachusetts Unemployment Insurance Trust Fund year-end balance was -\$2.240 billion. This balance is the sum of the preliminary private contributory account balance of -\$2.368 billion and the governmental contributory account balance of \$128 million.

THE UNEMPLOYMENT INSURANCE TRUST FUND HIGHLIGHTS FOR 2020

Preliminary annual employer contributions of \$1.577 billion in 2020 were \$66 million more than the projection of \$1.511 first released in the October 2020 Outlook Report. The 2020 employer contributions were \$147 million or 8.5 percent lower than the \$1.724 billion collected in 2019. Employer contributions plus interest earnings of \$13 million generated \$1.790 billion in private contributory income during 2020.

Preliminary annual benefit payments of \$5.927 billion in 2020 were \$4.670 billion or 372 percent higher than the \$1.257 billion paid in 2019 but \$540 million less than the projection of \$6.467 billion. The difference was primarily due to when the CARES Act reimbursements are credited. The 2020 initial claims and continued weeks claimed were 523 percent and 443 percent more than last year, respectively.

The preliminary year-end private contributory account balance of -\$2.368 billion is \$27 million higher than the projection of -\$2.395 billion which included an estimated \$615 million in CARES Act reimbursements.

An interest-free loan totaling \$2.201 billion in 2020 were borrowed from the Federal unemployment insurance account.

2021 OUTLOOK

As first published in the October Outlook Report, tax rate schedule G triggered for 2021 employer contributions. With a \$15,000 taxable wage base, employer contributions are projected at \$2.451 billion. Benefit payments are estimated to be \$4.821 billion.

Under the current economic assumptions and tax rate schedule, trust fund insolvency will continue with a year-

end private contributory account balance now expected to be -\$4.738 billion. In addition, interest bearing advances from the federal unemployment account is anticipated. This actual year-end balance is \$27 million more than the previous estimate of -\$4.765 billion, the amount the 2020 year-end balance was over the projection.

2022 – 2024 PROJECTIONS

Projections for employer contributions and benefit payments for the years 2022 to 2024 remain unchanged as first published in the October 2020 Outlook Report. Taxable wage base remains at \$15,000. Projected year-end balances, however, are \$27 million more than the previous estimates due to the higher 2020 ending balance. Under the current economic scenario, interest bearing loans from the federal unemployment account are expected throughout the outlook period.

For 2022, tax rate schedule G is projected to trigger for employer contributions. Contributions stay estimated at \$2.530 billion with benefit payments still projected at \$2.785 billion. Year-end private contributory balance projection now estimated at -\$4.993 billion.

In 2023, tax rate schedule G is again projected to trigger for employer payrolls and generate \$2.522 billion in contributions. Benefit payments are still expected to be \$1.567 billion and a year-end private contributory fund balance now at -\$4.038 billion.

For 2024, employer contributions will remain on tax rate schedule G. Contributions remain estimated at \$2.546 billion with benefit payments still projected at \$1.394 billion. Year-end private contributory balance projection now estimated to be -\$2.886 billion.

Note: Revised trust fund projections for 2021 through 2024 along with 2025 projections will be published in the February 2021 Outlook Report. Revisions will be based on 2020 claims and payment activities, the latest economic assumptions from Moody's Analytics Data Services, preliminary 2021 employer experience rates and Legislative statutes.