

2024 COVID-19 Recovery Assessment Frequently Asked Questions

1. Why did the Commonwealth issue bonds linked to the Unemployment Trust Fund?

Under the Social Security Act, states can receive loans (“Federal Advances”) from the federal government if the state’s unemployment insurance trust fund is depleted due to an economic crisis such as the COVID-19 pandemic. The Commonwealth received \$2.268 billion in Federal Advances following the outset of COVID-19 in early 2020.

Chapter 9 of the Acts of 2021 (as amended, the “UI Improvement Act”), authorized the Commonwealth to issue a new type of special obligation bond, the proceeds of which would be used to repay outstanding Federal Advances received by the Commonwealth under the federal unemployment insurance program, fund a deposit to the Commonwealth’s account within the federal Unemployment Insurance Trust Fund (“UITF”), and pay related costs of issuing the 2022 Bonds. Repaying Federal Advances and financing an incremental deposit to the UITF will help the Commonwealth to better manage the state unemployment tax rates for employers and finance unemployment insurance benefits to reduce economic hardship for those who have lost their jobs.

Pursuant to the UI Improvement Act, on August 30, 2022, the Commonwealth issued \$2.68 billion in special obligation bonds; proceeds were used to re-pay \$1.77 billion in federal advances with an interest payment of \$33.5 million. The remaining \$867.61 million was deposited to the Unemployment Insurance Trust Fund (UITF), improving the fund’s solvency, and thereby driving down the UI Rate Schedule to “A” for 2023.

2. What is the COVID-19 Recovery Assessment?

Legislation enacted on May 28, 2021, created the COVID-19 Employer Relief Account, which moved all COVID-related charges from the solvency fund and charged them to this new account, thereby lowering the 2021 solvency rate and providing rate relief to employers.

Related legislation created a new employer charge, the COVID-19 Recovery Assessment. In 2021 and 2022 the COVID-19 Employer Recovery Assessment was used to being to recover the charges that were moved to the COVID-19 Employer Relief Account. Following the bond issuance in August 2022, the COVID-19 Recovery Assessment is being used to cover debt service costs.

3. What is the COVID-19 Recovery Assessment Rate for 2024?

In accordance with the UI Improvement Act, the COVID-19 Recovery Assessment rate is an assigned rate based on a fixed percentage of employers’ UI Rates. UI Rate Schedule “C” will be in effect for calendar year 2024 which has a range of employer UI contribution rates of 0.76% - 11.13%. For 2024, the COVID-19 Recovery Assessment Rate portion of each employer’s effective rate is equal to 40.15% of their UI rate—a calculation that reflects the relationship between rate schedule C UI contribution rates and the fixed sum bond repayment obligation for 2024. The table in section 7 below shows how this relationship is likely to change in future years. An employer’s overall UI effective rate for 2024 is the sum of its COVID-19 Recovery Assessment Rate and its Schedule “C” UI contribution rate. The range of effective rates for employers in 2024 is 1.023% - 15.599%. Effective rates in 2023, by contrast, ranged from 1.27% to 19.54%.

4. What was the COVID-19 Recovery Assessment Rate for prior years?

In 2023, Employers’ COVID-19 Recovery Assessment Rate was 126.4% of each employer’s UI rate. In 2022, Employers’ COVID-19 Recovery Assessment Rate was 12.5% of each employer’s UI Rate. In 2021, Employers’ COVID-19 Recovery Assessment Rate was 10.5% of each employer’s UI Rate. See the table below for employer’s total effective rates over the last few years:

Year	UI Rate Schedule	UI Rate	COVID-19 Rate	Total Effective Rate
2021	E	Minimum	0.94%	1.04%
		Maximum	14.37%	15.88%
2022	E	Minimum	0.94%	1.06%
		Maximum	14.37%	16.17%
2023	A	Minimum	0.56%	1.27%
		Maximum	8.62%	19.54%
2024	C	Minimum	0.73%	1.023%
		Maximum	11.13%	15.599%

5. Who is subject to the COVID-19 Recovery Assessment?

All private-contributory, experience-rated employers are subject to the COVID-19 Recovery Assessment.

6. What should I expect from my combined UI and COVID-19 Recovery rate going forward?

The two primary components of an employer's future combined rate are the projected state UI tax rate and the COVID-19 Recovery Assessment, which is a fixed percentage of the employer's UI tax rate. The UI tax rate schedule in effect for a year is driven by the net reserve balance as of September 30th. The COVID-19 Recovery Assessment in each year is established based on the debt service on the bonds in the related year. The projected UI rate schedules were an important baseline around which the bonds were structured, with the intent that the sum of these two charges in each year should consistently align with the 2021 average combined rate to employers.

Based on the most recent projections from the *Annual Outlook Report*-October 15, 2023, and assumptions used at the time of issuing the bonds, which are subject to change with each updated projection report, the projected UI Tax rate Schedules and projected COVID-19 Recovery annual assessments are as follows:

Assessment Year	Projected UI Rate Schedule	Projected COVID-19 Recovery Annual Assessment
2023	A	\$915 million
2024	C	\$465 million
2025	C	\$349 million
2026	D	\$335 million

See the *Annual Outlook Report* at <https://lmi.dua.eol.mass.gov/LMI/UnemploymentInsuranceTrustFund>.

8. When will my COVID-19 Recovery Assessment Rate be communicated to me?

Your COVID-19 Recovery Assessment Rate will be communicated to you in your annual rate notice which is typically delivered on or before March 1st of the assessment year.

9. Who can I contact with questions?

Employers may contact DUA with questions by calling (617) 626-5075. 2024 rate reviews can be submitted through our new portal, Unemployment Services for Employers. The new portal also has a chatbot that is available 24 hours a day and 7 days a week, that can help employers with general Unemployment Insurance questions.