



THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF UNEMPLOYMENT ASSISTANCE

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Dear Massachusetts Employer,

In accordance with legislation enacted on May 28, 2021, the Department of Unemployment Assistance (DUA) removed COVID-19 related charges from the solvency fund and charged them to a newly created account: the COVID-19 Employer Relief Account. As a result, the 2021 solvency rate decreased from 9.23% to 1.12%. To account for the reduction in solvency rate, employers that were charged a solvency assessment on their 2021 rate notice will be credited back a portion of the solvency assessment to their account's experience-rating reserve balance, resulting in an adjusted 2021 UI rate. Adjusted 2021 UI rates are retroactive to January 1, 2021.

As part of the Commonwealth's plan to manageably spread over time the cost of benefits paid by the UI Trust Fund in 2020 and 2021 during the COVID-19 crisis, experience-rated employers will be charged a quarterly COVID-19 Recovery Assessment. The 2021 COVID-19 Recovery Assessment Rate Schedule on page 6 shows the assigned COVID-19 Recovery Assessment rate for each UI rate, equal to 10.50% of an employer's corresponding UI rate. The COVID-19 Recovery Assessment will be retroactive to January 1, 2021.

Adjusted 2021 UI rates and COVID-19 Recovery Assessment rates will be available on or after July 26, 2021. To view your adjusted 2021 UI rate and your COVID-19 Recovery Assessment rate, please login to your UI Online account and click on "**Account Maintenance**" then "**View Rate Notice**". The portion of the previously charged solvency assessment that was credited back to your reserve account balance is indicated on the "**Account Balance Adjustments**" row. DUA will notify employers by email when adjusted UI rates and COVID-19 Recovery Assessment rates are available online.

Q1 and Q2 contributions will be recalculated using adjusted 2021 UI rates and the new COVID-19 Recovery Assessment rate for every employer that previously filed the Q1 and Q2 Employment and Wage Detail report. Updated contribution amounts due will be visible on the "**Payment Information**" screen on or after July 26, 2021. If applicable, credits generated from the Q1 recalculation will decrease the amount owed in Q2. Any remaining credits will be applied to future amounts due. DUA is unable to issue refunds. Employers who are eligible for a Q1 deferral must make their first quarter payment before filing Q2.

Q2 is open for filing and contributions will be calculated using the adjusted UI Rate and the COVID-19 Recovery Assessment rate. **Contributions for Q1 and Q2 are due on or before 3:00PM EST, August 31, 2021.**

Please read the attached Frequently Asked Questions for more information regarding these changes. If you have any questions, please contact DUA Employer Customer Service at (617) 626-5075.

Thank you,

DUA Rate Setting Team

**2021 UI RATE ADJUSTMENTS & COVID-19 RECOVERY ASSESSMENT
Employer Frequently Asked Questions**

1. How were adjusted UI rates calculated?

Per the CARES Act and federal guidance, COVID-related charges were charged to the solvency fund; this resulted in an increase to the solvency rate (9.23%) and an increase in UI rate for most employers. In accordance with legislation enacted on May 28, 2021, DUA removed COVID-related charges from the solvency fund and charged them to a newly created account, the COVID-19 Employer Relief Account. As a result, the 2021 solvency rate decreased from 9.23% to 1.12%.

To account for the reduction in the solvency rate, employers will receive an adjustment to their Ending Account Balance, crediting back a portion of solvency assessment that was deducted from their reserve balance during the 2021 rate run. *The adjustment amount added back to the employer's reserve is the difference in solvency assessment between the original and revised solvency rate.*

Please see the example below:

Original 2021 UI rate calculation using 9.23% solvency rate:

View Employer's UI Contribution Rate for the year: 2021 ▾

The following factors were used when calculating your 2021 Unemployment Insurance (UI) Experience Rate

Your Beginning Account Balance as of 10/01/2019:	\$212,725.78
Plus Contributions Paid through 11/2/2020:	\$1,393,969.04
Minus the Benefit Charges to your account:	\$848,351.72
Minus the Unapplied Credits/Refunds on your account: *	\$163.81
Minus the Solvency Assessment on your account:	\$2,495,334.18
Account Balance Adjustments (+ or -):	\$0.00
Any transfer of Excess Reserves (+ or -):	\$0.00
Equals your Ending Account Balance:	(\$1,737,154.89)
Average Annual Wages Subject to Contributions over the last Three Years:	\$27,026,035.32
Annual Wages Subject to Contributions, 10/1/2017 through 9/30/2018: \$26,788,981.63	
Annual Wages Subject to Contributions, 10/1/2018 through 9/30/2019: \$27,254,084.47	
Annual Wages Subject to Contributions, 10/1/2019 through 9/30/2020: \$27,035,039.86	
Reserve Percentage (Ending Account Balance/Wages Subject to contributions):	-6.42 %
This Reserve Percentage has been applied to 2021 Experience Rate Schedule E resulting in a 2021 UI Contribution Rate of:	8.860 %
The 2021 Workforce Training Fund rate is:	0.056 %
Your 2021 EMAC Contribution Rate is:	0.340 %

The solvency assessment amount originally charged to this employer's account/reserve balance was **\$2,495,334.18**. This resulted in an Ending Account Balance of **(\$1,737,154.89)** and a UI rate of 8.860%.

Adjusted 2021 UI rate using 1.12% solvency rate:

View Employer's UI Contribution Rate for the year: 2021 ▾

The following factors were used when calculating your 2021 Unemployment Insurance (UI) Experience Rate

Your Beginning Account Balance as of 10/01/2019:	\$212,725.78
Plus Contributions Paid through 11/2/2020:	\$1,393,969.04
Minus the Benefit Charges to your account:	\$848,351.72
Minus the Unapplied Credits/Refunds on your account: *	\$163.81
Minus the <u>Solvency Assessment</u> on your account:	\$2,495,334.18
<u>Account Balance Adjustments (+ or -):</u>	<u>\$2,192,541.73</u>
Any transfer of Excess Reserves (+ or -):	\$0.00
Equals your Ending Account Balance:	<u>\$455,386.84</u>
Average Annual Wages Subject to Contributions over the last Three Years:	\$27,026,035.32
Annual Wages Subject to Contributions, 10/1/2017 through 9/30/2018: \$26,788,981.63	
Annual Wages Subject to Contributions, 10/1/2018 through 9/30/2019: \$27,254,084.47	
Annual Wages Subject to Contributions, 10/1/2019 through 9/30/2020: \$27,035,039.86	
Reserve Percentage (Ending Account Balance/Wages Subject to contributions):	1.68 %
This Reserve Percentage has been applied to 2021 Experience Rate Schedule E resulting in a 2021 UI Contribution Rate of:	<u>4.840 %</u>
The 2021 Workforce Training Fund rate is:	0.056 %
Your 2021 EMAC Contribution Rate is:	0.340 %

The amount added back to employers' reserves is indicated on the "Account Balance Adjustment" line. The adjustment amount is the difference in the solvency rate multiplied by the employer's Third Year Wages:

Original Solvency Rate	9.23	Wages for 10/1/2019 - 9/30/2020	\$ 27,035,039.86
Revised Solvency Rate	- 1.12	Difference in Solvency Rate	x 0.0811
Difference in Solvency Rate	= 8.11	Adjustment Amount	= \$ 2,192,541.73

In the example above, **\$2,192,541.73** was added back to the employer's Ending Account Balance resulting in a new Ending Account Balance of **\$455,386.84**. The employer's 2021 UI rate was then reassigned on rate schedule E based on their new reserve percentage (Ending Reserve Balance divided by 3 Year Average Wages). This employer's adjusted UI rate is **4.840%**.

2. Which employers received an account balance adjustment/adjusted UI rate?

Private, contributory employers charged a solvency assessment on their 2021 rate notice received an account balance adjustment.

3. What is the new solvency rate?

The revised 2021 solvency rate is 1.12%. This rate excludes all COVID-related charges to the solvency fund.

4. What is the effective date of the adjusted UI rate?

Adjusted 2021 rates are retroactive to January 1, 2021.

5. I already paid my Q1 contributions, can I get a refund?

DUA is unable to issue refunds. **If an employer has a credit, it will be applied to their COVID-19 Recovery Assessment and other outstanding amounts due.**

Employers can apply credits to future contributions due.

6. Is a new rate notice being issued?

No.

Adjusted rate calculations and the COVID-19 Recovery Assessment rate will be available online in the "Account Maintenance" menu on or after July 26, 2021. Employers that would like a paper copy of their revised rate calculation can print out the "View Rate Notice" screen. DUA will notify employers by email when adjusted UI rates and COVID-19 Recovery Assessment rates are available online.

7. I filed an outstanding filing/paid past due UI contributions. Were these included in the adjusted rate?

No. The legislation passed on May 28, 2021 did not make any changes to the experience rating formula set forth by MGL Chapter 151A, Section 14. The computation period for 2021 rates did not change. The computation period for the 2021 rate was 10/1/2019 – 09/30/2020; Therefore, any filings or payments made after the 2021 computation period cannot be included in the experience rating calculation for 2021's UI rate.

8. Can employers submit a voluntary contribution?

No.

Voluntary contributions are available once per year as part of the annual rate run. The deadline to submit a VC was June 7, 2021.

9. What is the COVID-19 Recovery Assessment?

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

Legislation also created a new COVID-specific employer charge, the COVID-19 Recovery Assessment, to begin to recover the charges to the COVID-19 Employer Relief Account. The COVID-19 Recovery Assessment is intended to reduce the impact of COVID-related charges to employers' UI rates by recovering these costs more manageably over time.

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

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

Employers **not** subject to the COVID-19 Recovery Assessment are:

- Reimbursable employers
- Governmental employers
- New non-construction and construction employers that received new employer UI rates
- Employers with zero 3 Year Average Wages on their 2021 rate notice that received assigned UI rates
- Non-profit employers that have changed their method of payment to contributory within the last three years

11. Where can I view my COVID-19 Recovery Assessment rate?

Employers will be able to view their adjusted UI rate and the COVID-19 Recovery Assessment rate on or after July 26, 2021 in the “View Rate Notice Screen” found in the “Account Maintenance” menu from the Employer Homepage. DUA will notify employers by email when adjusted UI rates and COVID-19 Recovery Assessment rates are available online.

12. How is an employer’s COVID-19 Recovery Assessment rate determined?

The COVID-19 Recovery Assessment rate is an assigned rate based on the employer’s adjusted 2021 UI rate. Please see 2021 COVID-19 Recovery Assessment Rate Schedule below:

DEPARTMENT OF UNEMPLOYMENT ASSISTANCE
2021 COVID-19 RECOVERY ASSESSMENT RATE SCHEDULE
 Effective 1/1/2021

UI Rate	COVID Assessment Rate	UI Rate	COVID Assessment Rate	UI Rate	COVID Assessment Rate
0.940	0.099	3.090	0.324	5.110	0.537
1.080	0.113	3.230	0.339	5.240	0.550
1.210	0.127	3.370	0.354	7.030	0.738
1.340	0.141	3.500	0.368	7.640	0.802
1.610	0.169	3.630	0.381	8.260	0.867
1.750	0.184	3.760	0.395	8.860	0.930
1.890	0.198	3.900	0.410	9.480	0.995
2.010	0.211	4.040	0.424	10.090	1.059
2.150	0.226	4.170	0.438	10.700	1.124
2.290	0.240	4.300	0.452	11.310	1.188
2.420	0.254	4.440	0.466	11.930	1.253
2.560	0.269	4.570	0.480	12.530	1.316
2.690	0.282	4.710	0.495	13.150	1.381
2.820	0.296	4.840	0.508	13.760	1.445
2.960	0.311	4.980	0.523	14.370	1.509

13. What is the wage base for the COVID-19 Recovery Assessment? How are contributions calculated?

The taxable wage base is \$15,000 per employee. Contributions due are calculated by multiplying the COVID-19 Assessment rate and the employer’s quarterly taxable wages.

14. Can employers appeal or request a review of the COVID-19 Recovery Assessment rate?

No.

An employer’s COVID-19 Recovery Assessment rate is assigned based on their calculated UI rate.

15. How will my payroll company be notified of the adjusted 2021 UI rate and COVID-19 Recovery Assessment rates for their clients?

Adjusted UI rates, the new COVID-19 Recovery Assessment rate, and the employer’s account balance due, will be transmitted to Third Party Administrators on the Client/Rate Download file available to Third Party Administrators on their TPA account with DUA.

16. Is there a new filing requirement for the COVID-19 Recovery Assessment?

There is no added reporting requirement or change to the reporting process for Employment and Wage Detail reports.

17. Do payments for the COVID-19 Recovery Assessment need to be sent separately?

Payments for the COVID-19 Recovery Assessment should not be sent to DUA as a separate payment.

18. We already filed Q1 and Q2. Do we need to submit an adjustment?

No.

Already filed Q1 and Q2 reports will be recalculated by DUA to reflect the adjusted 2021 UI rate and COVID-19 Recovery Assessment.