



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

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Dear Third-Party Administrator,

In accordance with legislation enacted on May 28, 2021, the Department of Unemployment Assistance (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 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 the COVID-19 Recovery Assessment rates will be available on or after July 26, 2021. 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. If applicable, credits generated from the Q1 recalculation will decrease the amount owed in Q2 and any remaining credits will be applied to future amounts due. Due to the significant reduction to the solvency rate, it is likely that employers will still have a remaining credit. DUA is unable to issue refunds. **To provide relief to employers, it is imperative that Third Party Administrators absorb any remaining credit amount and apply it to employers' Q2 and future contributions due.**

Contributions for Q1 and Q2 are due on or before **3:00PM EST, August 31, 2021.**

On or after July 26, 2021, employers will be able to view their adjusted 2021 UI rate and the COVID-19 Recovery Assessment rate on the "View Rate Notice" screen on their UI online account. DUA will notify employers via email when adjusted UI rates and COVID-19 Recovery Assessment rates are available online.

Adjusted UI rates, the new COVID-19 Recovery Assessment rate, and the employer's account balance, will be transmitted to Third Party Administrators on the Client/Rate Download file. DUA will notify TPAs by email when the updated Client/Rate Download file is available.

Please read the attached Frequently Asked Questions for more important 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
Third Party Administrator 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:

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 Solvency Assessment on your account:	\$2,495,334.18
Account Balance Adjustments (+ or -):	\$2,192,541.73
Any transfer of Excess Reserves (+ or -):	\$0.00
Equals your Ending Account Balance:	\$455,386.84

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: **4.840 %**
 The 2021 Workforce Training Fund rate is: 0.056 %
 Your 2021 EMAC Contribution Rate is: 0.340 %

The amount added back to employers' reserve 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	-	Difference in Solvency Rate	x 0.0811
Difference in Solvency Rate	=	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. Did every employer receive an account balance adjustment/adjusted UI rate?

Only private, contributory employers with a solvency assessment in 2021 received an account balance adjustment. Excluded employers are those that were not subject to the solvency assessment in 2021:

- 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
- Employers with zero Third Year wages on their 2021 rate notice (10/1/2019- 9/30/2020)

Additionally, employers that already had the lowest UI rate (.940%) prior to the solvency rate adjustment and received a solvency assessment in 2021 will receive an account balance adjustment. However, these employers will not see a change in their UI rate since they already have the lowest UI rate allowed per rate schedule E.

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. If an employer already paid, can they 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. It is critical that TPAs absorb any remaining credits and apply them to their clients' Q2 and future contributions.**

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. The employer recently filed an outstanding filing/paid past due UI contributions. Were these included in the adjusted rate?

No. The legislation enacted 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 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 the employer view their 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 TPAs 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 on UI Online. DUA is leveraging an existing field in the rate file that was never used which is currently transmitting “USA Surcharge”.

DUA will notify TPAs via email when the updated file is available for download. Please make sure your contact email is updated in your UI Online account.

The COVID-19 Recovery Assessment rate will be transmitted in the format below. The file will indicate a zero percent rate for employers not subject to the COVID-19 Recovery Assessment:

Format for the Client Rate Download
Header record: TPA ID, Date Time, Rate Year, Average Construction Rate, New employer Rate, Workforce Training Fund Rate, UI Wage Base, EMAC/UHI Wage Base
For each of the Employer Records: Employer Account Number, Employer Name, Employer UI Contribution Rate, Employer EMAC/UHI rate , COVID-19 RATE , Employer account balance
Example: 900000,3/23/2010 12:00:00 AM,2010,7.84,2.83,.06,14000,14000 33333331,ABC Inc.,12.27,0.24,0.8,35483.57 33333332,XYZ Co.,11.64,0.08,0.5,17410.02
Format for the Client Rate Download with EMAC Supplement
Header record: TPA ID, Date Time, Rate Year, Average Construction Rate, New employer Rate, Workforce Training Fund Rate, UI Wage Base, EMAC/UHI Wage Base, EMAC Supplement Wage Base
For each of the Employer Records: Employer Account Number, Employer Name, Employer UI Contribution Rate, Employer EMAC/UHI rate, COVID-19 RATE , EMAC Supplement Rate, EMAC Supplement balance, Employer account balance
Example: 900000,3/2/2017 12:00:00 AM,2017,6.27,1.87,0.056,15000,15000,15000 33333331,ABC Inc.,0.73,0.34,0.5,00,7500.00, 35483.57 33333332,XYZ Co.,2.08,0.34,0.5,00,5000.00,17410.02

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.