

LEGISLATIVE REPORT

# Impact of increasing the minimum weekly benefit amount

NOVEMBER 2024

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# Executive summary

During the 2021 legislative session, lawmakers raised Washington's minimum weekly benefit amount (MWBA) for unemployment insurance (UI) claimants through passage of [ESSB 5061](#). The minimum and maximum weekly benefit amounts (WBAs) are adjusted each year on July 1, by calculating the average weekly wage for the preceding calendar year. Since the average weekly wage tends to increase each year, the WBAs tend to increase each year as well.

On July 1, 2021, the MWBA increased as a result of this policy change for two reasons: the average weekly wage increased, and the percentage used to calculate the MWBA increased from 15% to 20%.

The previous and current MWBA values are:

- \$295 per week from July 1, 2021, through June 30, 2022.
- \$317 per week from July 1, 2022, through June 30, 2023.
- \$323 per week from July 1, 2023, through June 30, 2024.
- \$342 per week from July 1, 2024, through June 30, 2025.

Additionally, the WBA calculation changed on Jan. 2, 2022, so that “an individual may not receive a weekly benefit amount that exceeds the individual's weekly wage.”<sup>1</sup>

As required by [RCW 50.12.355](#), this report provides an analysis of the changes in UI benefits and claim duration due to the MWBA increase.

## Report highlights

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- For many MWBA recipients, [RCW 50.20.120](#) increased the amount they could claim per week but decreased the total number of weeks they could claim benefits. Among MWBA recipients, roughly 66.4% of those with a benefit year starting in 2021 and roughly 71.4% of those with a benefit year starting in 2022 did not receive an increase in maximum benefit amounts. As a result, their payments were “frontloaded,” meaning the same total amount of benefits were paid to them at a quicker rate.
- The change in the WBA calculation on Jan. 2, 2022, reduced some claimants' WBA without affecting the total amount of money they could receive during their benefit

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<sup>1</sup>Additional clarification from RCW 50.20.120 reads: “For purposes of this subsection, the ‘individual's weekly wage’ means the individual's annualized total wages divided by 52.” An “individual's annualized total wages” means the average quarterly wage of their total wages during the two quarters of their base year where their total wages were highest. This is then multiplied by four.

year. They were eligible to receive the same amount of compensation, but at a slower weekly rate. That is, this change in the WBA calculation “prolonged” benefits for 496 claimants.

- Compared to all claimants, MWBA recipients had lower base year earnings, tend to be younger, and are more likely to identify as female. They are more likely to identify as African American or Hispanic. They tend to have slightly less education.

## Background

### Calculating a claimant's benefit amount

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When a worker successfully applies for UI, Employment Security calculates their WBA and the total amount of compensation they can receive over the course of their claim. This calculation is based on the claimant's earnings and hours worked in each of the five quarters preceding the quarter of UI application.<sup>2</sup> The following concepts are important to identify a worker's WBA.

**The base year** is the first four calendar quarters of the five quarters prior to the quarter of their claim. If a claimant worked fewer than 680 hours in their base year, Employment Security uses an alternate base year, which is the four quarters preceding the claim. If they worked fewer than 680 hours in both four-quarter periods, they are not eligible for UI.

**The individual's weekly wage** is the average of the dollar amount earned in the two highest earning quarters in the base year or alternate base year, divided by 13, rounded down.

The **WBA** is the weekly unemployment benefit amount a claimant can receive, calculated as the average of the dollar amount earned in the two highest earning quarters in the base year or alternate base year, multiplied by 0.0385 (1/26, rounded). If that amount is below the MWBA, the claimant receives the MWBA. If it was above the maximum WBA, they received the maximum WBA.

Since Jan. 2, 2022, an additional step has been used in **the WBA calculation**. The process described above is used to calculate a person's WBA. Then another comparison is made: an individual's WBA is compared to their weekly wage. If the claimant's weekly wage is less than their WBA, their WBA is adjusted downward to be equal to their weekly wage.

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<sup>2</sup> For more information on how the weekly benefit amount is calculated, see [esd.wa.gov/unemployment/calculate-your-benefit](https://esd.wa.gov/unemployment/calculate-your-benefit). The website reflects the current process, not necessarily the process that existed in past years.

After determining a claimant's WBA, Employment Security calculates the **maximum benefit amount** they can receive over the course of their UI claim. It is the smaller of two values:

- 26 times the WBA.
- One-third of the total gross earnings in the base year or alternate base year, whichever is used in the WBA calculation.

After successfully applying for UI, claimants must submit additional applications for compensation, called **weekly claims**. Claimants may submit only one claim per week. Employment Security appraises each weekly claim separately; each could be successful or unsuccessful. A successful weekly claim generally results in compensation equal to the WBA. Claimants may file up to 52 claims for compensation and typically may receive up to 26 weeks of benefits.

The 52-week period in which claimants may file weekly claims is called their **benefit year**. It begins the Sunday of the week the worker applies for unemployment benefits.<sup>3</sup>

### Example calculation

A hypothetical UI claimant earns \$4,000 in the first quarter of their base year, \$3,800 in the second, \$2,500 in the third, and \$2,000 in the fourth. The two highest base-year quarterly earnings are \$4,000 and \$3,800. If this claimant filed in quarters three or four of 2021, then:

- This claimant's WBA would be \$295 per week, since the average of 4,000 and 3,800 is 3,900, and 3,900 times 0.0385, rounded down, is 150, which is less than the MWBA of \$295.
- The total amount of UI compensation this claimant could receive is \$4,100, even though 26 times \$295 is \$7,670. That's because one third of their base year earnings is \$4,100, which is less than \$7,670.
- They would receive \$295 for 13 weeks, and \$265 in week 14.
- The total number of weeks they could claim would be 14, since they would reach \$4,100 in benefits at that point.

This example calculation is provided in the first row of *Figure 1*.

*Figure 1* shows three hypothetical UI claimants with the same quarterly earnings in the four quarters of their base year. These claimants have the average quarterly earnings in the two highest quarters of \$3,900 and the calculated WBA before adjustment of \$150.

The difference is when their benefit year, or their effective date of claim, began.

- For the first and second claimants, their WBA is the same and equal to the MWBA.

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<sup>3</sup> For more information, see the Unemployed Worker Handbook: [media.esd.wa.gov/esdwa/Default/ESDWAGOV/Unemployment/ESD-Handbook-for-Unemployed-Workers.pdf](https://media.esd.wa.gov/esdwa/Default/ESDWAGOV/Unemployment/ESD-Handbook-for-Unemployed-Workers.pdf)

- The first claimant filed for UI before the WBA calculation changed on Jan. 2, 2022, and their weekly wage was not considered in the calculation of WBA.
- The second claimant filed after the change in the WBA calculation and their WBA does not exceed their weekly wage.
- For the third claimant, the WBA is adjusted to be equal to their weekly wage, since their weekly wage is smaller than the MWBA.

If a claimant had a maximum benefit amount equal to \$7,670 (\$295 times 26), and received \$295 per week, they would exhaust their benefits in 26 weeks. However, if their maximum benefit amount was less than \$7,670, and they claimed \$295 per week, they may have exhausted benefits more quickly. In Figure 1, all three hypothetical UI claimants are eligible for the maximum benefit amount of \$4,100 and would exhaust their UI benefits in 14 weeks.

Figure 1: Example calculations of WBA

Benefit year starting in	Weekly wage	MWBA	Actual WBA	Total earnings of base year/3	WBA × 26	Maximum benefit amount	Claim duration in weeks
Q3 and Q4 of 2021 (claimant one) Q1 and Q2 of 2022 (claimant two)	\$300	\$295	\$295	\$4,100	\$7,670	\$4,100	13.90
Q3 and Q4 of 2022 (claimant three)	\$300	\$317	\$300	\$4,100	\$7,800	\$4,100	13.67

## Data

This report contains information on 52,029 MWBA recipients whose benefit year began in 2021 with a WBA equal to the MWBA, and in 2022 with a WBA less than or equal to the MWBA. These 52,029 MWBA recipients claimed only in one benefit year of 2021 and 2022. Another 10,267 MWBA recipients claiming in both years are not analyzed.

Employment Security splits the MWBA recipients into four groups, based on the timing of changes in WBA policies, and refers to these groups for the remainder of the report:

1. Group 1: Claimants with a WBA equal to \$201 and effective date of claim in quarter one and two of 2021 (2021 Q1 and Q2);
2. Group 2: Claimants with a WBA equal to \$295 and effective date of claim in quarter three and four of 2021 (2021 Q3 and Q4);

3. Group 3: Claimants with a WBA less than or equal to \$295 and effective date of claim in quarter one and two of 2022 (2022 Q1 and Q2); and
4. Group 4: Claimants with a WBA less than or equal to \$317 and effective date of claim in quarter three and four of 2022 (2022 Q3 and Q4).

The total number of claimants in the four groups, and average number of claimants for each week, are displayed in *Figure 2*.

**Figure 2. Total number and weekly average number of MWBA recipients**

Washington state, Jan. 1, 2021, through Dec. 31, 2022

Source: Employment Security Department/DATA

Group	Total number of claimants	Weekly average number of claimants
Benefit year starting in 2021 Q1 and Q2, Weekly benefit amount of \$201	10,764	414
Benefit year starting in 2021 Q3 and Q4, Weekly benefit amount of \$295	16,542	636
Benefit year starting in 2022 Q1 and Q2 Weekly benefit amount less than or equal to \$295	11,174	430
Benefit year starting in 2022 Q3 and Q4 Weekly benefit amount less than or equal to \$317	13,549	521

## Descriptive statistics

*Figure 3* presents information on demographics, occupations, industries, and geographic locations of all claimants and MWBA recipients with benefit years in 2021 and 2022. Compared to all claimants, MWBA recipients had lower base year earnings, tend to be younger, and are more likely to identify as female. They are more likely to identify as African American or Hispanic. They tend to have slightly less education.

MWBA recipients tend to have different occupations than other UI claimants. MWBA recipients' main occupations are Food Preparation and Serving Related Occupations (SOC = 35), Office and Administrative Support Occupations (SOC = 43), and Sales and Related Occupations (SOC = 41). All UI claimants, in contrast, are most likely to be in Management Occupations (SOC =

11), Construction and Extraction Occupations (SOC = 47), and Office and Administrative Support Occupations (SOC = 43).<sup>4</sup>

MWBA recipients tend to work in different industries than other UI claimants. MWBA recipients' most common industry sectors are Retail Trade (NAICS = 44-45), Accommodation and Food Services (NAICS = 72), and Health Care and Social Assistance (NAICS = 62). All UI claimants, in contrast, are most likely to work in Construction (NAICS = 23), Health Care and Social Assistance (NAICS = 62), and Manufacturing (NAICS = 31-33).<sup>5</sup>

MWBA recipients tend to live in different parts of the state than other UI claimants. A larger proportion of MWBA recipients reside in less populated counties like Spokane and Clark counties.

### Figure 3. Summary statistics

Washington state, Jan. 1, 2021, through Dec. 31, 2022

Source: Employment Security Department/DATA

Group	All claimants	MWBA recipients
Demographic characteristics		
Age (year)	40.5	35.3
Female (%)	43.1%	57.9%
White (%)	66.6%	64.5%
African American (%)	6.4%	7.7%
Asian (%)	7.1%	4.7%
Hispanic (%)	15.2%	21.6%
College degree or higher (%)	20.8%	9.8%
Some college (%)	33.3%	31.9%
High school graduate (%)	34.1%	41.4%
High school dropouts or lower (%)	8.6%	14.2%
Veteran (%)	6.5%	3.3%
Disability (%)	4.1%	5.1%
Occupations		
Management (%)	15.0%	7.2%
Construction and Extraction (%)	12.7%	5.3%
Office and Admin Support (%)	10.7%	13.9%

<sup>4</sup> SOC stands for Standard Occupational Classification. SOC system is a federal statistical standard used to classify workers into occupational categories. For major SOC groups, see occupation profiles at [https://www.bls.gov/oes/current/oes\\_stru.htm](https://www.bls.gov/oes/current/oes_stru.htm)

<sup>5</sup> NAICS stands for North American Industry Classification System. The NAICS is the standard used by federal statistical agencies in classifying business establishments. For major NAICS groups, see the structure of NAICS at <https://www.census.gov/naics/?58967?yearbck=2022>

Production (%)	7.4%	6.1%
Food Preparation and Serving Related (%)	7.4%	14.5%
Transportation and Material Moving (%)	7.1%	7.2%
Sales and Related (%)	6.2%	12.2%
Industry sectors		
Construction (%)	13.7%	4.8%
Health Care and Social Assistance (%)	10.4%	12.4%
Manufacturing (%)	9.9%	5.1%
Retail Trade (%)	9.2%	16.7%
Administrative and Support and Waste Management and Remediation Services (%)	7.7%	10.2%
Accommodation and Food Services (%)	7.4%	13.2%
Counties		
King (%)	25.1%	15.1%
Pierce (%)	12.6%	11.0%
Snohomish (%)	10.7%	7.1%
Spokane (%)	6.4%	9.2%
Clark (%)	4.6%	5.4%

## Wage replacement

The wage replacement rate is ratio of a claimant's weekly unemployment benefit amount (WBA) divided by their weekly wage in their base year. The claimants are grouped by their effective date of claim into four half-year divisions from 2021 to 2022. Each half-year period is matched with a group of claimants affected by the MWBA policy change. The identified claimants to include in the calculation are those

- receiving \$201 per week with benefit year starting in 2021 quarter one and two
- receiving \$295 per week with benefit year starting in 2021 quarter three and four
- receiving less than or equal to \$295 per week with benefit year starting in 2022 quarter one and two
- receiving less than or equal to \$317 per week with benefit year starting in 2022 quarter three and four

Wage replacement rate is calculated by dividing the claimant's WBA value by their average weekly wage in their base year or alternative base year. Then group level average weekly wages, average WBAs and average wage replacement rate are calculated by averaging by group (columns two through four of *Figure 4*, respectively).

Figure 4 shows that for each period with a passage of the policy change, average wage replacement of MWBA recipients remained above 90%, meaning that MWBA recipients received a weekly benefit covering their base year weekly wages by more than 90%.

Figure 4. Wage replacement for calendar year 2021-2022<sup>6</sup>

Group	Average weekly wages of MWBA recipients during base year employment	Average WBA of MWBA recipients during base year employment	% Wage replacement
Quarter 1 and 2 of 2021	\$239 per week	\$201 per week	93%
Quarter 3 and 4 of 2021	\$334 per week	\$295 per week	98%
Quarter 1 and 2 of 2022	\$339 per week	\$293 per week	94%
Quarter 3 and 4 of 2022	\$364 per week	\$315 per week	94%

## Claim outcomes

Figure 5 shows six variables related to claiming behaviors for the four groups. The columns are the four groups, while the rows are different outcomes. The number of successful initial claims (row 4) is different from the total number of claimants (row 6), because there is an additional condition of having weeks claimed greater than 0 to obtain row 4 in Figure 5.

Figure 5. Benefit outcomes for four groups

Washington state, Jan. 1, 2021, through Dec. 31, 2022

Source: Employment Security Department/DATA

Group	Benefit year starting in 2021 Q1 and Q2, Weekly benefit amount of \$201	Benefit year starting in 2021 Q3 and Q4, Weekly benefit amount of \$295	Benefit year starting in 2022 Q1 and Q2 Weekly benefit amount less than or equal to \$295	Benefit year starting in 2022 Q3 and Q4 Weekly benefit amount less than or equal to \$317
Average benefits paid	\$2,209.18	\$2,904.95	\$3,106.83	\$3,591.39
Average weeks claimed	14.17	10.87	11.25	12.21
Exhaustion rate	54.4%	53.5%	56.0%	60.8%

<sup>6</sup> See the wage replacement rate table in the appendix of 2023 MWBA revised report for updated methodology.

Number of successful initial claims	6,532	7,576	5,321	7,196
Average weekly benefit amount	\$201	\$295	\$293.53	\$314.93
Total number of claimants	10,764	16,542	11,174	13,549

## Frontloading

Policy changes affect the values used to calculate UI benefits. In practice, for many MWBA recipients in 2021 and 2022, RCW 50.20.120 increased the amount they could claim per week but decreased the total number of weeks for which they could claim benefits (“frontloading”). On the contrary, the change in the WBA calculation on Jan. 2, 2022, reduced the amount some MWBA recipients could claim per week but increased the total number of weeks in which they could claim benefits (“prolonged”).

“Frontloading” describes the general effect of a policy that increased the MWBA. “Prolonging” describes the general effect of the new rule, adopted on Jan. 2, 2022, that reduced weekly benefit amounts. That is, the terms of “frontloading” and “prolonging” are policy-specific descriptions (rather than claim-specific descriptions) tied to either the policy change on July 1, 2021, and July 1, 2022, or the rule change on Jan. 2, 2022. On the individual level, people who claimed in Q1 and Q2 of 2022 may be affected by both changes (the change on July 1, 2021, and the change on Jan. 2, 2022).

Overall, the frontloading was a very common effect of the July 1 policy change, but the prolonging effect from the Jan. 2, 2022, policy change was relatively rare.

Figure 6 shows how the 2021 and 2022 increase in the MWBA, and the Jan. 2, 2022, change in the WBA calculation, affected how long people could claim benefits (frontloading or prolonging).

### Figure 6. Effects of three changes in MWBA on frontloading or prolonging

Washington state, Jan. 1, 2021, through Dec. 31, 2022  
 Source: Employment Security Department/DATA

MWBA recipients with benefit year starting after 2021 increase in MWBA (Q3 and Q4 2021)

Duration	Total benefits	WBA	Number of claimants	Percentage
Frontloading	No change	Increases	10,984	66.4%

Frontloading	Increases	Increases	2,858	17.3%
No change	Increases	Increases	2,541	15.4%
No change	No change	No change	159	1.0%

MWBA recipients with benefit year starting after 2022 change in WBA calculation (Q1 and Q2 2022)

Duration	Total benefits	WBA	Number of claimants	Percentage
No change	No change	No change	10,678	95.6%
Prolonging	No change	Decreases	496	4.4%

MWBA recipients with benefit year starting after 2022 increase in MWBA (Q3 and Q4 2022)

Duration	Total benefits	WBA	Number of claimants	Percentage
Frontloading	No change	Increases	9,674	71.4%
Frontloading	Increases	Increases	832	6.1%
No change	Increases	Increases	2,447	18.1%
No change	No change	No change	596	4.4%

The frontloading amount is more variable for the first group of claimants from 2021. The maximum reduction in duration is 6.5 weeks, and the median is 4.0 weeks. The frontloading amounts for the third group from late 2022 are more concentrated. The maximum reduction in duration is 1.8 weeks, and the median is 1.2 weeks. The Jan. 2, 2022, WBA-calculation change caused prolonging. The maximum prolonged amount is 11.5 weeks, and the median is 1.5 weeks.

## Methods and continued research

In this report, Employment Security presents descriptive results.

As Employment Security collects and analyzes more data, study results and conclusions may change. Employment Security will apply rigorous econometric methods to analyze how changes to the MWBA affected recipients' outcomes, such as reemployment, wages, hours worked, and UI compensation in the year following their UI claim, for a full analysis of claimant impact in 2025. In addition to continued research, peer review is needed. Employment Security intends to prepare an article for submission to an academic journal that includes these analyses. The academic publication process includes peer review, allowing Employment Security to receive and incorporate expert feedback.

With this additional research and peer review, Employment Security will be able to draw more definitive conclusions about the impact of the MWBA increase on claimants and will include those conclusions in the 2025 report.

# UI Advisory Committee perspectives

As required by statute, Employment Security provided a draft of this report to the Unemployment Insurance Advisory Committee (UIAC) and presented the findings at the October 30 and December 11, 2024, UIAC meetings. Employment Security did not receive any comments, questions or other feedback to be included in this report.