

# Impact of increasing the minimum weekly benefit amount

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**Employment Security Department**  
WASHINGTON STATE

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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 because 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:

- \$201 per week from July 1, 2020, through June 30, 2021. • \$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

- For some MWBA recipients, an increase in the MWBA results in a higher WBA but decreases the total number of weeks they could claim benefits before exhausting. Larger increases in the MWBA result in larger reductions in the number of weeks a claimant may receive their WBA before exhausting benefits.
- 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

<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 lower dollar-per-week rate. This change increased the number of weeks that they could claim benefits before exhausting the amount they were eligible to receive.

- Compared to all other claimants, on average, UI claimants whose WBA was less than or equal to the MWBA tended to:
  - be younger
  - self-identify as female
  - self-identify as African American or Hispanic
  - have slightly less education.
- Compared to all other claimants, those whose WBA was less than or equal to the MWBA claimed fewer weeks of UI and were slightly less likely to exhaust benefits.

## Background

When a worker successfully applies for UI, Employment Security calculates their weekly benefit amount (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>1</sup> The following concepts are important to identify a worker's WBA.

**Base year.** The base year is the first four calendar quarters of the five quarters prior to the quarter of their claim. Excluding the fifth quarter from base year calculations ensures adequate time for accurate wage information to be accounted for and referenced. 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.

**Individual's weekly wage.** 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 to the nearest dollar.

**WBA calculations in 2021.** The WBA is 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 down). If that amount is below the MWBA, the claimant receives the MWBA. If it was above the maximum WBA, they received the maximum WBA.

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<sup>1</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 2021.

*WBA calculations since Jan. 2, 2022.* Since Jan. 2, 2022, an additional step has been used in the WBA calculation. The process described for 2021 is used to calculate a claimant's WBA. Then, another comparison is made: their 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.

Calculations for the purposes of this step is not just the sum of earnings in the base year divided by 52. Instead, Employment Security calculates this value by averaging the earnings from the two highest-earning quarters of the base year, then dividing that number by 13.

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

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

*Weekly claim.* 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 typically 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.

*Benefit year.* 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>2</sup>

## Example calculations

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. Their average weekly wage is \$300.

The date that the claimant files their initial claim, paired with this base year earnings information determines their WBA, maximum benefit amount, and the possible number of weeks they can claim their WBA before exhausting benefits.

- If this claimant filed between July 1, 2020, and June 30, 2021, then:

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<sup>2</sup> For more information, see the Unemployed Worker Handbook:

[media.esd.wa.gov/esdwa/Default/ESDWAGOV/Unemployment/ESD-Handbook-for-UnemployedWorkers.pdf](https://media.esd.wa.gov/esdwa/Default/ESDWAGOV/Unemployment/ESD-Handbook-for-UnemployedWorkers.pdf)

- This claimant's WBA would have been \$201 per week, since the average of \$4,000 and \$3,800 is \$3,900 and 3,900 times 0.0385 rounds down to 150, which is less than the MWBA of \$201.
- The total amount of UI compensation this claimant could have received was \$4,100, even though 26 times \$201 is \$5,226. That's because one third of their base year earnings was \$4,100, which is less than \$5,226.
  - They would have received \$201 for 20 weeks, and \$80 in week 21.
  - The total number of weeks they could claim would have been 21, since they would have reached \$4,100 in benefits at that point.
  - If this claimant filed between July 1, 2021, and June 30, 2022, then:
- This claimant's WBA would have been \$295 per week, since the average of \$4,000 and \$3,800 is \$3,900 and 3,900 times 0.0385 rounds down to 150, which is less than the MWBA of \$295. The rule that came into effect on Jan. 2, 2022, does not impact this claim because their WBA (\$295) was less than their average weekly wage (\$300).
- The total amount of UI compensation this claimant could have received was \$4,100, even though 26 times \$295 is \$7,670. That's because one third of their base year earnings was \$4,100, which is less than \$7,670.
  - They would have received \$295 for 13 weeks, and \$265 in week 14.
  - The total number of weeks they could claim would have been 14, since they would have reached \$4,100 in benefits at that point.
  - If this claimant filed after July 1, 2022, then:
- This claimant's WBA is \$300 per week, since the average of \$4,000 and \$3,800 is \$3,900 and 3,900 times 0.0385 rounds down to 150, which is less than the MWBA. The rule that came into effect on Jan. 2, 2022, *does* impact this claim because the MWBA is greater than their average weekly wage (\$300). So, their WBA is \$300.
- The total amount of UI compensation this claimant can receive is \$4,100, even though 26 times \$300 is \$7,800. That's because one third of their base year earnings is \$4,100, which is less than \$7,800.
  - They can receive \$300 for 13 weeks, and \$200 in week 14.
  - The total number of weeks they can claim is 14, since they would reach \$4,100 in benefits at that point.

*Frontloading.* This hypothetical example highlights a key impact of the annual increases in the MWBA. If this person claimed before July 1, 2021, they would be able to claim their WBA for 20 weeks, and a reduced amount in week 21. However, if they claimed after July 1, 2021, they would receive more money per week, but they would exhaust benefits in the 14<sup>th</sup> week of their claim. Compared to the potential claim duration in the first example, the potential claim duration in the second example is "frontloaded."

The annual increase in the MWBA typically results in frontloading for some claimants. Larger changes in the MWBA, like the change from \$201 to \$295 that occurred in 2021, tend to cause frontloading for more claimants, and cause a greater reduction in the number of weeks a claimant may receive benefits before exhausting.

*Prolonging.* The policy change that occurred on Jan. 2, 2022, reduces some claimants' WBAs by capping it at their average weekly wage. This never results in an increase in the total benefit amount. This policy change may increase the number of weeks of benefits a claimant can receive before exhausting. This phenomenon, wherein the Jan. 2, 2022, policy change decreased some claimants' WBA and increased the number of weeks in which a claimant can receive compensation before exhausting benefits, is called "prolonging" benefits.

## Data and findings

This report presents data on all UI-eligible workers that filed a successful initial claim from 2021 to 2024 and were assigned a WBA, a maximum benefit amount, and a benefit year. Claimants are excluded from the sample if they were not monetarily eligible for UI or there is a rare data reporting error indicating that a claimant worked more than 24 hours a day in their base year or alternative base year.

Figure 1. Number of UI-eligible claimants who successfully filed initial claims each year Washington state, Jan. 2021 through Dec. 2024.

Year	Total number of claimants who registered for UI	Number (percent) qualifying for a WBA less than or equal to the MWBA
2021	273,145	36,382 (13.3%)
2022	183,323	31,367 (17.1%)
2023	234,298	31,838 (13.6%)
2024	241,950	32,463 (13.4%)

Source: Employment Security Department/Labor Market Information and Research

Figure 1 shows the number of claimants that registered for UI each year, and the number and percent of them that qualified for the MWBA, or a lower WBA. Each of these claimants was assigned a WBA and a maximum benefit amount. Each was notified of the first date of their benefit year. However, not all of them received compensation (some claimants do not file weekly claims for compensation, and some are denied on all their weekly claims). Almost all claimants who registered in 2024 have benefit years extending through 2025, and some have benefit years that are still ongoing.

Note, also, that the UI data change over time as adjudication changes eligibility status for some claimants, and WBA amounts for others. As such, these numbers may differ slightly from similar statistics published elsewhere.

Figure 2. Demographic characteristics — Washington state, Jan. 2021 through Dec. 2024.

Variable	UI claimants with WBAs less than or equal to the MWBA with effective dates of claim in 2021, 2022, 2023	UI claimants with WBAs greater than the minimum, with effective dates of claim in 2021, 2022, 2023
Age (year)	36.5	41.8
Female (%)	57.2%	36.6%
White (%)	64.5%	67.5%
African American (%)	7.4%	6.1%
Asian (%)	4.1%	7.0%
Hispanic (%)	27.5%	17.7%
College degree or higher (%)	9.3%	22.8%
Some college (%)	30.0%	31.4%
High school graduate (%)	56.2%	41.9%
Veteran (%)	3.3%	6.9%
Disability (%)	5.3%	4.0%

Source: Employment Security Department/Labor Market Information and Research

This table gives annual totals that align with the calendar year. However, the MWBA updates follow a different annual schedule. The MWBA changes between quarters 2 and 3 each year. The values in the third column of Figure 1 — the number and percent of claimants that qualify for a WBA for the MWBA or less each year — reflect this by counting the number of claimants getting the lower MWBA in the first half of the year alongside the claimants getting the updated MWBA in the second half of the year. For instance, 36,382 claimants qualified for the MWBA in 2021. Of these, 17,127 qualified for the MWBA of \$201/week and registered for UI from Jan. to June, while 19,255 qualified for the MWBA of \$295/week and registered for UI from July to Dec.



Figure 2 shows demographic statistics for UI claimants with effective dates of claim in 2021, 2022, and 2023. The data are split by MWBA receipt status: column 2 provides statistics for claimants with WBAs less than or equal to the MWBA and column 3 provides statistics for claimants with WBAs greater than the MWBA.

Figure 3. Quarterly earnings relative to the quarter of the initial claim Washington state, Jan. 2021 through Dec. 2024.

Quarter relative to the initial claim	UI claimants with WBAs less than or equal to the MWBA with effective dates of claim in 2021, 2022, 2023	UI claimants with WBAs greater than the minimum, with effective dates of claim in 2021, 2022, 2023
Five quarters before	\$3,764.66	\$15,003.13
Four quarters before	\$3,757.97	\$14,491.31
Three quarters before	\$4,019.03	\$14,418.73
Two quarters before	\$4,915.80	\$15,681.85
One quarter before	\$5,524.89	\$15,270.15
Quarter of the initial claim	\$3,663.95	\$11,780.17
One quarter after	\$3,173.51	\$8,140.01
Two quarters after	\$4,197.23	\$10,053.76
Three quarters after	\$4,577.08	\$10,792.58
Four quarters after	\$4,360.84	\$10,460.36

Source: Employment Security Department/Labor Market Information and Research

UI claimants with WBAs less than or equal to the MWBA tended to be slightly younger, and were more likely to self-identify as female, African American, and Hispanic. They were more likely to report that their highest education level was a high school degree.

Figure 3 shows quarterly earnings<sup>3</sup> from covered employment in Washington state for UI claimants who registered in 2021-2023. Earnings are “winsorized” at the top 1%. This common statistical technique reduces outlier’s influence on the summary statistics presented in this report. The earnings are presented separately for UI claimants with WBAs less than or equal to the MWBA and all other claimants.

<sup>3</sup> Values are adjusted for inflation using the urban consumer price index. Dollar values presented in Q1 2022 terms. See [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm).

Base year earnings were \$43,137.56 lower for claimants with WBAs equal to or less than the MWBA in 2021, 2022, and 2023. Earnings before the quarter of the claim determine MWBA, explaining why the pre-UI earnings are systematically lower for MWBA recipients.

The discrepancy in earnings between claimants whose WBA is less than or equal to the MWBA and claimants whose WBA is greater than the MWBA persists after the quarter of the claim. Earnings in the yearlong period starting in the quarter after the claim are, on average, \$23,138.04 lower for those whose WBA is less than or equal to the MWBA. This is likely because MWBA recipients systematically apply for lower-paying jobs than other UI claimants, though we lack job application data to test this hypothesis.

*Figure 4a* shows the top three pre-UI industries for claimants whose WBA is less than or equal to the MWBA. *Figure 4b* shows the top three most common pre-UI industries for all other UI claimants. Some of the differences in earnings patterns in *Figure 2* may be attributable to working in different sectors. For example, considering UI claimants with effective dates of claim in 2021, 2022, and 2023, claimants whose primary separating employer was in the Accommodation and Food Services sector earned an average of \$30,703 in their base year, while claimants whose separating employer was in the construction sector earned an average of \$64,978 in their base year.

Figure 4a. Most common sectors for claimants with WBAs less than or equal to the MWBA Washington state, Jan. 2021 through Dec. 2024.

Name of sector	Percent of UI claimants with WBAs less than or equal to the MWBA with effective dates of claim in 2021, 2022, 2023 from this sector
Accommodation and Food Services	12.3%
Health Care and Social Assistance	11.3%
Administrative and Support and Waste Management and Remediation Services	10.0%

Source: Employment Security Department/Labor Market Information and Research

Figure 4b. Most common sectors for claimants with WBAs greater than the MWBA Washington state, Jan. 2021 through Dec. 2024.

Name of most common sectors	Percent of non-MWBA recipients with effective dates of claim in 2021, 2022, 2023 from this sector

Construction	19.8%
Manufacturing	10.3%
Health Care and Social Assistance	8.1%

Source: Employment Security Department/Labor Market Information and Research

*Figure 5a* shows the wage replacement rate for claimants whose WBA is less than or equal to the MWBA. For each claimant, the wage replacement rate is their WBA divided by their average weekly wage where, for the purpose of this calculation, the average weekly wage is defined as the sum of a claimant's base year earnings (or alternative base year earnings) divided by 52.<sup>4</sup> The value in the table is the average of the wage replacement across claimants (as opposed to the ratio of columns two and three).

The values in the second column of *Figure 5a* increase year to year because, as the MWBA increases, more and more claimants in higher earnings groups are included in the average. For example, the average in 2021 has no one whose WBA was greater than \$295, whereas the average in 2024 includes information from claimants with WBAs between \$295 and \$342.

*Figure 5b* shows the wage replacement rate for UI claimants with WBAs greater than the MWBA and with effective dates of claim in 2021, 2022, and 2023. The values in the second column of *Figure 5b* increase year to year because, as the MWBA increases, fewer and fewer claimants with lower earnings are included in the average. For example, the average in 2021 has claimants whose WBA was between \$295 and \$342, whereas the average in 2024 includes only information from claimants with WBAs above \$342.

Wage replacement rates are much higher for UI claimants with a WBA less than or equal to the MWBA than for claimants with a WBA greater than the MWBA. In 2021, the wage replacement rate for UI claimants with a WBA less than or equal to the MWBA was 29.3 percentage points higher than the wage replacement rate for UI claimants with a WBA greater than the MWBA.

Figure 5a. Wage replacement rate for claimants with WBAs less than or equal to the MWBA Washington state, Jan. 2021 through Dec. 2024.

	Average weekly wages of MWBA recipients during base year employment	Average WBA of MWBA recipients	Percent wage replacement
Claimants in 2021	\$276.89	\$252.29	93.0%

<sup>4</sup> Recall from RCW 50.20.120 that the average weekly wage calculation for the purposes of WBA determination is different. 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."

Claimants in 2022	\$331.97	\$305.58	93.8%
Claimants in 2023	\$356.66	\$318.28	91.5%
Claimants in 2024	\$375.04	\$331.61	90.8%

Source: Employment Security Department/Labor Market Information and Research

Figure 5b. Wage replacement rate for claimants with WBAs greater than the MWBA Washington state, Jan. 2021 through Dec. 2024.

	Average weekly wages of non-MWBA recipients during base year employment	Average WBA of non-MWBA recipients	Percent wage replacement
Claimants in 2021	\$1,001.22	\$548.37	63.7%
Claimants in 2022	\$1,238.30	\$643.56	60.5%
Claimants in 2023	\$1,513.56	\$704.25	57.4%
Claimants in 2024	\$1,564.89	\$732.34	57.1%

Source: Employment Security Department/Labor Market Information and Research

Figure 6 displays claim information for claimants with effective dates of claim in 2021, 2022, and 2023. On average, claimants with WBAs less than or equal to the MWBA claimed 3.7 fewer weeks of benefits compared to claimants with WBAs greater than the MWBA. They claimed \$4,731.20 fewer in benefits. They were slightly less likely to exhaust benefits.

Figure 6. Claim information — Washington state, Jan. 2021 through Dec. 2024.

Variable	UI claimants with WBAs less than or equal to the MWBA with effective dates of claim in 2021, 2022, 2023	UI claimants with WBAs greater than the minimum, with effective dates of claim in 2021, 2022, 2023
Weeks claimed	7.2	10.9
Amount claimed	\$1,900.81	\$6,632.01
Percent exhausting benefits	17.8%	18.3%

Source: Employment Security Department/Labor Market Information and Research

# Conclusion

This report documents that:

- The types of claimants who were impacted by the annual MWBA increases — or by the Jan. 2, 2022 change to the WBA calculation — are different from claimants who were not affected by these changes. On average, (1) they earn less before the initial claim, (2) they earn less after the quarter of the UI claim, (3) they work in different sectors before their UI claim, (4) their self-reported demographic characteristics are different, (5) their replacement rates are substantially higher, and (6) they claim fewer weeks of UI.
- 1) Increases in the MWBA *may* result in subsequent increases in the maximum benefit amount assigned to a claimant. It *may* also result in subsequent reductions in the number of weeks a claimant can receive their WBA before exhausting benefits (frontloading).
    - If an MWBA increase reduces the possible duration before exhaustion, the extent to which it does so is proportional to the size of the MWBA increase. Larger increases in the MWBA have larger subsequent effects on the calculations of maximum benefit amounts and possible duration before exhaustion.
  - 2) The Jan. 2, 2022 policy change may have increased the number of weeks a claimant could receive their WBA before exhausting their benefits (prolonging).

## UI Advisory Committee perspectives