

Unemployment Insurance Trust Fund Forecast

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Executive summary

This report provides the status of, and updated projections for, the state's unemployment insurance (UI) trust fund for 2024 through 2029. The report is based on the March 2025 economic forecast released by the state's Economic and Revenue Forecast Council (ERFC) using forecast information and UI tax and benefit data through the fourth quarter of 2024.

As of April 1, 2025, the UI trust fund balance was approximately \$3.5 billion. Unemployment benefit payments from the trust fund are projected to be approximately \$1.7 billion in 2025 and \$1.9 billion in 2026. Employer tax contributions to the UI trust fund are projected to be approximately \$1.8 billion in 2025 and \$1.7 billion in 2026. We estimated the trust fund held 8.4 months of benefits available at the end of third quarter 2025. We expect this reserve will likely trend down to 7.4 months of benefits in 2029.

Contents

This report contains the following items:

- Employer contributions, benefit payments and projected trust fund balance through 2029
- March 2025 forecast compared to the November 2024 forecast
- Appendix 1: Economic assumptions for the March 2025 forecast compared to the November 2024 forecast

If you have any questions, please contact Gustavo Avilés, Chief Analytics Officer, at 360-890-3736 or email: lmir@esd.wa.gov.

Introduction

This report provides information on Washington state's employer contributions, benefits, and UI trust fund current and projected balances. Review and adjustment of the Employment Security Department's unemployment trust fund projections happens four times per year (March, June, September, and November). The adjustments are made by changing several variables in the trust fund model. Economic variables are sourced from the state's Economic and Revenue Forecast Council's (ERFC) March 2025 economic forecast.

Additionally, this report uses actual unemployment insurance tax and benefit data through December 31, 2024. The economic assumptions used for the March 2025 forecast compared to the November 2024 forecast are provided in Appendix 1. Due to a refresh of modeling assumptions and historical data, the November and March forecasts are not immediately comparable.

Employer contributions

Employer tax contributions are projected to be approximately \$1.81 billion in 2025 and \$1.66 billion in 2026. Figure 1 shows annual projections of employer contributions through 2029.

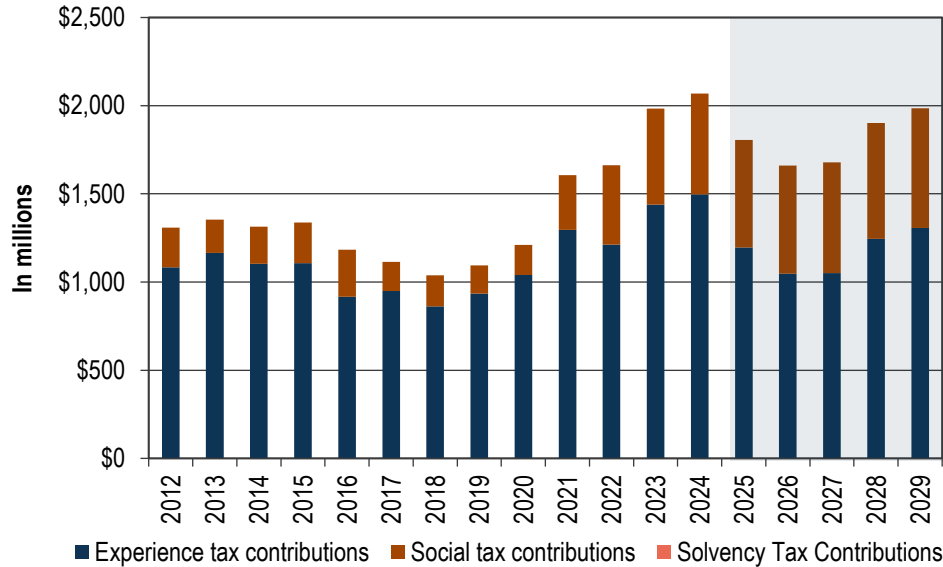
Per state law, 2025 experience tax rates are based on benefits paid between July 1, 2020, and June 30, 2024. In addition, per state law, the taxable wage base increased from \$67,600 to \$68,500 in 2024.

The COVID-19 pandemic caused a high volume of claims. The increased benefit payments would normally cause a significant increase in employer contributions. To mitigate this, ESSB 5478, which went into effect on May 12, 2021, provided \$500 million in additional financial relief to certain taxable employers to offset benefit charges from COVID-19-related claims. An employer's social tax rate starts with the flat social tax rate, typically with a cap of 1.22%, which is then graduated by rate class. Earlier COVID-19 legislation, ESSB 5061, lowered the flat social tax for 2021 to 2025. This bill also provided employers relief of benefit charges between March 22 and May 30, 2020, further lowering experience tax rates. The social tax cap was further lowered to 0.5% for 2022 and 0.7% for 2023 by ESSB 5873, which went into effect on March 11, 2022.

The flat social tax rate is 0.6% for 2025 and is projected to hold at 0.6% through 2029. Solvency taxes, imposed if the trust fund cannot provide for seven months of benefits on September 30 of any given year, are waived by state law through 2025. No solvency tax is expected through 2029.

Figure 1. Washington state unemployment insurance employer tax contributions

Washington state, 2012 through 2029. Source: Employment Security Department/LMIR/ETA 2112/UI Wage File



Note: Highlighted years reflect projected data.

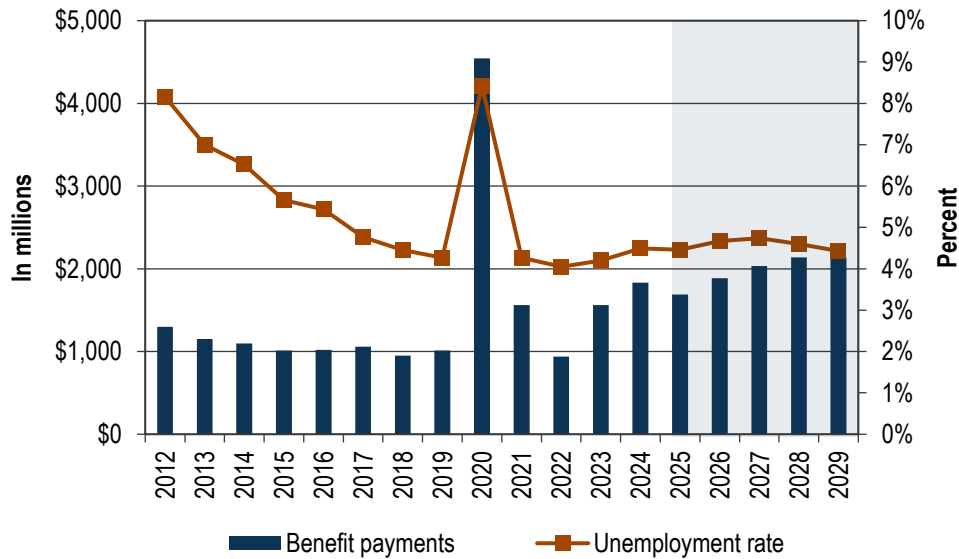
Employer tax contributions are projected to be approximately \$1.81 billion in 2025, \$1.66 billion in 2026, and \$1.68 billion in 2027.

Unemployment benefit payments

Benefit payments from the UI trust fund are projected to be approximately \$1.69 billion in 2025 and \$1.88 billion in 2026. Per state law, the minimum weekly benefit amount increased from \$323 to \$342, and the maximum weekly benefit amount increased from \$1,019 to \$1,079 in 2024. Figure 2 shows annual projections of benefit payments from the trust fund and the projected state unemployment rate through 2029.

Figure 2. Benefit payments from state unemployment trust fund

Washington state, 2012 through 2029. Source: Employment Security Department/LMIR/ETA 2112/UI Wage File



Note: Highlighted years reflect projected data.

Benefit payments from the trust fund are projected to be approximately \$1.69 billion in 2025 \$1.88 billion in 2025

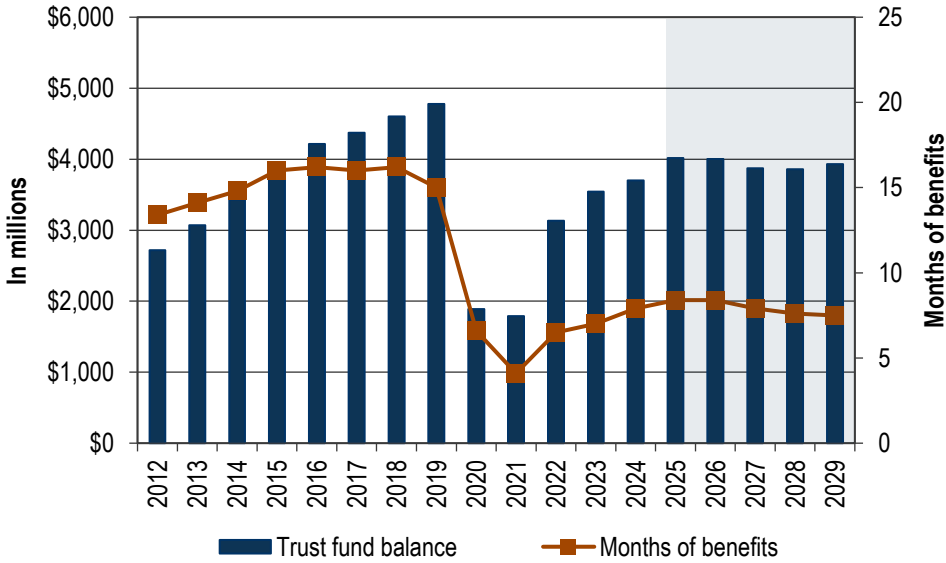
Trust fund balance

As of April 1, the UI trust fund balance was approximately \$3.47 billion. We project an end-of-year balance of \$4.02 billion. We estimate 8.4 months of benefits on September 30, 2025.

Figure 3 shows the annual projected year-end trust fund balance through 2029. The orange line represents the months of benefits available on the date when unemployment insurance tax rates for the following year are calculated (September 30). It is important to note that individual years can have the same trust fund balance, but different months of benefits. There is not one standard cost for the month of benefits. The cost of a month of benefits varies depending on how many people in the state are working and how much they are earning.

Figure 3. Washington state unemployment trust fund and months of benefits

Washington state, 2012 through 2029. Source: Employment Security Department/LMIR/ETA 2112/UI Wage File



Note: Highlighted years reflect projected data.

The reserves in the trust fund are estimated to cover 8.4 months of benefits in 2025.

Trust fund scenario: March 2025 forecast compared to November 2024

Washington state, March 2025 and November 2024. Values are given in millions. Source: Employment Security Department/LMIR/ETA 2112/ETA 5159/UI Wage File.

Forecast taxes

Figure 4.a. March 2025 baseline forecast

Taxes	2024	2025	2026	2027	2028	2029
Average experience tax rate	0.88%	0.76%	0.65%	0.65%	0.76%	0.76%
Experience tax contributions	\$1,496.64	\$1,196.4	\$1,047.0	\$1,050.0	\$1,244.7	\$1,307.4
Flat social tax rate	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Social tax contributions	\$571.64	\$608.61	\$613.06	\$627.98	\$657.75	\$678.17
Total average tax rate	1.42%	1.17%	1.05%	1.04%	1.14%	1.15%
Total tax contributions	\$2,068.3	\$1,805.1	\$1,660.1	\$1,678.1	\$1,902.5	\$1,985.6

For all periods above, the solvency tax rate was 0% and the solvency tax contributions were \$ -.

March 2025 baseline forecast based on actual data through 12/31/2024 and March 2025 ERFC assumptions.

Figure 4.b. Nov. 2024 baseline forecast

Taxes	2024	2025	2026	2027	2028	2029
Average experience tax rate	0.88%	0.88%	0.65%	0.76%	0.76%	0.76%
Experience tax contributions	\$1,385.22	\$1,352.8 4	\$1,072.8 3	\$1,209.5 8	\$1,282.6 5	\$1,318.5 2
Flat social tax rate	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Social tax contributions	\$589.53	\$615.25	\$614.28	\$638.85	\$665.32	\$683.92
Total average tax rate	1.39%	1.28%	1.07%	1.14%	1.15%	1.15%
Total tax contributions	\$2,005.6	\$1,992.6	\$1,721.2	\$1,885.6	\$1,975.7	\$2,027.1

For all periods above, the solvency tax rate was 0% and the solvency tax contributions were \$ -.

November 2024 baseline forecast based on actual data through 09/30/2024 and November 2024 ERFC assumptions.

Forecast benefits

Figure 5.a. March 2025 baseline forecast

Benefits	2024	2025	2026	2027	2028	2029
Weeks compensated, regular benefits	2.7	2.3	2.5	2.6	2.6	2.5
Average weekly benefit amount	\$713.1	\$729.5	\$762.1	\$794.7	\$828.6	\$862.3
Regular benefit payments	\$1,833.3	\$1,687.9	\$1,884.5	\$2,031.6	\$2,139.0	\$2,139.5
Total benefit liability	\$1,721.6	\$1,586.6	\$1,771.5	\$1,909.7	\$2,010.6	\$2,011.1
Reimbursable benefit payments	\$111.7	\$101.3	\$113.1	\$121.9	\$128.3	\$128.4
Total benefit payments	\$1,833.3	\$1,687.9	\$1,884.5	\$2,031.6	\$2,139.0	\$2,139.5

March 2025 baseline forecast based on actual data through 12/31/2024 and March 2025 ERFC assumptions.

Figure 5.b. Nov. 2024 baseline forecast

Benefits	2024	2025	2026	2027	2028	2029
Weeks compensated, regular benefits	2.6	2.6	2.6	2.7	2.7	2.6
Average weekly benefit amount	\$712.33	\$735.05	\$769.26	\$802.84	\$834.66	\$866.93
Regular benefit payments	\$1,796.3	\$1,877.8	\$2,030.8	\$2,143.4	\$2,267.7	\$2,258.3
Total benefit liability	\$1,689.3	\$1,765.1	\$1,908.9	\$2,014.8	\$2,131.7	\$2,122.8
Reimbursable benefit payments	\$107.0	\$112.7	\$121.8	\$128.6	\$136.1	\$135.5
Total benefit payments	\$1,775.6	\$1,800.2	\$1,915.4	\$2,027.6	\$2,152.5	\$2,147.9

November 2024 baseline forecast based on actual data through 09/30/2024 and November 2024 ERFC assumptions.

Forecast trust fund

Figure 6.a. March 2025 baseline forecast

Trust fund	2024	2025	2026	2027	2028	2029
Beginning trust fund balance	\$3,544.2	\$3,701.5	\$4,015.2	\$4,003.9	\$3,870.7	\$3,858.5
Trust fund interest	\$106.6	\$95.3	\$100.1	\$98.4	\$96.0	\$96.7
Total tax contributions	\$2,068.3	\$1,805.1	\$1,660.1	\$1,678.1	\$1,902.5	\$1,985.6
Reimbursements from reimbursables (in millions)	\$111.7	\$101.3	\$113.1	\$121.9	\$128.3	\$128.4
Total benefit payments	\$1,833.3	\$1,687.9	\$1,884.5	\$2,031.6	\$2,139.0	\$2,139.5
Trust fund balance as of 12/31	\$3,701.5	\$4,015.2	\$4,003.9	\$3,870.7	\$3,858.5	\$3,929.6
Months of benefits available as of 9/30	7.9	8.4	8.4	7.9	7.6	7.5

March 2025 baseline forecast based on actual data through 12/31/2024 and March 2025 ERFC assumptions.

Figure 6.b. Nov. 2024 baseline forecast

Trust fund	2024	2025	2026	2027	2028	2029
Beginning trust fund balance	\$3,544.2	\$3,742.2	\$4,065.7	\$3,978.9	\$3,948.1	\$3,889.9
Trust fund interest	\$100.1	\$96.1	\$100.9	\$98.4	\$97.7	\$96.8
Total tax contributions	\$2,005.6	\$1,992.6	\$1,721.2	\$1,885.6	\$1,975.7	\$2,027.1
Reimbursements from reimbursables (in millions)	\$107.0	\$112.7	\$121.8	\$128.6	\$136.1	\$135.5
Total benefit payments	\$1,796.3	\$1,877.8	\$2,030.8	\$2,143.4	\$2,267.7	\$2,258.3
Trust fund balance as of 12/31	\$3,742.2	\$4,065.7	\$3,978.9	\$3,948.1	\$3,889.9	\$3,890.9
Months of benefits available as of 9/30	8.2	8.8	8.6	8.2	7.9	7.7

November 2024 baseline forecast based on actual data through 09/30/2024 and November 2024 ERFC assumptions.

Appendix 1: Economic assumptions

The Employment Security Department’s unemployment trust fund projections rely on economic assumptions sourced from the Economic and Revenue Forecast Council’s quarterly economic forecast.

Appendix figure A-1 shows the major economic predictions used in the trust fund model, with a comparison to the prior forecast.

Appendix figure A-1. Washington state economic and revenue projections

Washington state, March 2025 and November 2024. Source: Washington State Economic and Revenue Forecast Council

Figure A-1.a. Unemployment rate

Year	Nov. 2024	Mar. 2025
2024	4.79%	4.49%
2025	4.90%	4.46%
2026	4.97%	4.67%
2027	4.94%	4.74%
2028	4.83%	4.60%
2029	4.64%	4.43%

Figure A-1.b. Wage and salary growth

Year	Nov. 2024	Mar. 2025
2024	7.70%	6.90%
2025	4.20%	4.40%
2026	5.70%	5.30%
2027	5.20%	4.90%
2028	4.90%	5.10%
2029	4.80%	5.00%

Figure A-1.c. Employment growth

Year	Nov. 2024	Mar. 2025
2024	1.00%	1.10%
2025	0.90%	1.00%
2026	1.00%	0.80%
2027	0.80%	0.60%
2028	0.90%	0.80%
2029	0.90%	0.90%

Figure A-1.d. Consumer price index growth

Year	Nov. 2024	Mar. 2025
2024	2.50%	2.50%
2025	2.10%	2.60%
2026	2.20%	2.90%
2027	2.00%	2.10%
2028	1.90%	1.90%
2029	2.10%	2.00%

Definitions of economic variables

- **Unemployment rate:** The rate computed by dividing total unemployed by the civilian labor force. The unemployment rate is used as an input into the forecasting of benefits. These unemployment rates are seasonally adjusted. Seasonal adjustment smooths out the impact of normal seasonal patterns that occur year after year, such as strong seasonal hiring in retail trade around the holidays.
- **Wage and salary disbursements:** This component of personal income consists of the monetary remuneration of employees. It reflects the amount of wages and salaries disbursed, but not necessarily earned, during the year. This component is measured before deductions, such as Social Security contributions and union dues. The percentage growth for wage and salary disbursements is used in projecting future wages.
- **Employment growth:** The percentage change in overall employment from year to year. Employment growth is used in the trust fund model as a means of forecasting total employment.
- **Consumer Price Index (CPI):** A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. CPI is used in the forecast as a means of adjusting the dollar values.