

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 2025 through 2029. The report is based on the November 2025 economic forecast released by the state's Economic and Revenue Forecast Council (ERFC). UI tax and benefit data are through the third quarter of 2025. This report incorporates the actual social cost factor for 2026.

As of November 30, 2025, the UI trust fund balance was approximately \$3.9 billion. With complete data now available, we calculate the trust fund held 7.6 months of benefits on September 30, 2025. Updated wage assumptions have resulted in a projection of 6.9 months of benefits on September 30, 2026. This necessitates a solvency tax in 2027, one year sooner than projected in September Trust Fund report. We expect a continued need for the solvency tax in 2028, but not in 2029.

Projected employer tax contributions to the UI trust fund are approximately \$2.0 billion in 2025. Expected employer tax contributions for 2026 lower to \$1.8 billion. This decrease is primarily due to 2021 benefits no longer impacting experience tax rates.

We expect benefit payments from the trust fund to reach \$2.1 billion in 2025 and \$2.3 billion in 2026.

Uncertainties are growing in current and future years. Elements such as economic volatility, shifts in labor market dynamics, technological disruptions, and evolving policy landscapes are not predictable. These factors challenge the unemployment insurance program's stability. They also complicate efforts to forecast program costs and ensure its long-term solvency. Employment Security will continue testing its updated model against the previous model alongside trust fund actuals. Continued adaptive planning may be necessary to further refine the model.

Contents

This report contains the following items:

- [Employer contributions, benefit payments and projected trust fund balance through 2029](#)
- [Time series vs regression model projections for comparison \(updated model vs. old model\)](#)
- [Appendix 1: Economic assumptions for the November 2025 forecast compared to the September 2025 forecast](#)

If you have any questions, please contact Eve Sheng, Managing Actuary, at 774-478-1313 or email: lmir@esd.wa.gov.

Introduction

This report provides information on Washington state's employer contributions, benefits, and unemployment insurance (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). We make these adjustments by changing variables in the trust fund model. We source these economic variables from the state's Economic and Revenue Forecast Council's (ERFC) November 2025 economic forecast.

This is the third report incorporating our time series forecast for the number of weeks paid, based on the September projection. Figures in this document include projections from both the time series model and the previously used regression-based model. We have also included regression-based projections for comparison.

We provide the economic assumptions used for the November 2025 forecast compared to the September 2025 forecast in Appendix 1.

Employer contributions

Projected employer contributions are approximately \$2.1 billion in 2025 and employer tax contributions at \$1.76 billion in 2026¹. Figure 1 shows annual projections of employer tax contributions from 2026 to 2029 comparing the old regression model with the updated time series model. Projected tax contributions are in three parts: experience, social, and solvency.

Per state law, experience rates are determined by looking back four fiscal years. For example, 2025 experience tax rates are based on benefits paid between July 1, 2020 and June 30, 2024. State law also increased the taxable wage base from \$68,500 to \$72,800 in 2025. We expect a dip in experience tax collections in 2026 as the last of the pandemic era charges drop off. Then we expect a rise in 2027 due to recent increased program usage.

The flat social tax rate is 0.6% for 2025 and we will be 0.6% in 2026. We forecast this rate will raise slightly in 2027, before returning to 0.6% for 2028 and 2029.

Waived through 2025, state law requires a solvency tax if the trust fund cannot provide for seven months of benefits on September 30 of any given year. Under the updated model, we expect the need for a solvency tax (no more than two-tenths of one percent: [RCW 50.29.041](#)) in 2027 and 2028.

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, the state legislature enacted three pieces of legislation during the 2021 and 2022 legislative sessions.

First, ESSB 5061 provided employers relief of benefit charges between March 22 and May 30, 2020, to lower experience tax rates. The bill also lowered the flat social tax for 2021 to 2025 and froze the solvency tax through 2025. An employer's social tax rate starts with the flat social tax rate, with a cap of 1.22%. Then we graduate it by rate class. Subsequent legislation, ESSB 5873, further lowered the social tax cap to 0.5% for 2022 and 0.7% for 2023. Finally, ESSB 5478 provided \$500 million in additional financial relief to certain taxable employers to offset benefit charges from COVID-19-related claims.

¹Modelling improvements have resulted in higher wage projections overall, and therefore modest increases to experience and social tax contributions. These increases are not due to increases in their respective tax rates. Along with 2025's most recent wage data, this update has adjusted months of benefit and solvency tax calculations.

Figure 1. Washington state unemployment insurance employer tax contributions

Historic tax collections and projections, 2015 through 2029. Source: Employment Security Department/LMIR/ETA 2112/UI Wage File



Unemployment benefit payments

Projected benefit payments from the UI trust fund are approximately \$2.15 billion in 2025 and \$2.35 billion in 2026.

Starting in 2023, program usage has shifted leading to a change in forecast methodology. In the 5 years leading up to the pandemic, the percentage of unemployed receiving unemployment was consistently near 27%. In 2023 and 2024 this measure sat at 31% and 32%, respectively. Additionally, exhaustion rates have risen consistently in this period². This shift has meant more program usage, and therefore total benefit payments are higher than the years leading up to COVID amid similar economic conditions.

To address this shift, we developed a time series model to forecast the number of weeks paid. Weeks paid forecasts in this report utilize this model applied to data through May 2025.

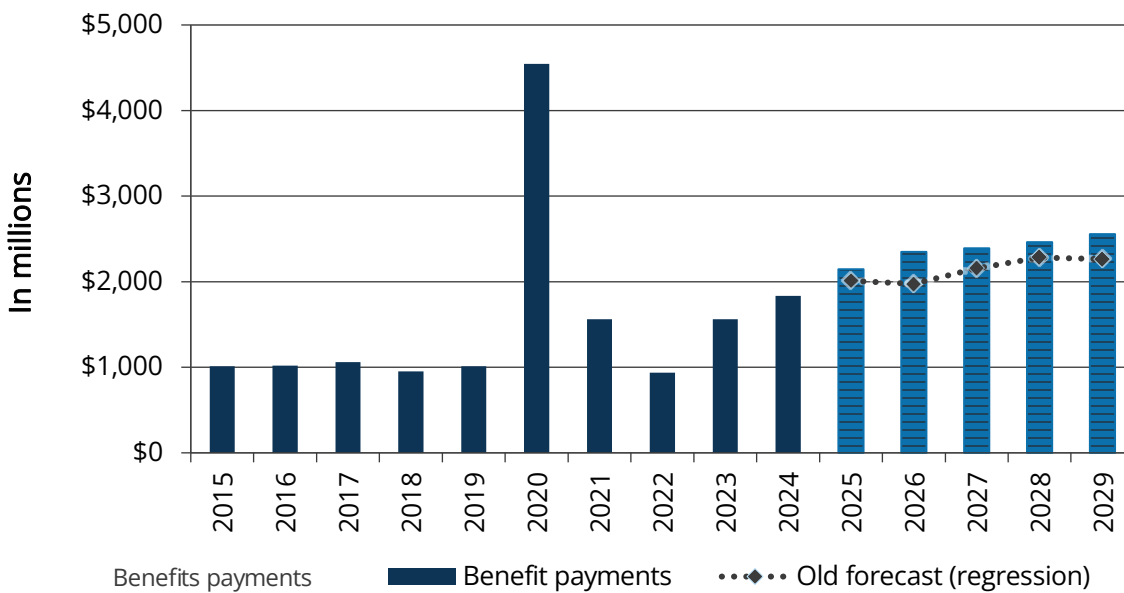
² Source: <https://oui.doleta.gov/unemploy/chartbook.asp>

Initial results indicate the time series model performs significantly better. Comparing time series projections with prorated regression projections over July and September error rates, the time series projections give a 40% reduction in forecast error.

Per state law, the minimum weekly benefit amount increased from \$342 to \$366, and the maximum weekly benefit amount increased from \$1,079 to \$1,152 in 2025.

Figure 2. Benefit payments from state unemployment trust fund

Historic payments and projections, 2015 through 2029. Source: Employment Security Department/LMIR/ETA 5159/UI Wage File



Trust fund health

As of November 30, the UI trust fund balance was approximately \$3.92 billion. We project an end-of-year balance of \$3.74 billion. We project the balance to dip in response to increased program usage until tax rates increase in 2027.

The months of benefits, calculated annually with data through September 30 to set the social tax rate, is a measure of trust fund solvency. A calculated value below 7 months requires a solvency tax for the next year.

On September 30, 2025 the trust fund held 7.6 months of benefits. We project months of benefits sit below the 7 months threshold for 2026 and 2027, before rising to 7.0 months of benefits by September 30, 2028.

Figure 3.a. Trust fund balance, updated forecast (time series)

Historic balance and projections, 2015 through 2029. Source: Employment Security Department/LMIR/ETA 2112/UI Wage File

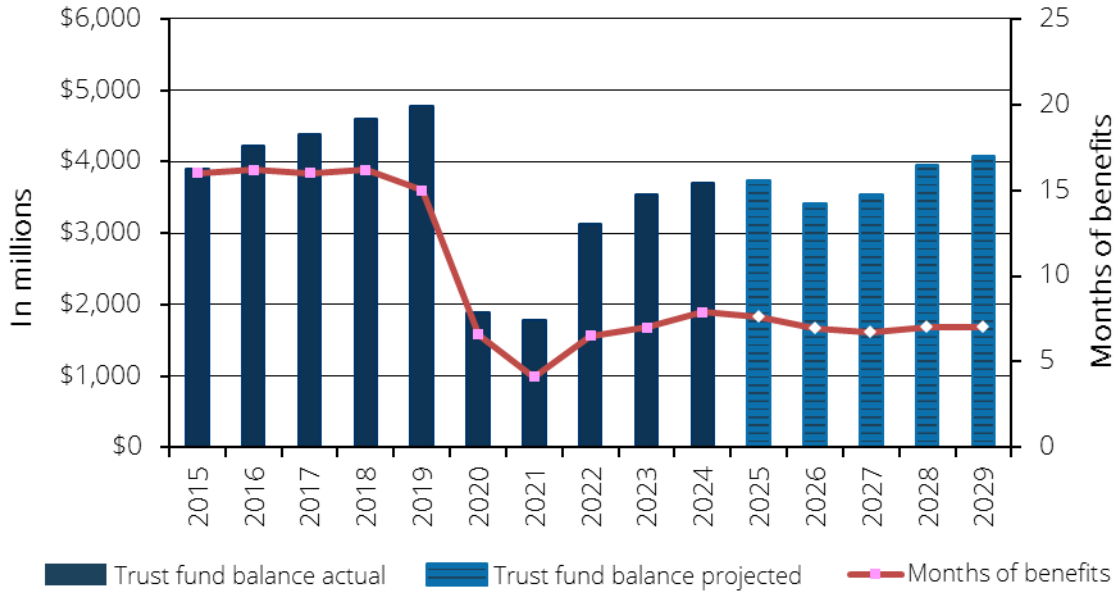
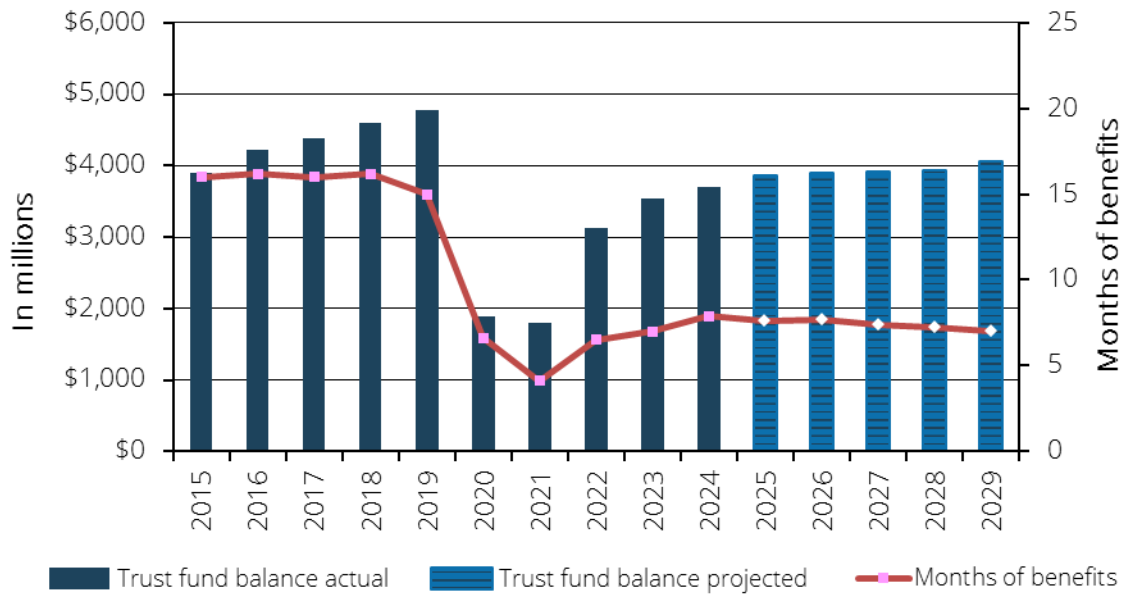


Figure 3.b. Trust fund balance, old forecast (regression)

Historic balance and projections, 2015 through 2029. Source: Employment Security Department/LMIR/ETA 2112/UI Wage File



Trust fund scenario: Updated model and old model

Washington state, November 2025 updated forecast (time series) and November 2025 old forecast (regression). Given values are in millions unless noted otherwise. Forecasts use November ERFC projections. Source: Employment Security Department/LMIR/ETA 2112/ETA 5159/UI Wage File.

Forecast taxes

Figure 4.a. November 2025 updated forecast (time series)

Taxes	2024	2025	2026	2027	2028	2029
Average experience tax rate	0.88%	0.76%	0.65%	0.76%	0.88%	0.88%
Experience tax contributions	\$1,496.4	\$1,466.3	\$1,086.0	\$1,263.9	\$1,537.9	\$1,642.3
Flat social tax rate	0.60%	0.60%	0.60%	0.66%	0.60%	0.60%
Social tax contributions	\$571.9	\$593.2	\$631.6	\$725.1	\$720.5	\$746.9
Solvency tax contributions	0	0	0	\$293.4	\$356.1	\$50.3
Total average tax rate	1.42%	1.38%	1.08%	1.35%	1.47%	1.31%
Total tax contributions	\$2,068.3	\$2,114.7	\$1,759.9	\$2,282.5	\$2,614.4	\$2,439.5

For years 2027 and 2028 the solvency tax rate at .20%. all other years were 0%. Tax data through 9/30/25. Year 2025 combines actual total contributions with projected tax collections.

Figure 4.b. November 2025 old forecast (regression)

Taxes	2024	2025	2026	2027	2028	2029
Average experience tax rate	0.88%	0.76%	0.65%	0.76%	0.76%	0.76%
Experience tax contributions	\$1,496.4	\$1,466.3	\$1,086.0	\$1,263.9	\$1,353.0	\$1,418.3
Flat social tax rate	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Social tax contributions	\$571.9	\$593.2	\$631.6	\$667.4	\$701.8	\$735.7
Total average tax rate	1.42%	1.38%	1.08%	1.14%	1.15%	1.15%
Total tax contributions	\$2,068.3	\$2,114.7	\$1,759.9	\$1,931.3	\$2,054.8	\$2,154.0

For all periods above, the solvency tax rate was 0% and the result of solvency tax contributions were \$0. Tax data through 9/30/25. Year 2025 combines actual total contributions with projected tax collections.

Forecast benefits

Figure 5.a. November 2025 updated forecast (time series)

Benefits	2024	2025	2026	2027	2028	2029
Weeks compensated, regular benefits (in millions)	2.7	3.0	3.1	3.0	3.0	3.0
Average weekly benefit amount	\$713.1	\$737.7	\$764.0	\$795.9	\$829.1	\$861.1
Regular benefit payments	\$1,833.3	\$2,145.4	\$2,348.3	\$2,390.3	\$2,462.0	\$2,555.7
Total benefit liability	\$1,721.6	\$2,007.3	\$2,207.4	\$2,246.9	\$2,314.3	\$2,402.4
Reimbursable benefit payments	\$111.7	\$138.1	\$140.9	\$143.4	\$147.7	\$153.3
Total benefit payments	\$1,833.3	\$2,145.4	\$2,348.3	\$2,390.3	\$2,462.0	\$2,555.7

November 2025 updated forecast (time series) based on actual data through 10/31/2025. Weeks compensated are in millions. Average weekly benefit amount is the average payment a claimant receives. Total benefit liability means regular benefit payments minus reimbursable benefit payments.

Figure 5.b. November 2025 old forecast (regression)

Benefits	2024	2025	2026	2027	2028	2029
Weeks compensated, regular benefits (in millions)	2.7	2.8	2.6	2.7	2.8	2.6
Average weekly benefit amount	\$713.1	\$737.7	\$764.0	\$795.9	\$829.1	\$861.1
Regular benefit payments	\$1,833.3	\$2,011.1	\$1,974.3	\$2,156.5	\$2,281.9	\$2,263.5
Total benefit liability	\$1,721.6	\$1,881.1	\$1,855.8	\$2,027.1	\$2,145.0	\$2,127.7
Reimbursable benefit payments	\$111.7	\$130.0	\$118.5	\$129.4	\$136.9	\$135.8
Total benefit payments	\$1,833.3	\$2,011.1	\$1,974.3	\$2,156.5	\$2,281.9	\$2,263.5

November 2025 baseline forecast based on actual data through 09/30/2025. Weeks compensated are in millions. Average weekly benefit amount is the average payment a claimant receives. Total benefit liability means regular benefit payments minus reimbursable benefit payments.

Forecast trust fund

Figure 6.a. November 2025 updated forecast (time series)

Trust fund	2024	2025	2026	2027	2028	2029
Beginning trust fund balance	\$3,544.2	\$3,701.5	\$3,743.4	\$3,411.7	\$3,547.3	\$3,946.0
Trust fund interest	\$106.6	\$121.5	\$115.8	\$100.0	\$98.6	\$97.7
Total tax contributions	\$2,068.3	\$2,114.7	\$1,759.9	\$2,282.5	\$2,614.4	\$2,439.5
Reimbursements from reimbursables (in millions)	\$111.7	\$138.1	\$140.9	\$143.4	\$147.7	\$153.3
Total benefit payments	\$1,833.3	\$2,145.4	\$2,348.3	\$2,390.3	\$2,462.0	\$2,555.7
Trust fund balance as of 12/31	\$3,701.5	\$3,743.4	\$3,411.7	\$3,547.3	\$3,946.0	\$4,080.7
Months of benefits available as of 9/30	7.9	7.6	6.9	6.7	7.0	7.0

November 2025 updated forecast (time series) based on actual data through 09/30/2025.

Figure 6.b. November 2025 old forecast (regression)

Trust fund	2024	2025	2026	2027	2028	2029
Beginning trust fund balance	\$3,544.2	\$3,701.5	\$3,869.7	\$3,899.8	\$3,919.7	\$3,936.3
Trust fund interest	\$106.6	\$121.5	\$126.0	\$115.8	\$106.7	\$98.3
Total tax contributions	\$2,068.3	\$2,114.7	\$1,759.9	\$1,931.3	\$2,054.8	\$2,154.0
Reimbursements from reimbursables (in millions)	\$111.7	\$130.0	\$118.5	\$129.4	\$136.9	\$135.8
Total benefit payments	\$1,833.3	\$2,011.1	\$1,974.3	\$2,156.5	\$2,281.9	\$2,263.5
Trust fund balance as of 12/31	\$3,701.5	\$3,869.7	\$3,899.8	\$3,919.7	\$3,936.3	\$4,060.9
Months of benefits available as of 9/30	7.9	7.6	7.7	7.4	7.2	7.0

November 2025 baseline forecast based on actual data through 09/30/2025.

Appendix 1: Economic assumptions

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

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

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

Washington state, September 2025 and June 2025. Source: Washington State Economic and Revenue Forecast Council

Figure A-1.a. Unemployment rate

Year	Sept. 2025	Nov. 2025
2024	4.49%	4.49%
2025	4.48%	4.47%
2026	4.85%	4.87%
2027	4.91%	5.01%
2028	4.76%	4.89%
2029	4.51%	4.68%

Figure A-1.b. Wage and salary growth

Year	Sept. 2025	Nov. 2025
2024	6.90%	7.30%
2025	5.20%	4.20%
2026	3.90%	3.20%
2027	5.00%	4.70%
2028	5.40%	5.00%
2029	5.00%	4.80%

Figure A-1.c. Employment growth

Year	Sept. 2025	Nov. 2025
2024	1.00%	1.00%
2025	0.30%	0.30%
2026	0.20%	0.00%
2027	0.60%	0.50%
2028	1.00%	0.80%
2029	1.00%	0.90%

Figure A-1.d. Consumer price index growth

Year	Sept. 2025	Nov. 2025
2024	2.50%	2.60%
2025	2.90%	2.70%
2026	3.10%	3.00%
2027	2.00%	2.10%
2028	2.10%	2.00%
2029	1.90%	2.10%

Definitions of economic variables

- **Unemployment rate:** The rate computed by dividing total unemployed by the civilian labor force. The unemployment rate is an input for benefits forecasting. 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 wage and salary amounts disbursed, but not necessarily earned, during the year. This component measurement precedes deductions, such as Social Security contributions and union dues. Actuarial staff use the percentage growth for wage and salary disbursements when projecting future wages.
- **Employment growth:** The percentage change in overall employment from year to year. Employment growth, in the trust fund model, is 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, in the forecast, is a means of adjusting the dollar values.