Unemployment Insurance Trust Fund Forecast

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Employment Security Department
WASHINGTON STATE

Contact

Eve Sheng

Managing Actuary

lmir@esd.wa.gov

Learn more at esd.wa.gov

Executive summary

This report provides the status of, and updated projections for, the state's unemployment insurance (UI) trust fund for 2026 through 2031. The report is based on the June 2026 economic forecast released by the state's Economic and Revenue Forecast Council (ERFC). UI tax and benefit data are through March and May of 2026, respectively.

As of June 30, 2026, the UI trust fund balance was approximately $3.7 billion. We project the UI trust fund balance to cover 7.1 months of benefits on September 30, 2026. Less than 7 months of available benefits requires a solvency tax. Our projection is close enough to this that a solvency tax for 2027 is possible. While we are fairly certain a solvency tax will be necessary in 2028, the 2029 rate year is also borderline.

Projected employer tax contributions to the UI trust fund are approximately $1.9 billion in 2026. This is a decrease from the $2.0 billion collected last year, as well as lower than the $2.1 billion projected collections in 2027.

We expect benefit payments slightly under $2.4 billion in 2026 and slightly higher than $2.4 billion in 2027.

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.

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If you have 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) June 2026 economic forecast.

We provide the economic assumptions used for the June 2026 forecast compared to the February 2026 forecast in Appendix 1.

Employer contributions

Projected employer contributions are approximately $1.88 billion in 2026 and employer tax contributions at $2.10 billion in 2027. Figure 1 shows annual projections of employer tax contributions from 2022 to 2031. State law increased the taxable wage base from $72,800 to $78,200 in 2026. Tax contribution projections are in four parts: experience, social, delinquency[1] (RCW 50.29.025), and solvency.

Per state law, experience rates are determined by looking back four fiscal years. For example, 2026 experience tax rates are based on benefits paid between July 1, 2021 and June 30, 2025. We expect lower 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 0.60% for 2026 and will be 0.61% in 2027. We forecast this rate will rise to 0.63% in 2028, before lower to 0.6% for 2029 through 2031.

Total contributions in the first quarter of 2026 were higher than anticipated. Upon investigation, we found tax associated with delinquency to be a small but meaningful assessed taxes. We have updated our projections based on the past 2 years of delinquency taxes on employers. This change means projections of total collections are not immediately comparable to the March trust fund report.

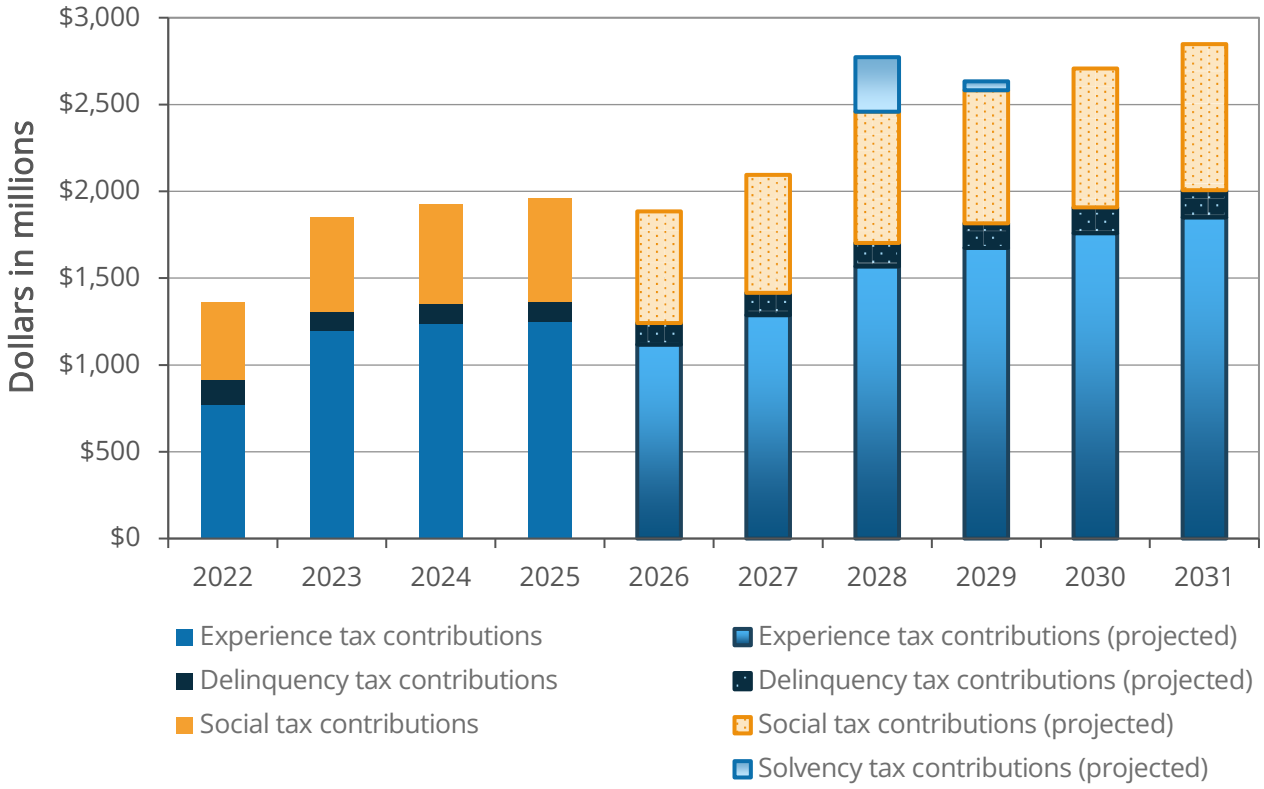
Under the updated model, we expect the need for a solvency tax (no more than two-tenths of one percent: RCW 50.29.041) in 2028. However, a solvency tax remains possible for 2027 and 2029.

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.

[1] 2026 tax rate table for employers

Figure 1. Historic and projected employer state unemployment tax contributions, 2022 through 2031



Source: Employment Security Department/LMIR/ETA 2112/UI Wage File

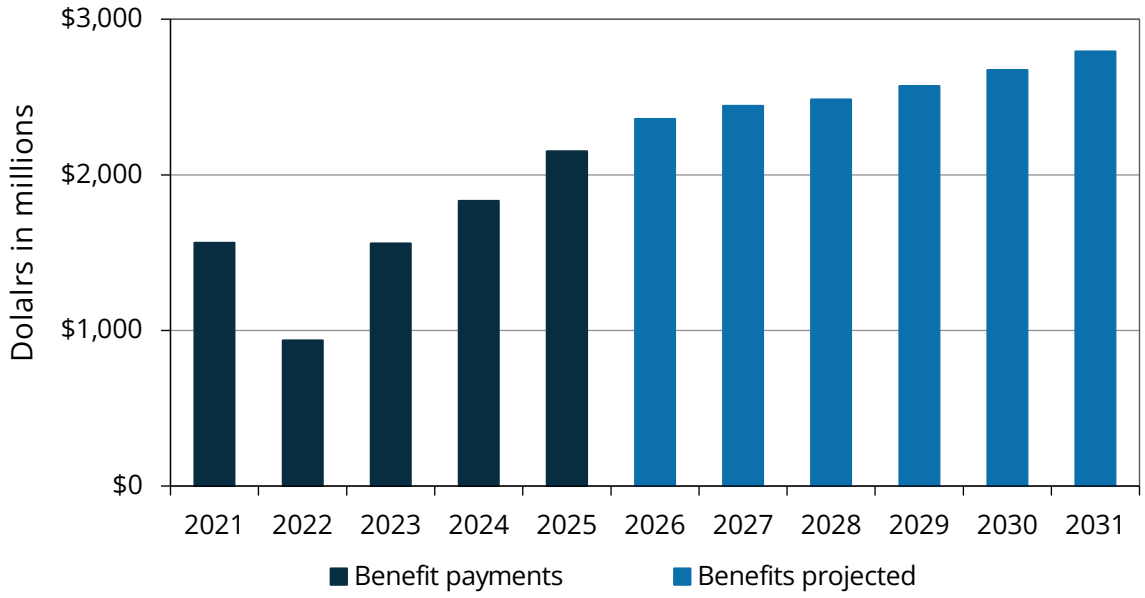
Unemployment benefit payments

Projected benefit payments[2] from the UI trust fund are approximately $2.36 billion in 2026 and $2.44 billion in 2027.

Starting in 2023, program usage has shifted, leading to a change in forecast methodology. In the 5 years that led up to the pandemic, the percentage of unemployed receiving unemployment was consistently near 27%. This rate for 2026 currently sits at 34% and hasn't been below 30% since 2022. This rate rose to 39% in 2025. Similarly, exhaustion rates have risen from 30% pre-COVID to 40% in 2026[3]. 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.

Per state law, the minimum weekly benefit amount increased from $366 to $383, and the maximum weekly benefit amount increased from $1,152 to $1,208 in 2026.

Figure 2. Historic benefit payments and projections from state unemployment trust fund, 2021 through 2031



Source: Employment Security Department/LMIR/ETA 5159/UI wage file

[2] Projected benefit payments exclude estimated payment charged to reimbursable employers
[3] Source: https://oui.doleta.gov/unemploy/chartbook.asp

Trust fund health

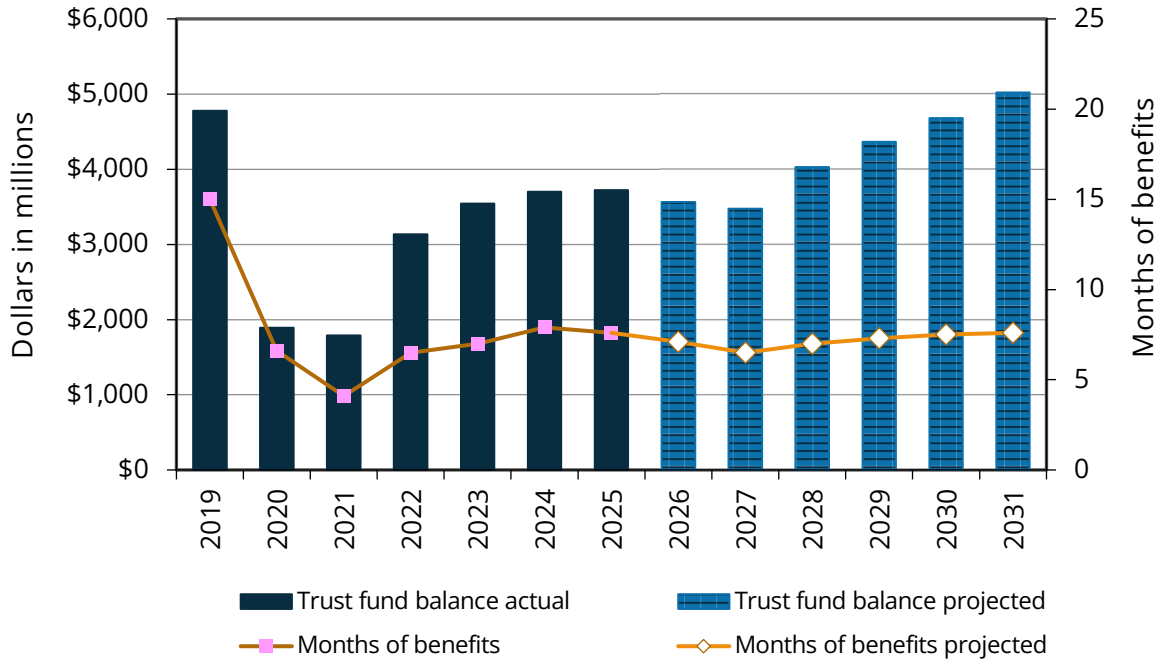
As of June 30, the UI trust fund balance was approximately $3.68 billion. We project an end-of-year balance of $3.56 billion. We project the balance to decrease due to increased program usage until tax contributions respond in 2027.

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.

We project that the trust fund will hold 7.1 months of benefits on September 30, 2026. This would result in no solvency tax for 2027. We currently projected a solvency tax only for 2028. However, both 2027 and 2029 are close enough that a very small (1~2%) variation from current projection would shift the outcome and a solvency tax is not out of the question.

After a year of comparison, we have selected the new time series model for forecasting benefit usage. Though this report does not include full figures, the previous regression-based method projects 7.4 months of benefits on September 30, 2026 and flat months of benefits through the projection period. By developing the time series model, we can provide an earlier notice that the trust fund may need a solvency tax.

Figure 3. Historic and projected state unemployment trust fund balance, 2019 through 2031



Source: Employment Security Department/LMIR/ETA 2112/UI Wage File

Trust fund scenario: June 2026 vs March 2026

Washington state, June 2026 forecast and March 2026 forecast. Values are in millions unless noted otherwise. Forecasts use June ERFC projections. Source: Employment Security /LMIR/ETA 2112/ETA 5159/UI Wage File.

Forecast taxes

Figure 4.a. June 2026 forecast

Taxes	2026	2027	2028	2029	2030	2031
Average experience tax rate	0.65%	0.76%	0.88%	0.88%	0.88%	0.88%
Experience tax contributions	$1,117.1	$1,286.7	$1,567.5	$1,674.0	$1,758.7	$1,850.0
Flat social tax rate	0.60%	0.61%	0.63%	0.60%	0.60%	0.60%
Social tax contributions	$643.0	$689.2	$757.7	$766.5	$799.9	$841.3
Solvency tax contributions	0	0	$314.1	$51.3	0	0
Delinquency tax contributions	$124.2	$128.6	$135.1	$141.7	$148.8	$156.5
Total average tax rate	**1.14%**	**1.22%**	**1.53%**	**1.38%**	**1.35%**	**1.35%**
Total tax contributions	**$1,884.3**	**$2,104.5**	**$2,774.3**	**$2,633.5**	**$2,707.4**	**$2,847.9**

For 2028 the solvency tax rate is 0.20%. all other years were 0%. Tax data through 3/31/26. Delinquency tax projections included for the first time.

Figure 4.b. March 2026 forecast

Taxes	2026	2027	2028	2029	2030	2031
Average experience tax rate	0.65%	0.76%	0.88%	0.88%	0.88%	0.88%
Experience tax contributions	$1,096.5	$1,282.8	$1,562.9	$1,670.5	$1,749.5	$1,831.7
Flat social tax rate	0.60%	0.66%	0.62%	0.60%	0.60%	0.60%
Social tax contributions	$637.9	$736.0	$753.0	$763.1	$795.7	$833.0
Solvency tax contributions	0	$298.0	$361.8	$379.7	$53.7	0
Total average tax rate	**1.08%**	**1.35%**	**1.48%**	**1.48%**	**1.31%**	**1.28%**
Total tax contributions	**$1,776.7**	**$2,316.7**	**$2,677.8**	**$2,813.4**	**$2,598.8**	**$2,664.8**

For years 2027 through 2029 the solvency tax rate at 0.20%. all other years were 0%. Tax data through 12/31/25.

Forecast benefits

Figure 5.a. June 2026 forecast

Benefits	2026	2027	2028	2029	2030	2031
Weeks compensated, regular benefits	3.1	3.0	2.9	2.9	2.9	2.9
Average weekly benefit amount (per claim)	$770.3	$810.5	$846.0	$878.7	$915.2	$957.1
Regular benefit payments	$2,358.0	$2,442.3	$2,484.3	$2,571.4	$2,673.5	$2,793.4
Total benefit liability	$2,216.5	$2,295.7	$2,335.2	$2,417.1	$2,513.1	$2,625.8
Reimbursable benefit payments	$141.5	$146.5	$149.1	$154.3	$160.4	$167.6
Total benefit payments	**$2,358.0**	**$2,442.3**	**$2,484.3**	**$2,571.4**	**$2,673.5**	**$2,793.4**

June 2026 forecast based on benefit data through 5/30/26. Weeks compensated are in millions. Average weekly benefit amount is the average payment a claimant receives weekly. Total benefit liability means regular benefit payments minus reimbursable benefit payments.

Figure 5.b. March 2026 forecast

Benefits	2026	2027	2028	2029	2030	2031
Weeks compensated, regular benefits	3.1	3.0	2.9	2.9	2.9	2.9
Average weekly benefit amount (per claim)	$769.7	$805.0	$840.1	$874.3	$908.1	$945.1
Regular benefit payments	$2,395.9	$2,425.5	$2,467.2	$2,558.7	$2,652.8	$2,758.5
Total benefit liability	$2,252.1	$2,280.0	$2,319.2	$2,405.2	$2,493.6	$2,593.0
Reimbursable benefit payments	$143.8	$145.5	$148.0	$153.5	$159.2	$165.5
Total benefit payments	**$2,395.9**	**$2,425.5**	**$2,467.2**	**$2,558.7**	**$2,652.8**	**$2,758.5**

March 2026 forecast based on actual data through 02/28/26. Weeks compensated are in millions. Average weekly benefit amount is the average payment a claimant receives weekly. Total benefit liability means regular benefit payments minus reimbursable benefit payments.

Forecast trust fund

Figure 6.a. June 2026 forecast

Trust fund	2026	2027	2028	2029	2030	2031
Beginning trust fund balance	$3,720.2	$3,564.6	$3,484.6	$4,039.4	$4,378.4	$4,693.3
Trust fund interest	$116.6	$111.3	$115.8	$122.6	$120.6	$117.4
Total tax contributions	$1,884.3	$2,104.5	$2,774.3	$2,633.5	$2,707.4	$2,847.9
Reimbursements from reimbursables	$141.5	$146.5	$149.1	$154.3	$160.4	$167.6
Total benefit payments	$2,358.0	$2,442.3	$2,484.3	$2,571.4	$2,673.5	$2,793.4
Trust fund balance as of 12/31	**$3,564.6**	**$3,484.6**	**$4,039.4**	**$4,378.4**	**$4,693.3**	**$5,032.8**
Months of benefits available as of 9/30	**7.1**	**6.5**	**7.0**	**7.3**	**7.5**	**7.6**

June 2026 forecast based on actual tax data through 3/31/26, benefit data through 5/30/26, and account balance through 6/30/26

Figure 6.b. March 2026 forecast

Trust fund	2026	2027	2028	2029	2030	2031
Beginning trust fund balance	$3,720.2	$3,333.5	$3,476.0	$3,949.8	$4,479.4	$4,707.7
Trust fund interest	$88.6	$105.7	$115.3	$121.3	$123.1	$116.5
Total tax contributions	$1,776.7	$2,316.7	$2,677.8	$2,813.4	$2,598.8	$2,664.8
Reimbursements from reimbursables	$143.8	$145.5	$148.0	$153.5	$159.2	$165.5
Total benefit payments	$2,395.9	$2,425.5	$2,467.2	$2,558.7	$2,652.8	$2,758.5
Trust fund balance as of 12/31	**$3,333.5**	**$3,476.0**	**$3,949.8**	**$4,479.4**	**$4,707.7**	**$4,895.9**
Months of benefits available as of 9/30	**6.7**	**6.4**	**6.9**	**7.4**	**7.6**	**7.5**

March 2026 updated forecast based on actual tax data through 12/31/25, benefit data through 2/28/26.

Appendix 1: Economic assumptions

Appendix figure A-1. Washington state economic and revenue projections, February 2026 and June 2026

Figure A-1.a. Unemployment rate

Year	Feb. 2026	June 2026
2026	4.88%	5.25%
2027	5.01%	5.33%
2028	4.91%	5.10%
2029	4.75%	4.83%
2030	4.55%	4.68%
2031	4.47%	4.64%

Figure A-1.b. Wage and salary growth

Year	Feb. 2026	June 2026
2026	3.40%	3.80%
2027	5.10%	5.00%
2028	5.10%	5.10%
2029	4.90%	4.80%
2030	4.70%	5.10%
2031	4.70%	5.20%

Figure A-1.c. Employment growth

Year	Feb. 2026	June 2026
2026	0.40%	0.10%
2027	0.50%	0.40%
2028	0.70%	0.70%
2029	0.80%	0.90%
2030	0.80%	0.90%
2031	0.60%	0.60%

Figure A-1.d. Consumer price index growth

Year	Feb. 2026	June 2026
2026	2.70%	3.60%
2027	2.40%	2.60%
2028	2.20%	2.50%
2029	2.10%	2.20%
2030	2.10%	1.90%
2031	2.00%	2.00%

Source: Washington State Economic and Revenue Forecast Council.

Appendix 2: Definitions

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.