

LEGISLATIVE REPORT

# Impact of increasing the weekly minimum benefit amount

DECEMBER 2021

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## Background

An amendment to Revised Code of Washington 50.20.120 was enacted in 2021 so that “For claims with an effective date of July 1, 2021, or after, the minimum amount payable weekly shall be 20 percent of the ‘average weekly wage’ for the calendar year preceding such June 30th,” an increase from 15 percent of the “average weekly wage.” Accordingly, the minimum weekly benefit amount (MWBA) increased from \$201/week to \$295/week on July 4, 2021.

The Revised Code of Washington 50.12.355 requires the Employment Security Department to provide “[a]n analysis of the impact of the minimum weekly benefit amount increase, including comparing wages earned and benefits claimed for those individuals receiving the minimum weekly benefit amount and the average claim duration for those individuals.” The analysis must be provided to the governor and the appropriate committees of the Legislature by Dec. 1, 2021, and annually thereafter until Dec. 1, 2025.

## Complete analysis coming in 2022

This analysis is not possible to conduct with accuracy until after July 2022, when claimants’ benefit years are exhausted. Claimants have a 52-week window in which to draw their 26 weeks of unemployment benefits, referred to as a “benefit year.” It is not possible, for the purposes of the report to be submitted by Dec. 1, 2021, to calculate the impact on claim duration or benefits paid with confidence, since individuals who started their claim in July 2021 will be eligible to draw benefits until July 2022. Only 22 weeks will have elapsed between the minimum weekly benefit amount (MWBA) increase on July 4, 2021, and Dec. 1, 2021. As such, all impacted claimants may still be claiming benefits on a weekly basis.

Premature measurement of the policy’s impact on claim duration will be incomplete. The same is true for the earnings and employment outcomes, though for a slightly different reason: Complete earnings information for the quarter after a person’s claim, a typical measure of earnings after an unemployment period, will not be available until 2022.

Producing such an analysis now cannot produce generalizable knowledge or accurately inform the policy making process.

Once the data are mature — that is, once claimants have exhausted their benefit years — multiple statistical analyses can be conducted to discover the impact that the policy change

had on claimants' lives. In future annual reports, the Employment Security Department (ESD) will provide analyses using "dose response" and "interrupted time series" models. The first will analyze how much a \$1/week increase in the weekly benefit amount disbursed to claimants influences their claim duration and employment outcomes. The second will analyze how three outcomes — average claim duration, likelihood of employment in the quarters following the unemployment insurance (UI) period, and average earnings in the job obtained after the unemployment period - changed overall in Washington state because of the policy.

## Basic information on current data

There are no available earnings data for this year's report for those with effective dates of claim on or after Oct. 1, as earnings are reported quarterly. In the following statistics, ESD assumes a claimant gets a new job when there are positive earnings from employers who are not the last separating employer.

A total of 12,094 people (20%) claimed and received the MWBA between July 1 and Oct. 30, 2021. An additional 48,031 people claimed and got more than the minimum in this timeframe.

### Third quarter (July 1 – Sept. 30) 2021

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During this time, 9,646 UI claimants received the MWBA. Of these, 2,968 (30.8%) people gained a new job after collecting unemployment benefits. After gaining a new job, these 2,968 individuals earned an average of \$2,710. These earnings accrued in the same quarter as the initial claim.

At the same time, 10,973 (23.7%) of all 46,227 UI claimants gained a new job after collecting unemployment benefits. After gaining a new job, these 10,973 individuals earned an average of \$5,834. These earnings accrued in the same quarter as the initial claim. The total earnings (from a new, post-UI-period employer) accruing to the MWBA recipients were \$8,043,563. The total accruing to all claimants was \$64,016,078. As such, 12.6% of the total accrued to MWBA recipients.