

HOW WASHINGTON COMPARES IN EMPLOYMENT COSTS

THE HIDDEN TAX INCREASES IMPACTING EMPLOYERS EVERY YEAR
WITHOUT ANY INVOLVEMENT BY THE LEGISLATURE

UNEMPLOYMENT INSURANCE PROGRAM – MOST EXPENSIVE IN THE COUNTRY

- UI tax rates average 1.35% in 2025, **costing employers \$2 billion** in contributions.
- Washington has the highest taxable wage base in the country, which increased from \$68,500 to \$72,800 in 2025.
- Washington has the highest maximum UI weekly benefit at \$1,079.
- Washington has the highest minimum UI weekly benefit of \$342.

WORKERS' COMPENSATION – MOST EXPENSIVE IN THE COUNTRY

- Washington is only one of 4 states that prohibit the use of private insurance for workers' compensation.
- Workers' compensation rates continue to increase every year, which **increased an average of 3.8% in 2025**.
- Employers pay, on average, about 75% of the premiums.
- Workers' compensation benefits are the highest in the nation.

PAID FAMILY & MEDICAL LEAVE PROGRAM

- PFML premium rates **increased from 0.74 to 0.92% in 2025**.
- This is **\$122.5M increase** in the amount of premiums paid per year, with employers paying nearly 30% of this increase at over \$36M from 2024 to 2025. **This is nearly an 8% increase** in the amount of premiums paid by employers from 2024 to 2025.
- In 2025, the state will collect \$2.1B in PFML premiums, of which employers will pay \$489.1M.
- Washington's PFML program benefits are among the highest in the nation.

WAGES AND TAX BURDEN:

- The average statewide wage in 2022 (the most recent OFM data available) was \$83,665. This is **19% higher than the national average** of \$70,282. **In 2014, Washington state's average wage was only 7.3% higher than the national average.**
- Washington has the 2nd highest (behind the District of Columbia) minimum wage in the country, which will **increase to \$16.66** in 2025. Localities in Washington state have an even-higher minimum wage. This impacts the overtime threshold, which **increased for all employers to \$79,981** in 2025.
- Washington **employers fund roughly half of the state's total tax collection**. Not surprisingly, over half of Washington employers (55%) recently said that government tax burden is their number one concern as a public policy priority, followed by homelessness/housing, public safety, and workforce.¹

¹ https://www.awb.org/wp-content/uploads/AWB_Employer_Survey_111124.pdf