

## Progressive Unemployment Benefits Structure: Explanation and Examples

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### Current Unemployment Benefits Formula in Vermont

- Two highest quarters in base period divided by 45 (roughly 57.7% of claimant's average weekly wage)
- Maximum benefit is \$583.00 (57% of State Average Weekly Wage for previous year ending May 31)
- Wage replacement is flat for all claimants up to the maximum weekly benefit

### Progressive Unemployment Benefits Formula

- Wage replacement rate varies depending on claimant's income with greater wage replacement for lower incomes
- Similar concept to progressive tax rates in which individuals with higher income are taxed at a greater rate than individuals with lower income
- Basic example:
  - Claimant's base period wages up to X are replaced at 65% and wages above X are replaced at 55%.
  - Can include maximum and minimum weekly benefits to further increase wage replacement for the lowest income claimants and to further decrease it for the highest income claimants.

### Two Proposals for Progressive Unemployment Benefits Structures

*Economic Policy Institute:*

| Wage Amount                   | Replacement Rate | Minimum/Maximum Benefit | Range of Benefits  |
|-------------------------------|------------------|-------------------------|--------------------|
| Up to 50% of SAWW (~\$511.00) | 85%              | \$307.00 (minimum)      | \$307.00-\$434.00  |
| 51-100% of SAWW               | 70%              | N/A                     | \$435.00-\$793.00  |
| Over 100% of SAWW             | 50%              | \$1533.00               | \$794.00-\$1533.00 |

Proposal is available at: <https://www.epi.org/publication/section-5-benefit-levels-increase-ui-benefits-to-levels-working-families-can-survive-on/>

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| Wage Amount       | Replacement Rate | Minimum/Maximum Benefit           | Range of Benefits |
|-------------------|------------------|-----------------------------------|-------------------|
| Up to \$400.00    | 80%              | \$230.00 (~20% of US AWW in 2020) | \$230.00-\$320.00 |
| \$401.00-\$700.00 | 65%              | N/A                               | \$321.00-\$515.00 |
| Over \$701.00     | 50%              | \$910.00 (~80% of US AWW in 2020) | \$515.00-\$910.00 |

Proposal is available at:

[https://www.hamiltonproject.org/assets/files/Unemployment\\_InsurancePP\\_v4.2.pdf](https://www.hamiltonproject.org/assets/files/Unemployment_InsurancePP_v4.2.pdf)

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<sup>1</sup> Proposal amounts are based on 2020 U.S. Average Weekly Wage.