

HOW APPLICANTS EXPERIENCE THE UNEMPLOYMENT INSURANCE SYSTEM

April 9, 2025

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FEDERAL RESERVE BANK
OF MINNEAPOLIS



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UNEMPLOYMENT INSURANCE

- Unemployment insurance (UI) is a core government program that supports workers and communities during times of job loss
 - Replaces a portion of workers' wages when they are laid-off through no fault of their own
 - Keeps individuals and families financially afloat and attached to the labor force
 - Has costs with it associated with the taxes employers pay to fund UI and potential delays to reemployment
- The Minneapolis Fed Community Development and Engagement (CDE) team has engaged in quantitative and qualitative research to understand UI access
 - Aligns with CDE mission to provide leaders with data as they seek to understand outcomes for workers, especially low- and moderate-income workers
 - Aligns with the Federal Reserve's mandate to promote maximum employment

RESEARCH QUESTION: Why do many of the unemployed not receive UI?

UI ACCESS VARIES ACROSS STATES

- Across the country, 29 percent of unemployed individuals received UI benefits in 2023
- Wide range in unemployment insurance access across states
 - Minnesota led nation in accessibility with 55 percent of unemployed individuals receiving UI
 - In other states, rates were as low as 10 to 12 percent

The screenshot shows the top navigation bar of the Federal Reserve Bank of Minneapolis website, including links for 'FROM THE PRESIDENT', 'BANK NEWS & EVENTS', 'CAREERS', 'CONNECT WITH US', 'ABOUT US', 'REGION & COMMUNITY', 'RESEARCH', 'BANKING', and 'POLICY'. The main article title is 'How unemployment insurance access and benefits vary by state', dated January 7, 2025, with authors Ayushi Narayan and Ryan Nunn. The article highlights that most states show a decline in UI access, with Minnesota leading at 55% in 2023. A map of the United States is overlaid on a photo of a person at a service desk. The page also includes a 'SHARE' section with social media icons, a 'RELATED CONTENT' section with a 'RESEARCH' tag, and a 'COMMUNITY & ECONOMIC DEVELOPMENT' sidebar.

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How unemployment insurance access and benefits vary by state

Differences in state policies have implications for how many workers draw unemployment benefits

January 7, 2025

AUTHORS

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Economic, Community Development and Engagement

Ryan Nunn
Assistant Vice President, Community Development and Engagement

Article Highlights

- Most states show a decline in share of unemployed individuals accessing benefits
- In 2023, Minnesota led nation in accessibility of its unemployment insurance system
- States with low access also often have low benefit levels

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At the same time, policymakers seek to minimize UI costs. One cost is the taxes employers pay to fund UI. Another cost is the delay in reemployment found in numerous [studies](#), which can have mixed consequences. Delaying reemployment can help workers find jobs that are a [better match](#), but can also reduce employment to some degree.

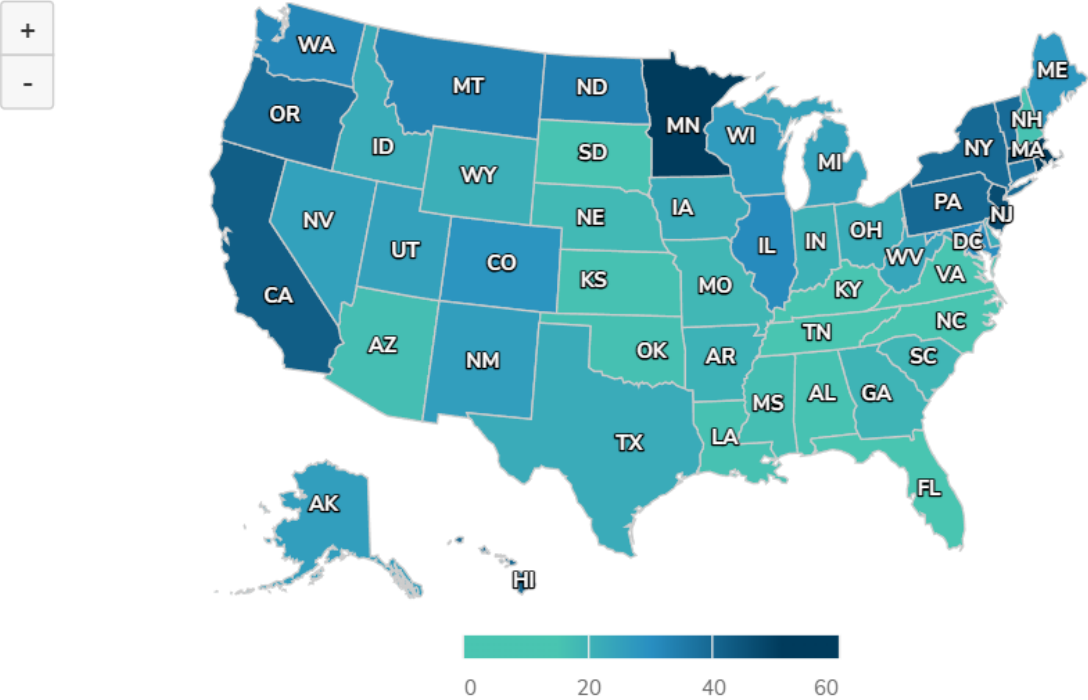
The right balance between these

UI ACCESS VARIES ACROSS STATES

How unemployment insurance access and benefits vary by state

4

State reciprocity rates ranged from 10 to 55 percent in 2023



Source: Authors' calculations using data from the U.S. Department of Labor Employment and Training Administration.

LEARNING FROM LOW-INCOME WOMEN

- Complemented quantitative findings with insights from low-income women in our district
- The focus groups—held at non-profits in the Twin Cities metro—included 20 women who self-identified as low-income and had been unemployed some time in the last five years (in MN or other states)
- Women in the focus groups had a strong collective interest in professional identity and pursuits
 - 70% holding professional certifications
 - Some held side jobs in addition to their primary jobs
- While we know that this is not a representative sample, the focus groups were helpful in giving depth to what we see in the data

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THEMES OF UNCERTAINTY

- Nearly all participants expressed confusion about UI eligibility
 - How circumstances of job loss impacted eligibility
 - Not receiving information about UI when losing job
- Frustration with lack of plain language written resources about the program
- Difficulty ensuring accurate information
 - Lack of in-person UI offices
 - Inconsistent information from phone representatives
- These themes echo new quantitative data CDE collected

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Administrative processes shape unemployment insurance access

A review of state unemployment insurance application procedures reveals distinctions in the ways and times workers can apply

March 18, 2025

AUTHOR

 Ayushi Narayan
Economist, Community Development and Engagement

Article Highlights

- In many states, unemployment insurance applicants may face limited application methods and hours
- Obtaining application assistance may be a challenge in some states
- States are improving website navigation and making other changes to reduce hurdles


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How might administrative processes shape access to the [unemployment insurance \(UI\)](#) system? Earlier work by the Federal Reserve Bank of Minneapolis shows that [many unemployed workers do not receive UI](#). A growing body of research finds that

Lori Korte/Minneapolis Fed, Getty Images

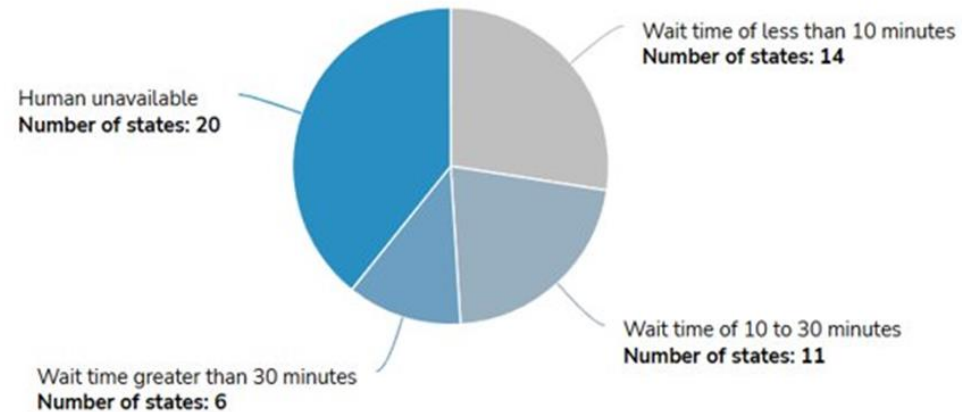
DATA ON HURDLES UI APPLICANTS FACE

- Collected data showing that application assistance may be a challenge in some states
- In about half of states, human help via the phone took at least 30 minutes to obtain or was unavailable
- UI applicants faced limited application methods and hours in many states
- States are improving website navigation and making other changes to reduce hurdles

Administrative processes shape unemployment insurance access

2

Access to human help varies for state UI phone lines



THEMES OF LIMITED TRUST AND ELIGIBILITY

- Program integrity and trust in government
 - Fraud was a broad issue of the COVID-19 pandemic
 - One participant had been the victim of UI fraud during the pandemic
 - To avoid possible issues with UI, some participants expressed that they would rather borrow money from family or friends
 - Participants also shared hesitancy about applying for UI, sharing concern that they may lose access to other benefits by receiving UI
- Traditional eligibility criteria can reduce involvement with UI system
 - Can work well for people with regular pay and hours
 - Being "able and willing to begin suitable work without delay when offered" is challenging when there is limited access to childcare or housing
 - Housing precarity also added to challenges in receiving UI or other notices from public assistance programs

RESEARCH TAKEAWAYS

- Taken together, our research highlights the following four factors that can impact individuals' ability to access UI during times of job loss:

1. Information

2. Application processes

3. Trust

4. Eligibility criteria

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Examining unemployment insurance: Now is the time

Minneapolis Fed researchers seek to shed light on different aspects of the unemployment insurance program in new series

December 16, 2024

AUTHOR

Mary Hogan
Senior Policy Analyst, Community Development and Engagement



Article Highlights

- Most unemployed Americans don't apply for unemployment insurance (UI) benefits
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- Minneapolis Fed article series will explore UI throughout 2025

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Variation in state UI policies **ARTICLE**

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At the same time, policymakers seek to minimize UI costs. One cost is the taxes employers pay to fund UI. Another cost is the delay in employment found in numerous studies, which can have mixed consequences. Delaying employment can help workers find jobs that are a better [match](#), but can also reduce employment to some degree.

The right balance between these benefits and costs is for workers and policymakers to decide. To that end, our research seeks to provide decision-makers with insights on how effectively UI is reaching its target population and what the barriers may be to UI access. In this article, we examine the relationship between two key aspects of the UI system that vary by state—reciprocity rates and replacement rates—and how state-by-state differences have changed over time. In 2023, Minnesota led the nation with its 55 percent reciprocity rate, indicating a high share of unemployed Minnesotans used the UI system.

UI is a joint federal-state [program](#), with federal law setting guidelines and each state administering its own program under U.S. Department of Labor oversight. State policies govern whether workers experiencing job loss are eligible to receive UI support and the

Only about 38 percent of Americans apply for unemployment insurance (UI) benefits when they lose their jobs. Why don't more apply? Eligibility is a factor, [but not the only one](#). From the Federal Reserve Bank of Minneapolis identifies the broad scope of applicants who tend to be ineligible for benefits. But what about unemployed individuals who also applying [even if they may be eligible?](#)

In times of job losses, UI not only can serve as an important support for workers and their families, but also help maintain healthy consumer spending. In 2023, workers received a total of [over \\$30 billion in UI benefits](#). Following the disruptions of the COVID-19 pandemic, with the economy in a state of relative calm and UI administrators not facing historically high numbers of applications to process, it may be an opportune time to consider a range of UI issues, from program management to fraud prevention to technology updates. Examining UI policies and practices now could help ensure the program is well-positioned to respond to future economic events.

Over the next year, the Minneapolis Fed will publish a series of articles exploring different aspects of UI. This work not only aligns with the Federal Reserve's mandate to promote maximum employment, it also aligns with a specific mission of the Minneapolis Fed's Community Development and Engagement team to provide leaders with research and data as they seek to understand outcomes for workers—especially low- and moderate-income workers.

DOI not apply for UI

Author for UI

Author: Unemployment Insurance (UI) benefits are provided to individuals who are eligible but unemployed but were employed in the previous 52 weeks. Source: Author's calculations using data from the Bureau of Labor Statistics Current Population Reports (CPS) Unemployment Compensation Supplement (downloaded on 08/04/2025).

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How unemployment insurance access and benefits vary by state


Differences in state policies have implications for how many workers draw unemployment benefits

January 7, 2025

AUTHORS

Ayushi Narayan
Economic, Community Development and Engagement

Ryan Nairn
Assistant Vice President, Community Development and Engagement



Article Highlights

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March 18, 2025

AUTHOR

Ayushi Narayan
Economic, Community Development and Engagement



Article Highlights

- In many states, unemployment insurance applicants may face limited application methods and hours
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How low-income women experience the unemployment insurance system


Focus group discussions in Minnesota shed light on low-income women's interactions with unemployment insurance programs and services

April 3, 2025

AUTHORS

Mary Hogan
Senior Policy Analyst, Community Development and Engagement

Amalaa Jubara
Research Assistant, Center for Indian Country Development



Article Highlights

- Participants revealed uncertainty about unemployment insurance (UI) eligibility, processes, and services
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