



UNEMPLOYMENT INSURANCE

Factors Associated With Benefit Receipt

Highlights of [GAO-06-341](#), a report to the Chairman, Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

Unemployment Insurance (UI), established in 1935, is a complex system of 53 state programs that in fiscal year 2004 provided \$41.3 billion in temporary cash benefits to 8.8 million eligible workers who had become unemployed through no fault of their own. Given the size of the UI program, its importance in helping workers meet their needs when they are unemployed, and the little information available on what factors lead eligible workers to receive benefits over time, GAO was asked to determine (1) the extent to which an individual worker's characteristics, including past UI benefit receipt, are associated with the likelihood of UI benefit receipt or unemployment duration, and (2) whether an unemployed worker's industry is associated with the likelihood of UI benefit receipt and unemployment duration. Using data from a nationally representative sample of workers born between 1957 and 1964 and spanning the years 1979 through 2002, and information on state UI eligibility rules, GAO used multivariate statistical techniques to identify the key factors associated with UI benefit receipt and unemployment duration.

In its comments, the Department of Labor stated that while there are certain qualifications of our findings, the agency applauds our efforts and said that this report adds to our current knowledge of the UI program.

www.gao.gov/cgi-bin/getrpt?GAO-06-341.

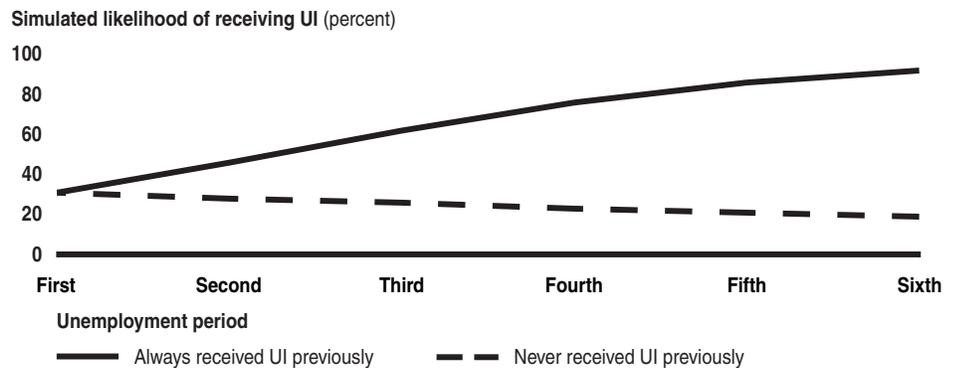
To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd Nilsen at (202) 512-7215 or nilsens@gao.gov.

What GAO Found

Certain characteristics are associated with the likelihood of receiving UI benefits and unemployment duration. UI-eligible workers that GAO studied are more likely to receive UI benefits if they have higher earnings prior to becoming unemployed, are younger, have more years of education, or if they have a history of past UI benefit receipt when compared with otherwise similar workers. GAO found that past experience with the UI program has a particularly strong effect on the future likelihood of receiving UI benefits. However, some characteristics, such as receiving a higher maximum weekly UI benefit amount, are not associated with a greater likelihood of receiving UI benefits. UI-eligible workers who receive UI benefits have longer unemployment duration than workers with similar characteristics. Also, UI-eligible workers are more likely to experience longer unemployment duration if they have lower earnings before becoming unemployed or have fewer years of education. Other characteristics associated with longer unemployment duration include being African-American, female, or not belonging to a union. GAO found no relationship between past UI benefit receipt and subsequent unemployment duration.

UI-eligible workers from certain industries are more likely than similar workers in other industries to receive UI benefits and experience shorter unemployment duration. Specifically, GAO's simulations show that the likelihood of receiving UI benefits during a first period of unemployment is highest among workers from the mining and manufacturing industries. Furthermore, the likelihood of receiving UI benefits when unemployed increases with each previous period of UI receipt across all industries, and the most notable increase occurs in public administration. First-time unemployed workers from construction and manufacturing experience significantly shorter unemployment duration than workers from other industries.

Simulated UI Benefit Receipt Rates for UI-Eligible Workers during Successive Periods of Unemployment, by Past UI Receipt Status



Source: GAO simulations based on GAO analysis of NLSY79 data.