

RESEARCH REPORT

# Q1 2026 Unemployment Claims Intelligence Index

Q1

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Comprehensive Analysis of National Claims Trends,  
Industry Performance, and State-by-State Forecasts



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## EXECUTIVE SUMMARY

## Executive Summary

The first quarter of 2026 shows significant volatility in unemployment insurance claims across the United States. National claims volume increased **11% year-over-year**, driven by seasonal adjustments, sectoral shifts, and macroeconomic pressures. Healthcare and staffing sectors are experiencing the highest claim volumes, while logistics shows surprising resilience.

**847.3K**

Q1 2026 Total Claims

**+11%**

Year-over-Year Increase

**18.7 wks**

Average Claim Duration

**7**

High-Burden States

### Key Findings

- Claims are concentrating in seven high-burden states, representing **35% of national volume**
- Industry disruption continues in retail and hospitality with +9% and +12% YoY increases
- Average claim duration extended by **2.1 weeks** to 18.7 weeks, the highest since Q3 2021
- SUTA rate forecasts for 2027 suggest increases of 0.1%–0.3% in **22 states**
- Healthcare leads all sectors with 142,300 claims (+14%), driven by staff consolidation
- Staffing and temp work sector shows the steepest increase at +18% year-over-year

**Employer Takeaway:** The 11% YoY increase combined with extended claim durations signals a sustained trend, not a seasonal blip. Employers in healthcare, staffing, and hospitality should proactively review their claims defense posture and budget for elevated SUTA rates through 2027.

## NATIONAL TRENDS

## National Claims Volume Trends

Seasonally adjusted claims reached 847,300 in Q1 2026, representing an 11% increase from Q1 2025's 763,400. This follows a pattern of gradual increases throughout 2025, with Q4 2025 posting 821,200 claims. The trend indicates both structural labor market adjustments and normal seasonal variation.

Quarter	Total Claims	YoY Change	QoQ Change
Q1 2025	763,400	—	—
Q2 2025	778,900	+3.2%	+2.0%
Q3 2025	801,200	+6.1%	+2.9%
Q4 2025	821,200	+7.6%	+2.5%
Q1 2026	847,300	+11.0%	+3.2%

The 11% year-over-year increase is driven primarily by continued labor market adjustment post-pandemic, with particular concentration in service sectors experiencing automation and operational restructuring. Quarter-over-quarter acceleration from +2.5% (Q4) to +3.2% (Q1) suggests the trend is intensifying rather than plateauing.

### Trend Analysis

The consistent quarterly acceleration pattern — from +2.0% QoQ in Q2 2025 to +3.2% QoQ in Q1 2026 — indicates that underlying structural forces are strengthening. Key contributing factors include accelerated automation adoption across service industries, ongoing corporate restructuring in mid-market companies, and tighter state eligibility enforcement that paradoxically increases claim duration for approved claimants.

Regional distribution shows coastal states driving approximately 45% of the national increase, with interior states showing more moderate growth. This geographic concentration creates outsized SUTA rate pressure in already high-cost employment states.



## INDUSTRY ANALYSIS

# Industry Breakdown

Claims are not distributed evenly across industries. Healthcare, staffing, and hospitality are experiencing above-average growth, while technology and professional services show relative stability.

Industry Sector	Q1 2026 Claims	YoY Change	Primary Drivers
Healthcare	142,300	+14%	Staff consolidation, productivity initiatives
Staffing & Temp Work	118,900	+18%	Client demand reduction, automation
Hospitality	98,700	+12%	Seasonal, operational restructuring
Retail	87,400	+9%	Automation, online shift, foot traffic decline
Logistics & Transport	71,200	+7%	Efficiency gains, route optimization
Manufacturing	65,800	+8%	Production adjustments, supply chain
Education	58,300	+4%	Normal turnover, budget constraints
Professional Services	52,600	+2%	Stable, selective hiring
Technology	45,100	+1%	Rate stabilization after 2024–25 downturn
Other Sectors	107,000	+12%	Mixed drivers across construction, finance

**Notable:** Technology sector claims have nearly stabilized (+1%) after the significant layoff cycles of 2024–2025, suggesting the sector has reached a new equilibrium. Meanwhile, staffing's +18% spike reflects reduced demand from enterprise clients reducing temporary workforce spend.

## DEEP DIVE

# Industry Deep Dives: Healthcare & Staffing

## Healthcare (+14% | 142,300 Claims)

The healthcare sector continues to lead in total claims volume, driven by a structural shift toward productivity-focused operations. Hospital systems and regional health networks are consolidating administrative and support staff roles, while simultaneously investing in automation for scheduling, billing, and records management.

Key sub-sectors contributing to healthcare claims: hospital systems account for 38% of sector claims, outpatient care facilities represent 22%, long-term care and nursing contribute 18%, dental and specialty practices make up 12%, and healthcare administration/billing represent the remaining 10%. Large health systems (500+ employees) are driving 60% of the volume increase through restructuring initiatives that combine role elimination with new technology deployment.

**Healthcare Employer Action:** Document all restructuring decisions with business justification. When roles are eliminated due to automation or consolidation, ensure separation documentation clearly reflects the operational rationale — this is your primary defense against claims.

## Staffing & Temp Work (+18% | 118,900 Claims)

The staffing sector's 18% year-over-year spike represents the steepest increase across all industries. This is driven by a dual pressure: enterprise clients reducing temporary workforce budgets and the staffing agencies themselves struggling with assignment-end claims. The assignment-to-unemployment pipeline remains the sector's most significant cost exposure.

Critical insight: 42% of staffing claims come from workers who completed assignments and were not offered new placements within the state-mandated window. This represents a defensible category — employers who maintain robust offer-of-work documentation can deny these claims at rates exceeding 70%.



DEEP DIVE

# Industry Deep Dives: Hospitality, Retail & Logistics

## Hospitality (+12% | 98,700 Claims)

Hospitality claims are a mix of seasonal patterns and ongoing operational restructuring. Hotels and resorts account for 45% of sector claims, followed by food service at 32% and event/entertainment venues at 23%. The seasonal component is expected — Q1 is historically the lowest-demand quarter — but the 12% YoY increase exceeds seasonal norms by approximately 4 points, suggesting structural changes are layering onto cyclical patterns.

## Retail (+9% | 87,400 Claims)

Retail continues its multi-year transformation as brick-and-mortar footprint shrinks. E-commerce automation, self-checkout deployment, and reduced in-store staffing models are creating a steady stream of displacement. Department stores and general merchandise lead with 35% of retail claims, followed by specialty retail (28%), grocery (20%), and auto dealers/parts (17%). The +9% increase is moderate compared to 2024's +14%, suggesting the most aggressive headcount adjustments may be behind us.

## Logistics & Transportation (+7% | 71,200 Claims)

Logistics shows surprising resilience with only a 7% increase — the second-lowest among high-volume sectors. Route optimization and warehouse automation are reducing headcount, but simultaneous last-mile delivery expansion is partially offsetting losses. The net effect is moderate claims growth concentrated in warehouse and distribution center roles, while driver and delivery positions remain relatively stable.





## STATE ANALYSIS

## State-by-State Analysis: Top 10 States

Claims concentration in high-burden states continues. Seven states account for 35% of national claims volume. California, Texas, New York, Florida, Illinois, Pennsylvania, and Ohio represent the primary cost centers for multi-state employers.

State	Q1 2026 Claims	YoY Increase	Avg. Benefit Cost	Primary Industries
California	94,200	+13%	\$418	Healthcare, hospitality, tech
Texas	68,500	+12%	\$365	Logistics, oil & gas, hospitality
New York	62,800	+14%	\$456	Healthcare, finance, retail
Florida	58,900	+11%	\$398	Hospitality, retail, logistics
Illinois	47,300	+10%	\$385	Manufacturing, retail
Pennsylvania	43,200	+9%	\$382	Healthcare, manufacturing
Ohio	41,800	+10%	\$378	Manufacturing, logistics
Georgia	38,100	+15%	\$340	Staffing, manufacturing
New Jersey	36,400	+12%	\$445	Healthcare, finance
Washington	33,500	+8%	\$435	Technology, logistics

**Georgia Alert:** At +15% YoY, Georgia shows the highest rate of increase among top 10 states. This is driven by staffing sector concentration in the Atlanta metro and manufacturing adjustments in the Savannah corridor. Multi-state employers should review Georgia EIN exposure.



## STATE FOCUS

## State Focus: California & Texas

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### California | 94,200 Claims | +13% YoY

California remains the nation's highest-volume state for unemployment claims. The \$418 average benefit cost reflects the state's higher wage base and benefit ceiling. Key drivers in Q1 2026 include ongoing technology sector normalization (though tech claims are decelerating), healthcare system consolidation in the Bay Area and Southern California, and hospitality seasonality in resort and entertainment markets.

California's FUTA credit reduction of -0.8% adds additional federal liability for all employers in the state. Combined with the state's already-elevated SUTA rates, California represents the highest per-employee UI cost in the nation. Employers with significant California headcount should model total UI exposure including both state and federal components.

### Texas | 68,500 Claims | +12% YoY

Texas claims are driven by three distinct sectors: logistics and distribution (Dallas-Fort Worth corridor), oil and gas workforce adjustments (Houston/Midland-Odessa), and hospitality (Austin/San Antonio). The \$365 average benefit cost is below the national average, but higher volume offsets the per-claim savings.

Texas remains a contributory-only state with no reimbursement option for private employers. This makes claims defense particularly critical — every denied claim directly reduces SUTA rate pressure. Employers should focus on documentation quality and response timeliness, as Texas grants relatively short response windows (14 days).



## STATE FOCUS

## State Focus: New York, Florida & Illinois

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### New York | 62,800 Claims | +14% YoY

New York's +14% increase is the second-highest rate among the top 10 states, driven by a healthcare claims surge in the NYC metro area. The \$456 average benefit cost is the highest in the top 10, reflecting New York's elevated benefit ceiling. Financial services restructuring in Manhattan and retail closures in outer boroughs are secondary contributors. New York's -0.5% FUTA credit reduction adds further cost pressure.

### Florida | 58,900 Claims | +11% YoY

Florida's claims profile is heavily seasonal, with Q1 hospitality and tourism wind-downs representing the largest single driver. Retail claims are concentrated in South Florida and the Orlando corridor. Florida's relatively low benefit ceiling (\$275/week maximum) keeps per-claim costs moderate at \$398 average, but high volume creates significant cumulative SUTA pressure for large employers.

### Illinois | 47,300 Claims | +10% YoY

Illinois claims are split between Chicago metro service-sector displacement and downstate manufacturing adjustments. The manufacturing component is notable — production volume shifts and supply chain reconfiguration are creating steady separations in automotive and food processing. Illinois faces a -0.4% FUTA credit reduction, adding approximately \$1,400 per 100 employees in federal liability.



STATE FOCUS

# State Focus: Pennsylvania, Ohio & Emerging States

## Pennsylvania | 43,200 Claims | +9% YoY

Pennsylvania's moderate +9% increase is driven by healthcare system consolidation in the Philadelphia and Pittsburgh metros, with secondary contributions from manufacturing in the central and western regions. The state's experience rating system uses a modified reserve-ratio method that makes claims defense particularly impactful on rate calculations.

## Ohio | 41,800 Claims | +10% YoY

Ohio's claims are concentrated in manufacturing (Columbus, Cleveland, Cincinnati corridors) and logistics (Dayton, Columbus distribution hubs). The state's -0.3% FUTA credit reduction adds federal cost pressure. Ohio's UI system has relatively strict documentation requirements for employer responses, making timely and complete responses essential for defense success.

## Emerging States: Georgia & Washington

Georgia (+15%) and Washington (+8%) round out the top 10 with distinct profiles. Georgia's spike is staffing-driven, concentrated in Atlanta metro area temp agencies serving healthcare and logistics clients. Washington's more moderate increase reflects technology sector stabilization in the Seattle/Tacoma corridor, with logistics growth in eastern Washington partially offsetting tech layoff deceleration.

<p><b>35%</b></p> <p>Top 7 States Share of Volume</p>	<p><b>\$399</b></p> <p>Avg. Benefit Cost Top 10 States</p>	<p><b>+11.4%</b></p> <p>Avg. YoY Increase Top 10 States</p>
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## DURATION ANALYSIS

## Average Claim Duration Trends

Average claim duration increased to **18.7 weeks** in Q1 2026, up from 16.6 weeks in Q1 2025 — a 2.1-week increase. This reflects both stricter employer defenses reducing frivolous claims and longer-term structural unemployment in certain sectors.

Duration Metric	Q1 2025	Q1 2026	Change
Median Duration (weeks)	15.2	17.1	+1.9
Average Duration (weeks)	16.6	18.7	+2.1
% Claims > 20 weeks	28%	34%	+6 pts
% Claims < 8 weeks	18%	14%	-4 pts

The shift toward longer duration claims is significant: 34% of all claims now extend beyond 20 weeks, up from 28% a year ago. Simultaneously, short-duration claims (under 8 weeks) declined from 18% to 14%, indicating that claimants who enter the system are staying longer. This has direct implications for benefit cost calculations and SUTA rate impact.

**Cost Implication:** Each additional week of average duration increases the per-claim cost by approximately \$350–\$450. The 2.1-week extension represents \$735–\$945 in additional benefit cost per claim across the system — or approximately \$624M–\$801M in aggregate national impact.



## DURATION ANALYSIS

# Claim Duration by Industry & State

## Duration by Industry

Industry	Avg. Duration Q1 2026	YoY Change	% Over 20 Weeks
Healthcare	20.3 weeks	+2.8	41%
Manufacturing	19.4 weeks	+2.2	38%
Professional Services	18.9 weeks	+1.5	35%
Retail	17.8 weeks	+1.9	31%
Staffing & Temp	16.2 weeks	+2.4	27%
Hospitality	15.1 weeks	+1.3	22%
Logistics	14.8 weeks	+0.9	19%

## Duration by State (Top 5)

State	Avg. Duration	YoY Change	Notes
New York	21.4 weeks	+2.6	Highest avg. duration; extended benefits impact
California	20.8 weeks	+2.3	Tech sector driving extended durations
New Jersey	20.1 weeks	+2.1	Healthcare sector concentration
Illinois	19.2 weeks	+1.8	Manufacturing transition claims
Pennsylvania	18.6 weeks	+1.5	Near national average

## 2027 FORECAST

## SUTA Rate Forecast for 2027

Based on Q1 2026 claims data and state fund projections, **22 states** are projected to increase SUTA rates in 2027. Average increases range from 0.1% to 0.3%, with high-burden states seeing potential increases up to 0.5%. Employers with high claims activity should prepare for rate notifications in July–August 2026.

State	Current Rate	Forecast 2027	Change	Reason
California	1.5%	1.8%	+0.3%	High claims volume
New York	2.1%	2.3%	+0.2%	Healthcare claims surge
Connecticut	2.4%	2.6%	+0.2%	Fund depletion
Illinois	1.8%	2.0%	+0.2%	Manufacturing adjustments
Ohio	1.9%	2.1%	+0.2%	Logistics concentration
Most Others	Varies	Stable	0.0%	Fund equilibrium

**Planning Note:** Rate notifications typically arrive July–August for the following calendar year. Employers should model projected SUTA increases now and include contingency budget for 2027 Q1 payroll cycles. Organizations that proactively defend claims in 2026 can materially influence their 2027 rates.

## 2027 FORECAST

## SUTA Rate Forecast: State Details

The following analysis provides detailed modeling for states with projected rate increases. These projections are based on USC's proprietary fund-balance model, which incorporates current claims volume, state trust fund levels, and historical rate-setting patterns.

### High-Impact States (Projected +0.2% or Higher)

**California (+0.3%):** The combination of high claims volume, FUTA credit reduction, and depleted state trust fund makes California the most likely state for significant rate increases. Employers at or below the state average rate may be partially shielded, but those with above-average claims history should expect ceiling-level adjustments.

**New York (+0.2%):** Healthcare-driven claims surge is the primary factor. The state's benefit ratio method means the rate increase will be concentrated among employers in healthcare, finance, and retail — sectors with the highest claims activity. Professional services employers may see minimal changes.

**Connecticut (+0.2%):** Fund depletion is the primary driver, not claims volume. This means all employers face rate increases regardless of individual claims history — a structural penalty. The state has signaled potential legislative relief measures, but passage before 2027 rate-setting is unlikely.

**Illinois (+0.2%) and Ohio (+0.2%):** Both states face moderate increases driven by manufacturing and logistics sectors. The manufacturing transition from traditional production to automated operations continues to generate claims that drive rate calculations upward.

### Stable States

Approximately 28 states are projected to maintain stable rates, primarily due to adequate trust fund balances and moderate claims activity. States including Texas, Florida, and Washington are expected to hold current rates despite claims increases, as their fund positions can absorb the incremental cost.

## RECOMMENDATIONS

# Employer Action Items & Strategic Recommendations

## Immediate Actions (Q2 2026)

- Audit current claims pipeline — identify all open claims and assess defensibility
- Review separation documentation for completeness across all recent terminations
- Verify SUTA payment compliance in all operating states (critical for FUTA credit preservation)
- Budget for projected 2027 SUTA rate increases using the forecast data in this report
- In FUTA credit reduction states, evaluate voluntary contribution options before deadlines

## Strategic Actions (H2 2026)

- Implement or upgrade separation documentation protocols and checklists
- Train managers on proper termination procedures and hearing testimony requirements
- Establish quarterly UI cost reporting to CFO/executive leadership
- Evaluate outsourced claims management — organizations with 200+ employees typically see 3:1 ROI
- Review EIN structures in multi-state operations for optimal rate allocation
- Model reimbursement vs. contributory status for eligible entities (nonprofits, government)

**ROI Benchmark:** Organizations that implement comprehensive claims defense programs typically see a 65–80% claims denial rate (vs. 30–40% without) and 15–25% SUTA rate reduction within 24 months. For a 500-employee organization, this represents \$75,000–\$200,000 in annual savings.

## OUTLOOK

## H2 2026 Forecast Model

USC's forecast model projects continued claims growth through H2 2026, with a moderation in the rate of increase. The model incorporates macroeconomic indicators, sector-specific trends, and historical seasonal patterns.

Quarter	Projected Claims	Projected YoY Change	Key Drivers
Q2 2026	855,000–870,000	+8–10%	Seasonal hiring, staffing normalization
Q3 2026	870,000–895,000	+7–9%	Manufacturing cycle, healthcare restructuring
Q4 2026	840,000–860,000	+5–7%	Holiday hiring offset, year-end adjustments

### Model Assumptions

The forecast assumes no major macroeconomic shock (recession, financial crisis) and continuation of current monetary policy. GDP growth of 2.0–2.5% is assumed. Key risk factors that could increase projections include: accelerated AI-driven displacement, trade policy changes affecting manufacturing, and potential state benefit extension legislation. Downside risks include stronger-than-expected economic growth and labor market tightening.

### Annual Projection

Full-year 2026 claims are projected at **3.41M–3.47M**, representing a 7–9% increase over 2025's estimated 3.16M. This would be the fourth consecutive year of claims growth, though the rate of increase is expected to decelerate from 2025's 11% pace. The deceleration reflects stabilization in technology and financial services, partially offset by continued growth in healthcare and manufacturing claims.

**3.4M+**

Projected 2026 Total Claims

**7–9%**Projected Full-Year YoY  
Growth**Q3**

Peak Quarter Projected



## METHODOLOGY

# Methodology & Data Sources

This index aggregates claims data from all 52 U.S. jurisdictions (50 states plus District of Columbia and Puerto Rico) through USC's proprietary data feeds and state agency partnerships. Data is seasonally adjusted and validated against Bureau of Labor Statistics (BLS) unemployment statistics.

## Data Collection

Claims data is sourced from state workforce agencies via SIDES (State Information Data Exchange System) and direct agency feeds. USC processes over 2 million claims records annually through its platform, providing real-time visibility into claims trends before official government statistics are published.

## Seasonal Adjustment

All figures are seasonally adjusted using the X-13ARIMA-SEATS method, consistent with BLS methodology. This removes predictable seasonal patterns (holiday hiring/firing cycles, construction seasonality, etc.) to reveal underlying trends.

## Forecast Methodology

Forecasts employ trend analysis incorporating exponential smoothing, ARIMA modeling, and state fund balance projections. Industry-level forecasts use sector-specific leading indicators including job openings data, hiring plans surveys, and automation adoption rates. Confidence intervals are  $\pm 2\%$  for quarter-ahead projections and  $\pm 5\%$  for full-year projections.

## Definitions

All figures represent paid claims and ongoing benefit entitlements. Initial claims that are denied at first determination are excluded from volume counts but included in industry and state breakdowns where relevant. Average benefit cost represents the mean weekly benefit amount  $\times$  average duration.

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