Arizona
UNEMPLOYMENT INSURANCE
OPPORTUNITY REPORT

Prepared by the American Institute for Full Employment • April 2026

Arizona has the opportunity to save millions of dollars and promote the overall well-being of its unemployed workers by implementing additional best practices in its Unemployment Insurance (UI) program. UI is an often overlooked, yet critical program for employers and employees. UI policy decisions involve not only significant expenditures in the economy, affecting the business climate and economic development, but also the financial, mental, and physical well-being of the unemployed. In designing their UI programs, federal law allows states substantial flexibility that is rarely used. The American Institute for Full Employment has the resources and personnel to help you design and implement innovative UI and workforce programs that make impact. For a comprehensive review and analysis of how to make a difference, please contact us at (800) 562-7752 or info@fullemployment.org.

Unemployment Rate and Caseload

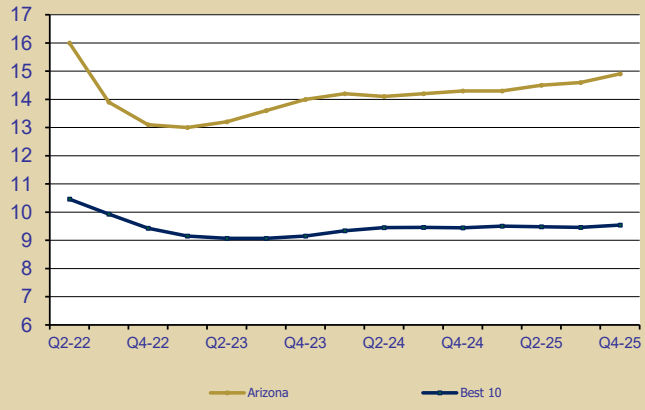
	Dec-24	Dec-25
Unemployment Rate *	4.10%	4.40%
Total Benefits Paid ***	$324 mil	$334 mil

* Seasonally Adjusted ** Regular UI Claims *** Annual

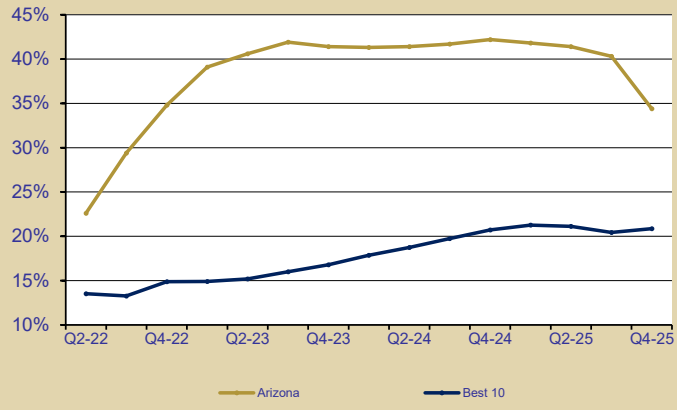
Effectiveness

On average, UI claimants in Arizona did not find their way off of unemployment insurance for nearly three and a half months, and over one third of all claimants exhausted their benefits. Sixteen states have < 26 weeks max. eligibility which may impact duration & exhaustion rates.

Claim Duration (weeks)
Quarterly Data



Exhaustion Rate
Quarterly Data

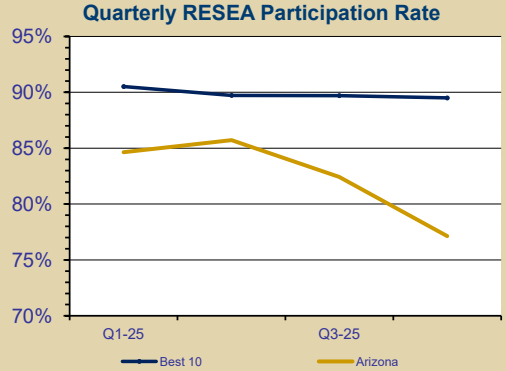


Year Ending December 2025	Best 5	Best 10	AZ	AZ Rank
CLAIM DURATION The average number of weeks UI claimants recieved benefits	8.7	9.5	14.9	31
EXHAUSTION RATE The average percentage of UI claimants who exhausted their benefits	17.9%	20.9%	34.4%	27

Engagement

Compared with the top-10-state average number of UI Claims showing up for their appointment, Arizona's RESEA participation rate was 12 percentage points lower.

Quarterly RESEA Participation Rate



Quarter 4 2025	Best 5	Best 10	AZ	AZ Rank
RESEA PARTICIPATION RATE	94%	90%	77%	27

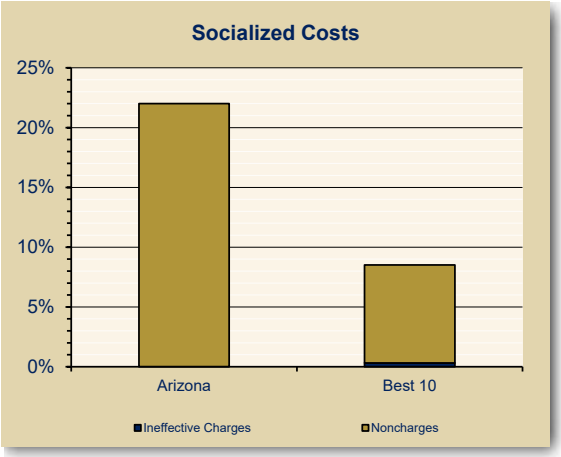
The percent of claimants scheduled (sent a notice to report) for an RESEA appointment who reported as directed. The measure doesn't include appointments cancelled in advance and rescheduled with no disqualification of benefits."

Note: Reemployment Services and Eligibility Assessment ("RESEA") data reported in the ETA 9128 report is self-reported by states and not validated.

For the purposes of this report, "States" include the 50 US states plus the District of Columbia, The Virgin Islands and Puerto Rico.
"Rank" is from 1 to 53, with 1 being the best performance per category.
All base data used and developed in this report was sourced from the US Department of Labor and the Bureau of Labor Statistics.

Efficiency

Compared with Arizona, the average Best 10 state promoted more employment through a UI tax structure that had 147% less in socialized costs.



2024	Best 5	Best 10	AZ	AZ Rank
SOCIALIZED COSTS *	7%	9%	22%	25

The percentage of benefit costs not charged to responsible employers, but instead socialized as:

1) Noncharges - the total amount of benefit payments not charged to individual employer experience rating accounts. They often shift to the UI tax system social program costs; such as payments to workers who voluntarily quit .

and

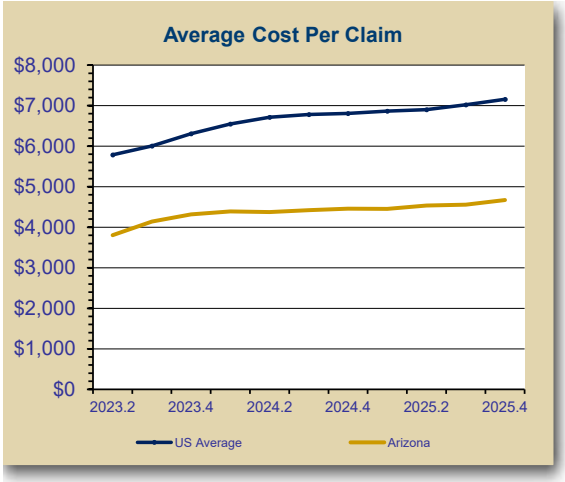
2) Ineffective Charges - the yearly amount of benefit charges assigned to individual employers that exceed the amount of contributions paid by those same employers in the following year. These charges tend to lessen some employers' responsibility to pay the full cost of their claims, due to e.g. a maximum tax rate that is too low or an otherwise less responsive tax structure.

The levels of both noncharges and ineffective charges are largely within the control of state policy makers and affect the state's unemployment rates by raising or lowering: 1) the cost of employing a worker and 2) the cost of laying off a worker.

* Data from the 2023 Significant Measures Report - U.S. Department of Labor Office of Workforce Security

Cost

The average UI claim cost in Arizona was 35% less than the US average.



Year Ending December 2025 Average	AZ	US Average
AVERAGE COST PER CLAIM Benefits Paid for all weeks compensated divided by the number of first payments.	$4,671	$7,157

How We Can Assist Your State in Improving Performance

- Analysis of claimant information flow between agencies and job sources
- Evaluation of performance measures and incentives
- Examination of coordination of all agencies involved with UI claimant
- Integration of claimant work search rules, incentives and assistance
- Analysis of a subsidized wage program for employers willing to train UI claimants

For a more detailed evaluation contact our consultants at

800-562-7752

or visit us on the web at fullemployment.org

AMERICAN INSTITUTE FOR FULL EMPLOYMENT

2636 Biehn Street • Klamath Falls, OR 97601