Administrative burdens and labor market outcomes: Evidence from California's unemployment insurance modernization

Paul Lapinski

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Abstract

All US Unemployment Insurance (UI) systems require claimants to certify their benefit eligibility on a weekly or biweekly basis, but evidence is limited on how administrative frictions affect program usage and effectiveness. In this paper I study California's 2015 transition from a paper– to online–based UI certification system, UI Online, which reduced processing errors and allowed claimants to comply the same day benefits became available. Using administrative data from California's Employment Development Department (EDD), I exploit the phased rollout of UI Online and find that web-based certifying substantially reduced benefit payment delays, largely driven by an increase in claimants' filing efficiency. Simultaneously, the increased efficiency and reduction in delays do not cause a change in UI duration, suggesting that upgrading administrative technology was a net benefit.