

The Work Week

Bassford Remele Employment Practice Group



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Welcome to another edition of *The Work Week with Bassford Remele*. Each Monday morning, we will publish and send a new article to your inbox to hopefully assist you in jumpstarting your work week.

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Minnesota Unemployment Claims: What Employers Need to Know (And Why It Matters)

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As employment lawyers, we help our clients through the entire spectrum of issues involving employees and workforces. One area that prompts many questions, but that gets less attention until a claim arises, is unemployment insurance. How a business handles an unemployment claim can have lasting implications, extending far beyond the initial benefit determination. Understanding Minnesota's unemployment benefits system, how it works, and the potential ripple effects of a claim can help better protect your company's interests.

How Minnesota's Unemployment System Works (Generally)

The Minnesota Unemployment Insurance (UI) Program is overseen by the Minnesota Department of Employment and Economic Development (DEED). DEED's primary purpose is to provide temporary financial assistance to eligible individuals who are unemployed through no fault of their own.

Employers contribute to the UI system through state and federal unemployment payroll taxes, and the amount they pay can be impacted by the number and value of unemployment claims filed by their former employees.

Who is Eligible for Unemployment Benefits in Minnesota?

Eligibility for unemployment benefits is determined by several factors, primarily focusing on the applicant's prior earnings and the reason for their job separation.

Generally, to be eligible, an individual must:

- Have sufficient earnings in their “base period” (a look-back period of their wages, generally the first four of the last five completed calendar quarters);
- Be unemployed or working substantially reduced hours through no fault of their own;
 - This is a critical point. Individuals who quit their jobs without a good reason, or who are fired for “misconduct” (as defined by Minnesota law), may be disqualified from receiving benefits.
- Be able to work and available for work; and
- Actively seek suitable employment each week.

An Employer’s Role in the Claim Process

When a former employee applies for unemployment benefits, their employer will typically receive a written “Request for Information” from the Minnesota UI Program. This request asks for details about the employee’s separation.

It is important to respond to these requests accurately and promptly, within the deadline set forth on the Request. The UI Program uses the information provided by both the applicant and the employer to make an initial “determination” regarding eligibility. If you do not respond, or respond inadequately, a determination may be made based solely on the employee’s statement, potentially resulting in benefits being granted that could or should have been denied.

If either the employee or the employer disagree with the determination issued by the Minnesota UI Program, each has the right to file an appeal. This appeal will lead to a hearing with an Unemployment Law Judge (ULJ). These hearings are typically conducted by telephone, and both the former employee and the employer have the opportunity to present their side, provide evidence and testimony, and question the other party. The ULJ will then issue a written decision.

If either party disagrees with the ULJ’s decision, further appeals can be made to the Minnesota Court of Appeals.

Hidden Implications for Employers

While the immediate impact of an unemployment claim relates to an employer’s UI tax rate, the repercussions can extend much further:

- **Precedent for Other Employees:** An employer’s response to one unemployment claim, and the outcome of any appeal, can set an internal precedent. If an employer consistently fails to contest claims where misconduct was present, it could affect how other employees perceive its policies and expectations.
- **Statements Used in Other Legal Proceedings:** Information provided to the UI Program, or testimony given during an unemployment hearing, can potentially be used in subsequent legal actions. For example, if a former employee later files a discrimination claim, a wrongful-

termination lawsuit, or a retaliation claim, statements made during the unemployment process could be introduced as evidence. An inconsistent explanation for termination between the unemployment claim and a later lawsuit can cause cascading problems down the road for an employer.

- **Unemployment Claims as a Precursor to Lawsuits:** It is common for an individual who has been denied unemployment benefits, or who feels unjustly terminated, to consider other avenues for recourse, including filing a charge of discrimination with the Minnesota Department of Human Rights (MDHR) or the Equal Employment Opportunity Commission (EEOC), or initiating a lawsuit. The initial unemployment claim can be a signal that a more significant (and costly) legal challenge might be on the horizon. The employee is already in a state of dissatisfaction and has taken a step to pursue a claim against the employer.

Proactive Management is Key

Navigating Minnesota's unemployment system requires careful attention to detail, accurate record-keeping, and a clear understanding of legal concepts like "misconduct." Each claim, regardless of how minor it seems, may have broader implications.

Understanding the connection between an unemployment claim and potential litigation, and being prepared to handle these claims strategically, is a vital part of protecting your business. Ignoring or mishandling an unemployment claim could lead to far more costly and time-consuming legal battles down the road.

Bassford Remele's award-winning [Employment Practice Group](#) is here to help with these issues and more. Please reach out to discuss ways that we can help you protect your business or protect your rights.

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