

FOLLOWING CONNECTICUT'S UNEMPLOYMENT INSURANCE CLAIMANTS THROUGH THE RECESSION



**OCCASIONAL
PAPER SERIES
2011**

PREPARED BY
Manisha Srivastava
Economist, DOL

Connecticut
Department of Labor
Office of Research
200 Folly Brook Blvd.
Wethersfield, CT 06109

DIRECTOR
Andrew Condon, Ph.D.

COMMISSIONER
Glenn Marshall

**OCTOBER
2011**

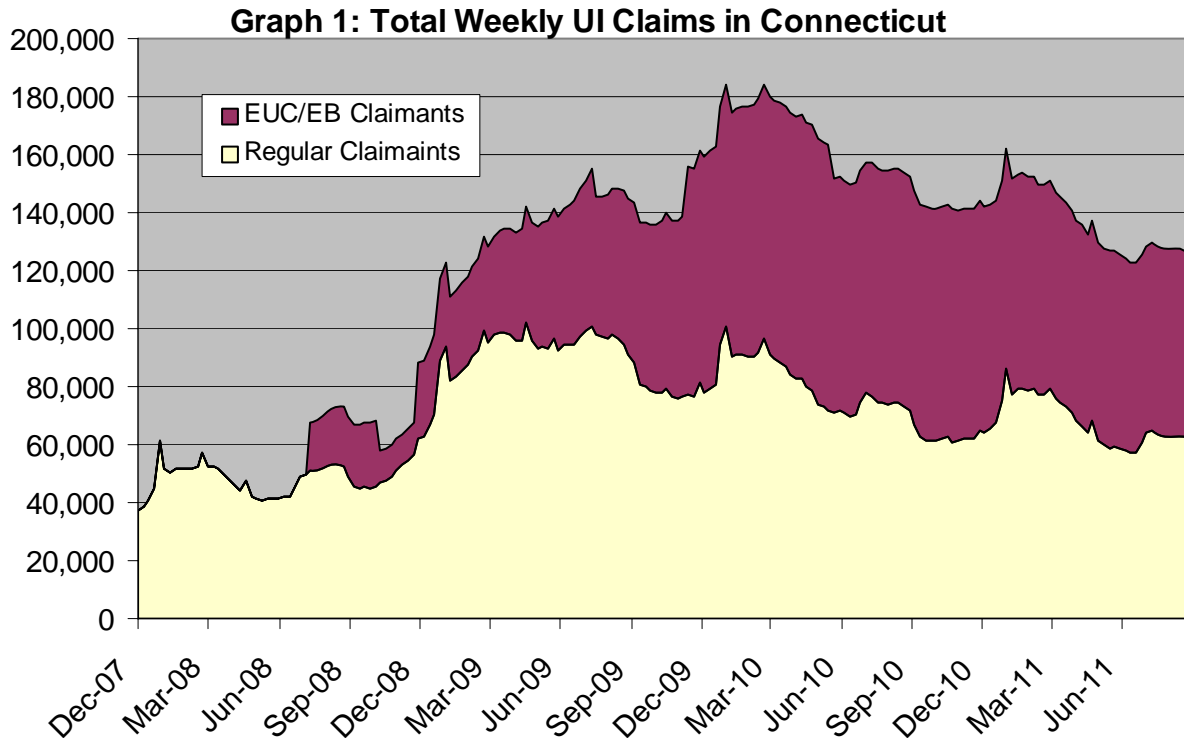


The recession of the late 2000's is the worst to hit the United States since the depression of the 1930's. Nineteen months after the official completion of Connecticut's recession, the unemployment rate is still stubbornly stuck around 9%. Based on data from the Current Population Survey (CPS), it is estimated about 119,000 jobs were lost in Connecticut through December 2009. Connecticut gained 24,300 jobs from January 2010, the end of Connecticut's recession, to January 2011. However, from January 2011 to July 2011, only about 8,500 have been created. At the current level of job growth, it will take many years to employ those laid off by the recession.

Who are these workers affected by the recession? How many of them exhausted all unemployment insurance (UI) benefits available to them? How many of these exhaustees are now employed? What industries did they previously work in, and what industries are they now employed in? How old are they, and where do they live? These are just some of the questions we are going to explore using UI claimant history data, which is a record of the UI claims filed each week. It is important to note the following data does not speak for all of Connecticut's unemployed, rather just those who were eligible to receive UI benefits.

Connecticut's UI Claimants

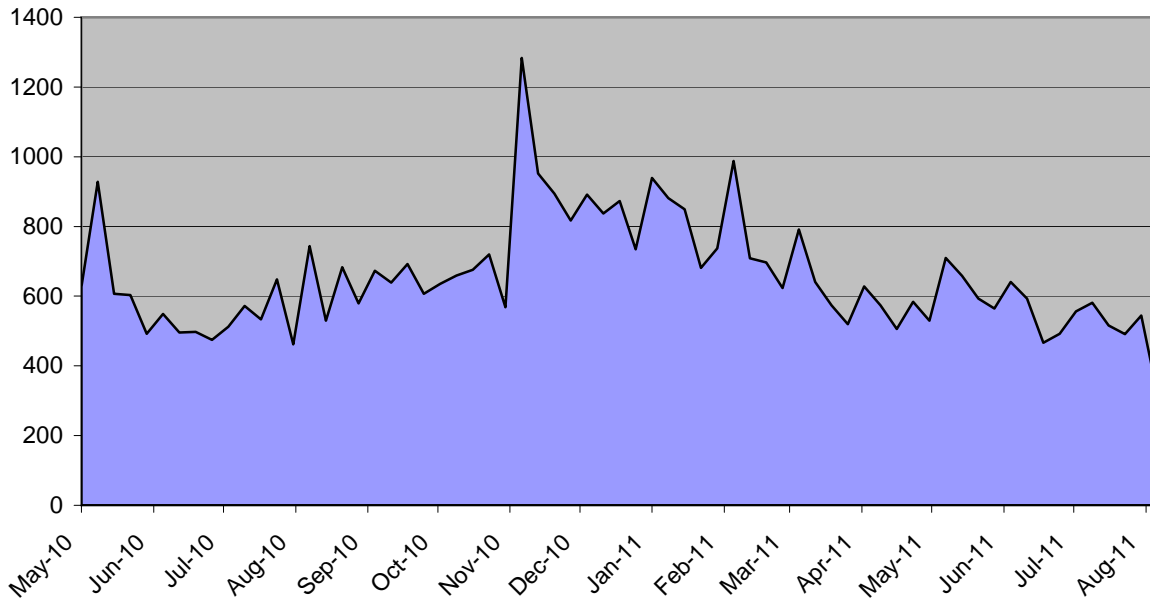
Graph 1 shows the number of claimants by week from the start of the U.S. recession in December 2007 to August 2011. Connecticut was averaging about 35,000 to 50,000 claims a week just prior to the recession. At the peak, from January 2010 to May 2010, there were just under 180,000 claims per week. According to the latest data available, 125,437 claims were filed on August 27, 2011. On that date, 61,090 claimants filed under the regular UI program (the initial 6 months of unemployment), and another 64,347 claimants filed under the federally funded UI extension programs (Emergency Unemployment Compensation (EUC) and Extended Benefits (EB)). The EB program is scheduled to cease on December 17, 2011 with final payments made the last week of December. The EUC program will end on June 9, 2012. However, claimants will only be able to complete the tier of EUC they are on as of the first week of January 2012.



Note: not shown in Graph 1 are Trade Readjustment Allowance (TRA) claimants, who generally make up anywhere from 0 to 400 claimants per week.

Graph 2 shows the number of “exhaustees” from Connecticut’s UI program by week. Exhaustees are UI claimants that exhausted all possible benefits available to them (99 weeks at the maximum). As of August 27, 2011, there are 55,501 exhaustees of Connecticut’s UI program. After receiving almost two years of UI benefits, the first exhaustees appeared on May 15, 2010. Since then, Connecticut has averaged about 650 exhaustees per week. The spike in the number of exhaustees in the winter of 2010/2011 corresponds to the deep job losses two years back in the winter of 2008/2009. On a positive note, the number of weekly exhaustees has been trending downwards.

Graph 2: Weekly Exhaustees of Connecticut's UI Program



Note: Not shown in Graph 2 are the approximate 11,500 individuals who exhausted UI benefits on May 15, 2010. This large initial group of exhaustees is due to a reach-back at the start of the federal extensions to find unemployed UI claimants that had recently exhausted all regular UI benefits available to them.

Reemployed Exhaustees

Using Connecticut's UI wage records to analyze reemployment finds that only 24.7% of individuals who exhausted benefits by the end of March 2011 were reemployed in the second quarter of 2011. Table 1 below further breaks down exhaustee reemployment by quarter of exhausting UI benefits and quarter of reemployment. Note the trend indicated by the colored cells, which show percent of reemployment based on number of quarters since exhausting benefits. The initial set of exhaustees from the second quarter of 2010 fared poorly in reemployment compared to the rest of the exhaustees. For the rest of the exhaustees, about 26-27% were reemployed the second quarter out after exhausting benefits.

Connecticut's wage records collected for administering the UI program were used to determine exhaustee reemployment. It is important to note that due to limitations in the data, the resulting reemployment numbers are lower than they may be in actuality for Connecticut's exhaustees. For instance, some number of exhaustees may have chosen to retire, and therefore are not actively seeking reemployment. Alternatively, some exhaustees may have found employment outside of Connecticut. Finally, the wage records do not contain data on certain types of employment, including self-employment, unpaid family workers, and some religious organizations to name a few. **For these reasons, the reemployment figures presented below may understate the actual reemployment level of Connecticut's exhaustees.**

**Table 1: Number of Reemployed Exhaustees
 by Quarter of Exhaustion and Quarter of Reemployment**

Quarter Exhausted Benefits	Total Number of Exhaustees by Quarter	Number of exhaustees employed by Quarter				Percent of exhaustees employed by Quarter			
		2010 Q3	2010 Q4	2011 Q1	2011 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2
2010 Q2	15,314	2,151	2,932	2,900	3,227	14.0%	19.1%	18.9%	21.1%
2010 Q3	7,419		1,798	1,920	2,077		24.2%	25.9%	28.0%
2010 Q4	10,047			2,068	2,705			20.6%	26.9%
2011 Q1	10,392				2,647				25.5%
Total	43,172	2,151	4,730	6,888	10,656	14.0%	20.8%	21.0%	24.7%

Note: Each quarter's reemployment number is a snapshot for the quarter and does not indicate individuals sustained employment quarter to quarter.

In an effort to isolate exhaustees that may have retired or found work out of state, Table 1 was reproduced for a subset of exhaustees. Table 2 below shows reemployment for exhaustees that reside in Connecticut and are 64 years or younger. By excluding said individuals, exhaustee reemployment reaches 30.3% in the second quarter of 2011. At the maximum, 2010 quarter three exhaustees reached a 34.1% reemployment level three quarters out after exhausting benefits.

**Table 2: Number of Reemployed Exhaustees
 (Residing in Connecticut and 64 years or younger)
 by Quarter of Exhaustion and Quarter of Employment**

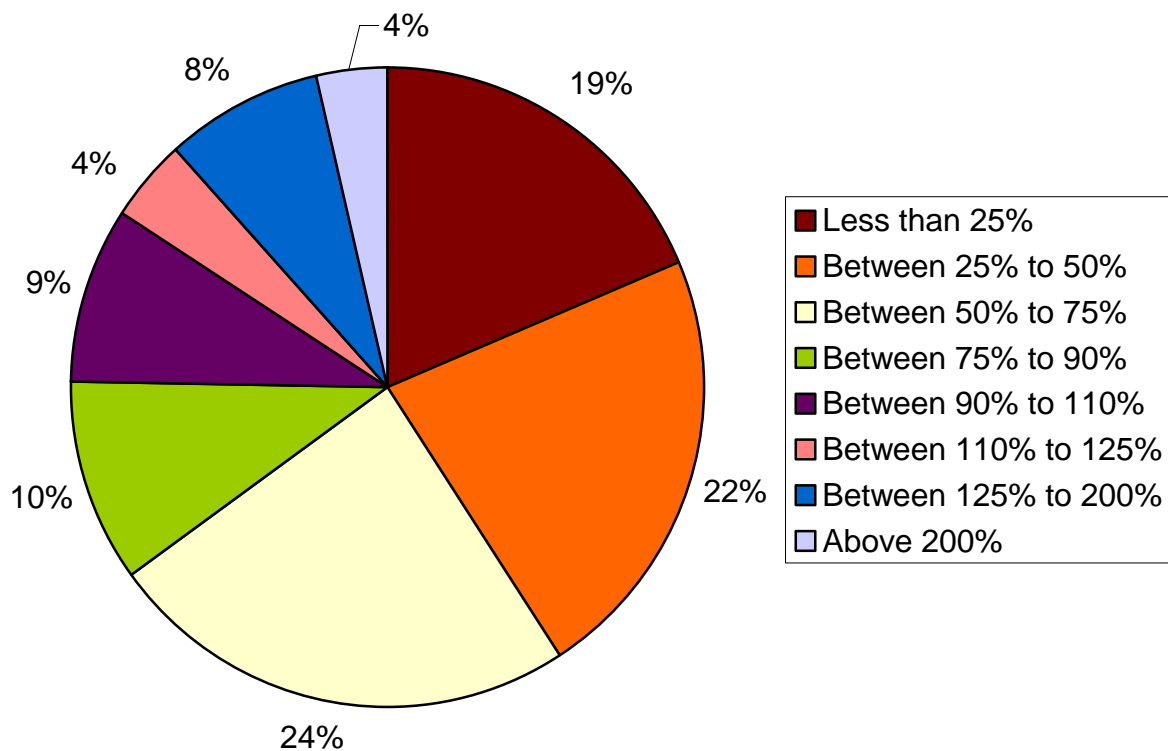
Quarter Exhausted Benefits	Total Number of Exhaustees by Quarter	Number of exhaustees employed by Quarter				Percent of exhaustees employed by Quarter			
		2010 Q3	2010 Q4	2011 Q1	2011 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2
2010 Q2	11,355	2,044	2,739	2,726	3,022	18.0%	24.1%	24.0%	26.6%
2010 Q3	5,731		1,693	1,818	1,957		29.5%	31.7%	34.1%
2010 Q4	7,856			1,951	2,525			24.8%	32.1%
2011 Q1	8,056				2,503				31.1%
Total	32,998	2,044	4,432	6,495	10,007	18.0%	25.9%	26.0%	30.3%

Comparison of Pre- Post- Unemployment Earnings

A comparison of post-unemployment earnings as a percent of pre-unemployment earnings finds that 65% of reemployed exhaustees are making 75% or less of what they previously earned. Another 10% of reemployed exhaustees are earning between 75% to 90% of their prior earnings, and about 25% are making 90% or more of their prior wage.

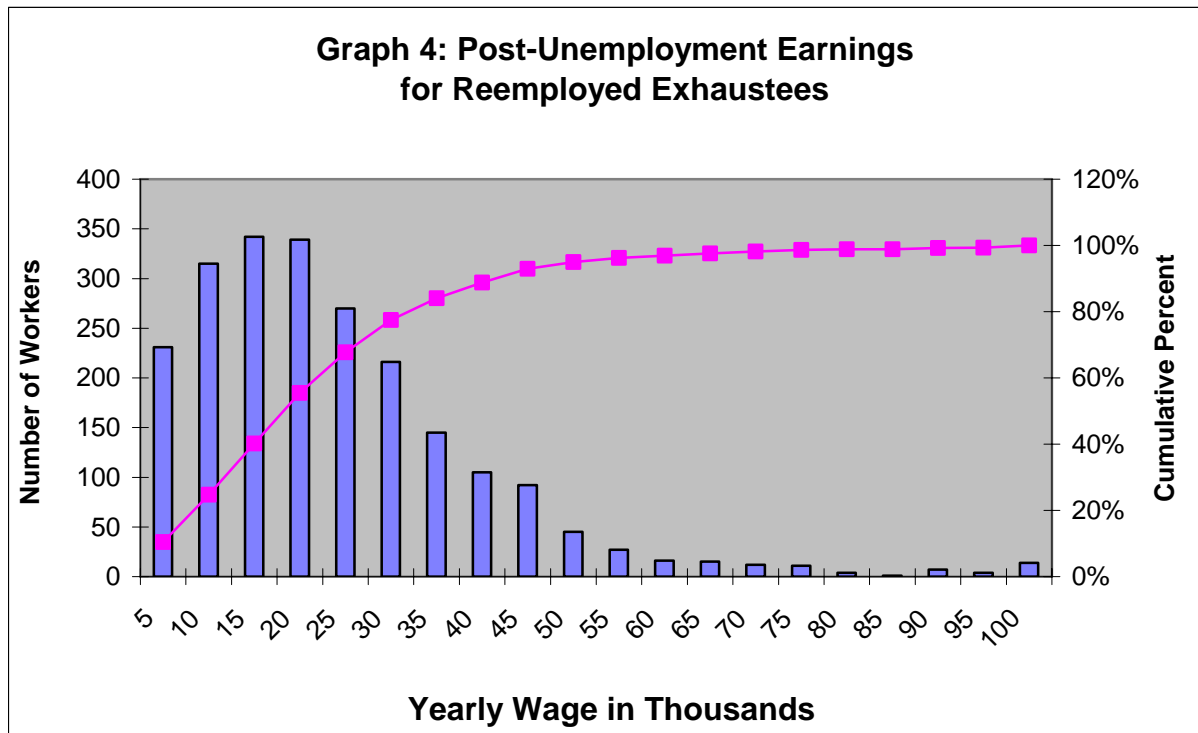
One possible explanation for the large amount of low post-unemployment earnings is that the post-unemployment wage may be for part-time work whereas the pre-unemployment earning may be based on full-time work. UI wage records do not contain indicators for part-time versus full-time work. Thus, the findings in Graph 3 may be a result of comparing part-time to full-time earnings for some individuals. Regardless, the fact remains that large numbers of exhaustees that did find employment are making just a fraction of what they previously earned.

Graph 3: Post-Unemployment Earnings as a Percent of Pre-Unemployment Earnings



Note: Data based on the 2,211 exhaustees that met the criteria for inclusion. For inclusion, exhaustees needed to have wage records for three subsequent quarters after exhausting benefits. E.g., 2010 Q2 exhaustees that had wage records in 2010 Q3, 2010 Q4, and 2011 Q1, and 2010 Q3 exhaustees that had wage records in 2010 Q4, 2011 Q1, and 2011 Q2. Further, for inclusion exhaustees had to have wage records for three quarters prior to receiving UI benefits. The post-unemployment earnings as a percent of pre-unemployment earnings was calculated based on the earnings of the middle quarter of the pre-unemployment and post-unemployment wage records. The middle of three quarters was used to eliminate individuals that only worked for part of a quarter.

Looking only at the post-unemployment earnings of the 2,211 exhaustees analyzed in Graph 3 finds that 89% are earning \$40,000 or less a year. Another 8% are earning between \$40,000 to \$60,000 a year. As previously mentioned, these earnings may be for part-time work rather than full-time work. The frequency distribution for reemployed exhaustees post-unemployment wages is displayed in Graph 4.



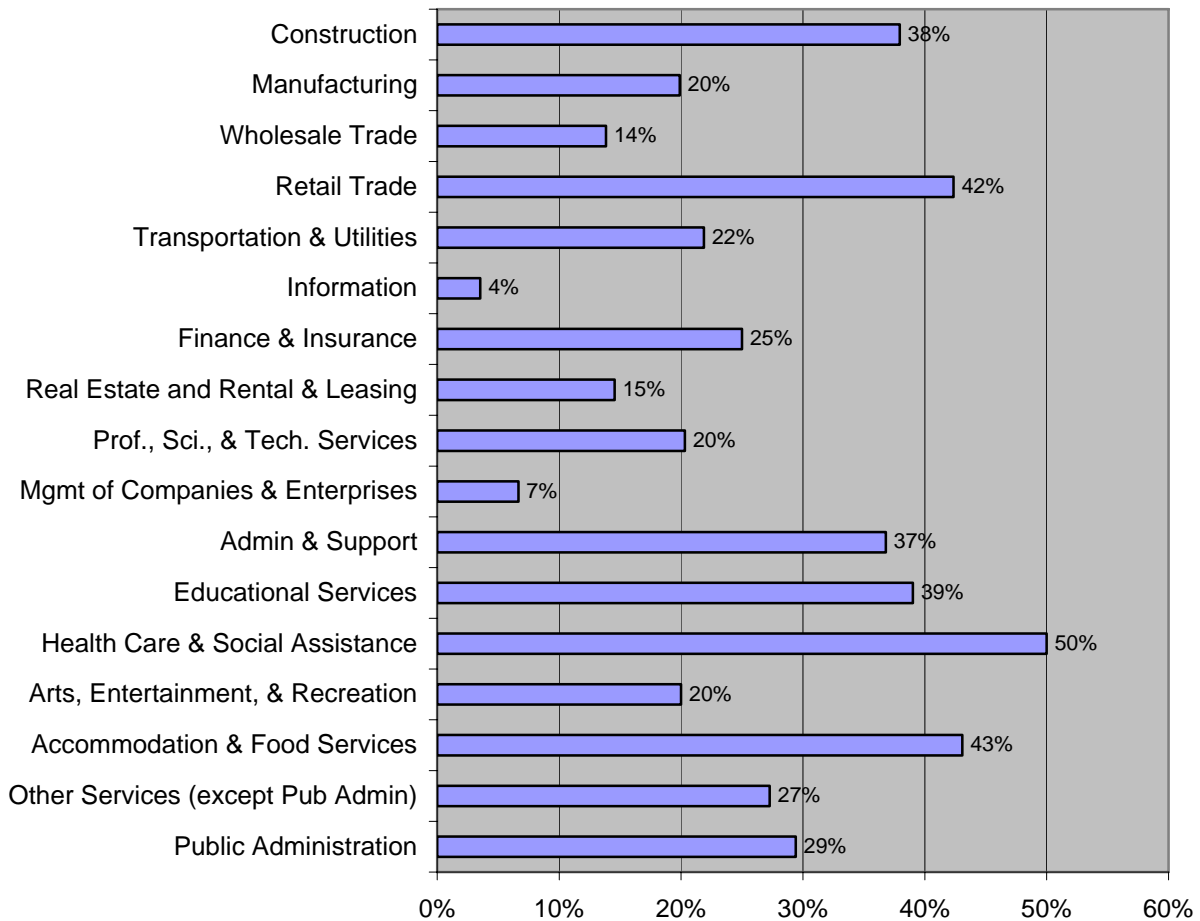
Note: The yearly wage was calculated by quadrupling the quarterly wage.

Comparison of Pre- to Post- Unemployment Industries for Reemployed Exhaustees

This section continues analysis on reemployed exhaustees by comparing pre- to post-unemployment industries; later on in the report, the prior industry for all UI Claimants is presented.

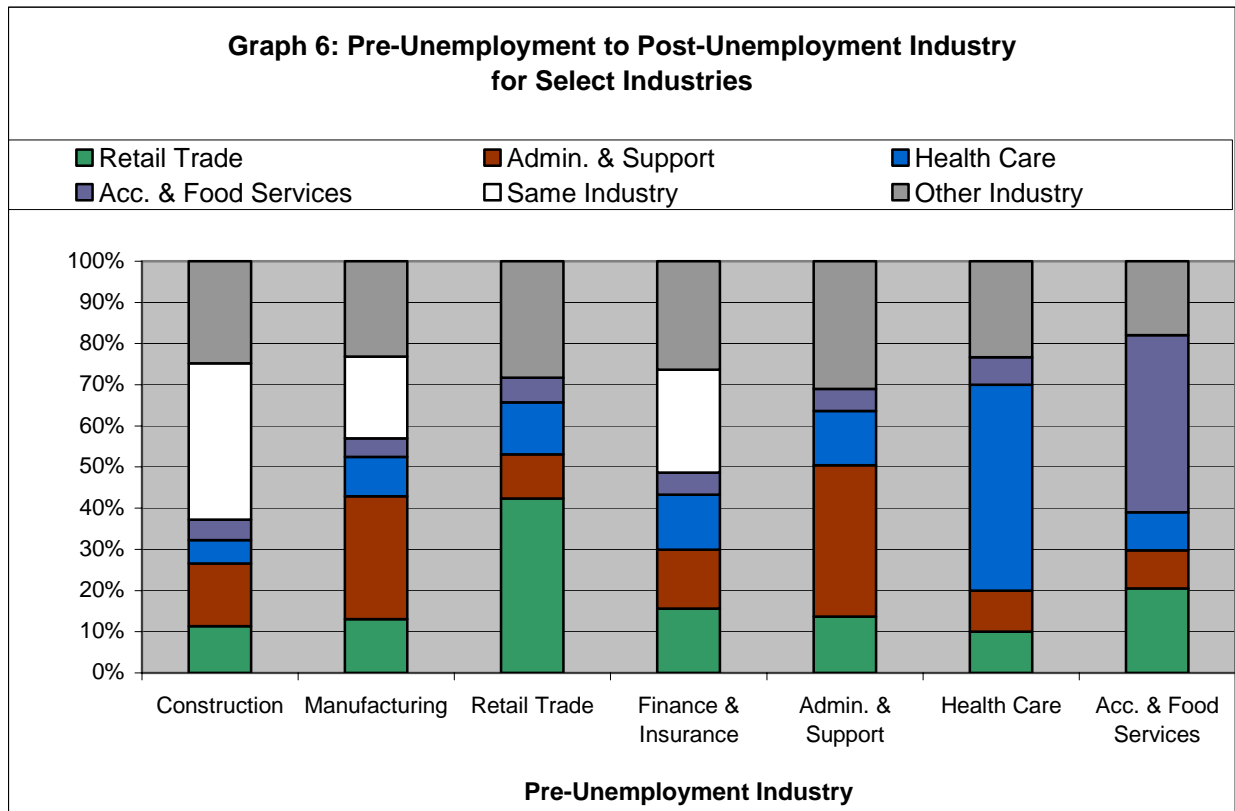
A comparison of the pre-unemployment industry to post-unemployment industry of reemployed exhaustees finds at the maximum (in Health Care and Social Assistance) only 50% of exhaustees remained in the same industry. Construction retained about 38% of exhaustees, whereas Manufacturing only retained about 20% of exhaustees. Graph 5 below shows the percent of exhaustees working in the same industry post-unemployment, and Graph 6 shows a detailed breakdown for select industries.

Graph 5: Percent of Exhaustees Working in the Same Industry Post-Unemployment



Note: Data for exhaustees with three quarters of post-unemployment wage record and making at least \$600 or more per employer.

A majority of exhaustees who found reemployment, regardless of originating industry, are now employed in Retail Trade, Administration & Support, Health Care, or Accommodation & Food Services. For exhaustees from Manufacturing, Construction, and Finance & Insurance, about 30%, 15%, and 14% respectively are now in Administration & Support. In Retail Trade, about 42% stayed within the industry, with another 10% to 20% of exhaustees from each of the other industries shown in Graph 6 moving into Retail Trade.



Note: Data for exhaustees with three quarters of post-unemployment wage record and making at least \$600 or more per employer.

Demographics of Connecticut's UI Claimants

In the following section, we examine demographic data for exhaustees and current claimants including gender, race, age group, residency, and industry of prior employment based on information from Connecticut's UI system. The data behind the following graphs is presented in Appendix A.

The specific cohorts of analysis are:

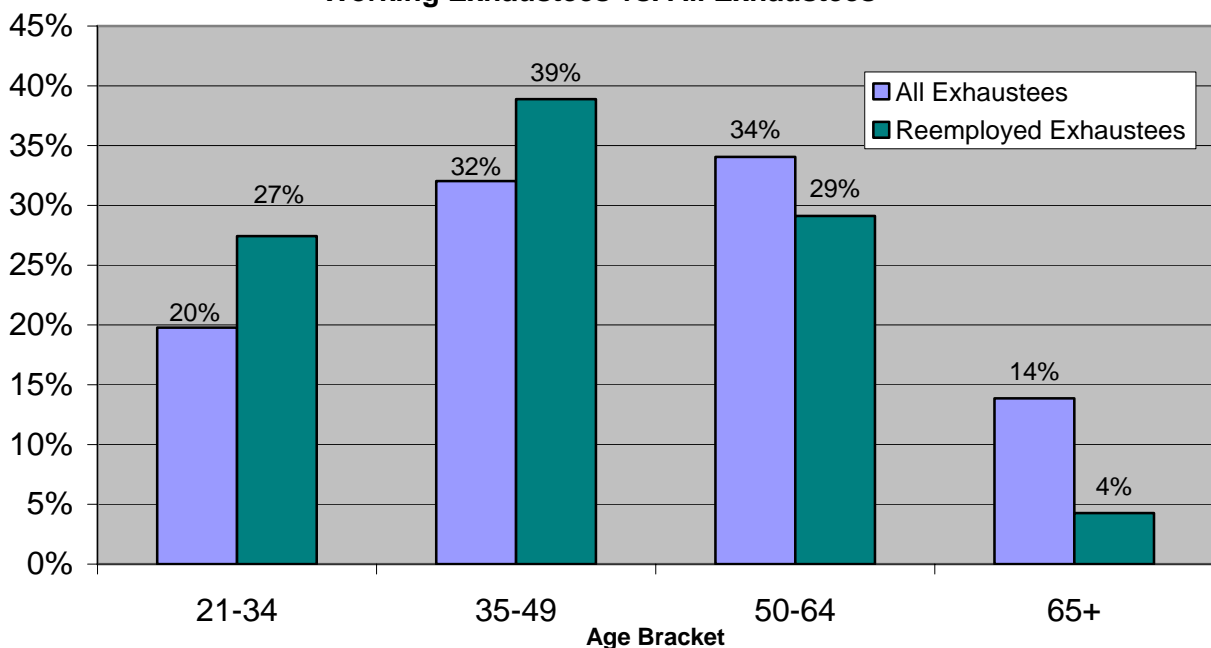
- All Exhaustees
 - Reemployed Exhaustees (in 2011 Quarter 2)
- Current Long-Term (EUC/EB) Claimants
- Current Regular Claimants

Analyzing exhaustees and current claimants allows one to understand the entirety of the issue from the UI point of view: individuals who exited the system and individuals still within the system (potential exhaustees).

Age Distribution of UI Claimants

UI claimants that found employment after exhausting benefits tend to be younger in comparison to all exhaustees, as shown in Graph 7. Exhaustees that are 49 years old or younger are 7% more likely to be working. Exhaustees between 50 to 64 years old make up the largest subset of all exhaustees at 34%, and they are 5% less likely to be working when compared to reemployed exhaustees.

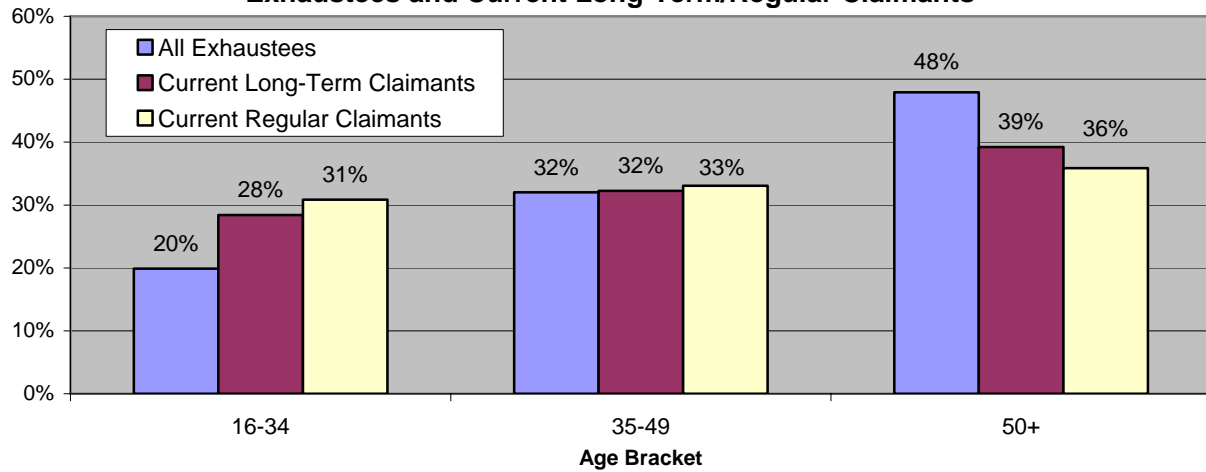
**Graph 7: Age Distribution of UI Claimants:
Working Exhaustees vs. All Exhaustees**



A comparison of exhaustees, current long-term claimants, and current regular claimants finds current claimants tend to be younger, indicating younger claimants tend to find employment quicker and therefore are less likely to reach the point of exhausting benefits. As shown in Graph 8, the distribution of 16-34 year old current claimants is 8-11% greater than the distribution of exhaustees from the same age group. There is essentially no difference between 35-49 year olds, but exhaustees are overly represented by individuals 50 years and older by between 9-12%.

The fact that exhaustees tend to be older is especially problematic given the finding in Graph 7 that it is more difficult for older exhaustees to find employment. Furthermore, in comparison to the other age brackets, UI claimants in general are overly represented by individuals 50 years and older.

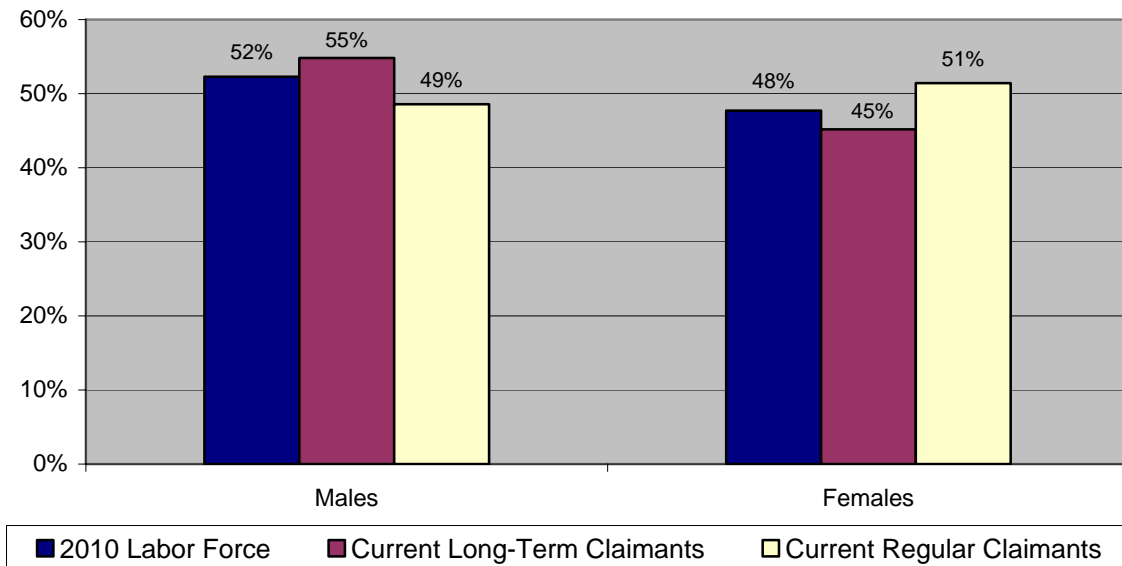
**Graph 8: Age Distribution for UI Claimants:
 Exhaustees and Current Long-Term/Regular Claimants**



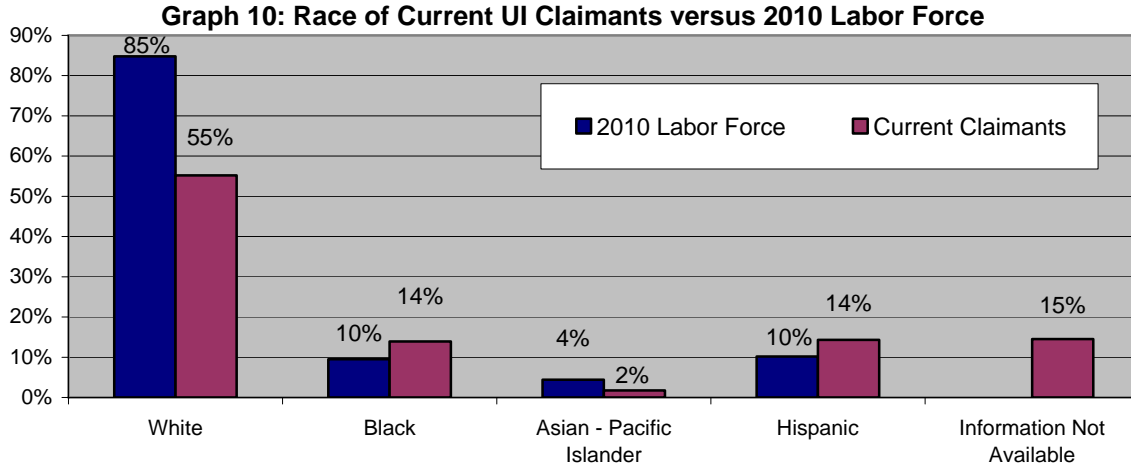
Gender, Race, and Residency of UI Claimants

A comparison to the 2010 labor force shows males initially suffered a greater impact from the recession, but now females are more adversely affected. Graph 9 shows current long-term claimants are 3% more likely to be male in comparison to the 2010 labor force. However, current regular claimants are 3% more likely to be female in comparison to the 2010 labor force. There is a full 6% difference in the gender distribution between current long-term and current regular claimants.

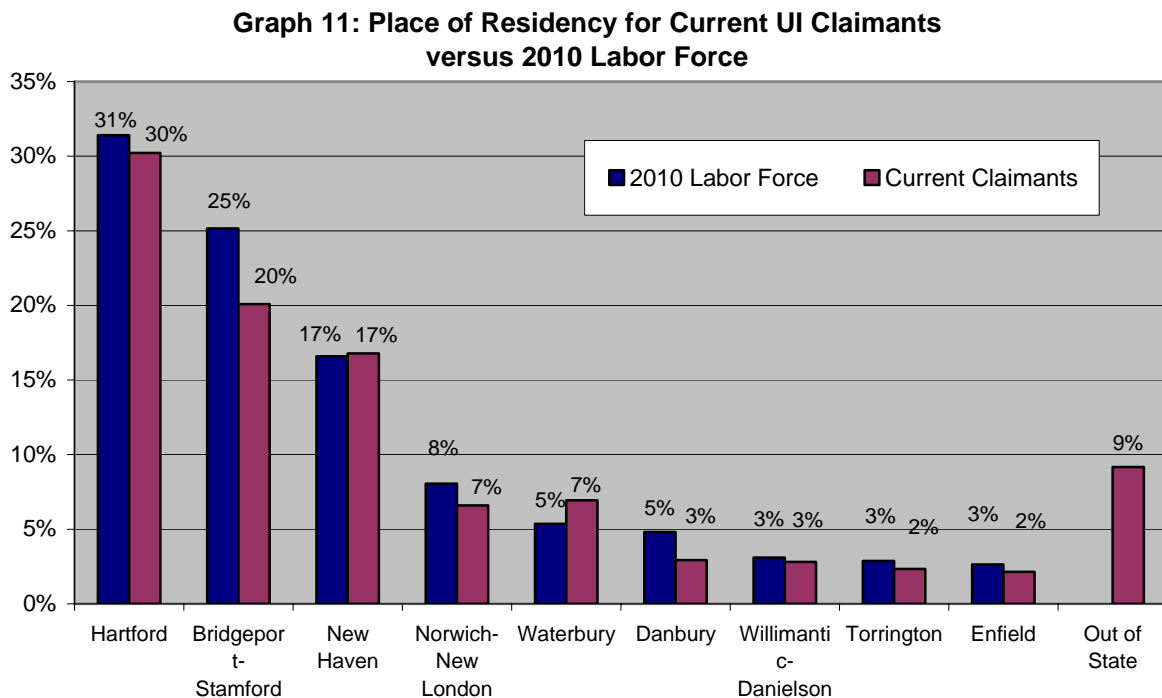
Graph 9: Gender of UI Claimants versus 2010 Labor Force



Compared to the composition of the 2010 labor force, current UI claimants are 30% less likely to be white, 4% more likely to be black, and 4% more likely to be Hispanic. Unfortunately, the race for about 15% of UI claimants is unknown.



The place of residency for UI claimants closely tracked the residency of the entire 2010 labor force. An exception was Waterbury, which is the home of 7% of current UI claimants but only about 5% of the 2010 labor force. Conversely, Bridgeport-Stamford residents represent about 25% of Connecticut's 2010 labor force, but only 20% of its current claimants. Approximately 9% of Connecticut's UI claimants live outside Connecticut.



Prior Industry of UI Claimants

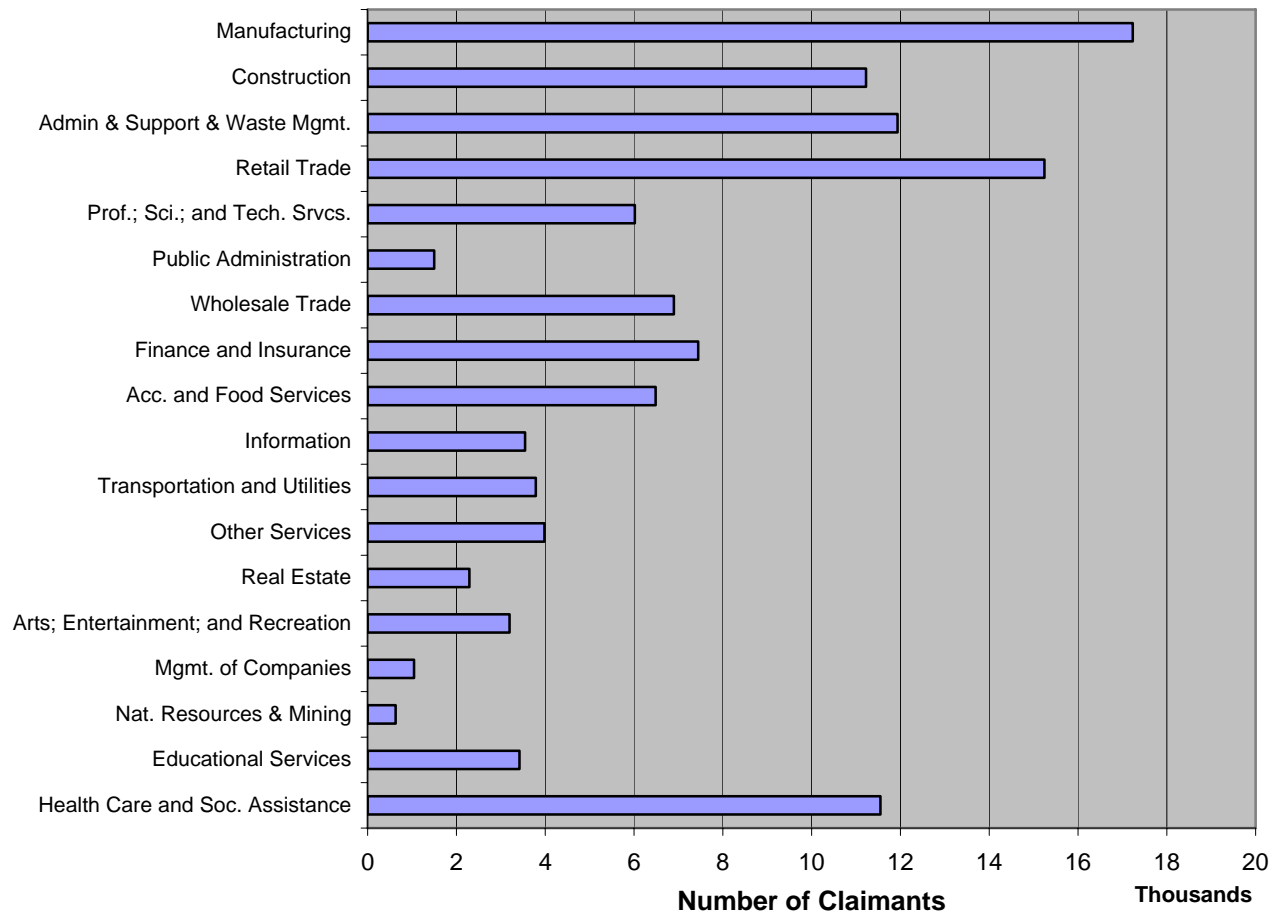
Graph 12 shows, based on CPS data, Connecticut's change in employment by industry during the recession. Manufacturing and Construction accounted for 33% of all the job losses, with Retail Trade and Administration & Support Services accounting for 24% of all job losses. There was a gain of 8,700 jobs in Educational Services and Health Care and Social Assistance during the recession.

**Graph 12: Change in CT Employment by Industry:
 March 2008 to January 2010**



Graph 13 shows the prior industry of employment for exhaustees and current long-term claimants. It is interesting to note that though Construction accounted for larger job losses during the recession, there are more claimants in Retail Trade and Admin & Support. Furthermore, even though the Education and Health Services industries grew during the recession, claimants from these industries still make up about 13% of exhaustees and long-term claimants.

Graph 13: Prior Industry for Exhaustees and Current Long-Term Claimants



Concluding Remarks

Over 55,000 claimants have exhausted UI benefits in Connecticut. By June 2012 it is expected there will be approximately 78,000 exhaustees without jobs, assuming the current path of slow job growth and reemployment rate. Based on UI wage records only about 25% to 35% of exhaustees find employment, and even for those that are reemployed, most are making less than they previously earned. Further, older workers, who face additional challenges in finding work, make up a large percent of the exhaustees. With UI claimants spread out across all industries, the task of supporting and propelling Connecticut's unemployed out of the hole caused by the recession will remain an important task for years to come.

Appendix A: Demographic Data for Connecticut's Unemployment Insurance Claimants

Data as of August 27, 2011

	Current Regular Claimants	Current Long-Term (EUC/EB) Claimants	Exhaustees	Exhaustees Working 2011 Q2	Current Regular Claimants	Current Long-Term (EUC/EB) Claimants	Exhaustees	Exhaustees Working 2011 Q2
Total	61,090	64,030	55,501	10,656	61,090	64,030	55,501	10,656
Gender								
Male	29,672	35,102	31,034	6,069	48.6%	54.8%	55.9%	57.0%
Female	31,418	28,928	24,467	4,587	51.4%	45.2%	44.1%	43.0%
Race								
White	32,620	36,443	33,318	6,041	53.4%	56.9%	60.0%	56.7%
Black	8,666	8,735	7,668	1,684	14.2%	13.6%	13.8%	15.8%
Asian, Pacific Islander	986	1,207	1,451	227	1.6%	1.9%	2.6%	2.1%
Native American, Alaskan Native	164	213	210	40	0.3%	0.3%	0.4%	0.4%
Hispanic	8,544	9,379	7,364	1,562	14.0%	14.6%	13.3%	14.7%
Information Not Available	10,110	8,053	5,490	1,102	16.5%	12.6%	9.9%	10.3%
Age Group								
16-20	932	350	59	10	1.5%	0.5%	0.1%	0.1%
21-34	17,914	17,843	10,977	2,923	29.3%	27.9%	19.8%	27.4%
35-49	20,202	20,650	17,778	4,143	33.1%	32.3%	32.0%	38.9%
50-64	17,931	19,628	18,903	3,103	29.4%	30.7%	34.1%	29.1%
65+	3,985	5,482	7,692	455	6.5%	8.6%	13.9%	4.3%
Unknown	126	77	92	22	0.2%	0.1%	0.2%	0.2%
Residency (WIA)								
North Central WIA	17,087	17,657	14,783	3,296	28.0%	27.6%	26.6%	30.9%
South Central WIA	12,627	12,990	10,850	2,291	20.7%	20.3%	19.5%	21.5%
Southwest WIA	10,970	11,138	10,320	1,961	18.0%	17.4%	18.6%	18.4%
Northwest WIA	8,833	8,879	7,968	1,689	14.5%	13.9%	14.4%	15.9%
Eastern WIA	6,717	6,755	5,327	1,158	11.0%	10.5%	9.6%	10.9%
Out of State	4,856	6,611	6,253	261	7.9%	10.3%	11.3%	2.4%

	Current Regular Claimants	Current Long-Term (EUC/EB) Claimants	Exhaustees	Exhaustees Working 2011 Q2	Current Regular Claimants	Current Long-Term (EUC/EB) Claimants	Exhaustees	Exhaustees Working 2011 Q2
Total	61,090	64,030	55,501	10,656	61,090	64,030	55,501	10,656
Residency (LMA)								
Bridgeport-Stamford	12,488	12,643	11,791	2,240	20.4%	19.7%	21.2%	21.0%
Danbury	1,934	1,732	1,750	372	3.2%	2.7%	3.2%	3.5%
Enfield	1,357	1,329	1,141	237	2.2%	2.1%	2.1%	2.2%
Hartford	18,725	19,082	15,892	3,565	30.7%	29.8%	28.6%	33.5%
New Haven	10,278	10,714	8,870	1,834	16.8%	16.7%	16.0%	17.2%
Norwich-New London	4,095	4,157	3,229	715	6.7%	6.5%	5.8%	6.7%
Torrington	1,449	1,472	1,236	229	2.4%	2.3%	2.2%	2.1%
Waterbury	4,189	4,494	3,864	890	6.9%	7.0%	7.0%	8.4%
Willimantic-Danielson	1,719	1,796	1,475	313	2.8%	2.8%	2.7%	2.9%
Out of State	4,856	6,611	6,253	261	7.9%	10.3%	11.3%	2.4%
Prior Industry (Based on Employer Charge Percent)								
Natural Resources & Mining	342	426	206	22	0.6%	0.7%	0.4%	0.2%
Construction	4,449	6,095	5,131	1,045	7.3%	9.5%	9.2%	9.8%
Manufacturing	5,103	8,060	9,172	1,864	8.4%	12.6%	16.5%	17.5%
Wholesale Trade	2,166	3,287	3,612	749	3.5%	5.1%	6.5%	7.0%
Retail Trade	6,974	8,309	6,934	1,403	11.4%	13.0%	12.5%	13.2%
Transportation & Utilities	6,705	2,082	1,706	359	11.0%	3.3%	3.1%	3.4%
Information	1,168	1,762	1,783	275	1.9%	2.8%	3.2%	2.6%
Finance & Insurance	2,960	3,977	3,468	654	4.8%	6.2%	6.2%	6.1%
Real Estate and Rental & Leasing	841	1,117	1,175	183	1.4%	1.7%	2.1%	1.7%
Prof., Sci., & Tech. Services	2,966	3,031	2,989	493	4.9%	4.7%	5.4%	4.6%
Mgmt of Companies & Enterprises	273	456	587	102	0.4%	0.7%	1.1%	1.0%
Admin & Support & Waste Mgmt. & Remed	6,023	6,294	5,642	1,150	9.9%	9.8%	10.2%	10.8%
Educational Services	2,696	2,027	1,391	211	4.4%	3.2%	2.5%	2.0%
Health Care & Social Assistance	7,017	6,886	4,665	884	11.5%	10.8%	8.4%	8.3%
Arts, Entertainment, & Recreation	1,351	1,901	1,294	213	2.2%	3.0%	2.3%	2.0%
Accommodation & Food Services	5,338	3,775	2,712	558	8.7%	5.9%	4.9%	5.2%
Other Services (except Pub Admin)	2,031	2,155	1,827	311	3.3%	3.4%	3.3%	2.9%
Public Administration	969	1,003	497	73	1.6%	1.6%	0.9%	0.7%
Unclassified establishment	1,717	1,386	711	109	2.8%	2.2%	1.3%	1.0%