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## FISCAL UPDATE Article

Fiscal Services Division

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### UNEMPLOYMENT INSURANCE CLAIMS — MARCH 26, 2020

**Unemployment Claims Weekly News Release.** The U.S. Department of Labor (DOL) releases national and state level unemployment insurance (UI) claims data every Thursday. The [data](#) released on Thursday, March 26, 2020, covers the week ending March 21, 2020, and represents the first release in which unemployment claims are significantly impacted by the economic consequences of the COVID-19 outbreak and government response.

The dataset published by the DOL provides two main statistics covering the number of unemployment claims each week. The two main statistics are initial claims and continued claims. The DOL defines the two statistics in the weekly news release as follows:

- **Initial Claims:** An initial claim is a claim filed by an unemployed individual after a separation from an employer. The claimant requests a determination of basic eligibility for the UI program. When an initial claim is filed with a state, certain programmatic activities take place, and these result in activity counts including the count of initial claims. The count of U.S. initial claims for unemployment insurance is a leading economic indicator because it is an indication of emerging labor market conditions in the country. However, these are weekly administrative data which are difficult to seasonally adjust, making the series subject to some volatility.
- **Continued Claims:** A person who has already filed an initial claim and who has experienced a week of unemployment then files a continued claim to claim benefits for that week of unemployment. Continued claims are also referred to as insured unemployment. The count of U.S. continued weeks claimed is also a good indicator of labor market conditions. Continued claims reflect the current number of insured unemployed workers filing for UI benefits in the nation. While continued claims are not a leading indicator (they roughly coincide with economic cycles at their peaks and lag at cycle troughs), they provide confirming evidence of the direction of the U.S. economy.

This week's DOL report shows a significant, and record, level of initial unemployment claims at both the State and federal level. Claims numbers for this, the latest week, and a similar week for each of the past four years are provided in the following table.

**U.S. Weekly Initial Unemployment Claims**

<u>Year</u>	<u>Date</u>	<u>U.S. Initial Claims *</u>	<u>Number Change</u>	<u>Percent Change</u>
2016	3/19/2016	230,882		
2017	3/18/2017	224,693	-6,189	-2.7%
2018	3/24/2018	195,433	-29,260	-13.0%
2019	3/23/2019	190,023	-5,410	-2.8%
2020	3/21/2020	2,898,450	2,708,427	1425.3%

**Iowa Weekly Initial Unemployment Claims**

<u>Year</u>	<u>Date</u>	<u>Iowa Initial Claims *</u>	<u>Number Change</u>	<u>Percent Change</u>
2016	3/19/2016	2,503		
2017	3/18/2017	2,350	-153	-6.1%
2018	3/24/2018	1,800	-550	-23.4%
2019	3/23/2019	2,272	472	26.2%
2020	3/21/2020	41,890	39,618	1743.8%

\* Not seasonally adjusted.

While initial claims are reported through March 21, 2020, data for continued claims are always reported one week behind (March 14, 2020). For this reason, the DOL report does not yet show as dramatic an increase in continued claims. Nationally, continued claims increased by 88,000 (4.4%) when compared to the week ending March 16, 2019. Iowa statistics show a decrease of 2,158 (-7.4%) in continued claims for the week ending March 21, 2020.

Unemployment claim payments are made to qualified unemployed workers, and the payments are generally made from the State Unemployment Insurance Fund. That Fund is financed through a payroll tax on employers.

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