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## FISCAL UPDATE Article

Fiscal Services Division

April 17, 2020



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

### UNEMPLOYMENT INSURANCE CLAIMS — APRIL 16, 2020

**Unemployment Claims Weekly News Release.** The U.S. Department of Labor (DOL) releases national and state level unemployment insurance (UI) claims data each Thursday. The [data](#) released on Thursday, April 16, 2020, covers the week ending April 11, 2020, for initial claims and the week ending April 4, 2020, for continued claims. The April 16 report represents the fourth weekly release in which unemployment claims are significantly impacted by the recent economic turmoil and government response resulting from the COVID-19 pandemic.

The dataset published by the DOL provides two statistics covering the number of unemployment claims each week. 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 fourth week of unprecedented initial unemployment claim numbers at both the State and national level, although the year-over-year percentage increase is lower than last week's increase. Compared to the same week last year, U.S. initial claims increased 2,247.8%, while Iowa initial claims increased 2,442.8%. As expected, the substantial increase in initial claims reported over the past few weeks produced a large increase in continued claims for the week ending April 4, 2020. Iowa continued claims increased 534.0% compared to the same week last year, while U.S. continued claims increased 624.0%. Iowa's percentage year-over-year increase in continued claims ranked 38th highest out of 53 states and territories.

The following table provides U.S. and Iowa initial and continued claims numbers for the most recent report week as well as the previous week and the same week last year. Please note that the claims reported are actual claims numbers and have not been seasonally adjusted.

<b>Weekly Continued Claims</b>		<b>Weekly Initial Claims</b>	
This week ending 4/4/2020		This week ending 4/11/2020	
<u>Time Period</u>	<u>U.S. Continued Claims *</u>	<u>Time Period</u>	<u>U.S. Initial Claims *</u>
Last Year	1,730,108	Last Year	211,762
Last Week	8,168,271	Last Week	6,211,399
This Week	12,526,711	This Week	4,971,823
<u>Time Period</u>	<u>Iowa Continued Claims *</u>	<u>Time Period</u>	<u>Iowa Initial Claims *</u>
Last Year	20,317	Last Year	1,823
Last Week	91,631	Last Week	64,194
This Week	128,819	This Week	46,356

\* Claim numbers are not seasonally adjusted.

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. In response to the recent economic decline, the federal government is currently financing a [portion](#) of unemployment insurance payments.

LSA Staff Contact: Jeff W. Robinson (515.281.4614) [jeff.robinson@legis.iowa.gov](mailto:jeff.robinson@legis.iowa.gov)

Doc ID 1133921