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## FISCAL UPDATE Article

Fiscal Services Division

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### UNEMPLOYMENT INSURANCE CLAIMS — JULY 9, 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, July 9, 2020, provides preliminary initial claims for the week ending July 4, 2020, and the week ending June 27, 2020, for continued claims. The July 9 report represents the 16th consecutive weekly release in which unemployment claims are significantly impacted by the recent economic turmoil and government response resulting from the COVID-19 pandemic.

The data set 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.

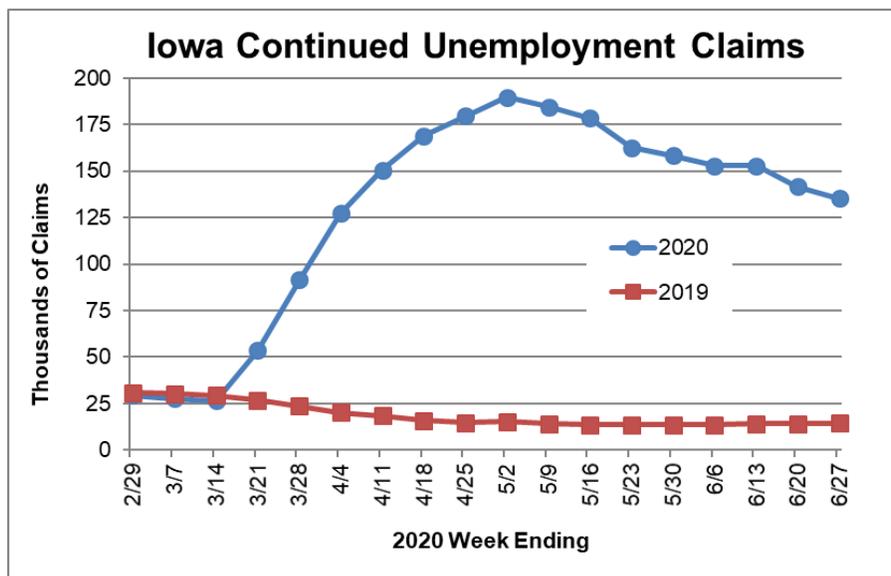
This week's DOL report shows continued elevated initial unemployment claim counts at both the State and national levels, with a U.S. year-over-year increase in initial claims of 474.5% and an Iowa increase of 306.0%. The substantial increase in initial claims reported since mid-March has produced a large increase in continued claims for the week ending July 4, 2020, when compared to the same week last year. National continued claims increased 942.9% compared to the same week last year, while Iowa continued claims increased 841.3%.

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. The initial claims numbers represent preliminary (advanced) reporting and the numbers are subject to revision the next week. In many instances, the preliminary number is revised lower one week later.

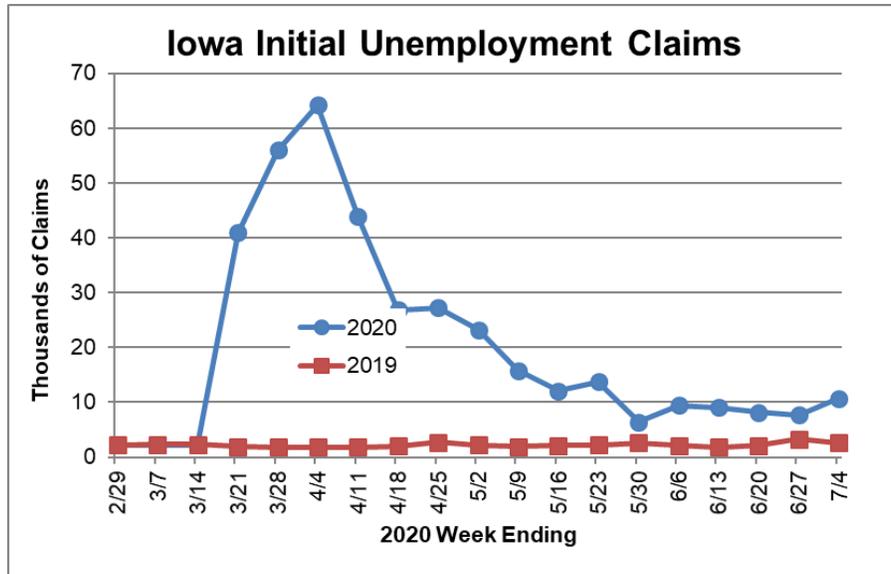
<b>Weekly Continued Claims</b> Week ending 6/27/2020		<b>Weekly Initial Claims</b> Week ending 7/4/2020	
Time Period	U.S. Continued Claims	Time Period	U.S. Initial Claims
Last Year	1,610,633	Last Year	243,621
Last Week	17,427,940	Last Week	1,431,343
This Week	16,797,353	This Week	1,399,699
Time Period	Iowa Continued Claims	Time Period	Iowa Initial Claims
Last Year	14,360	Last Year	2,635
Last Week	141,748	Last Week	7,732
This Week	135,177	This Week	10,698

Claim numbers are not seasonally adjusted.

The following chart displays the number of Iowa continued claims over the past 18 weeks for 2019 and 2020. Iowa continued claims have declined over the past six weeks. The decline in continued claims over the last eight weeks totals 54,466. Continued claims for the week ending June 27, 2020, exceeded claims for the week ending June 29, 2019, by 120,817 claims.



Iowa initial claims for the week ending July 4, 2020, were the highest since the week ending May 23, 2020. The count for the latest week also represents the largest increase over the same week the previous year since the week ending May 23, 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 paid by employers. In response to the recent economic decline, the federal government is financing a [portion](#) of unemployment insurance payments.

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