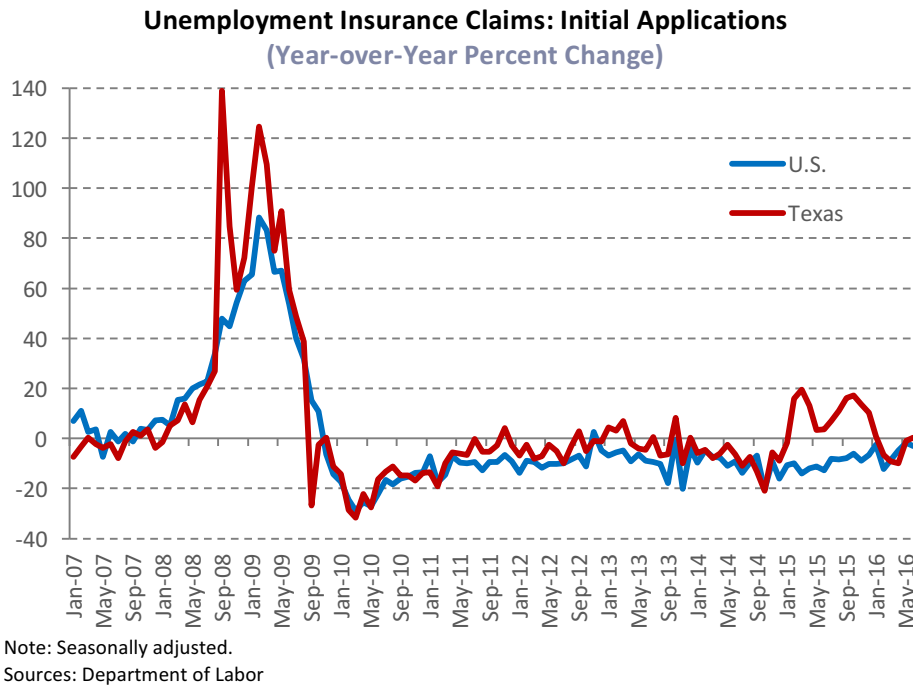


About this Reference Document

This document helps you understand and interpret a particular economic indicator that is part of the larger *Outlook for the Texas Economy*. Note that all data, charts, and explanations presented are from prior reports and are not current. Your feedback is always appreciated. Send comments and suggestions to info@recenter.tamu.edu.

Dr. Luis Torres and Wayne Day



The Federal-State Unemployment Insurance (UI) Program provides unemployment benefits to eligible workers who are unemployed through no fault of their own (as determined under state law) and meet other eligibility requirements of state law. Over the past decade, only about one-third of the total unemployed in the U.S., on average, received regular UI benefits.

UI programs are administered at the state level and provide assistance to jobless people who are looking for work. In the majority of states, benefit funding is based solely on a tax imposed on employers. Statistics on the insured unemployed in the United States are collected as a by-product of state UI programs. The Employment and Training Administration, an agency of the U.S. Department of Labor, collects and aggregates data on initial and continuing claims on a weekly basis.

Workers who lose their jobs may file applications to determine if they are eligible for UI assistance. These applications are referred to as "initial claims." Claimants who meet the eligibility requirements must file "continuing claims" for each week that they seek benefits. Eligibility for benefits is determined by the administering state agency following guidelines established by federal law. Unemployed workers are evaluated to see if they meet state requirements for wages earned or time worked during an established period referred to as a "base period." Other state requirements may apply.

The UI claims data is a widely used leading indicator of labor market conditions in the U.S. It provides insight into the number of new applicants and continuing beneficiaries of unemployment insurance.

Although useful in measuring the current employment-unemployment situation, the weekly UI claims data reflects only people who became unemployed and filed a claim. It does not take into account the number of unemployed people who found jobs or stopped looking for work.

By excluding several groups, unemployment insurance does not represent the entire unemployed population. Not all workers are covered by UI programs (e.g. self-employed workers, unpaid family workers, workers in certain not-for-profit organizations, and several other small primarily seasonal workers). Additionally, unemployed workers who have exhausted their benefits, unemployed workers who have not yet earned benefit rights (such as new entrants or reentrants to the labor force), disqualified workers whose unemployment is considered to have resulted from their own actions rather than from economic conditions, or otherwise eligible employed persons who do not file for benefits are excluded from the UI claims data.

Oil prices dropped sharply at the beginning of 2015 resulting in a contraction in oil and gas activity accompanied by huge layoffs in the upstream oil and gas industry. Initial claims in Texas increased during 2015 compared to the previous year, registering a higher year-over-year rate of increase than at the national level but have fallen in 2016 as the state's economy continues to achieve positive job growth.

Source: Bureau of Labor Statistics and Department of Labor

http://www.bls.gov/cps/cps_htgm.htm#unemployed

<http://www.bls.gov/cps/uiclaims.htm>

<http://ows.doleta.gov/unemploy/uifactsheet.asp>