



# Briefing Paper

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## Unemployment Claims Rising in Pennsylvania

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### Summary

Prior to September 11, as documented in Keystone Research Center's *The State of Working Pennsylvania 2001* (on line at <http://www.keystoneresearch.org>), signs already existed of looming recession in Pennsylvania.<sup>1</sup> Using data from the U.S. Department of Labor and the Pennsylvania Department of Labor and Industry, this briefing paper considers whether Pennsylvania's economy has softened further in the last two months.

We focus especially on two periods, the five weeks ending October 20 and the first nine months of 2001. Where possible, we compare figures for Pennsylvania in these two periods with the same time span a year ago and with U.S. trends.

Since state-level unemployment statistics that reflect the impact of September 11 will not be available until November 20 (for reasons explained in the Box below), we rely heavily on weekly data on the number of Pennsylvanians filing claims for unemployment benefits. Especially at the state level, unemployment claims data provide the earliest indications of the economic impact of September 11.

Our analysis reveals that Pennsylvania has experienced a sharp spike in unemployment insurance (UI) claims since September 11. In 2001 as a whole, Pennsylvania's manufacturing sector has been especially hard hit.

*In the five weeks ending October 20*, in Pennsylvania, "initial claims" for unemployment insurance (UI) and total weeks of unemployment insurance have been 53-54 percent higher than in the same five-week period 12 months earlier. In the United States in the same period, initial claims for UI



climbed 63 percent compared to the previous year.

In Pennsylvania, *from January of this year until the week ending October 20:*

initial claims for unemployment insurance jumped to nearly a million — 978,029 – an increase of 32 percent from 738,786 the year before.

the total number of weeks of UI claimed in Pennsylvania rose to 7.3 million compared to 5.5 million a year ago, an increase of 31 percent.

In Pennsylvania, *in the first nine months of 2001,*

the total number of Pennsylvania workers filing initial claims for unemployment insurance due to large-scale “mass layoffs” increased to 103,066, from just 67,288 in the first nine months of 2000;

the share of workers filing initial claims for unemployment insurance due to mass layoffs exceeded the U.S. share filing by 51 percent;

67,802 manufacturing workers filed claims for unemployment insurance due to mass layoffs, 87 percent more than in the first nine months of 2000;

one out of every 13 manufacturing workers has filed for unemployment insurance due to a mass layoff; and

the share of manufacturing workers filing initial claims for unemployment insurance due to mass layoffs (involving 50 or more workers) exceeded the U.S. share filing by 43 percent.

To counter the slowing economy and rising unemployment, state and national Pennsylvania legislators should be at the forefront of efforts to craft an economic stimulus package that directly addresses the needs of unemployed workers and their families. A stimulus targeted at the unemployed and at low-income workers who spend most of any benefits they receive would also be the best way to help Pennsylvania communities and businesses weather an economic downturn.

## Unemployment by Month from January-September

Table 1 shows the seasonally adjusted unemployment rate in Pennsylvania by month from January to September 2000 and 2001. In every month in 2001, the unemployment rate has been at least 0.3 percentage points higher than in 2000. In the past five months, the unemployment rate has averaged between 0.5 and 0.6 percentage points higher than a year earlier.

Month	Percent Unemployment (%)		Increase in Unemployment Rate in 2001 Compared to 12 Months Earlier (percentage points)
	2000	2001	
January	4.1	4.4	0.3
February	4.2	4.6	0.4
March	4.0	4.5	0.5
April	4.1	4.4	0.3
May	4.1	4.7	0.6
June	4.2	4.8	0.6
July	4.2	4.6	0.4
August	4.2	4.9	0.7
September	4.2	4.6	0.4

Source: PA Department of Labor and Industry, PA Labor Market Information Database System, on line at <http://www.lmi.state.pa.us>. Data are seasonally adjusted.



## Claims for Unemployment Insurance In the Five Weeks Ending October 20

Because September 2001 unemployment figures do not include the impact of September 11, unemployment insurance claims (available weekly and with only a short delay) are the first statistics that provide an indication of whether the labor market is loosening or tightening.

For the first 43 weeks of 2000 and 2001, the Pennsylvania Department of Labor and Industry weekly data provided data on “initial claims” for UI benefits and total weeks of benefits claimed.<sup>2</sup> Figures 1 and 2 present this data graphically. Both figures show that UI claims have been consistently higher in 2001 than in 2000. They also show that the gap between UI claims in 2001 and in 2000 has been increasing over the course of the year, particularly recently.

*Over the year 2001 as a whole through October 20,*

- initial claims for unemployment insurance jumped to nearly a million — 978,029 – an increase of 32 percent from 738,786 the year before.
- the total number of weeks of UI claimed in Pennsylvania rose to 7.3 million compared to 5.5 million a year ago, an increase of 31 percent.

*In the five weeks ending October 20,*

- Initial claims for unemployment insurance in Pennsylvania have been 54 percent higher in than in the same period 12 months earlier. This compares with a 63 percent increase in the United States.
- Total weeks of unemployment insurance claimed in Pennsylvania have been 53 percent higher than a year earlier (no exactly parallel figure is available for the U.S.).

### WHERE PENNSYLVANIA UNEMPLOYMENT STATISTICS COME FROM AND WHY THEY DON'T YET SHOW THE IMPACT OF SEPTEMBER 11

Although the September unemployment number for Pennsylvania (see Table 1) has now been available for about two weeks, that figure does not reflect the impact of September 11. Moreover, the October unemployment figures for Pennsylvania and other states will not be published until November 20. For these reasons, we rely in this paper on unemployment insurance claims to get our first measures of Pennsylvania labor market performance after September 11.

Why don't the September unemployment numbers show the impact of September 11? The reasons relate to the main source of unemployment data — the Current Population Survey (CPS) of households that the U.S. Bureau of Labor Statistics conducts each month. At the national level, unemployment figures come directly from responses to the CPS. At the state level, including for Pennsylvania, a statistical model is used to adjust CPS data. But the CPS remains the primary underlying data source.

This CPS household survey is ordinarily conducted in the week that includes the 12<sup>th</sup> of the month. In September, the household survey was conducted on September 10-14. Anyone working any part of that week (including on September 10), and even those temporarily absent from their jobs, were considered employed. When it first released the September U.S. unemployment figure (on line at <http://www.bls.gov/news.release/empsit.nr0.htm> by 8:30 a.m. on October 5, the first Friday of the month), BLS stated "...it is likely that the events of September 11 had little effect on the September employment and unemployment counts."

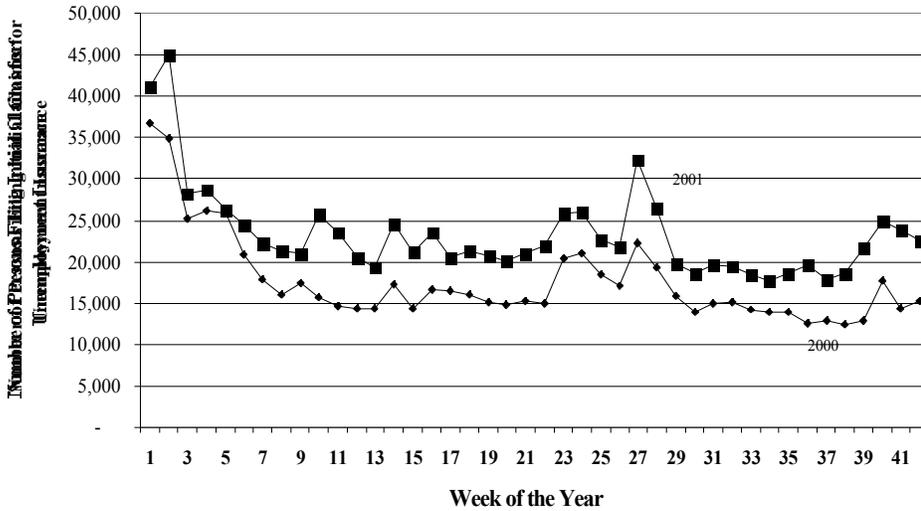
**Table 2. Initial Claims for Unemployment Insurance Due to Mass Layoffs, Pennsylvania and the United States (January-September each year)**

Year	Pennsylvania	United States
1996	97,028	970,881
1997	86,720	1,131,166
1998	91,794	1,258,235
1999	75,437	1,151,572
2000	73,102	1,188,580
2001	112,184	1,723,176

Source: U.S. Bureau of Labor Statistics, Mass Layoffs, on line at <http://www.bls.gov>.

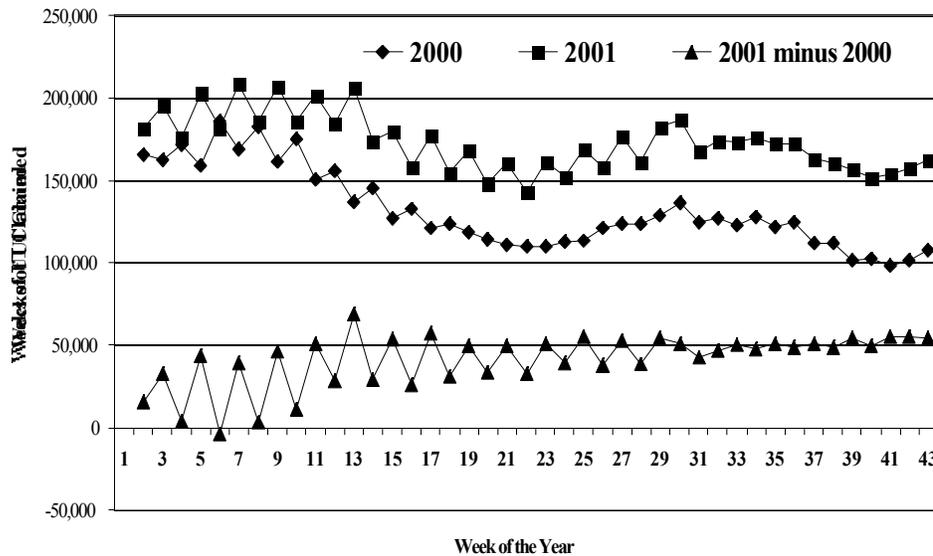


**Figure 1 In Five Weeks Ending Oct. 20, Initial Claims for Unemployment Insurance Up 50 Percent From 2000**



Note: the week ending 1/6/01 has been matched with the week ending 1/8/00 and so on.  
 Source: Pennsylvania Department of Labor and Industry

**Figure 2: In Five Weeks Ending Oct. 20, Total UI Claims in PA 50 Percent Higher than a Year Ago**



Note: the week ending 1/6/01 has been matched with the week ending 1/8/00 and so on.  
 Source: Pennsylvania Department of Labor and Industry



## UI Claims Due to Mass Layoffs

Another indicator of the current economic situation is the number of workers filing unemployment insurance claims due to large-scale or “mass” layoffs. Mass layoffs are defined by the U.S. Bureau of Labor Statistics to be layoffs leading to 50 or more UI claims within a five-week period.

Table 2 shows the total number of claims for unemployment insurance due to mass layoffs in Pennsylvania and the United States in the first nine months of the years 1996 to 2001 (the only years for which this data is available). Based on the totals for January-September, unemployment due to mass layoffs is higher in 2001 than for any previous year in both Pennsylvania and the United States.

Pennsylvania unemployment claims due to layoffs in the January-September 2001 period were more than 15,000 higher than in the previous 5 years and about 39,000 higher than in the year 2000.

Figure 3 shows mass layoffs in the first nine months of each year as a share of total employment.

- In Pennsylvania in the first nine months of 2001, one out of every 51 workers filed an initial claim for unemployment insurance due to a mass layoff.
- In the first nine months of 2001, the share of Pennsylvania workers filing initial claims for UI due to mass layoffs exceeded the share of workers filing in 2000 by 52 percent.
- Pennsylvania’s mass layoff rate in the first nine months of 2001 was 51 percent above the U.S. rate.

## UI Claims Due to Mass Layoffs in Manufacturing

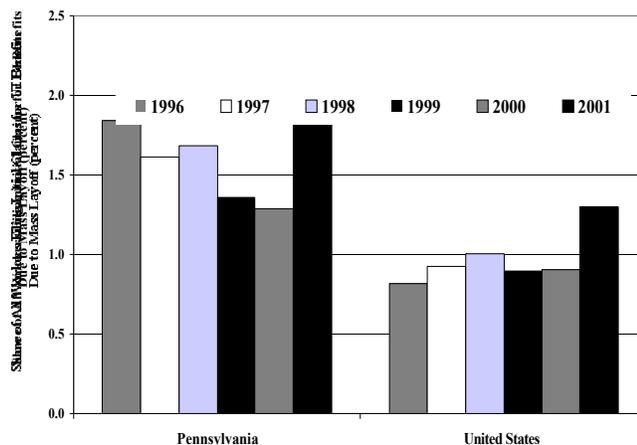
Table 3 presents data on mass layoffs within manufacturing. As the table indicates, manufacturing

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Source: U.S. Bureau of Labor Statistics, Mass Layoffs, on line at <http://www.bls.gov>.

**Figure 3. Workers Filing Unemployment Insurance Claims Due to Mass Layoffs Reach Highest Point in 2001**



Source: KRC based on U.S. Department of Labor data.

**Table 3. Initial Claims for Unemployment Insurance Due to Mass Layoffs in Manufacturing, Pennsylvania and the United States (January-September each year)**

Year	Number of Claims		Claims Due to Manufacturing Mass Layoffs as Share of Total Claims due to Mass Layoffs (percent)	
	Pennsylvania	United States	Pennsylvania	United States
1996	50,604	473,302	52%	49%
1997	43,031	442,379	50%	39%
1998	43,998	541,250	48%	43%
1999	34,785	462,928	46%	40%
2000	36,207	464,669	50%	39%
2001	67,802	838,882	60%	49%

Source: U.S. Bureau of Labor Statistics, Mass Layoffs, on line at <http://www.bls.gov>.



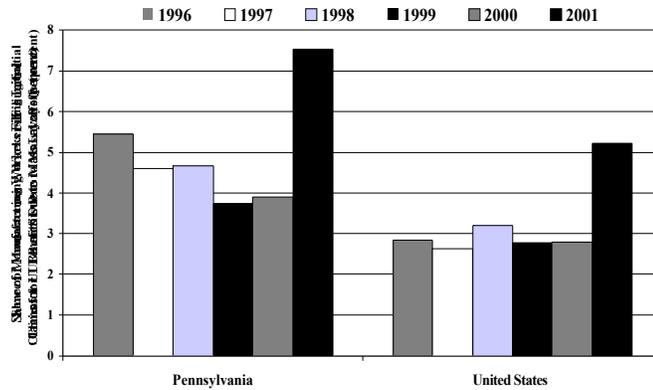
accounts for a larger share of mass layoffs in Pennsylvania than nationally and a larger share in the last year than previously.

Figure 4 shows mass layoffs in manufacturing in the first nine months of each year as a share of total manufacturing employment.

In Pennsylvania in the first nine months of 2001, one out of every 13 manufacturing workers has filed a claim for unemployment insurance due to a mass layoff.

- In the first nine months of 2001, the share of Pennsylvania workers filing initial claims for unemployment insurance due to mass layoffs exceeded the share of workers filing in 2000 by 92 percent.
- The mass layoff rate in manufacturing in Pennsylvania in the first nine months of 2001 was 44 percent higher than in the United States as a whole.

**Figure 4. One in 13 Pennsylvania Manufacturing Workers Has Filed for UI Benefits Due to a Mass Layoff in the First Nine Months of 2001**



Source: KRC based on U.S. Department of Labor data.

**Table 4. Pennsylvania Unemployment by Metropolitan Statistical Area, August 2000 and 2001**

	Unemployment Rate (percent)		Change in unemployment rate (percentage points)
	August 2001	August 2000	
Metropolitan Statistical Area			
Allentown-Bethlehem-Easton	4.8	3.7	1.1
Altoona	5.4	4.4	1.0
Erie	5.5	4.5	1.0
Harrisburg-Lebanon-Carlisle	3.7	2.8	0.9
Johnstown	5.9	6.3	-0.4
Lancaster	3.3	2.5	0.8
Philadelphia	4.6	4.1	0.5
Pittsburgh	4.3	4.1	0.2
Reading	5.0	3.9	1.1
Scranton-Wilkes-Barre-Hazleton	5.5	4.5	1.0
Sharon	4.7	4.7	Ñ
State College	2.8	2.4	0.4
Williamsport	5.9	3.9	2.0
York	5.0	3.3	1.7

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, online at <http://www.bls.gov>. Data are not seasonally adjusted.

### Unemployment by Metropolitan Area Within Pennsylvania

Breaking the unemployment rate down by Metropolitan Statistical Area (MSA), Table 4 shows that unemployment rose in all but two of Pennsylvania’s 14 MSAs between August 2000 and August 2001. From August 2000 to August 2001, the unemployment rate rose by at least one percentage point in seven of the 14 MSAs.

### Conclusion

The immediate threat to the Pennsylvania economy is the onset of a potentially deep recession, with particularly severe consequences for manufacturing. Public policy at the national and state level should directly counter the threat



of recession, for example by extending unemployment benefits for the long-term unemployed and making benefits available to more unemployed workers. Other critical needs include providing health insurance for workers losing their jobs and expanding opportunities for workers to obtain training, if necessary, for a new family supporting career. These types of measures could help kick start a new period of economic growth. They are also in line with a long-term strategy for restoring broadly shared prosperity (for one such strategy, see “Pennsylvania’s Next Agenda,” on line at the web site of United Pennsylvanians, [www.unitedpa.org](http://www.unitedpa.org)).

At a time of vanishing government surpluses and increasing human needs, public policy should not squander precious resources on tax cuts for the affluent or for profitable corporations. Such actions would do little to stimulate consumer spending or investment. They would also reinforce the two-decade old tendency for Pennsylvania and the United States to “grow apart.” Now more than ever, Pennsylvania needs to commit itself to “growing together.”



## Endnotes

<sup>1</sup> This is a revised and updated version of a Briefing Paper with the same title released earlier.

<sup>2</sup> The most recent available six weeks of state-level UI claims data can also be obtained on line from the U.S. Department of Labor at <http://www.ows.doleta.gov/news/news.asp>.

Changes in UI claims do not precisely predict changes in the unemployment rate. This is partly because individuals who receive unemployment benefits make up only part of the total unemployed population (in Pennsylvania, 54 percent of the unemployed received UI in the first quarter of 2001). Since workers with more stable jobs are more likely to be eligible for UI, and disproportionately likely to be laid off early in a recession, the share of unemployed workers eligible for unemployment insurance tends to increase slightly early in a recession. If claims for unemployment track eligibility (i.e., people who are eligible to receive benefits are more likely to claim them), then it is likely that UI initial claims rise faster early in a recession than does actual unemployment.