



UNEMPLOYMENT RECOVERY REPORT IN NINE CHARTS

February 2021

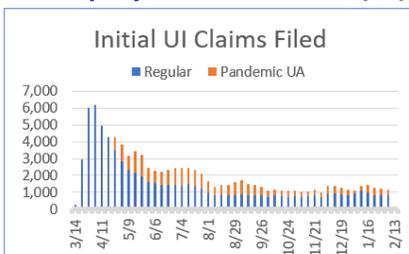
February 16, 2021
By John Courtney, President

February’s unemployment and labor market data releases showed the following:

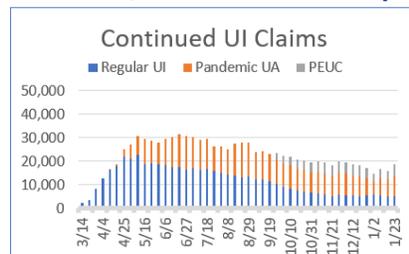
- Through the week ending February 13th, combined initial regular and pandemic (PUA) UI claims saw a four-week drop of 18%, however claims rose 11% in the four weeks through early January.
- The unemployment rate fell from 6.7% in December to 6.3% in January, matching the rate in May 2014
- Long-term unemployment stubbornly remained at four million workers in January – comprising nearly 40% of all unemployed
- Total “job seekers” (unemployed, not furloughed and seeking work) fell from 7.7 million in December to 7.4 million in January and comprised nearly three quarters of our nation’s unemployed
- Total job openings remained at 6.6 million at the end of December
- As of December, the U.S. had 1.2 job seekers looking for work for every job opening

The nine charts below provide further insight, using U.S. Department of Labor (DOL) dataⁱ.

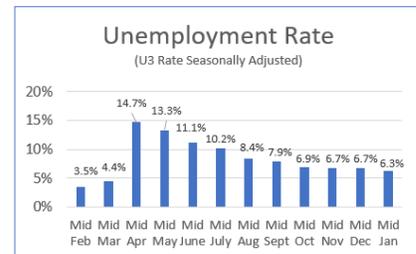
Unemployment Insurance (UI) Claims Filed, Caseload & Unemployment Rate



In 4 wks through 2/13/21, total regular + PUA claims fell 18%, but regular claims were nearly 4X last yr’s level
[BLS Weekly Claims Report: *Not* Seasonally Adjusted](#)



In 4 wks, total continued claims rose 11% largely due to an increase in PUA (17%) and PEUC (15%)
[BLS Weekly Claims Report: *Not* Seasonally Adjusted](#)



The unemployment rate fell from 6.7% in Dec. to 6.3% in Jan., matching the rate in May 2014
[BLS unemployment survey - U3 data - most common measure](#)

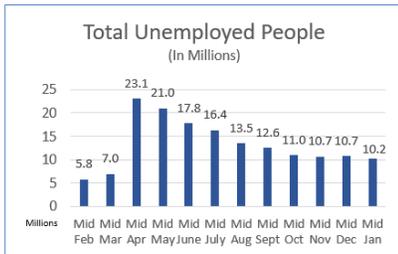
The unemployment rate fell from 6.8% to 6.3% in January 2021, while combined regular and PUA initial UI claims fell 18% to 1,148,000 as of the week ending February 13, 2021, relative to four weeks prior.

Meanwhile, unadjusted total continued UI claims rose 11% over the four weeks ending January 23, 2021. Regular continued claims had fallen by 4% but PUA and continued Pandemic Emergency Unemployment Compensation claimants grew again and overshadowed progress in declining regular claims.

Fraud and other unusual situations continue to plague state systems, unfortunately adding to the hard work staff have heroically invested in serving our unemployed. These situations appear to continue to undermine some data clarity in PUA and other unemployment claim data.ⁱⁱ

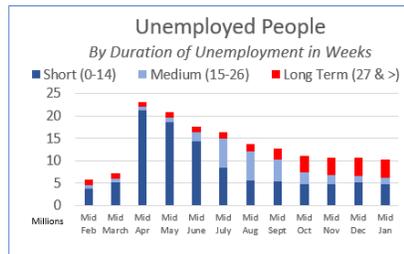
One data anomaly that has declined is the number of misclassified workers in DOL’s Bureau of Labor Statistics Household Survey. In February, BLS indicated the impact is much smaller now than it was earlier – had there been no misclassifications, it appears “the seasonally adjusted unemployment rate would have been 0.6 percentage points higher than reported.”ⁱⁱⁱ

Unemployed People by Duration • Temporary vs. Permanent



Unemployment fell slightly in Jan. to 10.2 M workers

[BLS unemployment survey - U3 data - most common measure](#)



Short-term unempl. fell 6.7% & med.-term unempl. fell 16.8%, but long-term unemployment remained at 4 M in Jan.

[BLS Household Survey - U3](#)



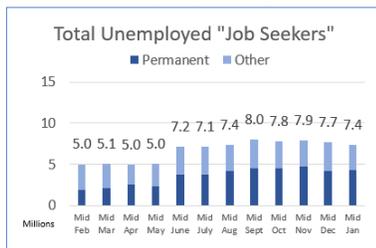
73% of unemployed in Jan. were not temporarily laid off, up slightly from 72% in Dec.

[BLS Household Survey, "Other" includes Job Leavers, Reentrants & New Entrants](#)

Long-term unemployment stubbornly remained at four million workers in January – comprising nearly 40% of all unemployed. Up 67,000 to 4,023,000, the number of workers stuck in long-term unemployment continued to be more than triple the number at the start of the pandemic in March (1,188,000).

The vast majority of unemployed workers are not on furlough: **In January, nearly three quarters of our nation’s unemployed (7.4 million) were not on a temporary layoff.**

Job Seekers, Openings and Hires



Total "Job Seekers" fell by 300K from Dec. to Jan., but remained 2.2 M above Jan. 2020's level of 5.2 M

[BLS Household Survey, "Other" includes Job Leavers, Reentrants & New Entrants](#)



Dec. openings remained at 6.6 M, at a level remaining above 2017 levels

[BLS JOLT Survey](#)



Total hires fell by 400K from Nov. to Dec.

[BLS JOLT Survey](#)

The last set of charts compares the number of job seekers to job opportunities. Total "job seekers" (unemployed, not furloughed and seeking work) fell from an adjusted 7.7 million in December to 7.4 million in January.

Job openings^{iv} fell remained at 6.6 million in December. This translates to 1.2 job seekers looking for work for every job opening. December’s ratio of job seekers per job opening matched the average for 2016. Prior to 2016, the ratio hadn't been as strong since June 2007, six months before the Great Recession. For comparison, at the height of the Great Recession, the ratio peaked at 5.7 job seekers per job in July 2009.

While the job seekers to job openings ratio appears favorable on a macro level, workers in the leisure and hospitality and retail trade sectors have been hit harder than others, and may struggle to shift their careers into other fields. Unemployment rates have also continued to be disproportionate by race. For example, in January, the adjusted Black unemployment rate, while improving from 9.9%, remained at 9.2%. Meanwhile the white unemployment rate was 5.7%.^v

Addressing Long-Term Unemployment

Hope is growing for a reopened economy, but the fallout for four million long-term unemployed can be severe and result in a growth in discouraged workers not looking for work and labor market dropouts. While these workers are still attached to the workforce and while others have not yet reached the perilous point of long-term unemployment, it's critical that states and communities help struggling workers stay or become engaged and hopeful in landing a job and getting back on their feet.

Leading state strategies include:

- Reinstating UI work search requirements to encourage workers to not delay their job search
- Engaging job seekers in productive work search activities to fill the 6.6 million open jobs, including those where their transferable skills can be leveraged in a new occupation or industry
- Modernizing UI work search rules to be valuable, verifiable, varied and early in a work search for maximum integrity and impact
- Equipping job seekers with a diverse set of activities, including virtual job search support—such as virtual Reemployment Services and Eligibility Assessment (RESEA) meetings, online scheduling and notification systems, live web workshops and trackable online job search learning and tools

Congress can help by:

- Increasing RESEA funding, for example, by fast-forwarding its scheduled three-year funding increases, would allow states to provide proven reemployment assistance to many more job seekers. It would also improve integrity by uncovering identity-theft fraudsters unlikely to attend a 30-60 minute reemployment session.
- Promoting on-the-job training programs, such as the Workforce Innovation and the Opportunity Act's On-The-Job Training program, Georgia Works, Texas Back to Work or Nevada's Silver State Works programs to help at-risk workers translate and build their skills and avoid long-term unemployment

The Great Recession caused our long-term unemployed to grow to 6.8 million and we didn't return to pre-recession levels (1.1 million) until February of last year. While the pandemic has driven the total back up to 4 million, perhaps we can leverage the many lessons learned, and help millions avoid the many poverties of long-term unemployment.

John Courtney is President of the American Institute for Full Employment. Its team of consultants has worked with more than 25 states and Congress to develop evidence-based reemployment solutions in unemployment insurance, welfare and workforce programs for the past 25 years. States seeking assistance in reemployment or evidence-based RESEA programs can reach the Institute at info@fullemployment.org or fullemployment.org.

ⁱ All chart data is presented in thousands and is seasonally adjusted with the exception of Initial and Continued UI Claim data. March 13, 2020 is used here as the start of the Pandemic's impacts on this data. With COVID-19 related shutdowns affecting unemployment claims much more than seasonality when comparing data, we used unadjusted numbers to reflect actual claim data.

ⁱⁱ According to the General Accounting Office's report, claim counts accuracy is impeded by backlogs of claims being paid and counted in the same week and states continuing to struggle with fraudulent claims. See [COVID-19: Urgent Actions Needed to Better Ensure an Effective Federal Response](#).

ⁱⁱⁱ According to BLS, "For March through December, BLS published an estimate of what the unemployment rate might have been had misclassified workers been included among the unemployed. Repeating this same approach, the seasonally adjusted January unemployment rate would have been 0.6 percentage point higher than reported. However, this represents the upper bound of our estimate of misclassification and probably overstates the size of the misclassification error. According to usual practice, the data from the household survey are accepted as recorded. To maintain data integrity, no ad hoc actions are taken to reclassify survey responses." <https://www.bls.gov/news.release/empsit.nr0.htm>

^{iv} For better comparative data, this report now uses seasonally adjusted data for job openings.

^v U.S. Bureau of Labor Statistics Economic News Release, Table A-2. Employment status of the civilian population by race, sex, and age, January 2020 <https://www.bls.gov/news.release/empsit.t02.htm>.