



UNEMPLOYMENT RECOVERY REPORT IN NINE CHARTS

January 2021

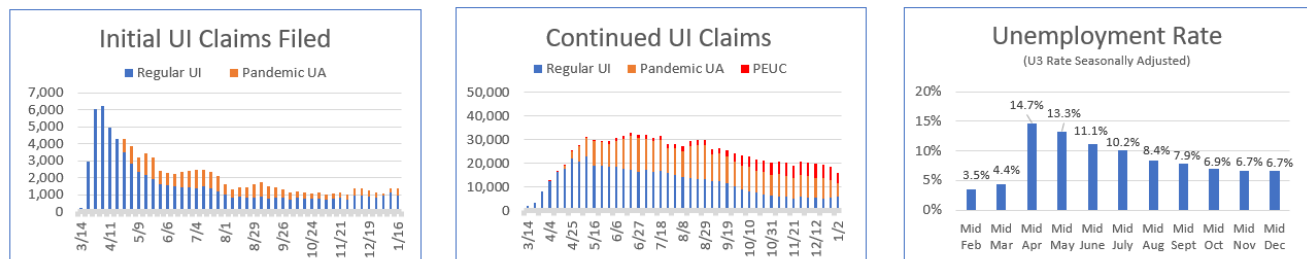
January 26, 2021
By John Courtney, President

This month’s unemployment and job market data releases continue to convey mixed signals about the employment recovery:

- Continued unemployment claims fell sharply (21%) in early January over the prior four weeks. However, as of last week, combined initial regular and pandemic (PUA) UI claims saw a four-week increase of 8%
- The unemployment rate held steady at 6.7% in December
- Long-term unemployment (seasonally-adjusted) leveled off, but remains at four million workers—nearly four times the pre-pandemic 1.1 million in February 2020
- As of mid-December, 72% of unemployed workers were permanently unemployed (not on furlough), compared with 40% in June 2020
- Total “job seekers” (unemployed, not furloughed and seeking work) fell 3.1% to 7.7 million in December
- The total number of open jobs fell 1.6% to 6.5 million at the end of November

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, new regular claims rose 10% & PUA grew 8%
[BLS Weekly Claims Report: Not Seasonally Adjusted](#)

In 4 wks, total continued claims fell 21% mostly due to a PUA drop
[BLS Weekly Claims Report: Not Seasonally Adjusted](#)

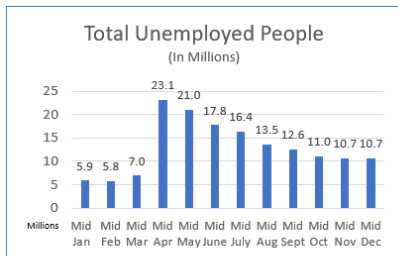
The unemployment rate remained steady at 6.7%
[BLS unemployment survey - U3 data - most common measure](#)

The unemployment rate held steady at 6.7% in December 2020, while initial unadjusted unemployment insurance (UI) claims again rose as of the week ending January 16, 2021, relative to four weeks prior. Regular initial UI claims rose 10% to 960,668 and Pandemic Unemployment Assistance (PUA) claims rose 8% to 423,734. Seemingly, both increases are driven by COVID-19-related business shutdowns.

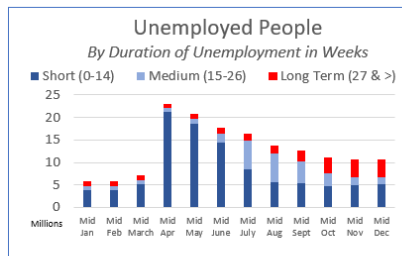
Meanwhile, unadjusted total continued UI claims plummeted 21% over the four weeks ending January 2, 2021. Continued Pandemic Emergency Unemployment Compensation claimants reversed a growth trend and fell sharply—by 37%—in the same period.

Note: Due in part to fraud, backlogs and other unusual situations, data anomalies have continued in PUA and other programs, continuing to undermine the reliability of some unemployment claim data.ⁱⁱ

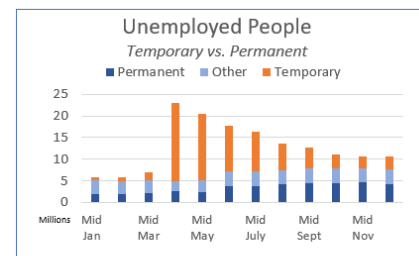
Unemployed People by Duration • Temporary vs. Permanent



10.7 million workers were unemployed in Dec.
[BLS unemployment survey - U3 data - most common measure](#)



Med.-term unempl. fell 16% & long-term remained at 4 M
[BLS unemployment survey - U3](#)

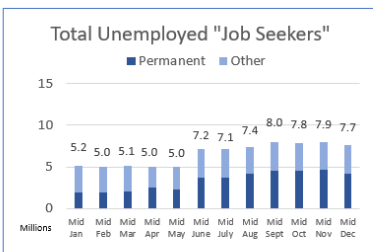


72% of unemployed in Dec. were not temporarily laid off
[BLS unempl. survey; "Other" includes job leavers, Reentrants & New Entrants](#)

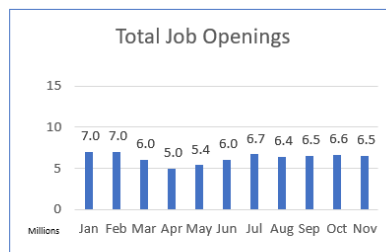
Long-term unemployment (over 26 weeks unemployed) leveled off in December, growing only 0.7% to 3,956,000. **However, the nation has nearly 4 million long-term unemployed workers—more than triple the number at the start of the pandemic in March.**

In a trend change, the level of temporarily laid-off workers increased 10% from mid-November to mid-December to 3,039,000 and accounted for 28% of the total unemployed. The vast majority of unemployed workers are “permanently” unemployed (not on furlough): **In December, 72% (7.7 million) of unemployed workers were not on a temporary layoff.**

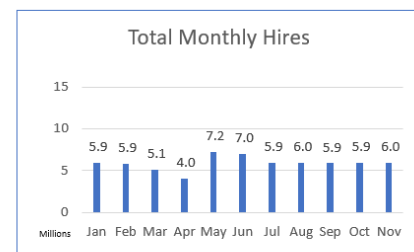
Job Seekers, Openings and Hires



Total "Job Seekers" fell by 200K from Nov. to Dec.
[BLS unempl. Survey; "Other" includes job leavers, Reentrants & New Entrants](#)



Nov. fell 1.6%, remaining above 2017 levels
[BLS JOLT Survey](#)



Nov. hires rose slightly, remaining just above Feb's level
[BLS JOLT Survey](#)

The last set of charts compares the number of job seekers to job opportunities. Total unemployed workers who are true “job seekers”ⁱⁱⁱ fell 3.1% month-over-month to 7.7 million in mid-December.

In comparison, end-of-November job openings^{iv} fell 1.6% to 6.5 million and continued to exceed the 2017 average, which was eight years into the recovery from our last recession. **Relative to the June 2009 end of the Great Recession, we now have about four million fewer total unemployed^v and more than two and a half times as many job openings (6.5 million now vs. 2.4 million then).**

While total job openings are relatively high for a downturn economy (6.5 million openings and 7.7 million “job seekers”), 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. The unemployment rates have also continued to be racially disproportionate. For example, in December, the adjusted Black unemployment rate, while improving from 10.3%, remained at 9.9%. The white unemployment rate was 6.0%.^{vi}

Preventing Long-Term Unemployment

As COVID-19 vaccinations continue rolling out and government-mandated restrictions are beginning to ease in places like California, Michigan and Illinois, it will be important not to forget the four million unemployed

workers struggling with long-term unemployment and others headed that way. States should consider policies that prevent and address long-term unemployment, such as:

- Engaging job seekers in productive work search activities to fill the 6.5 million open jobs
- Promoting on-the-job training (such as the Workforce Innovation and the Opportunity Act’s On-The-Job Training program), employer-coordinated training and other effective instruction to help workers translate and build their skills to move into new occupations
- Diversifying and enhancing work search rules and activities, including virtual job search support—such as virtual RESEA meetings, online scheduling and notification systems, live web workshops and trackable online job search learning and tools.

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 In the Total “Job Seekers” chart, we attempt to include the unemployed seeking work who are not temporarily laid off. “Permanent” includes “Permanent Job Losers” and those who’ve ended a temporary job. “Other” includes “Job Leavers,” and “Reentrants” and “New Entrants” into the job market.

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

^v In June 2009, at the end of the Great Recession, the U.S. had 14.6 million unemployed workers compared to 10.7 million unemployed in December 2020.

^{vi} U.S. Bureau of Labor Statistics December 2020 <https://www.bls.gov/news.release/empsit.t02.htm>.