

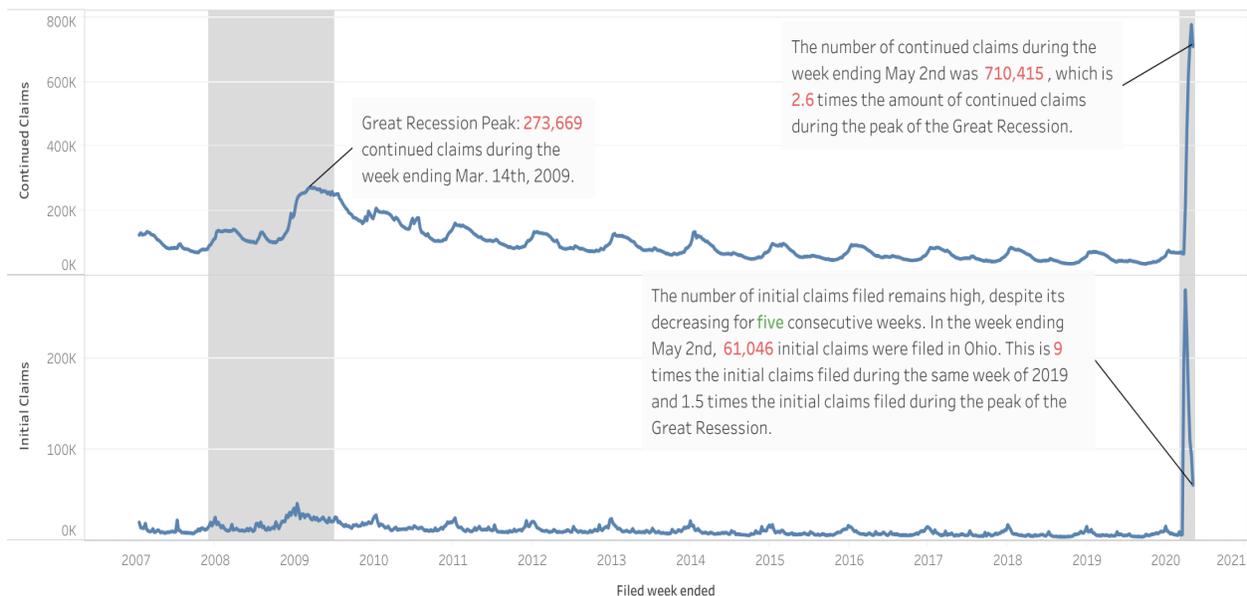


April Was the Cruellest Month for Unemployment Ever in Ohio History

OVERVIEW

Between January 1 and April 25, 1.1 million people applied for unemployment benefits in Ohio. **The 1.1 million people who are newly unemployed in Ohio are approximately equal to the entire population of Franklin or Cuyahoga County.** This turn of events is dramatic and rapid. Looking at a single week, April 25, 2020, there were 776,000 people filing continuing claims and 92,920 people filing initial claims. These represent increases of more than 1500% from the same week in 2019. ([UI Claims Reports, Weekly Series, Ohio LMI](#))

Figure 1. Ohio Weekly Initial Claims and Continued Claims, January 2007 – April 2020



Data Source: Department of Labor, <https://oui.doleta.gov/unemploy/claims.asp>

Unemployment Claims Policy Memo 4

May, 2020

The following information gives a sense of just how dramatic the declines in employment have been. There are several important features of the claims trends that we wish to stress.

1. The number of initial claims declined in the last week of April in comparison to recent weeks, but initial claims filed **the week of April 25 still represents 16 times the number of claims filed the same week in 2019.**
2. The number of continuing claims represents the number of people who actually receive benefits in any given period of time. **Therefore, despite the fact that initial claims declined, the number of people who receive benefits will be “sticky”** – people who receive benefits will continue to do so for as long as they are eligible or until they find employment.
3. Counting the number of unemployment insurance claimants underrepresents the total population of those who are not working. **Historically in Ohio, the number of people who receive benefits is less than 35% of those that are unemployed, based on survey data¹.** This compares to a national average of 26% of workers². This is the “recipiency rate.”
4. The level of benefits, or amount of the weekly benefit, is much lower than the average weekly wage in Ohio. Historically, this average weekly benefit amount was \$362, while the average weekly wage was \$943. This “replacement wage rate” was only 38% in 2019.

Initial claims rise, but do not represent all attempting to file claims

Initial claims have been the headline number on a weekly basis the past few months, and have been at historic levels nationally since the week of March 15th. Claims surged in Ohio the following week. Since then we have seen 1.05 million Ohioans file initial claims, which are an important indicator representing all people applying for benefits. This indicator does NOT, however, represent everyone who has attempted to file claims or those losing income from reduced work hours. Due to system limitations, many claimants have been unsuccessful in their attempts to file for benefits over the past few months.

An Internet survey administered by the Economic Policy Institute seeks to quantify the number of unsuccessful applications for UI benefits. Results indicate that, in addition to the 9.5% of survey respondents who successfully filed for unemployment, 5.5% either “tried but could not get through” or “did not apply because it was too difficult.” The study concludes that about half of potential UI applicants are actually receiving benefits³.

¹<https://www.pewresearch.org/fact-tank/2020/04/24/not-all-unemployed-people-get-unemployment-benefits-in-some-states-very-few-do/>

²https://www.bls.gov/opub/ted/2019/most-unemployed-people-in-2018-did-not-apply-for-unemployment-insurance-benefits.htm?view_full

³Unemployment filing failures: New survey confirms that millions of jobless were unable to file an unemployment insurance claim. Available online at <https://epi.org/193450>

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The state of Ohio has readily acknowledged the difficulty many residents have experienced in their efforts to file claims. Governor DeWine has updated the community in his daily briefings on the measures being taken to mitigate this issue.

Table 1. Weekly Initial Claims since the Start of the Pandemic

Current Year			Prior Year		Percent change from prior year
Week ending	Initial Claims	Percent change from prior week	Week ending	Initial Claims	
03-14-20	7,046	7.7%	03-16-19	6,449	9.3%
03-21-20	196,309	2686.1%	03-23-19	5,981	3182.2%
03-28-20	274,288	39.7%	03-30-19	6,197	4326.1%
04-04-20	226,191	-17.5%	04-06-19	6,011	3663.0%
04-11-20	159,317	-29.6%	04-13-19	5,235	2943.3%
04-18-20	109,830	-31.1%	04-20-19	6,076	1707.6%
04-25-20	93,599	-14.8%	04-27-19	5,659	1554.0%
05-02-20	61,046	-34.8%	05-04-19	5,518	1006.3%

Data Source: Department of Labor, <https://oui.doleta.gov/unemploy/claims.asp>

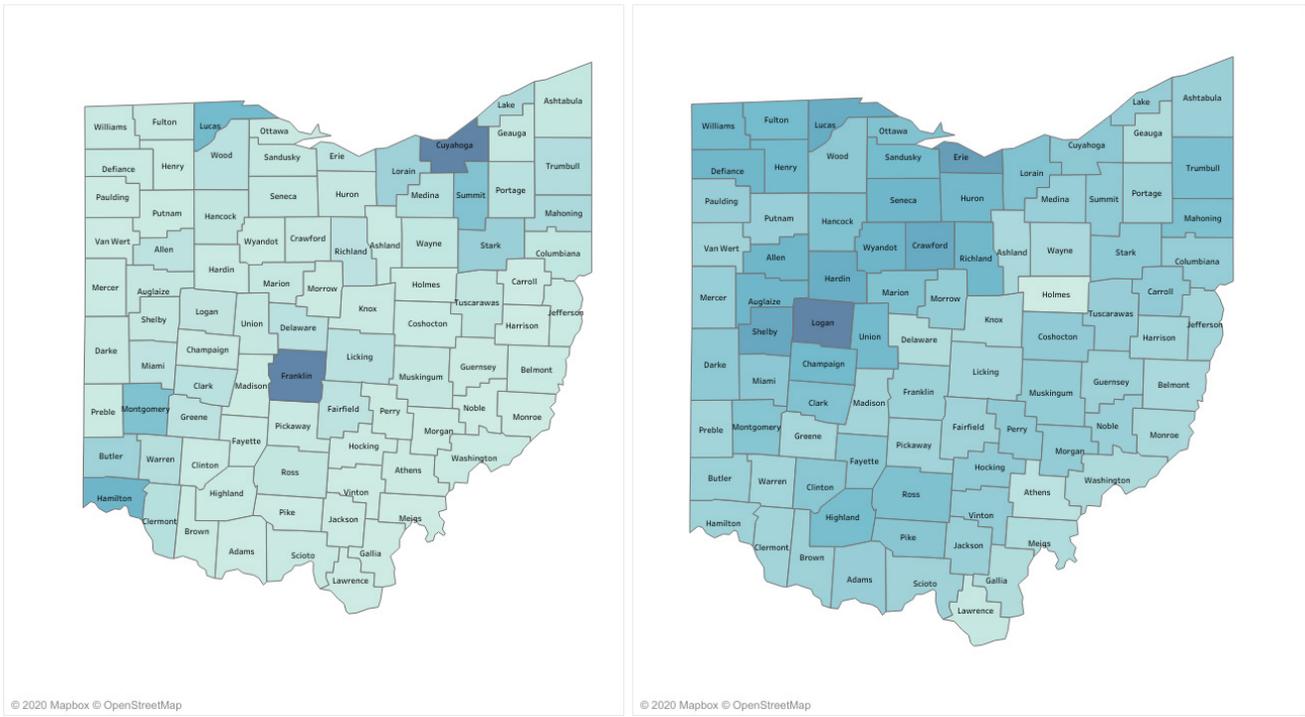
Continuing claims dramatically increase, projected to continue

The number of continuing claims represents the actual number of claimants receiving benefits. Ohio experienced a dramatic increase in the number of continuing claims (see Figure 1) during the week following the surge in initial claims. Data shows that the number of continuing claims in the most recent week (week ending May 2nd), was over 710,000. Ohio's urban areas have the largest numbers of continuing claims (see Figure 2); according to county level data, continuing claims have a more dramatic impact on smaller urban centers in the state as a percentage of the total labor force.

Figure 2. Ohio Weekly Continued Claims, Week Ending May 2, 2020

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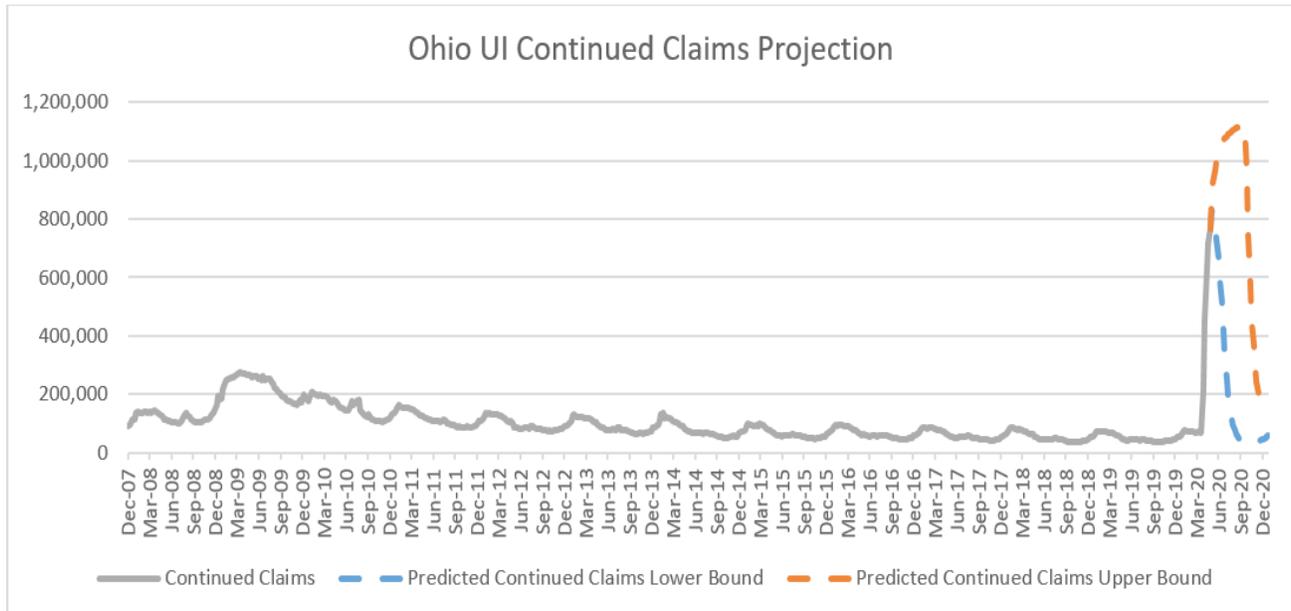
Ohio Weekly %Continued/LaborForce, Week Ending May 2, 2020



Data Source: County weekly continued claims: https://ohiolmi.com/portals/206/UC/weekly/UC236cw_2018.pdf; Ohio March Labor Force: <https://data.bls.gov/timeseries/>

While the number of initial claims is the most eye-catching outcome challenging states, continuing claims represent long term difficulties. Ohio and the federal government have enacted significant policy changes expected to dramatically impact the growth of continuing claims over time. The current number of continuing claimants in Ohio is projected to rise after the number of initial claims peaks. We project two possible scenarios for continuing claimants in the near term, assuming that the number of people who file for initial claims continues to decline at the same rate as it has in the last few weeks. The “lower bound” estimate assumes claimants receive benefits for the average number of weeks as they did in 2019 (14 weeks), and the “upper bound” estimate assumes that benefits last for a longer period by using an average of 26 weeks. As shown in Figure 3, the projections show alternative outcomes for these scenarios. The lower bound projection is indicated by the blue line, which peaks in the summer of 2020. The upper bound projection is represented by the orange line, which peaks at a much higher level in the fall of this year.

Figure 3. Ohio UI Continued Claims Projection



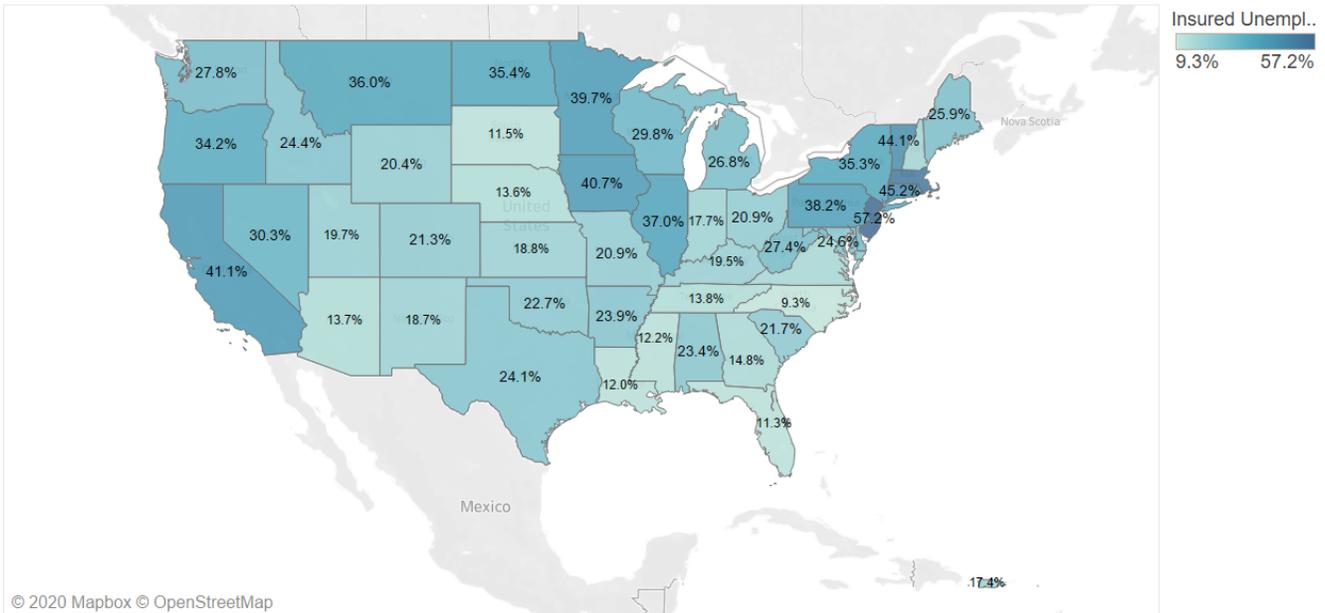
Reciprocity rates do not represent all who are unemployed

Unemployment benefits are among the most important tools government has to respond to economic crises. However, the benefits are designed to cover only certain jobs. In other words, some workers' employers do not pay into unemployment compensation system for their positions, so they are not eligible to receive benefits. Across the nation, states have hugely varying rules on just which workers are eligible for UI benefits. The percentage of unemployed workers receiving benefits in 2019 states varies from 9% in North Carolina to just 57% in New Jersey as illustrated in Figure 4 below.

Figure 4: Reciprocity Rates by State

Reciprocity Rates, By State

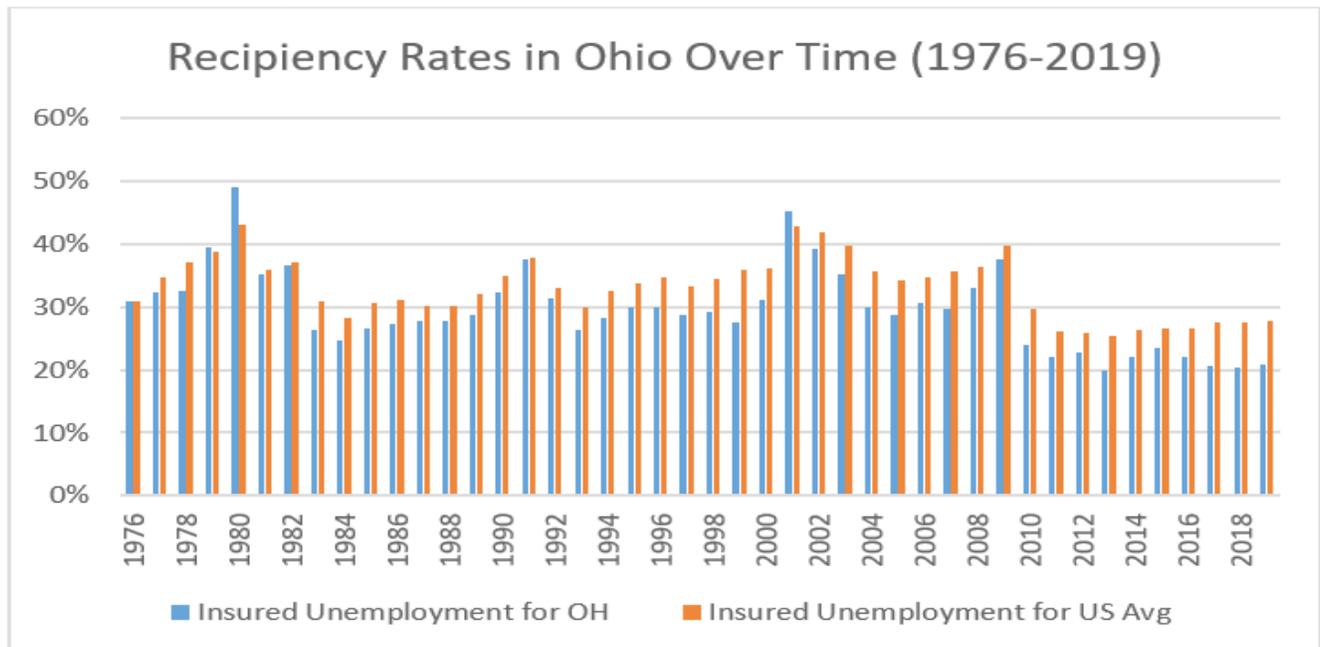
The Reciprocity Rate represents the insured unemployed in regular programs as a percentage of the total unemployed



Map based on Longitude (generated) and Latitude (generated). Color shows sum of Insured Unemployment. Size shows sum of Insured Unemployment. Details are shown for State and State. The view is filtered on State, which excludes AK and HI.

Reciprocity rates in Ohio have declined over time. From around 2010 to the present, the 20-30% of Ohioans that received UI benefits were only a fraction of the overall number of unemployed residents. Ohio has consistently lagged the national reciprocity rate as shown in Figure 5, below.

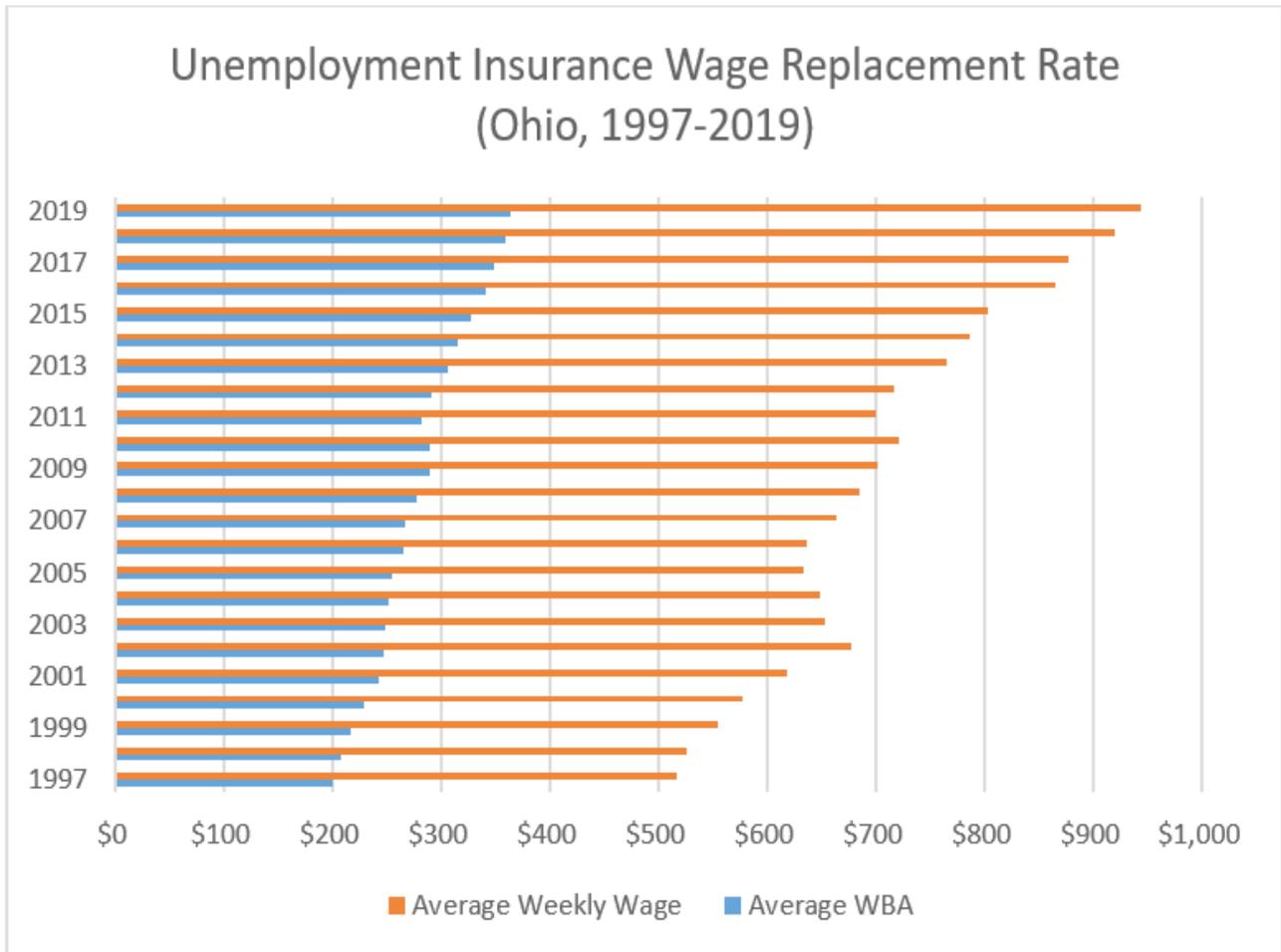
Figure 5: Reciprocity Rates in Ohio 1976-2019



The weekly benefit through UI Benefits lags the average wage in each state

Unemployment benefits are supposed to substitute for lost wages. The UI wage replacement rate tracks the difference between the average weekly wage and the average weekly benefit on an annual basis. Typically in Ohio, the amount paid out is about one third of average wages. In 2019, average benefits (\$363) were 38% of the average weekly wage (\$943).

Figure 6: Unemployment Insurance Replacement Rate



Appendix: Data Sources and Methods

As with the other memos we are referring to a range of empirical data. For all of the weekly claims numbers we use the reports produced by the Department of Labor, <https://oui.doleta.gov/unemploy/claims.asp> and the Ohio JFS (<https://ohiolmi.com/home/UIclaims>). In addition, we make use of the Ohio Longitudinal Data Archive (OLDA) at The Ohio State University. The OLDA is a project of the Ohio Education Research Center (oerc.osu.edu) and provides researchers with centralized access to administrative data. The OLDA is managed by The Ohio State University's CHRR (chrr.osu.edu) in collaboration with Ohio's state workforce and education agencies (ohioanalytics.gov), with those agencies providing oversight and funding. For information on OLDA sponsors, see <http://chrr.osu.edu/projects/ohio-longitudinal-data-archive>.

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