TARGETING THE CHARACTERISTICS OF UNEMPLOYMENT INSURANCE EXHAUSTEES

THESIS

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By

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This thesis is dedicated:

- to my wife Jenny and our dog Mickey who stood by me and waited patiently as I worked many long hours on the thesis.

- to my father Sian and my mother Beatrice who continuously stressed to me the value of education while I was growing up.

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Chapter 1

INTRODUCTION

Why this Study is Important

Unemployment Insurance (UI) exhaustees represent a particularly important group of workers for policymakers. As a group, they have strong work histories and have demonstrated attachment to the labor market in the past. However, their long UI spells suggest that they face particular difficulty in finding new jobs. Studies have shown that the number of unemployed workers exhausting their UI benefits have been increasing. Primus, W., Shapiro, I., & Goldberg, J. (2002) reported that the number of workers exhausting their unemployment benefits at the beginning of the Year 2002 was growing at an average of 80,000 per week or at a pace of 11,000 a day, and was projected to grow to about two million during the first six months of 2002.

The data from the Department of Labor (DOL) showed that the number of workers that exhausted their regular state unemployment insurance benefits for January 2002 without receiving additional assistance climbed to a monthly record high of 356,000 people (Primus, W. & Goldberg, J., 2002). There were more than 1.3 million unemployed workers who exhausted their UI benefits from September 11, 2001 to January 2002 (Primus, W & Goldberg, J., 2002). Between the months of May and July 2002, approximately 900,000 workers exhausted all of the additional weeks of federal unemployment benefits that they received as a result of the economic stimulus legislation

enacted in March (Primus,W. and Goldberg, J., 2002). From March 2002 through February 2003, there have been 4.7 million workers who exhausted their regular state UI benefits and have been assisted with additional weeks of federal unemployment benefits (Goldberg, J. and Shapiro, I., 2003). Of the 4.7 million workers who have been assisted with additional weeks of federal unemployment benefits, nearly 2.6 million of those workers exhausted all their federal unemployment benefits without being able to find reemployment (Goldberg, J. and Shapiro, I., 2003).

Documenting who the UI exhaustees are can help policymakers who administer the UI program and reemployment services to better serve them. By targeting dislocated workers who are likely to become UI exhaustees and providing them reemployment services, it increases the probability that fewer of these workers will exhaust their UI benefits and more of them will find reemployment and rejoin the workforce.

Statement of the Problem

With an unprecedented growing population of workers losing their jobs and having difficulty finding reemployment, it is important to help this increasingly large group of workers to rejoin the workforce. Many of these workers have received unemployment insurance compensation and have used up the maximum amount of the benefits they are allowed. The group of workers who exhaust their unemployment insurance benefits are known as UI exhaustees. UI exhaustees are studied because they are a leading indicator of the number of workers who have not been able to find another job. The number of UI exhaustee claimants are easy to keep track of because those claimants' UI exhaustee status are a part of the unemployment insurance claims records kept by the Unemployment Insurance Division. By being able to target the UI claimants who are

most likely to exhaust their UI benefits and providing them reemployment services, more can be done to slow down the alarming growth of UI exhaustees. Targeting potential UI exhaustees from a pool of UI claimants is federally mandated, and currently the Worker Profiling and Reemployment Services (WPRS) program has the responsibility of profiling all UI claimants in order to select the potential UI exhaustees. After finding out the reasons UI exhaustees have difficulty finding reemployment, interventions can be implemented to assist UI claimants with a high potential of UI benefit exhaustion to rejoin the workforce before their UI benefits are exhausted.

Background of the Unemployment Insurance System

What is Unemployment Insurance?

The Unemployment Insurance system was created as part of the Social Security Act on August 14, 1935. Unemployment Insurance (UI) is a federal- state unemployment insurance compensation program that partially replaces lost income for workers who are involuntarily unemployed through no fault of their own. The UI System is paid for by a UI tax that companies covered under this act are required to pay. It provides temporary financial help to qualified individuals based, on their previous earnings, while they are seeking other work. Employer taxes and reimbursements support the Unemployment Trust Fund. Employers do not deduct money from employees' paychecks to pay for this program. Each State is required to pass state legislation that is in conformity with the federal statutes. The levels of benefits, eligibility requirements, and employer tax levels are determined by the state law. Workers that qualify for UI benefits can receive up to 26 weeks of UI Benefits compensation over a 52 week period in most of the states.

For workers to qualify for Unemployment Insurance compensation, they must meet requirements in three main areas.

The three areas include requirements for: 1) employer's past wages, 2) nature of job separations, and 3) ongoing availability and work search requirements.

Employees' Past Wages

In order for employees to have payable claims, they must have previous wages in at least two of the four base period calendar quarters being used. Base period refers to a specified period of 12 consecutive months or, in some states, 52 weeks preceding the beginning of a benefit year during which an individual must have the required employment and/or wages in order to establish entitlement to compensation or allowances under an applicable program. Employees must also have previous wages that are at least 37 times the weekly benefit amount. If the employees qualified for benefits on a prior claim, they must have earned 6 times their weekly benefit amount since that time. Employees out of work for a prolonged time during the base period because of a medically verifiable illness, injury, disability or pregnancy may be able to use an alternate base period. If the employees meet the requirements, the alternate base period could use wages employees received before their illness or injury. If they qualify under both base periods, they may decide which base period to use.

Employees' Separation from their Last Work

Employees must be unemployed or partially unemployed through no fault of their own to receive benefits. Some examples of reasons that would qualify employees to be able to receive UI benefits are:

1) Employees laid off due to lack of work.

2) Employees are still working, but their work hours are reduced through no fault of their own.

3) Employees were fired without work related misconduct. Examples of misconduct are: a violation of company policy; violation of law; neglect or mismanagement of employees' positions, or employees' failure to perform their work acceptably if they are capable of doing so.

4) Employees quit their jobs for a good work-related or medical reason. Employees would have a good cause if the work situation would cause a person who truly wants to keep the job to leave it. Examples of possible good cause are: unsafe working conditions, significant changes in hiring agreement, or not receiving payment for the work done. Employees need to have tried to correct the problem before quitting. Examples of medical reasons are: quitting on doctor's advice, or quitting to care for a minor child if required for a documented medical reason.

5) Employees quit their jobs to move with their husband or wife. Employees may be able to receive benefits after a disqualification of 6 to 25 weeks. This is a disqualification of both time and money, due to subtracting the number of disqualified weeks from the employees' total benefits.

<u>Employees' Ongoing Availability and Work Search Requirements</u>

During each week employees' file a UI Benefits claim, they must:

1) Make an active search for full-time work.

2) Be physically able to work.

3) Be available for full time work.

4) Apply for and accept suitable work.

5) Be registered for work with the nearest local workforce center.

6) Call or report to the local workforce center when instructed.

Unemployment Insurance Benefits – "What are they supposed to do?"

The unemployment insurance program is "intended to provide benefits for a sufficiently long period that, under reasonably normal business conditions and during short periods of recession, a high proportion of claimants can continue to receive benefits until they are called back to work or find other work" (O'Leary C.J & Wandner, S.A, 1997). Unfortunately, an increasingly large number of those claimants continue to receive benefits, but do not return to work. Those claimants continue to receive their unemployment insurance benefits until their benefits entitlements are exhausted. These groups of people are known as unemployment insurance exhaustees.

Federal law mandates that the states develop a program to profile unemployment insurance (UI) claimants in order to target those UI claimants that are most likely to exhaust their UI benefits. Schlauch, K.& Puglisi, M. (1997) described the federal law requiring the states to implement a program to target UI exhaustees through the process of the Worker Profiling and Reemployment Services (WPRS).

A provision of Public Law 103-152, the Unemployment Compensation Ammendments of 1993 which mandated the development of worker profiling and reemployment services (WPRS) systems, states that "the Secretary of Labor shall provide technical assistance and advice to assist the States in implementing the profiling system...."

Research Questions

What are the most dominant characteristics or factors which influence a UI Benefits claimant to become a UI Benefits exhaustee? Do dislocated workers coming from companies who have had company mass layoffs or plant closures have higher UI Benefits

exhaustion rates than those dislocated workers not coming from companies with mass layoffs or plant closures? Or do those workers have lower UI Benefits exhaustion rates because of the greater possibility of job recall once the company becomes financially secure? (See Appendix A for definitions of mass layoffs and plant closures). Do dislocated workers with less education have higher UI Benefits exhaustion rates than those with more education? Do the dislocated workers with lower wages have higher UI Benefits exhaustion rates than those who received more pay? Are dislocated workers coming from a particular industry more inclined to exhaust their benefits than those coming from other industries? Are dislocated workers residing in particular regions (i.e. living in cities/counties with higher unemployment rates) more likely to exhaust their UI benefits than the other dislocated workers living elsewhere? Do dislocated workers with a shorter duration of UI Benefits entitlement have a greater UI Benefits exhaustion rates due to the shorter length of time given to find reemployment compared to those dislocated workers with a longer duration of UI Benefits entitlement? (See Appendix F for definition of Dislocated Worker).

These are some of the questions this research will address. In order to target the UI claimants who are likely to exhaust their UI benefits, a study will be done to find out the factors or characteristics that might influence a UI Benefits claimant to become a UI Benefits exhaustee.

Hypotheses

1) Is there a significant relationship between dislocated workers coming from companies with mass layoffs or plant closures and UI benefits exhaustion?
2) Is there a significant relationship between the UI claimants' years of education and UI benefits exhaustion?
3) Is there a significant relationship between the UI claimants' previous Average Quarterly Wage and UI benefits exhaustion?
4) Is there a significant relationship between the UI claimants' previous Base Year Wage and UI benefits exhaustion?
5) Is there a significant relationship between the Manufacturing/Services industry and the non-Manufacturing/Services industry.
6) Is there a significant relationship between the levels of unemployment rate and UI benefits exhaustion?
7) Is there a significant relationship between the UI claimants' UI benefits duration and UI benefits exhaustion?
8) Is there a significant relationship between the UI claimants' previous amount of job experience and UI benefits exhaustion?
9) Is there a significant relationship between the UI claimants' UI Weekly Benefit Amount and UI benefits exhaustion?
10) Is there a significant relationship between the UI claimants' age and UI benefits exhaustion?

11) Is there a significant relationship between the UI claimants' sex and UI benefits exhaustion?

12) Is there a significant relationship between the UI claimants' race/ethnic group and and UI benefits exhaustion?

13) Is there a significant relationship between the UI claimants' veteran status and UI UI benefits exhaustion?

14) Is there a significant relationship between the UI claimants' US Citizenship status and UI benefits exhaustion?

15) Is there a significant relationship between the UI claimants' previous number of base period employers and UI benefits exhaustion?

16) Is there a significant relationship between the UI claimants' Wage Replacement Rate and UI benefits exhaustion?

17) Is there a significant relationship between the UI claimants' Ratio of High Quarter Wage to Base Year Wage and UI benefits exhaustion?

How UI Benefits Exhaustees are Defined in this Study

Dislocated workers who become eligible for Unemployment Insurance (UI) can draw up to 26 weeks of UI benefits compensation in most states. During their period of benefit eligibility, dislocated workers are expected to search actively for work, but a large percentage are not successful in finding a job before their benefits run out. The length of UI Benefits for claimants differs depending upon what their wages were before their job loss. For the state of Texas, a UI claimant can receive from 9 to 26 weeks of benefits from the State Unemployment Insurance (UI) Program. However, the Federal UI Program may sometimes provide and fund temporary extensions of the claimant's UI benefits on special circumstances (See Appendix E). Claimants who exhaust their benefits are known as UI exhaustees.

Chapter 2

REVIEW OF THE LITERATURE

Origin and Objectives of the Unemployment Insurance (UI) System

The Social Security Act of 1935 (Public Law 74-271) created the Federal-State Unemployment Compensation (UC) Program. The program has two main objectives: (1) to provide temporary and partial wage replacement to those involuntarily unemployed workers who were recently employed; and (2) to help stabilize the economy during the times of economic recessions. The U.S. Department of Labor oversees the system, but each State has the responsibility of administering its own program (Section 4. Unemployment Compensation, n.d.).

Functions and Roles of the Unemployment Insurance (UI) System

The primary role of the Unemployment Insurance (UI) System is to provide income for those workers who lose their jobs through no fault of their own. Blaustein, S.J., O'Leary, C.J.& Wandner, S.A. (1997) states that the role of the Unemployment Insurance (UI) System is to partially replace lost income for individual workers who are involuntarily unemployed through no fault of their own and in the long run it will help to maintain purchasing power during economic downturns. The Unemployment Insurance compensation is a temporary means to support the unemployed individuals while they are actively seeking work.

Nedels, K., Corson, W., & Nicholson, W.(2001) states the role, purpose, and effectiveness of the Unemployment Insurance (UI) system.

The Unemployment Insurance (UI) system has provided a limited amount of income for workers who lose their jobs through no fault of their own. This support, which often replaces 40 to 50 percent of lost weekly earnings, continues until the unemployed worker either becomes reemployed or reaches his or her limit and "exhausts" his/her benefits.

Blaustein, S.J., O'Leary, C.J.& Wandner, S.A. (1997) states the primary objective of the Unemployment Insurance (UI) system. They state that the UI system should be utilized by providing a limited amount of income to individuals who lose their jobs so that those individuals will not be an economic burden to society. The UI system appears to serve another role in attempting to stimulate spending during economic recessions. They emphasize that the UI system should not be used as a way to receive free income as a primary means of support. They describe UI as a social insurance and not a private insurance that collectively helps to minimize fluctuations in aggregate consumer spending. The purpose of the UI system is to slow down the declining income of the unemployed and reduce the potential increase in welfare dependency when the economy moves into a recessionary period.

The U.S. Department of Labor Employment and Training Administration (1999) states the role and objective of the Unemployment Insurance (UI) system and emphasizes that the UI benefits are only temporary income until the UI claimant finds reemployment. UI should only be used as temporary compensation to eligible unemployed people while they are looking for a new job. UI alleviates the economic hardships with temporary income until workers are able to return to find another occupation.

Corson, W.S (1997) describes an increasing involvement by the Unemployment Insurance (UI) system to help dislocated workers become reemployed.

In response to the growing importance of dislocated workers among the insured unemployed, the UI program has become more involved in promoting reemployment. Although dislocated workers represent only 10 to 20 percent of UI claimants, they are the group of unemployed individuals in greatest need of reemployment assistance.... Since most dislocated workers apply for UI benefits when they first become unemployed, the UI program has the potential to direct claimants to reemployment services early in their spell of unemployment (Corson, W.S., 1997).

Definition of Unemployment Insurance (UI) Exhaustees

Unemployment insurance (UI) exhaustees are defined as UI claimants "who have exhausted all of their unemployment compensation benefits and are no longer eligible for benefits under the regular program" (Department of Labor Employment & Training Administration – Region 5 Glossary).

Why Doing Research on Unemployment Insurance (UI) Exhaustees is Important

Primus, W. and Goldberg, J. (2002) write about the alarming growth of UI exhaustees from September 11, 2001 to January 2002.

Just-released Labor Department data for January 2002 show that the number of workers exhausting their regular state unemployment insurance benefits without receiving additional assistance climbed to 356,000 people. This is the largest number of people exhausting their regular benefits without receiving additional aid in any single month on record, with the data first becoming available in 1973 (Primus,W. & Goldberg, J., 2002).

There have been more than 1.3 million workers that exhausted their UI benefits between September 11, 2001 and January 2002 without qualifying for additional weeks of benefits. Although many of these workers may have found new employment since exhausting their benefits, a significant portion are no doubt still seeking work and thus would be eligible for additional weeks of benefits.....(Primus,W. & Goldberg, J., 2002).

There have been an unprecedented growth in the number of UI exhaustees from the year 2001 to 2002. The growth of UI exhaustees is an indication of the number of unemployed workers who are not able to find reemployment.

The growing problem with UI exhaustees could be seen starting back in the 1990s. Needels, K., Corson, W., and Nicholson, W. (2001) reported a growing problem with UI exhaustees in the decade of the 1990s. UI claimants in the 1990s were found to be more likely to exhaust their UI benefits and less likely to seek reemployment than in the 1980s. The UI recipients in 1998 were less likely than recipients in 1999 to seek reemployment services from the Job Service or a one-stop career center. They report findings that the UI recipients in the 1990s experienced longer UI spells and higher benefit exhaustions than in the 1980s. They stated that UI recipients during the 1990s had experienced longer UI spells and higher benefit exhaustion rates than historical experience has shown.

The labor market of the late 1990s was one of the strongest of the postwar era, yet the labor market outcomes reported in this study for UI recipients, and especially for exhaustees, are surprisingly poor. UI recipients in 1998 were both less likely to have a job two years after their initial job separations and took longer to become reemployed when they did so than were UI recipients in 1988 (Needels, K., Corson, W. & Nicholson, W., 2001).

The U.S. Department of Labor Employment and Training Administration (1999) reported an increasing number of dislocated workers during the past 20 years due to worldwide competition and changing technologies. The department also reported that many of those dislocated workers did not find reemployment.

Worker dislocation has become a significant problem in the United States over the past two decades. Global competition and rapidly-evolving technologies have resulted in the dislocation of millions of workers from their jobs. The new reality is that a large portion of those who lose their jobs never get them back (U.S. Department of Labor Employment and Training Administration, 1999).

It is evident that the problem of workers losing their jobs and not being able to find reemployment has been a continually growing problem for the past two decades.

Method of Targeting Unemployment Insurance (UI) Exhaustees

Eberts, R.W., & O'Leary, C.J. (1996) described the Worker Profiling and Reemployment Services (WPRS) system as a way to identify UI claimants who are most likely to exhaust their UI benefits. State employment agencies have began an innovative approach to providing reemployment services to the unemployed by implementing the Worker Profiling and Reemployment Services (WPRS) systems. A state WPRS would identify the UI recipients who are most likely to exhaust benefit entitlements and would refer them to required reemployment services. Through the WPRS systems, states are taking direct action to help UI claimants shorten their time out of work.

State employment security agencies in the United States have embarked on an innovative approach to providing reemployment services to the unemployed. Through these Worker Profiling and Reemployment Services (WPRS) systems, states are taking preemptive action to help unemployment insurance (UI) beneficiaries shorten their time out of work. A state WPRS system identifies, primarily through statistical methods, those UI recipients who are most likely to exhaust their benefit entitlement and refers them to required reemployment services (Eberts, R.W. & O'Leary, C.J., 1996).

Schlauch & Puglisi (1997) describes the function of the WPRS as attempting to "identify unemployment insurance (UI) claimants with a high potential for exhausting their benefits and provide them with reemployment services."

The Texas Workforce Commission – Worker Profiling and Reemployment Services(n.d.) program described the UI claimants who are profiled in the Worker Profiling and Reemployment Services (WPRS) program. They state that all the clients who receive a first payment from UI are profiled with the exception being claimants who are union hiring hall affiliated or who have a definite recall date.

The Twentieth Century Fund Task force on Retraining America's Workforce identified the workers who should be targeted in the WPRS program. They stated that the profiling

process should be designed to identify unemployed workers who are most likely to be out of a job for long periods of time based on examining factors that may contribute to their difficulties in finding reemployment.

The WPRS Policy Workgroup recommended that the profiling process should target those individuals who are likely to exhaust their UI benefits so that they may receive early intervention assistance, and ensure that the WPRS selection pool is limited to those claimants who are most likely to exhaust their UI benefits. It is important that the WPRS specifically targets the group of UI claimants that are most likely to exhaust their UI benefits so that this group of workers may be given job reemployment assistance.

Woodbury, S.A.& Rubin, M. (1997) described the benefits of the Worker Profiling and Reemployment Services (WPRS). They described how profiling could reduce the growth of UI exhaustees by targeting the UI claimants who are most likely to exhaust their UI benefits and providing them with reemployment services. By targeting those UI claimants who are most likely to exhaust their UI benefits, specific reemployment plans could be created and tailored to help unemployed workers find another job depending upon their particular needs. More research can also be done to examine the problems exhaustees encounter in gaining reemployment.

Eberts, R.W. & O'Leary, C.J. (1996) wrote about the methodologies used to determine the probability that UI claimants would exhaust their UI benefits. They described how most states have adopted a statistical method that would assign a probability of exhaustion to every UI recipient who is eligible for profiling. The methodology of profiling is described.

The probability of exhausting benefits is derived from estimating the effects of personal characteristics and economic factors on the likelihood that a UI recipient will exhaust

benefits. Personal characteristics include: educational attainment, industry and occupation of last job held, and tenure on the last job. Civil Rights legislation prohibits using a claimant's age, race, and gender as variables in the model. Local labour market conditions are also included to reflect the likelihood of reemployment in the various local labour markets within a state. In essence, the probability assigned to each eligible UI recipient is a weighted average of the effect of each of these characteristics on the odds that an individual exhausts UI benefits (Eberts, R.W. & O'Leary, C.J., 1996).

Dr. Terry Johnson of the Battelle Memorial Institute recommended a method to increase the WPRS efficiency. This involves eliminating from WPRS profiling considerations those individuals who are not likely to exhaust their UI benefits. He described a method where the States participating in WPRS should consider a threshold probability or the probability of exhaustion score below which profiled claimants would not be considered likely to exhaust their UI benefits. That way the main effort can be focused on those workers deemed most in need of reemployment services. For maximum effectiveness, the WPRS selection pool should be limited only to those claimants who have a relatively high likelihood of exhausting their UI benefits, as established by the State WPRS Program.

O'Leary, C.J., Decker, P., & Wandner, S.A. (1997) described the two-step process states use to profile UI claimants as part of the Worker Profiling and Reemployment Services (WPRS) system. The first step involves screening out those separated workers who are expecting recall from their previous employers, who are affiliated with exclusive union hiring hall agreement, and those who are not UI benefit eligible.

The second step involves predicting the targeted individual's probability of exhausting UI benefits based on a logit model that is estimated on historical data for the state. The dependent variable in these logit models is generally a binary outcome that indicates whether or not the full UI benefit entitlement is drawn. The independent variables in the

model usually include education, job tenure, change in employment in the previous industry/occupation, and local unemployment rate. Once the logistic regression model is set up, workers who open up new claims for UI benefits would have their personal and labor market characteristics entered into a profiling equation to predict their probability of UI benefit exhaustion. The result of the profiling process would be the ability to target and select permanently separated workers who are not job attached and who have a high probability of exhausting their UI benefits.

The U.S. Department of Labor Employment and Training Administration (1999) describe the four main components of the Worker Profiling and Reemployment Services (WPRS).

The components are:

- Identification of those individuals who are likely to exhaust their UI benefits, have difficulty finding new employment, and would benefit from reemployment services, through statistical profiling models based on individual characteristics and State and local economic conditions;
- Selection and referral to services of those individuals identified via profiling models as the most likely to exhaust their UI benefits and become long-term unemployed;
- Provision of reemployment services, such as job search assistance, to individuals referred to services; and
- Feedback of information from service providers to the UI program on referred claimants' participation in services, the types of services they received, and their employment outcomes.

The Worker Profiling and Reemployment Services Policy Workgroup recommended the following actions to increase the efficiency of the Worker Profiling and Reemployment Services (WPRS) system (U.S. Department of Labor Employment and Training Administration, 1999).

- Accelerate the profiling process (early intervention).
  - Early intervention is critical to ensure claimants receive the assistance they need and have a chance to become reemployed well before their claims are exhausted.
- Make the selection process more accurate.
  - States should consider modifying their selection and referral mechanisms to make the selection process more accurate. One possible option for making the WPRS selection process more accurate that some States are already using is a "threshold probability"—a probability of exhaustion score below which profiled claimants would not be considered likely to exhaust their UI benefits and thus should not be referred to reemployment services. The establishment of such a threshold probability would recognize the fact that not all profiled claimants who are assigned a probability score actually need reemployment services, and would establish a mechanism within State WPRS systems to ensure that these claimants are not placed in the selection pool. This would ensure that the WPRS selection pool is limited to only those claimants who have a relatively high likelihood of exhausting UI benefits.
- Consider claimants with high profiling scores for individualized reporting.
  - The WPRS Policy Workgroup believes that States should consider what kind of referral systems can be used after early intervention through the WPRS system.
- Determine how and when to incorporate interstate claimants into the WPRS system.
  - UI claimants should be profiled and referred to appropriate services if they need them to return to work regardless of where they reside. The systems serving dislocated workers ... JTPA Title III, Wagner-Peyser Act, Trade and UI programs – should help the nationwide system. A pilot test of interstate claimant profiling may be the appropriate first step toward subsequent nationwide implementation.
- Profiling of additional and reopened claims.
  - The worker profiling provisions in the Social Security Act require that all individuals filing new claims for benefits must be profiled to determine whether they are likely to exhaust benefits. Because of this provision, the Policy Workgroup recommends that States consider profiling individuals who file new additional claims or reopened claims and that these individuals be considered for identification, selection, and referral to reemployment services.

Worker Profiling and Reemployment Services (WPRS) Origin and Early Results

Anderson, P.M. (1997) describes a law that requires states to establish and implement a Worker Profiling and Reemployment Services System (WPRS). Anderson, P.M. (1997) writes:

….. Public Law (P.L.) 103-152 was enacted in November of 1993 and requires states to establish and implement a Worker Profiling and Reemployment Services System. This law defines such a system as one that:

- Identifies which claimants will be likely to exhaust regular compensation and will need job search assistance services to make a successful transition to new employment;
- Refers claimants identified pursuant to subparagraph (A) to reemployment services, such as job search assistance services, available under any state or federal law;
- Collects follow-up information relating to the services received by such claimants and the employment outcomes for such claimants subsequent to receiving such services and utilizes such information in making identifications pursuant to subparagraph (A); and
- Meets such other requirements as the Secretary of Labor determines are appropriate.

The U.S. Department of Labor initiated the Worker Profiling and Reemployment Services (WPRS) based on a series of UI random assignment experiments in the 1980s that tested and evaluated approaches to return the UI claimants back to work. According to Wong, G., Henson, H., and Roy, A. (1999), the WPRS initiative originated from the U.S. Department of Labors' New Jersey Unemployment Insurance Re-employment Demonstration Project. The results from this research revealed that the early identification of potentially long-term unemployed workers using UI data and then providing those workers with job search assistance is very beneficial and one of the most cost effective interventions for likely long term unemployed workers. Worker profiling allows for targeting unemployed workers that are deemed in need of reemployment assistance and then afterwards providing reemployment services to those targeted

workers. Further research can be conducted from the data collected from UI Worker Profiling to reduce the high rate of unemployed workers who do not find reemployment.

Models Used to Target UI Claimants Most Likely to Exhaust their UI Benefits

Use of the Department of Labor Model to Target UI Exhaustees

Some states have developed models for identifying likely exhaustees. Schlauch, K. and Puglisi, M. (1997) described a model frequently used to identify unemployment insurance (UI) claimants with a high potential for exhausting their benefits. The model described in that study was the Department of Labor (DOL) Model developed in 1993. The DOL Model was often used as a starting point for states to identify and target UI claimants with a high probability of UI benefits exhaustion. Schlauch, K. and Puglisi, M. (1997) described the DOL Model as representing "a good first step in the ongoing process of identifying and serving likely exhaustees". This model was originally developed from a national data set, but a state version of the DOL Model was later developed by the state of Maryland in order to implement a state specific strategy for identifying likely exhaustees.

According to Schlauch, K. & Puglisi, M. (1997), the National and State Level DOL Models served as the beginning points in the development of the State Worker Profiling and Reemployment Services (WPRS). They further state that the National DOL Model showed "on an aggregate level that the five National DOL variables shown in Table 1 were both logically and statistically correlated with UI Benefit Exhaustion".

Table 1 compares the National DOL Model to the State DOL Model from Maryland. Both the National DOL Model and the Maryland State DOL Model consist of 5 independent variables believed to be factors in identifying likely exhaustees. These 5 variables include: Education, Job Tenure, Industry, Occupation, and Local Unemployment Rate. The variables are discussed below. To view the comparisons between the two models, see Table 1.

Table 1. National and Maryland DOL Model Comparisons

	National Model	**Maryland Model**
Education	Categorical Variables < HS Diploma HS Diploma Some College College Degree	Categorical Variables < HS Diploma HS Diploma Some College Bachelors Degree Masters Degree/PhD
Job Tenure	Categorical Variables 0 – 3 Years 3 – 5 Years 6 – 9 Years 10+ Years	Continuous Variable Years of Job Tenure
Industry	Employment Change % SIC Division Level State Level	Employment Change % SIC Division Level SDA Level
Occupation	Binary variable, from employment change % (=1) if growing (=0) if zero or declining SOC one-digit level	Employment Change % DOT one-digit level - nine categories
Unemployment Rate	Unemployment Rate %	Unemployment Rate %

Education

Education is measured with a series of binary indicator variables. Studies from most states have shown that an inverse relationship exists between years of education and UI benefits exhaustion. However, there were a few exceptions where education was not a strong predictor. In at least two states, only the presence of a college degree had any impact on exhaustion which showed a negative relationship in both of the cases. In another state, education was significantly correlated with exhaustion, but claimants who attained a college degree had the second-highest probability of UI benefits exhaustion. Only those with less than a high school diploma had a higher probability of exhaustion. Studies have indicated that the method of using binary indicators to model education is more predictive in predicting UI benefits exhaustion than using the continuous variable that shows the years of education. The binary variables emphasizes the importance of particular milestones such as attainment of a diploma or degree as opposed to individual years of schooling. The relationship between education and exhaustion should be viewed as sensitively affected by the types of industries that drive primary local labor markets and to the demographic composition of the workforce. Studies have also shown that education will not be a very effective predictor of UI benefits exhaustion in areas where skill levels and educational backgrounds are fairly homogenous.

Job Tenure

Job Tenure was used in the National DOL Model as a binary variable and in the Maryland State DOL Model as a continous variable. Several of the states have found that data on tenure were either unreliable or unavailable historically. Using tenure in a linear continuous form may be ineffective because one would assume a constant marginal

impact on UI benefit exhaustion with each additional year of tenure. The effect of one additional year of tenure on the rate of UI benefits exhaustion may thus be overstated. Another concern is that claimants may have multiple base period employers making it more difficult to track the job tenures of the claimants.

Industry

Industry was used in the Maryland State DOL Model using the Standard Industrial Code (SIC) denoting a claimant's base period employer(s). Where multiple employers existed, the code corresponding to the separating employer was used. In the test-state project, the SIC codes were aggregated to the industry division level and used to develop industry employment change rates.

Occupation

Few states at this point have been able to incorporate meaningful occupational effects of UI benefits exhaution into their UI benefits exhaustion model. This is due to the numerous coding problems of occupational data which includes incomplete data or multiple coding schemes. Claimants may be assigned codes using one coding scheme such as the Dictionary of Occupational Titles (DOT) while data on historic or projected growth rates are organized into another coding scheme such as the Occupational Employment Statistics (OES) codes. Since the variable occupation would seem to be an effective tool in forecasting long-term unemployment, the challenge for the future would be developing reliable methods for coding claimants' occupations and collecting data that would accurately measure the relative market demand for them. Measuring the relative demand for these occupations would greatly contribute to the targeting of likely UI benefits exhaustees.

Unemployment Rate

Most states that include unemployment rates use data from the Local Area Unemployment Statistics (LAUS) program. Frequently, recent measures of local unemployment rates are entered directly into the model. The unemployment rate variable does not normally aid in selecting likely exhaustees within a local office simply because a large majority of claimants in a given local office are from the same region and face the same labor market. However, when comparing UI benefits exhaustion rates among claimants residing in differing substate areas, a study could be made to determine if claimants living in high unemployment areas typically have more difficulty in finding reemployment than those claimants living in low unemployment areas. This could answer the question about whether claimants living in areas where job growth is slower would exhaust their benefits at a faster rate than those claimants living in areas where jobs are more abundant.

Additional Variables Added to the DOL Model to Predict UI Exhaustees

According Schlauch, K. & Puglisi, M. (1997), some states have used the 5 variables found in the DOL Model to identify likely exhaustees and expanded the model to include additional variables. The additional variables added to the DOL Model may differ for each of the states utilizing this procedure depending upon the nature of the demographic and claimant characteristics of the respective State Labor Market.

Schlauch, K. & Puglisi, M. (1997) states that there were 13 states contacted by the Unemployment Insurance Service Technical Assistance Team (UIS TAT) for the purpose of finding out the states' status on their development of a model to predict the UI claimants who were likely to exhaust their UI benefits. Based on the findings of 13 states

that were contacted, some of the factors examined as additional independent variables that were added to the national and state DOL Models include:

1) Weekly benefit amount
2) Wage Replacement Rate
3) Base Year Wage
4) Potential Duration of UI benefits
5) Ratio of High Quarter Wage to Base Year
6) Number of Base Period Employers
7) Categorical Representation of the Month Benefit Began

The variables are discussed below.

Weekly Benefit Amount

The Weekly Benefit Amount (WBA) is the dollar amount a UI claimant may receive for a week of total unemployment. The WBA is approximately 50% of the claimant's average weekly wage during the base period. The WBA of UI benefits have been experimented as independent variables and have been consistently a building block for strong predictors across many states and regions. A number of states have found a positive significant correlation between WBA and UI Benefits exhaustion using both the continuous and categorical variables.

Wage Replacement Rate

The Wage Replacement Rate is the ratio of WBA to Weekly base period wage. The larger the ratio, the less hardship exists for a claimant remaining unemployed so therefore

this variable generally showed a positive correlation with UI Benefits Exhaustion. The use of Wage Replacement Rate has efficiently identified potential exhaustees in several states regardless of dominant industries or employment climates. The smaller the gap between the weekly benefit amount and the weekly base period wage, the less of a financial incentive exists for a UI claimant to actively seek reemployment. The Wage Replacement Rate defines the hardship involved by remaining unemployed.

Base Year Wage

The Base Year Wage is defined as the amount of wages a claimant has earned during a base period. The wages earned during a base period is the amount of wages earned during a specified period of 12 consecutive months or four calendar quarters before the claimant files an Initial UI claim. The base year wage is used to determine whether claimants applying for UI benefits have earned enough wages to qualify for UI compensation. A higher wage is likely to be associated with higher skills and therefore could be inversely correlated with UI benefit exhaustion. The base year wage has been used successfully as a building block for the Wage Replacement Rate and as both a continuous and categorical variable on its own.

Potential Duration

Potential Duration of Benefits have been used to control for claimants whose short duration of eligibility has essentially ensured exhaustion of their benefits. Claimants who have very short benefit duration have less time to complete their job search before their benefits run out and could be classified as exhaustees. The relevance of controlling for potential duration depends on whether or not short duration exhaustees are deemed in need of re-employment services. To the extent that this is a major issue in a state, it may

be necessary to control for potential duration. In using such a control, a state agency is implicitly defining their ideal group to be served. The duration issue needs to be evaluated from both a statistical and a policy perspective.

Ratio of High Quarter Wage to Base Year Wage

The Ratio of High Quarter Wage to Base Year Wage controls for claimants whose base year earnings were accumulated primarily in one quarter. The larger the ratio, the less time was spent on working and earning wages during the base period. This variable has been found significant with a strong positive effect when tested across a variety of labor markets. This ratio could capture wage replacement effects, since the claimants with high ratios would not be accustomed to earning long term wages. The ratio could also hint at the claimants' lack of desirable personal characteristics such as employability and motivation and thus could increase the probability of exhaustion.

Number of Base Period Employers

The Number of Base Period Employers control for claimants who worked consistently during the entire base period, but for multiple employers. The element has been used as a binary variable showing claimants with more than one base period employer, and as a continuous variable that indicates the number of base period employers. Results generally show a negative correlation between multiple employers and exhaustion probability. An explanation for this significant finding, may be that claimants with multiple employers during a base period would have been between jobs at some point during their base period, making them familiar with the current dynamics of the job search process.

Categorical Representation of the Month Benefits Began

The Categorical Representation of the Month Benefits Began variable has been used as an Independent Variable with the intent of capturing the seasonality inherent in the month a claim is filed. Using a categorical variable that represents each month of the year suggests that the claimants filing in different months have different characteristics that contribute to their probability of exhausting their UI Benefits. The use of this variable as a control is to be considered with respect to the intended treatment of seasonal workers. Assuming that seasonal workers do not meet the definition of the "dislocated worker" to be targeted, use of a seasonality control would be effective and useful for the study. See Appendix F for the definition of dislocated worker.

Substate Labor Markets – Their Effects on the Statewide Model

Schlauch, K. & Puglisi, M. (1997) describes the usefulness of developing substate labor market models in order to control for specific labor market factors that may overly influence the statewide model. Schlauch and Puglisi (1997) describes the advantage of developing a substate labor market model. They describe that dominant labor markets complicate the task of developing a reliable statewide model. This is the case because claimants living in large urban areas and industries may exhaust their benefits at different rates and show largely differing patterns than claimants in the rest of the state. A statewide model that does not adjust for influential substate labor markets may be primarily driven by the dominant labor markets. For example, a model that identifies all the claimants in urban areas as likely exhaustees simply because they come from high unemployment areas does not do anything to identify exhaustion patterns in the rural regions of the state. Controlling for dominant labor markets using binary variables helps

to remove variable bias on the model's remaining coefficients and makes the model's predictions more reliable. When there are labor markets vastly independent of one another and uniquely driven, some of the states have found that simple binary controls may still not allow them to target exhaustees as accurately as possible. When this type of structural change characterizes the labor markets within a state, substate models can be used to ensure that its independent variables' effects on exhaustion are measured as accurately as possible.

Chapter 3

METHODS

Description of the UI Claimant Exhaustee Model Used for this Study

The model used for this study to predict unemployment insurance (UI) exhaustees is similar to the State DOL Model produced from the State of Maryland as described by Schlauch, K. & Puglisi, M. (1997). The independent variables in this model include claimant/UI characteristics and layoff factors combined with the 5 variables used in the Maryland State DOL Model. Many of the claimant/UI characteristics and layoff factors in this model are the same variables described by Schlauch, K. & Puglisi, M. (1997). The dependent variable is UI benefit exhaustion.

Data Resources and Analysis Method

The data sources for this study are derived from the Texas Workforce Commission Texas Unemployment Insurance (UI) Database (See Appendix B), the Windows Based Mass Layoff System (WINMLS) Version 2001.2 (See Appendix C) , the Texas Longitudinal Linked Database (LLD) Version 2.2 (See Appendix D), and the Texas Labor Market Information (LMI) County Unemployment Rate website: (http://www.twc.state.tx.us/lmi/lfs/type/unemployment/unemploymenthome.html).

Overview of Datasets Analyzed

There will be three sets of data analyzed. The first two sets of data analyzed will be descriptive and will provide total counts and percentages of UI exhaustees in the State of

Texas. The first set of data will look at the population of workers who lost their jobs and filed unemployment insurance (UI) claims due to mass layoffs or plant closures in the State of Texas. The population of workers who lost their jobs and filed unemployment insurance (UI) claims due to mass layoffs or plant closures is a subset of the total population of workers who filed unemployment insurance (UI) claims in the State of Texas. This particular population of workers is being observed because there have been an increase in recent years of the number of workers who lost their jobs due to company mass layoffs or plant closures. Workers who lose their jobs due to mass layoffs or plant closures are often targeted by the State Dislocated Worker Units for assistance in reemployment services. Finding out the UI benefits exhaustion patterns for workers who lost their jobs due to mass layoffs or plant closures would give an indication of the impact that the events of mass layoffs or plant closures would have on workers who exhaust their UI benefits. The second set of data will look at the total population of workers who filed unemployment insurance (UI) claims in the State of Texas. This population of workers include those who lost their jobs due to company layoffs or plant closures and those who did not lose their jobs due to company layoffs or plant closures. The third set of data will examine the dependent and independent variables of a random sample of UI exhaustees and UI non-exhaustees in order to develop a logistic regression model to predict the characteristics or factors that would lead a UI claimant to become a UI exhaustee.

Description of Each Dataset Analyzed

The first set of data analyzed will be a total count of UI Benefits Exhaustees in the State of Texas who exhausted their UI benefits due to company mass layoffs or plant closures. See Appendix A for definitions of company mass layoffs and plant closures.

The data sources are found in the Texas Workforce Commission (TWC) Texas UI Database, the Windows Based Mass Layoff System (WinMLS) Version 2002.1, and the Texas Longitudinal Linked Database (LLD) Version 2.2. The count of the total number of claimants that exhausted their UI benefits due to company mass layoffs or plant closures will be calculated for each individual year from 1998 to 2001. Afterwards, there will be comparisons made to determine which years have the most and least number of claimants that exhausted their UI benefits due to company mass layoffs or plant closures. The percentage of mass layoff exhaustees to the total number of mass layoff claimants will be calculated. Comparisons will be made on an annual and year/quarter basis.

The second set of data analyzed will be a count of the total number of UI Benefits Exhaustees in the State of Texas derived from the TWC Texas Claimant UI Database. The count of the number of UI Benefits Exhaustees in Texas will involve the years from 1998 to 2001. Analyses will be performed to examine and compare the year/quarter total of UI Benefits Exhaustees in Texas from the years 1998 to 2002.

The third set of data analyzed will be a selected sample of UI Benefits Claimant data from 1998 to 2001 derived from the TWC Texas UI Claimant Database, the WinMLS (Version 2002.1), and the Texas Labor Market Information (LMI) County Unemployment Rate website:
(http://www.twc.state.tx.us/lmi/lfs/type/unemployment/unemploymenthome.html).

The sample is not truly randomly selected because many of the UI Benefits Claimant data found in the sources above have incomplete information. Those cases would not contribute to the study. Selected samples therefore have the necessary information to add to this research. UI Benefits Claimants that were disqualified from receiving UI claims are also excluded from the study. Logistic regression will be used to identify factors that

may lead UI claimants to become unemployment insurance exhaustees. The two populations to be studied include unemployment insurance claimants who exhausted their UI benefits and unemployment insurance claimants who did not exhaust their UI benefits. There are 136 UI claimants selected for this study. Of the 136 UI claimants selected for this study, there are 68 unemployment insurance claimants who exhausted their UI benefits and 68 unemployment insurance claimants who did not exhaust their UI benefits. The dependent variable will be UI benefits exhaustion. For this study, only UI benefits exhaustee claimants and UI benefits non exhaustee claimants under the Regular State UI program are counted. The Regular State UI Program is a Federal-State Unemployment Insurance (UI) program that is administered by the State within the guidelines established by Federal Law. The Regular State UI Program does not include claimants that received unemployment insurance (UI) benefits through the Unemployment Compensation for Federal Employees (UCFE) Program nor the Unemployment Compensation for Ex-Servicemen (UCX) Program.

Claimants are coded as exhaustees if they drew 100% of their UI Benefits entitlement and are coded as non exhaustees if they did not draw 100% of their UI Benefits entitlements. The dependent variable has only two possible outcomes; a claimant has either exhausted his/her regular state unemployment compensation or has not exhausted his/her regular state unemployment compensation benefits. The dependent variable for the logistic regression model will be coded as "1" for exhaustees and "0" for non-exhaustees. The 17 independent variables to be examined in this study include: Age, Sex, Race, Whether or not claimant was a US Citizen, Whether or not claimant was a Veteran, Industry claimant worked, Base Year Wage, Average Quarterly Wage, Years of

Education, Whether or not claimant was involved in Company Layoff(s) or Plant Closure(s), Job Tenure – Number of months of job experience, County Unemployment Rate, Length of UI Benefits, Weekly UI Benefit Amount, Wage Replacement Rate, Ratio of High Quarter Wage to Base Year Wage, and Number of Base Period Employers.

1) The independent variable Company Mass Layoffs or Plant Closures is a binary variable. The variable will be coded as "1" if there is a company mass layoff or plant closure and will be coded as "0" if there is not a company mass layoff or plant closure.
2) The independent variable UI claimants' level of education is a continuous variable that measures the UI claimants' years of education attained.
3) The independent variable UI claimants' Average Quarterly Wage is a continuous variable that measures the average amount of wages per quarter that the UI claimant made during the base period.
4) The independent variable UI claimants' Base Year Wage is a continous variable that measures the total amount of wages that the UI claimant made during the base period.
5) The independent variable Manufacturing/Services Industry is a binary variable. The variable will be coded as "1" if the the industry is Manufacturing or Services and will be coded as "0" if the industry is not Manufacturing or Services.
6) The independent variable County Unemployment Rate is a continous variable that measures the unemployment rate for a county at the time the UI claimant first filed an initial UI claim.
7) The independent variable UI Benefits Duration is a continuous variable that measures the number of weeks the UI claimant had received UI benefits. The number of weeks

a claimant had received UI benefits is calculated by subtracting the first payment date of the claimants' UI benefits from the last payment date of the claimants' UI benefits. The difference of those two dates is then divided by 7.

8) The independent variable UI claimants' Previous Job Experience is a continuous variable that measures the UI claimants' number of months of job experience. The numbers range from 0 months to 99 months.

9) The independent variable UI claimants' UI Weekly Benefit Amount is a continuous variable that measures the claimants' UI benefit compensation per week.

10) The independent variable UI claimants' Age is a continuous variable that shows the the age of the claimant at the time the claimant filed an initial unemployment insurance claim.

11) The independent variable UI claimants' Sex is a binary variable. The variable will be coded as "1" if the UI claimant is a male and will be coded as "0" if the UI claimant is a female.

12) The independent variable Hispanic Race/Ethnic group is a binary variable. The variable will be coded as "1" if the UI claimant is a Hispanic and will be coded as "0" if the UI claimant is a non-Hispanic.

13) The independent variable UI claimants' Veteran Status is a binary variable. The variable will be coded as "1" if the UI claimant is a veteran and will be coded as "0" if the UI claimant is a non-veteran.

14) The independent variable UI claimants' US Citizenship status is a binary variable. The variable will be coded as "1" if the UI claimant is a US citizen and will be coded as "0" if the UI claimant is not a US Citizen.

15) The independent variable UI claimants' previous number of Base Period Employers is a continuous variable that counts the UI claimants' previous number of employers that they worked for during the base period.

16) The independent variable UI claimants' Wage Replacement Rate is a continuous variable that measures the relationship between the UI claimants' Weekly Benefit Amount and the UI claimants' Average Weekly Pay. The Wage Replacement Rate is calculated by dividing Weekly Benefit Amount by Average Weekly Wage.

17) The independent variable UI claimants' Ratio of High Quarter Wage to Base Year Wage is a continuous variable that measures the relationship between the UI claimants' High Quarter Pay Wage during the Base Period and the UI claimants' Base Year Pay. The Ratio of High Quarter to Base Year Wage is calculated by dividing the UI claimants' High Quarter Pay Wage divided by the UI claimants' Base Year Pay.

Testing for Interactions

The independent variables will be tested for possible interactions in this study in order to see if any of the interactions increases the power of UI benefits exhaustion predictability in the Logistic Regression Model. Some of the independent variables that are combined in order to test for possible interactions include:

1) Wage Replacement Rate – Ratio of High Quarter to Base Year Wage
2) Wage Replacement Rate – Years of Education
3) Wage Replacement Rate – Duration of UI benefits
4) Ratio of High Quarter to Base Year Wage – Number of Base Period employers

Chapter 4

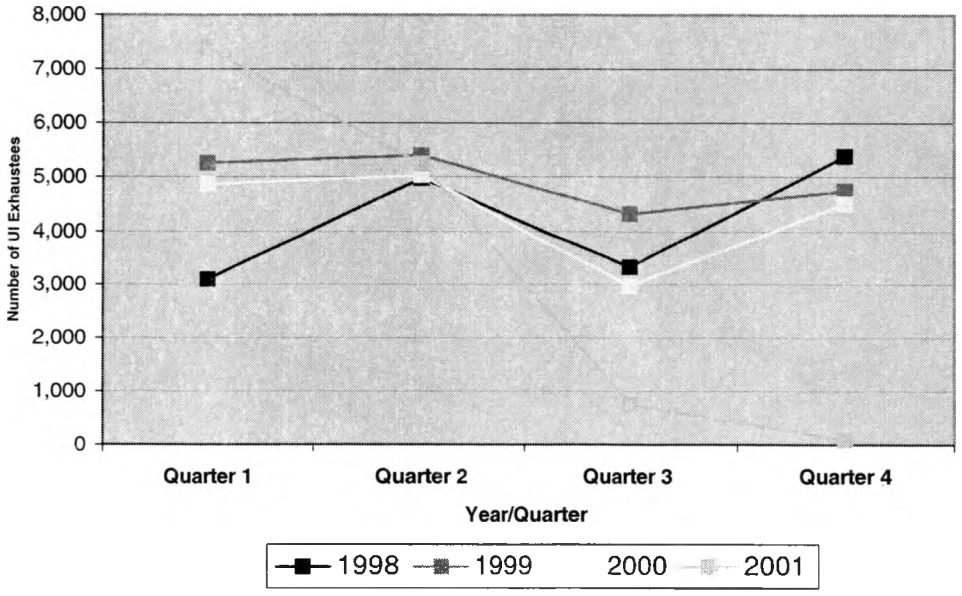
RESULTS

Descriptive Analyses of the Number of Unemployment Insurance Exhaustees

Number of Claimants that Exhausted their UI Benefits Due to Company Mass Layoffs or Plant Closures in the State of Texas

The number of claimants by year/quarter that exhausted their UI benefits due to company mass layoffs or plant closures for the State of Texas from the years 1998 to 2001 is shown in Figure 1.

Figure 1. Number of Claimants in Texas that Exhausted their UI Benefits Due to Company Mass Layoffs or Plant Closures in the State of Texas



The number and percentage of claimants that exhausted their UI benefits due to company mass layoffs or plant closures measuring the annual totals for UI benefit exhaustees for the years 1998 to 2001 in the State of Texas is shown in Table 2.

Table 2. The Percentage of Claimants that Exhausted their UI Benefits Due to Company Mass Layoffs or Plant Closures in the State of Texas

(Yearly Comparisons)

Year	1998	1999	2000	2001
Number of Exhaustees	16,767	19,710	17,355	13,475
Number of Claimants	85,633	92,438	77,346	108,030
%	20%	21%	22%	12%

The percentage of mass layoff or plant closure claimants that exhausted their UI benefits due to company mass layoffs or plant closures measuring the year/quarter totals of UI benefit exhaustees for the years 1998 to 2001 in the State of Texas is shown in Table 3.

Table 3. Percentage of Claimants in Texas Exhausting their Unemployment Insurance Benefits Derived from Claimants who were involved in Company Mass Layoffs or Plant Closures

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1998	22.5%	17.2%	21.7%	19.5%
1999	22.8%	20.4%	20.8%	21.4%
2000	26.9%	20.4%	19.2%	23.4%
2001	23.8%	17.8%	3.0%	0.4%

The figures were derived from the Windows Based Mass Layoff System (WinMLS) version 2002.1 and the Texas Longitudinal Linked Database (LLD) Version 2.2.

The year 1999 had the highest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures with a total of 19,710 UI exhaustees. This constituted 21% of the total number of claimants that lost their jobs due to company mass layoffs or plant closures for the year 1999. The year 2000 had the second highest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures with a total of 17,355 UI exhaustees. This constituted 22% of the total number of claimants that lost their jobs due to company mass layoffs or plant closures for the year 2000. The year 1998 had the third highest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures with a total of 16,767 UI exhaustees. This constituted 20% of the total number of claimants that lost their jobs due to company mass layoffs or plant closures for the year 1998. The Year 2001 had the lowest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures with a total of 13,475 UI exhaustees. This constituted 12% of the total number of claimants that lost their jobs due to company mass layoffs or plant closures for the year 2001. See Table 2.

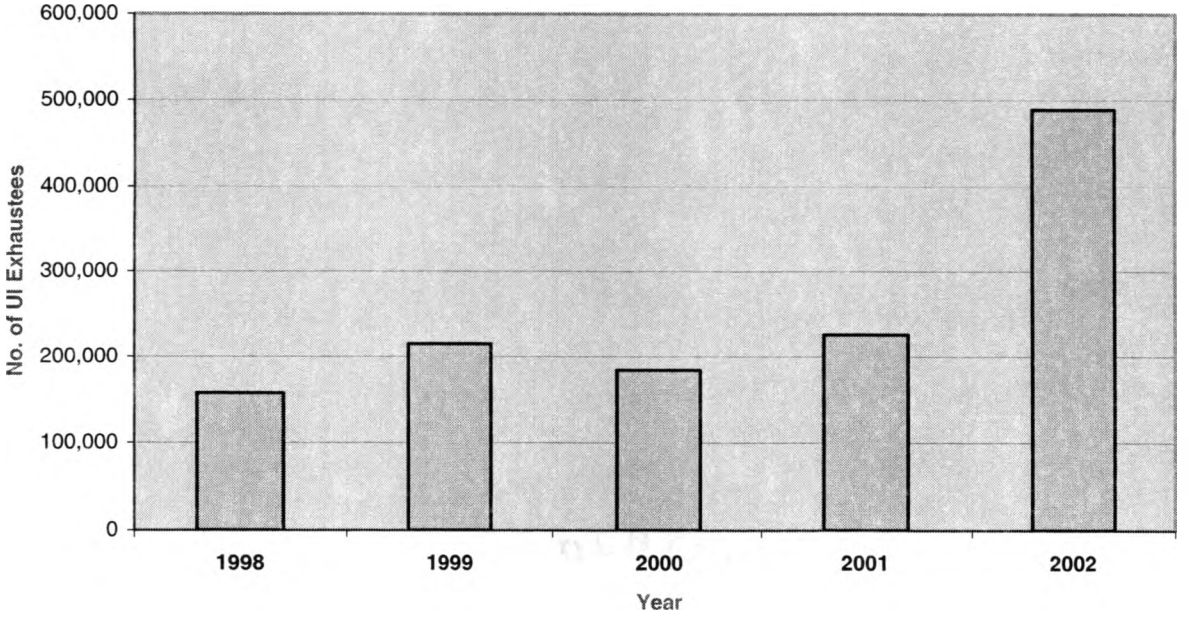
The 1st Quarter of 2001 was the Year/Quarter with the highest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures in the State of Texas with a total of 7,388 UI exhaustees. This constituted 23.8% of the total number of claimants that lost their jobs due to company mass layoffs or plant closures for the 1st Quarter of 2001. The 4th Quarter of 2001 was the Year/Quarter with the lowest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures in the State of Texas with a total of 96 UI exhaustees. This constituted .4% of the total number of claimants that lost their jobs due to company mass layoffs or plant closures for the 4th Quarter of 2001. See Figure 1 and Table 3.

The Year 2001 that showed the lowest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures appears to not follow the trends of a continually increasing growth of UI exhaustees from the year 2001 to 2002 as described by Primus, W. and Goldberg, J. (2002). The statistics do show that the 1st Quarter 2001 was the year/quarter with the highest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures in the State of Texas. However, the statistcs also show the 4th Quarter 2001 as having the lowest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures in the State of Texas.

Total Number of Claimants in Texas that Exhausted their UI Benefits

The total number of claimants that exhausted their UI benefits measuring the annual total of UI benefits exhaustees for the years 1998 to 2002 in the State of Texas is shown in Figure 2.

Figure 2. Number of Claimants that Exhausted their UI Benefits in the State of Texas (1998 - 2002 Yearly Comparisons)



The percentage of claimants that exhausted their UI benefits measuring the annual total of UI benefit exhaustees for the years 1998 to 2002 in the State of Texas is shown in Table 4.

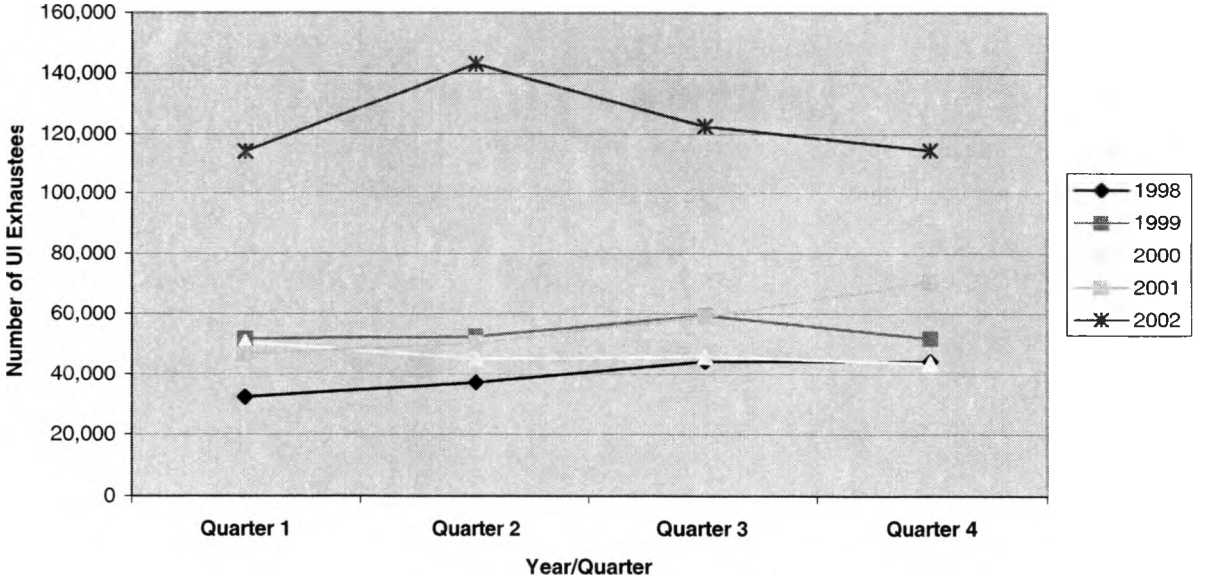
Table 4. The Percentage of Claimants that Exhausted their UI Benefits in the State of Texas

(Yearly Comparisons)

Year	1998	1999	2000	2001	2002
Number of Exhaustees	157,333	214,946	184,119	225,689	488,664
Number of Claimants	734,508	772,785	719,685	981,051	1,111,397
%	**21%**	**28%**	**26%**	**23%**	**44%**

The total number of claimants measured on a year/quarter basis that exhausted their UI benefits in the State of Texas is shown in Figure 3.

Figure 3. Number of Claimants in Texas Exhausting their UI Benefits (1998 - 2002) Year/Quarter Comparisons



The percentage of claimants that exhausted their UI benefits measuring the year/quarter totals of UI benefits exhaustees for the years 1998 to 2002 in the State of Texas is shown in Table 5.

Table 5. The Percentage of Claimants in Texas that Exhausted their UI Benefits (Year/Quarter Comparisons)

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1998	18.3%	21.7%	25.3%	20.6%
1999	25.4%	26.4%	33.0%	26.9%
2000	28.8%	25.6%	26.5%	21.9%
2001	22.1%	21.3%	24.8%	23.5%
2002	43.7%	49.1%	44.4%	40.5%

The figures were derived from the Texas Workforce Commission (TWC) Texas Unemployment Insurance (UI) Database. See Appendix B to view how the data were extracted from the TWC Texas UI Database.

The year 2002 had the highest number of claimants who exhausted their UI benefits with a total of 494,042 UI exhaustees. That constituted 44% of the total number of UI claimants for the year 2002. The findings in the year 2002 that show the highest number of claimants that exhausted their UI benefits when comparing the years 1998 to 2002 supports the finding of Primus, W. and Goldberg, J. (2002) about the alarming growth of UI exhaustees in the beginning of the year 2002. The year 2001 had the second highest number with 225,689 UI exhaustees. That constituted 23% of the total number of UI claimants for the year 2001. The year 1999 had the third highest number with 214,946 UI exhaustees. That constituted 28% of the total number of UI claimants for the year 1999. The year 2000 had the fourth highest number with 184,119 UI exhaustees. That constituted 26% of the total number of UI claimants for the year 2000. The year 1998

had the fifth highest number with 157,333 UI exhaustees. That constituted 21% of the total number of claimants that lost their jobs for the year 2000. See Figure 2 and Table 4.

The 2nd quarter of 2002 was the Year/Quarter with the highest number of claimants in the State of Texas that exhausted their UI benefits with a total of 143,099 UI exhaustees. That constituted 49.1% of the claimants for the 2nd quarter of 2002. The 1st Quarter of 1998 was the Year/Quarter with the lowest number of claimants in the State of Texas that exhausted their UI benefits with a total of 32,285 UI exhaustees. That constituted 18.3% of the claimants for the 1st Quarter of 1998. See Figure 3 and Table 5.

Summary of Notable Findings from Descriptive Analyses

The total number of UI claimants that exhausted their UI benefits in the State of Texas showed a general increase from the years 1998 to 2001. However, from the years 2001 to 2002, the number of UI claimants that exhausted their UI benefits more than doubled. The sharp increase in the number of UI exhaustees from the years 2001 to 2002 supported the findings of Primus, W. and Goldberg, J. (2002) when they described about the alarming growth of UI exhaustees from September 11, 2001 to January 2002. In contrast, the number of UI claimants that exhausted their UI benefits due to company mass layoffs or plant closures in the State of Texas showed a decline from 1999 to 2001. Although the 1st Quarter 2001 was the year/quarter with the highest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures, the findings also showed that the 4th Quarter 2001 was the year/quarter with the lowest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures. This decline in UI benefits exhaustion does not follow the pattern of an increasing growth in the number of UI exhaustees during the decade of the 1990s as described by Needels,

K., Corson, W., and Nicholson, W. (2001) nor does it follow the pattern of the alarming growth of UI exhaustees from September 11, 2001 to January 2002 as described by Primus, W. and Goldberg, J (2002).

Determining Predictor Variables that Influence a UI Claimant to Become a UI Benefit Exhaustee

A forward stepwise (Likelihood Ratio) logistic regression was run using the SPSS 11.5 to determine if any of the independent variables was predictive of the dependent variable UI benefits exhaustion. The sample analyzed included 68 unemployment insurance claimants who exhausted their UI benefits and 68 unemployment insurance claimants who did not exhaust their UI benefits for a total of 136 UI claimants. When the 17 variables were analyzed, the only independent variables that were predictive of UI benefits exhaustion were the variables Wage Replacement Rate ($p<.01$) and Years of Education ($p<.05$). Those two variables were selected to this model after the second step of the forward stepwise (Likelihood Ratio) logistic regression was run. The logistic regression model had an overall predictive value of 58.8% because it was able to correctly predict 63.2% of the UI non-exhaustee sample and 54.4% of the UI exhaustee sample (See Table 6).

Table 6. Logistic Regression Classification Table

Observed			Predicted		
			Exhaustee		Percentage Correct
			0	1	
Step 1	Exhaustee	0	43	25	63.2
		1	30	38	55.9
	Overall Percentage				59.6
Step 2	Exhaustee	0	43	25	63.2
		1	31	37	54.4
	Overall Percentage				58.8

a The cut value is .500

Table 7 shows the independent variables Wage Replacement Rate and Years of Education selected for the logistic regression model after the second step of the forward stepwise (Likelihood Ratio) logistic regression was run.

Table 7. Variables Selected for the Logistic Regression Model

		B	S.E.	Wald	df	Sig.
Step 1(a)	WAGE_REP	2.166	.786	7.600	1	.006
	Constant	-1.265	.487	6.748	1	.009
Step 2(b)	EDUCATIO	.166	.071	5.393	1	.020
	WAGE_REP	2.959	.915	10.461	1	.001
	Constant	-3.685	1.182	9.727	1	.002

a Variable(s) entered on step 1: WAGE_REP.
b Variable(s) entered on step 2: EDUCATIO.

p<.05 for statistical significance

Afterwards, the Ominbus Tests of Model Coefficients was run to test the significance of the logistic regression model containing the variables Wage Replacement Rate and Years of Education. The results show that the logistic regression model was significant (Chi-Square = 14.718, df=2, p<.01).

The independent variable Years of Education was found to be one of the predictive factors for the dependent variable UI benefits exhaustion after the second step of the forward stepwise (Likelihood Ratio) logistic regression was run. The independent variable Education was one of the 5 variables that was originally tested and used in the National and Maryland State DOL Models as described by Schlauch, K. & Puglisi, M. (1997). However, the variable Years of Education was tested as a continuous variable in this study instead of as a binary variable that was used in the National and Maryland State DOL Models studies. The findings also indicated that the variable Years of Education showed a positive relationship with the dependent variable UI benefits exhaustion. This finding contradicted many of the results from states that show an inverse relationship between years of education and UI benefits exhaustion.

The independent variable Wage Replacement Rate was found to be another predictive factor for the dependent variable UI benefits exhaustion after the second step of the forward stepwise (Likelihood Ratio) logistic regression was run. According to Schlauch, K. & Puglisi, M. (1997), the variable Wage Replacement Rate was one of the factors tested as additional independent variables to be added to the National and Maryland State DOL Models in a survey of 13 states that were contacted by the Unemployment Insurance Service Technical Assistance Team (UIS TAT). The variable Wage Replacement Rate in this study showed a positive relationship with the dependent variable UI benefits exhaustion. The positive coefficient of the Wage Replacement Rate variable in this study was consistent with the results of several states that also showed the Wage Replacement Rate variable as having a positive correlation with the dependent variable UI benefits exhaustion.

In order to answer the question, "Who are the UI claimants that are most likely to exhaust their UI benefits?", one can apply the following formula:

$$\Pr obUI = \frac{1}{1+e^{-z}}$$

z = - 3.685 + 2.959 (Wage Replacement Rate) + .166 (Years of Education)

This equation indicates that UI claimants with a higher wage replacement rate on their base period wages and have more years of education have an increased probability of exhausting their UI benefits when compared to UI claimants with a lower wage replacement rate on their base period wages and have less years of education. For example UI claimants with 15 years of education and a 1.40 wage replacement rate have a 95% probability of exhausting their UI benefits. In comparison, UI claimants with 7 years of education and a .08 wage replacement rate have only a 9% probability of exhausting their UI benefits. UI claimants who have 12 years of education and a .57 wage replacement rate show a 50% probability of exhausting their UI benefits. See Table 8 for examples of selected cases of UI claimants in this study and their probability of exhausting their UI benefits based upon their wage replacement rate and years of education.

Table 8. UI Claimants' UI Exhaustee Status and their Probability of Exhausting their UI Benefits
Examining the Factors - Years of Education and Wage Replacement Rate

Years of Education	Wage Replacement Rate	Exhaustee/ Non-Exhaustee Status	Probability of UI Benefts Exhaustion
1	0.90	0 = Non-Exhaustee	30%
2	0.91	0 = Non-Exhaustee	34%
3	0.99	1 = Exhaustee	44%
4	0.56	0 = Non-Exhaustee	20%
5	0.57	0 = Non-Exhaustee	24%
6	0.51	0 = Non-Exhaustee	24%
6	1.83	1 = Exhaustee	94%
6	0.97	1 = Exhaustee	54%
7	0.08	0 = Non-Exhaustee	9%
7	0.73	0 = Non-Exhaustee	41%
8	0.53	0 = Non-Exhaustee	31%
8	0.71	1 = Exhaustee	44%
9	0.43	1 = Exhaustee	29%
9	0.67	1 = Exhaustee	45%
9	0.69	1 = Exhaustee	46%
10	0.57	0 = Non-Exhaustee	42%
10	0.73	0 = Non-Exhaustee	53%
11	0.36	0 = Non-Exhaustee	31%
11	0.72	1 = Exhaustee	57%
11	1.23	1 = Exhaustee	86%
12	0.09	0 = Non-Exhaustee	19%
12	0.57	1 = Exhaustee	50%
12	1.00	1 = Exhaustee	78%
12	1.17	1 = Exhaustee	85%
12	1.24	1 = Exhaustee	88%
13	0.29	0 = Non-Exhaustee	34%
13	0.67	1 = Exhaustee	61%
14	0.12	1 = Exhaustee	27%
14	0.53	1 = Exhaustee	55%
14	0.86	1 = Exhaustee	77%
15	1.40	1 = Exhaustee	95%
16	0.14	1 = Exhaustee	29%
16	0.56	0 = Non-Exhaustee	65%
16	0.82	1 = Exhaustee	80%
17	0.26	0 = Non-Exhaustee	48%
17	0.31	1 = Exhaustee	52%
18	0.23	1 = Exhaustee	50%
18	0.30	0 = Non-Exhaustee	55%

As can be seen from Table 8, the logistic regression model can only partially predict the UI claimants who are likely to exhaust their UI benefits but not fully predict the outcomes. For example, the logistic regression model predicted that there was a 95% probability that a UI claimant with 15 years of education and a 1.40 wage replacement rate would exhaust his/her benefits. In this study, the UI claimant with 15 years of education and a 1.40 wage replacement rate did exhaust his/her UI benefits as signified by "1=Exhaustee" in the Exhaustee/Non-Exhaustee Status column in Table 8. Because

the model predicted that there was greater than a 50% probability of UI benefits exhaustion for the claimant in this example, it can be said that the model predicted correctly when the claimant in this example exhausted his/her UI benefits. In contrast, the logistic regression model incorrectly predicted that there was only a 27% probability that a UI claimant with 14 years of education and a .12 wage replacement rate would exhaust his/her benefits. In this study, the UI claimant with 14 years of education and a .12 wage replacement rate did exhaust his/her benefits as signified by "1=Exhaustee" in the Exhaustee/Non-Exhaustee Status column in Table 8. Because the model predicted that there was less than a 50% probability of UI benefits exhaustion for the claimant in this example, it can be said that the model predicted incorrectly when the claimant in this example exhausted his/her UI benefits. Overall this model correctly predicted the exhaustee/non-exhaustee status of 58.8% of the UI claimants in this study.

From observing Table 8 , there also appears to be an interaction between the two variables Wage Replacement Rate and Years of Education. A UI claimant with a high wage replacement rate and less years of education has a lower probability of UI benefits exhaustion than a UI claimant with a high wage replacement rate and more years of education. For example a UI claimant with a wage replacement rate of .73 with 7 years of education has a 41% probability of exhausting his/her UI benefits whereas a UI claimant with a wage replacement rate of .73 with 10 years of education has a 53% probability of exhausting his/her UI benefits. In the same way, a UI claimant with more years of education and a low wage replacement rate has a lower probability of UI benefits exhaustion than a UI claimant with more years of education and a high wage replacement rate. For example a UI claimant with 16 years of education with a .14 wage replacement

rate has a 29% probability of exhausting his/her UI benefits whereas a UI claimant with 16 years of education with a .82 wage replacement rate has an 80% probability of exhausting his/her UI benefits. In order to examine for possible interaction effects among the independent variables in this study, the forward stepwise (Likelihood Ratio) logistic regression was run again with 4 newly added interaction variables to be examined. The new total number of independent variables to be tested comes up to 21. The 4 newly added interaction variables include:

1) Wage Replacement Rate _ Ratio of High Quarter to Base Year Wage
2) Wage Replacement Rate _ Years of Education
3) Wage Replacement Rate _ Duration of UI benefits
4) Ratio of High Quarter to Base Year Wage _ Number of Base Period employers

When the 21 variables were analyzed, the independent variable that was predictive of UI benefits exhaustion was the interaction variable Wage Replacement Rate _Years of Education ($p<.01$). Table 9 shows the Wage Replacement Rate _ Years of Education interaction variable selected for the logistic regression model after the forward stepwise (Likelihood Ratio) logistic regression was run.

Table 9. Variables Selected for the Logistic Regression Model when Interaction Variables were Tested

		B	S.E.	Wald	df	Sig.
Step 1(a)	REPXEDUC	.211	.068	9.733	1	.002
	Constant	-1.401	.477	8.619	1	.003

a Variable(s) entered on step 1: REPXEDUC.

$p<.05$ for statistical significance

Afterwards, the binary logistic regression analysis utilizing the Enter Method was run using the 3 independent variables that included the Wage Replacement Rate, Years of Education, and Wage Replacement Rate_Years of Education interaction. The analysis was done in order to create a new model that included the interaction variable Wage Replacement Rate_Years of Education. Table 10 shows the results of the analysis.

Table 10. Independent Variables Entered into the Binary Logistic Regression Analysis

		B	S.E.	Wald	df	Sig.
Step 1(a)	WAGE_REP	6.454	3.427	3.547	1	.060
	EDUCATIO	.350	.187	3.489	1	.062
	REPXEDUC	-.282	.262	1.166	1	.280
	Constant	-6.023	2.530	5.666	1	.017

a Variable(s) entered on step 1: WAGE_REP, EDUCATIO, REPXEDUC.

P<.05 for statistical significance

This logistic regression model had an overall predictive value of 61% because it was able to correctly predict 63.2% of the UI non-exhaustee sample and 58.8% of the UI exhaustee sample (See Table 11).

Table 11. Logistic Regression Classification Table when Interaction Variables were Included

Observed			Predicted		
			Exhaustee		Percentage Correct
			0	1	
Step 1	Exhaustee	0	43	25	63.2
		1	28	40	58.8
	Overall Percentage				61.0

a The cut value is .500

Afterwards, the Ominbus Tests of Model Coefficients was run to test the significance of the logistic regression model containing the independent variables Wage Replacement Rate, Years of Education, and Wage Replacement Rate_Years of Education interaction. The results show that the logistic regression model was significant (Chi-Square = 15.952, df=3, $p<.01$).

Going back to the question, "Who are the UI claimants who are most likely to exhaust their UI benefits?", it would be necessary to once again apply the following formula:

$$\Pr obUI = \frac{1}{1+e^{-z}}$$

z = -6.023 + 6.454 (Wage Replacement Rate) + .350 (Years of Education) - .282 (Wage Replacement Rate_Years of Education Interaction)

This equation indicates that UI claimants with a combination of more years of education and high wage replacement rates would have the highest probability of UI benefits exhaustion. The UI claimants with a combination of more years of education and low wage replacement rates, or less years of education and high wage replacement rates would have the 2nd highest probability of UI benefits exhaustion. The UI claimants with a combination of less years of education and low wage replacement rates would have the lowest probability of UI benefits exhaustion. Table 12 shows examples of selected cases of UI claimants in this study and their probability of exhausting their UI benefits based upon the UI claimants' Wage Replacement Rate (WRR), Years of Education (YE), and the interaction of of the UI claimants' Wage Replacement Rate (WRR) _Years of Education (YE) factor. The value of the Interaction for each UI claimant in Table 12 is

the product of the UI claimant's Wage Replacement Rate (WRR) and Years of Education (YE) factors.

Table 12. UI Claimants' UI Exhaustee Status and their Probability of Exhausting their UI Benefits
Examining the Factors - Years of Education and Wage Replacement Rate and their Interactions

Years of Education	Wage Replacement Rate	Exhaustee/ Non-Exhaustee Status	WRR_YE Interaction	Probability of UI Benefits Exhaustion
1	0 90	0 = Non-Exhaustee	0.90	47%
2	0.91	0 = Non-Exhaustee	1.82	51%
3	0 99	1 = Exhaustee	2.97	64%
4	0.56	0 = Non-Exhaustee	2.24	16%
5	0.57	0 = Non-Exhaustee	2.85	20%
6	0 97	1= Exhaustee	5.82	67%
6	1.83	1 = Exhaustee	10.98	99%
7	0.08	0 = Non-Exhaustee	0.56	4%
7	0.73	0 = Non-Exhaustee	5.11	42%
8	0 71	1 = Exhaustee	5.68	44%
9	0.52	0 = Non-Exhaustee	4.68	30%
9	0.67	1 = Exhaustee	6.03	44%
10	0.57	0 = Non-Exhaustee	5.70	13%
11	0.54	0 = Non-Exhaustee	5.94	41%
11	1.23	1 = Exhaustee	13 53	88%
12	0.20	0 = Non-Exhaustee	2 40	23%
12	1.00	1 = Exhaustee	12.00	78%
13	0.67	1 = Exhaustee	8.71	60%
14	0 12	1 = Exhaustee	1.68	31%
14	0.86	1 = Exhaustee	12.04	74%
15	1.40	1 = Exhaustee	21.00	91%
16	0 14	1 = Exhaustee	2.24	46%
16	0.82	1 = Exhaustee	13.12	76%
17	0.26	0 = Non-Exhaustee	4.42	41%
18	0.23	1 = Exhaustee	4.14	64%

Similar to the logistic regression model containing the independent variables Wage Replacement Rate and Years of Education, the model containing the independent variables Wage Replacement Rate, Years of Education, and Wage Replacement Rate_Years of Education interaction can only partially predict the UI claimants who are likely to exhaust their UI benefits but not fully predict the outcomes. For example, the logistic regression model predicted that there was a 76% probability that a UI claimant with a combination of 16 years of education and a wage replacement rate of .82 would exhaust his/her UI benefits. In this study, the UI claimant with a combination of 16 years of education and a wage replacement rate of .82 did exhaust his/her UI benefits as signified by "1=Exhaustee" in the Exhaustee/Non-Exhaustee Status column in Table 11.

Because the model predicted that there was greater than a 50% probability of UI benefits exhaustion for the claimant in this example, it can be said that the model predicted correctly when the claimant in this example exhausted his/her UI benefits. In contrast, the logistic regression model incorrectly predicted that there was only a 31% probability that a UI claimant with a combination of 14 years of education and a wage replacement rate of .12 would exhaust his/her UI benefits. In this study, the UI claimant with a combination of 14 years of education and a wage replacement rate of .12 did exhaust his/her benefits as signified by "1=Exhaustee" in the Exhaustee/Non-Exhaustee Status column in Table 11. Because the model predicted that there was less than a 50% probability of UI benefits exhaustion for the claimant in this example, it can be said that the model predicted incorrectly when the claimant in this example exhausted his/her UI benefits. This model correctly predicted the exhaustee/non-exhaustee status of 61% of the UI claimants in this study. The model containing the independent variables Wage Replacement Rate, Years of Education, and the Wage Replacement Rate_Years of Education interaction had a slightly higher degree of UI exhaustee/non-exhaustee predictability (61%) when compared to the model containing the independent variables Wage Replacement Rate and Years of Education (58.8%).

Overall, the results of this study show that the independent variables Wage Replacement Rate and Years of Education are significant predictors of UI claimants who are likely to exhaust their UI benefits. When combining these two variables as an interaction, the newly formed interaction variable slightly increases the forecasting power of the logistic regression model to predict UI claimants that are most likely to exhaust their UI benefits. However, it is to be noted that these two variables do not fully predict

the UI claimants who are likely to exhaust their Unemployment Insurance benefits. With an increased sample size, other variables could emerge as significant predictors of UI claimants who will likely exhaust their Unemployment Insurance benefits. Also with a larger sample size, the question, "Who are the UI claimants who are most likely to exhaust their UI benefits?" can be better explored.

Here are the results of the study conducted to find out the factors or characteristics that might influence a UI benefits claimant to become a UI benefits exhaustee. The findings from this logistic regression model do not include the interaction variables that were tested. Significant factors have a value of $p<.05$.

1) There is not a significant relationship between dislocated workers coming from companies with mass layoffs or plant closures and UI benefits exhaustion.
2) There is a significant relationship between the UI claimants' years of education and UI benefits exhaustion ($p<.05$).
3) There is not a significant relationship between the UI claimants' previous Average Quarterly Wage and UI benefits exhaustion.
4) There is not a signficant relationship between the UI claimants' previous Base Year Wage and UI benefits exhaustion.
5) There is not a significant relationship between the Manufacturing/Services industry and UI benefits exhaustion.
6) There is not a significant relationship between the levels of unemployment rate and UI benefits exhaustion.
7) There is not a significant relationship between the UI claimants' UI benefits duration and UI benefits exhaustion.

8) There is not a significant relationship between the UI claimants' previous amount of job experience and UI benefits exhaustion.

9) There is not a significant relationship between the UI claimants' UI Weekly Benefit Amount and UI benefits exhaustion.

10) There is not a significant relationship between the UI claimants' age and UI benefits exhaustion.

11) There is not a significant relationship between the UI claimants' sex and UI benefits exhaustion.

12) There is not a significant relationship between the independent variable Hispanic Race/Ethnic group and UI benefits exhaustion.

13) There is not a significant relationship between the independent variable UI claimants' veteran status and UI benefits exhaustion.

14) There is not a significant relationship between the independent variable UI Claimants' US Citizenship status and UI benefits exhaustion.

15) There is not a significant relationship between the independent variable UI claimants' previous number of Base Period Employers and UI benefits exhaustion.

16) There is a significant relationship between the UI claimants' Wage Replacement Rate and UI benefits exhaustion ($p<.01$).

17) There is a not a significant relationship between the UI claimants' Ratio of High Quarter to Base Year Wage and UI benefits exhaustion.

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4) There is not a signficant relationship between the UI claimants' previous Base Year Wage and UI benefits exhaustion.
5) There is not a significant relationship between the Manufacturing/Services industry and UI benefits exhaustion.
6) There is not a significant relationship between the levels of unemployment rate and UI benefits exhaustion.
7) There is not a significant relationship between the UI claimants' UI benefits duration and UI benefits exhaustion.
8) There is not a significant relationship between the UI claimants' previous amount of job experience and UI benefits exhaustion.
9) There is not a significant relationship between the UI claimants' UI Weekly Benefit Amount and UI benefits exhaustion.
10) There is not a significant relationship between the UI claimants' age and UI benefits exhaustion.

11) There is not a significant relationship between the UI claimants' sex and UI benefits exhaustion.

12) There is not a significant relationship between the independent variable Hispanic Race/Ethnic group and UI benefits exhaustion.

13) There is not a significant relationship between the independent variable UI claimants' veteran status and UI benefits exhaustion.

14) There is not a significant relationship between the independent variable UI Claimants' US Citizenship status and UI benefits exhaustion.

15) There is not a significant relationship between the independent variable UI claimants' previous number of Base Period Employers and UI benefits exhaustion.

16) There is a significant relationship between the UI claimants' Wage Replacement Rate and UI benefits exhaustion ($p<.01$).

17) There is a not a significant relationship between the UI claimants' Ratio of High Quarter to Base Year Wage and UI benefits exhaustion.

18) There is not a significant relationship between the UI claimants' Wage Replacement Rate – Ratio of High Quarter to Base Year Wage interaction factor and UI benefits exhaustion.

19) There is a significant relationship between the UI claimants' Wage Replacement Rate – Years of Education interaction factor and UI benefits exhaustion ($p<.01$).

20) There is not a significant relationship between the UI claimants' Wage Replacement Rate – Duration of UI benefits interaction factor and UI benefits exhaustion.

21) There is not a significant relationship between the UI claimants' Ratio of High Quarter to Base Year Wage – Number of Base Period employers interaction factor and UI benefits exhaustion.

Chapter 5

DISCUSSION

Study Limitations

Limitations of this study included having small sample sizes for both the UI exhaustee group and the UI non-exhaustee group. There were over 700,000 UI exhaustee claimants and over 2,000,000 UI non-exhaustee claimants in the State of Texas between the years 1998 to 2001 for a total of over 2,700,000 UI claimants covering the years 1998 to 2001. Having 68 UI exhaustee claimants and 68 UI non-exhaustee claimants in the study for a total of 136 UI claimants are very small sample sizes compared to the total number of UI claimants found between the Years 1998 to 2001.

The second limitation is that the study does not make a distinction between claimants who almost exhausted their UI benefits and claimants who came nowhere near exhausting their UI benefits. The study does not make a distinction among claimants who do not exhaust their UI benefits even though there are undoubtedly individual differences in reemployability skills among the UI benefits non-exhaustees.

The third limitation is that the number of possible factors that may lead a UI benefit claimant to exhaust his/her benefits is very great. The number of variables tested in this study to predict UI benefit exhaustees may not be sufficient to tell the full story.

The fourth limitation is that there were UI benefit exhaustees in this study that had earned partial wages while collecting UI benefits. This means that the claimants who were partial wage earners in this study were not totally jobless. The target group for the WPRS initiative focuses on claimants who exhausted their UI benefits and have difficulty finding another job. This study contain some claimants who worked and earned wages while collecting their UI benefits; although the wages earned were deemed insufficient to maintain purchasing power.

The fifth limitation is that key influences on UI benefit exhaustion, such as motivation and networking skills are not quantifiable. These factors would affect whether or not a claimant will exhaust his/her benefits but can neither be captured or factored into a model.

The sixth limitation is that factors driven primarily by the dominant labor markets were not factored out and could have exerted an influence on the outcome of this study. This is the case because there were higher numbers of UI exhaustees from bigger counties than there were UI exhaustees from smaller counties represented in the study sample.

Findings in Relation to Previous Studies

The results of this study showing a generally increasing number of UI claimants in the State of Texas that exhausted their UI benefits from the Years 1998 to 2001 is consistent with the findings of Needels, K., Corson, W., and Nicholson, W. (2001) that reported a growing number of UI exhaustees in the 1990s. Also the large increase in the number of UI exhaustees in the State of Texas from the years 2001 to 2002 supported the findings of Primus, W. and Goldberg, J. (2002) when they described about the alarming growth of UI exhaustees from September 11, 2001 to January 2002. However, when looking at the

population of UI claimants who exhausted their UI benefits due to mass layoffs or plant closures, it showed that the year 2001 had the lowest number of claimants that exhausted their UI benefits. The results showed that the 1st Quarter 2001 was the year/quarter with the highest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures in the State of Texas. However, the findings also showed that the 4th Quarter 2001 had the lowest number of claimants that exhausted their UI benefits due to mass layoffs or plant closures in the State of Texas. This does not follow the pattern of a continually increasing of growth of UI exhaustees during the decade of the 1990s as described by Needels, K., Corson, W., and Nicholson, W. (2001) nor does it follow the pattern of an alarming growth of UI exhaustees from September 11, 2001 to January 2002 as described by Primus, W. and Goldberg, J. (2002). It may be that UI claimants who lost their jobs due to company mass layoffs or plant closures in the latter parts of 2001 had been receiving increased attention and reemployment assistance from the Dislocated Worker Employment services due to widespread news about increased company mass layoffs or plant closures during the brief 2001 recessionary period. As a result those workers who were laid off from their jobs due to mass layoffs or plant closures may have developed more skills to find another job due to the assistance of the Dislocated Worker Employment services. Consequently, this may have contributed to the decreasing number of UI benefits exhaustees among the UI claimants that lost their jobs due to mass layoffs or plant closures in the Year 2001.

The findings of the Wage Replacement Rate as a statistically significant predictor of UI benefits exhaustion in this study supports the assertion from Schlauch, K. & Puglisi, M.(1997) that "the wage replacement rate has efficiently identified potential exhaustees

in several states regardless of dominant industries or employment climates". The state of Texas has many UI claimant exhaustees from different regions of the State. This creates a situation in which there are many variety of reasons UI claimants exhaust their UI benefits due to the wide variations of the regional labor markets. Similar to the findings of Schlauch, K. & Puglisi, M. (1997), the Wage Replacement Rate variable in this study was found to be able to successfully predict UI benefits exhaustees in the State of Texas despite the wide variety of different regional labor markets in Texas.

The finding in this study that showed Years of Education as a direct predictor of increased UI benefit exhaustion is contrary to many findings among the States that indicated an inverse relationship between Years of Education and UI benefit exhaustion. As a dislocated worker that claims unemployment insurance has more years of education, it is commonly thought that his/her chances of finding another job would increase due to his/her increased job skills marketability coming from the dislocated worker's increased education. Therefore as a result, the common finding would be that the dislocated worker's probability of UI benefits exhaustion would decrease as his/her years of education increases.

Why is there a contrary finding in this study which showed that more years of education would increase the probability of UI benefits exhaustion? One possibility could be that dislocated workers with more years of education have previously worked in jobs requiring higher levels of skills. With the country going through an economic recession for most of the year 2001 and possibly a double dipped recession for the year 2002, many of the higher skilled jobs such as in the high technology fields were cut due to excessive company costs. As a result, many of the workers with higher skilled jobs

were laid off. Employers are often in a no win situation because they cannot afford to keep the most highly paid and productive workers so consequently the employers often cut their jobs. However, when the employers cut the jobs of their most expensive and productive workers, the company's job production decreases causing them to incur even more financial difficulties. Many of these highly skilled dislocated workers may have received unemployment insurance and would not accept other jobs below their skill levels. Instead they may have preferred to wait until other jobs come along that matches their education and skill level qualifications. The jobs that the higher educated and higher skilled dislocated workers were seeking may not have come back and consequently, the more highly skilled and highly educated dislocated workers may have exhausted their UI benefits due to waiting for jobs that did not materialize. On the other hand, dislocated workers that have less years of education may be less selective in taking the first job that comes along. Therefore as a result, dislocated workers with less education and skills may find reemployment more quickly than those dislocated workers with higher education and skills. Consequently, the UI claimants with less education and skills could have lower rates of UI benefits exhaustion than the UI claimants with higher education and skills. Schlauch, K. & Puglisi, M. (1997) described the need to view the relationship between education and UI benefits exhaustion as "sensitive to both the types of industries that drive primary local labor markets and to the demographic composition of the workforce". Apparently the impact of education differs for UI claimants depending upon the type of workers in the workforce and the demands of the local labor markets.

Conclusion

The growing population of workers losing their jobs and being unable to find reemployment has become an increasingly large problem in the past decade. Many of these workers had received Unemployment Insurance (UI) benefits and continued receiving their UI benefits until their benefit entitlements were exhausted. This situation creates problems for the unemployed workers not able to find reemployment, for employers, and for society as a whole. Unemployed workers not able to find reemployment lose a great deal of purchasing power that is necessary for them to have in order to maintain financial sufficiency. Unemployed workers not able to find reemployment could also create difficulties on employers in terms of higher UI tax rates. Finally, unemployed workers not able to find reemployment may also put a burden on society in the form of higher taxes. The increased tax revenues would be necessary in order to cover the rising cost of running the welfare system due to the increased number of workers not able to find reemployment.

The process of predicting UI exhaustees is an attempt to target a group of unemployed workers on Unemployment Insurance that are likely to have difficulties finding reemployment. Once this group is targeted, reemployment services can be provided to help these group of workers to rejoin the workforce before they exhaust their UI benefits.

Although the logistic regression model in this study that attempts to predict UI exhaustees is simplistic, it can be a starting point for more indepth research in predicting UI exhaustees. Additional state specific testing and experimentation are the key factors in building a model that is effective at distinguishing the exhaustees from the

non-exhaustees. An increased sample size and controlling for dominant labor markets would enable the development of a model to improve the predictability of the UI claimants who are most likely to exhaust their UI benefits. Further dialogue and information sharing with other States about how they developed their models to predict UI exhaustees would also be very beneficial.

Appendix A – Definitions of Mass Layoffs and Plant Closures

The definition of Mass Layoffs is described below in the Mass Layoff Statistics (MLS) program description and the definition of Plant Closures is described in the Worker Adjustment and Retraining Notification (WARN) Act program description.

Mass Layoff Statistics (MLS) Program Description

The Mass Layoff Statistics (MLS) program is a Federal-State cooperative effort which uses a standardized, automated approach to identify, describe, and track the effects of major job cutbacks, using data from each State's unemployment insurance database. Establishments which had at least 50 intial claims for unemployment insurance (UI) filed against them during a consecutive 5-week period were contacted by State agencies to determine whether those separations were at least 31 days duration, and, if so, information was obtained on the total number of persons separated, the reasons for these separations, and recall expectations. A company mass layoff occurs when at least 50 workers from a company are separated involuntarily by their employers for more than 30 days.

The Worker Adjustment and Retraining Notification (WARN) Act

The Worker Adjustment and Retraining Notification Act (WARN) was created on August 4, 1988 and became effective on February 4, 1989. WARN offers protection to workers, their families and communities by requiring employers to provide 60 days notice in advance of covered plant closings and covered mass layoffs. This notice is required to be provided to either the affected workers or their representatives, to the State

dislocated worker unit, and to the appropriate unit of local government. Employees that are entitled to notice under WARN include hourly and salaried workers, as well as managerial and supervisory employees. Business partners are not required to receive the notice. WARN defines a plant closure as one or more facilities or operating units within an employment site that will be shut down, and the shutdown will result in an employment loss of 50 or more employees during any 30 day period. This does not count employees who have worked less than 6 months in the past 12 months or for employees who work at an average of less than 20 hours a week for that employer. See http://www.doleta.gov/programs/factsht/warn.htm for more information on the WARN Notice Act.

Appendix B – The Texas Workforce Commission (TWC) – Texas Unemployment Insurance (UI) Database

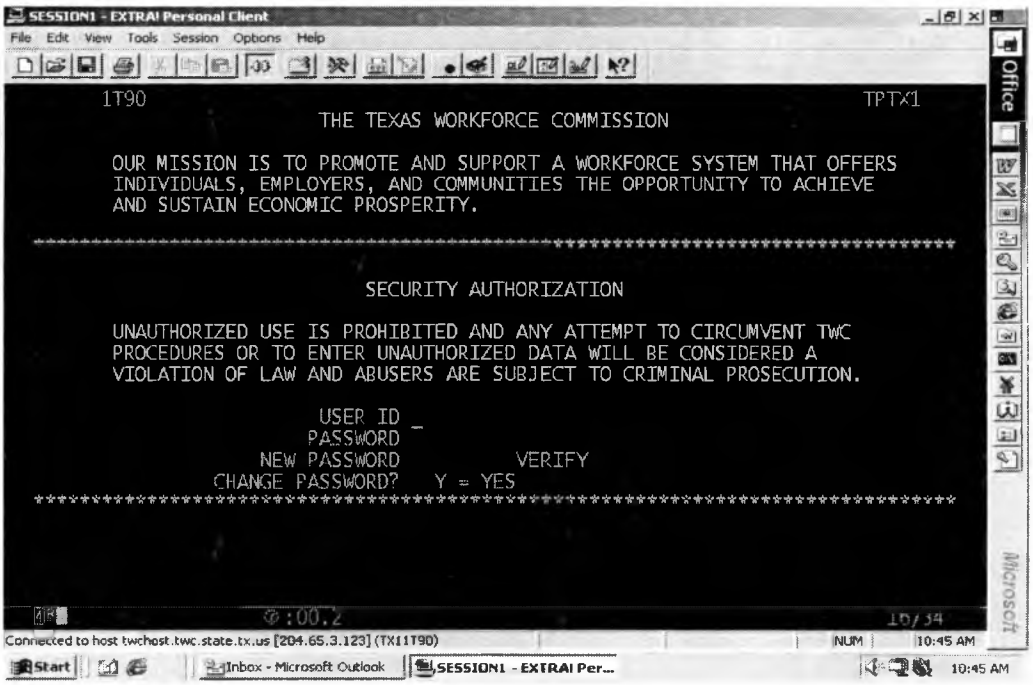
Description

The Texas Workforce Commission (TWC) – Texas Unemployment Insurance (UI) Database is a database of all employers that pay Quarterly Unemployment Insurance (UI) tax and the workers that work for those employers. A major function of the TWC UI Database is to track Unemployment Insurance (UI) claimants.

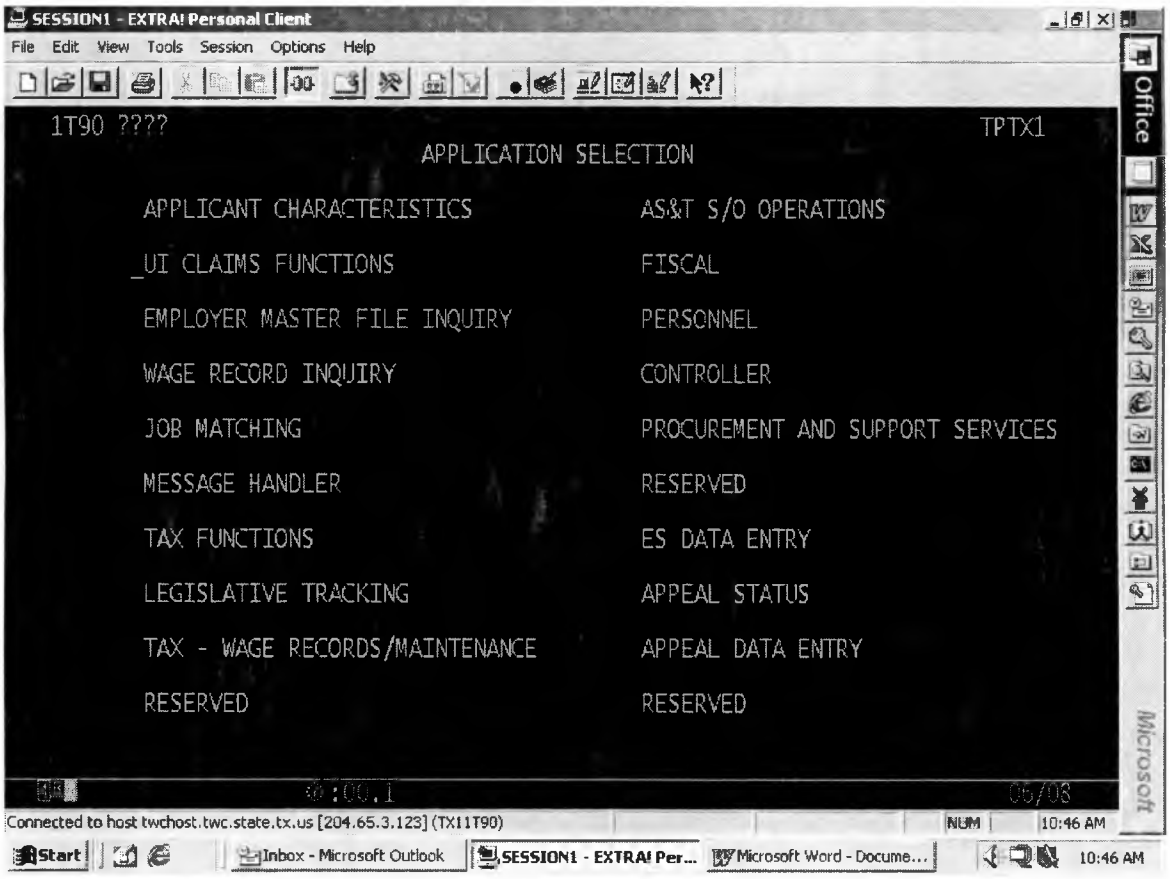
Illustration of How Data was Collected

The Sign On Screen & Menu Options

1) The sign on screen to the TWC Texas Employer and UI Database that is located on the Session 1 Mainframe Computer is shown.



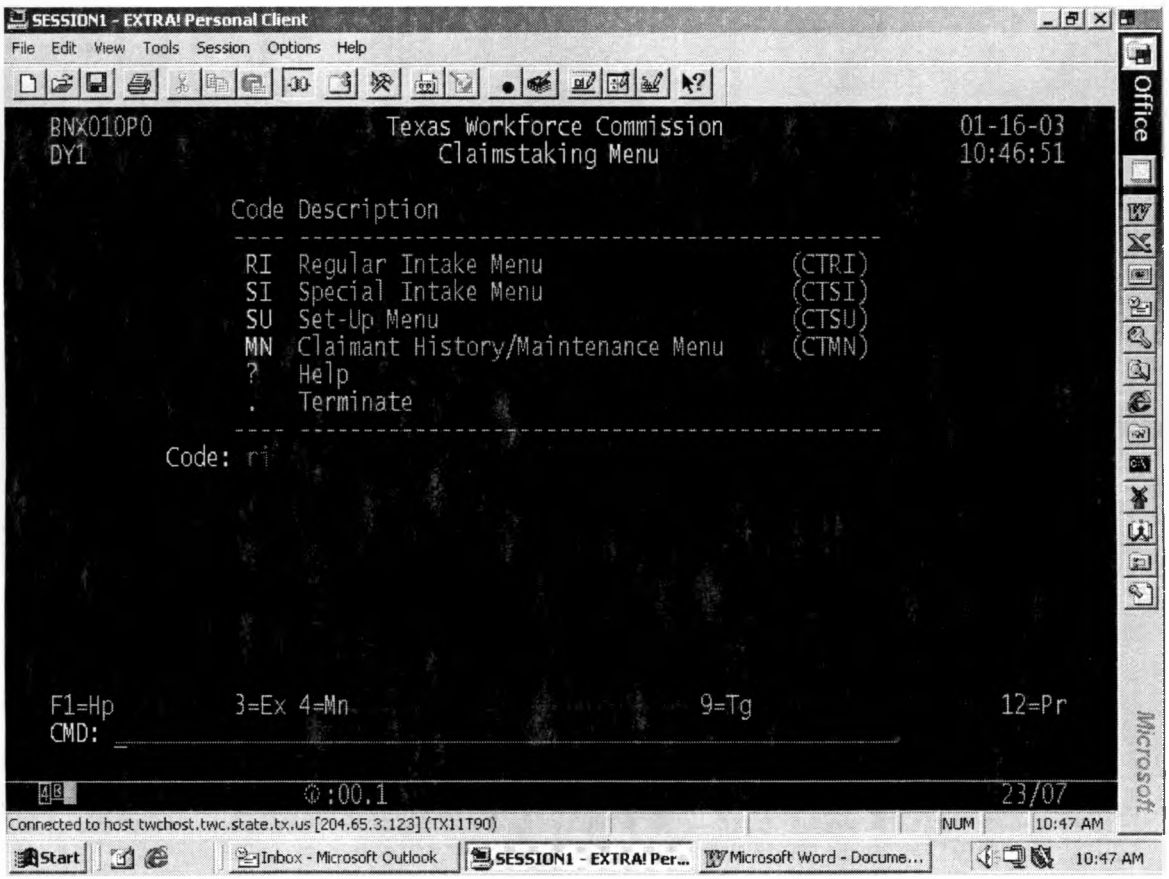
2) The menu options for the TWC Texas Employer and UI Database is shown. Select UI Claims Function to enter the TWC Texas UI Database.



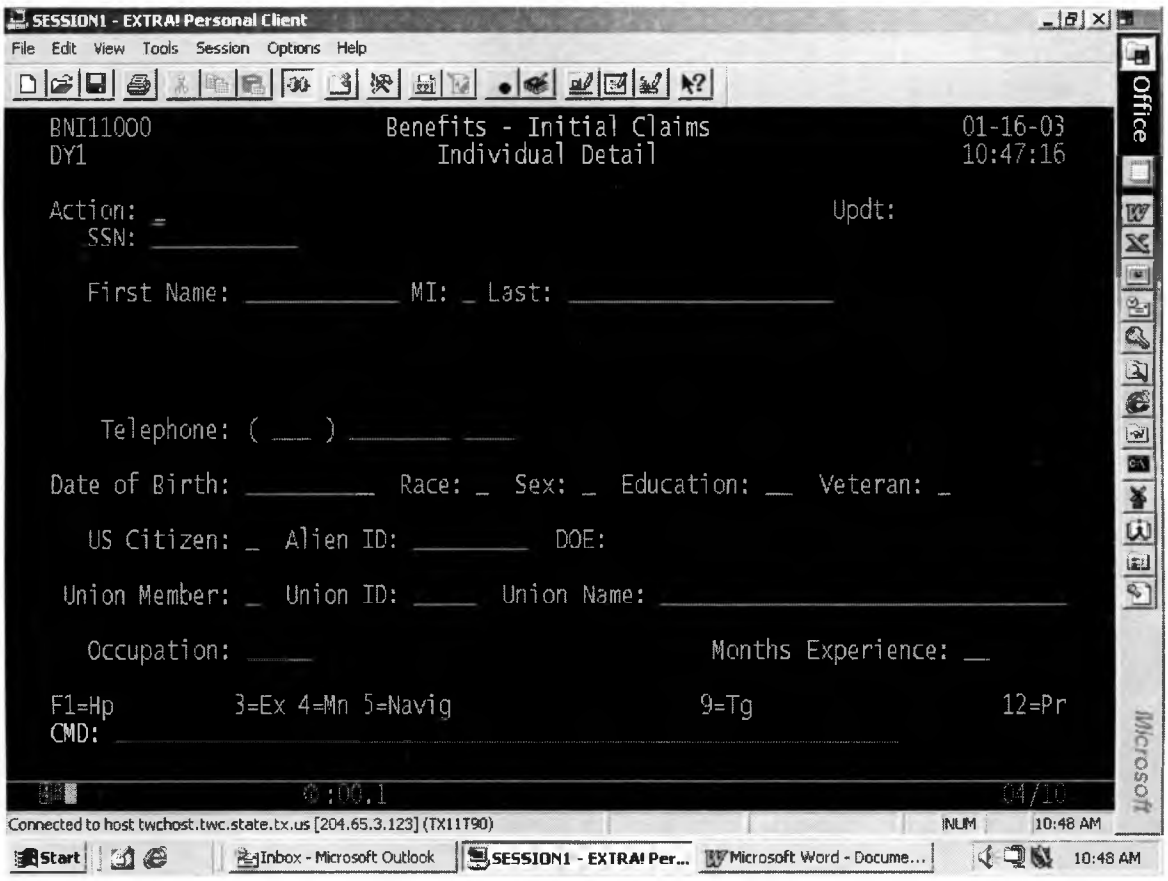
Exhaustee / Non-Exhaustee Claimant Information

3) The menu options for the UI Claims Functions is shown. Type "ct" for Claimstaking Menu.

4) The menu options for the intake/history portions of UI claimants is shown. Type "ri" to enter the Regular Intake Menu.

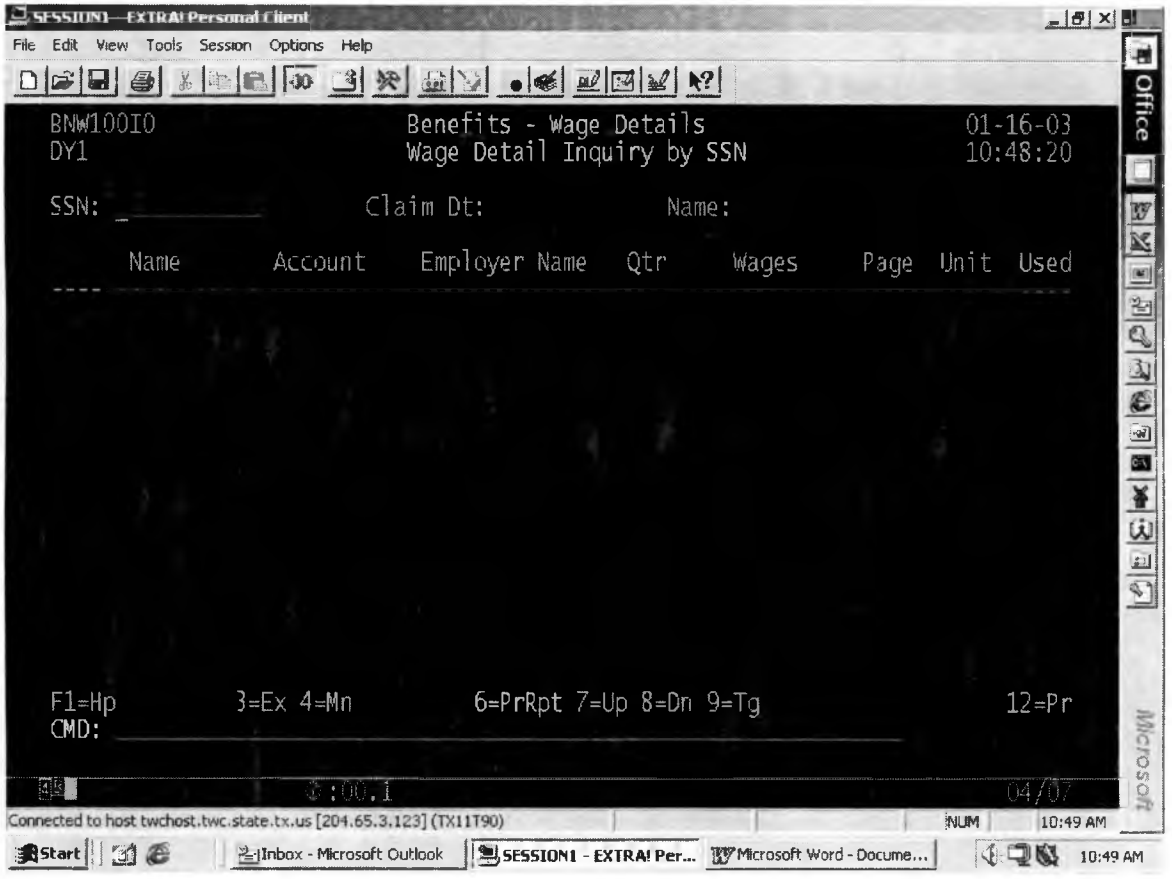


5) The Regular Intake Screen for UI claimants is shown. Enter the Social Security Number (SSN) of a selected UI claimant and that UI claimant's personal information will show up on the screen.

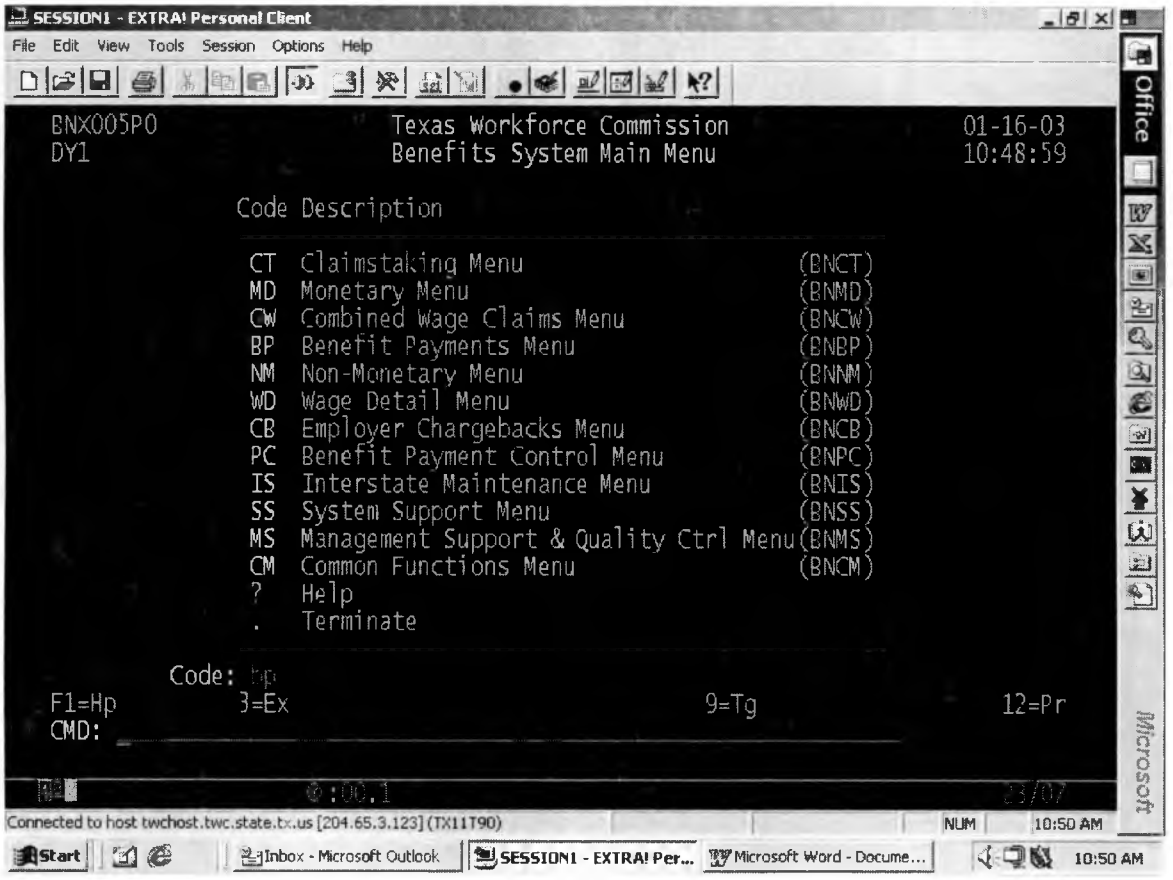


6) The menu options for UI Claims Functions is shown. Type "wd" for the Wage Detail Menu.

7) The Wage Detail information of the UI claimant is shown. Enter the Social Security Number (SSN) of a selected UI claimant and that claimant's wage detail information will show up listed by UI Account Number, Employer Name, and Year/Quarter.

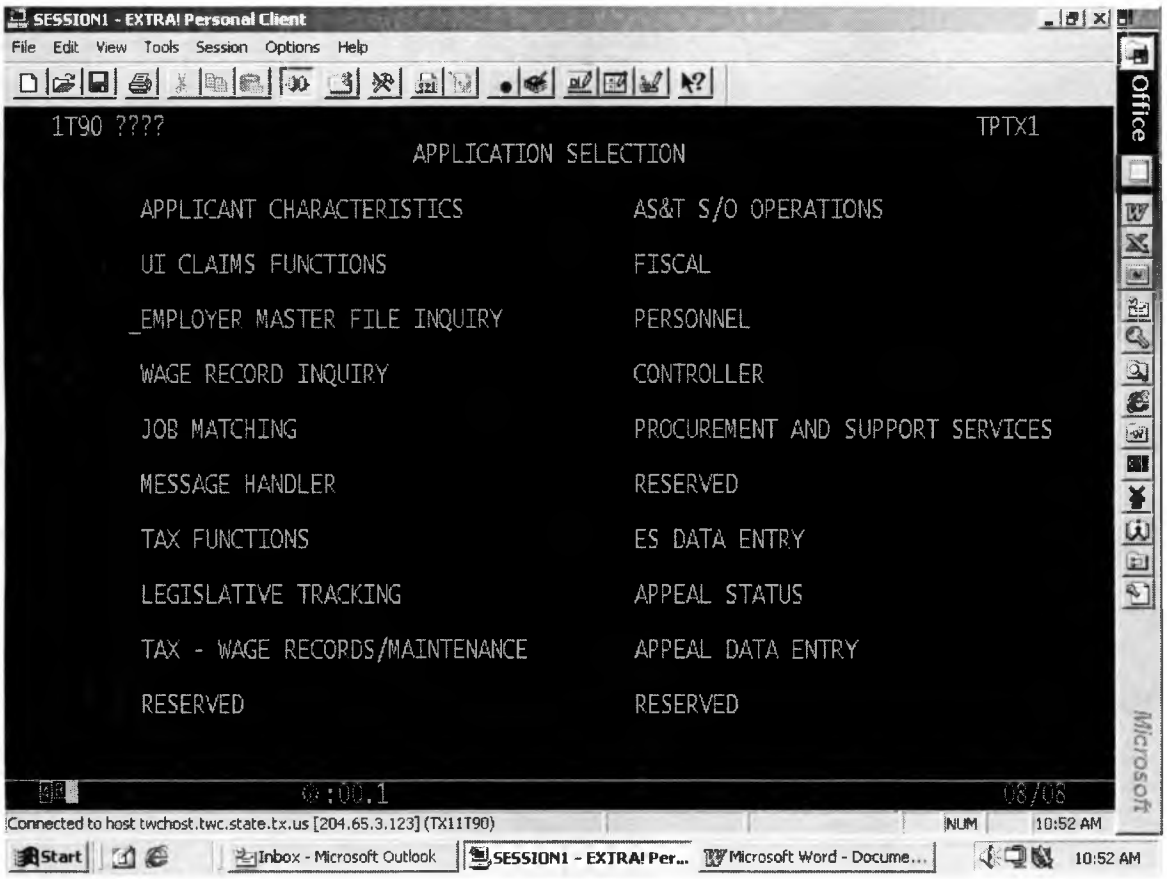


8) The menu options for UI Claims Functions is shown. Type "bp" for the Benefit Payments Menu.

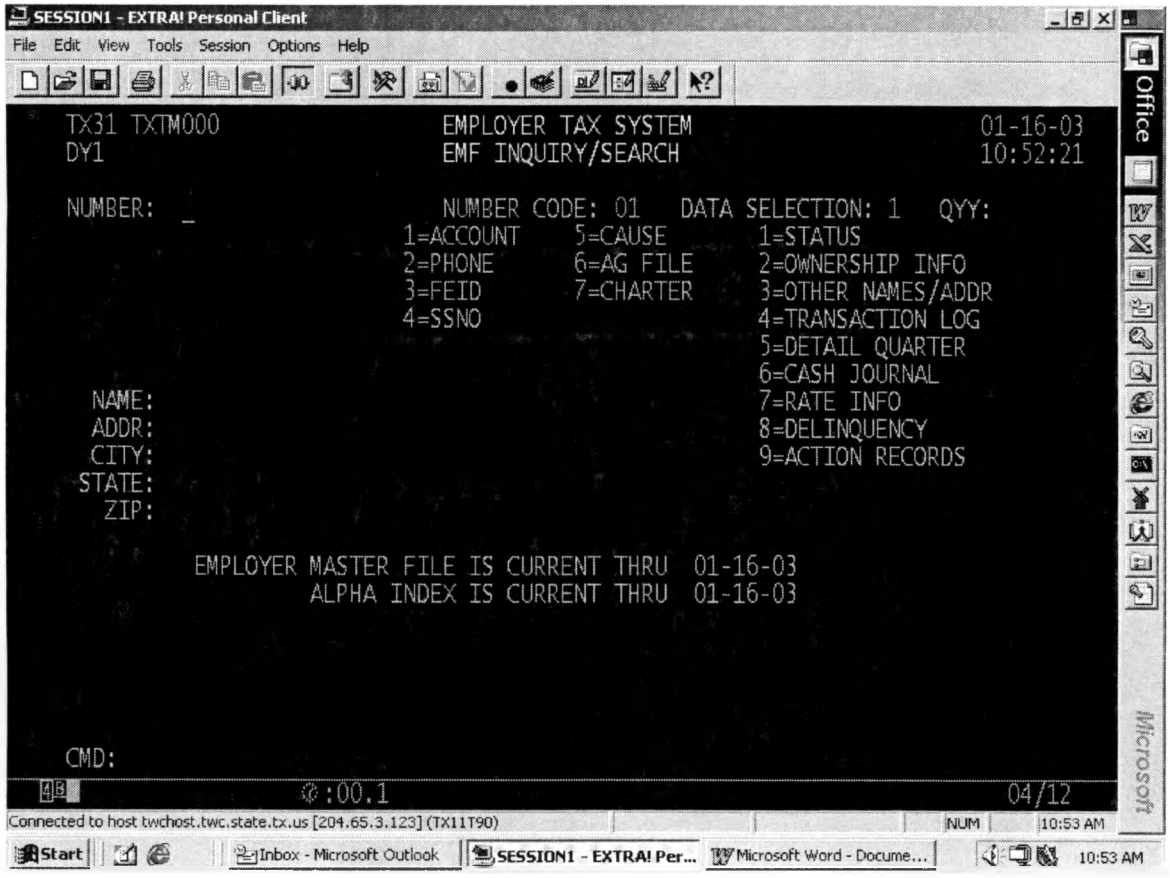


9) The Weekly Benefit Payment information of the UI claimant is shown. Enter the Social Security Number (SSN) of a selected UI claimant and that claimant's Weekly Benefit payment information will show up listed by File Date, Weekly Status, Wage Earnings (if any), Type of UI Program, Weekly Benefit Amount, and Payment Date.

10) The menu options for the TWC Texas Employer and UI Database is shown. Select Employer Master File Inquiry to enter the TWC Texas Employer Database.

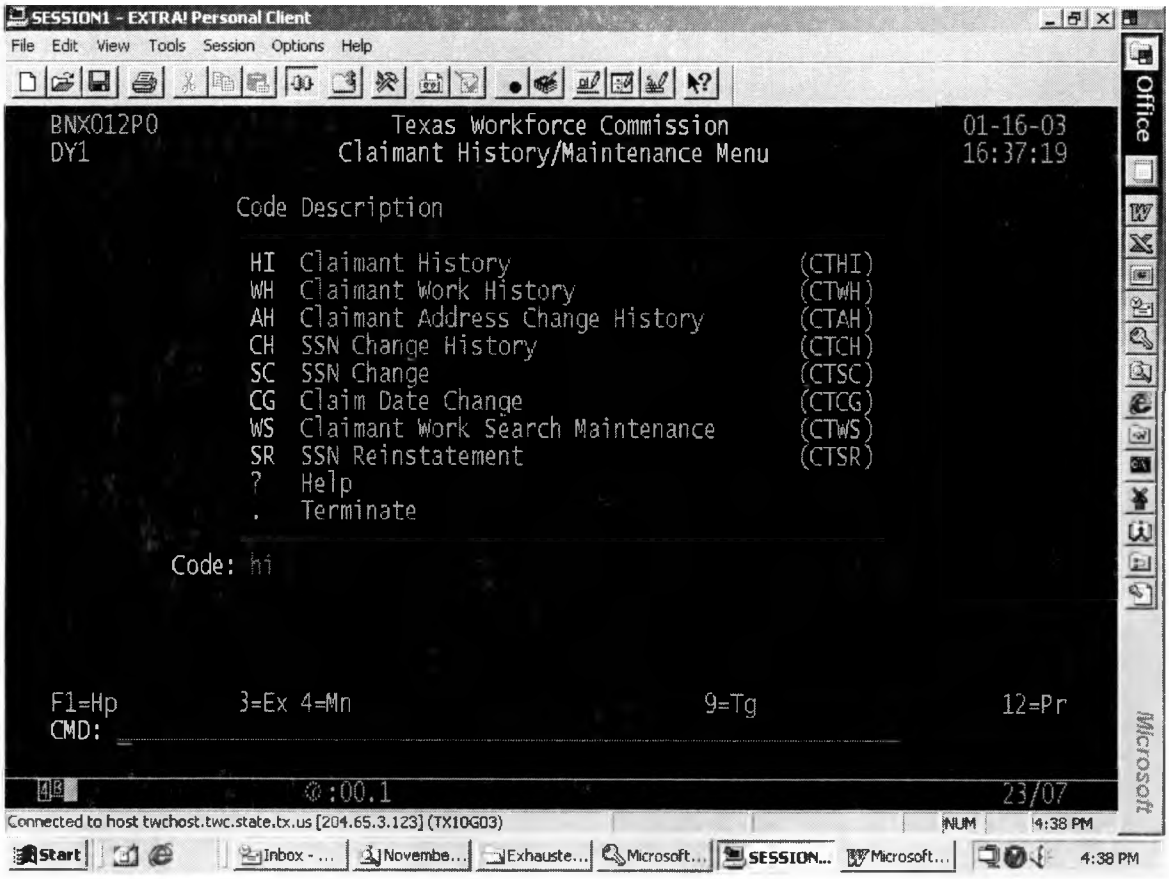


11) The Texas Employer Master File is shown. Enter an employer's UI Account Number and the selected employer's information will show up on the screen. Information such as the employer name, the employer address, the employer identification number (EIN), the Standard Industrial Code (SIC), and the North American Industry Classification System (NAICS) will be shown.



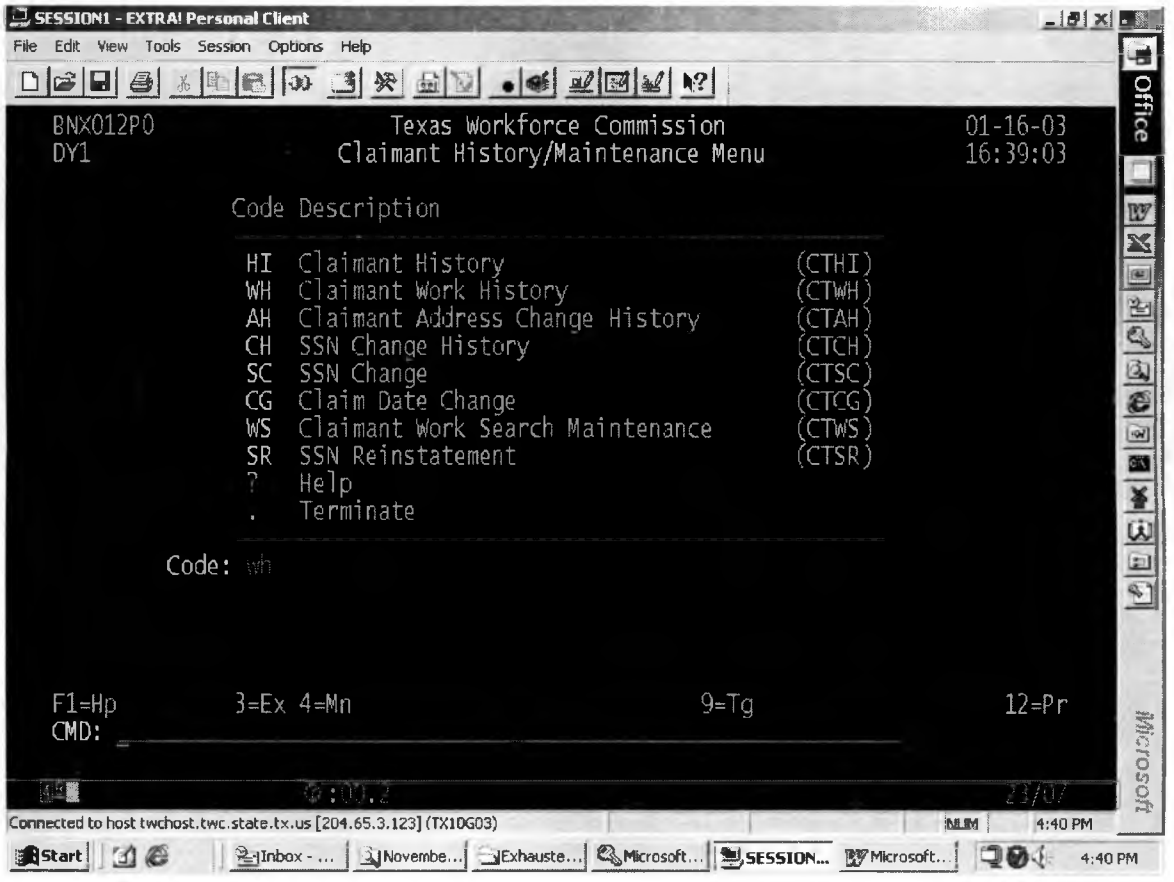
12) Go back to the menu options for the intake/history portions of UI claimants. Type "MN" to enter the Claimant History/Maintenance Menu.

13) The menu options for the Claimant History/Maintenance Menu is shown. Type "HI" to view claimants' UI Benefits history.

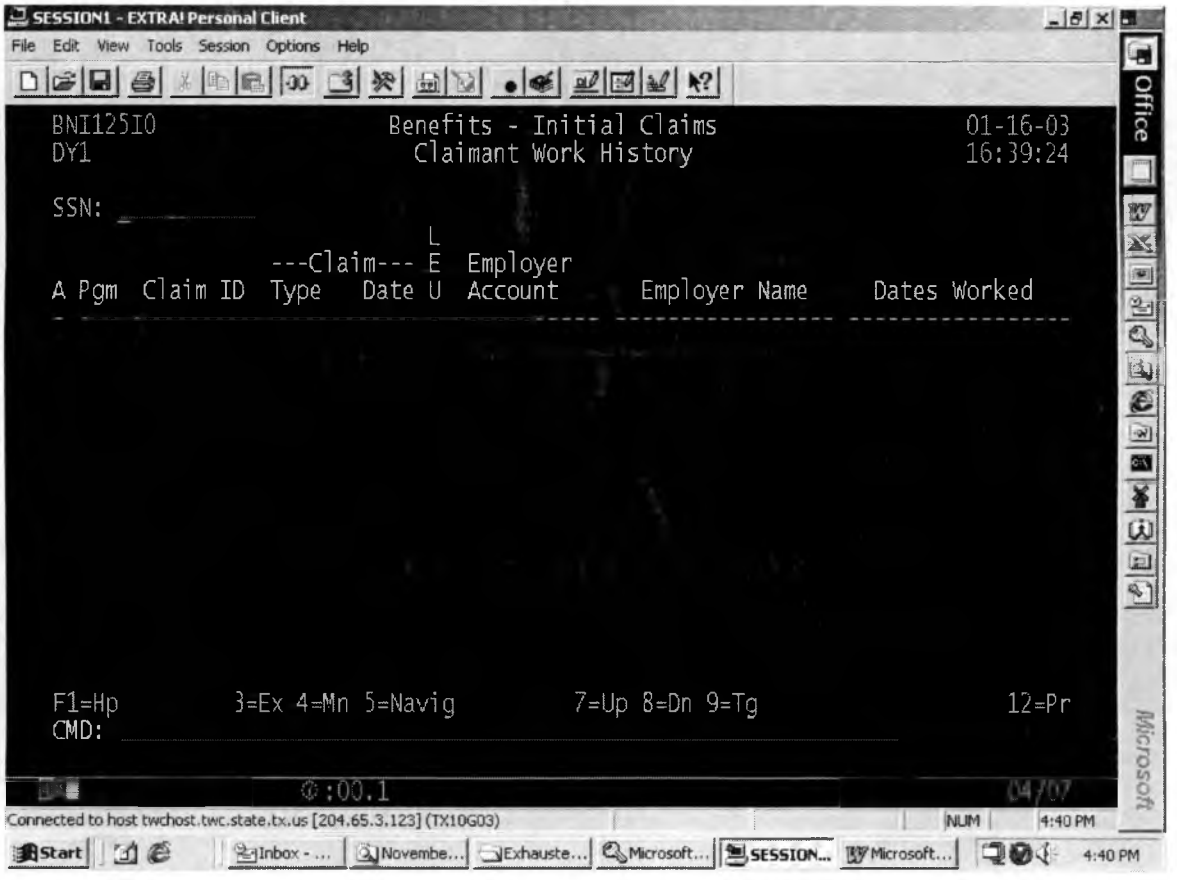


14) The selected claimant's UI Benefits history is shown. Enter the Social Security Number (SSN) of the selected UI claimant and that claimant's UI Benefits history will show up listed by Type of UI Program, Claim Type, Last Employer's UI Account Number, Name of Last Employer, and the Dates Worked for Last employer.

15) Go back to the Claimant History/Maintenance Menu and type "WH" to enter the Claimant Work History screen.



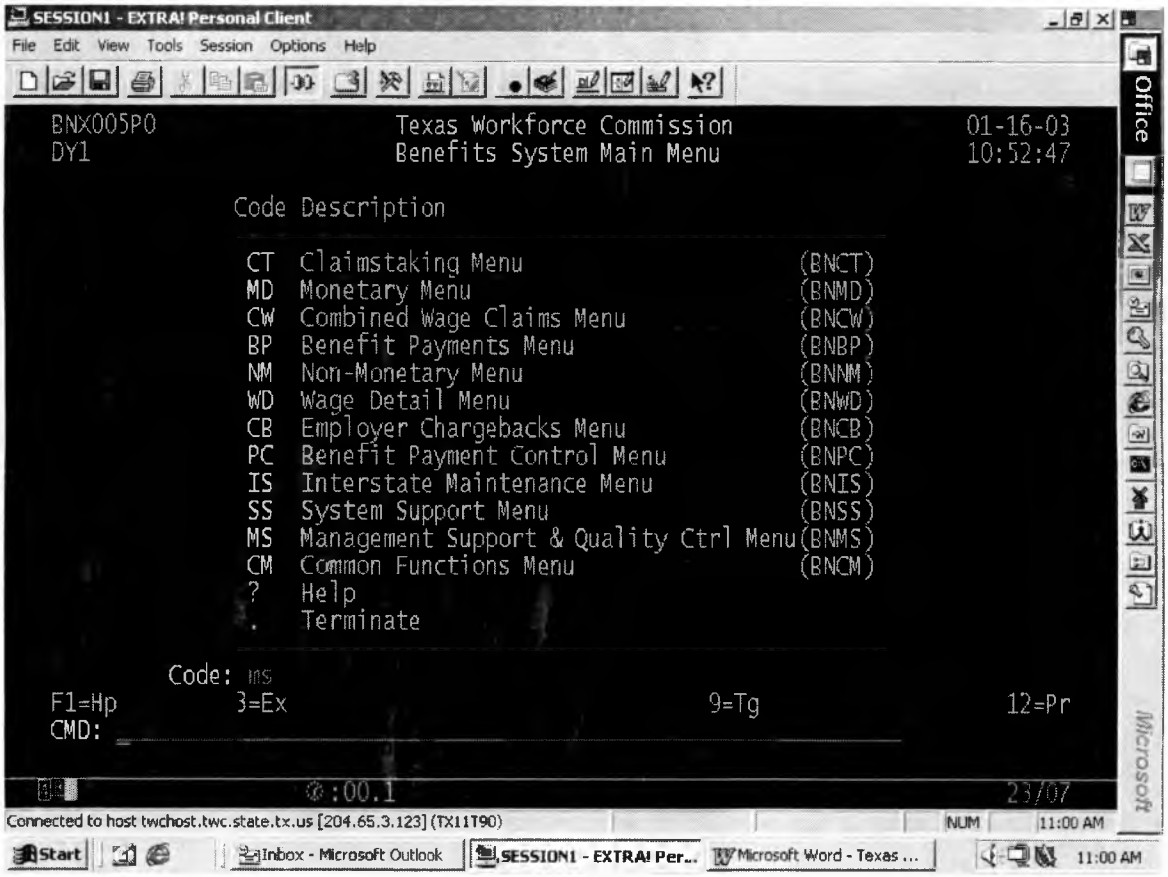
16) The selected claimant's UI Benefits work history is shown. Enter the Social Security Number (SSN) of the selected UI claimant and that claimant's work history including: employer UI account number, employer name, type of UI claim, and dates worked for the employers will show up on the screen. The employers listed are only those employers that the claimant filed a UI benefits claim against.



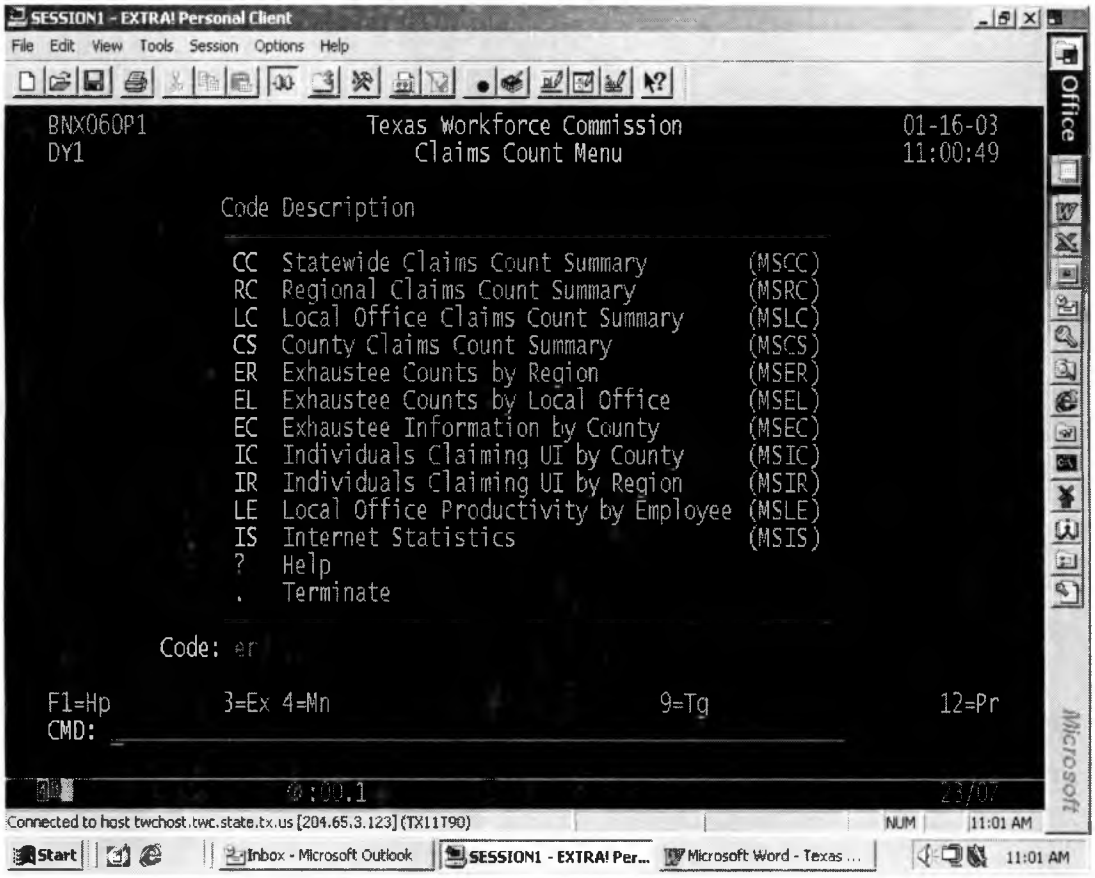
Source of the Statewide Count of UI Exhaustees from the TWC Texas UI Database

17) Go back to the screen containing the Menu Options for the UI Claims Function.

Type "MS" to enter the Management Support & Quality Ctrl Menu.



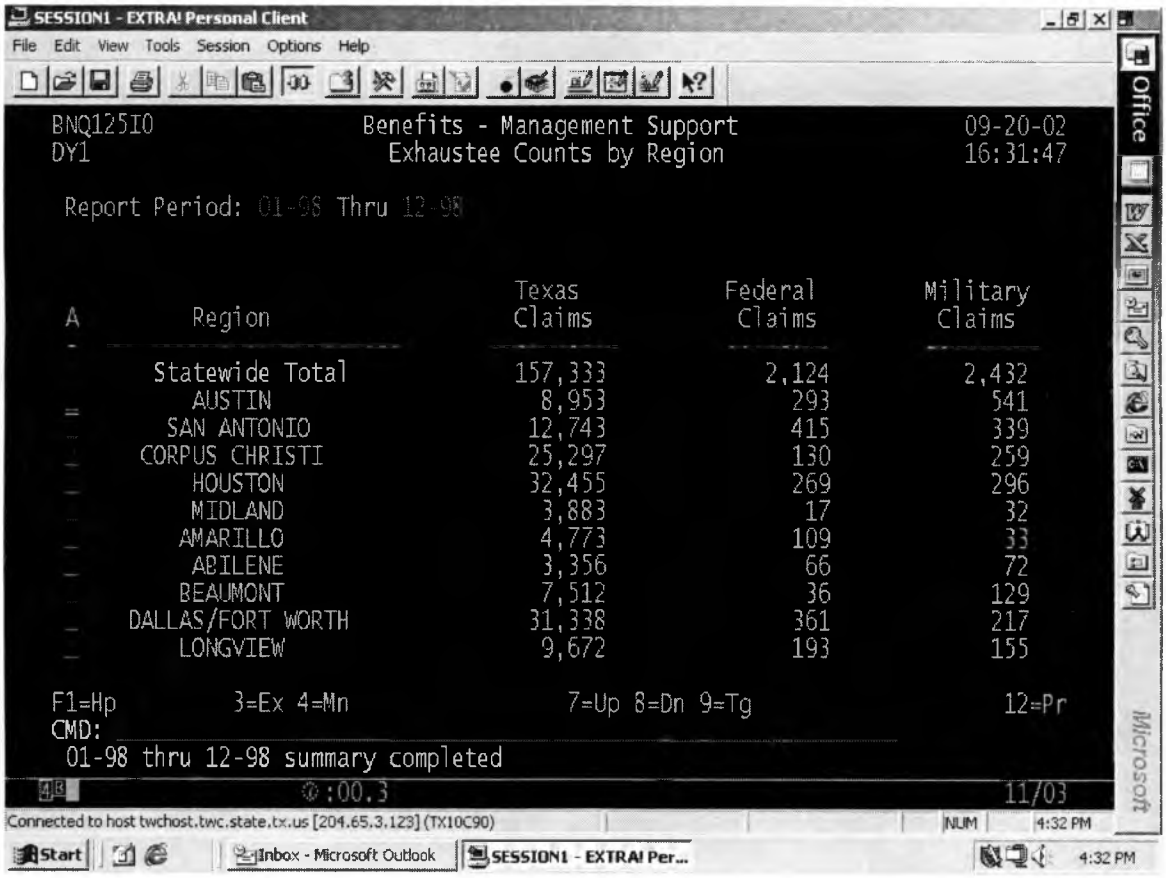
18) The menu options for the Claims Count Menu is shown. Type "ER" to enter the Exhaustee Counts by Region screen.



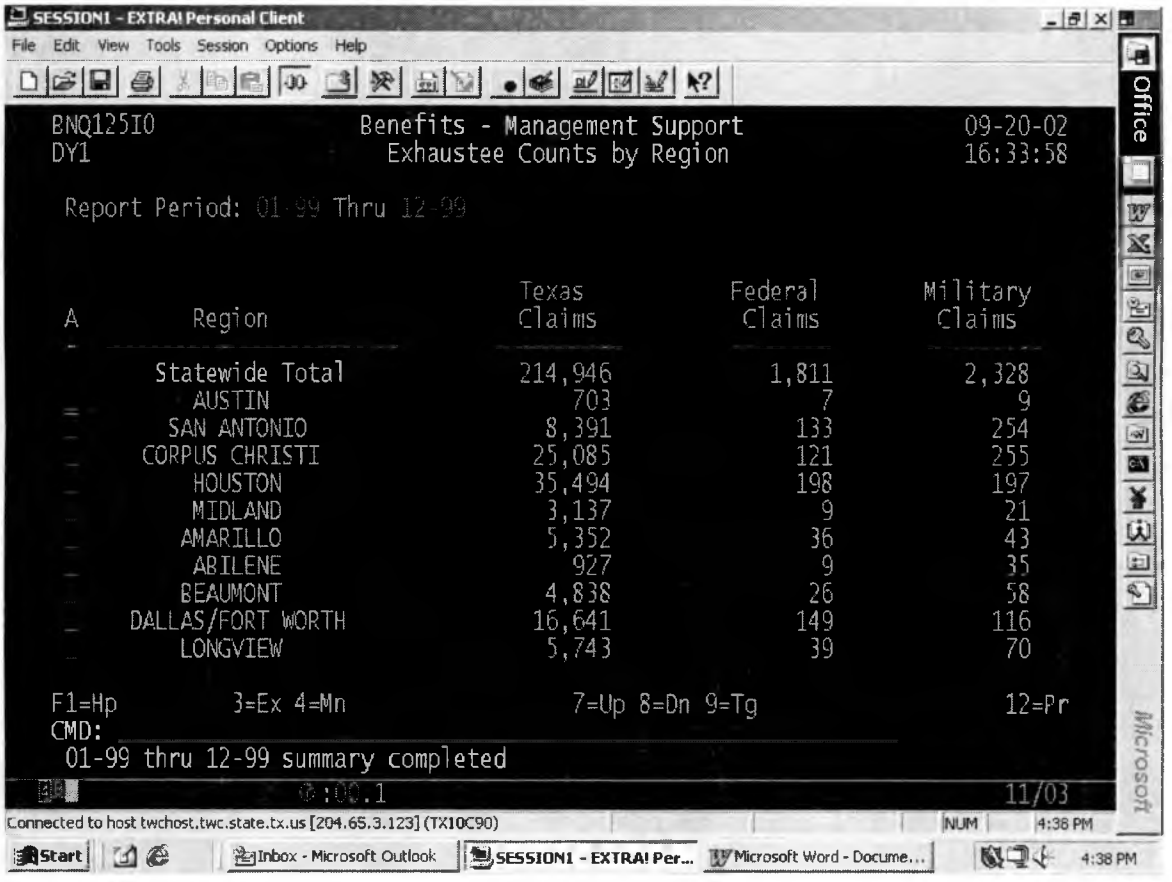
19) This screen will show the number of Statewide UI exhaustee claims by city. If a UI exhaustee claim is not categorized with a specific city, it will be categorized under "Unknown". The number of UI exhaustee claims will fall under the the categories of Texas Claims, Federal Claims, and Military Claims. Only the Texas Claims will be counted for this study because it is counted under Regular State UI. The number of claims will add up to the Statewide Total. To produce the Statewide count of UI exhaustees for a particular time period, type in the date of the report period (i.e. 01-98 to 12-98).

Source Data

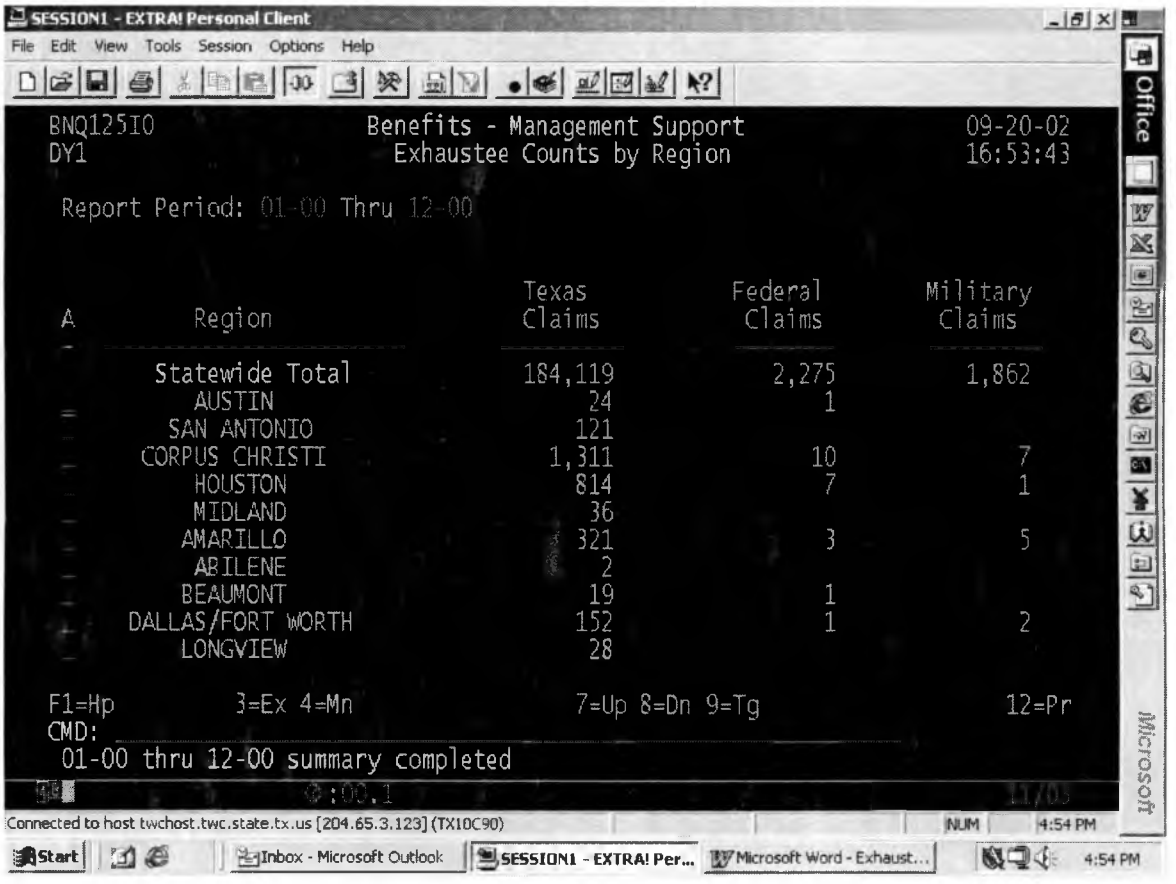
20) The Statewide Count of UI Exhaustees from the TWC Texas UI Database for the period from January to December 1998.



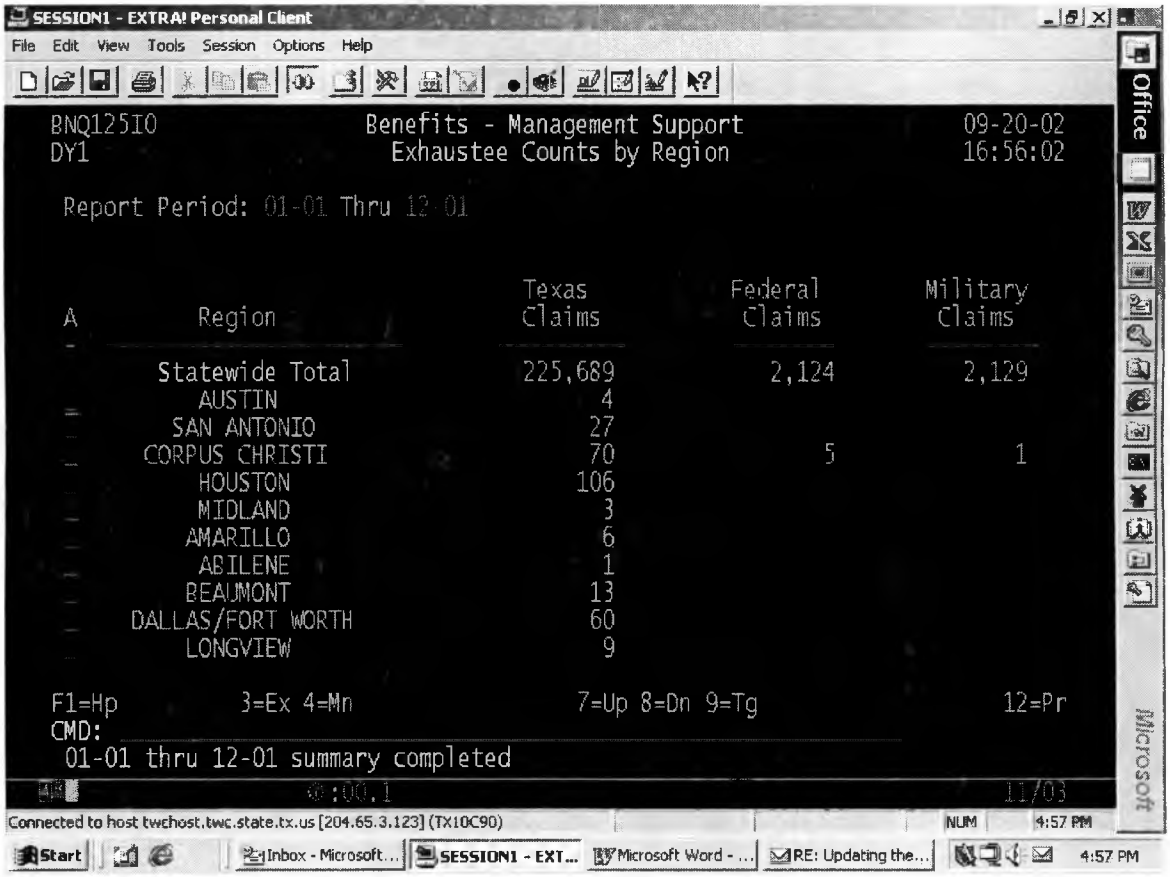
21) The Statewide Count of UI Exhaustees from the TWC Texas UI Database for the period from January to December 1999.



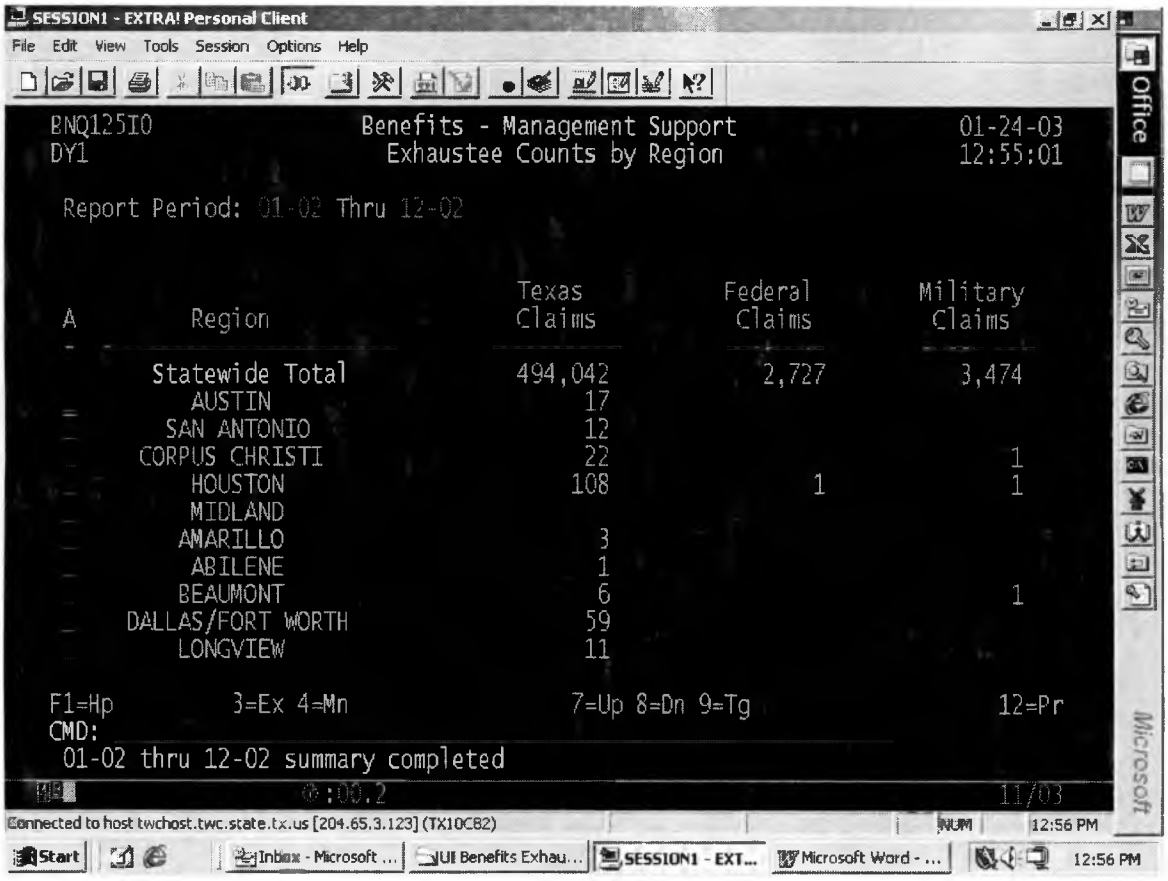
22) The Statewide Count of UI Exhaustees from the TWC Texas UI Database for the period from January to December 2000.



23) The Statewide Count of UI Exhaustees from the TWC Texas UI Database for the period from January to December 2001.



24) The Statewide Count of UI Exhaustees from the TWC Texas UI Database for the period from January to December 2002.



Appendix C – Illustration of the Windows Based Mass Layoff System (WinMLS) Version 2001.2

Description

The Windows Based Mass Layoff System (WinMLS) Version 2001.2 is a software that extracts covered employer and claimant information from the TWC Texas UI database and loads the information into WinMLS for the purpose of producing statistical reports on companies going through mass layoffs (See Appendix A for the definition of mass layoff).

The most current establishment files of all covered employers in the State of Texas downloaded on a quarterly basis from the Employment Statistics (ES-202) file is first loaded into WinMLS. Afterwards, an extract containing all the initial UI claimants for the most current week of the year is loaded into the system.

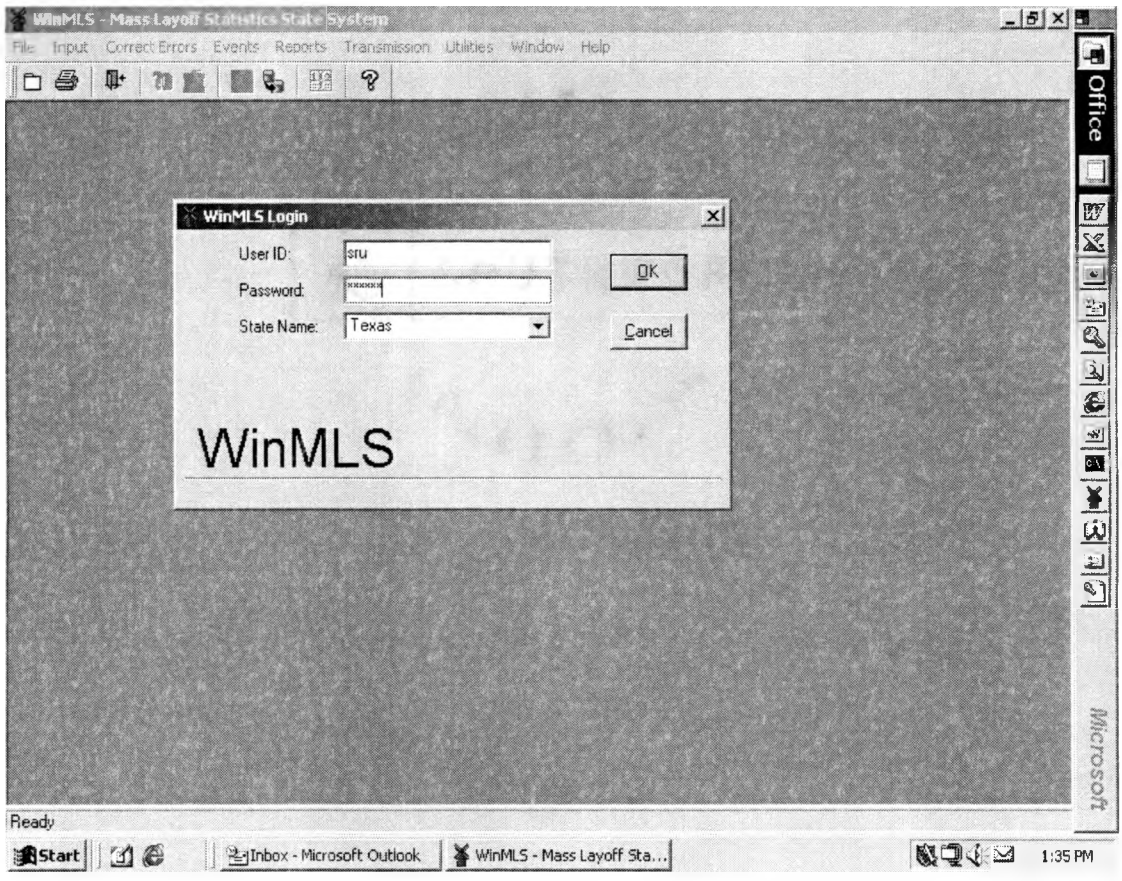
WinMLS processes the data and links the individual UI claimants to the companies the claimants previously worked for. A count is made of the number of claims linked to each establishment. When WinMLS counts 50 intial UI claims filed against a particular establishment during a 5 week period, that establishment is put on the Mass Layoff list watch. The targeted establishment would be monitored for 31 days for additional initial UI claims filed against it. After the 31 days have elapsed, the employer of that establishment would be contacted and asked if there is a mass layoff at the company. If the employer confirms that there is a mass layoff at that company, then that company would be officially confirmed as a company mass layoff. Information would then be

gathered on the company going through a mass layoff, such as the number of employees separated and the reasons for the layoffs.

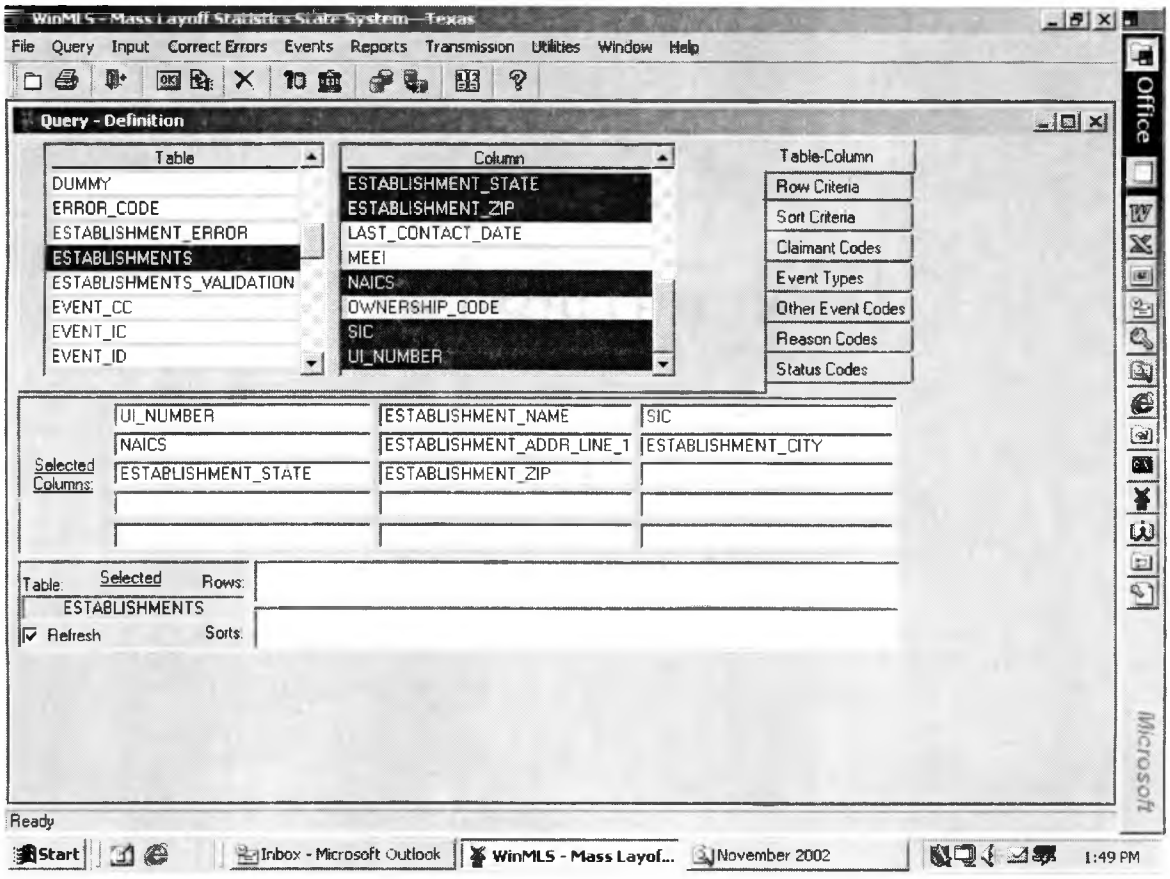
After WinMLS extracts and processes the necessary information, this software can produce reports on companies that have mass layoffs and provide mass layoff UI claimants information. The mass layoff statistics can be reported on a Statewide or County basis.

Illustration of How Data was Collected

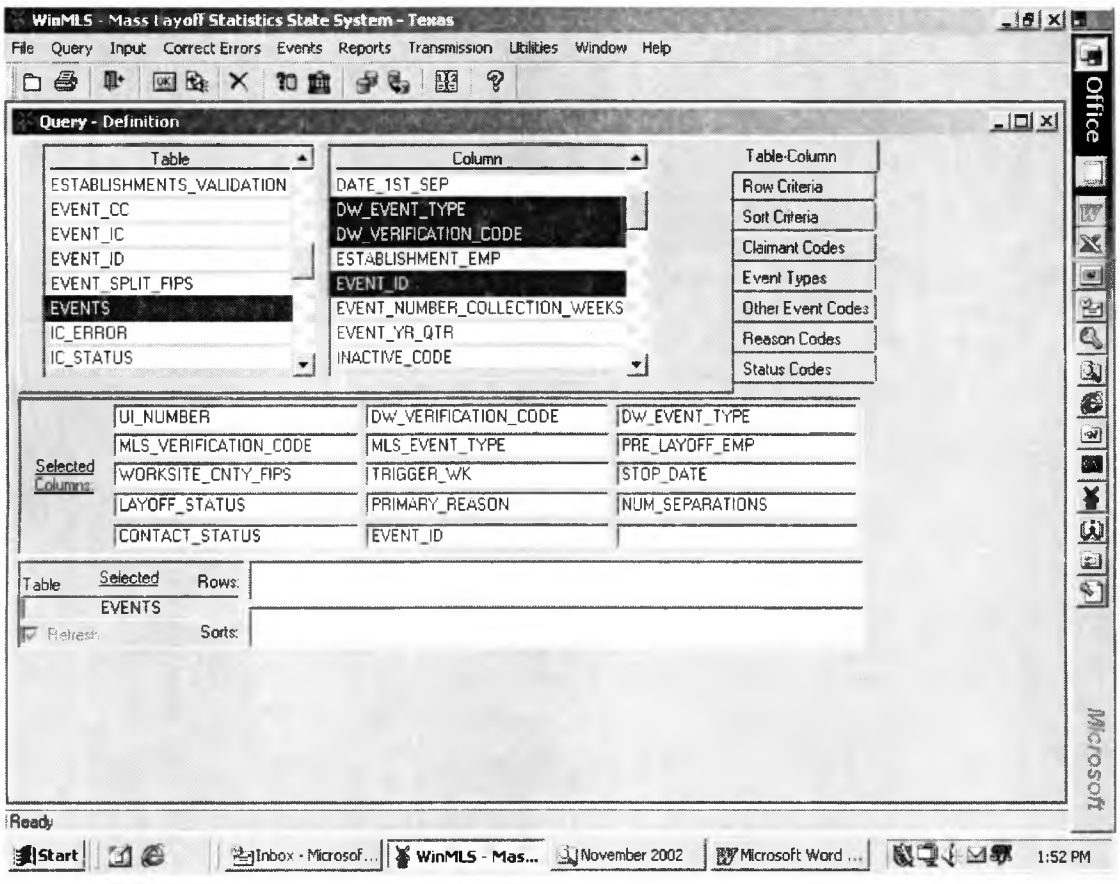
1) The Sign on screen to the Windows Based Mass Layoff System (WinMLS) Version 2001.2 is shown.



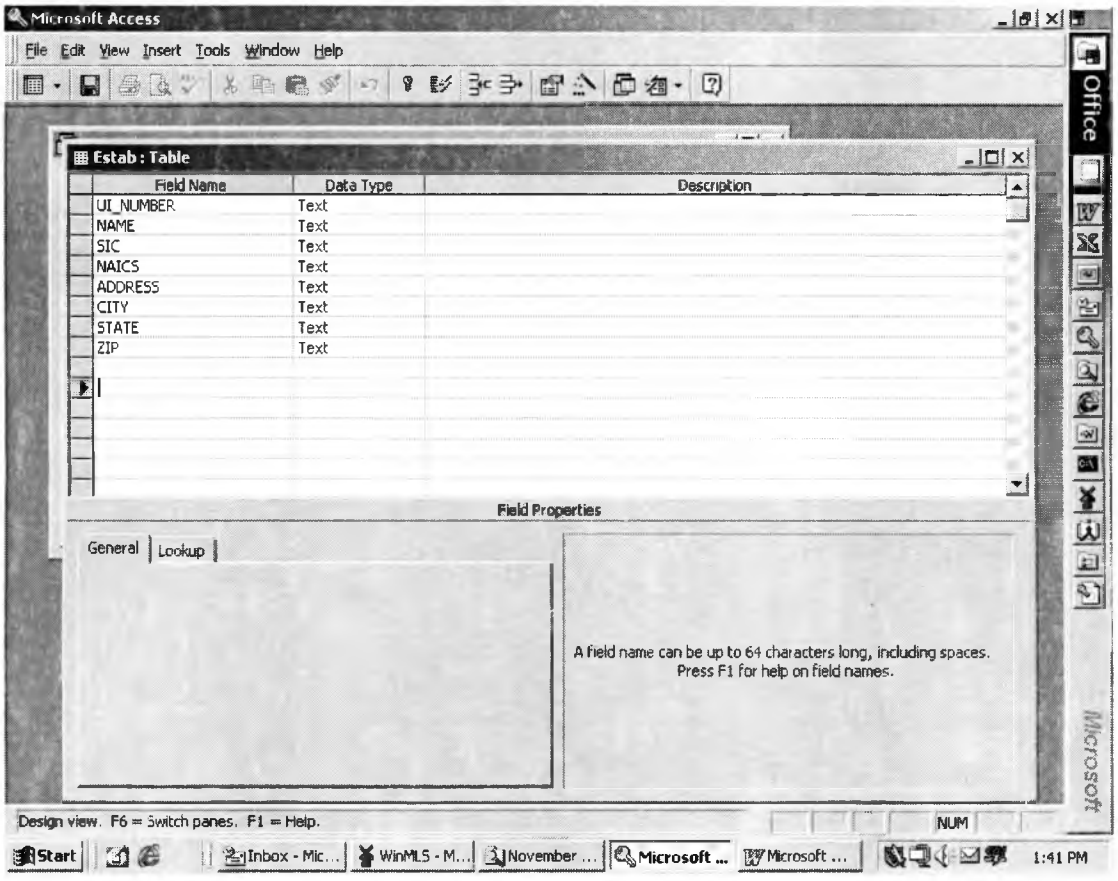
2) Enter into the Query and Table Section and select the Establishments Table. Select the fields from the Establishments Table that would provide the necessary company information such as: Company UI number, Address, Type of industry of the company, and the Company's City location. Push the "OK" Button to run the report. Save the report in a dbf file format (i.e. estab.dbf).



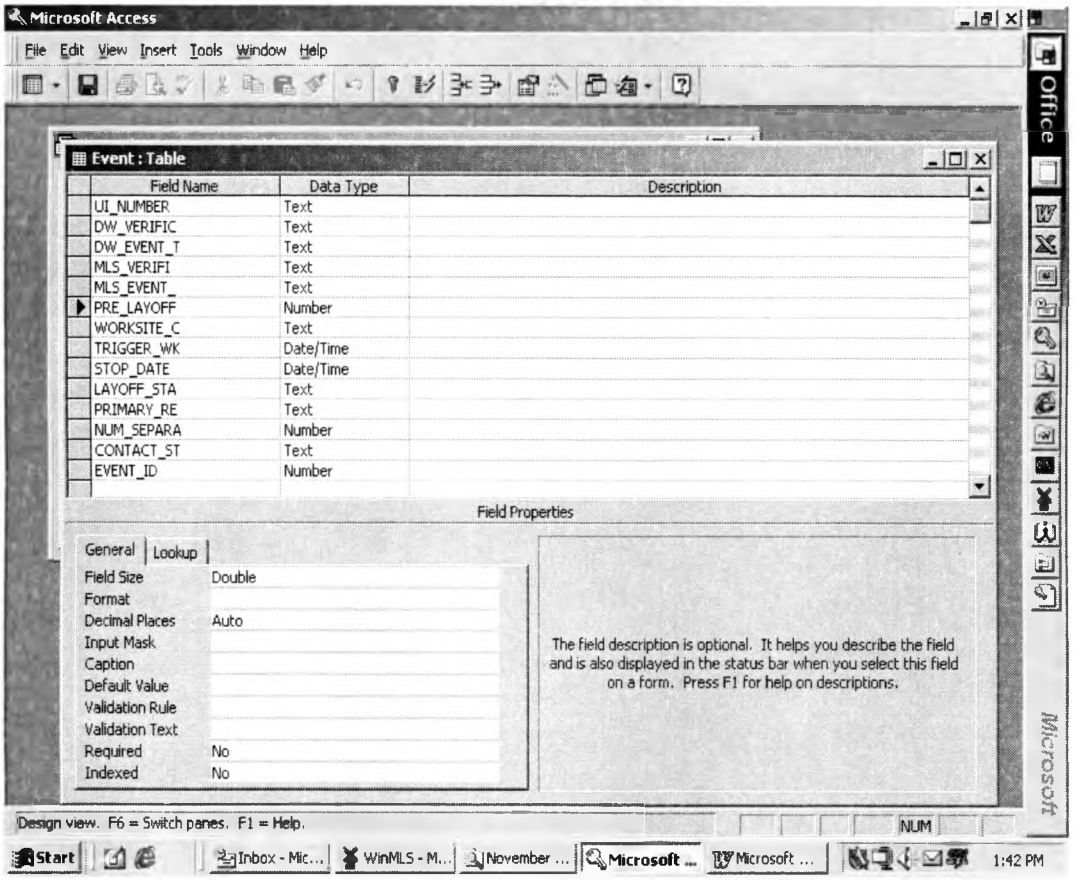
3) Enter into the Query and Table Section again and select the Events Table. Select the fields from the Events Table that would provide the necessary information describing the mass layoff events occurring in the State of Texas. Important fields include: Trigger_Wk (the date the company accumulated 50 initial UI claims), Layoff Status (i.e. Permanent), MLS_Verification Code (confirms the mass layoff event), Num_Separations (provides the number of employees laid off), Worksite_Cnty_FIPs (provides county location of company mass layoffs), and UI Number of Company. Push the "OK" Button to run the report. Save the report in a dbf file format (i.e. event.dbf).



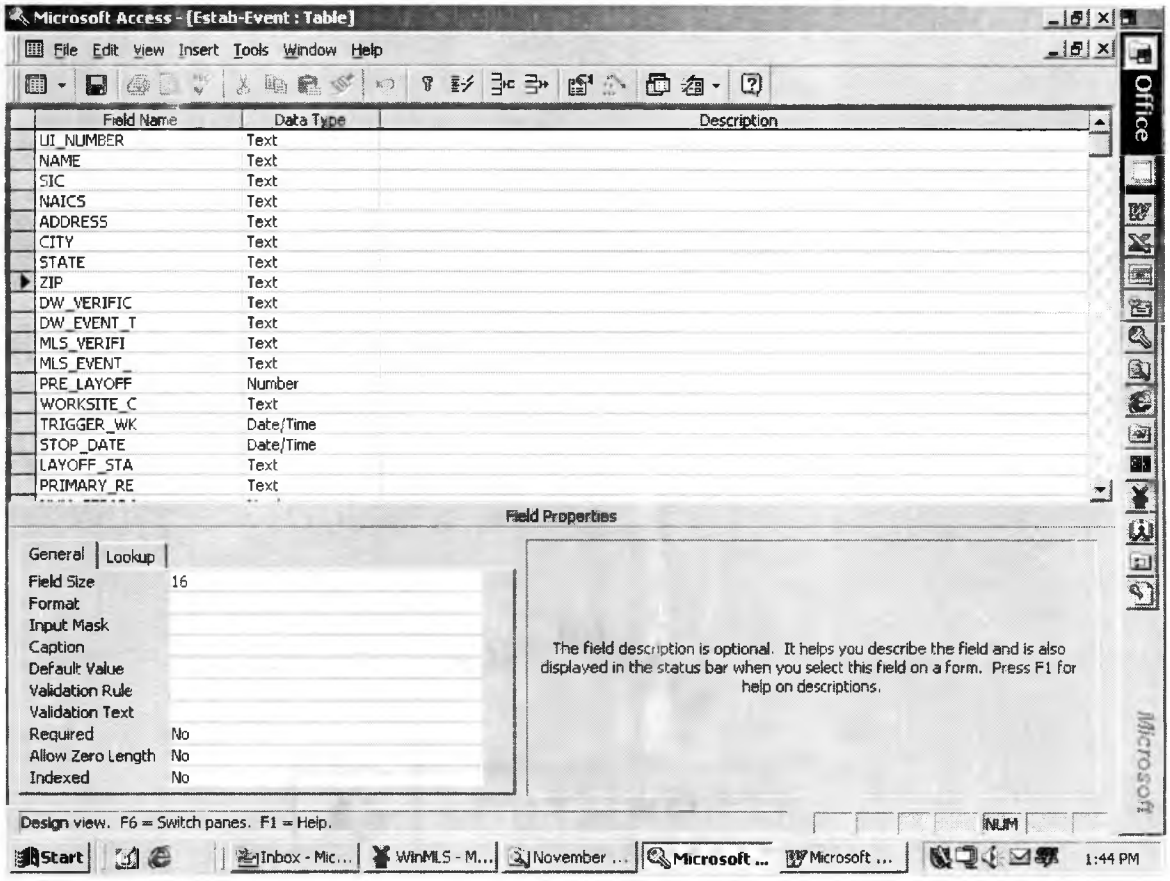
4) Import the Establishment Table saved in dbf file format into MS Access and the table will be saved in the mdb file format.



5) Import the Event Table saved in dbf file format into MS Access and the table will be saved in the mdb file format.



6) Link the Establishment File Table with the Events Table using the UI_Number field as the common link. The new table created should combine all the establishment information with the layoff events information.



Appendix D – Illustration of the MLS Longitudinal Linked Database (LLD) Version 2.2

Description

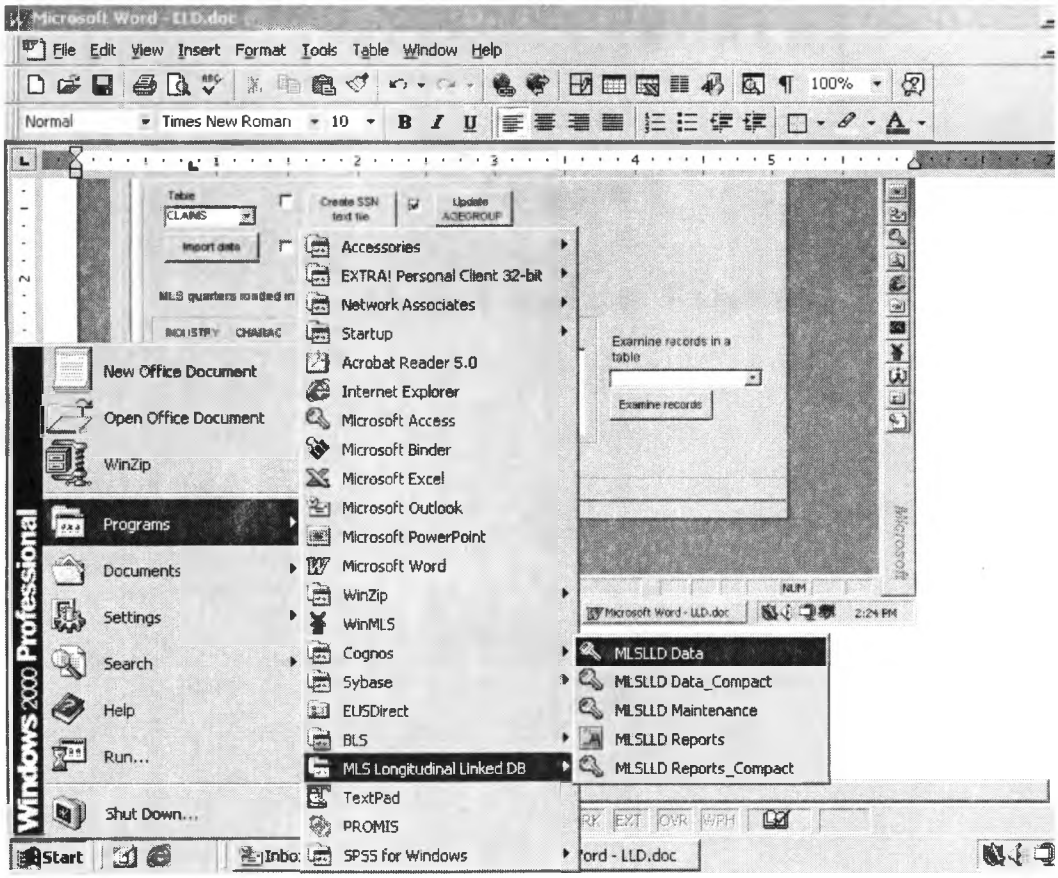
The MLS Longitudinal Linked Database (LLD) Version 2.2 is a software that links data from the Windows Mass Layoff Statistics System (WinMLS) to administrative databases in order to produce report information on large scale layoffs and plant closings as well as on the characteristics of the laid off workers. By linking data from WinMLS to administrative databases, it is possible to track, compare, and measure the pre-layoff and post-layoff wage exeriences of the laid off workers being observed. Some additional linkages to administrative databases could include: wage records, participant follow-up databases, and specially targeted surveys which could aid in greatly increasing in our understanding of worker dislocation and reemployment at the State, Metropolitan Statistics Area (MSA), and County level.

Reason the MLS LLD Software is Used for this Study

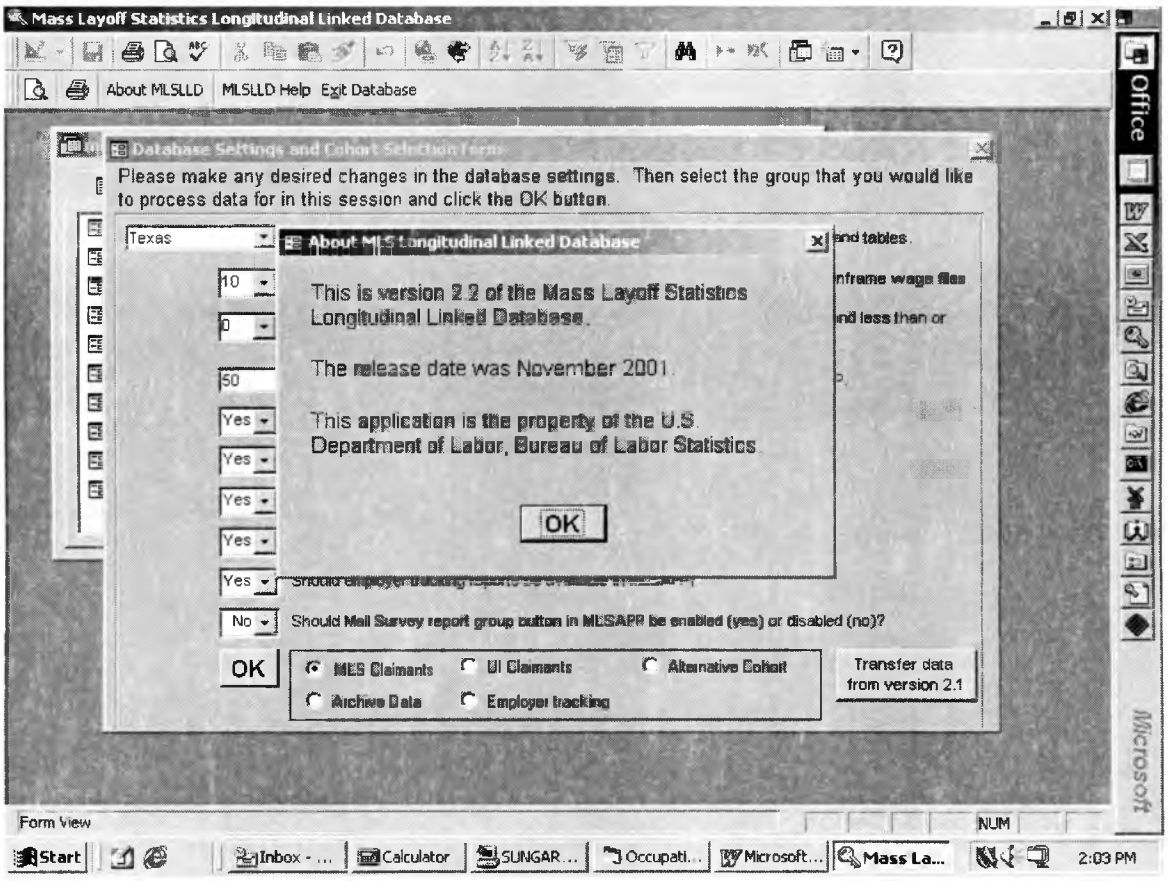
The MLS Longitudinal Linked Database (MLS LLD Software) can produce information on the number of UI exhaustees /non-exhaustees of UI claimants who were dislocated from their work due to mass layoffs or plant closures. The number of exhaustees/non-exhaustees are grouped according to the year/quarter of the mass layoff or plant closure event and can reported on a Statewide, MSA, or County level.

Illustration of How Data was Collected

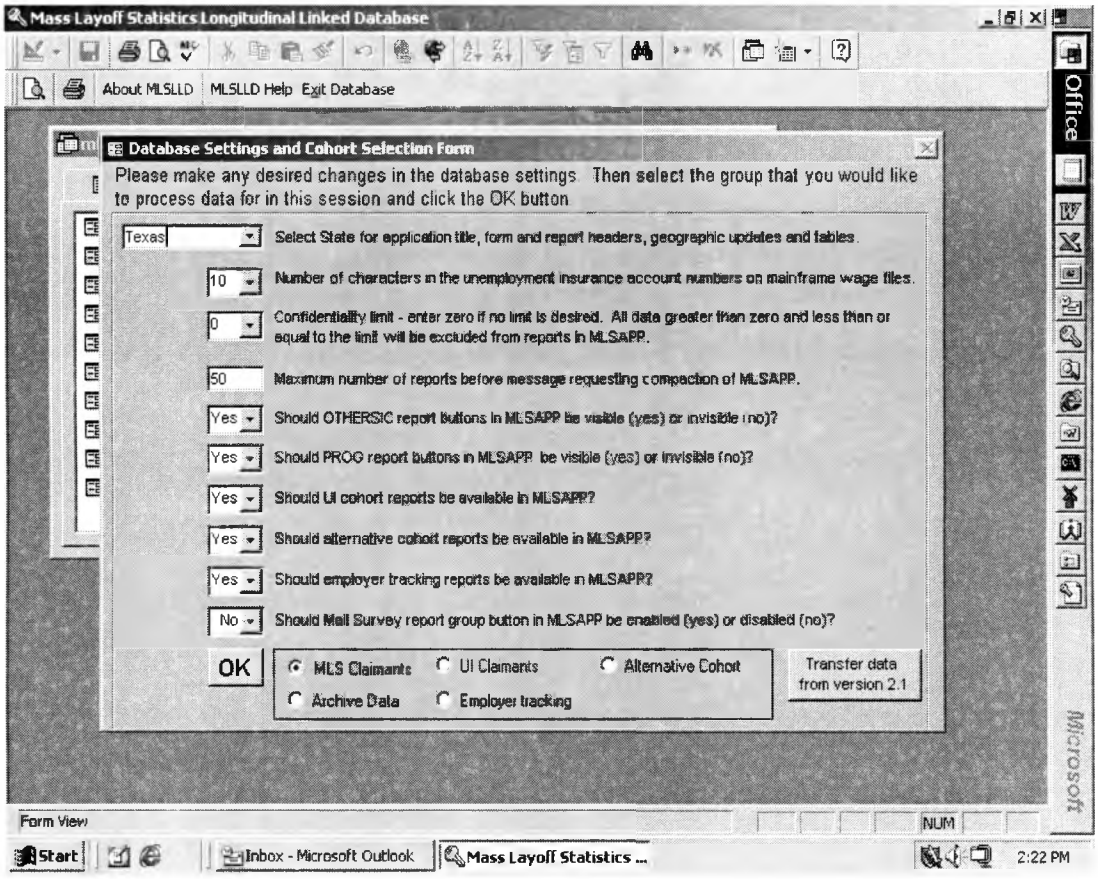
1) Go to the Start Menu on the PC and click on Programs. Go to the MLS Longitu
Linked DB and click on MLSLLD Data.



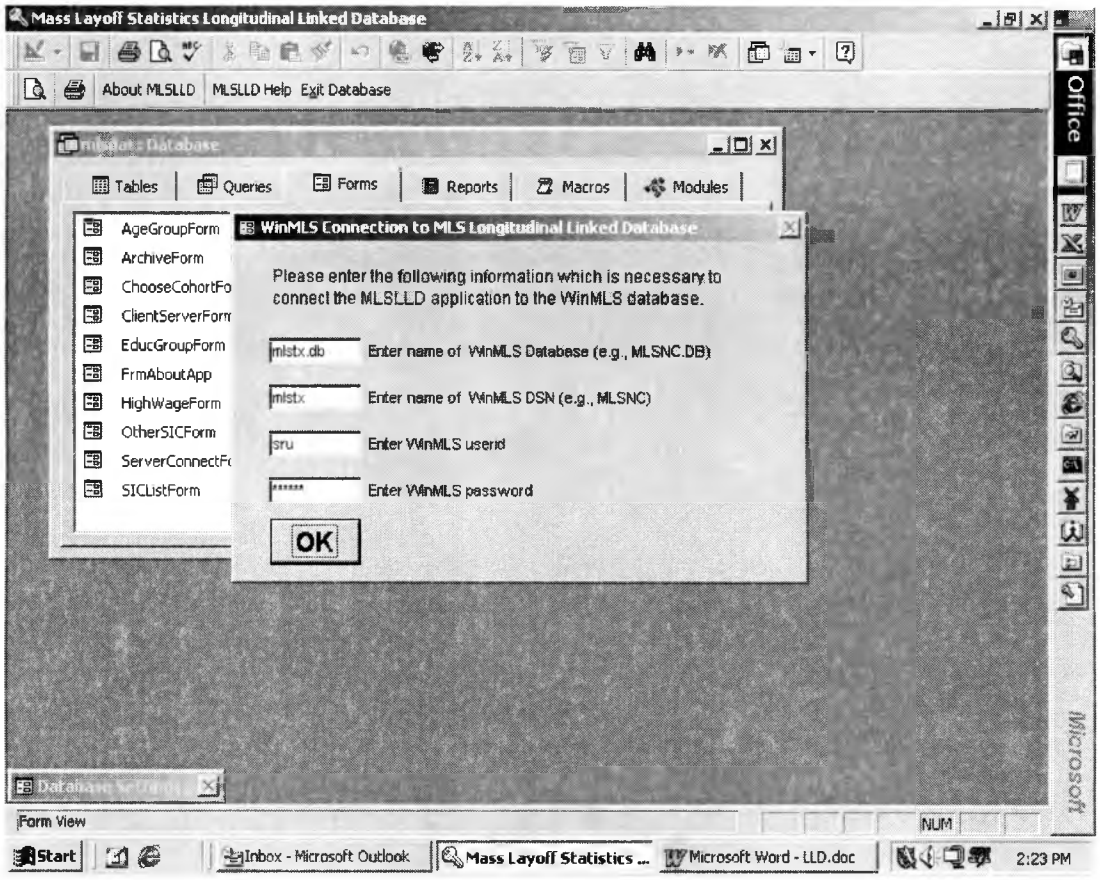
2) A description of the MLS Longitudinal Linked Database Version 2.2 is shown.



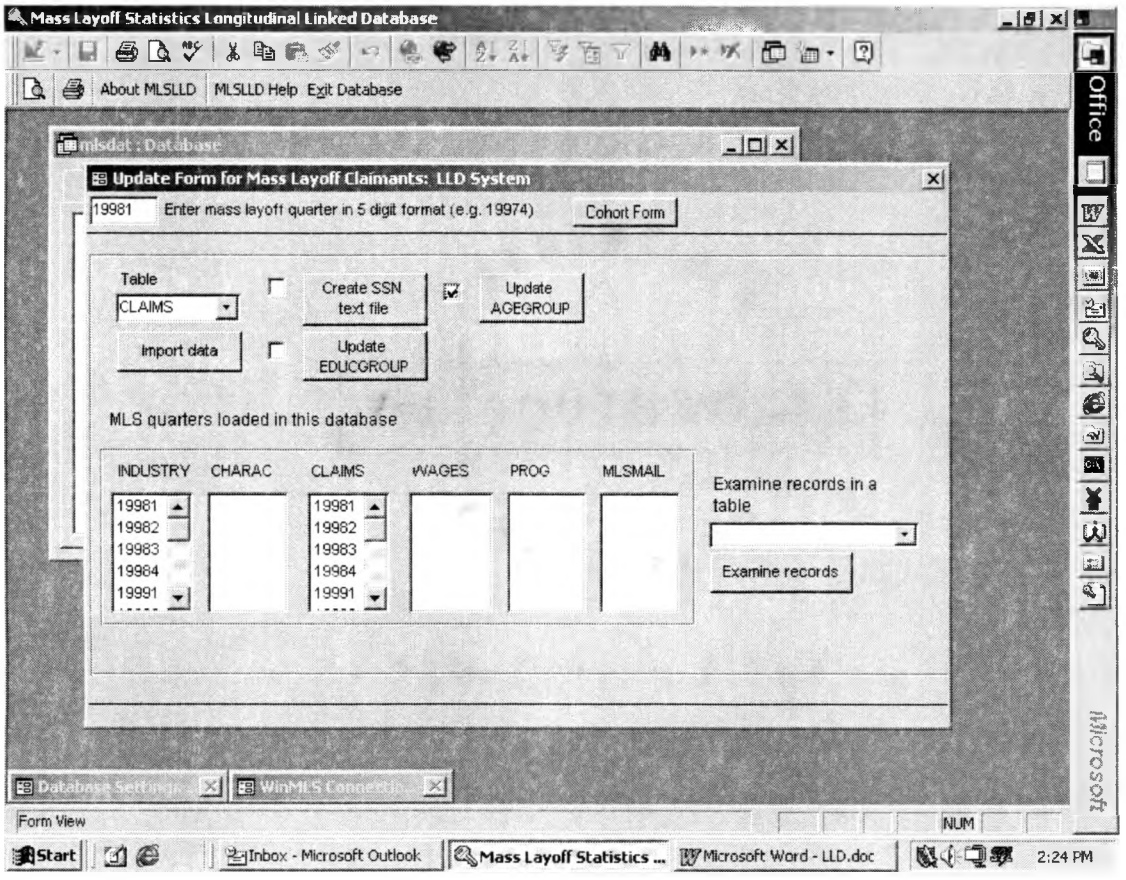
3) The Database Settings and Cohort Selection Form that allows the user to adjust property settings is shown. If the settings are correct, press the "OK" button.



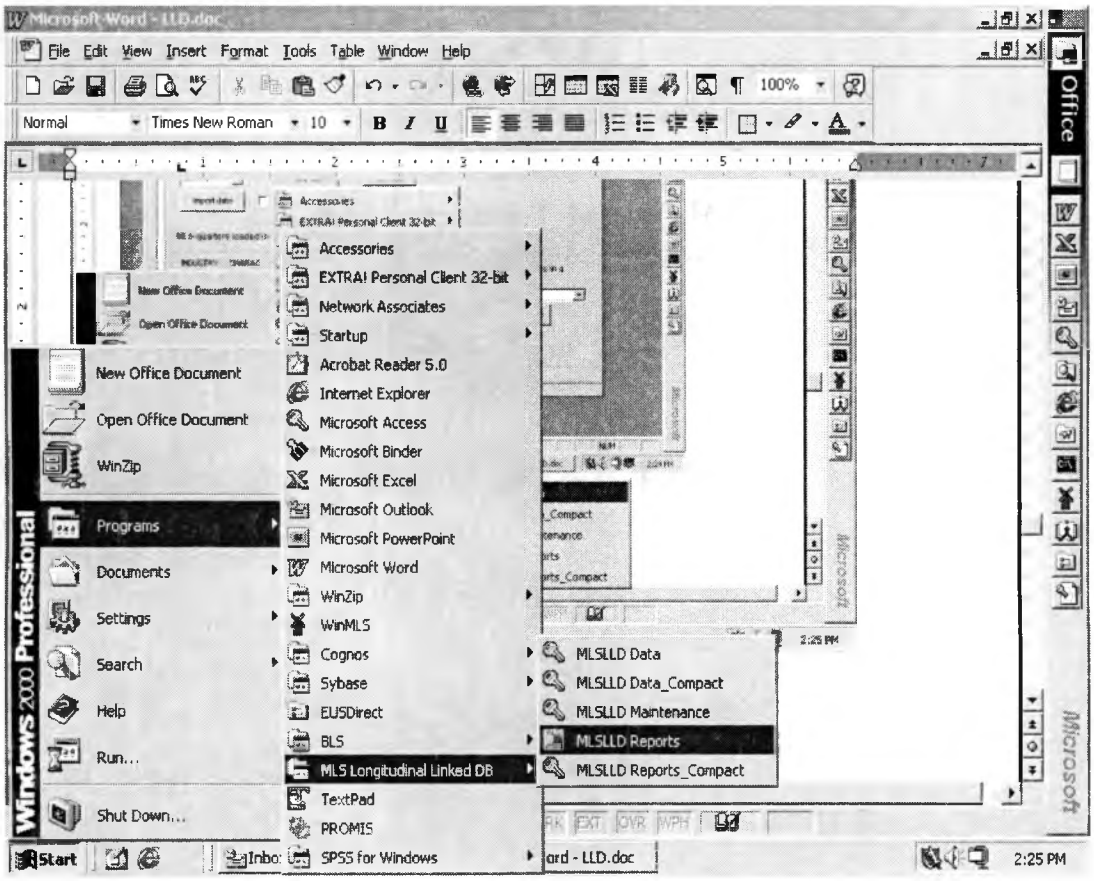
4) The Sign on screen to the MLS Longitudinal Linked Database (LLD) Version 2.2 is shown. After the User ID and Password is entered, press "OK".



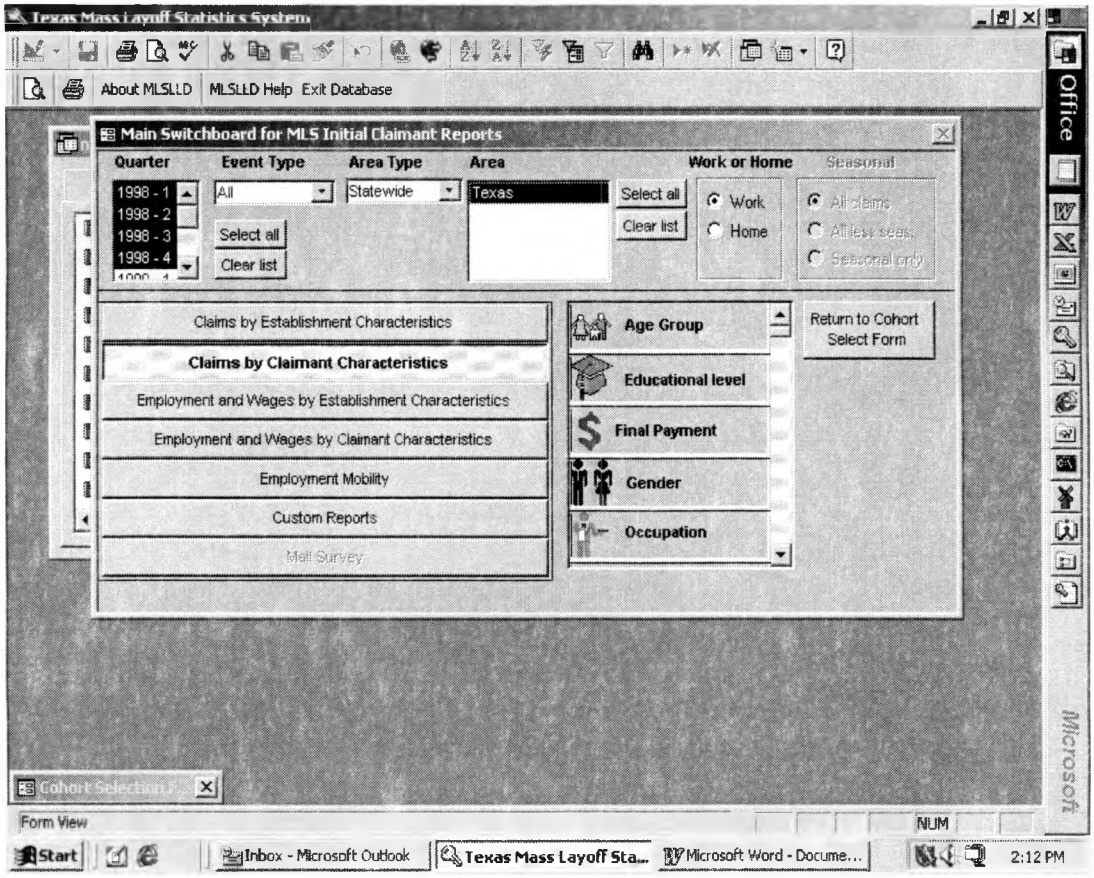
5) The Import Data Screen is shown. In the top box type in the mass layoff quarter (i.e. 19981). In the Table box, select "Claims". Check the Update AgeGroup in order to update the age ranges of the MLS or Plant Closure UI claimants. Press the "Import Data" button to import the MLS or Plant Closure claims information from WinMLS to the MLS LLD. When the import is successfully executed, the year/quarter of the mass layoff or plant closure event should appear in the Claims box at the bottom. Close out of this application.



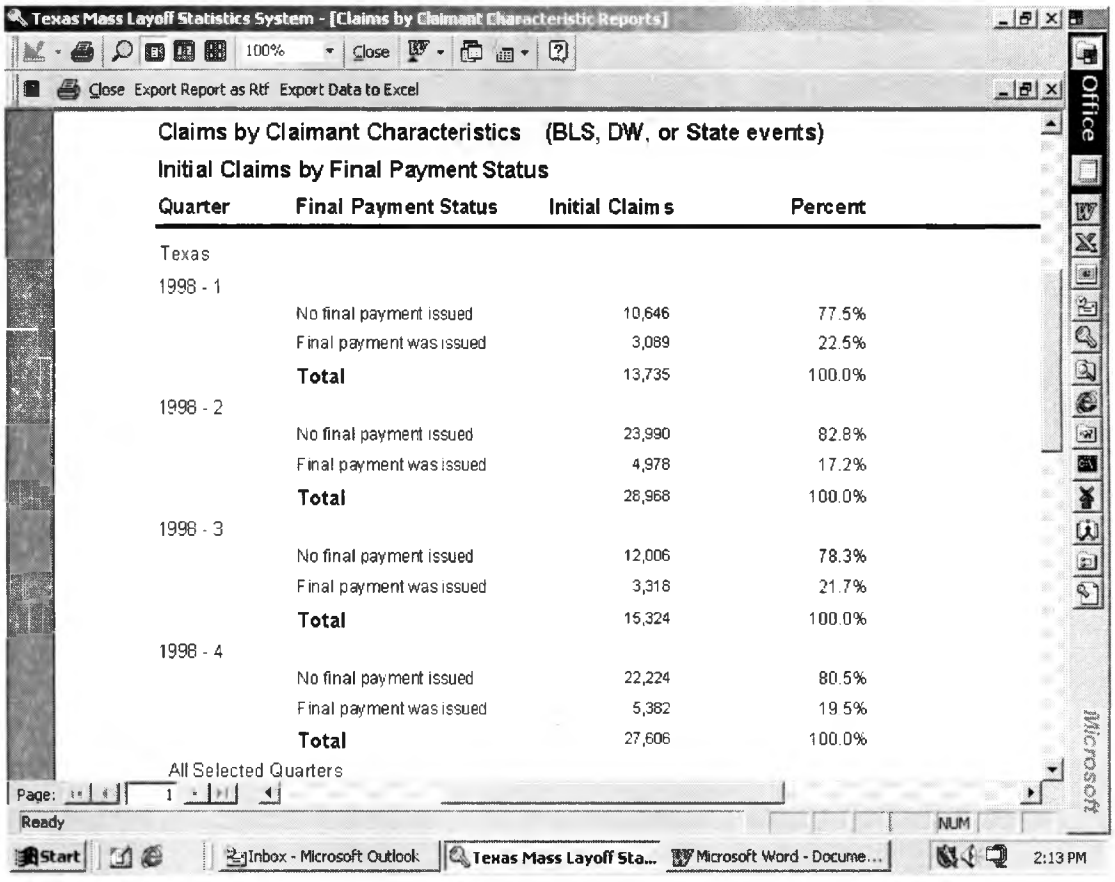
6) Go to the Start Menu on the PC and click on Programs. Go to the MLS Longitudinal Linked DB and click on the MLSLLD Reports.



7) The Main Switch Board for the MLS Initial Claimants Reports is shown. Select the Claims by Claimant Characteristics button, the Year/Quarter, All Event Type, and Statewide area type. Click on the Final Payment Button to produce a report on the number of exhaustees/non-exhaustees for the specified year/quarters on a statewide basis.



8) The report that details the number of exhaustees and non-exhaustees by Year/Quarter on a Statewide basis is shown. Number of Final Payments indicates the number of UI Exhaustees and the number of No Final Payments indicates the number of non-UI exhaustees.



Appendix E – Temporary Extended Unemployment Compensation (TEUC) Program

On March 9, 2002 a federal law was signed which provided up to 13 additional weeks of UI benefits for unemployed workers who exhausted their regular Unemployment Insurance (UI) benefits. The name of this federal extension benefit is the Temporary Extended Unemployment Compensation (TEUC) program. The extension ended on December 28, 2002. To have been eligible for this extension of UI benefits, claimants must have filed a claim since March 15, 2001, and have had exhausted their regular State UI benefits. They also must have been unemployed at the time of this extension. On January 8, 2003, President George W. Bush signed into law the extension of the TEUC program. The latest extension allows individuals who established a valid TEUC claim and had a balance remaining when the previous program ended December 28, 2002, to draw the remainder of those benefits. It also allows Texas to continue to establish TEUC claims until May 31, 2003, for individuals who have exhausted their regular UI benefits. Individuals who exhausted their TEUC benefits prior to December 28, 2002, are not entitled to additional benefits under this extension.

Appendix F – Definition of Dislocated Worker

Specific Criteria to be considered a Dislocated Worker (Any of the Four Definitions)

1) A worker who has been terminated or laid off, or who has received a notice of termination or layoff, from his/her employment and is eligible for or has exhausted his/her entitlement to unemployment compensation.
2) A worker who has been employed for a duration sufficient to demonstrate, to the appropriate entity at a workforce center, but is not qualified to receive unemployment compensation due to insufficient earnings or having performed services for an employer that were not covered under the State unemployment compensation law and is unlikely to return to a previous industry or occupation.
3) A worker who has been terminated or laid off, or has received a notice of termination or layoff, from employment as a result of any substantial layoff at a plant, facility, or enterprise.
4) A worker who is employed at a facility at which the employer has made an announcement of the facility closure within 180 days.
5) A worker who was self-employed but is unemployed as a result of the general economic conditions in the community in which the individual resides or the self-employed person is unemployed due to natural disasters.
6) A worker who has been providing unpaid services to family members in the home and who has been dependent on the income of another family member, but is not any longer being supported by the income. This type of worker is referred to as a

displaced homemaker. A displaced homemaker could be unemployed or underemployed or be experiencing difficulty in obtaining or upgrading his/her employment.

Appendix G – Glossary

Additional Claim (AC) - A notice of new unemployment filed at the beginning of a second or subsequent series of claims within a benefit year or within a period of eligibility when there has been intervening employment.

Base Year - A specified period of 12 consecutive months or, in some states, 52 weeks preceding the beginning of a benefit year during which an individual must have the required employment and/or wages in order to establish entitlement to compensation or allowances under an applicable program.

Base Year Wage - The Base Year Wage is defined as the amount of wages a claiman has earned during a base period. The wages earned during a base period is the amount of wages earned during a specified period of 12 consecutive months or four calendar quarters before the claimant files an Initial UI claim.

Benefit Year – A period, generally 52 weeks, during which an individual claimant may receive his/her maximum potential benefit amount.

Bureau of Labor Statistics (BLS) – Part of the U.S. Department of Labor (DOL). This federal agency functions as the principal data gathering agency of the federal government in the field of labor economics. The BLS collects, processes, analyzes, and disseminates data relating to employment, unemployment, the labor force, productivity, prices, family expenditures, wages, industrial relations, and occupational safety and health. Well known data released by BLS include: the Consumer Price Index (CPI), the Producer Price Index (PPI), the unemployment rate, and nonagricultural employment levels.

Claim – A notice of unemployment filed to request a determination of eligibility and the amount of benefit entitlement, or to claim benefits or waiting period credit.

Claimant - A person who files an initial claim or a continued week claimed under (1) any State or Federal unemployment compensation program or (2) any other program administered by the State Agency.

Continued Claim – A claim filed by mail or in person for waiting period credit or payment for 1 or more weeks of unemployment.

Department of Labor (DOL) – Cabinet level agency which enforces laws protecting workers, promotes labor management cooperation, sponsors employment training and placement services, oversees the unemployment insurance system, and produces statistics on the labor force and living conditions.

Dictionary of Occupational Titles (DOT) - A manual that codes occupational job titles in order to properly match jobs and workers. This manual creates a uniform occupational language to be used in all of its local job service offices.

Duration of Benefits – The length of time a UI claimant continues receiving his/her UI benefits until he/she has either found reemployment and can discontinue UI benefits or until he/she exhausts his/her UI benefits.

Employer Master File (EMF) – An electronic record depicting the current status and related tax accounting for employers and non-employing units which may be reviewed, copied, or edited.

Employment Statistics (ES-202) - Also known as Covered Employment and Wages statistics. This report consists of statistics of the employment and wages for employers in Texas who pay Unemployment Insurance taxes. This report is produced on a quarterly basis. The data from this report are the most detailed available, however it takes several months to process all of the information, so as a result there is normally about a six-month lag time before data at aggregate levels for counties and major industries are published.

Extended Benefits (EB) – The supplemental program that pays extended compensation during a period of specified high unemployment to an individual for weeks of unemployment after they have exhausted regular compensation.

Federal/State Cooperative Programs – A series of programs in which the States and Federal government cooperate in accomplishing the goals of the program.

Final Payment – The last payment to a claimant, that exhausts the individual's maximum potential benefit entitlement under a specific program.

Industry – Describes the type of economic activity engaged in by a group of firms as used in the compilation of economic statistics.

Initial Claim (IC) – Any notice of unemployment filed to request (1) a determination of entitlement to and eligibility for compensation or (2) a second or subsequent period of unemployment with a benefit year or period of eligibility.

Job Tenure – Number of months or years a worker has been working on his/her job. Also known as a worker's job experience.

Labor Market Information (LMI) – Body of data available on the labor market including employment, unemployment and unemployment statistics, average hours and earnings

data, covered employment and any other economic data useful in understanding the labor market.

Local Area Unemployment Statistics (LAUS) Program - A federal/state cooperative program which produces employment, labor force, and unemployment estimates for states and local areas.

Mass Layoff Statistics (MLS Program) – A BLS federal/state cooperative program that collects and publishes data on mass layoffs.

Metropolitan Statistical Area (MSA) – A large population nucleus, together with adjacent communities that have a high degree of social and economic integration within that core. Metropolitan areas comprise one or more entire counties, except in New England, where cities and towns are the basic geographic units.

Number of Base Period Employers – The number of employers the UI claimant worked for prior to the claimant's unemployment during the last 12 consecutive months or four calendar quarters before the claimant files an Initial UI claim.

Regular State UI Program – A Federal-State Unemployment Insurance (UI) program that is administered by the State within the guidelines established by Federal Law. The program does not include claimants that received Unemployment Insurance (UI) benefits through the Unemployment Compensation for Federal Employees (UCFE) Program nor the Unemployment Compensation for Ex-Servicemen (UCX) Program.

Ratio of High Quarter to Base Year Wage – The proportion of an UI claimant's highest quarterly wage amount during a base period to that of the claimant's Base Year Wage.

Social Security Number (SSN) – Number given to all United States citizens to show proof of citizenship or to verify work eligibility.

Standard Industrial Classification (SIC) - Classification system which defines industries in accordance with the composition and structure of the economy and covers the entire field of economic activities.

Texas Workforce Commission (TWC) – The state government agency charged with overseeing and providing workforce development services to employers and job seekers of Texas. For employers, TWC offers recruiting, retention, training and retraining, and outplacement services as well as valuable information on labor law and labor market statistics.

Unemployment Compensation for Federal Employees (UCFE) – Federal program that provides temporary financial assistance to eligible federal workers who become unemployed.

Unemployment Compensation for Ex-Servicemen (UCX) - The Federal program that provides unemployment compensation to ex-service personnel.

Unemployment Insurance (UI) – Social welfare program first instituted in the Great Depression to provide temporary financial assistance to eligible unemployed workers. Unemployment insurance programs are administered by State Employment Security Agencies under State law, subject to Federal minimum standards.

Unemployment Insurance (UI) Exhaustees – Unemployed workers who have exhausted all of their unemployment compensation benefits and are no longer eligible for benefits under the regular program.

Wage Records – An attachment to employer's Quarterly Contribution Reports, which lists the names and/or Social Security numbers and the individual quarterly wages of all UI-covered employees on the payroll.

Weekly Benefit Amount (WBA) – The amount payable to a claimant for a compensable week of total unemployment. The WBA is approximately 50% of the claimant's average weekly wage during the base period.

Windows –Based Mass Layoff System (WinMLS) - The software program which has been developed to carry out the statistical estimation process by which MLS estimates are generated.

Worker Profiling and Reemployment Services (WPRS) – The WPRS System profiles Unemployment Insurance (UI) claimants to determine and rank those individuals most likely to exhaust their UI benefits. Claimants who are determined to be most likely to exhaust their UI benefits are called in for reemployment services before their benefits run out. The reemployment services given are based upon the capacity of the local employment and training system.

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VITA

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