

N E W S R E L E A S E

News Release No.: 12-54

Date: October 18, 2012

New UI Claims Totals Follow Typical Quarterly Pattern

Today's weekly U.S. Department of Labor (U.S. DOL) report on Unemployment Insurance (UI) claims shows an increase in claims nationally from October 7th to October 13th, which is expected because historically claims increase at the beginning of a new quarter. The new quarter began October 7th in California and many other states and thus this increase is consistent with typical quarterly patterns. Some other states have a different quarter change effective date so their impacts were reported a week earlier.

Because of this type of fluctuation in weekly data, longer-term and overall trends are always more reliable indicators than weekly variations. The more important overall trend is a continuing decline in UI claims nationally and in California. In California, claims through September 2012 were down to 2.3 million, a 9 percent drop from the same period last year (2.5 million UI claims in January through September 2011).

Today's U.S. DOL report includes two weeks of data. For the week ending October 6th, California did experience a decline of 4,979 UI claims from the week before. This is consistent with the overall trend of declining demand for UI benefits along with a decreasing unemployment rate in the state, an increase in jobs numbers, and even a bit of a delay in typical seasonal patterns of unemployment due to warmer than usual weather.

Today's U.S. DOL report does not include specific state data for the most recent completed week ending October 13th. Those will be released by DOL as usual in next week's weekly UI claims report. But there are several large states, including California, whose claim filing began a new quarter effective October 7, 2012, and thus any increase in those state claims filed during the week ending October 13th would be included in this report. To be perfectly clear, there are no "processing delays" in California as some media have suggested. Instead, an increase in claims is always expected at the beginning of every new quarter in most, if not all, states.

There are two reasons claims tend to increase at the beginning of a new quarter:

- Unemployed workers might wait until the new quarter to file their UI claim because their benefit amount could be higher based on a different base wage period. Benefits are calculated based on the last four complete quarters, so every quarter there is a new period for calculating benefits.

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- During the required quarterly review of federal extensions, some new regular UI claims are filed at the beginning of a new quarter. Federal law requires states to file new regular claims for claimants who've earned enough wages to qualify for that new claim instead of continuing to collect federal extension benefits. Again, the result is an uptick in claims during the beginning of a new quarter.

Historically, claims also tend to level off after this initial, beginning-of-the-quarter rise.

Today's U.S. DOL report provides updates only on what is happening in the demand for UI benefits nationally. Tomorrow morning, Friday, October 19th, California and other states will release the usual monthly updates on different data pertaining to the state's trend in jobs as well as the unemployment rate. The unemployment rate is a broader definition of unemployment in the state because not all out-of-work individuals qualify for UI benefits. The self-employed for instance are not covered by the UI program.

The most recent update in California jobs and the unemployment rate for the month of September will be released by the EDD tomorrow morning.

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