OCCASIONAL PAPER NO. 2

An Analysis of Wyoming Unemployment Insurance Monetary Eligibility, 1993 and 2003

January 2005

Research & Planning

Wyoming Department of Employment

An in-depth review of Wyoming Labor Market Information topics.

Catalog of Occasional Papers

Occasional Paper No. 1: Evaluation of Federal Training & Education Programs. (2004, October). Casper, WY: Wyoming Department of Employment, Research & Planning.

Contents:

Examining Workforce Investment Act Programmatic Outcomes by Sylvia D. Jones, M.A.

A Comparison of Employment and Enrollment Outcomes Based on Temporary Assistance for Needy Families Eligibility by Mark A. Harris, Ph.D.

Occasional Paper No. 2: An Analysis of Wyoming Unemployment Insurance Monetary Eligibility, 1993 and 2003. (2004, January). Casper, WY: Wyoming Department of Employment, Research & Planning.

Contents:

An Analysis of Wyoming Unemployment Insurance Monetary Eligibility, 1993 and 2003 by Sherry Wen.

Subscriptions, additional copies, and back issues are available free of charge. Please contact Susan Murray at smurra1@state.wy.us or (307) 473-3835.

Electronic copies are available at http://doe.state.wy.us/LMI/backiss.htm

Contents

Page

Wyoming Department of Employment
Cynthia A. Pomeroy, Director

Research & Planning
Tom Gallagher, Manager

Workforce Information
Dr. Mark A. Harris, Supervisor

Krista R. Shinkle, Editor, (307) 473-3808, e-mail: kshink@state.wy.us
Susan J. Murray, Associate Editor, (307) 473-3835, e-mail: smurra1@state.wy.us

Editorial Committee: David Bullard, Valerie A. Davis, Dr. Mark A. Harris, Susan J. Murray, Brad Payne, and Krista Shinkle.

© Copyright 2005 by the Wyoming Department of Employment, Research & Planning.

Department of Employment Nondiscrimination Statement
The Department of Employment does not discriminate on the basis of race, color, religion, national origin, sex, age, or disability. It is our intention that all individuals seeking services from our agency be given equal opportunity and that eligibility decisions be based upon applicable statutes, rules, and regulations.

ISSN 1551-3629 (print)
ISSN 1551-3637 (online)
http://doe.state.wy.us/LMI

An Analysis of Wyoming Unemployment Insurance Monetary Eligibility, 1993 and 2003

by: Sherry Wen, Senior Economist

Abstract

Unemployment Insurance (UI) is a government program that offers financial assistance to workers who have lost their jobs through no fault of their own. This study examines how UI eligibility has changed from 1993 to 2003. We assume that all individuals who worked in Wyoming during second quarter 1993 (1993Q2) lost their jobs and applied for UI benefits in third quarter. We do the same thing for 2003Q2 and compare the results. In particular, what proportion of Wyoming employees would have been able to receive UI benefits? We present UI policy makers, legislators, and others with insights regarding the current UI system to assist them when faced with future UI decisions.

Our findings show that over the decade the proportion of Wyoming workers who would qualify for UI benefits, maximum UI benefits, or maximum UI duration all decreased to some degree. Other results remained fairly constant:

- Lower paying industries had more workers who would be ineligible for UI benefits than higher paying industries.

- Workers in lower paying industries also had a smaller chance of receiving maximum UI benefits than those working in higher paying industries.

- Employees of prime working ages (25 to 54) were likely to qualify for UI benefits while workers older and younger were less likely.

- A much higher percentage of male than female workers would have been eligible for the maximum UI benefit.

- Seasonal workers were more likely to receive more UI benefits than non-seasonal workers, even if they earned the same total wages in the base period or had the same weekly wages before layoff.

Introduction

UI plays an important role in Wyoming's labor market. It aids workforce development because, theoretically, it retains skilled workers in the state, who are then available for future training and employment. Almost all employers pay UI taxes. In fiscal year 2003 (July 1, 2002 to June 30, 2003), 18,896 workers received UI benefits in Wyoming, which represents 7.7 percent of all persons who worked in the state

To qualify for UI benefits, an unemployed worker must meet monetary and nonmonetary eligibility criteria. Nonmonetary criteria require individuals to 1) have involuntarily separated from their employers or lost jobs through no

fault of their own; 2) be able and available to work; and 3) be actively seeking work. To address the concerns raised about nonmonetary criteria in recent years, some states such as Kansas, Montana, and South Dakota have passed legislation allowing workers to qualify for UI benefits if they left their employment due to factors such as domestic violence, sexual harassment, pregnancy, and child care conflicts. We expect that women will be the primary beneficiaries of these changes. In general, individual workers can control nonmonetary eligibility to some degree.

Monetary criteria, more straightforward and easier to determine, require unemployed workers to have earned sufficient wage credits (a certain amount of wages) prior to losing their jobs. These criteria are less amenable to control by individual workers.

Wyoming applied two monetary eligibility criteria in 1993 and 2003. The first required an unemployed worker to have earned at least eight percent of the statewide annual average wage during the base period (Wyoming Employment Security Law, 2003). The base period is the first four of the last five completed calendar quarters preceding the one in which an unemployed worker filed an initial claim for UI benefits. The minimum base period wage was $1,650 in 1993 and $2,300 in 2003. The second required a worker's total base period wage be at least 1.4 times his/her high quarter wages in the base period.

The research presented here only focuses on monetary criteria. Our purpose is to determine whether monetary criteria still function as they did 10 years ago and to answer the question of whether or not the UI system still provides a comparable level of support for the workforce. We compared data from 1993 and 2003 using UI Wage Records (Wage Records) and evaluated the impact of current UI laws on the eligibility of Wyoming workers for benefits. This study shows the comparative operational baselines when we assume that all employees who worked in Wyoming in the second quarter of 1993 or 2003 lost their jobs and applied for UI benefits in the third quarter. We seek to determine what has happened in terms of UI eligibility. In particular, what proportion of Wyoming employees would have been able to receive UI benefits? Additionally, we explore what their benefit levels may have been and how long they would have qualified. The wage replacement ratio and UI eligibility by industry, gender, and age are also examined.

Method

This research explores the current UI system in terms of eligibility and to determine if the system functioned the same in 1993 as in 2003. Using the same structure, we built two longitudinal study databases. Each database matched five quarters of Wage Records by social security numbers (SSNs): second quarter 1992 (1992Q2) to 1993Q2 and 2002Q2 to 2003Q2. Using the same quarter throughout the study avoided possible seasonal variations. Different quarters of the year and different points in time may have resulted in different UI eligibility situations.

Industry information was obtained from the Quarterly Census of

Employment & Wages (QCEW) database. We also matched the SSNs with the demographic database (mainly based on the driver's license database) to obtain the age and sex of each Wyoming worker. Wyoming workers in this research include those who worked in Wyoming during the study periods whether they resided in Wyoming or another state. (Glover, 2001a & b). In order to create fair comparisons, the 1993 UI benefits were inflated to 2003 dollars based on the Consumer Price Index (U.S. Department of Labor, 2004).

A study on the Wyoming employment structure between 1993 and 2003 was also presented to give background on how Wyoming workers were distributed among industries and the major changes over the 10-year period. This information helps place the study of monetary eligibility in context, as monetary eligibility may be problematic in some industries. It is important to understand the share of total employment represented by these industries.

Results

Employment Structure

A total of 214,402 individuals worked in Wyoming in 1993Q2, while 232,229 worked in 2003Q2. Table 1 shows substantial differences in industry growth between 1993 and 2003. Individuals working in Construction, one of the most seasonally volatile industries and responsible for many UI claims, grew by 20.6 percent. Services grew by 15.2 percent, which comprises almost two-thirds of the statewide net growth. Employment fell in Mining (-2.2%);

Table 1: Industry Distribution of Wyoming Workers, Second Quarter 1993 (1993Q2) and 2003Q2

	1993Q2					2003Q2					Change	
Industry[a]	Total Workers	Female (row %)	Male (row %)	N/A (row %)	Industry Distribution (col%)	Total Workers	Female (row %)	Male (row %)	N/A (row %)	Industry Distribution (col%)	Number	Percentage
Agriculture	3,386	21.9%	53.9%	24.2%	1.6%	4,030	28.0%	53.8%	18.2%	1.7%	644	19.0%
Mining	18,557	10.7%	84.9%	4.5%	8.7%	18,157	11.1%	81.4%	7.5%	7.8%	-400	-2.2%
Construction	16,873	9.5%	73.9%	16.6%	7.9%	20,350	9.3%	70.7%	20.1%	8.8%	3,477	20.6%
Manufacturing	10,714	26.9%	66.7%	6.4%	5.0%	9,792	23.2%	68.9%	8.0%	4.2%	-922	-8.6%
TCPU[b]	12,308	21.4%	73.4%	5.2%	5.7%	11,666	22.8%	68.2%	9.0%	5.0%	-642	-5.2%
Wholesale Trade	6,928	22.7%	71.6%	5.7%	3.2%	7,930	23.5%	70.9%	5.6%	3.4%	1,002	14.5%
Retail Trade	45,419	49.8%	36.5%	13.7%	21.2%	47,240	49.3%	36.4%	14.3%	20.3%	1,821	4.0%
FIRE[c]	8,544	65.9%	28.7%	5.3%	4.0%	8,360	67.4%	26.4%	6.2%	3.6%	-184	-2.2%
Services	74,549	58.5%	29.4%	12.1%	34.8%	85,896	56.8%	29.4%	13.8%	37.0%	11,347	15.2%
Public Administration[d]	15,107	44.5%	51.0%	4.5%	7.0%	18,171	44.8%	52.0%	3.2%	7.8%	3,064	20.3%
Unclassified[e]	2,017	30.4%	47.1%	22.5%	0.9%	637	20.9%	70.5%	8.6%	0.3%	-1,380	-68.4%
Total	**214,402**	**42.3%**	**47.0%**	**10.7%**	**100.0%**	**232,229**	**42.1%**	**45.7%**	**12.2%**	**100.0%**	**17,827**	**8.3%**

[a]Standard Industrial Classification.
[b]Transportation, Communications, & Public Utilities.
[c]Finance, Insurance, & Real Estate.
[d]Excludes federal government.
[e]No industry information available.
N/A - Not available.

Manufacturing (-8.6%); Transportation, Communications, & Public Utilities (TCPU; -5.2%); and Finance, Insurance, & Real Estate (FIRE; -2.2%). However, the percentage distribution of individual workers across industries was similar (up or down within 1 percentage point) between 1993 and 2003, except Services, which gained 2.2 percentage points in 2003. Men make up over 70 percent of workers in Mining, Construction, and Wholesale Trade in both 1993 and 2003. On the other hand, women make up over 65 percent of workers in FIRE during the same period. Services, the largest industry, employed more than one-third of Wyoming workers in 2003. Retail Trade was second largest, providing jobs to more than 20 percent of Wyoming workers. Figure 1 shows that the age distribution of workers shifted to the right, indicating an aging of Wyoming's workforce. Almost half (48.6%) of the workers in 1993 were between ages 16 and 34, but this age group decreased to 37.2 percent in 2003. In contrast, the number of workers between ages 35 and 54 increased from 22.7 percent in 1993 to 32.0 percent in 2003.

UI Eligibility

The proportion of workers who would have qualified for UI benefits was almost the same in 1993 (77.5%) and 2003 (76.8%; see Figure 2, page 5). These results should be interpreted as a minimum percentage of workers who would qualify for UI. Some workers move between states and would qualify for UI based on a combined wage claim. However, the potential combined wage claim workers are outside the scope of this research. For each year studied,

(Text continued on page 6)

Figure 1: Age Distribution of Wyoming Workers, 1993 and 2003

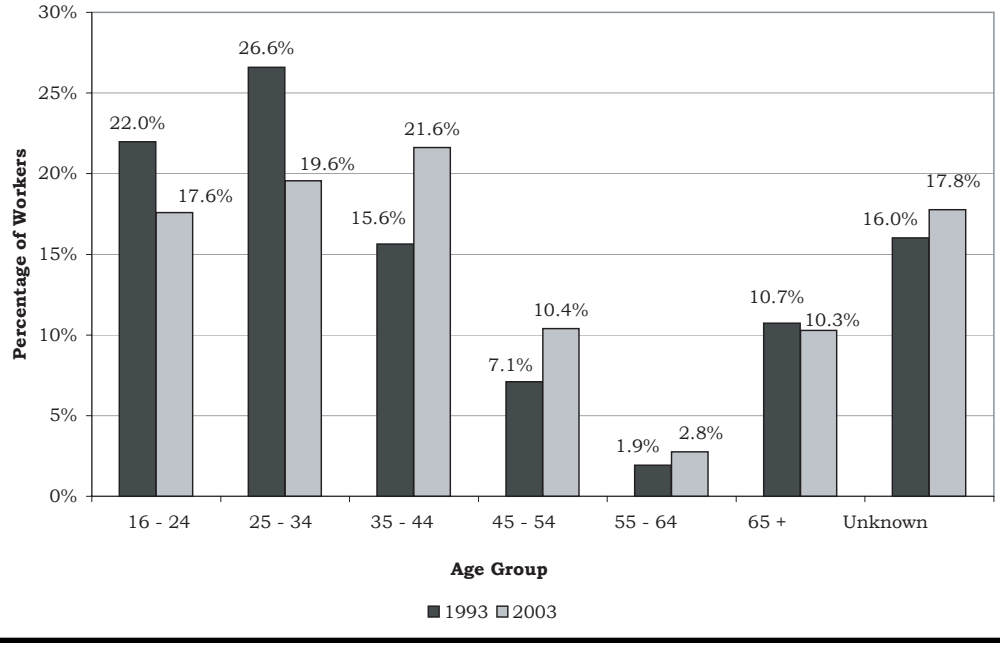
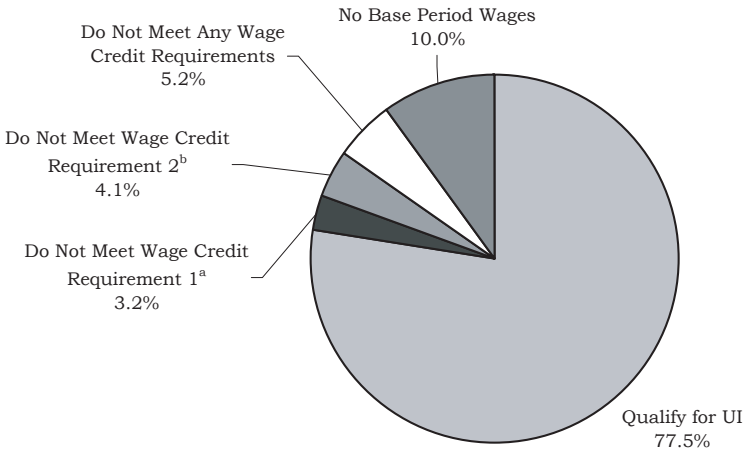
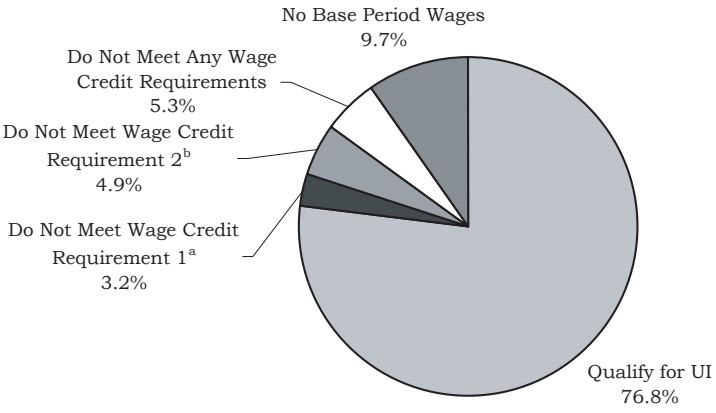


Figure 2: Distribution of Wyoming Workers by Unemployment Insurance (UI) Monetary Eligibility, Second Quarter 1993 (1993Q2) and 2003Q2

1993Q2 (N=214,402)

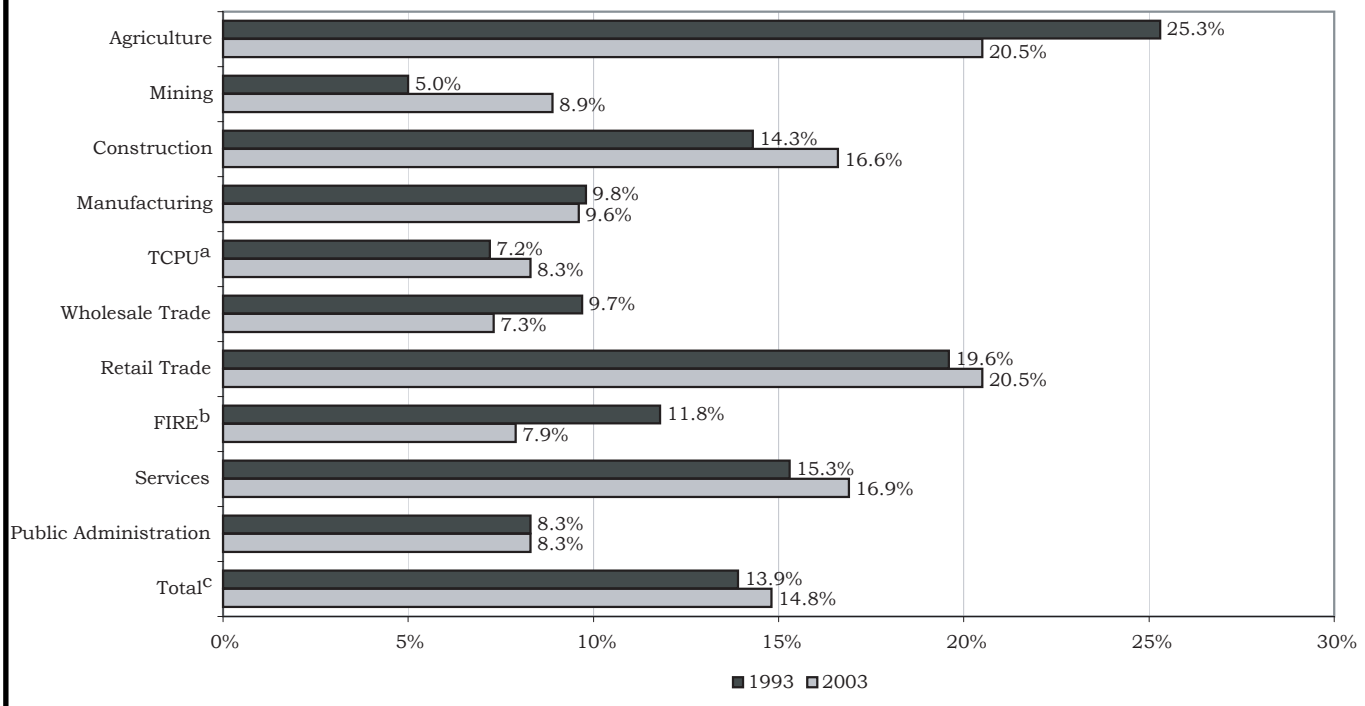


2003Q2 (N=232,229)



[a]An unemployed worker must have earned at least eight percent of the statewide annual average wage during the base period (Wyoming Employment Security Law 27-3-306(d)(i)(2003)). The minimum base period wage was $1,650 in 1993 and $2,300 in 2003.
[b]An unemployed worker's total base period wage must be at least 1.4 times his/her high quarter wages in the base period (Wyoming Employment Security Law 27-3-306(d)(iii)(2003)).

Figure 3: Industry Distribution of Wyoming Workers Monetarily Ineligible for Unemployment Insurance (UI), 1993 and 2003



[a]Transportation, Communications, & Public Utilities.
[b]Finance, Insurance, & Real Estate.
[c]Excludes those workers who had no base period wages.

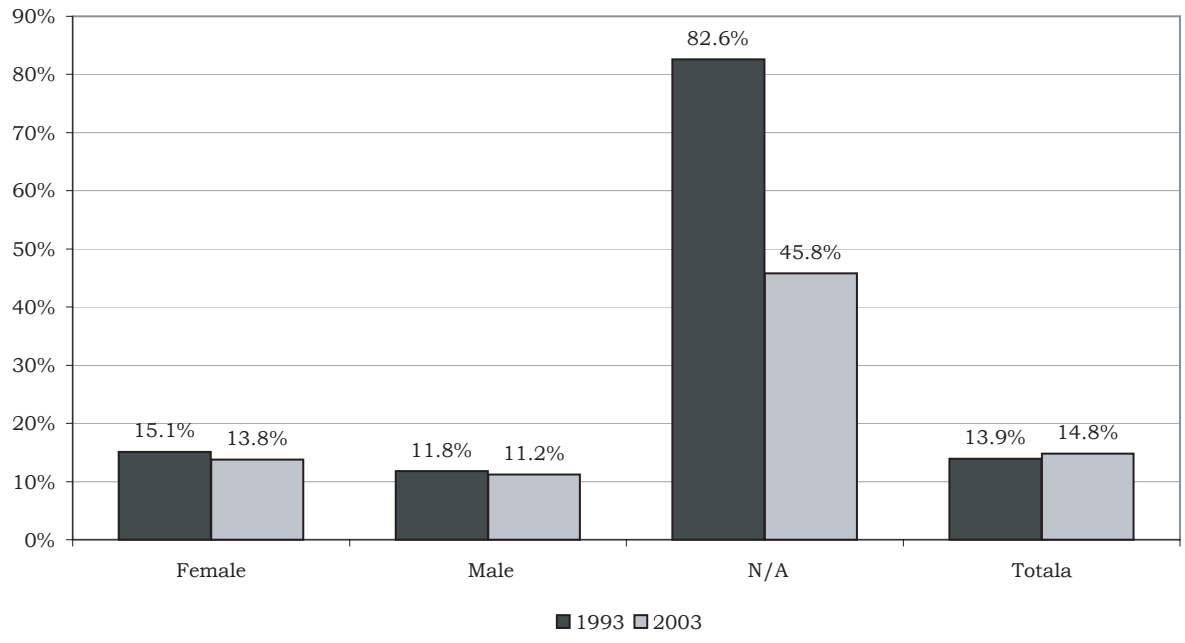
about 10 percent were new Wyoming workers during second quarter and had no base period wage credit at all; approximately 13 percent could not have met at least one of the two wage credit requirements, for a total of 23 percent who would have been ineligible for UI. Figure 3 shows the industry distribution of workers who would not have been monetarily eligible because they did not meet wage credit requirements. As Figure 3 indicates, UI eligibility varies significantly across industries. For example, 25.3 percent of Agriculture workers in 1993 would not have qualified for UI benefits. In contrast, only 5.0 percent of Mining workers in the same year would not have qualified. In general, low paying industries such as Agriculture, Retail Trade, and Services had a larger percentage of workers who would have been monetarily ineligible for UI if they had lost their jobs. However, these three industries accounted for more than three-fourths (77.2%) of the total growth in Wyoming workers from 1993 to 2003 and employed more than one-half (52.5%) of Wyoming workers in 2003. Mining and TCPU paid higher wages, which resulted in more

individuals qualifying for UI. However, Mining had the most significant increase in the percentage of UI ineligible workers (from 5.0% to 8.9%), followed by Construction (14.3% to 16.6%), and TCPU (7.2% to 8.3%). The eligibility scenario improved for Agriculture (with the percentage of ineligible workers decreasing from 25.3% to 20.5%), FIRE (from 11.8% to 7.9%), and Wholesale Trade (from 9.7% to 7.3%).

A comparison by gender shows that 15.1 percent of female workers in 1993 would not have qualified for UI had they lost their jobs, compared with 11.8 percent of male workers (see Figure 4). The proportions fell to 13.8 percent for female workers and 11.2 percent for male workers in 2003.

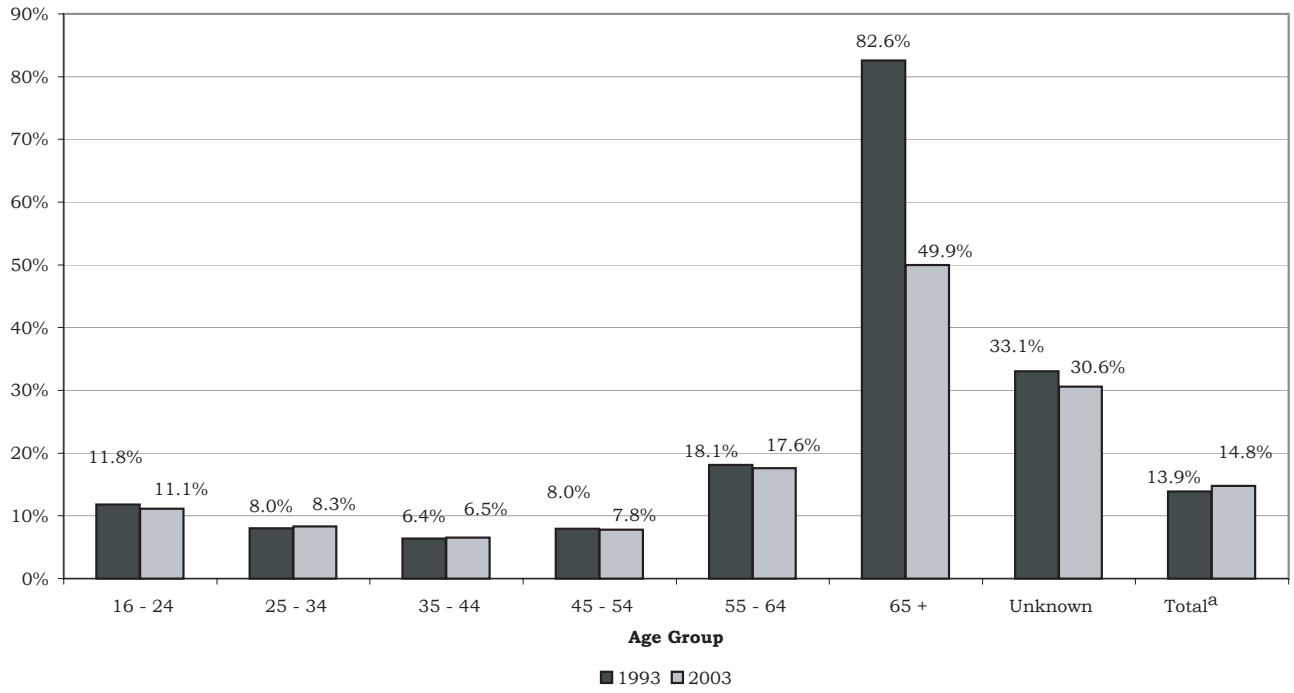
Figure 5 (see page 8) shows that both younger and older workers were more likely to have been ineligible for UI benefits than the middle age groups. For example, in 1993 and 2003 a little over 11 percent of workers between ages 16 and 24 would not qualify for UI benefits. For those who were 65 or older, 82.6 percent in 1993 and 49.9 percent in 2003 would have been ineligible for UI benefits. On the other hand, less than seven percent of the workers between ages 35 and 44 would have been ineligible. The differences across age groups were consistent, with the exception of those 65

Figure 4: Wyoming Unemployment Insurance (UI) Ineligible Workers by Sex, 1993 and 2003



[a]Excludes those workers who had no base period wages.
N/A - not available.

Figure 5: Wyoming Unemployment Insurance Monetarily Ineligible Workers by Age Group, 1993 and 2003



[a]Excludes those workers who had no base period wages.

or older. Part of the workers between ages 16 and 24 were probably students, who typically work part-time, and were more likely to be paid low wages. Some of the workers ages 65 or older are likely retirees and may only choose to work part-time. The large changes between 1993 and 2003 for this age group could be due to economic conditions during 2000 to 2003. Many workers who planned to retire during that time period lost their retirement money in the stock market, and chose to come back to work full time or to delay their retirement.

Potential UI Benefits Analyses

The research shows the benefit level for which Wyoming UI eligible workers would likely qualify and the differences across industry, age, and sex.

Our study shows that Wyoming had 166,044 workers (77.5%) in 1993Q2 and 178,590 (76.8%) in 2003Q2 who would have qualified for UI benefits if they had lost their jobs (see Figure 2, page 5). However, UI benefits vary depending on how much a worker earned during the base period. By law, the weekly UI benefit that an eligible individual could receive is equal to four percent of his/her high quarter wage during the base period. The law limits the maximum weekly benefit to 55 percent of the previous year's statewide average weekly wage, so it changes every year. The maximum weekly benefit was $220 in 1993 and $306 in

2003. The maximum benefit an individual could receive for one year starting with the effective date of the initial claim is 30 percent of his/her base period wage, or 26 times his/her weekly benefit, whichever is less. The potential UI duration (the number of weeks an individual is able to receive UI benefits) is determined by the maximum benefit divided by the weekly benefit, up to a maximum of 26 weeks in a benefit year. Table 2 gives two examples of how base period wages determine an individual's UI benefits.

Generally, the greater the weekly benefit amount and the longer the duration of eligibility for receiving UI benefits, the easier it is for workers to overcome the financial difficulties of unemployment. Increased benefits also afford more flexibility to attend reemployment services and look for jobs.

To facilitate comparison, we converted the 1993 benefits to 2003 dollars using the Consumer Price Index (U.S. Department of Labor, 2004). As a result, the maximum UI benefit in Wyoming was $281 per week with 26 weeks duration in 1993 and $306 per week with 26 weeks in 2003. This represents an 8.9 percent real increase over 10 years.

Table 3 (see page 10) shows the distribution of Wyoming UI eligible workers by sex and potential UI benefits. Approximately 40 percent would have qualified for the maximum UI benefit in 1993 or 2003. About 56 percent of male workers and only about 25 percent of female workers would have been able to receive the maximum UI benefit (see Table 3 and Figures 6, 7, and 8, pages 10, 11, and 12). Eligibility would have also varied by industry and age. In Mining, 77.0 percent of workers would have been eligible for the maximum UI benefit in 2003, while only 14.8 percent of workers in Retail Trade would have been eligible (see Table 4 and Figures 9, 10, and 11, pages 13, 14, 15, and 16). The proportion of workers who would have qualified for the maximum UI benefit in each industry changed only slightly between 1993 and 2003, with the

(Text continued on page 11)

Table 2: Example of How Wyoming Unemployment Insurance (UI) Benefits are Determined, 2003

Worker	Base Period Wages Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Base Period Wage	High Quarter Wage	Weekly Benefit Amount[a]	Maximum Benefit 1[b]	Maximum Benefit 2[b]	Final Maximum Benefit[b]	Weeks Eligible[c]
A	$2,600	$2,400	$2,500	$2,700	$10,200	$2,700	$108	$3,060	$2,808	$2,808	26
B	$350	$600	$2,500	$0	$3,450	$2,500	Ineligible	Ineligible	Ineligible	Ineligible	Ineligible

[a]The weekly benefit is equal to four percent of an individual's high quarter wage or $306 (the maximum amount allowed in 2003), whichever is less. In the example, Worker A would receive four percent of $2,700 or $108. Worker B is ineligible for UI benefits because the worker does not meet the requirement that a worker's total base period wage must be at least 1.4 times the high quarter wage. In the example, Worker B would have needed to earn at least $3,500 (1.4 * $2,500) to qualify for UI benefits.

[b]The maximum benefit an individual can receive is 30 percent of the worker's base period wage or 26 times the worker's weekly benefit, whichever is less. In the example, 30 percent of Worker A's base period wage is $3,060. Worker A's weekly benefit times 26 is $2,808. Therefore, Worker A's final maximum benefit is $2,808 (the smaller of the two).

[c]The number of weeks an individual is able to receive UI benefits is equal to the maximum benefit divided by the weekly benefit, up to 26 weeks.

Table 3: Distribution of Wyoming Unemployment Insurance (UI) Eligible Workers by Sex and Potential UI Benefit Levels, 1993 and 2003

Percentage of UI Eligible Workers in 1993

Female Workers:

Benefit in 2003 Dollars	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total	AWB[a]
=<$100	3.5%	5.3%	6.3%	3.1%	18.2%	
$101 - $200	3.2%	5.8%	12.2%	13.8%	35.0%	**$188**
$201- $280	0.7%	1.6%	5.0%	12.0%	19.3%	
$281	0.2%	0.7%	2.1%	24.6%	27.5%	
Total	7.6%	13.4%	25.6%	53.5%	100.0%	

Male Workers:

Benefit in 2003 Dollars	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total	AWB[a]
=<$100	2.1%	2.2%	2.0%	1.0%	7.4%	
$101 - $200	3.0%	3.6%	4.7%	4.3%	15.6%	**$240**
$201- $280	1.3%	2.2%	3.8%	6.7%	14.0%	
$281	0.5%	1.5%	3.5%	57.6%	63.0%	
Total	6.9%	9.6%	13.9%	69.6%	100.0%	

All Workers:[b]

Benefit in 2003 Dollars	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total	AWB[a]
=<$100	2.8%	3.6%	4.0%	2.0%	12.4%	
$101 - $200	3.1%	4.6%	8.1%	8.7%	24.6%	**$216**
$201- $280	1.0%	1.9%	4.4%	9.1%	16.5%	
$281	0.3%	1.1%	2.8%	42.2%	46.5%	
Total	7.3%	11.4%	19.3%	62.0%	100.0%	

Percentage of UI Eligible Workers in 2003

Female Workers:

Benefit	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total	AWB[a]	AWB % Change
=<$100	2.6%	4.1%	4.4%	2.1%	13.2%		
$101 - $200	3.8%	6.1%	11.1%	9.1%	29.9%	**$214**	**13.8%**
$201 - $305	1.5%	3.3%	8.5%	12.0%	25.3%		
$306	0.2%	1.7%	4.0%	25.6%	31.6%		
Total	8.1%	15.2%	28.0%	48.7%	100.0%		

Male Workers:

Benefit	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total	AWB[a]	AWB % Change
=<$100	1.7%	2.1%	1.7%	0.7%	6.2%		
$101 - $200	2.7%	3.5%	4.1%	2.7%	13.0%	**$263**	**9.6%**
$201 - $305	1.6%	3.0%	5.7%	6.7%	17.0%		
$306	0.4%	2.2%	5.3%	55.9%	63.8%		
Total	6.5%	10.7%	16.8%	66.0%	100.0%		

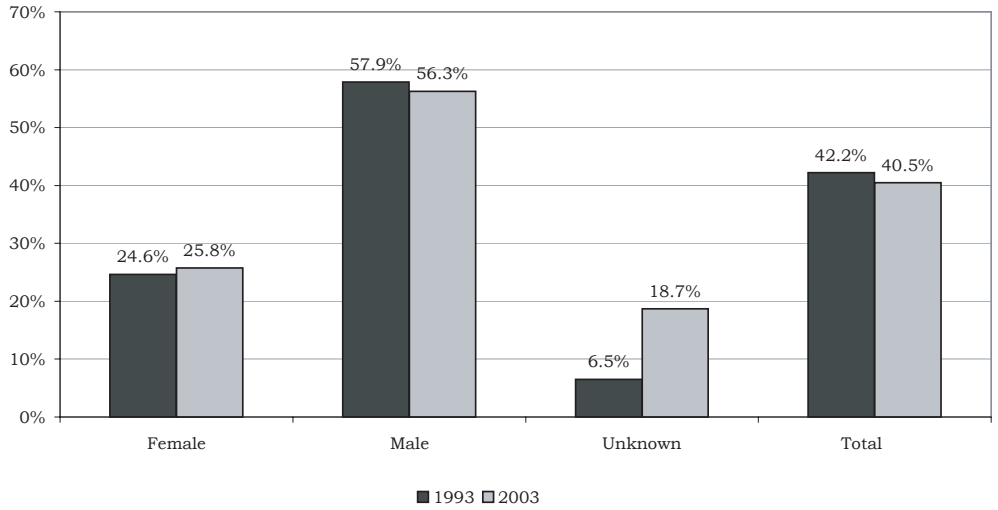
All Workers:[b]

Benefit	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total	AWB[a]	AWB % Change
=<$100	2.4%	3.1%	3.0%	1.4%	9.9%		
$101 - $200	3.6%	4.9%	7.4%	5.6%	21.5%	**$238**	**10.2%**
$201 - $305	1.8%	3.3%	7.0%	8.9%	21.0%		
$306	0.4%	2.0%	4.7%	40.5%	47.6%		
Total	8.1%	13.4%	22.1%	56.4%	100.0%		

[a]AWB - Average Weekly Benefit; inflation adjusted based on the Consumer Price index and expressed in 2003 dollars. The 1993 maximum weekly benefit amount was $281 (inflation adjusted) and the 2003 maximum weekly benefit amount was $306.

[b]Includes those workers whose sex is not available.

Figure 6: Wyoming Workers Potentially Qualifying for the Maximum Unemployment Insurance (UI) Benefit,[a] 1993 and 2003



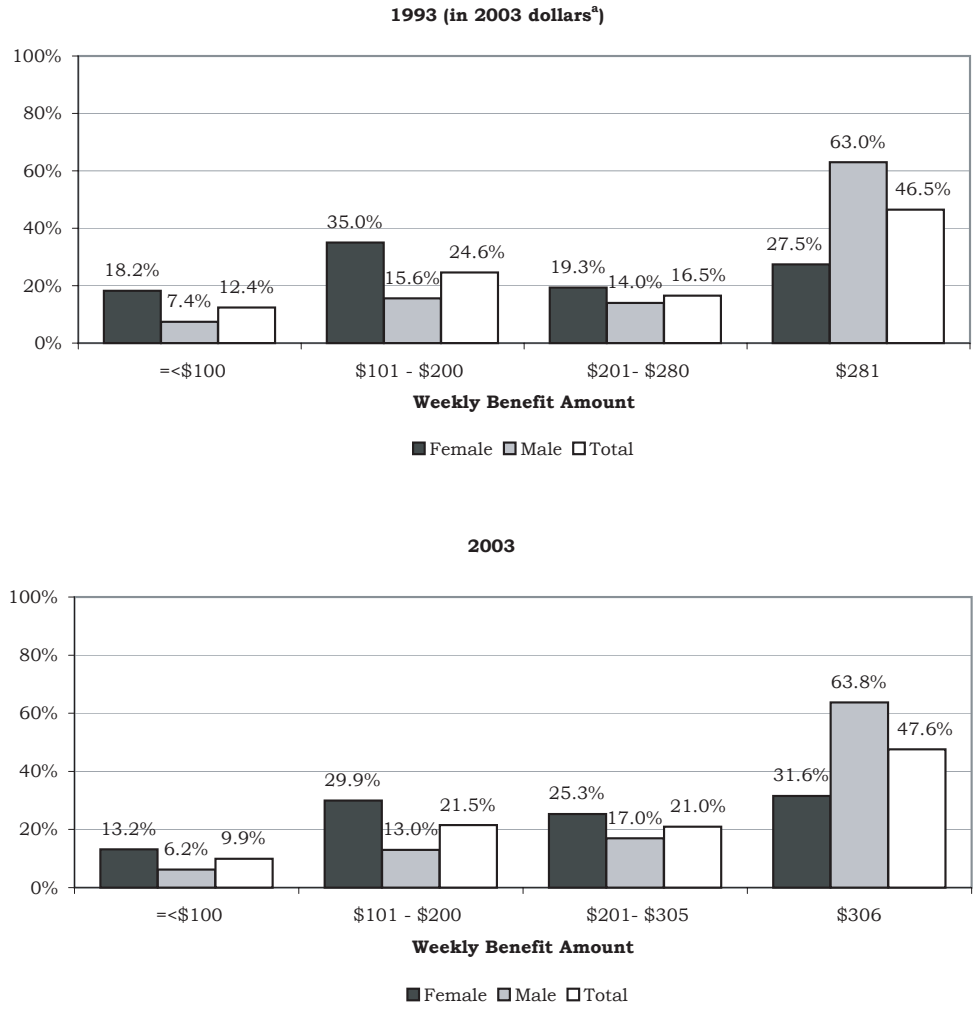
[a]The 1993 maximum UI benefit was $281 (inflation adjusted based on the Consumer Price Index) per week and 26 weeks duration. The 2003 maximum UI benefit was $306 per week and 26 weeks duration.

exceptions of Public Administration (up from 48.8% to 59.3%), TCPU (down from 68.4% to 60.6%), and Mining (down from 84.6% to 77.0%). Across all industries, it decreased by 1.7 percent (from 42.2% to 40.5%). Workers in the middle age groups would qualify more often than other age groups (see Figure 12, page 17). More than one-half of the workers between ages 35 and 54 would have qualified for the maximum UI benefit, while less than one-quarter of those 55 or older would have been at this level.

The proportion of workers eligible for the maximum UI duration fell by 5.6

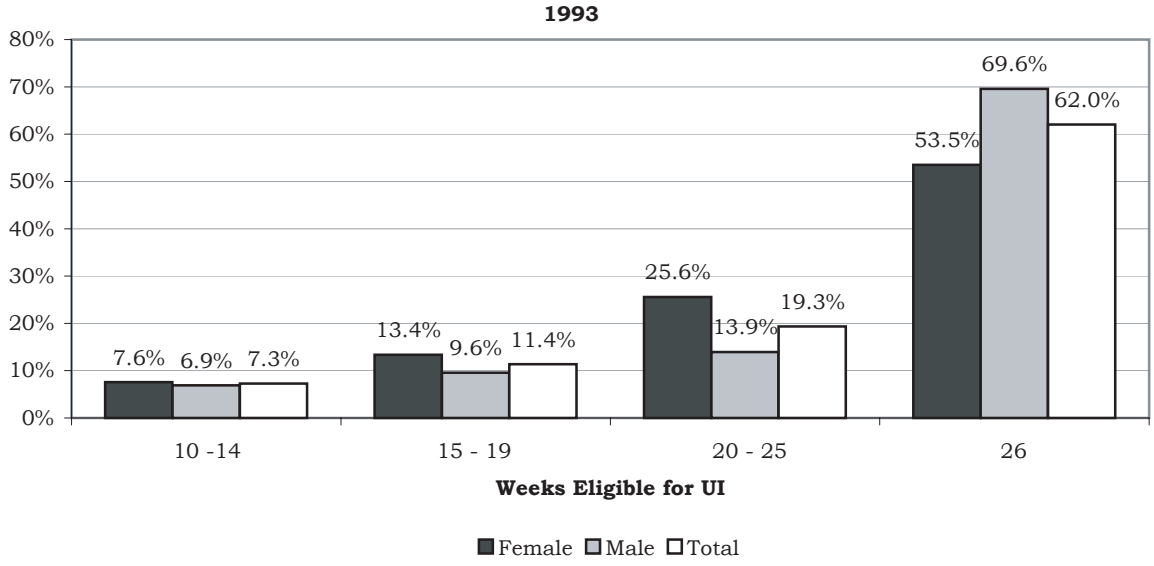
(Text continued on page 15)

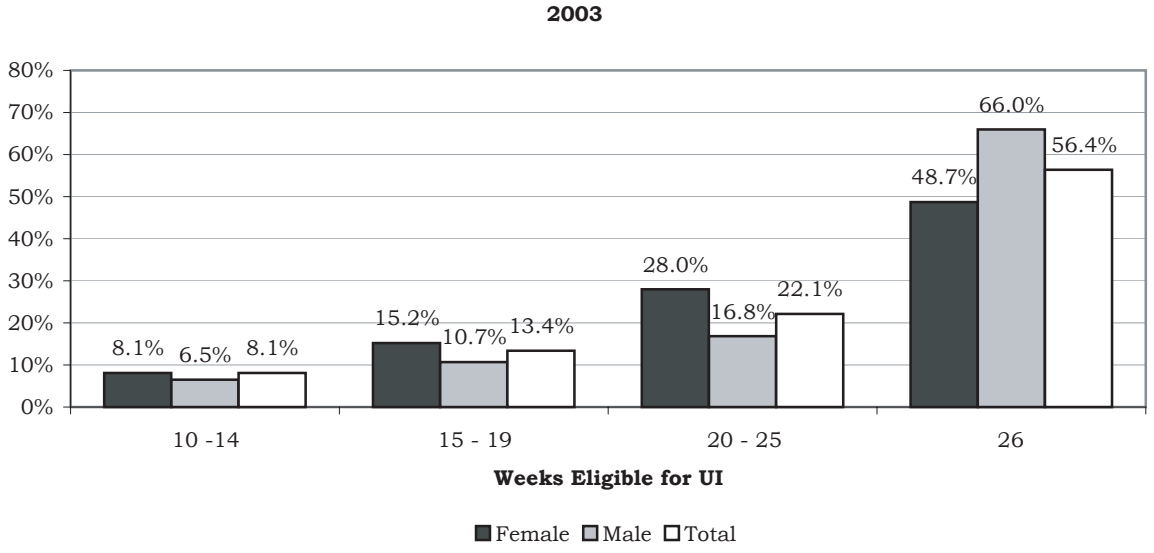
Figure 7: Distribution of Workers by Potential Wyoming Unemployment Insurance (UI) Weekly Benefit Amount, 1993 and 2003



[a]The 1993 maximum weekly benefit amount was $281 (inflation adjusted based on the Consumer Price Index), and the 2003 maximum weekly benefit amount was $306.

Figure 8: Distribution of Workers by Weeks Eligible for Unemployment Insurance (UI Duration),[a] 1993 and 2003





[a]The maxiumum UI duration (weeks eligible for UI) was 26 weeks in both 1993 and 2003.

Table 4: Industry Distribution of Wyoming Workers by Potential Unemployment Insurance (UI) Benefit Levels and Duration, 1993 and 2003

Agriculture

Benefit in 2003 Dollars	Percentage of UI Eligible Workers in 1993: Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total	AWB[a]	Benefit	Percentage of UI Eligible Workers in 2003: Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total	AWB[a]	AWB % Change
=<$100	4.8%	4.4%	3.0%	4.0%	16.2%		=<$100	4.2%	3.6%	3.3%	2.6%	13.7%		
$101 - $200	6.2%	6.7%	9.7%	13.5%	36.0%	**$192**	$101 - $200	5.6%	6.1%	7.7%	9.1%	28.5%	**$212**	**10.4%**
$201- $280	1.6%	2.7%	7.1%	9.8%	21.2%		$201 - $305	3.0%	4.3%	11.9%	12.0%	31.2%		
$281	0.3%	1.3%	5.0%	20.1%	26.6%		$306	0.6%	1.5%	4.4%	20.2%	26.6%		
Total	12.8%	15.1%	24.8%	47.3%	100.0%		Total	13.3%	15.5%	27.3%	43.9%	100.0%		

Mining

Benefit in 2003 Dollars	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		Benefit	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		
=<$100	0.4%	0.3%	0.3%	0.2%	1.3%		=<$100	0.6%	0.5%	0.3%	0.2%	1.6%		
$101 - $200	1.1%	1.1%	1.0%	0.8%	3.9%	**$272**	$101 - $200	1.4%	1.1%	1.0%	0.6%	4.0%	**$293**	**7.7%**
$201- $280	1.1%	1.1%	1.6%	1.7%	5.4%		$201 - $305	1.4%	2.1%	2.2%	1.6%	7.4%		
$281	0.5%	1.3%	2.9%	84.6%	89.3%		$306	0.5%	2.8%	6.7%	77.0%	87.0%		
Total	3.1%	3.8%	5.8%	87.3%	100.0%		Total	4.0%	6.5%	10.1%	79.4%	100.0%		

Construction

Benefit in 2003 Dollars	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		Benefit	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		
=<$100	2.0%	1.2%	0.9%	0.7%	4.8%		=<$100	1.7%	1.3%	0.8%	0.5%	4.3%		
$101 - $200	4.4%	4.6%	3.8%	3.0%	15.7%	**$243**	$101 - $200	4.3%	4.1%	3.5%	2.1%	13.9%	**$263**	**8.2%**
$201- $280	2.7%	4.2%	5.4%	8.4%	20.6%		$201 - $305	3.3%	5.2%	8.3%	6.8%	23.6%		
$281	1.0%	3.5%	6.9%	47.5%	58.9%		$306	1.0%	4.1%	8.2%	44.9%	58.2%		
Total	10.0%	13.5%	17.0%	59.5%	100.0%		Total	10.3%	14.7%	20.7%	54.2%	100.0%		

Manufacturing

Benefit in 2003 Dollars	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		Benefit	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		
=<$100	1.6%	1.9%	1.5%	1.2%	6.3%		=<$100	1.1%	1.3%	1.0%	0.7%	4.1%		
$101 - $200	2.8%	4.3%	6.6%	7.3%	21.0%	**$234**	$101 - $200	2.5%	3.8%	4.8%	4.5%	15.6%	**$262**	**12.0%**
$201- $280	1.4%	2.2%	5.0%	10.3%	18.9%		$201 - $305	1.3%	2.7%	8.5%	9.0%	21.5%		
$281	0.3%	1.2%	3.0%	49.2%	53.8%		$306	0.2%	1.7%	4.6%	52.4%	58.8%		
Total	6.1%	9.7%	16.2%	68.0%	100.0%		Total	5.0%	9.4%	18.8%	66.7%	100.0%		

Transportation, Communications, & Public Utilities

Benefit in 2003 Dollars	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		Benefit	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		
=<$100	0.7%	0.9%	0.9%	0.7%	3.2%		=<$100	0.7%	0.8%	1.1%	0.8%	3.4%		
$101 - $200	1.6%	2.2%	3.4%	4.0%	11.2%	**$255**	$101 - $200	1.8%	2.7%	3.7%	3.1%	11.3%	**$272**	**6.6%**
$201- $280	1.0%	1.8%	4.0%	5.5%	12.3%		$201 - $305	1.6%	2.9%	6.6%	6.6%	17.8%		
$281	0.3%	1.1%	3.5%	68.4%	73.3%		$306	0.4%	2.0%	4.5%	60.6%	67.6%		
Total	3.6%	6.1%	11.8%	78.5%	100.0%		Total	4.6%	8.4%	15.9%	71.1%	100.0%		

Wholesale Trade

Benefit in 2003 Dollars	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		Benefit	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		
=<$100	1.0%	1.9%	2.1%	1.5%	6.6%		=<$100	1.2%	1.6%	1.7%	0.8%	5.2%		
$101 - $200	2.0%	3.4%	5.1%	7.0%	17.5%	**$239**	$101 - $200	1.9%	2.7%	4.2%	4.1%	12.9%	**$264**	**10.5%**
$201- $280	0.7%	1.5%	4.7%	10.6%	17.5%		$201 - $305	1.1%	2.0%	7.3%	10.3%	20.8%		
$281	0.1%	1.1%	2.7%	54.6%	58.5%		$306	0.2%	1.3%	5.1%	54.4%	61.1%		
Total	3.9%	7.9%	14.6%	73.6%	100.0%		Total	4.4%	7.6%	18.4%	69.7%	100.0%		

Retail Trade

Benefit in 2003 Dollars	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		Benefit	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		
=<$100	5.7%	8.6%	9.8%	4.2%	28.3%		=<$100	4.7%	7.6%	7.4%	2.8%	22.4%		
$101 - $200	4.0%	7.3%	14.1%	14.6%	40.0%	**$161**	$101 - $200	5.1%	8.5%	14.2%	9.9%	37.8%	**$181**	**12.4%**
$201- $280	0.6%	1.5%	4.4%	7.0%	13.5%		$201 - $305	1.4%	3.0%	8.4%	8.4%	21.2%		
$281	0.2%	0.5%	1.7%	15.7%	18.2%		$306	0.2%	1.0%	2.6%	14.8%	18.6%		
Total	10.5%	17.9%	30.0%	41.6%	100.0%		Total	11.5%	20.0%	32.6%	35.9%	100.0%		

[a]AWB - Average Weekly Benefit; inflation adjusted based on the Consumer Price index and expressed in 2003 dollars. The 1993 maximum weekly benefit amount was $281 (inflation adjusted) and the 2003 maximum weekly benefit amount was $306.

(Table continued on page 14)

(Table 4 Continued from page 13)

Percentage of UI Eligible Workers in 1993: | **Percentage of UI Eligible Workers in 2003:**

Finance, Insurance, & Real Estate

Benefit in 2003 Dollars	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total	AWB[a]	Benefit	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total	AWB[a]	AWB % Change
=<$100	2.1%	2.3%	2.3%	2.4%	9.2%		=<$100	1.2%	1.6%	1.8%	2.1%	6.6%		
$101 - $200	3.1%	4.4%	8.0%	13.8%	29.3%	**$215**	$101 - $200	2.0%	3.3%	6.6%	8.5%	20.4%	**$243**	**13.0%**
$201- $280	0.9%	1.6%	6.3%	15.1%	24.0%		$201 - $305	1.1%	2.4%	9.7%	15.6%	28.8%		
$281	0.2%	0.6%	2.5%	34.3%	37.5%		$306	0.2%	0.8%	4.2%	38.9%	44.2%		
Total	6.4%	8.9%	19.2%	65.6%	100.0%		Total	4.5%	8.1%	22.3%	65.2%	100.0%		

Services

Benefit in 2003 Dollars	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		Benefit	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		
=<$100	3.0%	4.1%	4.6%	2.0%	13.7%		=<$100	2.6%	3.4%	3.3%	1.5%	10.8%		
$101 - $200	3.5%	5.4%	10.5%	9.4%	28.8%	**$207**	$101 - $200	4.5%	5.9%	8.8%	6.0%	25.2%	**$229**	**10.6%**
$201- $280	0.9%	2.0%	4.8%	9.3%	17.0%		$201 - $305	2.1%	4.1%	7.4%	8.7%	22.3%		
$281	0.3%	1.0%	2.6%	36.7%	40.5%		$306	0.4%	2.5%	4.9%	33.9%	41.7%		
Total	7.7%	12.5%	22.4%	57.4%	100.0%		Total	9.6%	15.8%	24.4%	50.2%	100.0%		

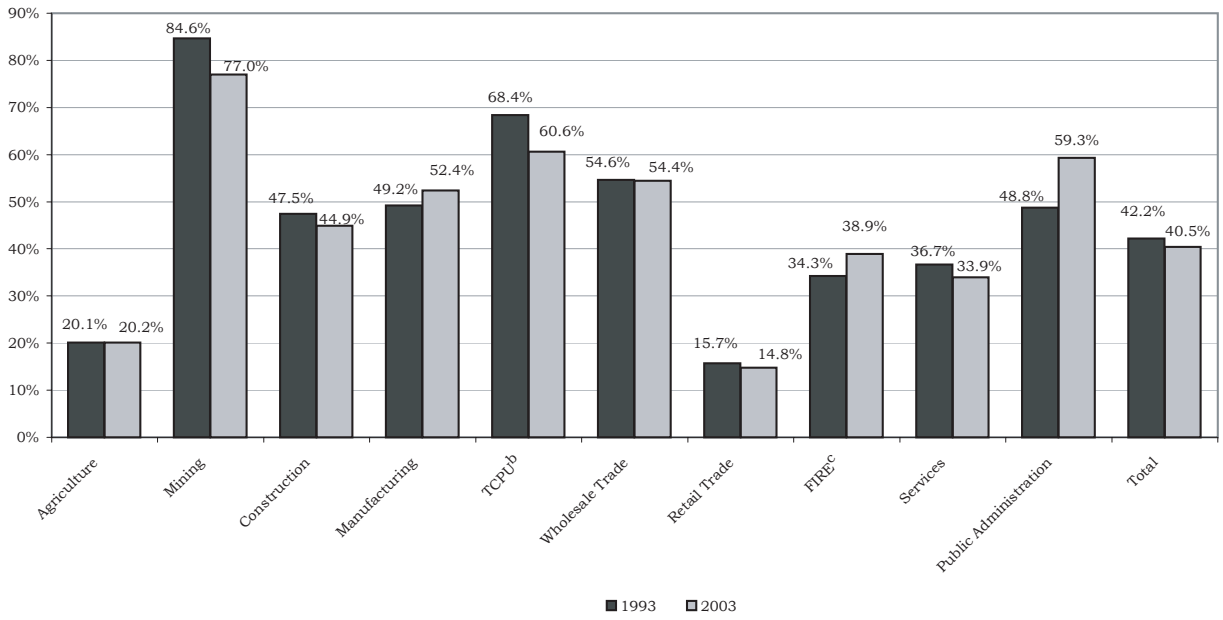
Public Administration[b]

Benefit in 2003 Dollars	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		Benefit	Duration (Weeks of Eligibility) 10 -14	15 - 19	20 - 25	26	Total		
=<$100	1.8%	1.2%	1.2%	1.1%	5.3%		=<$100	1.2%	1.0%	1.0%	0.5%	3.7%		
$101 - $200	1.9%	2.1%	3.3%	9.3%	16.6%	**$239**	$101 - $200	1.5%	2.0%	2.6%	4.1%	10.1%	**$271**	**13.4%**
$201- $280	0.5%	1.1%	3.2%	22.3%	27.0%		$201 - $305	0.7%	1.5%	3.8%	17.2%	23.2%		
$281	0.2%	0.6%	1.6%	48.8%	51.2%		$306	0.1%	0.7%	2.9%	59.3%	63.1%		
Total	4.4%	4.9%	9.3%	81.4%	100.0%		Total	3.5%	5.2%	10.2%	81.0%	100.0%		

[a]AWB - Average Weekly Benefit; inflation adjusted based on the Consumer Price index and expressed in 2003 dollars. The 1993 maximum weekly benefit amount was $281 (inflation adjusted) and the 2003 maximum weekly benefit amount was $306.

[b]Excludes federal government.

Figure 9: Percentage of Wyoming Workers Eligible for the Maximum Unemployment Insurance (UI) Benefit[a] by Industry, 1993 and 2003



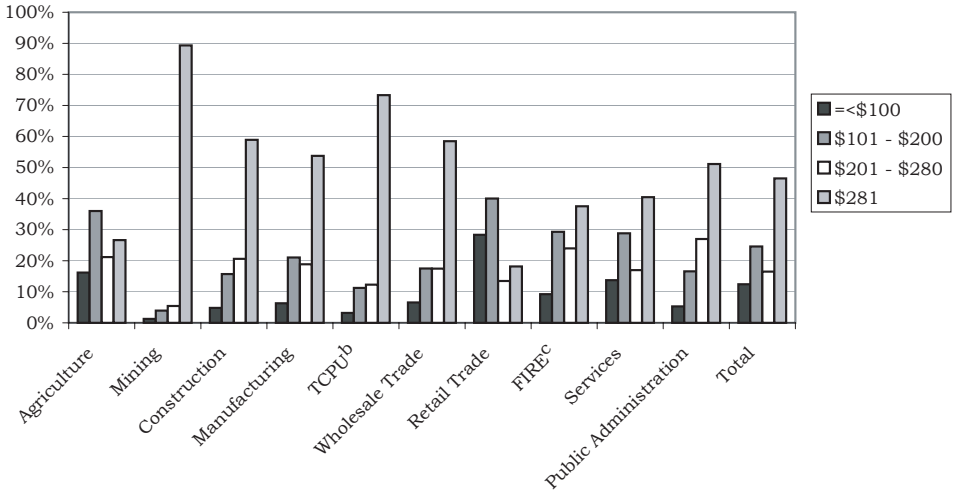
[a]The 1993 maximum UI benefit was $281 (inflation adjusted based on the Consumer Price Index) per week and 26 weeks in duration. The 2003 maximum UI benefit was $306 per week and 26 weeks in duration.

[b]Transportation, Communications, & Public Utilities.

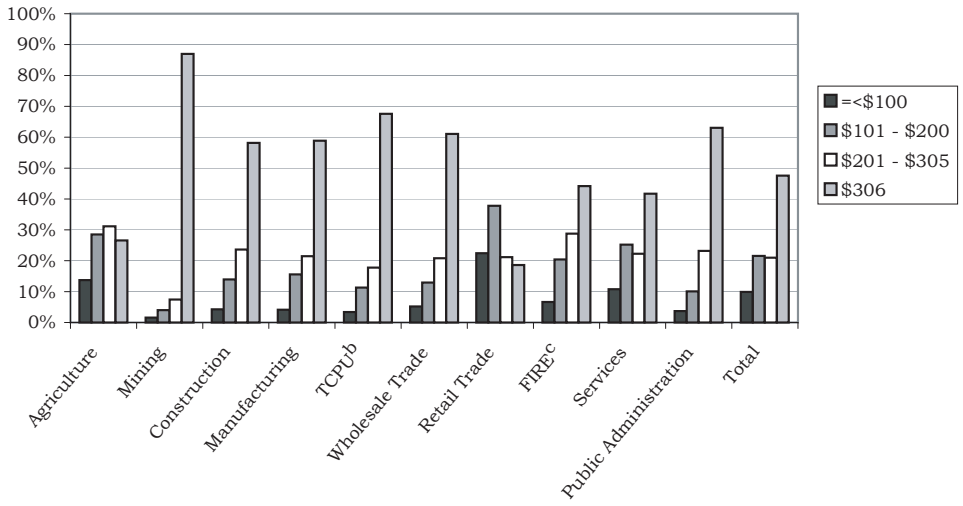
[c]Finance, Insurance, & Real Estate.

Figure 10: Industry Distribution of Wyoming Workers by Potential Unemployment Insurance (UI) Weekly Benefit Amount, 1993 and 2003

1993 (in 2003 dollars[a])

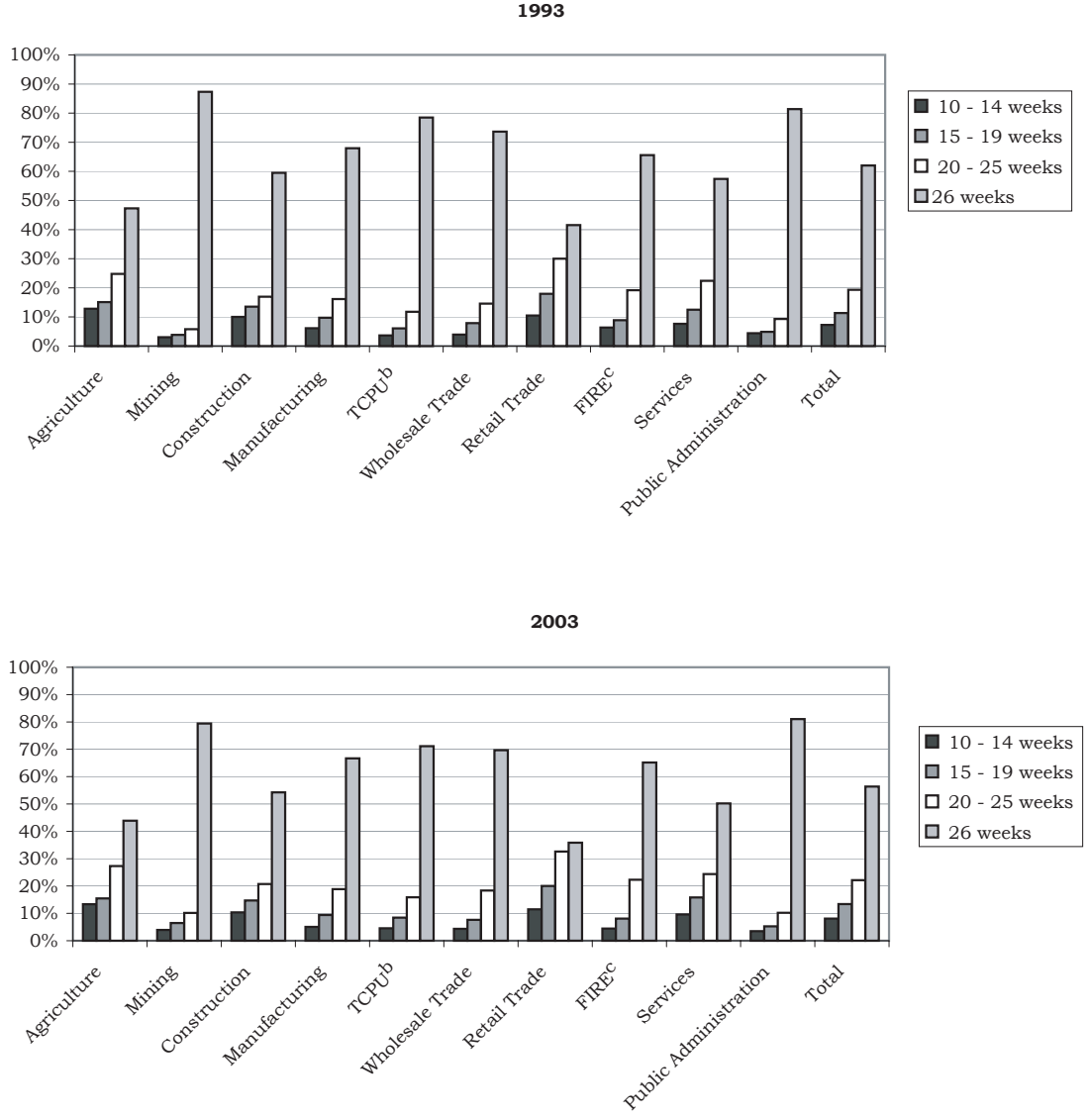


2003



[a]The 1993 maximum weekly benefit amount was $281 (inflation adjusted based on the Consumer Price Index) and the 2003 maximum weekly benefit amount was $306.
[b]Transportation, Communications, & Public Utilities.
[c]Finance, Insurance, & Real Estate.

Figure 11: Industry Distribution of Wyoming Workers by Potential Unemployment Insurance (UI) Duration,[a] 1993 and 2003

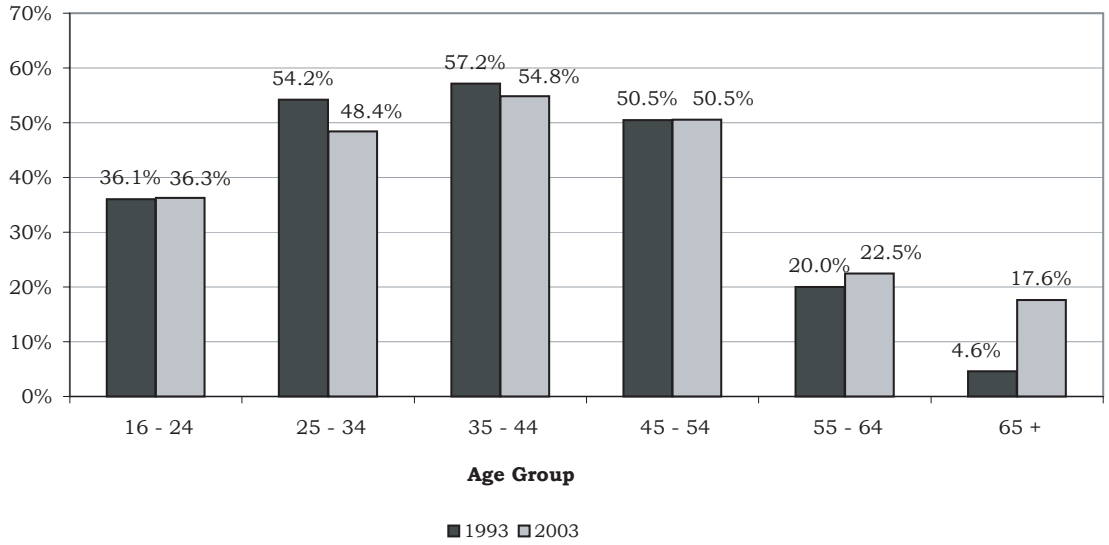


[a]The maximum UI duration (weeks eligible for UI) was 26 weeks in both 1993 and 2003.
[b]Transportation, Communications, & Public Utilities.
[c]Finance, Insurance, & Real Estate.

percentage points (62.0% to 56.4%) from 1993 to 2003 (see Table 3 and Figure 8, pages 10 and 12). This decrease took place in all industries with larger decreases occurring in Mining (-7.9%), TCPU (-7.4%), and Services (-7.2%; see Table 4, pages 13 and 14).

The potential average weekly benefit amount varies greatly across industries

Figure 12: Percentage of Wyoming Workers Who Potentially Qualify for Maximum Unemployment Insurance (UI) Benefit[a] by Age Group, 1993 and 2003



[a]The 1993 maximum UI benefit was $281 (inflation adjusted based on the Consumer Price Index) per week and 26 weeks duration. The 2003 maximum UI benefit was $306 per week and 26 weeks duration.

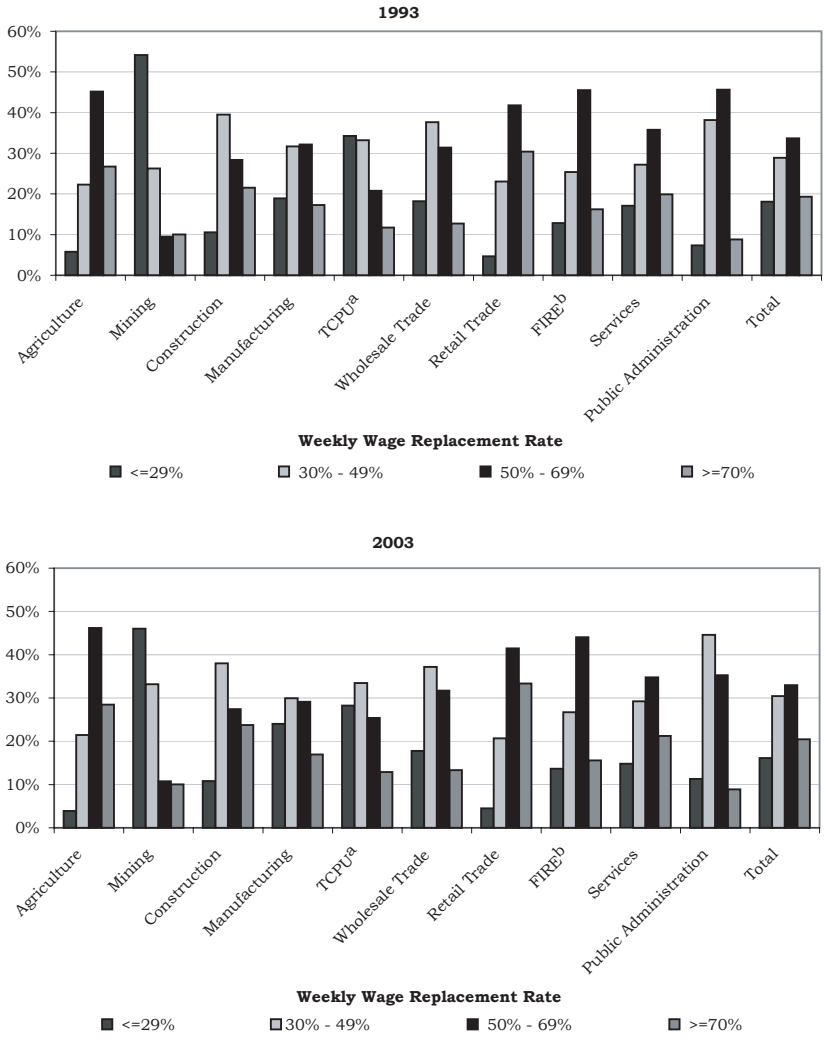
(see Table 4, pages 13 and 14). For example in 2003, the average weekly benefit was $293 in Mining but only $181 in Retail Trade. The average weekly benefit amount increased in all industries from 1993 to 2003, but the pace of growth was different among industries. After adjusting the 1993 amounts for inflation, the smallest growth was 6.6 percent (from $255 per week to $272 per week) in TCPU and the largest was 13.4 percent (from $239 per week to $271 per week) in Public Administration.

Wage Replacement Rate

The wage replacement rate shows the proportion of the unemployed workers' pre-unemployment weekly wage that would have been replaced by the weekly UI benefit. A higher wage replacement rate means more stable purchasing power during unemployment. We used the average weekly wage during 1993Q2 and 2003Q2.

Only about 20 percent of Wyoming UI eligible workers would have been able to obtain a 70 percent or higher wage replacement rate had they lost jobs in 1993Q3 or 2003Q3 (see Figure 13, page 18). More than one-half of the workers in Mining in 1993 would have had less than a 30 percent wage replacement rate. This proportion decreased in 2003, but still exceeded 40 percent. Only about 20 percent of Mining workers would have had a wage replacement rate of 50 percent or higher. In contrast, more than 70 percent of workers in Retail Trade or

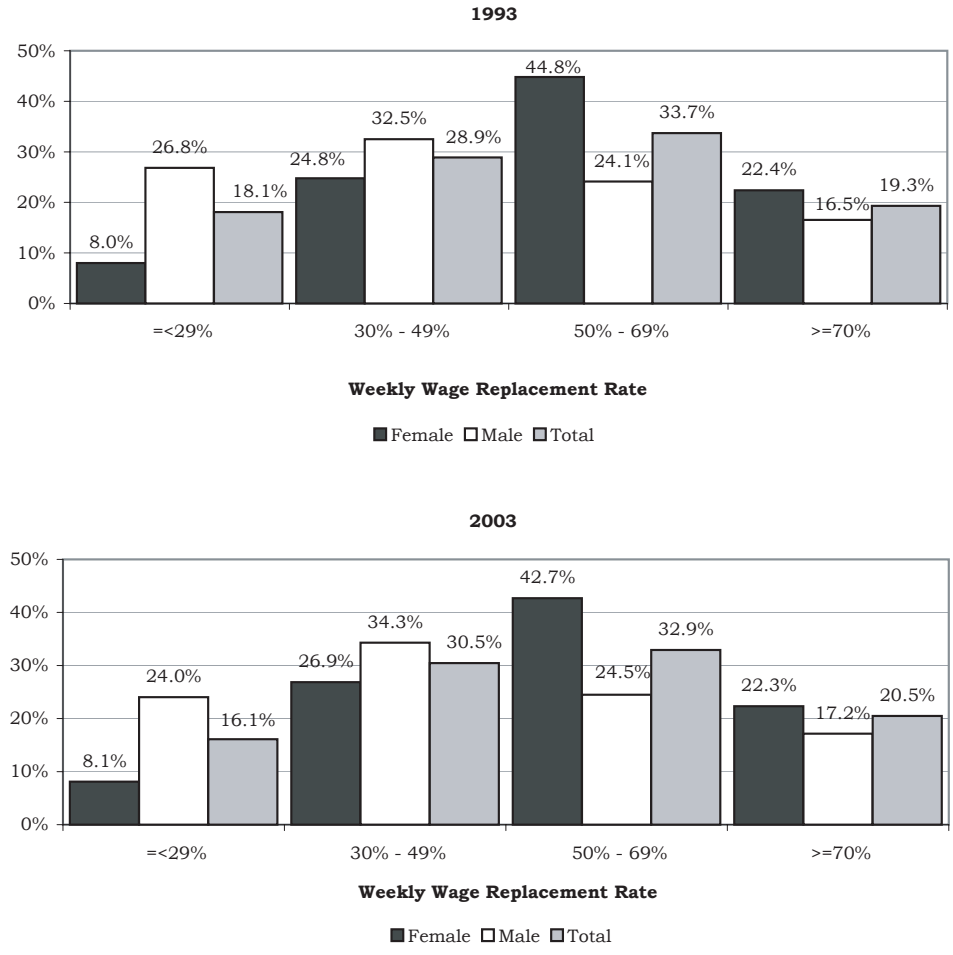
Figure 13: Industry Distribution of Wyoming Workers in Each Industry by Potential Weekly Wage Replacement Rate, 1993 and 2003



[a]Transportation, Communications, & Public Utilities.
[b]Finance, Insurance, & Real Estate.
Note: As an example, in 1993 nearly 45 percent of workers in Agriculture would receive an Unemployment Insurance benefit that replaced 50 to 69 percent of their previous wages.

Agriculture would have received a 50 percent or higher wage replacement rate and close to 30 percent would have obtained a wage replacement rate of 70 percent or higher. Nearly 60 percent of male workers, compared with 35 percent or fewer female workers, would have wage replacement rates of less than 50 percent (see Figure 14, page 19). More younger and older workers would have obtained higher wage replacement rates than the middle age groups (see Figure 15, see page 20). Of workers 65 or older, 62.6 percent of them in 1993 and 37.6 percent in 2003 would have received a 70 percent or higher wage replacement rate, but only

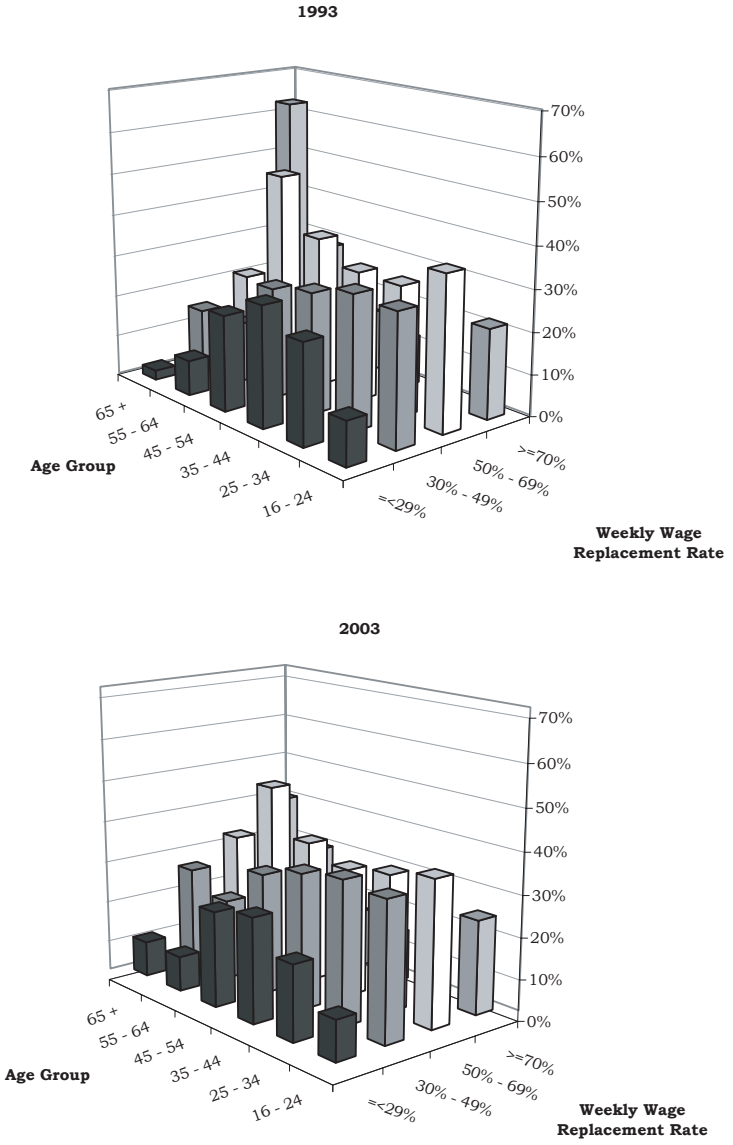
Figure 14: Distribution of Wyoming Unemployment Insurance (UI) Eligible Workers by Potential Weekly Wage Replacement Rate and Sex, 1993 and 2003



about 12 percent of those between ages 35 to 44 could have matched this replacement rate each year.

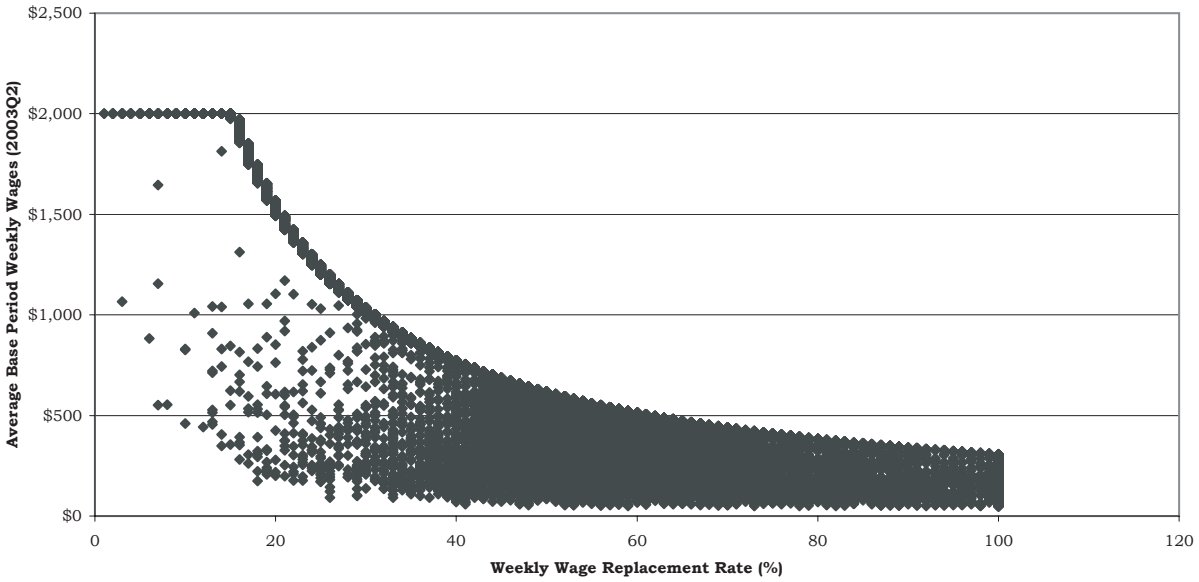
In general, the higher the weekly wage a worker earned before being laid off, the lower the wage replacement rate the individual would be able to receive and vice versa (see Figure 16, page 21). However, this was not always the case. As shown in Figure 16, some workers earned the same level of pre-unemployment weekly wages as other workers but would receive totally different wage replacement rates (varies from less than 20% to 100%). One of the main reasons for this difference is that the weekly benefit amount an individual would qualify for is based on 4% of his/her high quarter wage in the base period. In other words, those who worked in a more seasonal industry earning large unevenly distributed quarterly wages throughout the year would likely receive

Figure 15: Distribution of Wyoming Unemployment Insurance Eligible Workers by Potential Weekly Wage Replacement Rate and Age, 1993 and 2003



a higher weekly UI benefit amount than those who worked in a less seasonal industry with stable quarterly wages, even if they earned the same amount of wages in the base period or had the same weekly wages before layoff. The two examples in Table 5 (see page 22) show the differences in terms of UI eligibility based on current UI benefit formulas for seasonal and non-seasonal workers with the same wage level. In Example 1, Worker A is a non-seasonal worker who earned the same quarterly wage of $2,500 during each of the four quarters in the base period. Worker B is a seasonal worker (only worked two quarters a year) who earned $2,500 in the second quarter and $7,500 in the

Figure 16: Wyoming Average Weekly Wage by Unemployment Insurance (UI) Benefit Wage Replacement Rate,[a] Second Quarter 2003 (2003Q2)



[a]Weekly Wage Replacement Rate = (weekly benefit amount)/(average base period weekly wages). There are some instances of weekly wage replacement rates larger than 100 percent or average base period weekly wages of more than $2,000. In order to simplify the Figure and emphasize the major trends, we made those outliers equal to scale limits, 100 percent of the weekly wage replacement rate or $2,000 average base period weekly wages.

third quarter. Both had the same total base period wage of $10,000 and the same weekly wage of $192. If they lost their jobs, seasonal Worker B would be eligible for a $300 UI benefit per week, resulting in a 100 percent weekly wage replacement rate; while Worker A would only be eligible for $100 per week, which amounts to a 52 percent wage replacement rate. Worker B would only be eligible for 10 weeks of UI benefits while Worker A would be eligible for 26 weeks. Worker B would still get $400 more than Worker A in terms of maximum UI benefits for the benefit year under the regular UI program. Example 2 tells a story similar to Example 1, only at a higher wage income level ($24,000 total base period wage). The results show that seasonal Worker B would collect $66 more in UI benefits per week and $960 more in UI benefits in the benefit year than Worker A. If the Temporary Extended Unemployment Compensation (TEUC; U.S. Department of Labor) program is in effect as in 2003 (or another extended benefits program), seasonal Worker B in Example 1 above would likely collect another 13 weeks of benefits or $3,900 ($300 * 13) before Worker A even finishes collecting regular UI benefits.As shown in these examples, the current UI system favors seasonal workers.

Discussion

Our study shows that in both 1993 and 2003 nearly 77 percent of Wyoming workers would qualify for UI benefits if

Table 5: Comparison of Same Wage Level Wyoming Non-seasonal (Worker A) and Seasonal (Worker B) Worker's Unemployment Insurance (UI) Eligibility Based on Current UI Benefit Formula

	Base Period Wages				Total Base Period Wage (BW)	Base Period Average Weekly Wage	Total Wage in 2003Q2	Average Weekly Wage in 2003Q2	Weekly Benefit Amount (WBA)	Final WBA (max=$306)
	2002Q2	2002Q3	2002Q4	2003Q1						
Example 1:										
Worker A:	$2,500	$2,500	$2,500	$2,500	$10,000	**$192**	$2,500	**$192**	$100	**$100**
Worker B:	$2,500	$7,500	$0	$0	$10,000	**$192**	$2,500	**$192**	$300	**$300**
Benefit Difference:										**$200**
Example 2:										
Worker A:	$6,000	$6,000	$6,000	$6,000	$24,000	**$462**	$6,000	**$462**	$240	**$240**
Worker B:	$6,000	$12,000	$6,000	$0	$24,000	**$462**	$6,000	**$462**	$480	**$306**
Benefit Difference:										**$66**

	Note: carried from last colunm above Final WBA (max=$306)	Maximum Benefit Amount1 (26*final WBA)	Maximum Benefit Amount2 (30%*BW)	Final MBA	Weeks Eligible	Weekly Wage Replacement Rate Based on 2003Q2's Wage
Example 1:						
Worker A:	**$100**	$2,600	$3,000	**$2,600**	**26**	**52.0%**
Worker B:	**$300**	$7,800	$3,000	**$3,000**	**10**	**156%--->100%**
Benefit Difference:	**$200**			**$400**		
Example 2:						
Worker A:	**$240**	$6,240	$7,200	**$6,240**	**26**	**52.0%**
Worker B:	**$306**	$7,956	$7,200	**$7,200**	**24**	**66.3%**
Benefit Difference:	**$66**			**$960**		

MBA - Maximum Benefit Amount.

Note: If the Temporary Extended Unemployment Compensation (TEUC) is in effect, the seasonal worker (B) would likely receive 13 weeks more in benefits than worker (A).

they lost their jobs involuntarily. However, only 20 percent of them would receive a 70 percent or higher wage replacement rate. In general, low paying industries had a larger percentage of workers who would not qualify for UI benefits than high paying industries. Workers in lower paying industries also had a much smaller chance of receiving the maximum UI benefit than those working in higher paying industries. Individual workers with high wages generally receive lower wage replacement rates due to the limitation of the weekly benefit amount. Statewide, the proportion of workers who would have been eligible for the maximum UI benefit decreased slightly from 1993 to 2003. The proportion of workers eligible for the maximum UI duration fell in all

industries, with the largest decreases in Mining, TCPU, and Services. In addition, the current UI system appears to support seasonal workers more than non-seasonal workers. In other words, those who worked in a more seasonal industry earning unevenly distributed quarterly wages throughout the year would more likely receive a higher weekly UI benefit amount and total UI benefits than those who worked in a less seasonal industry with stable quarterly wages, even if they earned the same amount of wages in the base period or had the same weekly wages before layoff.

The UI program has been in operation since 1935. The primary purpose is to provide temporary financial support to unemployed workers if they involuntarily separate from their employment. Unfortunately, the same benefit amount may have different consequences among unemployed workers since their living standards could vary largely based on their pre-unemployment wage levels. For example, while the current maximum weekly UI benefit amount of $305 may take care of a large part of one worker's basic living expenses (rent, food, gas, etc.), that amount may not even cover another's monthly house payment. This research does not judge whether the current UI system functions well or not, or determine a reasonable benefit level. It provides information on the potential outcomes under the current UI system, the proportion of Wyoming workers eligible for UI and for various UI benefit levels, and differences among industries, age groups, and sex of workers. We present UI policy makers, legislators, and others with insights into the current UI system to assist them when faced with future UI decisions. For a complete picture, UI eligibility studies may need to be conducted periodically in the future.

References

Glover, T. (2001a, April). Enhancing the quality of Wage Records for analysis through imputation: Part one. *Wyoming Labor Force Trends.* Casper, WY: Wyoming Department of Employment, Research & Planning.

Glover, T. (2001b, June). Enhancing the quality of Wage Records for analysis through imputation: Part two. *Wyoming Labor Force Trends.* Casper, WY: Wyoming Department of Employment, Research & Planning.

U.S. Department of Labor, Bureau of Labor Statistics. (2004, October 19). *Consumer Price Index, all urban consumers, U.S. city average, all items* [Table]. Retrieved March 24, 2004, from ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt

U.S. Department of Labor, Employment and Training Administration. (n.d.) *Temporary Extended Unemployment Compensation.* Retrieved March 24, 2004, from http://workforcesecurity.doleta.gov/unemploy/factsheetteuc.asp

Wyoming Employment Security Law, W.S. § 27-3-306(d)(i) (1993).