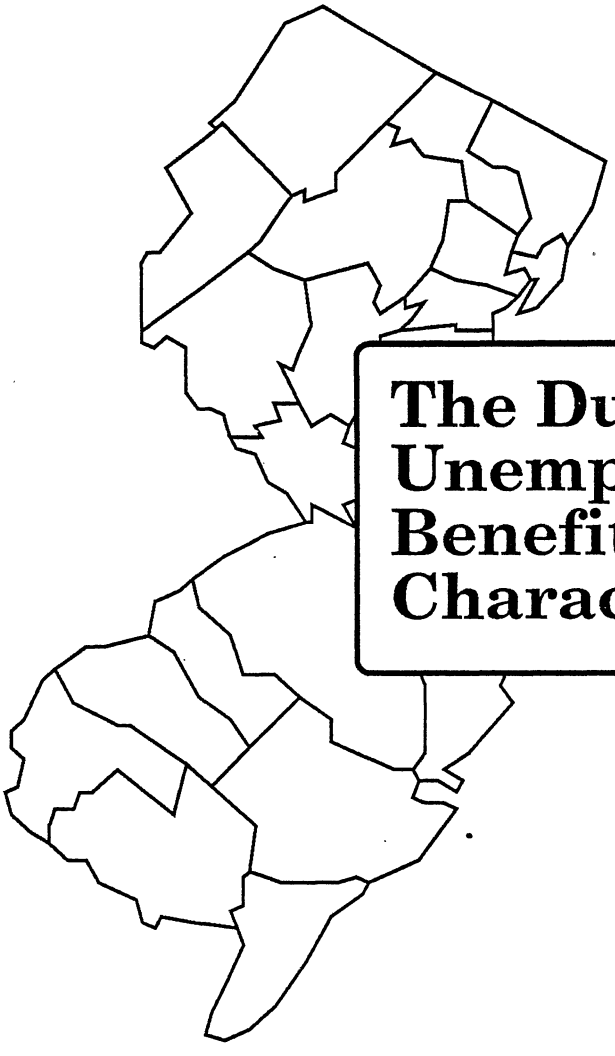

The Duration of Unemployment Insurance Benefits in New Jersey & Characteristics of Recipients

New Jersey Department of Labor
Program Analysis and Evaluation
December 1988

Thomas H. Kean,
Governor

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Commissioner

THE DURATION OF UNEMPLOYMENT INSURANCE BENEFITS IN NEW JERSEY AND CHARACTERISTICS OF RECIPIENTS

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

TECHNICAL NOTE

The characteristics of unemployment insurance (UI) recipients presented in this study differ somewhat from those reported in Unemployment Insurance Developments in New Jersey and in New Jersey Economic Indicators. The sample for this study is a sample of all UI recipients who began receiving UI benefits at some time during the one-year period beginning December 1985. The regularly published data are based on a sample of claimants who have filed for benefits during a given week of each month. Claimants with higher durations will have a higher representation in the regularly published data than in this study, since they will be more likely to be collecting benefits in any given week.

EXECUTIVE SUMMARY

The duration of unemployment insurance (UI) benefits and claimant characteristics were examined for a random sample of 5,053 UI recipients who received their first payments between December 1985 and November 1986. Elements of the study include the presentation of data on a variety of demographic, economic and UI program characteristics of claimants; a description of the distribution of claimants by benefit duration; and an analysis relating the duration of benefits and benefit exhaustions to claimant characteristics.

Table 1 (see page 23) presents summary data on a variety of characteristics of the UI recipients studied. Fifty-six percent were male, while 44 percent of claimants were female. Almost two-thirds of recipients were white, while nearly equal percentages of the remainder were black and Hispanic (about 17 percent each). The mean age of recipients was 37.5 years, with women being older by an average of 2.5 years. Claimants had an average of 12 years of education.

On average, recipients had worked about 40 weeks in their base years (a 52-week period preceding the filing of their UI claims) and earned an average of $336 per week. Average earnings for the year were $13,588. Women's annual and weekly wages were substantially below those earned by men.

About one-third of claimants (35 percent) had worked in manufacturing industries before becoming unemployed. Eighteen percent had worked in service industries, 13 percent were in construction, and 12 percent in retail trade. Compared with the distribution of employed workers, the proportions of UI recipients were higher in manufacturing and construction, and lower in services, in retail trade and in finance, insurance and real estate.

The UI program characteristics in Table 1 show that, on average, claimants qualified for a maximum of about 24 weeks of UI benefits. The average weekly benefit amount received by claimants was $152 for all claimants, $170 for men and $128 for women, reflecting differences in weekly base period earnings between men and women.

Claimants, on average, received 15.0 weeks of UI benefits while 35.1 percent exhausted their benefits (i.e., received the maximum benefits to which they were entitled). When the distribution of claimants by the number of weeks of benefits collected was examined, it was found that the highest percentage of claimants at any single duration level was the 17 percent who collected exactly 26 weeks of benefits (the statutory maximum). Six percent collected just one week of benefits. Between the first and 26th week, recipients were spread quite evenly (about 2 - 4 percent each) over duration levels. A small percentage of claimants (3.7 percent) collected more than 26 weeks of benefits, because they had received partial payments, due to part-time earnings, which allowed them to stretch out their benefit durations.

The study also examined the distribution of UI payments by when claimants actually received the payments during their benefit years. It was found that a high percentage of claimants (48 percent) had at least one gap in their benefit receipt. Thirty-four percent of claimants received at least one UI payment during the second half of the benefit year (i.e., after the 26th week from the date of filing). However, the total number of payments received in the second half of the year accounted for only 13 percent of all UI payments.

The analysis of the relationship between benefit duration and exhaustions and claimant characteristics combined simple cross-tabulations and statistical regression analysis (which permitted testing the effect of each characteristic on duration while holding other characteristics constant). The analysis revealed no significant differences in either duration or benefit exhaustions between men and women. (The difference in exhaustions seen in Table 1 became smaller and insignificant when other factors were controlled for in the regression analysis.) Racial/ethnic background had a strong effect on both duration and exhaustions. Blacks on average collected 2.7 more weeks of benefits than did whites and had an average exhaustion rate 17 percentage points higher than whites. Duration and exhaustions for Hispanics were in between those for blacks and whites.

For men, there appeared to be no effect of age on either duration or exhaustions. However, for women it was found that both tended to be relatively high for claimants in the 25-34 and 55-64 year age groups and low for those between 45 and 54 years or 65 and over. Although there was no significant effect of education on UI duration, exhaustion rates declined with increases in educational attainment.

Increases in the potential weeks of UI benefits had the expected effect of increasing actual duration of benefits, but reducing the probability of exhausting benefits. The effects of the claimant's weekly wage and the weekly benefit rate (WBR) were difficult to measure because of the statutory relationship between them. Generally, an increase in the average weekly wage, without a change in the WBR (e.g., after the maximum WBR is reached), reduces the replacement rate (the extent to which UI benefits replace lost wages). This increases the incentive to find a job, thereby tending to reduce both the duration of benefits and the probability of exhausting benefits. Similarly, an increase in the WBR, at a given weekly wage, raises the replacement rate, and thus tends to increase duration and exhaustions. Although, because of the benefit formula, the ratio of the WBR to the weekly wage is almost constant for WBRs below the maximum WBR, it was possible in the regression analysis to derive estimates of the separate effects of these variables using the data on variations in weekly wages above the maximum WBR. Although these estimates should be viewed with caution, they showed the expected effects, with increases in the WBR associated with higher levels of duration and exhaustions, and increases in the weekly wage reducing duration and exhaustions.

Among industrial groups, the highest levels of duration and exhaustions occurred for claimants who had worked in finance, insurance and real estate; wholesale trade; transportation, communications and utilities; and in personal and social services. The lowest duration and exhaustion rates occurred in apparel and construction, both seasonal industries in which layoffs are typically of short duration. A surprising result was the low or average duration and exhaustions in manufacturing, given concern about declines in this sector. It appears that frequent temporary layoffs offset the effect on duration of permanent layoffs and plant closings.

It was found that even the many characteristics examined in the study explained only a small proportion of individual variations in duration and exhaustions. Thus, while the results provide a good deal of information on what characteristics, on average, are associated with benefit duration, they do not provide an accurate way of predicting the duration or exhaustion probability of individual claimants.

I. INTRODUCTION

In order to better understand the various dimensions of the Unemployment Insurance (UI) system in New Jersey and to design changes and improvements in the system, a large variety of statistical and analytical reports are regularly produced by the New Jersey Department of Labor (NJDOL). This report adds to currently available information by providing data on and an analysis of an important aspect of UI benefit receipt: the average duration of UI benefits paid and the distribution of claimants by duration.[1] In addition, the study presents data on the characteristics of UI recipients and examines the relationship between duration and benefit exhaustions and these characteristics.

The actual duration of UI benefit receipt is not only a fundamental statistical measure of the UI system but also is important in planning programs, such as employment and training services, to assist the insured unemployed. Further, the duration of benefits is a major determinant of the costs of the UI system. An analysis of duration and the distribution of benefits can assist policymakers in finding ways to reduce the length of time claimants receive benefits, assist in their return to work and thereby reduce costs.

This study is based on a random sample of 5,053 UI recipients who received their first payments between December 1985 and November 1986. Most of the claimants in the sample filed their UI claims between November 1985 and October 1986. Throughout the report, the term "duration" will refer to the actual number of calendar weeks of UI benefits paid unless otherwise stated.

Economic Conditions

During the 1985 - 1986 period, the New Jersey economy continued a robust expansion which began in 1983. Its performance outpaced that of the nation by most major economic indicators. Employment expanded to record highs buoyed by a construction boom and strong consumer demand, while the unemployment rate fell to an average of 5.7 percent in 1985 and 5.0 percent in 1986, compared with national rates of 7.2 and 7.0 percent, respectively.

During this period, New Jersey continued its transition, begun in the 1970s, from a heavily industrial to a service-based economy, with employment expanding in trade, services and construction. Manufacturing employment declined slightly, with a number of firms experiencing plant closings and layoffs, causing economic dislocation and reemployment problems for many workers despite the overall health of the economy.

The Unemployment Insurance System in New Jersey

The federal-state unemployment insurance system was established in 1935 as part of the Social Security Act, with the goal of providing temporary income support to workers

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[1] Program Analysis and Evaluation (PAE) of NJDOL annually computes an aggregate estimate of average UI duration. Additionally, PAE regularly compiles statistics on the duration of the current spell of insured unemployment for a sample of claimants who are currently receiving benefits. However, data have been lacking on the distribution of benefit durations for claimants who have completed their UI benefit years.

who involuntarily become unemployed. New Jersey enacted its Unemployment Compensation Law in 1936 and began paying benefits in 1939.

The following sections describe certain features of the current UI system in New Jersey, specifically those which governed eligibility for and receipt of UI benefits during the study period.

The Change to a Wage Record System

Effective for claims filed after July 5, 1986, the New Jersey UI program changed from a wage request to a wage record system. Prior to this date, when a claim was filed the UI staff sent a letter to the worker's employer(s) requesting information on wages and weeks worked, as well as information on the conditions under which the worker's employment was terminated. Beginning July 1984, all employers in the state were required to send to NJDOL on a quarterly basis data on wages and weeks worked for all employees.[2] These data were entered into NJDOL's computer system, and became available for determining UI eligibility beginning July 6, 1986, eliminating the need to request earnings information when claims were filed; employers are still contacted for information on the reasons for terminations. This new system also resulted in a change in the eligibility determination procedure as discussed below.

Monetary Eligibility Conditions and Benefit Rates

To be eligible for benefits, a claimant must meet certain employment and earnings criteria, which are measured for a one-year period referred to as the "base year." Until July 5, 1986, the base year consisted of the first 52 of the 53 calendar weeks preceding the filing of the claim. Since July 6, 1986, under the wage record system, it has been defined as the first four of the last five completed calendar quarters.[3] A claimant must have worked at least 20 "base weeks" in covered employment during his/her base year. A base week is a calendar week during which a claimant earned at least 20 percent of the statewide average weekly wage (SAWW), or $76 for 1986.[4] Alternatively, a claimant with insufficient base weeks can qualify for benefits if he/she has earned at least 12 times the SAWW (or $4,600 for 1986) during the base year.[5,6]

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[2] Beginning in 1981, quarterly wage data were sent by employers to the New Jersey Division of Taxation for use in a number of governmental operations. In July 1984, the function of collecting these data was shifted to NJDOL.

[3] For example, for a claim filed in August 1986, the base year would consist of the four quarters ending in March 1986.

[4] From October 1, 1984 to September 30, 1985 the earnings requirement to establish a base week was 15 percent of the SAWW. Effective October 1, 1985 it was changed to 20 percent of the SAWW. In dollar terms, the earnings requirement was $51 for October 1 - December 31, 1984, $54 for January 1 - September 30, 1985 and $72 or October 1 - December 30, 1985.

[5] The alternative earnings requirement was $4,100 for October 1 - December 30, 1984 and $4,300 for January 1 - December 30, 1985.

[6] Effective October 1, 1985, a second alternative qualifying requirement was adopted for agricultural crop workers. Such workers can qualify by working 770 hours in their base years, even if they do not meet the alternative earnings criterion.

Once determined eligible, a claimant establishes a "benefit year", which is the 52-week period beginning on the date of the claim.[7] While unemployed, the claimant receives payments equal to his/her "weekly benefit rate" (WBR). The WBR is set at 60 percent of the claimant's average weekly wage in the base year, subject to a maximum weekly benefit rate of 56 2/3 percent of the SAWW, or $214 in 1986.[8] The maximum total benefit amount a claimant may receive during the benefit year is three-fourths of the number of the claimant's base weeks times the claimant's WBR. However, the maximum benefit amount cannot exceed 26 times the WBR, effectively limiting the potential full weeks of UI payments to 26 weeks during the benefit year.[9]

A claimant who works part-time during the benefit year due to lack of full-time work may be eligible to receive partial UI payments. The weekly benefit is computed by subtracting gross wages for the week claimed from 120 percent of the WBR. A claimant who works part-time can effectively stretch out the number of calendar weeks of UI benefits that he/she may receive, since the maximum total benefit amount is not affected by the receipt of partial benefits.

Since April 1, 1980, a claimant who is receiving a pension may have all or part of the pension amount deducted from his/her WBR. However, unlike partial UI payments due to earnings, pension deductions do not permit claimants to stretch out benefit payments beyond their original potential weeks of benefits.

Collection of UI benefits is subject to a waiting period of one week. The first week of the benefit year (or "waiting week") is only payable if the claimant remains unemployed for four consecutive weeks.

Nonmonetary Eligibility Conditions

Nonmonetary eligibility conditions are of two types: those involving the circumstances under which a claimant was terminated from employment, referred to as "separation issues," and those which must be met to establish continued eligibility, or "nonseparation issues". To qualify for benefits, a claimant must be involuntarily unemployed and must be able to work, available for work, and actively seeking work. In addition, the claimant must not refuse a suitable job offer and must report to the UI or Employment Service (ES) office when directed. Failure to meet a nonmonetary requirement can lead to disqualification from benefits for a specific period of time, or until certain conditions are met.

It is important to note that nonmonetary disqualifications do not reduce the total number of weeks of benefits a claimant may collect during the benefit year (i.e.,

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[7] The "date of claim" is set at the Sunday preceding the day the claim is filed.

[8] The maximum weekly benefit rate was $203 for claims filed in 1985, and $192 for the October 1 - December 31, 1984 period. A claimant who did not earn sufficient wages to qualify for the maximum weekly benefit rate may collect an allowance for dependents, if his/her spouse is unemployed.

[9] The Extended Benefits program, which provides up to 13 additional weeks of benefits during periods of high unemployment, was not in effect during the study period. A special federal extended benefits program, Federal Supplemental Compensation, expired March 31, 1985, and did not affect the study sample.

his/her potential duration). Hence, a claimant may return to the UI rolls after a period of disqualification and collect his/her remaining UI entitlement.

Eligibility Review and Nonmonetary Determinations

At the time of filing and during the claim, whenever a question arises about whether the claimant meets the nonmonetary eligibility requirements, the claimant is referred to a claims examiner for a "nonmonetary determination." The claims examiner makes a determination of eligibility based on the claimant's statements and other evidence.[10]

In addition, eligibility review interviews (ERIs) are scheduled during the claim to systematically review the claimant's continued eligibility. Although the schedule for ERIs varies for different types of claimants, the average claimant will have an ERI around the 6th to 8th week of the claim and another ERI around the 15th week, if he/she is still claiming benefits. Questions of eligibility which arise out of ERIs result in nonmonetary determinations.

Sample Selection and Data Source

This study is based on a random sample of UI recipients[11] who received their first UI payment during the period December 1985 - November 1986. The universe of the sample consists of all UI claimants receiving benefits under the regular state UI program. The only claimants excluded from the study were those whose benefits were charged to the fund of another state and those receiving benefits solely under federal UI programs.

During December 1985 - November 1986, a total of 270,825 claimants received first payments under the state program. To achieve the desired sample size, a 1.88 percent sample was selected, resulting in a sample size of 5,104. After adjustments for erroneous data, the final sample size was 5,053.

"Dates of claim" for the sample ranged from December 2, 1984 to November 9, 1986, although the majority of claims (94 percent) were filed between November 1985 and October 1986. The early dates of claim occurred because some claimants receive their first payment (which was the basis of sample selection) late in their benefit years.[12] (The distribution of the sample by the months the claims were filed is shown in Appendix Table A.1).

All data for the study came from the UI computer database at NJDOL, referred to as the Local Office Online Payment System (LOOPS). The LOOPS files include data on benefit payments, employer and claimant characteristics, nonmonetary determinations and other information relating to each claim.

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[10] Both monetary and nonmonetary determinations can be appealed by the claimant or (in the case of monetary and separation issues) the employer.

[11] The terms "UI recipient" and "UI claimant" are used interchangeably in this report. For purposes of this study, both terms refer to persons who were found eligible for, and actually received, UI payments.

[12] For example, a claimant may return to work before receiving a payment, then become unemployed again late in his/her benefit year and receive the first payment at that time.

II. CHARACTERISTICS OF UNEMPLOYMENT INSURANCE RECIPIENTS

This part of the report presents data on the demographic, earnings and UI program characteristics of UI recipients who began receiving benefits during the study period.[13,14]

Demographic Characteristics

Table 2 shows the distribution of UI recipients by sex, race and age.[15] Fifty-six percent of the claimants were male, while 44 percent were female. These percentages correspond to the distribution of men and women in the New Jersey civilian labor force in 1986, according to data from the Current Population Survey (CPS).[16] Thus, during the study period, unemployment appeared to occur with similar frequency for both sexes.

Almost two-thirds of the claimants (64 percent) were white, while almost equal percentages of the remainder were black and Hispanic (18 percent and 17 percent, respectively). One percent of claimants were of other races. The distribution of claimants by race was similar for males and females, although a somewhat higher proportion of females were of Hispanic origin.

About two-thirds of claimants were between the ages of 25 and 54, with the highest percentage (32 percent) in the 25-34 age group. Eighteen percent of claimants were under 25 while only about 2 percent were 65 or older. The mean age for all claimants was 37.5 years. Female recipients were on average 2.5 years older than males; mean ages for men and women were 36.4 and 38.9 years, respectively.

Data on the educational background, wage earner status and union membership of claimants are shown in Table 3. These data were available only for recipients who filed their claims after July 1, 1986. Since these characteristics may be subject to

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[13] In the estimates of UI duration and claimant characteristics in parts II - IV of the report, margins of error vary with the sample size and the variable estimated. In general, for estimates based on the whole sample, the margin of error at a 95 percent confidence level is 1.5 percentage points or less for percentage distributions and 0.25 weeks for UI duration. For subgroups of about 1,000, margins of error are three percentage points or less for percentages and about 0.5 weeks for duration, and for sample sizes of about 300, error margins are about 5.5 percentage points and one week, respectively.

[14] With the exception of the regression results in Appendix B, the tables in this report do not indicate whether differences among subgroups in various characteristics are statistically significant, because of the complexity of reporting such results. However, statements made in the text regarding subgroup differences are supported by appropriate statistical tests (t-tests, F-tests or chi-square tests).

[15] In all tables showing data by sex, the sample sizes for males and females do not add to the total sample of 5,053, because of missing data on sex for one observation.

[16] See Geographic Profile of Employment and Unemployment, 1986, Bureau of Labor Statistics, U.S. Department of Labor, Bulletin 2279, Washington, D.C., May 1987, Table 12, p. 43. The percentages of men and women in the New Jersey labor force were estimated at 56.1 percent and 43.9 percent, respectively.

seasonal variations, the estimates presented may differ from those which would be obtained had data for the entire sample been available.

Claimants for this July - November 1986 period averaged 12 years of education. Forty-four percent of claimants were high school graduates. Twenty-seven percent had not completed high school, while 11 percent had at least a college education. Educational backgrounds were similar for men and women.

Sixty-four percent of recipients classified themselves as the main wage earner in their household. Seventy-seven percent of men considered themselves the main wage earner while slightly less than half of women did so. Twenty percent of claimants were members of labor unions, with union membership being higher for men than for women.

Employment and Earnings

Tables 4 and 5 show the distribution of UI recipients by employment and earnings characteristics during the base year. Claimants worked an average of about 40 base weeks during the year (Table 4). Somewhat more than half (52 percent) worked more than 40 weeks, with slightly over one-fourth working 51 or 52 weeks. Women on average worked slightly more weeks than men (40.0 weeks compared with 39.3 weeks). (This difference is statistically significant.)

Total base year wages averaged $13,588. About one-third of claimants (35 percent) earned less than $8,000 during their base years. One-fifth of the claimants earned $20,000 or more. Average earnings were substantially lower for women ($10,025) than for men ($16,337). Thirty percent of men earned $20,000 or more during the base year, while only 7 percent of women earned that much.

Average weekly earnings, shown in Table 5, were $336 for all claimants, $408 for men and $244 for women. Twenty-eight percent of all claimants earned less than $200 per week. Forty-five percent of women earned less than $200 per week, while only 15 percent of men had weekly wages that low. Seventeen percent of claimants earned weekly wages of $500 or more. The corresponding percentages for men and women were 26 percent and 4 percent, respectively.

Wage differentials between men and women are a well-known feature of the labor force and are related to many social and economic factors, including occupational differences and greater part-time employment among women. A study using 1979 census data for New Jersey found that wage differences between the sexes were less for younger workers than for older workers, raising the possibility that, as more recent entrants to the labor force move through the age brackets, the overall wage gap will narrow.[17] A similar relationship was found in the study sample of UI recipients for the 1985-1986 period. As shown in Table 6, with the exception of the 65 and over group, wage differences between men and women are dramatically narrower for the younger age groups compared with older claimants. Ratios of female to male wages (both yearly and weekly wages) range from .70 to .76 for claimants in the age groups under 35, while the ratio was about .40 for claimants in the 55-64 year age group. One possible reason for this, cited in the New Jersey study, is that differences between men and

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[17] See Connie O. Hughes, "Earnings of Women in New Jersey", New Jersey Economic Indicators, No. 248, April 8, 1985, pp. 4-7.

women in educational attainment are smaller for younger persons than for older persons. If the trend toward more equal educational achievement continues, this could contribute to reducing disparities in earnings.

The figures in Table 6 also show that overall, for both men and women, claimants under 25 years of age and those 65 and over had the lowest weekly and annual wages of all the age groups. Claimants under 25 earned $249 per week and those 65 and over earned $274 per week compared with weekly wages of $333 to $383 for the other age groups. Claimants under 25 and those 65 and over also worked significantly fewer weeks (38 and 36 weeks, respectively) than did those in other age groups (about 40 weeks). These results are not surprising, in view of the usual lower wages and less stable employment of teenagers and new entrants to the labor force, as well as the marginal labor force attachment of many older workers.

Table 7 shows average base weeks and wages by racial subgroup and sex. White recipients worked significantly more base weeks in their base years (an average of 40.4 weeks) than did blacks or Hispanics (38.4 weeks and 38.8 weeks, respectively). Among men, blacks worked the fewest weeks (37.2 compared with 40.3 for whites and 39.1 for Hispanics), while among women Hispanics had the fewest base weeks (38.6 compared with about 40 for blacks and whites).

Earnings differentials between whites and the other racial groups were large and highly significant. Total base year earnings averaged $15,476 for whites, compared with $10,848 and $9,896 for blacks and Hispanics, respectively. Average weekly wages were $378 for whites compared with $280 and $250 for blacks and Hispanics. The earnings and weekly wage differentials were greater for men than for women. White males earned an average of $19,052 in their base years compared with $11,793 and $11,864 for blacks and Hispanics, respectively, while the corresponding figures for females were $10,827 for whites, $9,476 for blacks and $7,881 for Hispanics. These figures also indicate that the gap in earnings between men and women was smaller for blacks than for whites or Hispanics.

Table 8 shows weeks worked and wages for UI recipients by educational background, wage earner status and union membership. Mean base weeks worked, mean base year earnings and average weekly wages all increased directly with claimants' level of education (except that earnings and weekly wages were similar for those with 1 to 8 and 9 to 11 years of schooling). College graduates worked, on average, 4.5 more weeks in their base years than did those with 1 to 8 years of education. Increases in earnings with increased educational level were particularly pronounced for college graduates compared with other groups. Claimants who had completed four years of college earned an average of $498 per week compared with an average of $290 to $360 per week for those with less education. Average annual earnings were $21,729 for college graduates compared with $11,713 to $15,307 for other educational groups.

Claimants who were the main wage earners in their households worked an average of about two more weeks in the base year and earned $73 more per week than secondary wage earners. Members of labor unions had higher average weekly earnings ($406 compared with $337 per week) and higher total earnings ($16,126 compared with $14,139) than claimants who were not union members.

Industry

Table 9 shows the distribution of UI recipients by the industry in which they worked prior to becoming unemployed. The industries are classified by the Standard

Industrial Classification System (SIC) and refer to the layoff employer.[18] Also shown in the table for comparison is the average number of employed workers covered by UI in each industry during the period November 1985 to October 1986.[19] (Most of the UI recipients in the study sample filed their claims during this period.)

About one-third of the UI recipients (35.0 percent) worked in manufacturing industries, while 18.4 percent of recipients were in service industries, 12.6 percent were in construction and 11.9 percent were in retail trade. Other industries accounted for smaller proportions of the insured unemployed.

Compared with the distribution of employed workers, the proportions of UI recipients were higher for manufacturing and construction and lower for services, for retail trade and for finance, insurance and real estate. The manufacturing industries constituted about one-fifth of average covered employment (20.7 percent) during the study period but accounted for 35.0 percent of UI recipients. Factors contributing to the high incidence of UI receipt in manufacturing include seasonal and other temporary layoffs, and a long-term decline in this sector resulting in a substantial number of permanent mass layoffs and plant closings.

The relatively high degree of UI receipt in manufacturing was most striking in the apparel industry, which comprised only 1.4 percent of covered jobs but accounted for 8.5 percent of all UI recipients. These figures imply that the number of apparel workers collecting UI benefits during the study year was about one-half of the average number of workers employed in this industry.[20] Although the overall level of employment in apparel has declined, the large number of UI recipients is due mostly to the highly seasonal nature of this industry. Periods of production follow the fashion seasons, with typically several seasons per year and many temporary layoffs. In addition, a substantial number of apparel workers collect UI benefits for weeks in which they are employed only part-time.

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[18] For 15 percent of the claimants, the layoff employer could not be identified. Most of these cases occurred for claimants with dates of claim after July 1, 1986, and thus are associated with the wage record system. For these claimants, the industrial classification refers to the employer from whom the claimant received the highest total earnings during the base year.

[19] The covered employment figures were computed directly from a NJDOL database, which contains data on covered jobs. These figures differ from those in the covered employment reports regularly issued by NJDOL, because they include both public and private sector workers. In the regular reports, private sector employment and public employment are tabulated separately.

The covered employment figures are somewhat different in concept from the sample data in that they are establishment data showing the number of covered jobs rather than the number of individual workers. Thus, workers who hold two jobs at the same time will be counted twice in covered employment figures but only once in the data on UI recipients.

[20] Since a 1.88 percent sample of UI recipients was drawn, the 427 apparel workers in the sample yields an estimate of about 22,700 total UI recipients in the apparel industry during the study period. This compares with an average of 44,982 employed workers in this industry.

In addition to apparel, a relatively high incidence of UI benefit receipt was found in the durable goods manufacturing sector, which accounted for 20.2 percent of UI recipients, but only 11.1 percent of covered jobs. The proportion of UI recipients in nondurable goods industries other than apparel was only somewhat higher than the proportion of these industries in covered employment.[21]

As with apparel, seasonal unemployment accounted for the high incidence of UI benefit receipt in construction, despite a building boom and record employment levels in this industry during the study period. Although construction workers constituted only 4.6 percent of covered employment, 12.6 of UI recipients were from this industry.

The low degree of UI benefit receipt in services, in retail trade and in finance, insurance and real estate reflects the rapid increases in employment in these industries in recent years. Over half of covered workers were employed in these sectors, but only about one-third of UI recipients were from these industries. Within the services category, the incidence of insured unemployment was particularly low in health services and in education.[22] These two industries accounted for 13.6 percent of covered employment but represented only 3.5 percent of UI recipients.

Table 10 shows variations by broad industry categories[23] in the average number of weeks worked and wages received by UI recipients during the base year. The number of weeks worked was higher than average in manufacturing (other than apparel), in wholesale trade and in finance, insurance and real estate. Lower than average weeks of employment occurred in the more seasonal industries, including construction, apparel, "other nonmanufacturing" and transportation, communications and utilities.

The highest average weekly wages occurred in the construction industry ($488 per week) followed by transportation, communications and utilities ($405). The lowest weekly wages were in apparel ($217), retail trade ($255) and other nonmanufacturing ($279). UI recipients in these three industries also had the lowest total base year earnings ($8,179 in apparel, $10,180 in retail trade and $10,385 in other nonmanufacturing). The highest total earnings were in construction ($17,872) and in nondurable manufacturing other than apparel ($16,102).

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[21] The degree of UI receipt in most manufacturing industries other than apparel generally followed the overall patterns for manufacturing, with a higher representation among UI recipients than their proportions among covered workers. However, in several industries - instruments, paper, printing and chemicals - the proportions of workers among the insured unemployed were the same or lower than their proportions among covered workers.

[22] Part of the reason for the low benefit receipt in education may be that most workers in this industry are not eligible for UI benefits during the summer months.

[23] In Table 10, most of the detailed service categories shown in Table 9 were eliminated due to small sample sizes. In Table 10, and in the remainder of the report, only two subcategories - apparel and business services - have been broken out, because they had large enough sample sizes to be analyzed separately. An additional reason for singling out apparel is that this is a unique, highly seasonal industry which differs from other industries in a number of important respects (e.g., the unusually high incidence of UI receipt among apparel workers).

Unemployment Insurance Program Characteristics

This section presents data on the major UI program characteristics of claimants other than actual duration of UI benefits, which is discussed in detail in Parts III - IV of the report.

Several UI program characteristics by sex are shown in Table 11. The number of potential weeks of benefits that claimants may receive averaged 23.7 weeks for all UI recipients. Average potential weeks were slightly higher for women than for men (24.1 weeks compared with 23.4 weeks for men) reflecting the somewhat higher number of weeks worked by women during the base year (see Table 4). Two-thirds of all claimants qualified for the maximum potential benefit duration of 26 weeks.

Claimants qualified for an average weekly benefit rate of $159 per week, before deductions for pensions and part-time earnings. A little over one-third (34.5 percent) qualified for the maximum WBR prevailing at the time they filed their claims. The average WBR was substantially lower for women ($136) than for men ($177) because of their lower weekly earnings in their base years. Only 15 percent of women qualified for the maximum WBR compared with 49 percent of men.

Average weekly benefit amounts actually received by claimants were somewhat lower than average WBRs, because of deductions for pensions and part-time earnings. The average weekly benefit amount paid was $152 for all claimants. Only two percent of UI recipients experienced reductions in their weekly benefits because they were receiving pensions. However, fully 32 percent of all recipients had part-time earnings sometime during their claims and thus received reduced weekly benefits for weeks in which they had earnings. (Of this 32 percent, 12 percent had earnings only in the first and/or last week of their claims.) Part-time work was more common among women (40 percent) than among men (25 percent).

The maximum total benefit amount claimants were entitled to receive (equal to the potential weeks of benefits times the WBR) averaged $3,792. Again, maximum total benefits were higher for men ($4,170, on average) than for women ($3,301). Total benefits actually received by claimants were less than maximum benefits, because most claimants receive benefits for fewer weeks than their potential weeks of benefits. Total benefits received averaged $2,315 for all claimants (about $1,500 less than the average maximum benefit amount), $2,568 for men and $1,988 for women.

Potential weeks of benefits, average weekly benefits and total benefits paid are shown in Table 12 by race and sex. Potential weeks of benefits did not vary much among the races, except that for males, blacks had about one week lower potential duration than whites and Hispanics. There were significant differences in average weekly benefit amounts among the races for both males and females, reflecting the higher weekly wages of whites and relatively low wages of Hispanics during the base year. Overall average weekly benefits were $159 for whites, $144 for blacks and $133 for Hispanics.

Total benefit amounts paid reflect both average weekly benefit amounts and the actual number of weeks claimants receive benefits. Although average benefits per week were lower for blacks than for whites, the average total amount of benefits received by blacks ($2,471) was higher than that received by whites ($2,337), because blacks, on average, collected more actual weeks of benefits than did whites (see Part IV of this report). Hispanics received the lowest average total benefit amount of $2,056, with Hispanic women receiving on average only $1,691 in total benefits.

Table 13 shows UI program characteristics by age group. Potential weeks of benefits were similar for the various age groups, except that those 65 and over had somewhat lower potential duration than the other age groups. Both average weekly benefits and total benefit amounts were lower for those under 25 and those 65 and over than for other age groups because of lower weekly wages earned by claimants in these two groups (see Table 6). Total benefits received were $2,048 for claimants under 25 and $1,457 for claimants 65 and over compared with $2,277 to $2,471 for the other age groups.

III. THE DISTRIBUTION OF UNEMPLOYMENT INSURANCE RECIPIENTS BY BENEFIT DURATION: DESCRIPTIVE ANALYSIS

This part of the report describes the distribution of UI recipients by the number of weeks of benefits they received and other features of benefit distribution. Part IV relates the duration of UI benefits to various claimant characteristics.

The Distribution of Unemployment Insurance Recipients by Benefit Duration

During the study period, UI recipients received an average of 15.0 weeks of benefits. Claimants varied a great deal in how many weeks of benefits they received, with some receiving only one week, and many receiving the maximum of 26 weeks. Table 14 shows how the claimants were distributed over various benefit durations. This information is also shown in graphic form in Figure 1.

As shown in the table and graph, many more claimants (17.1 percent) received exactly 26 weeks of benefits than any other level of benefit duration. The percentage of claimants who collected 26 payments is less than the percentage who exhausted their UI benefits (i.e., received the maximum total benefits to which they were entitled), because many claimants had potential UI durations of less than 26 weeks. Over all, 35.1 percent of UI recipients exhausted benefits.

Other than the duration level of 26 weeks, the most frequent benefit duration (5.8%) was one week of benefits. After the first week, claimants were spread quite evenly (about 2 - 4 percent each) over duration levels of 2 to 25 weeks, except for a dip at the third week due to the one-week waiting period. (Because the waiting week is paid only after a claimant has been unemployed for four consecutive weeks, most claimants who receive a third UI payment also receive a fourth payment, for the waiting week.)

A small percentage of claimants (3.7 percent) collected more than 26 weeks of benefits because they had received partial UI payments due to earnings, which allowed them to stretch out their benefit duration. Most of these, 2.9 percent, received 27 weeks of payments, often because they had some earnings during the week they filed their claims.

The last column of Table 14 and Figure 2 show the same distribution of durations in a different form, which shows the cumulative effect of claimants leaving the UI rolls. The figures show "survival rates" in the receipt of UI benefits; i.e., the percentage of claimants receiving a first UI payment, a second payment, etc. By the definition of the sample, 100 percent of claimants received a first payment. About 75 percent of claimants remained on the UI rolls at the eighth payment. The percentage of claimants receiving benefits dipped below 50 percent at the 16th week, while 25 percent of claimants remained on the rolls at the 24th payment.

The graph of the survival rates in Figure 2 declines in almost a straight line from the first to the 26th payment, except for a slight dip in weeks two and three. This reflects the almost constant rate at which claimants left the rolls between weeks 2 and 25. The sharp drop in the survival rate at the 27th week reflects the 17 percent of claimants who stopped receiving UI at the 26th week.

The Distribution of Unemployment Insurance Benefits over the Benefit Year

The distribution of claimants by the duration of benefits does not show how benefit payments are actually spread over the benefit year (the 52-week period beginning with

the week the claim was filed), because many claimants move on and off the UI rolls and, therefore, have gaps in their benefit streams. These can occur because a claimant returns to work and becomes unemployed again during the benefit year, because a claimant has been disqualified from benefits for a period of time, or for some other reasons. Claimants with gaps in benefits due to employment during the benefit year file "additional claims" when they return to the UI rolls, and the circumstances under which they terminated employment are once again examined. Returns to the rolls other than after employment, e.g., after a disqualification or period of disability, are termed "reassertions."

Forty-eight percent of UI recipients in the study sample had at least one gap in their benefit receipt (including "gaps" at the beginning of the benefit year).[24] Twenty-one percent of claimants had at least one period of benefit disqualification and 33 percent had at least one additional claim after a period of employment.[25] Additional claims were most common among claimants working in highly seasonal industries, such as apparel and construction. Less than two percent of claimants (1.4 percent) had a period of temporary disability during their benefit years.[26]

Table 15 and the graph in Figure 3 show the actual percentage of claimants receiving benefits during each week of their benefit years.[27] (The period shown is not a calendar year, since it begins and ends in different months for different claimants, depending on their dates of claim.) The actual distribution of payments over the benefit year differs significantly from the distribution shown previously in Figure 2. The survival rates in Figure 2 show what percentage of claimants would receive payments in each week of the benefit year if all claimants began receiving benefits in the first week and had no gaps in benefits. If that were the case, very few claimants would receive any benefits during the second half of the benefit year (after the 26th week).

In contrast, the graph in Figure 3 shows a substantial degree of benefit receipt in the second half of the benefit year, although much lower than that in the first half. At the beginning of the benefit year, only two-thirds of claimants received a payment for the first week of the year; one-third did not qualify for the waiting week payment. Eighty-five percent received a payment for the second week of the benefit year, 78 percent for the third week and 73 percent for the fourth week. After the fourth

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[24] Gaps at the beginning of the claim can occur, for example, when a claimant returns to work before receiving a UI payment and is subsequently laid off, or when a claimant has a period of disqualification at the beginning of the benefit year. Gaps in benefits due only to the one-week waiting period were not counted.

[25] There is some overlap between these groups, since some claimants had both a disqualification(s) and an additional claim(s). It should be noted that not all disqualifications or additional claims result in gaps in benefits, since some claimants do not return to the rolls after a disqualification, and some are found ineligible for benefits when they file an additional claim.

[26] These claimants, while not eligible for UI benefits during their periods of illness or disability, received state temporary disability insurance (TDI) benefits.

[27] Payments were tabulated by the week of unemployment for which each payment was made, rather than the date the payment was actually received by the claimant.

week, the percentage of claimants receiving payments declined fairly steadily (at about 2 percent per week) until the 26th week.

Although the rate of benefit receipt dropped off substantially after the 26th week of the benefit year, 10 to 15 percent of claimants received payments in weeks 27 to 29 and from 6 to 10 percent received payments during weeks 30 to 52. The percentage receiving benefits rose slightly toward the end of the benefit year. This most likely reflects claimants returning to the UI rolls after a period of employment, many of whom probably filed subsequent claims when their benefit years ended (referred to as "transitional claims"), based on their more recent employment.

Over all, 34 percent of UI recipients received at least one payment during the second half of their benefit years. However, payments made in the second half of the benefit year accounted for only 13 percent of all payments, because those receiving benefits during the second half received an average of only six payments each during this period, compared with an average of 13 weeks of payments made per claimant during the first half of the benefit year.

IV. THE DURATION OF BENEFITS AND BENEFIT EXHAUSTIONS BY CLAIMANT CHARACTERISTICS

This part of the report presents data on the duration of UI benefits and benefit exhaustions by various demographic and UI program characteristics. Since the relationships between duration and claimant characteristics observed in simple cross-tabulations can be misleading, because they may reflect other underlying causes, statistical regression analysis was also performed to provide a more controlled test of the effects of characteristics on duration. The regression results are summarized later in this part of the report and are analyzed in greater detail in Appendix B.

Duration of Benefits by Demographic Characteristics

As stated in Part III, the average number of weeks of benefits collected by all UI recipients was 15.0 weeks, and 35.1 percent of recipients exhausted their benefits. Table 16 shows variations in the duration of benefits and benefit exhaustions by race, sex and age. The relationship between duration and two of these characteristics (sex and race) is shown in more detail in Table 17, which shows the distribution of recipients by broad duration categories.

As shown in Table 16, there was no difference between men and women in the average number of weeks of benefits received. However, a somewhat smaller percentage of women than men exhausted benefits (32.4 percent compared with 37.2 percent for men). The distributions in Table 17 show that a higher percentage of women than men collected five or fewer UI payments, while proportionately more men than women received 6 to 15 payments. Despite these differences, women had the same average duration as men because somewhat more women than men (4.5 percent, compared with 3.1 percent) received more than 26 weeks of benefits (not shown in Table 17). This occurred because more women than men received partial payments, due to part-time earnings during their claims, and were thus able to collect more weeks of benefits.

Table 16 shows a substantial variation in average benefit duration and in exhaustions among racial/ethnic subgroups. Whites had the lowest levels of both duration and exhaustions (14.4 weeks and 30.3 percent, respectively), blacks had the highest levels (17.0 weeks and 48.7 percent), and Hispanics were in between the other two groups (15.2 weeks and 35.8 percent). Differences among the races in average duration and exhaustions were much greater among men than among women. For men, the difference in average duration between blacks and whites was 3.5 weeks and the difference in the exhaustion rate was 23.6 percentage points, while for women the corresponding differences were 1.1 week and 11.1 percentage points, respectively. Further, among women there were no significant differences between whites and Hispanics in either average duration or exhaustions, while among men, Hispanics had both higher average duration and higher exhaustion levels than whites.

The distributions in Table 17 show that the large differences between whites and blacks occurred over the whole range of the duration distribution. Substantially lower percentages of blacks than whites collected 1 to 15 weeks of benefits while higher percentages of blacks collected 16 or more weeks. In contrast, Hispanics were similar to whites in the percentages of claimants receiving 1 to 5 weeks of benefits and more than 25 weeks. However, fewer Hispanics than whites collected 6 to 15 weeks, while Hispanics collected 16 to 25 payments more often than did whites.

When benefit duration and exhaustions were examined by age group (see Table 16), it was found that differences among the groups were generally not very large and few significant differences were found. Although there were some variations in the number

of weeks of benefits paid, none of these differences were statistically significant for either the whole sample or for the male and female subgroups. For the sample as a whole, the highest exhaustion rates occurred in the 25 - 34 and 65 and over groups (with exhaustion rates of 37.2 percent and 38.3 percent, respectively), while the lowest exhaustions occurred in the 45-54 age group (31.1 percent). (These differences were statistically significant.) It seems reasonable that benefit exhaustions would be low for those in the prime of their working lives and high for relatively new entrants to the work force and for older workers who often face reemployment difficulties. Similar effects were found for females (except that females 65 and over had average exhaustion rates). For males, however, no significant age effects were found.

Table 18 shows data on benefit duration and exhaustions by education, wage earner status and union membership for UI recipients with dates of claim after July 1, 1986.[28] Differences in average duration by education level, although substantial in magnitude, were not statistically significant. Benefit exhaustions, however, declined with increases in education. Claimants with some college or a college degree had the lowest exhaustion rates (35.7 percent and 37.7 percent, respectively), while those without a high school diploma had the highest (about 48 percent).

Claimants who were main wage earners in their households had significantly higher durations (an average of 16.4 weeks) and benefit exhaustions (46.1 percent) than did claimants who were not main wage earners (15.1 weeks and 36.6 percent, respectively). These results run counter to our expectation that a main wage earner would be likely to get a job more quickly than a secondary worker because of greater family responsibilities, because he/she is less likely to have financial support from others, and because he/she is likely to have substantial work experience. The regression analysis in Appendix B shows that the higher duration and exhaustions for main wage earners occurred only for women. At this time, no adequate explanation has been found for these effects, but the answer may be related to the particular demographic characteristics of women associated with main wage earner status. (For example, women who are main wage earners are more likely to be single parents than male main wage earners.)

Union membership did not appear to affect benefit duration. Union members were very similar to non-members both in the number of weeks of benefits they received and in the percentage exhausting benefits.

Duration of Benefits by Industry

The average duration of UI benefits and benefit exhaustions by industry are shown in Table 19. The highest levels of benefit duration were found in finance, insurance and real estate (17.9 weeks), wholesale trade (16.9 weeks) and "other services" (16.1 weeks), while the lowest levels occurred in construction (13.0 weeks), durable goods manufacturing (14.3 weeks) and apparel (14.6 weeks). Benefit exhaustion rates were highest in transportation, communication and utilities (43.9 percent) and finance,

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[28] The overall duration and exhaustion rates for this group, shown at the top of Table 18, are substantially higher (16.0 weeks and 42.7 percent) than for the sample as a whole (15.0 weeks and 35.1 percent). This serves to underscore the point that relationships observed for this subgroup may be affected by seasonal and other economic factors and thus may differ from the overall relationships for the whole sample.

insurance and real estate (43.5 percent), and lowest in construction (25.9 percent) and apparel (25.3 percent).

The low average durations and exhaustion rates for the apparel and construction industries are no doubt due to the seasonal nature of these industries. Layoffs for most claimants in these industries are temporary and of short duration, and, in the case of construction, even those experiencing permanent layoffs could quickly find new jobs, given the high demand in this industry during the study period. Although demand was not as great in the apparel industry, most apparel workers are tied to an individual company and are usually recalled. Furthermore, a high proportion of claimants in apparel received partial UI payments, since they were often employed only parts of weeks. Thus, they extended their effective potential duration of benefits and were less likely to exhaust benefits.[29]

A notable aspect of the pattern of duration by industry was low or average duration levels in manufacturing in general, despite the high degree of concern about mass layoffs and worker dislocation in these industries. Although permanent mass layoffs did occur in manufacturing during the study period, it appears that the many temporary layoffs typical of these industries resulted in relatively low average durations.

The high duration of benefits in finance, insurance and real estate and in wholesale trade may be due to the relatively low seasonality in these industries. Since a higher proportion of the layoffs in these industries may have been permanent than in others, a longer job search process may have resulted.[30] The high rate of exhaustions in transportation, communications and utilities may have resulted partly from layoffs at American Telephone and Telegraph (AT&T) in early 1986 stemming from the breakup of the Bell system.

The relatively high average duration and exhaustion rate in the "other services" category was concentrated mostly in hotels and boarding places and in health services. The high duration among health service workers is difficult to explain given the strong demand for health services during the study period and the relatively low number of workers who were laid off (see Table 9).

Duration by Employment and Earnings

Tables 20 and 21 relate benefit duration and exhaustions to wages and the number of weeks worked during the base year. Both duration and exhaustions were significantly related to the number of base weeks worked. The duration of benefits was substantially lower for claimants who had worked 20 weeks or less (with an average duration of 11.4 weeks) than for claimants with more base weeks (with average durations ranging from 14.5 to 15.7). This difference is no doubt largely due to lower potential durations of benefits for these claimants, since potential duration is determined by

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[29] In general, for the whole sample, claimants who worked part-time during their claims had lower average exhaustion rates (18 percent) than those without part-time earnings (43 percent).

[30] Although the sample size in this study is small for the finance, insurance and real estate industry, a study of claimants in New York State also found benefit duration to be highest in this industry. See John J. Comisky, Unemployment Insurance Beneficiaries in New York State; Benefit Year Ending 1985, New York State Department of Labor, Division of Research and Statistics, Albany, New York, June 1987.

the number of base weeks. Lower potential duration also explains the much higher exhaustion rates for recipients who had worked 1 - 20 weeks or 21 - 30 weeks (with exhaustion rates of 65.5 percent and 49.8 percent, respectively) compared with those who were employed more weeks during the base year (with rates of 26.1 to 32.0 percent).

The data by average weekly wage, in the lower half of Table 20, show that benefit duration first increases from 14.5 weeks to 16.1 weeks with increases in the weekly wage, and then declines from 16.1 to 13.6 for weekly wages above the $300 - $399 range. Although many factors may affect the relationship between wages and UI duration, a primary factor lies in the connection between the average weekly wage and the WBR. As the weekly wage rises, the WBR also increases. However, because of the maximum limit on the WBR, increases in wages above about $350 (for the study period) no longer lead to higher WBRs. Instead, as wages increase, the WBR replaces a lower proportion of pre-layoff wages. The collection of UI benefits thus becomes a less attractive alternative to working, both because it represents a larger cut in living standard than for lower wage claimants, and because the claimant can earn substantially more income by becoming reemployed (assuming pre-layoff wages are an indicator of future wages). This decline in the "replacement rate" is probably a major factor explaining the decline in UI duration for weekly wages above the $300-$399 range.

In the range of weekly wages below $300, the increase in duration with increases in the weekly wage cannot be explained by the wage replacement rate. The replacement rate is fairly constant in this range, because the UI law mandates a replacement rate of 60 percent until the maximum WBR is reached. (Some deviations from the 60 percent rate occur because of dependency allowances, deductions for pensions and some other minor reasons.) The positive relationship between duration and weekly wages in this range may be due to other claimant characteristics which are correlated with the weekly wage. Another possibility is that claimants with lower weekly wages may have more incentive to find work, because their WBRs are too low to provide an adequate income (even though their wage replacement rate is the same as those with higher wages).

The figures for UI exhaustions by the weekly wage followed a pattern similar to that of duration. As the wage rate increased the percentage exhausting benefits first increased from 32.7 to 38.9 percent, for claimants in the $300 - $399 wage range, and then declined to 28.7 percent, for the $700 and over wage level.

Duration and exhaustions are shown in Table 21 by total base year wages. Since total earnings are the product of the average weekly wage and the number of weeks worked, the relationship between earnings and benefit duration and exhaustions is a mixture of the effects seen earlier for the weekly wage and base weeks. The duration figures in the table show that average duration first rises from 13.6 weeks to 16.3 weeks then falls to 14.4 weeks with increases in total base year wages. This pattern reflects both the higher average weekly wages at higher earnings levels (and, therefore, declining wage-replacement rates), and fewer average weeks worked (and lower potential UI durations) among those with lower total earnings. The effect of lower potential durations at lower earnings levels is seen most clearly in the exhaustion figures. The percentage of claimants who exhausted benefits was substantially higher (44 - 47 percent) among claimants who earned less than $6,000 in their base years than among claimants earning $6,000 or more (25 - 35 percent).

Duration by Unemployment Insurance Program Variables

Table 22 shows the duration of UI benefits and exhaustions by two key UI program parameters, the potential duration of benefits and the WBR, and by the wage replacement rate, defined here as the WBR as a percentage of the average weekly wage during the base year.

As mentioned in the previous section, it was expected that claimants with higher potential weeks of UI benefits would also tend to have higher actual benefit durations, simply because they have more weeks of benefits available. On the other hand, claimants with higher potential durations were expected to be less likely to exhaust benefits. With more weeks available, these claimants should be more likely to return to work before using up their available benefits, compared with claimants with lower potential durations.

The data in Table 22 show that, as expected, average actual duration increased as potential duration increased from the 1 - 15 week level (with average actual duration of 11.4 weeks) to the 21 - 25 week range (with actual duration of 16.3 weeks). However, average actual benefit duration then dropped to 15.1 weeks for claimants with potential durations of 26 weeks. This is most likely due to other characteristics of these claimants, who worked 35 or more weeks in their base years in order to qualify for the maximum potential benefit duration. For example, claimants in this group had higher weekly wages than those in 21 - 25 week category, and somewhat lower wage replacement rates. Thus, they had a somewhat greater incentive to find new employment.

The relationship between potential duration and benefit exhaustion rates was also as expected, with exhaustion rates declining steadily as potential duration increased. The percentage of claimants exhausting benefits decreased from 65.5 percent for claimants with 1 - 15 potential weeks of benefits to 28.7 percent for those with potential durations of 26 weeks.

The relationship of the WBR to benefit duration and exhaustions mirrors that of the average weekly wage. The figures in Table 22 show that as the WBR increased from the $100 or less range to the $151 - $200 range, average duration increased from 14.5 weeks to 16.2 weeks and exhaustion rates rose from 32.8 percent to 38.8 percent. However, when the WBR reached the statutory maximum, represented here by the over $200 category[31], both duration and exhaustion rates fell (to 14.5 weeks and 34.0 percent, respectively). As seen in the previous section, when the maximum WBR is reached, higher average weekly wages in the base year do not lead to higher WBRs, and the proportion of wages replaced by UI benefits falls. Claimants with lower replacement rates have less incentive to collect UI and, therefore, tend to find jobs sooner, thereby reducing their duration and benefit exhaustions. As mentioned previously, for WBRs below $200, the increase in duration with increases in the WBR may be due to claimant characteristics associated with the wage rate or to an incentive to find work when the WBR is too low to provide an adequate income.

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[31] For most claimants in the sample, the statutory maximum WBR was either $203 or $214, depending on whether the claim was filed in 1985 or 1986. Most of the claimants in the "over $200" category in Table 26 had WBRs at the maximum.

In the bottom section of Table 22, duration and exhaustions are related directly to the wage replacement rate, since this variable most closely measures the effect of UI benefits on the incentive to find employment. As shown in the table, both duration levels and exhaustion rates increased, as expected, as UI benefits replaced a higher percentage of wages.

Summary of Regression Results

In the previous sections the relationships between duration and exhaustions and claimant characteristics were examined in simple cross-tabulations. The regression analysis, described in detail in Appendix B, provides better estimates of these relationships by estimating the effect of each characteristic on duration or exhaustions while controlling for the effects of other characteristics (i.e., holding other characteristics constant).

For the most part, the regression results confirmed the general relationships between claimant characteristics and UI duration found in the cross-tabulations, although there were often differences in the magnitude or significance of effects. Major differences in the results, as well as similarities, are summarized in the discussion below. (See Appendix B for a more complete discussion.)

As in the cross-tabulations, the regression results showed no significant effect of sex on the duration of UI benefits. In addition, the small difference between men and women in benefit exhaustions, found in the cross-tabulations, became smaller and insignificant in the regressions.

The regression results were quite similar to those in the cross-tabulations for race, education, industry and union membership. Women who were main wage earners were found to have higher levels of UI duration and exhaustions than those who were not main wage earners, an unexpected result which was discussed in an earlier section (see page 16).

The regression results for age were also similar to the cross-tabulations for most age groups. These effects, found for the whole sample and for women (but not for men), showed high duration and exhaustion levels for claimants in the 25-34 and 55-64 age ranges and low levels for those in th 45-54 age group. The biggest difference between the cross-tabulations and the regressions was that, when factors such as potential weeks of benefits and pension receipt were taken into account, the 65 and over group switched from having apparently high exhaustion rates to having the lowest average duration and exhaustions. However, this result should be viewed with caution, because of small sample sizes for this group.

A variable not discussed in the cross-tabulations, but included in the regressions was pension status. It was found that the receipt of a pension increased both benefit duration and exhaustions. This was expected, since pension income provides an alternative to working and because claimants receiving a pension may have a more tenuous labor force attachment than other claimants.

Turning to UI program variables, potential duration showed similar effects in the cross-tabulations and the regressions. The regressions indicated that an additional

week of potential UI duration increased actual duration by an average of 0.2 weeks and reduced the probability of exhausting benefits by 2.9 percentage points.[32]

In the cross-tabulations, it was seen that as both the WBR and the average weekly wage rose, both the duration of benefits and the exhaustion rate first rose, then fell as declining wage replacement rates reduced the incentive to collect UI. In the regressions, the effects of each of these variables, the weekly wage and the WBR, were estimated while holding the other constant. Although there are limitations to this procedure because of the statutory relationship between these two variables,[33] the regression results were as expected. With the weekly wage held constant, increases in the WBR increased duration because of rising wage replacement rates. Similarly, at a given WBR, increases in the weekly wage lead to lower average duration because of a declining wage replacement rate and other factors. The regression coefficients indicated that an increase of $10 in the WBR increased UI duration by an average of 0.15 weeks and exhaustions by 0.9 percentage points, while an increase of $100 in the average weekly wage reduced duration by 0.21 weeks and exhaustions by 1.3 percentage points.

How Well Have We Explained Duration?

In both the cross-tabulations and the regression analysis, we have found a number of claimant characteristics which are strongly related to benefit duration and the exhaustion rate. How well have we explained duration in the sense that we now know what causes it to be high or low? Can these characteristics taken together be used to predict the duration of an individual claimant?

Unfortunately, the answer is that we have not done very well. The multiple correlation coefficient (R^2) at the bottom of each regression in Tables B.1 - B.4 of Appendix B shows the proportion of the variation in duration and exhaustions which was "explained" by the variables in the regressions. The R^2s are very low,[34] ranging from .033 to .125. Such low R^2s are common to the research in this area and indicate that the variables available to us go only a small way toward explaining the complex behavioral and other factors involved in returning to work after being unemployed.

However, the analysis does give us useful information. We can say that under current economic conditions, construction workers, on average, are likely to have lower durations and exhaustions than other workers, that nonwhites are likely to have higher average duration and exhaustions and that higher potential benefit duration is associated with higher actual duration and lower exhaustions. Information on the average experience of population subgroups is still useful even if we cannot yet predict duration and benefit exhaustion for individual UI recipients.

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[32] These results may reflect not only the effect of potential duration, but also effects of unmeasured claimant characteristics associated with the number of weeks employed during the base year (which determines potential duration).

[33] Although, because of the benefit formula, the ratio of the WBR and the weekly wage is almost constant for WBRs below the maximum WBR, it was possible in the regression analysis to derive estimates of the separate effects of these variables using the data on variations in weekly wages above the maximum WBR (see Appendix B).

[34] See, for example, Walter Corson and Walter Nicholson, An Analysis of UI Recipients' Unemployment Spells, U.S. Department of Labor, Unemployment Insurance Occasional Paper 83-1, Washington, D.C., 1983.

TABLE 1

SELECTED CHARACTERISTICS OF UNEMPLOYMENT INSURANCE
RECIPIENTS WITH FIRST PAYMENTS
FROM DECEMBER 1985 TO NOVEMBER 1986

	Total	Male	Female
Sample Size	5,053	2,851	2,201
Sex (Percent)	100.0	56.4	43.6
Race (Percent)	100.0	100.0	100.0
White	64.3	65.0	63.4
Black	17.7	18.7	16.4
Hispanic	17.0	15.4	19.1
Other	1.0	0.9	1.1
Average Age (Years)	37.5	36.4	38.9
Average Years of Education[a]	12.0	11.9	12.0
Average Base Weeks Worked in Base Year[b]	39.6	39.3	40.0
Average Weekly Wage	$336	$408	$244
Average Base Year Wages[c]	$13,588	$16,337	$10,025
Average Potential Weeks of UI Benefits	23.7	23.4	24.1
Average Weekly Benefit Amount	$152	$170	$128
Average Total Benefits Paid	$2,315	$2,568	$1,988
Average Weeks of Benefits Paid	15.0	15.0	15.0
Percent Exhausting Benefits	35.1	37.2	32.4

a Available only for recipients who filed their claims after July 1, 1986. Total sample size is 1,193.

b Prior to July 6, 1986, the base year was defined as the first 52 of the 53 calendar weeks preceding the filing of the claim. Since July 6, 1986 it has been defined as the first four of the last five completed calendar quarters. A base week is a calendar week during the base year in which the claimant earned at least 20 percent of the statewide average weekly wage (or $76 for 1986).

c The claimant's base wages are the total wages earned during all base weeks in the base year.

TABLE 2

DISTRIBUTION OF UNEMPLOYMENT INSURANCE RECIPIENTS BY SEX, RACE AND AGE[a]

	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Sex						
Male	2,851	56.4	-	-	-	-
Female	2,201	43.6	-	-	-	-
Total	5,052	100.0	-	-	-	-
Race						
White	3,191	64.3	1,803	65.0	1,387	63.4
Black	878	17.7	520	18.7	358	16.4
Hispanic	844	17.0	427	15.4	417	19.1
Other	50	1.0	26	0.9	24	1.1
Total	4,963	100.0	2,776	100.0	2,186	100.0
Age (years)						
Under 25	880	17.5	553	19.4	327	14.9
25 - 34	1,584	31.5	976	34.4	608	27.8
35 - 44	1,043	20.8	531	18.7	512	23.4
45 - 54	805	16.0	416	14.7	389	17.8
55 - 64	635	12.6	322	11.4	312	14.2
65 and over	81	1.6	39	1.4	42	1.9
Total	5,028	100.0	2,837	100.0	2,190	100.0
Mean Age	37.5		36.4		38.9	

a Sample sizes for males and females may not add to totals because of missing data for one observation.

TABLE 3

DISTRIBUTION BY SELECTED DEMOGRAPHIC CHARACTERISTICS FOR UNEMPLOYMENT INSURANCE RECIPIENTS WHO FILED CLAIMS DURING JULY - NOVEMBER 1986[a]

	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Education						
1-8 Years	107	9.0	61	9.1	46	8.8
9-11 Years	218	18.3	128	19.1	90	17.2
High School Graduate	528	44.2	292	43.7	236	45.0
Some College	210	17.6	115	17.2	95	18.1
College Graduate	78	6.5	44	6.6	34	6.5
Post Graduate Work	52	4.4	29	4.3	23	4.4
Total	1,193	100.0	669	100.0	524	100.0
Mean Years of Education	12.0		11.9		12.0	
Wage Earner Status						
Main Wage Earner	774	64.3	520	76.8	254	48.3
Not Main Wage Earner	429	35.7	157	23.2	272	51.7
Total	1,203	100.0	677	100.0	526	100.0
Union Membership						
Union Member	243	20.2	161	23.8	82	15.6
Not Union Member	960	79.8	516	76.2	444	84.4
Total	1,203	100.0	677	100.0	526	100.0

a Data for education, wage earner status and union membership are not available for recipients who filed their claims before July 1, 1986.

TABLE 4

DISTRIBUTION OF UNEMPLOYMENT INSURANCE RECIPIENTS BY NUMBER OF BASE WEEKS WORKED AND BASE YEAR WAGES[a]

	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Number of Base Weeks Worked						
1 - 20	290	5.7	215	7.5	75	3.4
21 - 30	1,002	19.8	573	20.1	429	19.5
31 - 40	1,115	22.1	575	20.2	540	24.5
41 - 50	1,332	26.4	707	24.8	624	28.4
51 - 52	1,314	26.0	781	27.4	533	24.2
Total	5,053	100.0	2,851	100.0	2,201	100.0
Mean Number of Base Weeks	39.6		39.3		40.0	
Total Base Year Wages						
Less than $4,000	324	6.4	105	3.7	219	10.0
$ 4,000 - $ 5,999	740	14.6	326	11.4	414	18.8
$ 6,000 - $ 7,999	705	14.0	303	10.6	402	18.3
$ 8,000 - $ 9,999	599	11.9	281	9.9	318	14.4
$10,000 - $14,999	1,050	20.8	588	20.6	462	21.0
$15,000 - $19,999	628	12.4	397	13.9	230	10.4
$20,000 - $29,999	671	13.3	540	19.0	131	6.0
$30,000 and over	336	6.6	311	10.9	25	1.1
Total	5,053	100.0	2,851	100.0	2,201	100.0
Mean Base Year Wages	$13,588		$16,337		$10,025	

a Base weeks and base year wages refer to weeks worked and earnings during the base year. See page 2 of the text for definitions of these terms.

TABLE 5

DISTRIBUTION OF UNEMPLOYMENT INSURANCE RECIPIENTS BY AVERAGE WEEKLY WAGE[a]

	Total		Male		Female	
	Number	Percent	Number	Percent	Number	Percent
Average Weekly Wage						
Less than $150	496	9.8	103	3.6	393	17.9
$150 - $199	921	18.2	324	11.4	597	27.1
$200 - $299	1,413	28.0	727	25.5	686	31.2
$300 - $399	833	16.5	527	18.5	305	13.9
$400 - $499	553	10.9	428	15.0	125	5.7
$500 - $599	318	6.3	264	9.3	54	2.4
$600 - $699	198	3.9	175	6.1	23	1.0
$700 and over	321	6.4	303	10.6	18	0.8
Total	5,053	100.0	2,851	100.0	2,201	100.0
Mean Average Weekly Wage	$336		$408		$244	

a The average weekly wage is defined as average wages per week worked during the base year.

TABLE 6

MEAN BASE WEEKS WORKED, BASE YEAR WAGES AND WEEKLY WAGE BY AGE AND SEX[a]

	Mean Number of Base Weeks Worked (Total Sample)	Mean Base Year Wages			Average Weekly Wage		
		Total	Male	Female	Total	Male	Female
Age (years)							
Under 25	37.9	$ 9,583	$10,392	$ 8,216	$249	$274	$207
25 - 34	40.0	13,427	14,982	10,931	333	377	264
35 - 44	40.3	14,889	18,568	11,074	359	452	263
45 - 54	40.2	15,585	20,870	9,933	379	510	240
55 - 64	39.7	15,481	21,914	8,834	383	537	223
65 and over	35.8	9,828	11,513	8,263	274	332	221
Total	39.6	$13,588	$16,337	$10,025	$336	$408	$244

a For sample sizes for age-sex subgroups, see Table 2.

TABLE 7

MEAN BASE WEEKS WORKED, BASE YEAR WAGES AND
WEEKLY WAGE BY RACE AND SEX

	Mean Number of Base Weeks Worked	Mean Base Year Wages	Average Weekly Wage	Sample Size[a]
Total	39.6	$13,588	$336	5,053
White	40.4	$15,476	$378	3,191
Black	38.4	$10,848	$280	878
Hispanic	38.8	$ 9,896	$250	844
Males	39.3	$16,337	$408	2,851
White	40.3	$19,052	$467	1,803
Black	37.2	$11,793	$314	520
Hispanic	39.1	$11,864	$296	427
Females	40.0	$10,025	$244	2,201
White	40.4	$10,827	$261	1,387
Black	40.0	$ 9,476	$230	358
Hispanic	38.6	$ 7,881	$203	417

a Sample sizes may not add to totals because of missing data.

TABLE 8

MEAN BASE WEEKS WORKED, BASE YEAR WAGES AND WEEKLY WAGE BY EDUCATION, WAGE EARNER STATUS AND UNION MEMBERSHIP

(For Recipients With Dates of Claim from July to November 1986)

	Mean Number of Base Weeks Worked	Mean Base Year Wages	Average Weekly Wage	Sample Size[a]
Total	40.3	$14,540	$351	1,203
Education				
1-8 Years	38.2	$11,843	$302	107
9-11 Years	39.1	$11,713	$290	218
High School Graduate	40.3	$14,009	$342	528
Some College	41.3	$15,307	$360	210
College Graduate	42.7	$21,729	$498	130
Wage Earner Status				
Main Wage Earner	41.0	$15,861	$377	774
Secondary Wage Earner	39.2	$12,157	$304	429
Union Membership				
Union Member	40.3	$16,126	$406	243
Not Union Member	40.4	$14,139	$337	960

a Sample sizes for educational groups do not add to the total due to missing data.

TABLE 9

DISTRIBUTION BY INDUSTRY OF UNEMPLOYMENT INSURANCE RECIPIENTS AND EMPLOYED COVERED WORKERS

Industry	UI Recipients (Study Sample) Number	Percent	Average Employment Covered by UI Nov. 1985 - Oct. 1986 (Universe)[a] Number	Percent
Manufacturing	1,763	35.0	686,830	20.7
Durable Goods	746	14.8	320,027	9.6
Nondurable Goods	1,017	20.2	366,803	11.1
Apparel	427	8.5	44,982	1.4
Other Nondurables	590	11.7	321,821	9.7
Nonmanufacturing	3,278	65.0	2,628,272	79.3
Construction	636	12.6	150,640	4.6
Transportation, Communications & Utilities	312	6.2	229,440	6.9
Wholesale Trade	367	7.3	250,654	7.6
Retail Trade	599	11.9	573,963	17.3
Finance, Insurance & Real Estate	108	2.1	204,301	6.2
Services	929	18.4	999,094	30.1
Hotels and Other Lodging	151	3.0	62,791	1.9
Business Services	305	6.0	232,588	7.0
Health Services	95	1.9	232,764	7.0
Educational Services	83	1.6	218,071	6.6
Other Services	295	5.9	252,880	7.6
Other Nonmanufacturing & Nonclassifiable[b]	327	6.5	220,180	6.6
Total	5,041	100.0	3,315,102	100.0

a Average covered employment by industry was calculated from a New Jersey Department of Labor database which contains information on covered jobs.

b Includes agriculture, mining, government administration and nonclassifiable establishments.

TABLE 10

MEAN BASE WEEKS WORKED, BASE YEAR WAGES AND WEEKLY WAGE BY INDUSTRY[a]

Industry	Mean Number of Base Weeks Worked	Mean Base Year Wages	Average Weekly Wage	Sample Size[b]
Manufacturing	41.6	$13,788	$320	1,763
Durable Goods	43.1	$15,168	$345	746
Nondurable Goods	40.6	$12,776	$302	1,017
Apparel	37.6	$ 8,179	$217	427
Other Nondurables	42.7	$16,102	$364	590
Nonmanufacturing	38.5	$13,452	$344	3,278
Construction	36.0	$17,872	$488	636
Transp./Comm./ Util.	38.0	$14,551	$405	312
Wholesale Trade	41.5	$14,493	$334	367
Retail Trade	38.6	$10,180	$255	599
Finance/Insur./ Real Estate	43.0	$12,888	$305	108
Services	39.7	$12,900	$315	929
Business Services	39.0	$12,898	$317	305
Other Services	40.0	$12,901	$314	624
Other Nonmanufacturing[c]	35.9	$10,385	$279	327
Total	39.6	$13,588	$336	5,053

a Data refer to weeks worked and wages during the base year. See page 2 of the report for the definition of the base year.

b Sample sizes for industry do not add to the total due to missing data.

c Includes agriculture, mining, government administration and nonclassifiable establishments.

TABLE 11

SELECTED UNEMPLOYMENT INSURANCE PROGRAM CHARACTERISTICS BY SEX

UI Program Characteristics	Total	Male	Female
Mean Potential Weeks of UI Benefits[a]	23.7	23.4	24.1
Percent at Maximum (26 Weeks)	66.7%	65.2%	68.5%
Mean Weekly Benefit Rate[b] (Before Deductions)	$159	$177	$136
Percent at Maximum	34.5%	49.4%	15.2%
Mean Weekly Benefit Amount Paid[b]	$152	$170	$128
Mean Maximum Total Benefit Amount[c]	$3,792	$4,170	$3,301
Mean Total Benefits Paid	$2,315	$2,568	$1,988
Sample Size	5,053	2,851	2,201

a The potential number of weeks of benefits is equal to three-fourths of the number of the claimant's base weeks (but may not exceed 26 weeks).

b The weekly benefit rate (WBR) is the amount of benefits per week a claimant qualifies for before deductions for pensions and part-time earnings. The actual average weekly benefit amount paid is lower than the WBR for some claimants because of these deductions.

c The maximum total benefit amount for each claimant is equal to number of potential weeks of benefits times the WBR.

TABLE 12

SELECTED UNEMPLOYMENT INSURANCE PROGRAM
CHARACTERISTICS BY RACE AND SEX

Race	Mean Potential Weeks of Benefits	Mean Weekly Benefit Amount Paid	Mean Total Benefits Paid	Sample Size[a]
Total	23.7	$152	$2,315	5,053
White	23.9	$159	$2,337	3,191
Black	23.4	$144	$2,471	878
Hispanic	23.8	$133	$2,056	844
Males	23.4	$170	$2,568	2,851
White	23.7	$180	$2,549	1,803
Black	22.8	$156	$2,737	520
Hispanic	23.8	$152	$2,413	427
Females	24.1	$128	$1,988	2,201
White	24.2	$133	$2,060	1,387
Black	24.1	$126	$2,085	358
Hispanic	23.9	$113	$1,691	417

a Sample sizes may not add to totals because of missing data for race and sex.

TABLE 13

SELECTED UNEMPLOYMENT INSURANCE PROGRAM CHARACTERISTICS BY AGE

AGE (years)	Mean Potential Weeks of Benefits	Mean Weekly Benefit Amount	Mean Total Benefits Paid	Sample Size[a]
Under 25	23.3	$134	$2,048	880
25 - 34	23.7	$158	$2,427	1,584
35 - 44	23.9	$158	$2,471	1,043
45 - 54	24.0	$158	$2,319	805
55 - 64	23.8	$150	$2,277	635
65 and Over	22.9	$108	$1,457	81
Total	23.7	$152	$2,315	5,053

a Sample sizes do not add to the total because of missing data for age.

TABLE 14

DISTRIBUTION OF UNEMPLOYMENT INSURANCE RECIPIENTS
BY NUMBER OF WEEKS OF BENEFITS PAID AND SURVIVAL RATES

Number of Weeks Paid	Distribution By Number of Weeks of UI Benefits Paid		Survival Rate: Percent of Claimants Remaining at Each Payment
	Number	Percent	
1	292	5.8	100.0
2	208	4.1	94.2
3	86	1.7	90.1
4	175	3.5	88.4
5	178	3.5	84.9
6	162	3.2	81.4
7	161	3.2	78.2
8	157	3.1	75.0
9	177	3.5	71.9
10	162	3.2	68.4
11	160	3.2	65.2
12	157	3.1	62.0
13	157	3.1	58.9
14	166	3.3	55.8
15	201	4.0	52.5
16	152	3.0	48.6
17	184	3.6	45.5
18	163	3.2	41.9
19	162	3.2	38.7
20	130	2.6	35.5
21	155	3.1	32.9
22	118	2.3	29.8
23	114	2.2	27.5
24	115	2.3	25.2
25	110	2.2	23.0
26	864	17.1	20.8
27	144	2.9	3.7
28	16	0.3	0.9
29	7	0.1	0.5
30	5	0.1	0.4
31 or More	15	0.3	0.3
Total	5,053	100.0	

FIGURE 1
PERCENTAGE DISTRIBUTION OF UNEMPLOYMENT INSURANCE RECIPIENTS
BY NUMBER OF WEEKS OF BENEFITS PAID

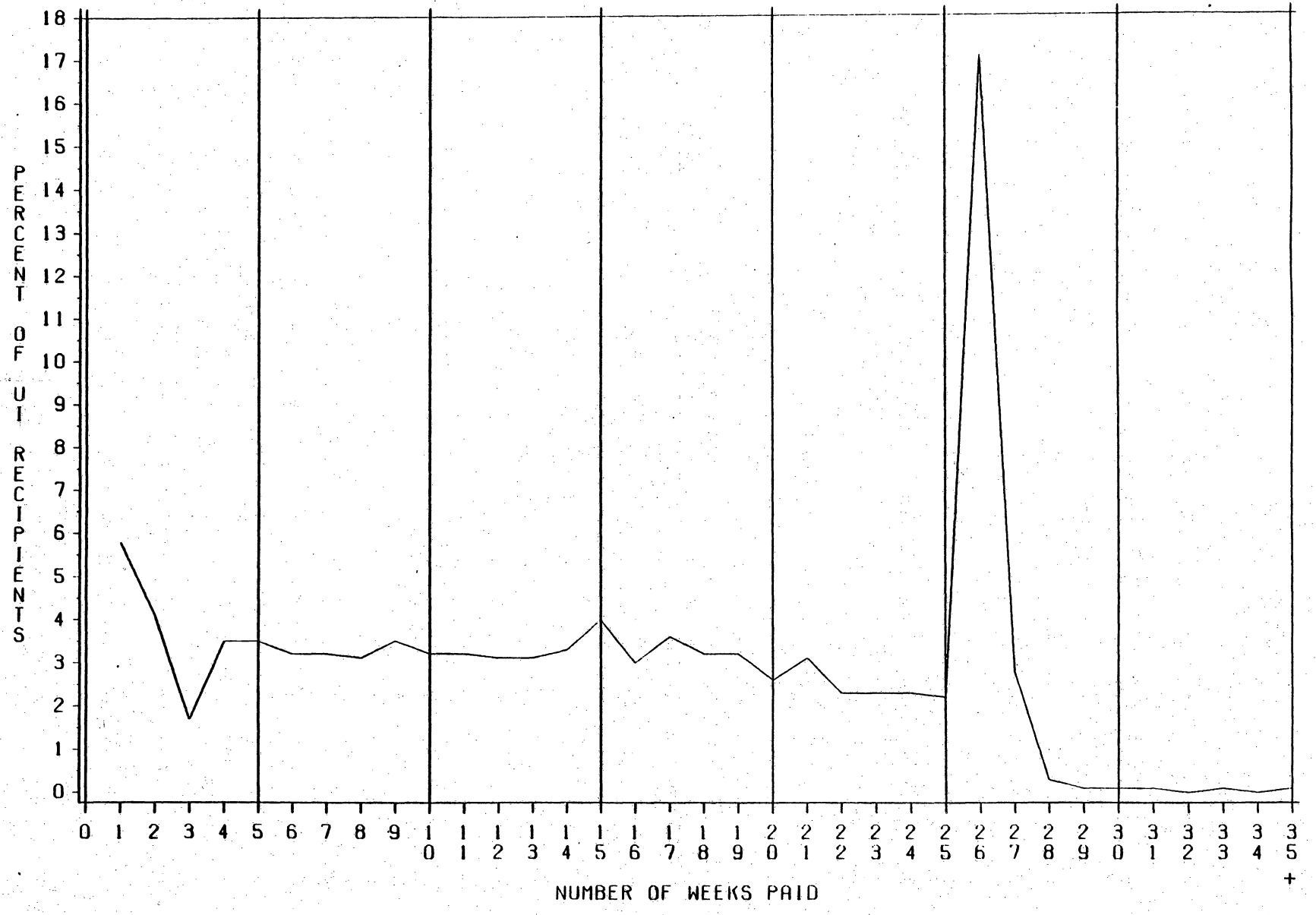

FIGURE 2
SURVIVAL RATES: PERCENTAGE OF UNEMPLOYMENT INSURANCE RECIPIENTS REMAINING AT EACH PAYMENT

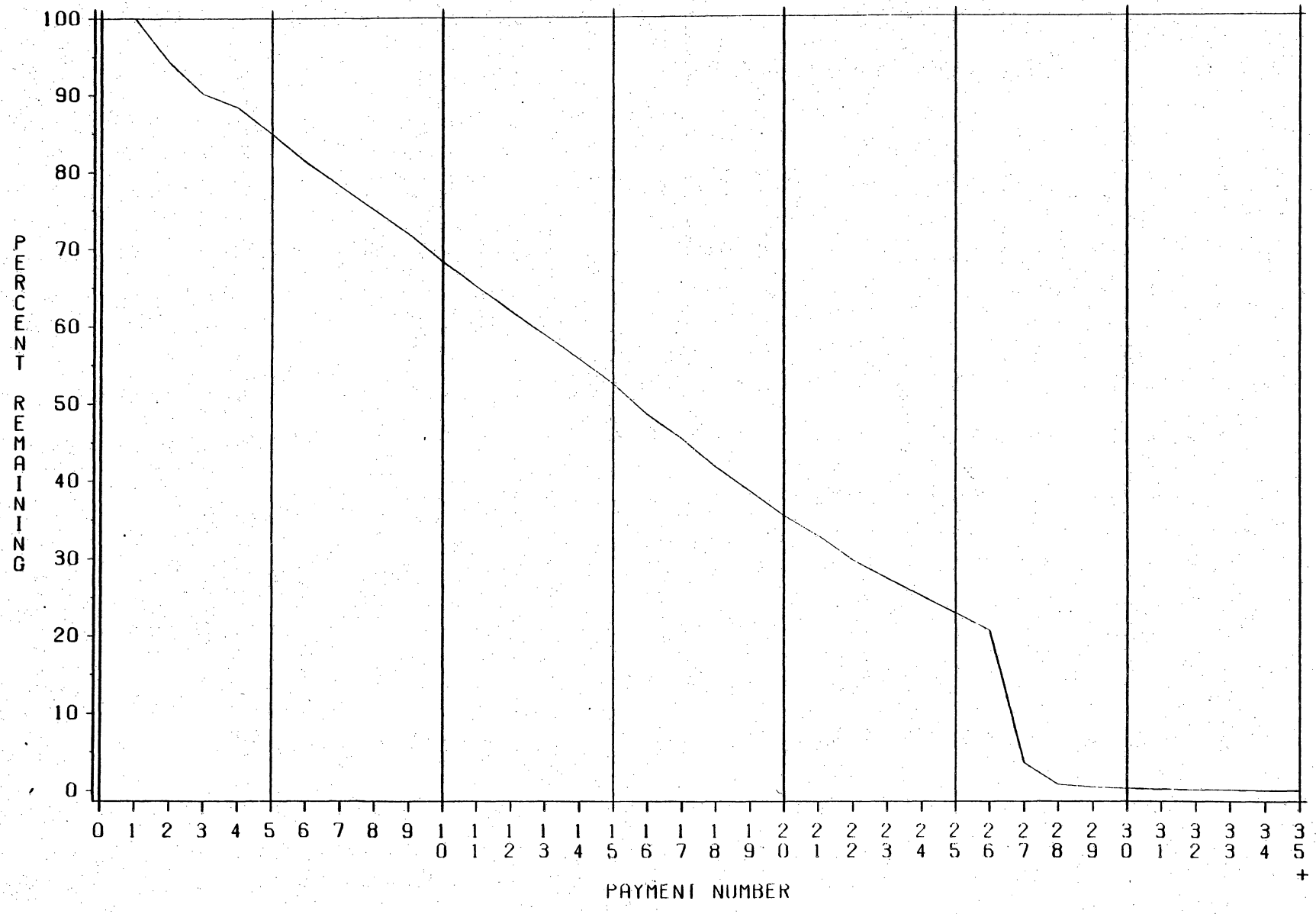

TABLE 15

PERCENTAGE OF UNEMPLOYMENT INSURANCE RECIPIENTS RECEIVING A PAYMENT IN EACH WEEK OF THE BENEFIT YEAR[a]

Week of the Benefit Year	Percent Receiving a UI Payment[b]	Week of the Benefit Year	Percent Receiving a UI Payment[b]
1	67	27	15
2	85	28	12
3	78	29	10
4	73	30	9
5	70	31	8
6	68	32	7
7	66	33	7
8	64	34	7
9	61	35	6
10	58	36	6
11	54	37	6
12	52	38	6
13	50	39	6
14	48	40	6
15	46	41	6
16	43	42	6
17	41	43	6
18	39	44	7
19	37	45	6
20	35	46	6
21	33	47	6
22	31	48	7
23	30	49	7
24	28	50	8
25	26	51	8
26	25	52	10

a The benefit year is defined as the 52-week period beginning the week the UI claim is filed. It is not a calendar year, since it begins and ends in different months for different recipients.

b The sample size for all percentages is 5,053.

FIGURE 3
PERCENTAGE OF UNEMPLOYMENT INSURANCE RECIPIENTS RECEIVING A PAYMENT
IN EACH WEEK OF THE BENEFIT YEAR

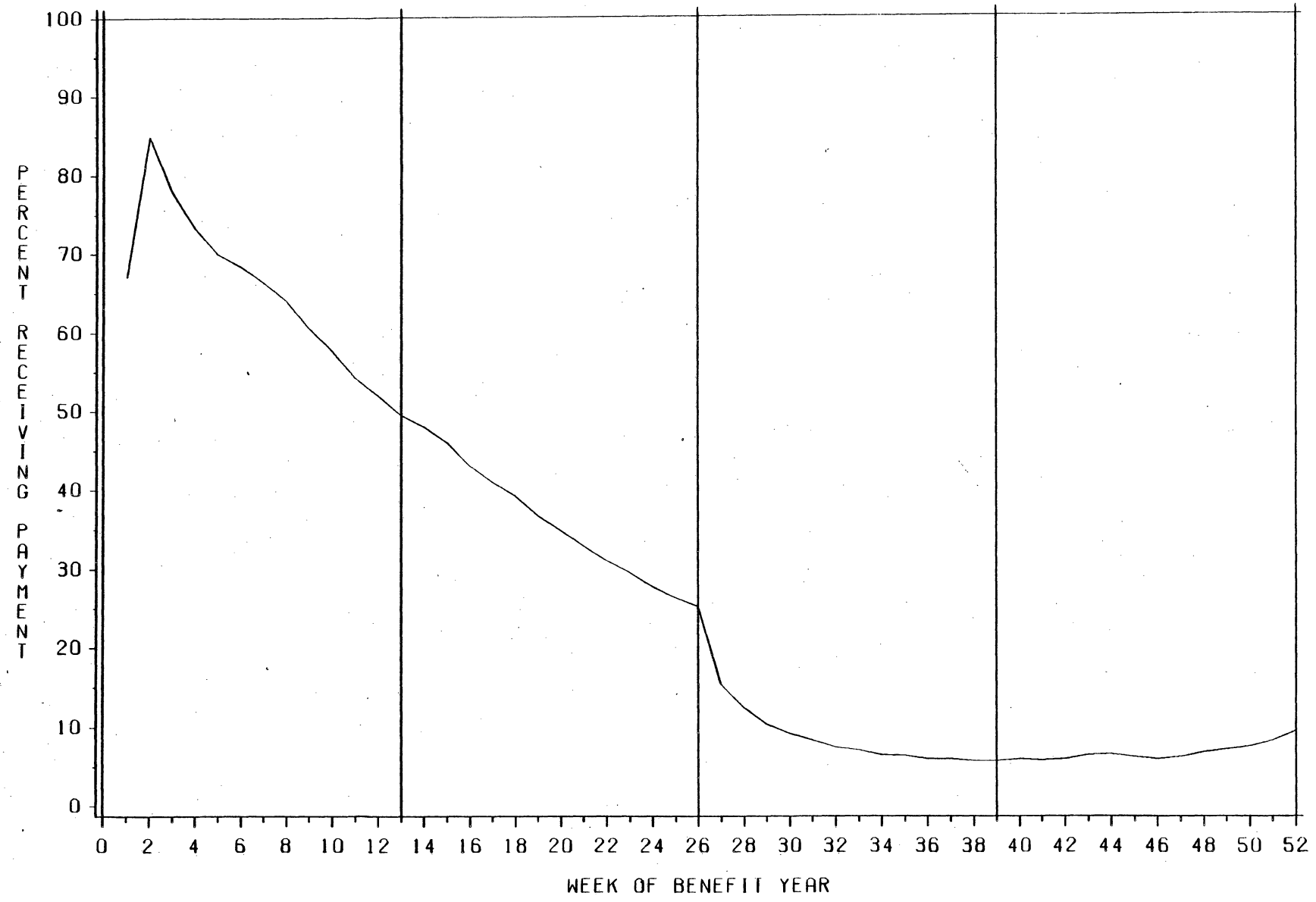

TABLE 16

AVERAGE DURATION OF UNEMPLOYMENT INSURANCE BENEFITS AND BENEFIT EXHAUSTIONS BY SEX, RACE AND AGE[a]

	Total		Male		Female	
	Mean Weeks of Benefits Paid	Percent Exhausting Benefits	Mean Weeks of Benefits Paid	Percent Exhausting Benefits	Mean Weeks of Benefits Paid	Percent Exhausting Benefits
Total	15.0	35.1	15.0	37.2	15.0	32.4
Race						
White	14.4	30.3	14.0	30.1	15.0	30.5
Black	17.0	48.7	17.5	53.7	16.1	41.6
Hispanic	15.2	35.8	15.8	39.8	14.5	31.7
Age (years)						
Under 25	15.1	34.2	15.1	36.5	15.0	30.3
25 - 34	15.3	37.2	15.2	37.2	15.5	37.2
35 - 44	15.2	35.7	15.4	39.5	15.0	31.6
45 - 54	14.3	31.1	14.4	35.1	14.2	26.7
55 - 64	15.1	35.1	14.7	36.3	15.5	34.0
65 and Over	14.0	38.3	14.3	43.6	13.7	33.3

a For sample sizes, see the distributions in Table 2.

TABLE 17

PERCENTAGE DISTRIBUTION OF UNEMPLOYMENT INSURANCE RECIPIENTS BY DURATION OF BENEFITS BY SEX AND RACE

	Number of Weeks of Benefits Paid					
	1 - 5	6 - 15	16 - 25	26 and Over	Total	Sample Size[a]
Total	18.6	32.8	27.8	20.8	100.0	5,053
Sex						
Males	17.4	34.3	27.6	20.7	100.0	2,851
Females	20.1	31.0	28.0	20.9	100.0	2,201
Race						
White	19.5	36.2	25.5	18.8	100.0	3,191
Black	13.4	27.0	31.8	27.8	100.0	878
Hispanic	21.0	27.4	30.3	21.3	100.0	844

a Sample sizes do not add to the total because of missing data for age and race.

TABLE 18

AVERAGE DURATION OF UNEMPLOYMENT INSURANCE BENEFITS AND BENEFIT EXHAUSTIONS BY SELECTED DEMOGRAPHIC CHARACTERISTICS

(For Recipients Who Filed Their Claims During July - November 1986[a])

	Mean Weeks of Benefits Paid	Percent Exhausting Benefits	Sample Size[b]
Total	16.0	42.7	1,203
Education			
1 - 8 Years	17.2	48.6	107
9 - 11 Years	15.8	48.2	218
High School Graduate	16.1	43.4	528
Some College	15.3	35.7	210
College Graduate	15.5	37.7	130
Wage Earner Status			
Main Wage Earner	16.4	46.1	774
Secondary Wage Earner	15.1	36.6	429
Union Membership			
Union Member	16.1	43.2	243
Not Union Member	15.9	42.6	960

a Data for education, wage earner status and union membership are not available for recipients who filed their claims before July 1, 1986.

b Sample sizes for education categories do not add to the total because of missing data.

TABLE 19

AVERAGE DURATION OF UNEMPLOYMENT INSURANCE BENEFITS AND BENEFIT EXHAUSTIONS BY INDUSTRY

Industry	Mean Weeks of Benefits Paid	Percent Exhausting Benefits	Sample Size[a]
Manufacturing	14.5	32.3	1,763
Durable Goods	14.3	35.0	746
Nondurable Goods	14.7	30.4	1,017
Apparel	14.6	25.3	427
Other Nondurables	14.8	34.1	590
Nonmanufacturing	15.3	36.5	3,278
Construction	13.0	25.9	636
Transp./Comm./Util.	15.8	43.9	312
Wholesale Trade	16.9	41.4	367
Retail Trade	15.3	36.1	599
Finance/Insur./Real Est.	17.9	43.5	108
Services	15.7	38.2	929
Business Services	14.9	35.1	305
Other Services	16.1	39.7	624
Other Nonmanufacturing[b]	15.4	38.2	327
Total	15.0	35.1	5,053

a Sample sizes for industries do not add to the total because of missing data.

b Includes agriculture, mining, government administration and nonclassifiable establishments.

TABLE 20

AVERAGE DURATION OF UNEMPLOYMENT INSURANCE BENEFITS AND BENEFIT EXHAUSTIONS BY BASE WEEKS AND AVERAGE WEEKLY WAGE[a]

	Mean Weeks of Benefits Paid	Percent Exhausting Benefits	Sample Size
Total	15.0	35.1	5,053
Number of Base Weeks Worked			
1 - 20	11.4	65.5	290
21 - 30	15.4	49.8	1,002
31 - 40	15.7	26.1	1,115
41 - 50	14.5	27.9	1,332
51 - 52	15.7	32.0	1,314
Average Weekly Wage			
Less than $150	14.5	32.7	496
$150 - $199	14.9	33.9	921
$200 - $299	15.7	37.6	1,413
$300 - $399	16.1	38.9	833
$400 - $499	14.2	33.5	553
$500 - $599	14.6	34.6	318
$600 - $699	13.2	28.8	198
$700 and Over	13.6	28.7	321

a Base weeks and the average weekly wage refer to weeks worked and the average wage during the base year. See page 2 of the text for the definition of the base year.

TABLE 21

AVERAGE DURATION OF UNEMPLOYMENT INSURANCE BENEFITS AND BENEFIT EXHAUSTIONS BY BASE YEAR WAGES[a]

	Mean Weeks of Benefits Paid	Percent Exhausting Benefits	Sample Size
Total Base Year Wages			
Less than $4,000	13.6	44.1	324
$4,000 - $5,999	15.2	47.0	740
$6,000 - $7,999	14.8	34.3	705
$8,000 - $9,999	15.7	34.1	599
$10,000 - $14,999	15.0	31.7	1,050
$15,000 - $19,999	16.3	35.4	628
$20,000 - $29,999	14.4	29.4	671
$30,000 and Over	14.4	25.0	336
Total	15.0	35.1	5,053

a Base year wages refer to total earnings during the base year. See page 2 of the text for the definition of the base year.

TABLE 22

AVERAGE DURATION OF UNEMPLOYMENT INSURANCE BENEFITS AND BENEFIT EXHAUSTIONS BY SELECTED PROGRAM CHARACTERISTICS

	Mean Weeks of Benefits Paid	Percent Exhausting Benefits	Sample Size
Total	15.0	35.1	5,053
Potential Weeks of UI Benefits			
15 or Less	11.4	65.5	293
16 - 20	14.9	52.9	715
21 - 25	16.3	35.5	633
26	15.1	28.7	3,412
Weekly Benefit Rate			
$100 or Less	14.5	32.8	809
$101 - $150	15.3	35.5	1,416
$151 - $200	16.2	38.8	936
Over $200	14.5	34.0	1,892
Wage Replacement Rate (Percent)[a]			
Less than 40	13.8	31.3	696
40 - 49	14.2	31.6	535
50 - 59	15.3	35.4	820
60 and Over	15.4	36.5	3,002

a The wage replacement rate is defined as the weekly benefit rate as a percentage of the average weekly wage in the base year. Although the formula for computing benefits provides for a replacement rate of 60 percent, replacement rates above 60 percent occur mainly because of dependency allowances. Replacement rates below 60 percent are due to the statutory limit on the maximum weekly benefit rate.

APPENDIX A

DISTRIBUTION OF THE STUDY SAMPLE BY FILING DATE OF UNEMPLOYMENT INSURANCE CLAIM

TABLE A.1

DISTRIBUTION OF THE STUDY SAMPLE BY THE YEAR AND MONTH THE UNEMPLOYMENT INSURANCE CLAIM WAS FILED[a]

Year	Month Claim Was Filed	Number	Percent	Cumulative Percent
1984	December	6	0.1	0.1
1985	January	10	0.2	0.3
	February	4	0.1	0.4
	March	10	0.2	0.6
	April	10	0.2	0.8
	May	7	0.1	0.9
	June	26	0.5	1.4
	July	25	0.5	1.9
	August	31	0.6	2.6
	September	30	0.6	3.1
	October	60	1.2	4.3
	November	307	6.1	10.4
	December	782	15.5	25.9
1986	January	646	12.8	38.7
	February	397	7.9	46.5
	March	390	7.7	54.2
	April	325	6.4	60.7
	May	251	5.0	65.6
	June	533	10.5	76.2
	July	320	6.3	82.5
	August	313	6.2	88.7
	September	216	4.3	93.0
	October	256	5.1	98.1
	November	98	1.9	100.0
Total		5,053	100.0	

a The study sample was defined as a 1.88 percent sample of all claimants who received their first UI payment between December 1985 and November 1986. Some sample members had claim dates much earlier than December 1985, because they received their first payments late in their benefit years.

APPENDIX B

THE DETERMINANTS OF BENEFIT DURATION AND EXHAUSTIONS: REGRESSION ANALYSIS

THE DETERMINANTS OF BENEFIT DURATION AND EXHAUSTIONS: REGRESSION ANALYSIS

Part IV of the report examined the relationships between UI benefit duration and exhaustions and a variety of claimant characteristics by means of cross-tabulations. The regression analysis presented in this appendix (and summarized in Part IV) provides a better test of these relationships by estimating the effect of each characteristic on duration or exhaustions while controlling for the effects of other characteristics (i.e., holding other characteristics constant). This is accomplished by entering data on all characteristics into a regression equation and estimating the effects of all variables simultaneously.

The results of the regression analysis are presented first for the whole sample. Estimates are then presented for recipients who filed their UI claims after July 1, 1986, since data on education, wage earner status and union membership are available only for this subgroup. In addition, for both these samples, separate regressions were estimated for men and women, to allow for differences between the sexes in the effects of other characteristics on duration.

Regression Results for the Whole Sample

Estimates of the effects of the various claimant characteristics on UI duration and exhaustions are shown in the regression results in Table B.1. (Separate regressions for males and females are presented in Table B.2.) The regression coefficients show the estimated effect of a change in each characteristic if all other characteristics were held constant. For example, the coefficient of 3.977 on the pension status variable in the duration equation indicates that, other things being equal, a claimant with a pension is likely to collect about 4 more weeks of benefits than a claimant not receiving a pension. For continuous explanatory variables, such as age, the coefficient indicates the estimated increase in duration when the explanatory variable increases by one unit (e.g., one year). Since the WBR is in units of 10, the coefficient for the WBR shows the estimated effect of increasing the WBR by $10.

In the exhaustion regression, the coefficients show the estimated effect of each characteristic on the probability of exhausting benefits. For example, the coefficient of -0.029 for potential duration, indicates that, if other characteristics are held constant, an increase of one week in potential duration is estimated to reduce the probability of exhausting benefits by 0.029 or, in percentage terms, by 2.9 percentage points.[1]

For the most part, the regression results confirmed the general relationships between claimant characteristics and UI duration that were found in the cross-tabulations in

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[1] For characteristics which are composed of more than two population subgroups (such as race and industry) one subgroup is omitted from the regression equation, and the coefficient on each remaining subgroup estimates the difference in average duration (or in exhaustion probability) between that subgroup and the group which was left out of the equation. In the case of race, whites are the omitted subgroup, and for industry the "left out" group is workers in durable goods manufacturing industries. For example, the coefficient of 2.760 on wholesale trade in the duration regression indicates that, after controlling for other claimant characteristics, average duration for claimants in wholesale trade was about 2.8 weeks longer than for those in durable goods manufacturing.

Part IV of the report, although there were changes in the magnitude of the effects or in significance levels in many cases. The most important differences between the cross-tabulations and the regression analysis are pointed out in the discussion below. Similarities in the results are also noted.

The estimates in the upper half of Table B.1 show the effects of several demographic and UI program characteristics on the duration of benefits and on exhaustions. As found earlier in the descriptive analysis in Part IV (see Table 16), the regression results showed no significant effect of sex on the duration of UI benefits. Furthermore, the small difference between men and women in benefit exhaustions, which was significant in the cross-tabulation, became smaller and insignificant in the regression. (In the regression, the probability of exhausting benefits was .023 - or 2.3 percentage points - lower for women than for men, compared with a difference of 4.8 percentage points in Table 16.)

Turning to the effects of race, it should be noted that the "other nonwhite" group in the regression consists mostly of Hispanics (94 percent), and can be considered as such.[2] The effects of race in the regression results were very similar to those found in the cross-tabulation in Table 16, both in magnitude and significance. The only change was that the regression results revealed that Hispanic women had a 6.6 percentage point higher probability of exhausting benefits than white women (see Table B.2), whereas no significant difference was found in the cross-tabulation. However, there remained no significant difference between Hispanic and white women in the average duration of benefits.

The results for age show that when age was entered into the regression as a single continuous variable, no significant effects were found on duration or exhaustions for either the whole sample or for the male and female subgroups. However, a continuous variable may not be appropriate, since duration may not increase or decrease uniformly with age. For example, it may be that older groups of workers and younger groups are more similar in average duration than those in the middle age ranges.

To test these relationships, additional regressions (not shown) were estimated using the age categories in Table 16 as variables. In these regressions, as in the cross-tabulations, several significant effects were found for both the whole sample and for females, while no significant effects were found for males. However, while the cross-tabulations showed significant results only for benefit exhaustions, significant effects were found in the regressions for both duration and exhaustions. In the cross-tabulations, the highest exhaustion rates were found for the 25-34 and 65 and over age groups, while exhaustions were low for the 45-54 age group. The regression results indicate that both duration and exhaustions tend to be high for those in the 25-34 and 55-64 age ranges, low for those in the 45-54 age group and lowest for those 65 and over. The biggest difference between the cross-tabulations and the regressions was that, when factors such as potential weeks of benefits and pension receipt were controlled for in the regressions, the 65 and over group switched from having apparently high exhaustion rates to having the lowest average duration and exhaustions.

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[2] The other six percent of the "other nonwhite" category consists of American Indians, Alaskan natives, Asians and Pacific Islanders. Although these groups were omitted from the cross-tabulations by race, they were included in the regressions in order to estimate the effects of all variables on duration and exhaustions using the entire sample.

However, this result should be viewed as tentative because of the small sample sizes for the 65 and over group.

The pension status variable indicates whether the claimant had a pension deduction in the calculation of his/her weekly UI benefit. The pension variable was used in the regressions for several reasons. First, any source of income other than the claimant's earnings (including unearned income or a spouse's earnings) will tend to reduce the claimant's incentive to find work. Second, an older person receiving a pension may be more likely to consider himself/herself retired than a person not receiving a pension, and thus may have a more tenuous labor force attachment. Third, the pension variable was strongly correlated with age and some other variables, and was used to produce unbiased estimates of these related variables.

As expected, receipt of a pension increased both the duration of benefits and the probability of exhausting benefits. After controlling for other factors, those with pensions collected on average almost 4 weeks more of UI benefits than those without pensions, and had a 2.4 percentage point higher probability of exhausting benefits.

The remaining data in the upper section of Table B.1 relate to wage and UI program variables. In Part IV (Tables 20 and 22), it was seen that as both the WBR and the average weekly wage rose, both the duration of benefits and the exhaustion rate first rose, and then fell as declining wage replacement rates reduced the incentive to collect UI. In the regressions, the effects of each of these variables, the weekly wage and the WBR, were estimated while holding the other constant.[3] In principle, at a given weekly wage, an increase in the WBR increases the replacement rate, and, therefore, would be expected to increase benefit duration and exhaustions. Similarly, at a given WBR, a higher weekly wage tends to reduce duration and exhaustions, because it reduces the replacement rate and increases the incentive to return to work. The relationship between duration and the weekly wage, may also be influenced by other, unmeasured claimant characteristics (i.e., characteristics not included in the regressions), which are correlated with the weekly wage.[4]

However, these effects are difficult to measure, given the statutory relationship between the WBR and the average weekly wage. In our sample, although the weekly wage can vary for a given WBR, when the WBR is at the maximum level, the ratio of the WBR to the weekly wage is fairly constant for WBRs below the maximum.[5] Because of this, the coefficients on the weekly wage in the regressions are essentially estimates of

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3 For the regressions, the pension deduction was subtracted from the WBR to measure the weekly benefit actually received. Earnings deductions were not subtracted, however, because the claimant's full WBR is available if he/she does not choose to work part time.

4 The theory regarding the effects of the weekly wage and the WBR is explained here in terms of variations in the replacement rate. However, the WBR and the weekly wage were entered into the regressions separately, rather than entering the replacement rate itself, in order to allow for effects these variables might have that are independent of the replacement rate.

5 As stated in Part IV of the text, some deviations from the statutory ratio can occur because of dependency allowances, deductions for pensions and other minor factors.

the effect of the wage on duration for weekly wages above that required to receive the maximum WBR (i.e., above approximately $350). If the relationship between duration and wages is different for lower weekly wages, the estimates will be biased for the lower wage range.

Although the WBR is essentially fixed for a given weekly wage, the regression produces an estimate of its effect on duration by using the information on the effect of the weekly wage on duration. That is, for the range of wages and WBRs below the maximum WBR, the regression essentially subtracts the effect of the wage on duration (which it estimated from variations in wages in the higher wage ranges) from the combined effect on duration of the increasing wages and WBRs in this range. This produces an estimate of the net effect of the WBR on duration. However, this estimate should be viewed with caution, because of the implicit assumption that the effect of the weekly wage on duration is the same in the lower and higher wage ranges.

Despite the limitations of the estimating procedure, the coefficients on the weekly wage and WBR in the regression have the expected signs, with increases in wages leading to lower duration and increases in the WBR associated with increased duration. For the whole sample, the coefficients show that an increase in the average weekly wages of $100 per week reduced duration by 0.21 weeks and exhaustions by 1.3 percentage points. The estimates for the WBR indicate that an increase of $10 in the WBR increased duration by 0.15 weeks and exhaustions by 0.9 percentage points.

The potential duration of benefits had a consistently strong effect on both benefit duration and exhaustions for the whole sample and for all subgroups examined. For the whole sample, an additional week of potential duration increased average actual duration by about 0.2 weeks and reduced the probability of exhausting benefits by an average of 2.9 percentage points. The direction of these effects was as expected, given the discussion and results of the cross-tabulations in Part IV (see Table 22). However, it should be cautioned that, since not all claimant characteristics could be controlled for in the regressions, the magnitude of these effects may be influenced by unmeasured characteristics associated with the number of weeks employed in the base year (which determines potential duration).

The regression analysis produced no substantial changes in the industry effects reported earlier in Table 19 (except that in the regression analysis more significant differences could be detected). In the exhaustion regression, transportation, communications and utilities no longer had the highest exhaustion rate. It was surpassed by finance, insurance and real estate and by wholesale trade. However, these three industries, plus the "other services" group could not be distinguished statistically; all could be said to have relatively high exhaustion rates.

Over all, the differences in duration and exhaustions by industry were quite similar for men and women. Exceptions were that among men, claimants in retail trade had above average exhaustion rates and those in "other nonmanufacturing" had low rates, while among women, claimants in retail trade had about average exhaustions and those in "other nonmanufacturing" had high exhaustion rates. The differences for the retail trade may have to do with the types of jobs men and women have within the industry. If men have more specialized types of jobs (e.g., management jobs), it may take them longer to find an appropriate position. The differences in the "other nonmanufacturing" category are more difficult to analyze because of small sample sizes for subgroups within this category.

Results for Sample with Claim Dates after July 1, 1986

Table B.3 shows regression results for claimants who filed their UI claims after July 1, 1986. The regression equations include the three variables that were not available for the whole sample. In addition, the industry variable has been collapsed into a single broad category - goods-producing industries (as opposed to service-producing) - because of the smaller sample size. Separate regressions for men and women are reported in Table B.4. The analysis in this section will focus only on those variables not available for the full sample, since the effects of the other variables have already been examined.

In the descriptive analysis in Part IV of the report (see Table 18), no significant relationship was found between education and benefit duration, but the exhaustion rate was found to decline with higher education levels. These results were generally confirmed in the regression. In the duration regression, the coefficient on education was negative but not significant. However, for exhaustions, the negative coefficient was significant at the 90 percent confidence level. The coefficient indicates that an increase of one year in a claimant's educational level reduced the exhaustion rate by 1.1 percentage points.

For this sample as a whole, the positive effect of the main wage earner status, found earlier in Table 18, was significant only in the exhaustion regression. However, for women (see Table B.4) there is a large positive coefficient for main wage earner in both the duration and exhaustion regressions. (No significant effects were found for men.) The coefficients indicate that women who considered themselves the main wage earner in the family had an average duration of benefits 2.5 weeks longer than those who were secondary wage earners, and had exhaustion rates 11.8 percentage points higher. As discussed in Part IV of the report, these results run counter to our expectation that a main wage earner would be likely to get a job more quickly than a secondary worker. At this time, no adequate explanation has been found for these effects.

As in the tabulation in Part IV (Table 18), union membership was found to have no significant effect on either the duration of benefits or on exhaustions.

TABLE B.1

DETERMINANTS OF THE DURATION OF UNEMPLOYMENT
INSURANCE BENEFITS AND BENEFIT EXHAUSTION

Explanatory Variables	Number of Weeks of Benefits Paid		Benefit Exhaustion	
	Coefficient	t-Statistic	Coefficient	t-Statistic
Female	-0.207	-0.720	-0.023	-1.495
Black Race[a]	2.680**	8.025	0.170**	9.489
Other Nonwhite Race[a]	1.274**	3.644	0.081**	4.295
Age (Years)	-0.010	-1.020	0.000	0.489
Pension Status[b]	3.977**	4.397	0.244**	5.037
Average Weekly Wage (100s)	-0.206*	-2.421	-0.013**	-2.772
Weekly Benefit Rate (10s)	0.149**	4.005	0.009**	4.697
Potential Weeks of UI Benefits	0.183**	5.871	-0.029**	-17.392
Industry[c]				
Apparel	0.739	1.358	-0.105**	-3.588
Other Nondurable Manufacturing	0.315	0.669	-0.013	-0.501
Construction	-0.973*	-2.018	-0.146**	-5.667
Transp./Comm./Util.	1.935**	3.306	0.044	1.403
Wholesale Trade	2.760**	5.048	0.058*	1.989
Retail Trade	1.496**	3.093	0.006	0.243
Finance/Insur./Real Est.	3.710**	4.210	0.100*	2.114
Business Services	0.995+	1.684	-0.019	-0.588
Other Services	1.951**	4.123	0.032	1.259
Other Nonmanufacturing[d]	1.349*	2.261	-0.044	-1.364
Intercept	7.756**	7.502	0.899**	16.223

TABLE B.1 (cont'd)

DETERMINANTS OF THE DURATION OF UNEMPLOYMENT
INSURANCE BENEFITS AND BENEFIT EXHAUSTION

Summary Statistics	Number of Weeks of Benefits Paid	Benefit Exhaustion
R^2	0.042	0.098
F-Statistic	11.93	29.48
Degrees of Freedom	(18,4895)	(18,4895)

NOTE: The coefficients show the effect of each characteristic on the dependent variable (duration or exhaustion), and were estimated using ordinary least squares regression analysis. Benefit exhaustion is a binary variable equal to 1 if the claimant exhausted benefits, and equal to 0 if the claimant did not exhaust benefits. The significance of a coefficient is determined by the absolute value of the t-statistic (i.e., irrespective of the sign). Using a two-tailed test, a coefficient is significant at the 95 percent confidence level if the t-statistic is 1.960 or greater. Confidence levels of 90 percent and 99 percent are associated with t-statistics exceeding 1.645 and 2.576, respectively.

* Coefficient is statistically significant at the 95 percent confidence level (two-tailed test).

** Coefficient is significant at the 99 percent confidence level.

\+ Coefficient is significant at the 90 percent confidence level.

a The race variables are binary (or "dummy") variables equal to 1 if the claimant is a member of the race specified, equal to 0 otherwise. The coefficients for race show the difference in mean duration (or benefit exhaustion) between the specified race and the "left out" category, in this case whites.

b Pension status indicates whether the claimant has a pension deduction in the calculation of his/her weekly UI benefit.

c For industry, the "left out" category is durable goods manufacturing. Thus, the coefficients on the industry variables show the difference in mean duration, or exhaustions, between the specified industry and the durable goods industry.

d Includes agriculture, mining, government administration and nonclassifiable establishments.

TABLE B.2

DETERMINANTS OF THE DURATION OF UNEMPLOYMENT INSURANCE BENEFITS AND BENEFIT EXHAUSTION BY SEX

Explanatory Variables	Number of Weeks of Benefits Paid		Benefit Exhaustion	
	Male	Female	Male	Female
Black Race[a]	3.628**	1.406**	0.204**	0.118**
	(8.333)	(2.671)	(8.542)	(4.309)
Other Nonwhite Race[a]	1.962**	0.619	0.095**	0.066*
	(4.167)	(1.168)	(3.676)	(2.371)
Age (Years)	-0.007	-0.013	0.001	-0.000
	(-0.515)	(-0.822)	(1.125)	(-0.239)
Pension Status[b]	2.699*	4.874**	0.136*	0.340**
	(2.206)	(3.543)	(2.032)	(4.738)
Average Weekly Wage (100s)	-0.137	0.062	-0.010*	-0.002
	(-1.509)	(0.218)	(-2.003)	(-0.142)
Weekly Benefit Rate (10s)	0.061	0.170*	0.005+	0.011**
	(1.215)	(2.251)	(1.684)	(2.711)
Potential Weeks of UI Benefits	0.222**	0.117*	-0.028**	-0.030**
	(5.912)	(2.129)	(-13.789)	(-10.342)
Industry[c]				
Apparel	-0.379	1.658*	-0.150*	-0.072+
	(-0.356)	(2.353)	(-2.574)	(-1.949)
Other Nondurable Manufacturing	-0.279	1.038	-0.015	-0.011
	(-0.461)	(1.401)	(-0.444)	(-0.287)
Construction	-1.400**	2.060	-0.166**	0.071
	(-2.606)	(1.216)	(-5.626)	(0.805)
Transp./Comm./Util.	1.216+	3.084**	0.026	0.068
	(1.689)	(3.079)	(0.656)	(1.294)
Wholesale Trade	1.693*	3.931**	0.012	0.108*
	(2.377)	(4.625)	(0.311)	(2.442)
Retail Trade	1.283*	1.864*	0.018	0.000
	(1.991)	(2.529)	(0.509)	(0.005)
Finance/Insur./Real Est.	4.412**	3.668**	0.115	0.102
	(3.259)	(3.082)	(1.553)	(1.635)

TABLE B.2 (cont'd)

DETERMINANTS OF THE DURATION OF UNEMPLOYMENT INSURANCE BENEFITS AND BENEFIT EXHAUSTION BY SEX

Explanatory Variables	Number of Weeks of Benefits Paid		Benefit Exhaustion	
	Male	Female	Male	Female
Industry[c] (cont'd)				
Business Services	0.803	1.252	-0.038	-0.002
	(1.017)	(1.404)	(-0.878)	(-0.049)
Other Services	1.422*	2.590**	0.005	0.059
	(2.152)	(3.726)	(0.144)	(1.630)
Other Nonmanufacturing[d]	0.466	2.740**	-0.078+	0.012
	(0.631)	(2.744)	(-1.913)	(0.221)
Intercept	8.166**	7.945**	0.944**	0.854**
	(6.308)	(4.689)	(13.297)	(9.672)
R^2	0.064	0.033	0.119	0.080
F-Statistic	10.96	4.36	21.67	11.00
Degrees of Freedom	(17,2731)	(17,2147)	(17,2731)	(17,2147)

NOTE: The coefficients show the effect of each characteristic on the dependent variable (duration or exhaustion), and were estimated using ordinary least squares regression analysis. Benefit exhaustion is a binary variable equal to 1 if the claimant exhausted benefits, and equal to 0 if the claimant did not exhaust benefits. T-statistics are reported in parentheses. The significance of a coefficient is determined by the absolute value of the t-statistic (i.e., irrespective of the sign). Using a two-tailed test, a coefficient is significant at the 95 percent confidence level if the t-statistic is 1.960 or greater. Confidence levels of 90 percent and 99 percent are associated with t-statistics exceeding 1.645 and 2.576, respectively.

* Coefficient is statistically significant at the 95 percent confidence level (two-tailed test).

** Coefficient is significant at the 99 percent confidence level.

\+ Coefficient is significant at the 90 percent confidence level.

a The race variables are binary (or "dummy") variables equal to 1 if the claimant is a member of the race specified, equal to 0 otherwise. The coefficients for race show the difference in mean duration (or benefit exhaustion) between the specified race and the "left out" category, in this case whites.

b Pension status indicates whether the claimant has a pension deduction in the calculation of his/her weekly UI benefit.

c For industry, the "left out" category is durable goods manufacturing. Thus, the coefficients on the industry variables show the difference in mean duration, or exhaustions, between the specified industry and the durable goods industry.

d Includes agriculture, mining, government administration and nonclassifiable establishments.

TABLE B.3

DETERMINANTS OF DURATION OF UNEMPLOYMENT INSURANCE BENEFITS AND BENEFIT EXHAUSTION FOR RECIPIENTS FILING CLAIMS DURING JULY - NOVEMBER 1986

Explanatory Variables	Number of Weeks of Benefits Paid		Benefit Exhaustion	
	Coefficient	t-Statistic	Coefficient	t-Statistic
Female	0.235	0.393	-0.003	-0.103
Black Race[a]	3.391**	4.782	0.222**	5.876
Other Nonwhite Race[a]	1.737*	2.207	0.069	1.634
Age (Years)	0.031	1.359	0.001	0.876
Years of Education	-0.148	-1.264	-0.011+	-1.705
Main Wage Earner	0.854	1.457	0.079*	2.526
Union Member	-0.317	-0.470	-0.020	-0.555
Pension Status[b]	3.203+	1.800	0.214*	2.258
Average Weekly Wage (100s)	-0.016	-0.090	-0.015	-1.564
Weekly Benefit Rate (10s)	0.088	1.139	0.011**	2.766
Potential Weeks of UI Benefits	0.280**	4.184	-0.029**	-8.101
Goods-producing Industries[c]	-1.389*	-2.419	-0.077*	-2.526
Intercept	7.433**	3.052	0.990**	7.629
R^2	0.049		0.107	
F-Statistic	4.94		11.45	
Degrees of Freedom	(12,1145)		(12,1145)	

NOTE: The coefficients show the effect of each characteristic on the dependent variable (duration or exhaustion), and were estimated using ordinary least squares regression analysis. Benefit exhaustion is a binary variable equal to 1 if the claimant exhausted benefits, and equal to 0 if the claimant did not exhaust benefits. The significance of a coefficient is determined by the absolute value of the t-statistic (i.e., irrespective of the sign). Using a two-tailed test, a coefficient is significant at the 95 percent confidence level if the t-statistic is 1.960 or greater. Confidence levels of 90 percent and 99 percent are associated with t-statistics exceeding 1.645 and 2.576, respectively.

* Coefficient is statistically significant at the 95 percent confidence level (two-tailed test).

** Coefficient is significant at the 99 percent confidence level.

\+ Coefficient is significant at the 90 percent confidence level.

a The race variables are binary (or "dummy") variables equal to 1 if the claimant is a member of the race specified, equal to 0 otherwise. The coefficients for race show the difference in mean duration (or benefit exhaustion) between the specified race and the "left out" category, in this case whites.

b Pension status indicates whether the claimant has a pension deduction in the calculation of his/her weekly UI benefit.

c Goods producing industries include agriculture, mining, manufacturing and construction.

TABLE B.4

DETERMINANTS OF THE DURATION OF UNEMPLOYMENT INSURANCE BENEFITS AND BENEFIT EXHAUSTIONS BY SEX, FOR RECIPIENTS FILING CLAIMS DURING JULY - NOVEMBER 1986

Explanatory Variables	Number of Weeks of Benefits Paid		Benefit Exhaustion	
	Male	Female	Male	Female
Black Race[a]	4.686**	1.271	0.302**	0.105+
	(5.083)	(1.141)	(6.016)	(1.809)
Other Nonwhite Race[a]	2.195*	1.247	0.070	0.082
	(2.027)	(1.067)	(1.186)	(1.346)
Age (Years)	0.026	0.045	0.001	0.002
	(0.817)	(1.340)	(0.352)	(0.931)
Years of Education	-0.152	-0.210	-0.013	-0.013
	(-0.987)	(-1.153)	(-1.523)	(-1.319)
Main Wage Earner	-0.869	2.455**	0.043	0.118**
	(-1.005)	(3.048)	(0.907)	(2.817)
Union Member	-0.282	-0.494	-0.005	-0.047
	(-0.340)	(-0.425)	(-0.113)	(-0.778)
Pension Status[b]	1.925	3.989	0.091	0.357*
	(0.813)	(1.448)	(0.705)	(2.495)
Average Weekly Wage (100s)	0.135	-0.024	-0.005	-0.036
	(0.684)	(-0.044)	(-0.483)	(-1.300)
Weekly Benefit Rate (10s)	-0.032	0.182	0.005	0.021**
	(-0.299)	(1.200)	(0.934)	(2.618)
Potential Weeks of UI Benefits	0.326**	0.210+	-0.024**	-0.036**
	(3.928)	(1.873)	(-5.376)	(-6.191)
Goods-Producing Industry[c]	-1.242+	-1.510	-0.054	-0.117*
	(-1.674)	(-1.632)	(-1.343)	(-2.439)
Intercept	9.058**	7.945*	0.992**	1.099**
	(2.812)	(2.079)	(5.662)	(5.531)

TABLE B.4 (cont'd)

DETERMINANTS OF THE DURATION OF UNEMPLOYMENT INSURANCE
BENEFITS AND BENEFIT EXHAUSTIONS BY SEX,
FOR RECIPIENTS FILING CLAIMS DURING JULY - NOVEMBER 1986

Summary Statistics	Number of Weeks of Benefits Paid		Benefit Exhaustion	
	Male	Female	Male	Female
R^2	0.072	0.055	0.112	0.125
F-Statistic	4.45	2.68	7.18	6.60
Degrees of Freedom	(11,627)	(11,507)	(11,627)	(11,507)

NOTE: The coefficients show the effect of each characteristic on the dependent variable (duration or exhaustion), and were estimated using ordinary least squares regression analysis. Benefit exhaustion is a binary variable equal to 1 if the claimant exhausted benefits, and equal to 0 if the claimant did not exhaust benefits. T-statistics are reported in parentheses. The significance of a coefficient is determined by the absolute value of the t-statistic (i.e., irrespective of the sign). Using a two-tailed test, a coefficient is significant at the 95 percent confidence level if the t-statistic is 1.960 or greater. Confidence levels of 90 percent and 99 percent are associated with t-statistics exceeding 1.645 and 2.576, respectively.

* Coefficient is statistically significant at the 95 percent confidence level (two-tailed test).

** Coefficient is significant at the 99 percent confidence level.

\+ Coefficient is significant at the 90 percent confidence level.

a The race variables are binary (or "dummy) variables equal to 1 if the claimant is a member of the race specified, equal to 0 otherwise. The coefficients for race show the difference in mean duration (or benefit exhaustion) between the specified race and the "left out" category, in this case whites.

b Pension status indicates whether the claimant has a pension deduction in the calculation of his/her weekly UI benefit.

c Goods-producing industries include agriculture, mining, manufacturing and construction.