

2010

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John Pawasarat

University of Wisconsin - Milwaukee, pawasara@uwm.edu

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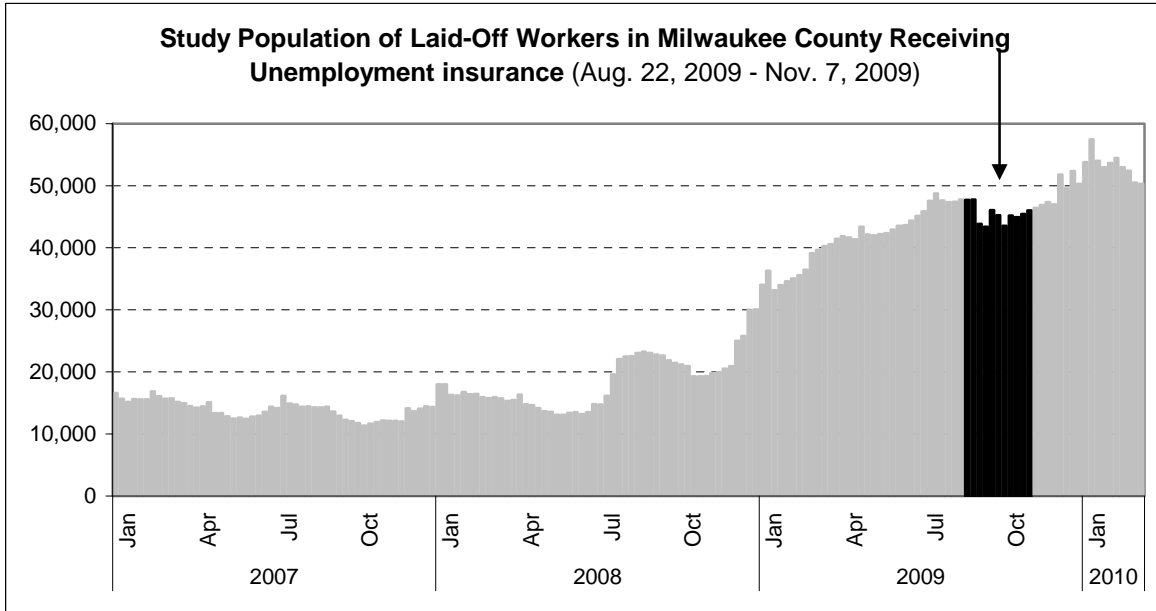
Pawasarat, John, "Understanding the UI Population in Milwaukee County" (2010). *ETI Publications*. 32.
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Understanding the UI Population in Milwaukee County

prepared by John Pawasarat, University of Wisconsin-Milwaukee Employment and Training Institute,
for the Milwaukee Area Workforce Investment Board, March 2010

The number of local residents receiving unemployment insurance (UI) because of layoffs has tripled over the last three years, as workers remain on UI while seeking out retraining and searching for new employment. As of March 2010 over 50,000 workers in Milwaukee County were receiving UI payments instead of pay checks. Serving workers who have been laid off from their jobs and are trying to find new employment and to upgrade their skills is one of the most challenging tasks facing the Milwaukee Area Workforce Investment Board. This analysis uses unemployment insurance records and state wage file matches to profile workers' employment history and current job status for the Workforce Investment Board to help target and measure services for unemployed and underemployed workers, identify need levels of newly laid-off workers, and prioritize services for subpopulations seeking assistance. The analysis is designed to help improve delivery of services to unemployed workers by expanding outcome data for use in assessing the effectiveness of programs for WIA clients and identifying gaps in programs and services.



The research focused on the population of laid-off workers in Milwaukee County who received unemployment insurance (UI) during 12 weeks in fall of 2009 (i.e., August 22, 2009 through November 7, 2009). Each worker's wage history by employer was combined with UI records of weeks of UI benefits used and remaining by size of the payment and benefit history. Five quarters of employment history and wages (from April 2008 through June 2009) were reviewed for each worker on UI to determine number of prior employers, type of industry, and quarterly wages.

Eight key variables were identified to categorize need and service levels for the current UI population:

1. Timing of workers' layoffs
2. Job status during the layoff period
3. Workers expecting to be recalled to their jobs
4. Number of prior employers (in last 5 quarters)
5. Workers running out of UI benefits
6. UI benefit levels
7. Prior wages by gender and type of business
8. Geography of unemployment

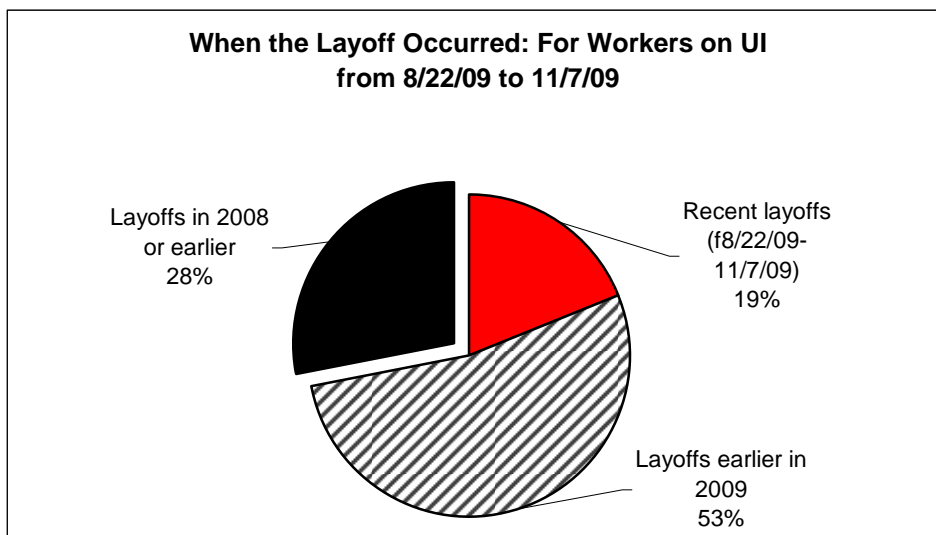
Prior research conducted by the Employment and Training Institute matched UI populations with state public assistance and Department of Corrections files.¹ Additional key variables resulting from those matches should also be included in the analysis of client outcomes.

9. Age of workers
10. Driver's license status
11. Ex-offenders from the state corrections system
12. Present and former W-2 clients
13. Parents of pre-school children receiving Wisconsin Shares child care subsidies
14. Parents in the FoodShare and BadgerCare Plus programs with school age children.

I. Timing of Workers' Layoffs

The UI populations in Milwaukee County have very diverse needs as evidenced by their employment characteristics and program participation in the UI benefit system.

- Most (72%) of the UI population receiving benefits in the 12-week period had lost their jobs during 2009, when the UI population showed its most dramatic increases. The other 28% were already laid off in 2008 or earlier.
- About a fifth (19%) of the UI population receiving benefits in the early Fall had just been laid off and enrolled during the 12-week (8/22/09-11/7/09) period examined.

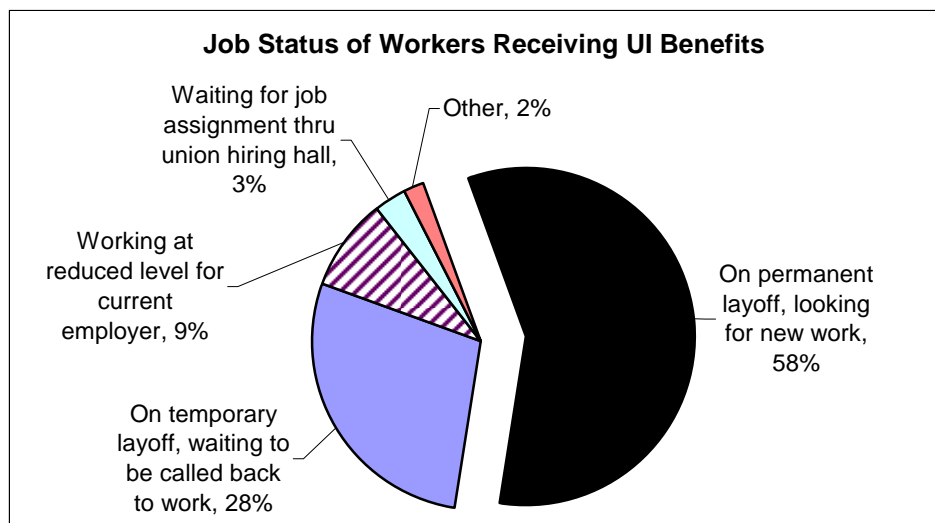


¹ Data matches of 48,131 workers receiving UI benefits in early 2009 with state corrections and income maintenance files identified 18,540 hard-to-serve clients: 7,232 (15%) were ex-offenders in the Department of Corrections (DOC) system, 5,240 (11%) had been W-2 clients, 2,097 (4%) were single parents who had participated in the Wisconsin Shares child care subsidy program and with children under age six, and another 3,971 (8%) parents with school age children and receiving some form of public assistance. See **Understanding the Unemployed Workforce in Milwaukee County** (University of Wisconsin-Milwaukee Employment and Training Institute, October 2009) posted at www.eti.uwm.edu.

II. Job Status of the Laid-Off Workers on UI

The employment status of UI recipients was tracked to determine workers' activities and job status during their period of unemployment. The UI recipients' activities are largely dependent on whether they are on permanent lay-off or are waiting to be called back to work at their last job.

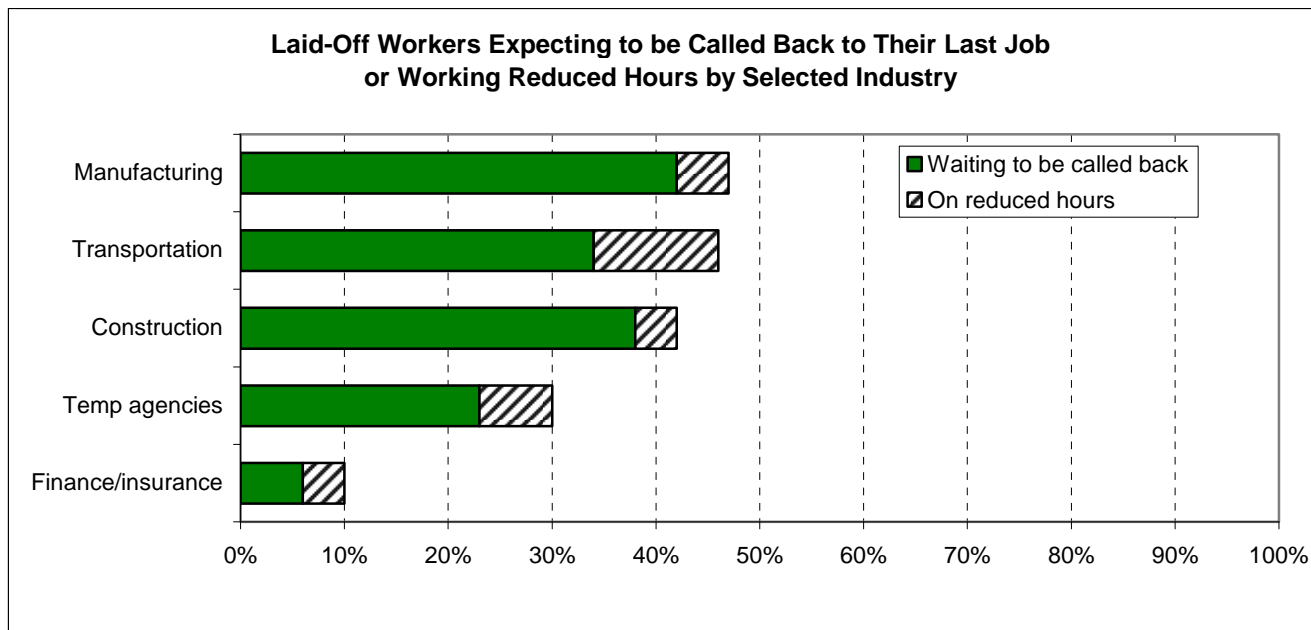
- Over half (58%) of recipients in the 12-week period examined had received permanent layoffs and were **not** expecting to return to work with their former employer. These workers are required to make job searches as a condition for receiving UI.
- 28% of the UI recipients were expecting to return to work with the same employer and were waiting to be recalled to their old job. Another 9% were working reduced hours for their employer.
- 3% get work through a trade union hiring hall and were waiting to be called up for work.
- The remaining 2% were mainly coded as in an approved training program.



III. Workers Expecting to Be Called Back to Their Jobs

More than 1 out of 4 workers (28%) on UI reported that a call back to work from their last employer is likely and another 9% were working at their job on reduced hours.

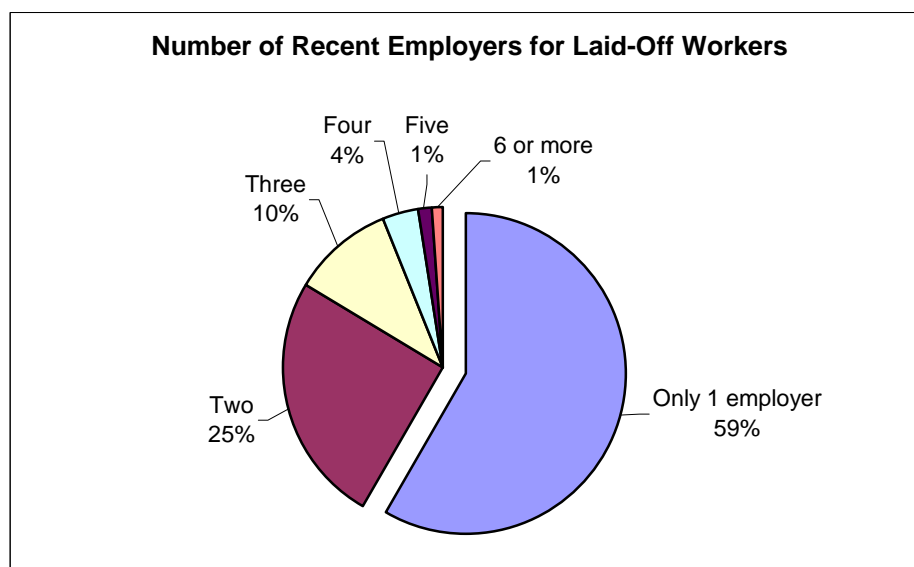
- In the manufacturing sector, 42% of employees expect a likely return to work with the same employer and 5% are continuing to work at reduced levels and with partial benefits. Next was the transportation sector with 34% expected a call back plus 12% working reduced hours. The construction sector reported 38% expected a recall and 4% working reduced hours.
- Among workers employed by temp agencies 23% expected to be recalled to their last job and 7% continuing to work but at reduced hours.
- At the lowest end, only 6% of those with employment in the finance and insurance firms expected to regain their last job and 4% were continuing to work but at reduced hours.



IV. Number of Prior Employers

Recent employment and wage history was examined for five quarters (Second Quarter 2008 through Second Quarter 2009) for 43,573 workers with wage match data. One measure of work experience for the current UI population is the number of employers they had prior to their layoff.

- While the majority (58%) of the workers had been employed by only one employer during the last 5 quarters, a sizeable minority (42%) had more than one recent employer, and 16% had 3 or more employers.



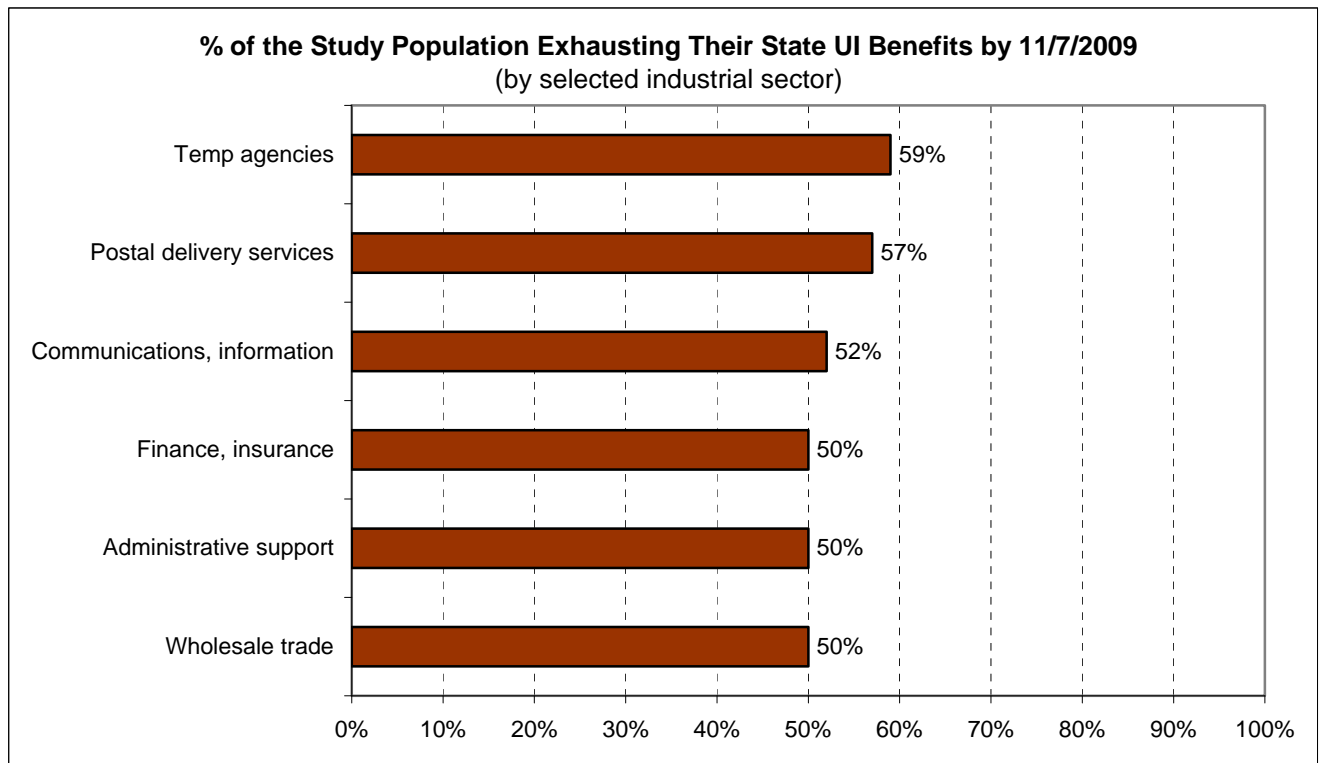
Jobs Held by Workers on UI (8/22/08 – 11/7/09)

Number of employers in the last 5 quarters	N =
Only one employer	25,421
2 employers	11,042
3 or more*	7,110
<i>*The following had 4 or more employers:</i>	
4 or more	2,648
5 or more	1,033
6 or more	438
7 or more	188
8 or more#	86
#One worker had 13 employers in the 5 quarters prior to the UI period examined.	

V. Workers Running Out of UI Benefits

At the end of the 12-week period, 49% of the study population had exhausted their state UI benefits (as of 11/7/09). Sectors most impacted have higher job turnover and larger numbers of workers with shorter-term employment.

- The businesses where highest concentrations of UI workers were exhausting their benefits included temp agencies (59% of the workers were exhausting their benefits); postal delivery services (57%); communications and information (52%); finance and insurance (50%); administrative support (50%); and wholesale trade (50%).

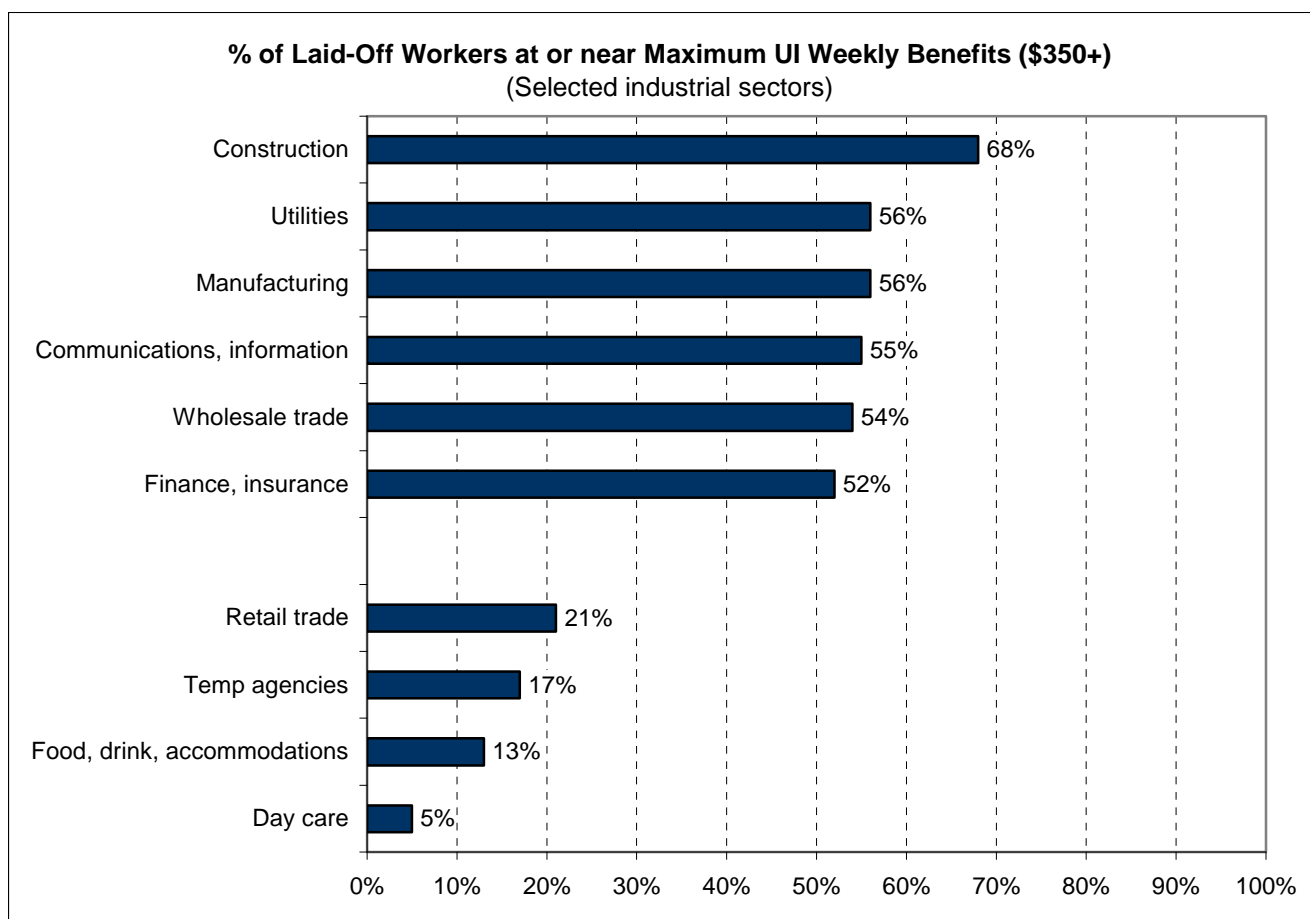


VI. UI Benefit Levels

The amount of weekly UI benefits is determined by a worker's prior wages and weeks worked. As such, the UI benefit levels provide an indication of how much financial assistance workers are receiving from UI and the quality of their past employment. These UI levels varied significantly by type of business.

Laid-Off Workers with the Highest UI Benefit Levels

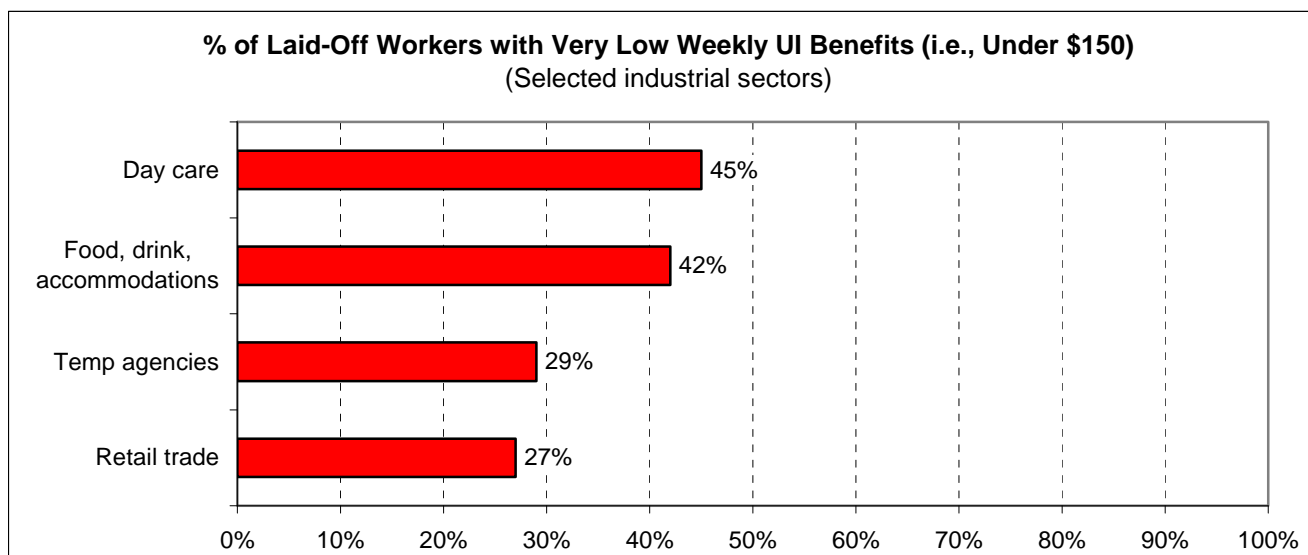
- Laid-off workers from construction companies had on average the highest level of UI weekly benefits. Here, 68% of laid-off workers were earning at or near the UI maximum (i.e., \$350+ weekly).
- Other sectors where a majority of laid-off workers were earning \$350 or more weekly included utilities (56% earned at or near the UI maximum), manufacturing (again, with 56% earning at or near the UI maximum), communication and information (55% near the maximum), wholesale trade (54% near the maximum), and finance/insurance (52% near the maximum).
- The lowest percentages of workers earning near-maximum UI benefits were in day care (where only 5% were earning \$350+ UI benefits), temp agencies (only 17% at max levels), food/drink/accommodations (only 13%), and retail trade (where only 21% earned UI benefits of \$350+).



Laid-Off Workers with Very Low UI Benefit Levels

Laid-off workers in many of the service sectors face two UI problems. First, their weekly UI check is very low (often less than \$150 per week), and secondly, they often qualify for UI for only a short period of time.

- 45% of workers laid off from day care centers received less than \$150/week in UI payments.
- 42% of workers laid off from food, drink and accommodations businesses had benefits below \$150/week.
- Temp agencies also showed large numbers of laid-off workers with low benefits: 29% of laid-off workers received under \$150/week in UI.
- 27% of employees of retail industries had low payments.



VII. Prior Wages Varied by Gender and Type of Business

Better-Paying Jobs for Women

A substantial number of Milwaukee County workers have been laid off from good-paying jobs and are now trying to find comparable employment in the local area. Others held jobs with low wages and short-term employment, and now find the UI safety net to be thin and brief.

- For women better jobs paying \$10,000 or more a quarter (i.e., \$40,000+ annualized) were found among laid-off workers in communications and information (where 27% of laid-off workers had earned \$10,000+); professional and technical services (22% of laid-off workers had earned \$10,000+); and in manufacturing, finance/insurance, and wholesale trade (where in each sector 19% of laid-off workers had earned \$10,000+).
- The largest **number** of jobs held by the UI female population with quarterly earnings of \$10,000+ were in manufacturing (389 women); professional technical services (255 women); finance and insurance (174 women); and wholesale trade (83).

- The least likely employment sector for female workers on UI to have earned \$10,000 or more a quarter was in day care, where only 1% of the 826 jobs held by women receiving UI had paid at that level.
- Low levels of employment at \$10,000+/quarter were also seen for jobs in food, drinking and accommodations, where only 33 (or 2%) of 1,744 jobs paid \$10,000+/quarter; temp agencies, where only 78 (3%) of 2,480 jobs paid \$10,000+/quarter; and retail trade, where only 78 (4%) of 2,084 jobs paid \$10,000+/quarter.

Lowest-Paying Jobs for Women

- The sectors where women were most likely to have had earnings at the lowest levels of less than \$3,000 per quarter (i.e., \$12,000 annualized) were in food, drinking and accommodations (where 59% of laid-off female workers earned below \$3,000/quarter); day care (where 55% of jobs paid below \$3,000/quarter); temp agencies (where 45% of jobs paid below \$3,000/quarter), administrative support (42% paid below); and retail trade (41% paid below).

Employment Sectors of Women on Lay-Off and Receiving UI	
<u>Better-Paying Sectors</u>	<u>Lowest-Paying Sectors</u>
Communications and information	Food, drink, accommodations
Professional and technical services	Day care
Manufacturing	Temp agencies
Finance and insurance	Administrative support
Wholesale trade	Retail trade

Better-Paying Jobs for Men

Wages for men were considerably higher as they were concentrated in male-dominated sectors.

- Manufacturing employed men in the largest numbers among the laid-off populations – with 6,678 jobs shown by men receiving UI in the study period. Of these, 1,820 jobs (or 27%) had paid over \$10,000/quarter.
- Construction was the next highest employment sector for men on UI, with 2,731 jobs and 914 of these (or 33%) paying above \$10,000/quarter.
- On the low end of wages were the 3,679 men employed in temp agencies. Here only 145 jobs (or 3%) showed earnings of \$10,000+ per quarter. Next lowest was the retail trade sector where 1,799 laid-off men had been employed, but only 153 (or 8%) showed quarterly earnings of \$10,000+.

Lowest-Paying Jobs for Men

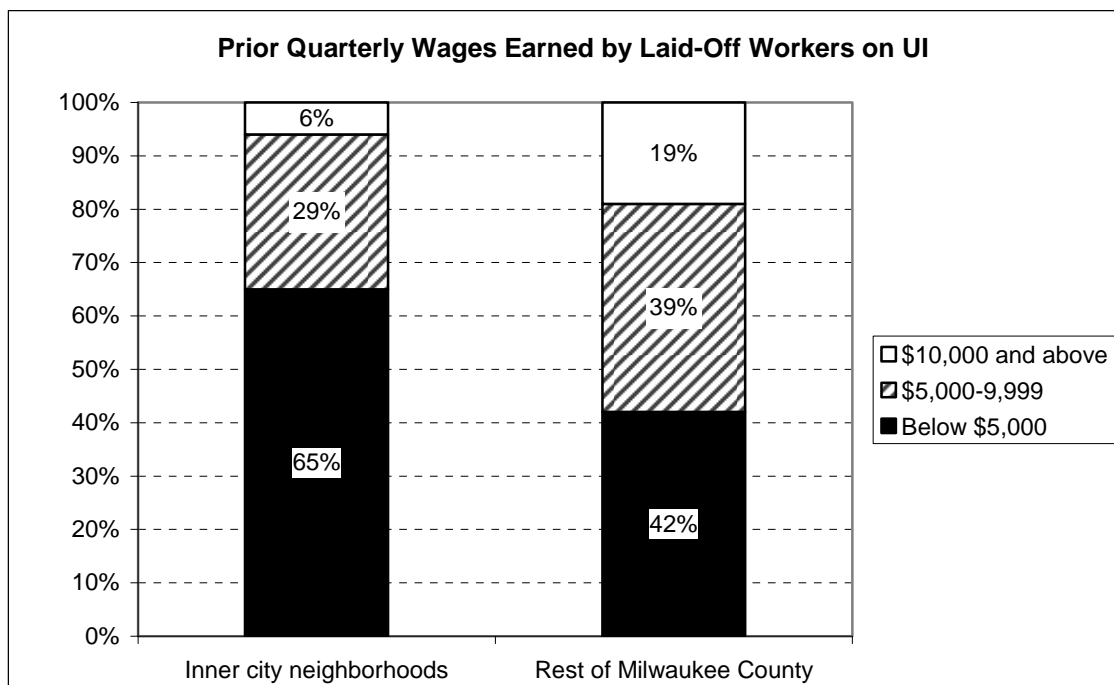
- The service sectors with the highest number and percentage of jobs paying men low wages were found in food, drink and accommodations, with 669 (46%) of 1,446 jobs paying less than \$3,000/quarter; and temp agencies, where 1,625 (44%) of 3,679 jobs paid less than \$3,000/quarter.

Employment Sectors of Men on Lay-Off and Receiving UI	
<u>Better-Paying Sectors</u>	<u>Lowest-Paying Sectors</u>
Communications and information	Food, drink and accommodations
Manufacturing	Temp agencies
Construction	Retail trade

VIII. The Geography of Unemployment

As noted previously, prior earnings and weeks worked are in large part used to calculate the level of weekly UI benefits. The inner city showed far fewer workers on UI with prior good-paying jobs and a heavy concentration of UI workers with very low prior incomes. For the inner city analysis, 9 Milwaukee zipcodes targeted by Community Development Block Grants (CDBG) were used: 53204, 53205, 53206, 53208, 53210, 53212, 53216, 53218, and 53233.

- 65% of low-wage workers on UI from the 9 CDBG zipcodes had earnings below \$5,000/quarter prior to coming on UI, and only 6% had quarterly earnings averaging \$10,000 or more.
- In the balance of Milwaukee County, 42% of workers on UI had wages below \$5,000/quarter prior to coming on UI, and 19% had quarterly wages of \$10,000 or more.

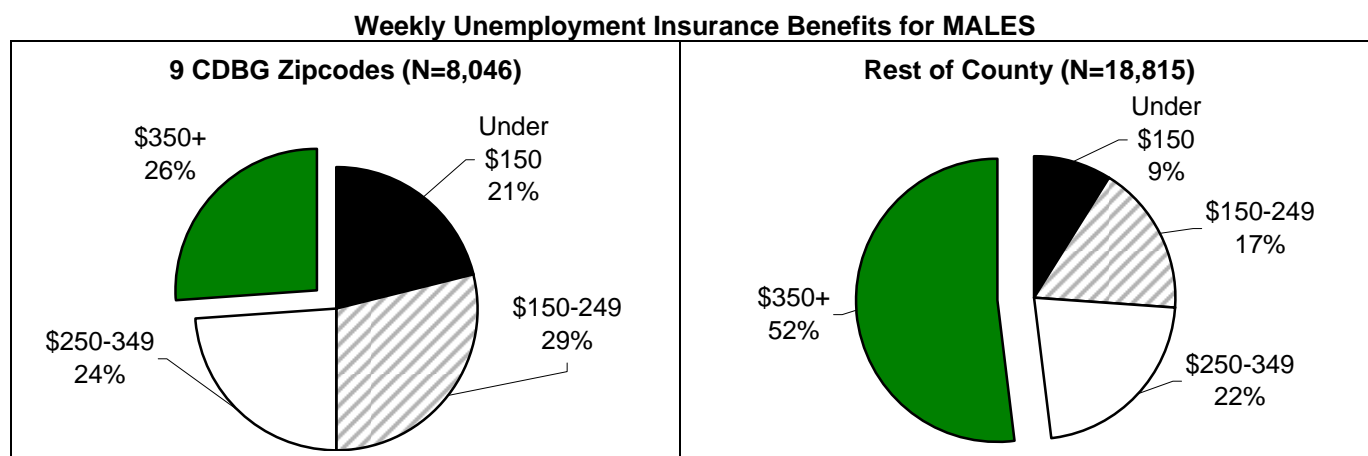


Weekly UI benefits paid to workers on lay off reflect these dramatically different profiles or prior earnings.

- For the county UI population as a whole, weekly UI benefits were paid at the maximum level for 36% of the workers, while UI checks paid were less than \$150/week for 19% of the lowest earning workers (with the remaining UI claimants receiving somewhere in between \$150-\$350).
- Inner city residents received maximum payments in 21% of the cases while payments of less than \$150/week were made to 27% of the workers.
- In the balance of the county 44% of the UI workers got maximum benefits, while 15% had payments below \$150/week.

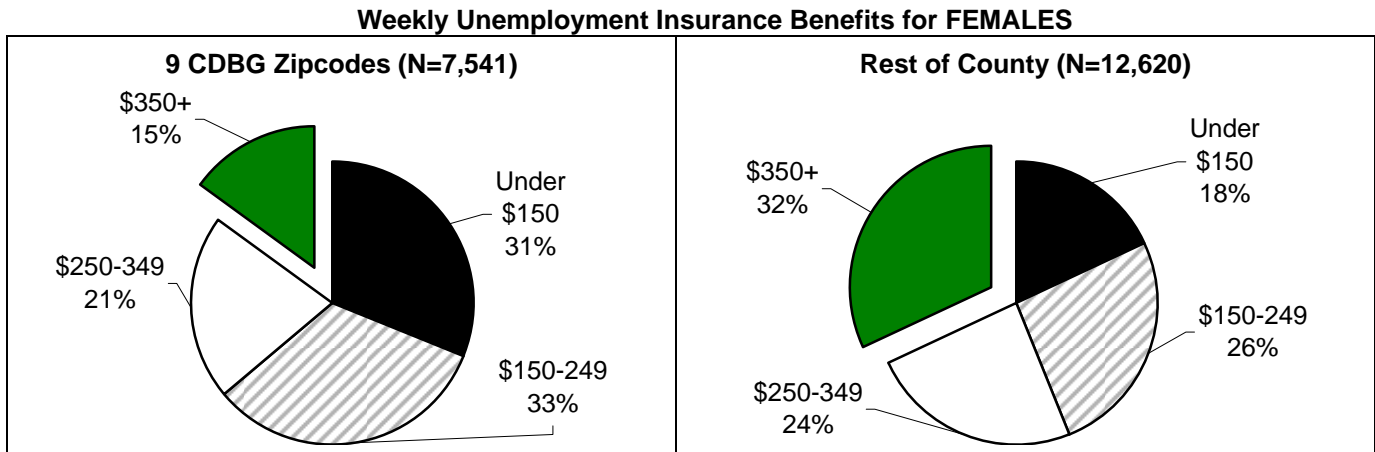
Lower wages and subsequent lower UI benefits were seen for both men and women living in inner city neighborhoods.

- For men in the UI population who were from the 9 inner city zipcodes, 59% had prior earnings of less than \$5,000/quarter. Their UI checks again reflected the lower earnings: 21% had UI checks of less than \$150/week, with 27% receiving the maximum UI payment.
- In comparison, men in the remainder of the county (outside of the inner city) showed 34% previously earning less than \$5,000/quarter while 24% earned more than \$10,000/quarter. As to their UI payments, only 11% received less than \$150/week while over half (52%) received the maximum UI payment.



- Of the women in the UI population who were from the 9 poor zipcodes, 72% had earned less than \$5,000/quarter in their recent quarters of employment. The inner city women's UI checks reflected these low earnings: 32% received UI payments of less than \$150/week and only 15% received UI checks at the maximum levels of \$350+/week.

- In comparison, women in the remainder of the county (outside of the inner city) showed only 18% with UI payments of less than \$150/week and 32% received UI checks at the maximum levels of \$350+/week.

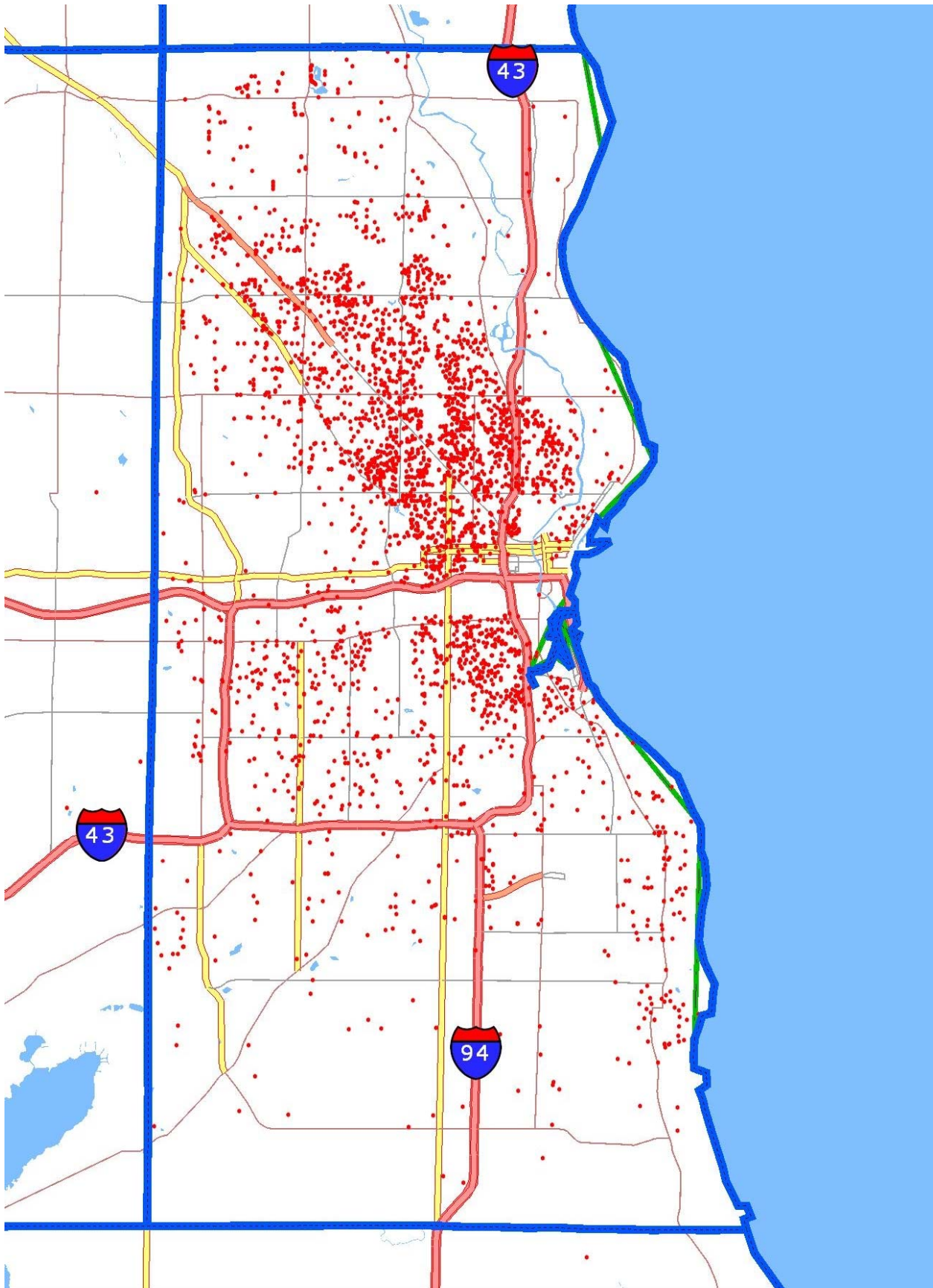


Mapping UI Benefit Levels

The two maps below illustrate differences in geography for the UI populations of Milwaukee County. The first shows the concentrations of workers who had very low average weekly UI benefits (i.e., below \$150 a week) and whose state UI benefits have expired. Heavy concentrations of these workers are seen in the lowest income neighborhoods of the northside and near southside of Milwaukee.

The second map shows the neighborhoods of UI workers who had prior quarterly earnings of \$10,000 or more (i.e., \$40,000+ per annum) and who are continuing to receive UI benefits. The higher-paid workers are spread throughout the county, including concentrations in the western and southeastern portions of the county.

**Workers Whose Unemployment Insurance Benefits Have Expired
and Who Previously Received UI Checks of Less than \$150 a Week**



Workers Receiving Unemployment Insurance Benefits Who Had Prior Quarterly Earnings of \$10,000 or More (i.e., \$40,000+ Annualized)

