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Measuring Unemployment & Underemployment

Unemployment Claim Patterns in the Second Half of 2021

Spotlight on Unemployment Statistics
### Openings & Expansions January

**Kermit Spade, Research Analyst**

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<td>Finance, Insurance, Real Estate, &amp; Rental/Leasing</td>
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<td>Wholesale &amp; Retail Trade</td>
<td>Baer's Furniture (New Owners)</td>
<td>York</td>
</tr>
<tr>
<td></td>
<td>Blue4u (Opening)</td>
<td>Fremont</td>
</tr>
</tbody>
</table>

**Source:** Nebraska Department of Labor

Openings and expansions listed are a sampling of activity reported for that month. Some activity may have occurred outside the month. If you have an opening or expansion to report, contact us at LMI_NE@nebraska.gov.
Measuring Unemployment & Underemployment
Kermit Spade, Research Analyst

One of the most common pieces of data requested from the Nebraska Department of Labor (NDOL) is the unemployment rate. However, many observers may not be aware exactly how ‘unemployment’ and related concepts are defined, or how such data is calculated. In this article, we will take a deep-dive into measuring unemployment, including taking a look at some of the alternative measures of underemployment produced by produced by the US Bureau of Labor Statistics (BLS).

Labor Force

One key concept essential to understanding unemployment and underemployment statistics is the concept of the ‘labor force.’ The broadest classification of people is called the ‘civilian noninstitutional population.’ This group includes individuals ages 16 and older, excluding active-duty military personnel and people residing in or confined to institutions such as prisons and long-term care facilities. The ‘labor force’ is a subset of the civilian noninstitutional population, consisting of people who are either employed or meet the criteria to be considered officially ‘unemployed.’ While many people may mistakenly assume that ‘unemployed’ refers to anyone who does not currently have a job, the official definition of ‘unemployment’ is more precise. Officially, people who are ‘unemployed’ are those who did not have a job, but who were actively seeking and available for work. Individuals who did not have a job but were not actively seeking and available for work, such as retired people, fulltime students, parents staying home to raise children, etc., would be classified as ‘not in the labor force,’ rather than ‘unemployed.’ (1)

Unemployment Rate

By the above definition, the official unemployment rate is a simple ratio of the number of unemployed people to the total labor force. Thus, there are two ways to lower the official unemployment rate. The first is to have more people in the labor force become employed. The second is to have people who are unemployed leave the labor force. For someone who is unemployed to be considered to have left the labor force, they simply have to stop looking for work.

At the onset of the pandemic period in April 2020, employment dropped rapidly while the size of the labor force grew, meaning the unemployment rate increased. Since May 2021, Nebraska has seen growth in both employment and labor force participation, with employment rising more quickly. Since employment has been increasing at a faster rate than the size of the labor force as a whole, Nebraska’s unemployment rate has steadily declined to record lows. When percent growth in employment is higher than percent growth in the size of the labor force, the unemployment rate drops. Conversely, when labor force size has a higher percent increase than employment, the unemployment rate increases. (2)

Alternative Measures of Labor Underutilization

BLS publishes six alternative measures of labor underutilization. As previously explained, “the official concept of unemployment includes all jobless persons who are available to take a job and have actively sought work in the past four weeks.” The official unemployment rate is also known as U-3. The other measures (U1, U2, and U4-6) provide additional detail on individuals whose participation in the labor force is limited in various ways. (3)

According to BLS, the alternative measures of labor underutilization are:

- **U-1**: “Persons unemployed 15 weeks or longer, as a percent of the civilian labor force.”
- **U-2**: “Job losers and persons who completed temporary jobs, as a percent of the civilian labor force.”
• **U-3**: The official unemployment rate, defined as “total unemployed, as a percent of the civilian labor force.”

• **U-4**: “Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers.” ‘Discouraged workers’ are “persons not in the labor force who want and are available for a job and who have looked for work sometime in the past 12 months (or since the end of their last job if they held one within the past 12 months, but who are not currently looking because they believe there are no jobs available or there are none for which they would qualify.”

• **U-5**: “Total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers.” ‘Marginally attached workers’ are defined as “persons not in the labor force who want and are available for work, and who have looked for a job sometime in the prior 12 months (or since the end of their last job if they held one within the past 12 months, but were not counted as unemployed because they had not searched for work in the four weeks preceding the survey. Discouraged workers are a subset of the marginally attached.”

• **U-6**: “Total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.” (3; 1)

Nebraska’s annual average rates for each of the measures of labor underutilization from 2011 to 2021 are displayed in the chart above. Unsurprisingly, the ten-year high for each occurred in 2020, when pandemic-related disruptions drove up unemployment and underemployment in Nebraska and nationwide. However, 2021 was the ten-year low for four out of the six metrics (U-3, U-4, U-5, and U-6). Two other years, 2017 and 2018, tied with 2021 for lowest U-3 rate. Nebraska’s lowest U-1 rate during this decade occurred in 2018, and 2018 and 2019 tied for the U-2 low. (4)

**The Final Word**

Unemployment and underemployment data provide important insight into labor market conditions and broader economic health within a community. These statistics can help employers, job-seekers, and policymakers make informed decisions and prepare for the future. To make the most of unemployment and underemployment information, though, it is crucial to understand how these concepts are defined.

**Sources:**

Occupational Profile: Eligibility Interviewers
Rachel Eckloff, Research Analyst

Description
Eligibility interviewers for government programs “determine eligibility of persons applying to receive assistance from government programs and agency resources, such as welfare, unemployment benefits, social security, and public housing.” (1)

Duties:
According to the U.S. Bureau of Labor Statistics (BLS), typical duties for eligibility interviewers include (2):

• preparing routine reports;
• collecting and recording data from customers, staff, and the public;
• answering questions from customers and the public;
• asking questions both in person and over the phone to determine whether applicants qualify for government assistance and benefits;
• referring applicants to other agencies for assistance.

Nebraska Wages:
The median annual wage for eligibility interviewers for government programs in Nebraska was $39,237 as of the fourth quarter of 2021. This was lower than the median wage for all occupations, which was $41,260. (3)

Industry of Employment:
The top industry of employment for Nebraska’s eligibility interviewers as of May 2020 estimates data was public administration (82.4%). Public administration was the only industry in Nebraska employing a large enough number of eligibility interviewers during this time period for industry-level data to be publicly releasable. (3)

Sources
Unemployment Claim Patterns in the Second Half of 2021
Byron Lefler, Research Analyst

The last six months of 2021 continued the trend of decreasing unemployment claims. Weekly initial claims decreased by 55% and weekly continued claims dropped by 75% when compared to the first six months of 2021. There were 31,820 initial claims and 123,175 continued claims filed in the second half of the year compared to 71,178 initial claims and 493,747 weekly continued claims in the first half of 2021. (1)

At the industry level, on average, all industries saw weekly continued claims filings decrease by 67% when compared to the first six months of 2021. The decreases corresponded with continued economic recovery.

The week with the highest number of weekly continued claims during the second half of 2021 was the week of July 3, with 9,021. (1)

Weeks Claimed - Regular Unemployment Benefits, 2021

Source: Nebraska Department of Labor, UI Reports Program, ETA 538 Report, NEworks.nebraska.gov
NEBRASKA WORKFORCE TRENDS

Claims by Industry Sector

The top three sectors with the highest number of weekly unemployment claims filed during the latter half of 2021 were construction (16,293 claims), manufacturing (14,144), and health care and social assistance (13,227). (1)

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Weekly Unemployment Claims</th>
<th>Lowest Continued Claims Week</th>
<th>Peak Continued Claims Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>16,293</td>
<td>435 (Oct. 23)</td>
<td>1,388 (Dec. 25)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>14,144</td>
<td>374 (Nov. 6)</td>
<td>1,120 (July 10)</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>13,227</td>
<td>268 (Dec. 4)</td>
<td>1,042 (July 3)</td>
</tr>
</tbody>
</table>

Construction

The construction sector accounted for the largest share (13%) of the total continuing claims filed during the last six months of 2021. Compared to the first six months of 2021, the construction industry saw a 75% decrease in weekly continued claims filings during the second six months of 2021. The low for construction claims during this time period was 435 weekly continued claims filed in the week of October 23. Due to the seasonality of construction, the industry typically sees an uptick in claims each winter, and the high for continued claims filed by individuals working in construction during the second half of 2021 was the week of December 25, with 1,338. (1)

Manufacturing

With 12% of overall claims, manufacturing was the industry sector accounting for the second-highest (14,144) number of regular weekly unemployment insurance continued claims filed during the last six months of 2021. Compared to the first six months of 2021, the manufacturing industry saw a 69% decrease in weekly continued claims filings during the second six months of 2021.

The peak in manufacturing claims came during the week of July 10, with 1,120 weekly continued claims filed, while the low point came during the week of November 6, with 374 weekly continued claims being filed. December saw a slight uptick in claims being filed within the manufacturing industry, as there were 403 weekly continued claims filed during the week of December 25. Manufacturing claims followed the typical seasonal shutdown patterns. (1)

Health Care and Social Assistance

With 11% of overall claims, health care and social assistance was the industry sector that accounted for the third-highest (13,227) number of regular weekly unemployment insurance continued claims filed during the last six months of 2021. Compared to the first six months of 2021, the health care and social assistance industry saw a 68% decreased in weekly continued claims filings during the second six months of 2021.

The peak week for continued claims filings was July 3 (1,042), while the low point was the week of December 4 (268). At the end of December 2021, regular weekly UI continued claims filings were up slightly (334) from the low point earlier that month. Health care and social assistance claim trends generally followed the same patterns as claims overall. (1)
Charts on this page represent claimant demographics across all industries. Women made up a much higher percentage of claims filed in healthcare and social assistance (82%) than their share of claims overall. However, women accounted for 81.5% of total statewide employment in healthcare and social assistance industries in 2021, making this discrepancy largely unsurprising. (1; 2) Claimants who identified their race as white represented a slightly higher share (72%) of construction-sector claims than overall claims. Other demographic patterns for construction claimants were generally consistent with those observed among all claims overall. (1) Claimants with only a high school diploma were somewhat more common in the manufacturing sector (54%) than among claimants overall, while claimants who held a bachelor’s degree (9%) or higher (2%) were less common. (1) For more claim statistics and demographic breakdowns, see the unemployment claims dashboard at NEworks.

Sources:
Many businesses, educational institutions, and government agencies use unemployment data to evaluate current conditions and make decisions. NDOL publishes weekly, monthly, quarterly, and annual unemployment statistics data, including data from the Local Area Unemployment Statistics (LAUS) program. LAUS produces labor force, employment, unemployment, and unemployment rates for more than 7,500 areas, including Census regions, states, counties, and cities nationwide. (1; 2)

LAUS data are produced through cooperation between the United States Bureau of Labor Statistics (BLS) and state-level workforce agencies such as the Nebraska Department of Labor (NDOL). BLS is responsible for the overall structure and methodology of the published data. Statistics come from a number of surveys, including the BLS Current Population Survey (CPS) and the Current Employment Statistics (CES) survey, as well as state unemployment insurance systems. (1)

Data produced through the LAUS program provide clues to the local and state economic picture. LAUS estimates are commonly used by a wide variety of data customers, including:

- Businesses, researchers, media, and individuals, who use LAUS data to steady the labor market and make comparisons between areas
- State and local governments, which use the data for anticipating customer needs and the development of programs and services
- Federal policymakers, who use LAUS estimates for funding allotments, program eligibility criteria and many other purposes (1)

LAUS data for Nebraska and its sub-state areas are available via NEworks.nebraska.gov. For geographies outside of Nebraska, visit bls.gov.

In addition to LAUS data, NDOL publishes weekly unemployment claim statistics on NEworks, including counts of new claims and weekly claims, and demographic information.

**Regular Initial Unemployment Claims**

![Graph showing weekly initial unemployment claims for 2021 and 2022](Source: Nebraska Department of Labor, UI Reports Program, ETA 538 Report, NEworks.nebraska.gov)

**Sources:**

Economic Indicators
Kermit Spade, Research Analyst

Initial Unemployment Claims
Monthly Avg. Number of Claims per Week (Regular State Benefits)

<table>
<thead>
<tr>
<th>Month</th>
<th>Number of Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 2022</td>
<td>1,557</td>
</tr>
<tr>
<td>Apr. 2020</td>
<td>15,946 NE 10-Year High</td>
</tr>
<tr>
<td>Sept. 2019</td>
<td>430</td>
</tr>
<tr>
<td>NE 10-Year High</td>
<td>16,000</td>
</tr>
</tbody>
</table>

Labor Force Participation Rate
Seasonally Adjusted

<table>
<thead>
<tr>
<th>Rate</th>
<th>Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>80%</td>
<td>NE 10-Year High</td>
</tr>
<tr>
<td>72.0%</td>
<td>(Nov. 2012)</td>
</tr>
<tr>
<td>68.3%</td>
<td>NE 10-Year Low</td>
</tr>
<tr>
<td>62.2%</td>
<td>(Apr. 2021)</td>
</tr>
<tr>
<td>50%</td>
<td>United States Dec. 2021</td>
</tr>
</tbody>
</table>

320,825 - United States Jan. 2022

An initial claim is a request for determination of UI program eligibility filed by an unemployed individual following a separation from an employer. It can serve as an indicator of emerging labor market conditions in the area.1

The labor force is comprised of all persons age 16 and over in the civilian, noninstitutional population who are either employed or unemployed but available for work and actively seeking employment. It excludes people doing unpaid homemaking or volunteer work, retired people, and people who are not employed and not actively seeking work. The labor force participation rate measures the labor force as a percentage of the total civilian, noninstitutional population, age 16 and over.3

Data Sources:

10 NEBRASKA DEPARTMENT OF LABOR
**Economic Indicators**

### Avg. Weekly Earnings

**All Private Employees**

Not Seasonally Adjusted

- **United States**
  - Dec. 2021: $1,200
  - NE 10-Year High (Aug. 2021): $968.10
  - NE 10-Year Low (June 2012): $700.06
- **Nebraska**
  - Dec. 2021: $1,105.04
  - NE 10-Year High (Aug. 2021): $966.10
  - NE 10-Year Low (June 2012): $804.22

**UP**

- NE Vs. Last Year: 6.4%
- NE Vs. Last Month: 0.9%

**UP**

- Midwest 10-Year High (Jan. 2022): +7.9%
- Midwest Region Jan. 2022: +7.5%
- Midwest Region 10-Year Avg.: +1.7%
- Midwest 10-Year Low (Apr. 2015): -2.0%

Average weekly earnings represent the mean pay received by workers for services performed over the course of one week.

**Data Sources:**


### Avg. Hourly Earnings

**All Private Employees**

Not Seasonally Adjusted

- **United States**
  - Dec. 2021: $35.00
  - NE 10-Year High (Dec. 2021): $32.03
  - NE 10-Year Low (Jun. 2012): $20.59
- **Nebraska**
  - Dec. 2021: $28.90
  - NE 10-Year High (Dec. 2021): $28.90

**UP**

- NE Vs. Last Year: 6.7%
- NE Vs. Last Month: 0.6%

The consumer price index (CPI) is a measure of the average change over time in the prices paid by consumers for goods and services. It is used to determine the real purchasing power of consumers’ dollars, and as a measure of inflation.

**Data Sources:**

Fast Facts

Employment growth projected in Nebraska overall from 2018 to 2028, translating to 62,401 new jobs statewide over this ten-year period.

Data Source:

As part of the annual data benchmarking processing, the LAUS program revises up to five years of previous data to incorporate new inputs and population data. Due to benchmarking, the January 2022 Nebraska employment data will be published on Monday, March 14, 2022. February 2022 data will be published on Friday, March 25, 2022.

To learn more about benchmarking visit: www.bls.gov/lau/laumthd.htm

Job count on NEworks as of March 7, 2022

Data Source:
Nebraska Department of Labor. Online advertised jobs data. NEworks. neworks.nebraska.gov.

Total job count on NEworks for the month of February 2022

This number reflects the number of job openings advertised online in Nebraska as of January 2022. It is de-duplicated for statistical analysis.

Data Source:
Nebraska Department of Labor. Online advertised jobs data. NEworks. neworks.nebraska.gov.

Helpful Links

Labor Market Publications
Previous Issues
NEworks.nebraska.gov

Equal Opportunity Employer/Program.
TDD: 1.800.833.7352
Auxiliary aids and services are available upon request to individuals with disabilities.