

Conducting the Mass Layoff Statistics program: response and findings

Due to careful collaboration between BLS and State agencies after Hurricane Katrina, data collection challenges facing the Mass Layoff Statistics program were overcome; the highest number of mass layoff events occurred in accommodation and food services

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The devastation caused by Hurricane Katrina created several data collection and analytical challenges for the Bureau of Labor Statistics' (BLS) Mass Layoff Statistics (MLS) program. The sheer number of mass layoffs based on initial claims filings for unemployment insurance (UI) against establishments led to acute workload problems in affected States. There was a need to ensure that mass layoffs directly or indirectly related to Hurricane Katrina were consistently identified by analysts working on the MLS program in all States. Another challenge was understanding and resolving apparent contradictions between data on potential layoff events based solely on administrative data and responses from the employers themselves. While the MLS program has undertaken special data collection efforts in the past, nothing matched this collection in terms of immediacy, magnitude, and geographic concentration. BLS also requested special interim reporting of Hurricane Katrina-related layoff activity in order to verify that procedures were adequately being followed and to provide important and relevant information quickly. The success in meeting these challenges was grounded in the ongoing collaboration that exists between BLS and the State agencies in this program. This article details the efforts made to identify and track layoff activity related to Hurricane Katrina and provides some of the resulting information.¹

MLS program description

Among the key economic data developed by BLS, the MLS program provides important and detailed information on a subset of establishments and job losers experiencing dislocation. Using a combination of administrative and employer interview data, the MLS program identifies, describes, and tracks the effects of major job cutbacks from establishments with 50 or more workers who file for unemployment insurance.² The program is a Federal-State cooperative program, with BLS responsible for program specifications, data review, and publication of monthly and quarterly news releases, and States responsible for data collection, employer interviews, data development, and their own publications.

To define the relevant population, the MLS program uses administrative statistics on establishments covered by unemployment insurance laws and on unemployment insurance claimants who previously worked in these establishments. The administrative data provide important economic information on the establishment—the State where the establishment is located and its detailed industry code—and on the worker demographics—age, gender, location of residence, and status in the unemployment insurance system. The program yields information on the individual's entire spell of insured unemployment, up to the point at which

regular unemployment insurance benefits are exhausted.

MLS establishment data are the universe of establishments meeting the program specifications, and the claimant data are all claims filed against these establishments. MLS specifications concerning the size of establishment, number of claims, and timing of filing are applied to the administrative data to identify the MLS economic event; however, they also limit the scope of the program. Only relatively large and concentrated layoffs are identified through the MLS size limitation on establishments and the requirement that at least 50 initial claims for unemployment insurance were filed against the establishment in a consecutive 5-week period.

The layoffs based solely on administrative data are viewed as “potential” extended mass layoff events. All employers in private nonfarm establishments meeting the MLS layoff event trigger of 50 initial claims in a consecutive 5-week period are interviewed. The employer is first asked whether the separations last at least 31 days. If so, information is obtained on the total number of affected workers, the economic reason for the layoff, the open/closed status of the worksite, recall expectations, and, in nonseasonal events, relocation of work. These layoffs, based on information from the employer interview, are considered “extended” layoff events. The employer interview is conducted via telephone and largely in an unstructured manner, by trained State employment security agency analysts. Employer participation in the MLS interview is voluntary, with a 96-percent response rate in 2005. The employer is not provided with a copy of the questionnaire or response options in advance of the interview. From responses provided by the employer, the analyst codes the information into standard categories.

The MLS program provides data nationally and by State and selected areas. The statistics are among the timeliest economic measures issued by BLS. Monthly data on potential mass layoff events and laid-off workers (without regard to duration of the layoff) by State and industry are issued about 3 weeks after the end of the reference month. Data on extended mass layoffs (those lasting more than 30 days) are issued quarterly about 7 weeks after the end of the reference quarter.

Identifying Katrina-related layoffs

The MLS program response to identifying and tracking layoff activity related to Hurricane Katrina borrowed greatly from the program’s experiences in reacting to the September 11, 2001, terrorist attacks. As in the earlier situation, BLS issued immediate instructions to States on the MLS reason for layoff that should be used for Katrina-related layoffs and stressed the need for special, timelier data submittals.

In an effort to ensure consistent reporting from all States, BLS instructed States to use “weather-related” as the primary

reason for separating workers if the layoff event was related to Hurricane Katrina and the worksite was located within the Federal Emergency Management Agency’s (FEMA) hurricane disaster areas. “Weather-related” is used as the reason for layoff to describe situations where activity at an establishment has been curtailed because of unusual or extreme weather conditions, including flooding, hail, and so forth. For employers who cited the effects of the hurricane as a reason for layoff but were located outside of the FEMA-designated areas, States were instructed to use another primary reason (of an economic nature) to describe the layoff and “weather-related” as a secondary reason. An example of a layoff indirectly related to Katrina is an establishment that curtailed operations because of a shortage of parts and/or materials from its supplier whose production or delivery was affected by the hurricane. In such an example, “material shortage” is the primary reason for layoff, and “weather-related” is the secondary reason.

BLS also instructed States to send interim reports of extended mass layoff data for the purpose of timelier monitoring and reporting of layoff activity related to Hurricane Katrina. This modification of the usual quarterly reporting of extended mass layoff activity lasted for 3 months.

Data collection in affected States

Five States were affected by Hurricane Katrina insofar as each had areas within it that FEMA designated for assistance.

Identifying plant closings and mass layoffs associated with Hurricane Katrina. Hurricane Katrina’s impact was first observed in the MLS program with the September 2005 data. The hurricane struck the gulf coast on August 29, and the September 2005 reference period for identifying potential layoff events includes the Sunday–Saturday calendar weeks from August 28 through October 1. Although the physical damage caused by Hurricane Katrina touched Alabama, Florida, Louisiana, Mississippi, and Texas, elevated mass layoff activity was concentrated in just two States—Louisiana and Mississippi. (See table 1.)

In September 2005, Louisiana and Mississippi reported 791 and 113 layoff events, respectively, far more layoff activity than either State had ever reported before. The highest numbers of events in a month previous to September 2005 were 36 events in Louisiana (June 2001) and 19 events in Mississippi (May 1995). The dramatic increases in events for these two States, particularly in Louisiana, posed quite a data collection challenge. As a result, BLS staff from the Dallas (for Louisiana) and Atlanta (for Mississippi) regional offices assisted those States with interviewing employers.

Monthly mass layoff activity based on administrative data dropped sharply in Louisiana and Mississippi in the months

Table 1. Potential mass layoff events in States affected by Hurricane Katrina, not seasonally adjusted, 2005

Month	Mass layoff events					
	Total United States	Alabama	Florida	Louisiana	Mississippi	Texas
Total	16,466	244	700	956	155	491
January	2,564	85	62	24	(¹)	57
February	810	8	36	7	5	24
March	806	7	36	4	0	35
April	1,373	10	62	16	(¹)	45
May	986	9	53	10	5	49
June	1,157	8	93	21	7	37
July	1,981	58	86	20	5	51
August	645	5	35	11	6	30
September	1,662	20	40	791	113	50
October	905	4	36	3	4	38
November	1,254	6	100	36	(¹)	25
December	2,323	24	61	13	(¹)	50

¹ Data do not meet BLS or State agency disclosure standards.
NOTE: The States shown all received some Federal

Emergency Management Agency (FEMA) assistance because of Hurricane Katrina.

following September. As a result, BLS instructed States to cease special data collection activities with the data for December 2005. Thus, monthly mass layoff data for the September–December 2005 period in Louisiana (843 events) and Mississippi (121 events) were the focus of potential extended layoff activity related to the effects of Hurricane Katrina.

Identifying extended mass layoffs. State analysts are instructed to wait 30 days after an event reaches 50 initial claims so that the employer can confirm with certainty that the minimum duration criterion for an extended mass layoff has been met. For layoff events that triggered in the week of August 28–September 3, employer contact was not made until at least the week of October 2–9. As State and BLS staff started making phone calls, it became apparent that many employers in Louisiana and Mississippi either did not have a layoff lasting more than 30 days (thus theirs was a temporary layoff) or did not initiate any worker separations at all. As part of normal program operation, information on temporary mass layoff events and those for which the employer states a layoff did not occur are not transmitted to BLS. In the case of Hurricane Katrina, however, BLS instructed Louisiana and Mississippi to provide information on such events in an effort to account for and report on all potential mass layoff activity in the September–December 2005 period.

Out of the 964 potential layoff events that reached 50 initial claims in a 5-week period criterion during the September–December period, analysts attempted to contact employers in 868 private nonfarm layoff events in Louisiana and Mississippi. (The MLS program excludes potential events from agricultural and government establishments from the

employer interview component.) Based on information obtained from employers, 484 private nonfarm mass layoff events were not classified as an extended event because the criteria for an extended mass layoff were not met. (See table 2.) Of the 367 employers who did not lay off any workers despite the UI activity filed against the firms, 47 percent stated employees did not return to work that was still available and another 29 percent continued to pay employees for some period of time after the hurricanes.

Accounting for another 22 percent (107 events out of 484) of the events not meeting the extended mass layoff criteria were employers that laid off workers for less than 31 days. In 10 nonlayoff events, employers cited a layoff that lasted

Table 2. Potential and extended private nonfarm mass layoff activity in Louisiana and Mississippi not related to Hurricane Katrina, September–December 2005

Measure	Layoff events
Total, private nonfarm potential events	868
Extended mass layoff events, hurricane related	358
Extended mass layoff events, but not hurricane related	26
Total excluded events	484
Not a layoff	367
Employees did not return	174
Employers continued paying employees	108
Other	85
Temporary layoff	107
Permanent, but less than 50 workers laid off	10

more than 30 days, but fewer than 50 people were separated from their job.

Data resulting from Hurricane Katrina

Private nonfarm extended mass layoffs directly or indirectly related to Hurricane Katrina totaled 358 events and 57,551 separations over the September–December 2005 period. (See table 3.) These layoff events comprise both situations where contact was successful and the employer confirmed the layoff was related in some way to Hurricane Katrina, as well as events where analysts were unable to contact employers.

State analysts are instructed to code events as extended mass layoff events when they have exhausted attempts to contact employers. In this case, individual data elements obtained during the employer interview, including the reason for layoff, are normally set to “not available.” In response to Hurricane Katrina, BLS directed States to use “weather-related” as the primary reason for establishments located within a FEMA-designated hurricane disaster area, despite unsuccessful attempts to reach employers. The physical damage to workplaces and infrastructure caused by Hurricane Katrina likely contributed to problems contacting some employers. Such noncontacts accounted for 46 percent of the 358 layoff events directly and indirectly related to Hurricane Katrina.

Establishment characteristics. The highest number of worker separations in extended mass layoff events related to Hurricane Katrina occurred in accommodation and food services, followed by retail trade and healthcare and social assistance. (See table 4.) In contrast, employers in manufacturing and construction reported the most separated workers in nationwide extended layoff events not related to the hurricane over the same September–December 2005 period.

Claimant characteristics. Demographic information captured from the UI initial claim record by the MLS program offers a look at workers associated with extended mass layoff events. Table 5 displays the percentage of initial claimants by selected age, gender, and race/ethnicity groupings in hurricane- versus nonhurricane-related layoffs over the September–December 2005 period. Claimants younger than 30 accounted for nearly 30 percent of all laid-off workers in hurricane-related extended mass layoff events, whereas the percentage drops to 18.1 percent in layoff events not related to the hurricane. Women accounted for nearly 60 percent of UI claimants in events related to the hurricane; in nonhurricane-related events, the percentage drops to 32.7 percent. Black claimants accounted for 56.5 percent of workers related to the hurricane, but made up only 12.2 percent of the claimants in events not related to the hurricane.

The MLS program also collects information on the continuing impact of joblessness through the filing of continued UI claims, up through the point of exhaustion. Table 5 shows that 25.8 percent of the initial claimants in extended mass layoff events related to the hurricane exhausted their UI benefits in reporting received thus far. This compares with a 7.0-percent UI benefit exhaustion rate for claimants in events not related to Hurricane Katrina.

Demographic information associated with these claimants receiving their final payments also reveals interesting differences between the populations of MLS claimants affected by and not affected by the hurricane. Almost all age groups experienced the same benefit exhaustion rate in hurricane-related events, whereas the benefit exhaustion rate among older workers is slightly higher in events not related to the hurricane. Women had a benefit exhaustion rate that was more than 7 percentage points higher than men in hurricane-related events; in events not related to the hurricane, the difference narrows to 3 percentage points. For all racial/ethnic

Table 3. Hurricane Katrina-related potential and extended mass layoff activity in Louisiana and Mississippi, September–December 2005

Measure	Layoff events	Separations	Initial claimants for unemployment insurance
Potential layoff activity			
Total	964	...	136,930
Private nonfarm	868	...	107,341
Extended mass layoffs			
Total, hurricane-related	358	57,551	48,161
Directly related to the hurricane	355	55,873	47,425
Contact with employer successful	191	32,415	24,049
Contact with employer unsuccessful	164	23,458	23,376
Indirectly related to the hurricane	3	1,678	736

Table 4. Extended mass layoff events and separations, related to and not related to Hurricane Katrina nationwide, by major industry sector, September–December 2005

Industry	Hurricane related		Not hurricane related (nationwide)	
	Events	Separations	Events	Separations
Total, private nonfarm	358	57,551	1,600	289,285
Mining	(¹)	(¹)	29	3,731
Utilities	(¹)	(¹)	3	519
Construction	7	938	517	70,093
Manufacturing	22	2,499	471	89,017
Wholesale trade	7	522	28	4,123
Retail trade	63	10,958	82	22,942
Transportation and warehousing	15	2,375	39	8,262
Information	(¹)	(¹)	25	4,723
Finance and insurance	(¹)	(¹)	19	2,768
Real estate and rental and leasing	(¹)	(¹)	3	665
Professional and technical services	6	422	42	6,724
Management of companies and enterprises	0	0	5	994
Administrative and waste services	37	5,250	182	33,803
Educational services	6	3,592	3	541
Healthcare and social assistance	55	7,461	24	4,399
Arts, entertainment, and recreation	14	5,157	47	18,656
Accommodation and food services	100	15,833	68	15,278
Other services, except public administration	9	1,122	13	2,047
Unclassified establishments	0	0	0	0

¹ Data do not meet BLS or State agency disclosure standards.

Table 5. Demographic characteristics of the insured unemployed in extended mass layoff events related to and not related to Hurricane Katrina nationwide, September–December 2005

Characteristics	Percentage of initial claimants		Percentage of initial claimants receiving final payments	
	Hurricane related	Not hurricane related	Hurricane related	Not hurricane related
Total	100.0	100.0	25.8	7.0
Age				
30 years of age or younger	29.8	18.1	26.0	7.1
30–44	31.7	36.2	27.2	6.3
45–54	18.1	27.1	26.5	6.7
55 years of age or older	11.3	16.7	26.5	8.8
Not available	9.2	1.9	18.3	5.5
Gender				
Male	40.5	67.0	21.4	6.0
Female	59.5	32.7	28.8	9.0
Not available	0	.4	33.3	5.1
Race/ethnicity				
White	29.2	64.4	13.2	5.6
Black	56.5	12.2	33.0	9.1
Hispanic origin	5.4	13.9	13.4	11.3
American Indian or Alaska Native4	.6	14.7	7.8
Asian or Pacific Islander	2.6	1.8	17.8	5.3
Not available	5.8	7.2	35.0	7.6

groups, claimants in hurricane-related events were much more likely to exhaust benefits than claimants in nonhurricane events. The biggest difference was among blacks (33.0 percent versus 9.1 percent).

The residency information also captured from the initial claim record provides insight into where workers in extended layoff events related to Hurricane Katrina were living when they filed for UI benefits. (See table 6.) Of the more than 40,000 initial claimants associated with hurricane-related layoff events in Louisiana establishments, 60 percent resided in Louisiana, followed by Texas (22 percent), Georgia (5 percent), and Mississippi (4 percent). Claimants in Louisiana mass layoff events were living in the District of Columbia and every State in the United States, with the exception of Alaska. Among the more than 8,000 claimants in Mississippi events, 86 percent resided within Mississippi.

THE MLS PROGRAM is well poised to collect information on employers' decisions to engage in large-scale layoffs and closings related to sudden and extreme events, as shown by the response to the devastation caused by Hurricane Katrina. The employer interview continues to be an important vehicle for capturing key information on labor market decisions, as underscored by the employer responses to layoffs in conflict with UI claims filings. In addition, administrative data captured by the MLS program provides insight into the workers most affected by mass layoffs, as well as the continuing spell

Table 6. Initial claimants for unemployment insurance in extended mass layoff events because of Hurricane Katrina, by State of residence

State	Initial claimants for unemployment insurance	Percent to total
Total, associated with layoffs in Louisiana	40,124	100.0
State of residence:		
Louisiana	24,248	60.4
Texas	9,001	22.4
Georgia	1,910	4.8
Mississippi	1,478	3.7
Florida	622	1.6
Other (in 44 States and the District of Columbia)	2,768	6.9
Unknown	97	.2
Total, associated with layoffs in Mississippi	8,037	100.0
State of residence:		
Mississippi	6,880	85.6
Alabama	170	2.1
Florida	155	1.9
Other (in 42 States and the Virgin Islands)	832	10.4

of joblessness. Capturing accurate and timely information on an important labor force phenomenon such as mass layoffs reinforces the importance of the cooperative environment between BLS and State agencies. □

Notes

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¹ Hurricane Rita hit Louisiana and Texas on September 24, 2005, only

26 days after Hurricane Katrina hit on August 29. Because of the difficulties in separating Katrina-related and Rita-related layoffs, the mass layoff data in this article include some Rita-generated cases.

² For a detailed discussion of the Mass Layoff Statistics program, see the program Web site at <http://www.bls.gov/mls/home.htm>.