

University of New Mexico
Bureau of Business and Economic Research



New Mexico Labor Force Dynamics and Unemployment

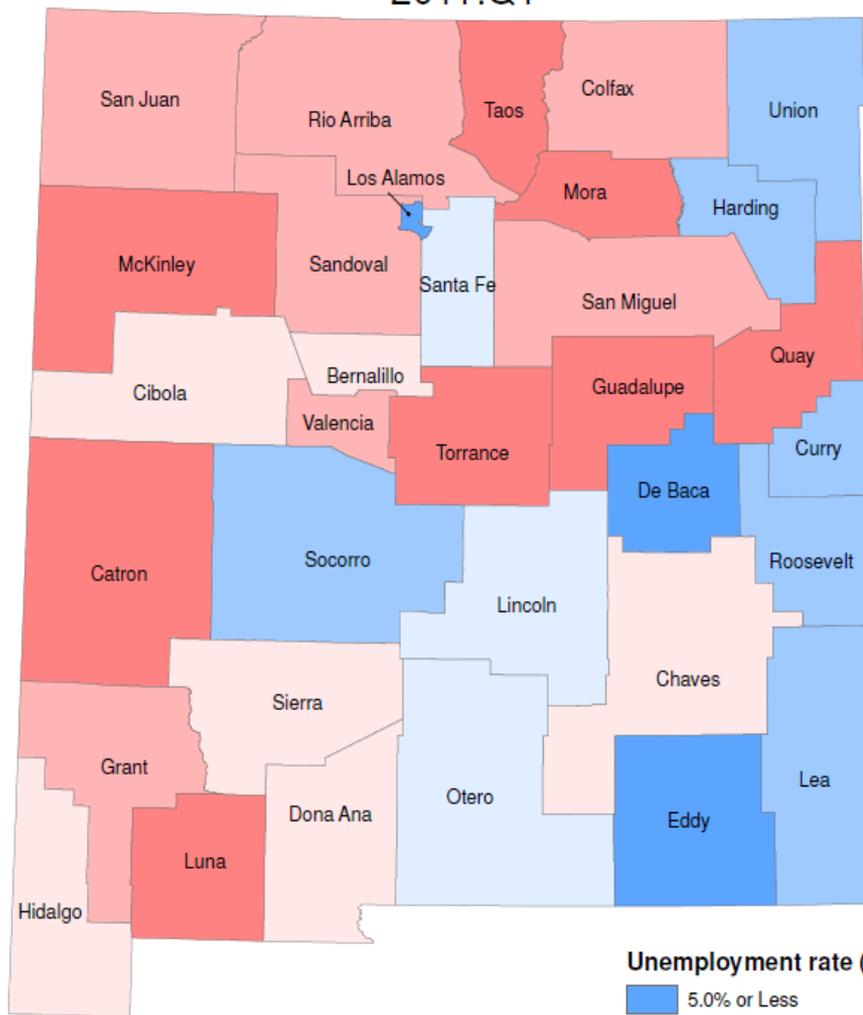
New Mexico Legislative Finance Committee

June 13, 2013

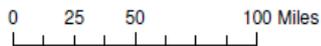
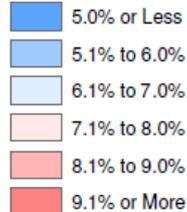
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Unemployment Rates by County 2011:Q1^r



Unemployment rate (%)

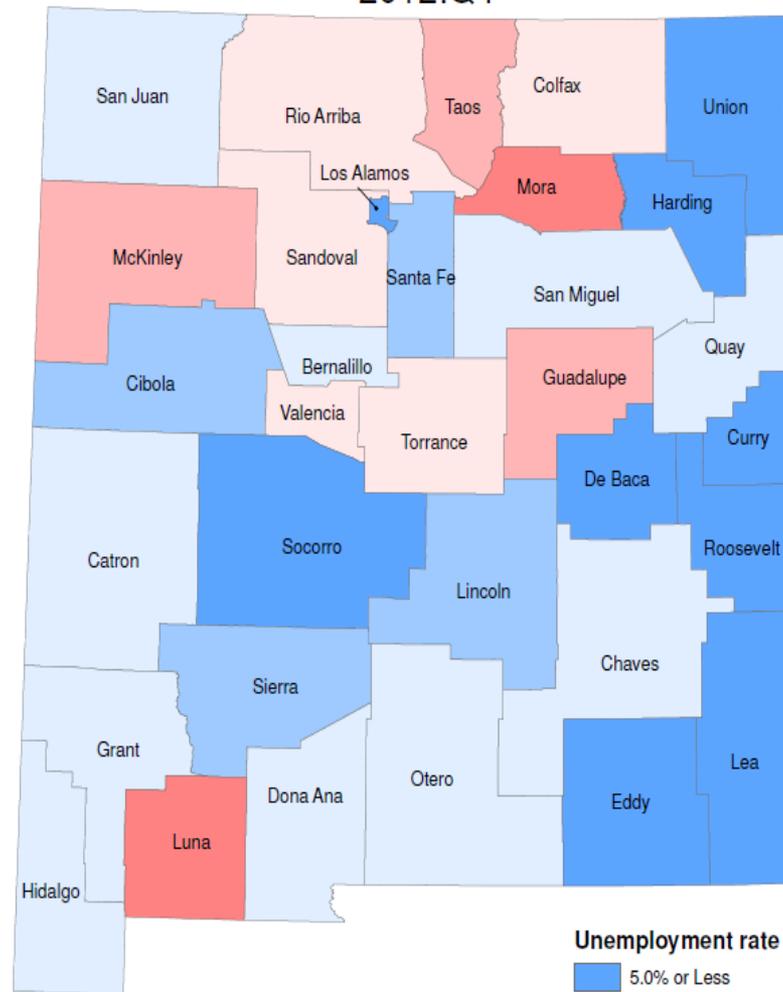


The New Mexico unemployment rate was 7.8%.

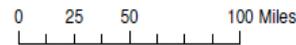
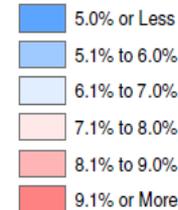
Note: All quarters are subject to revision. p Preliminary. r Revised.
Estimates made in accordance with the U.S. Dept. of Labor.

Source: New Mexico Dept. of Workforce Solutions, Economic Research and Analysis, Table A.

Unemployment Rates by County 2012:Q4^r



Unemployment rate (%)



The New Mexico unemployment rate was 6.4%.

Note: All quarters are subject to revision. p Preliminary. r Revised.
Estimates made in accordance with the U.S. Dept. of Labor.

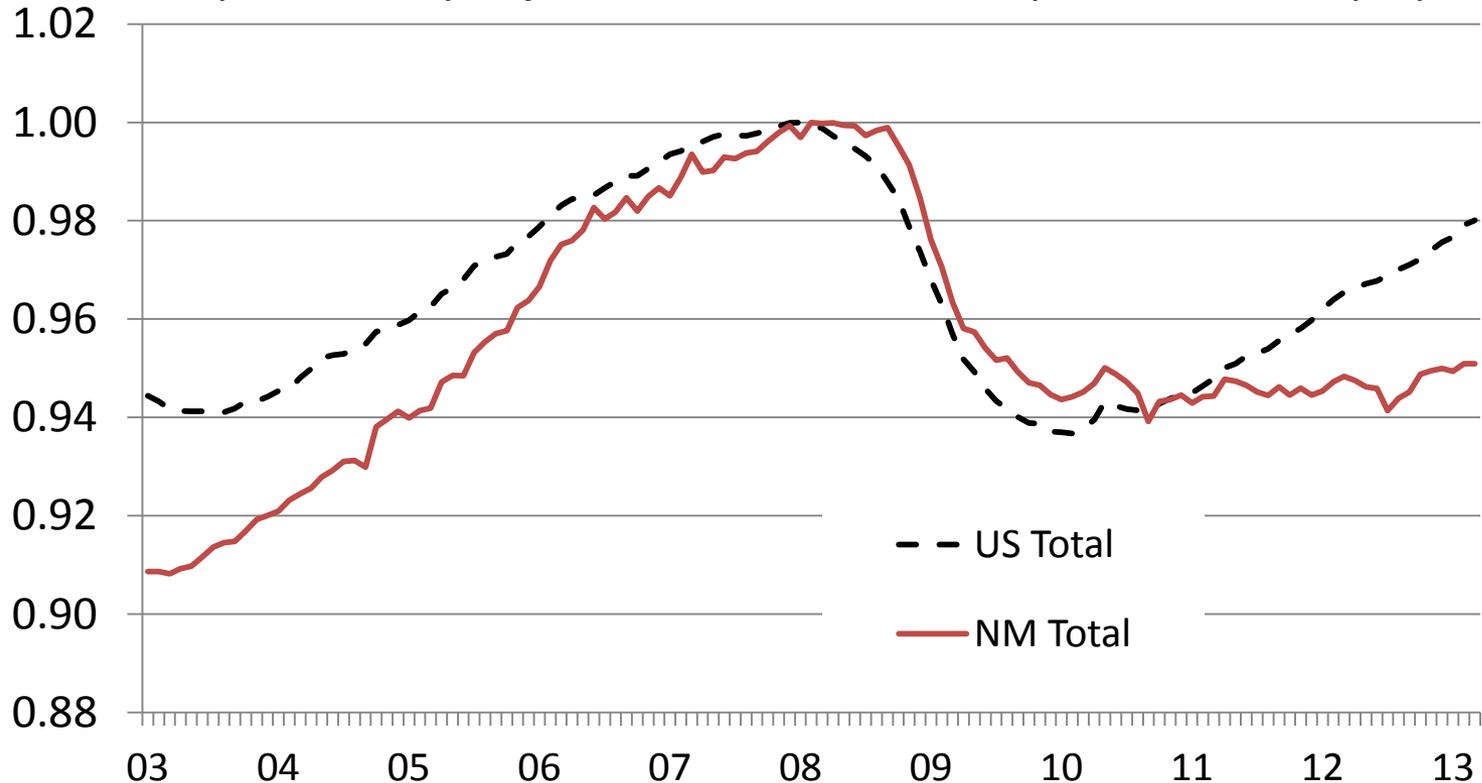
Source: New Mexico Dept. of Workforce Solutions, Economic Research and Analysis, Table A.

Map prepared by: Bureau of Business & Economic Research, University of New Mexico, June 2013.

CES Employment

New Mexico and US Nonfarm Employment

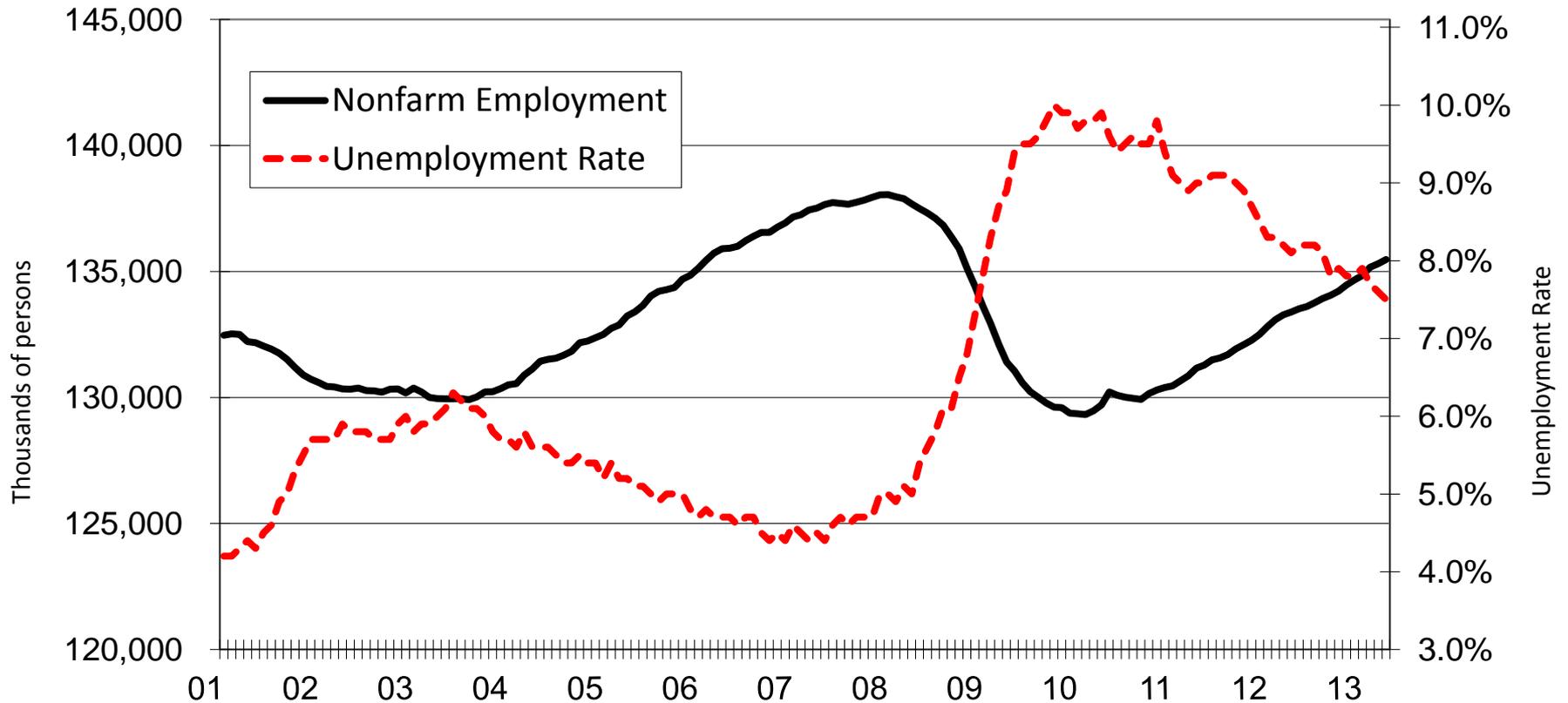
Monthly, Seasonally Adjusted and Indexed to Respective Peak Employment



UNM BBER graph from US BLS CES Nonfarm Employment estimates, seasonally adjusted

US Employment and Unemployment

US Nonfarm Employment and Unemployment SA

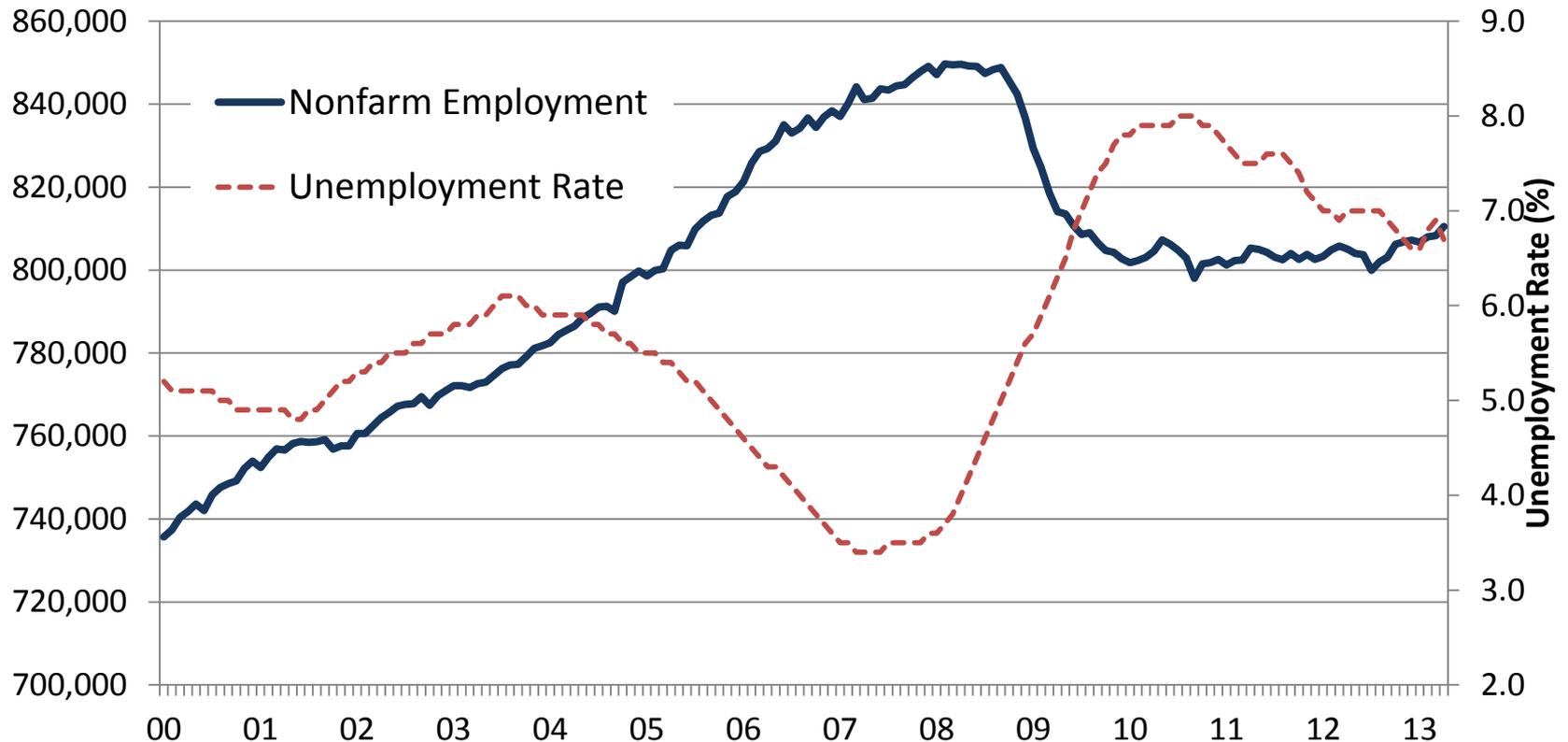


Notice the symmetry.

Source: US Bureau of Labor Statistics

NM Employment and Unemployment

NM CES Nonfarm Employment and % Unemployment SA

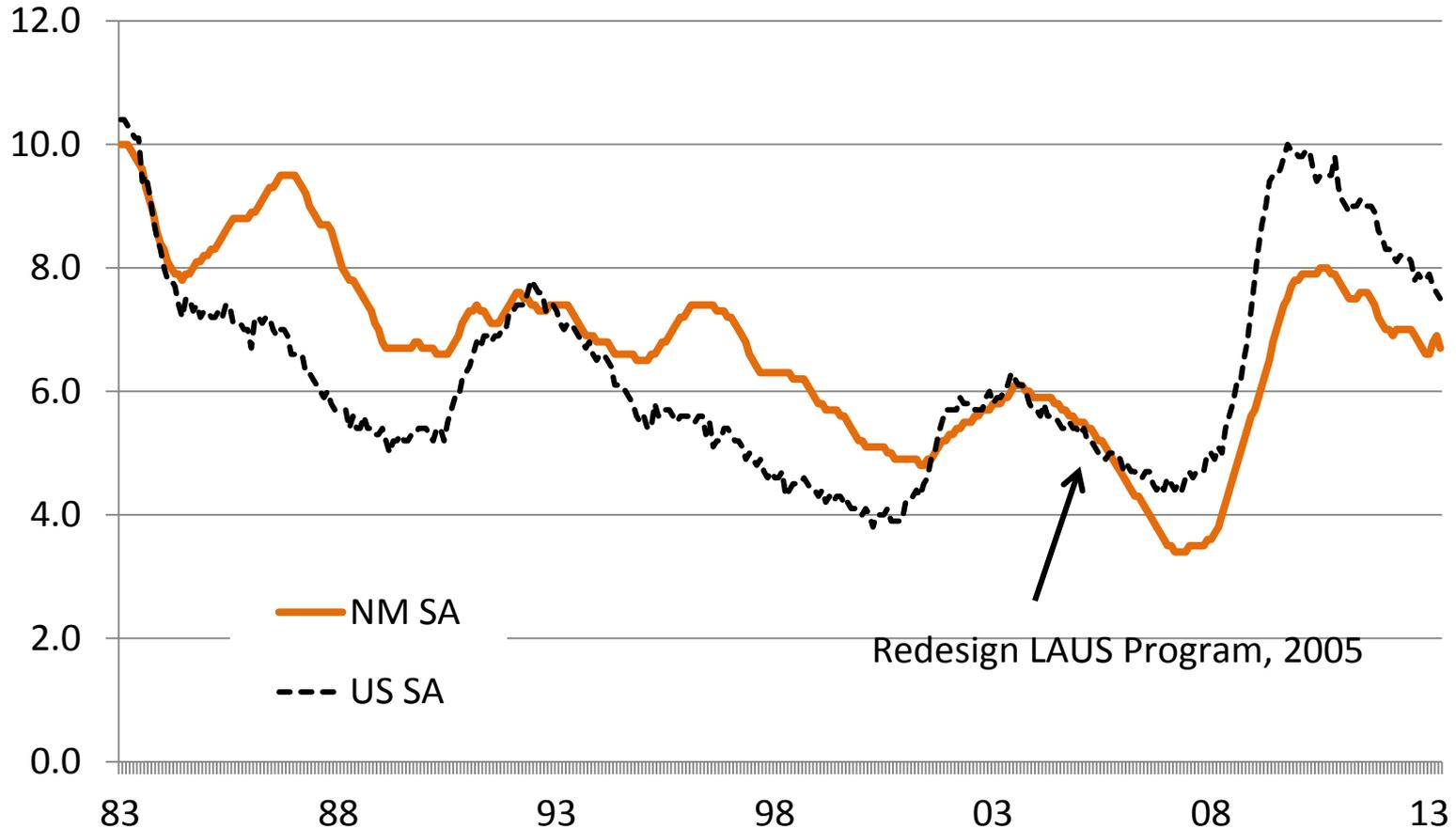


Source: US Bureau of Labor Statistics

A different story: unemployment maxed at < 8% versus 10%; NM unemployment has been falling while jobs flat.

BLS Unemployment Estimates

NM and US Unemployment Rates(%) SA

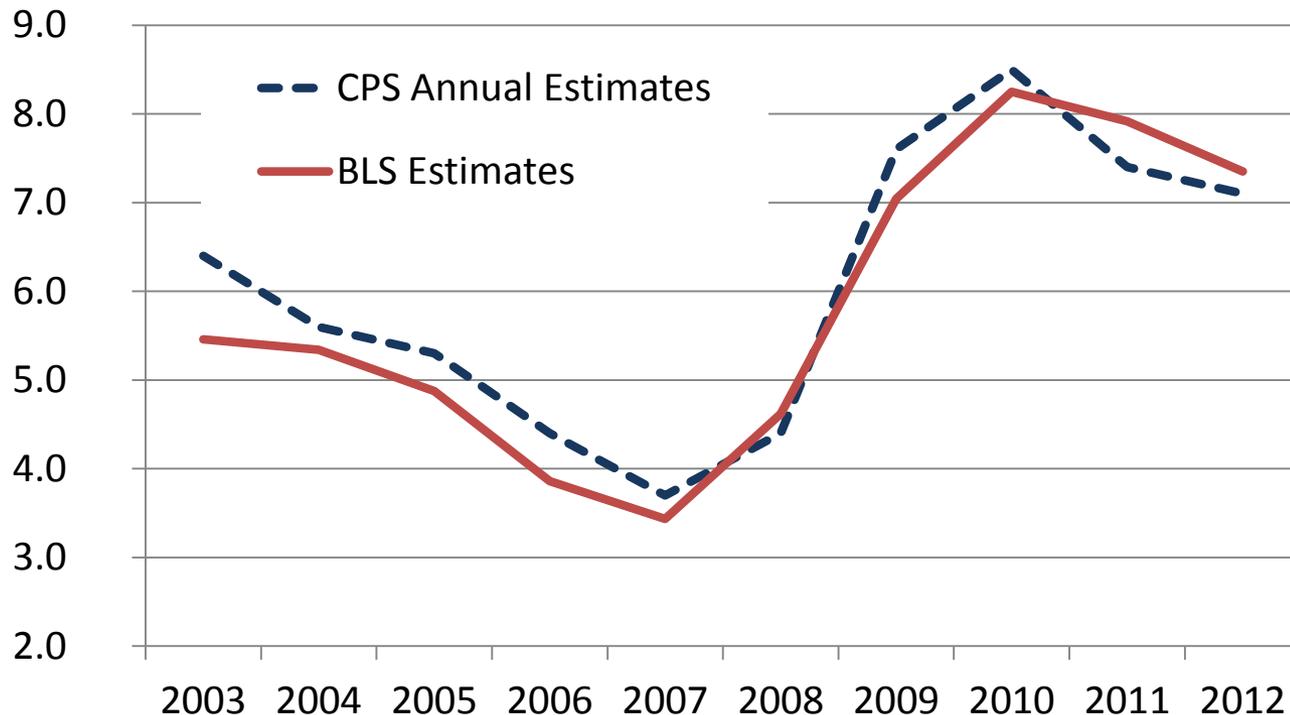


UNM BBER graph from US BLS data on monthly unemployment rates, seasonally adjusted

Unemployment in NM seems now to be under-estimated? Is the trajectory misspecified? Is the statistic giving wrong cues? And are there implications, e.g. loss of fed'l funding?

BLS NM Unemployment Estimates

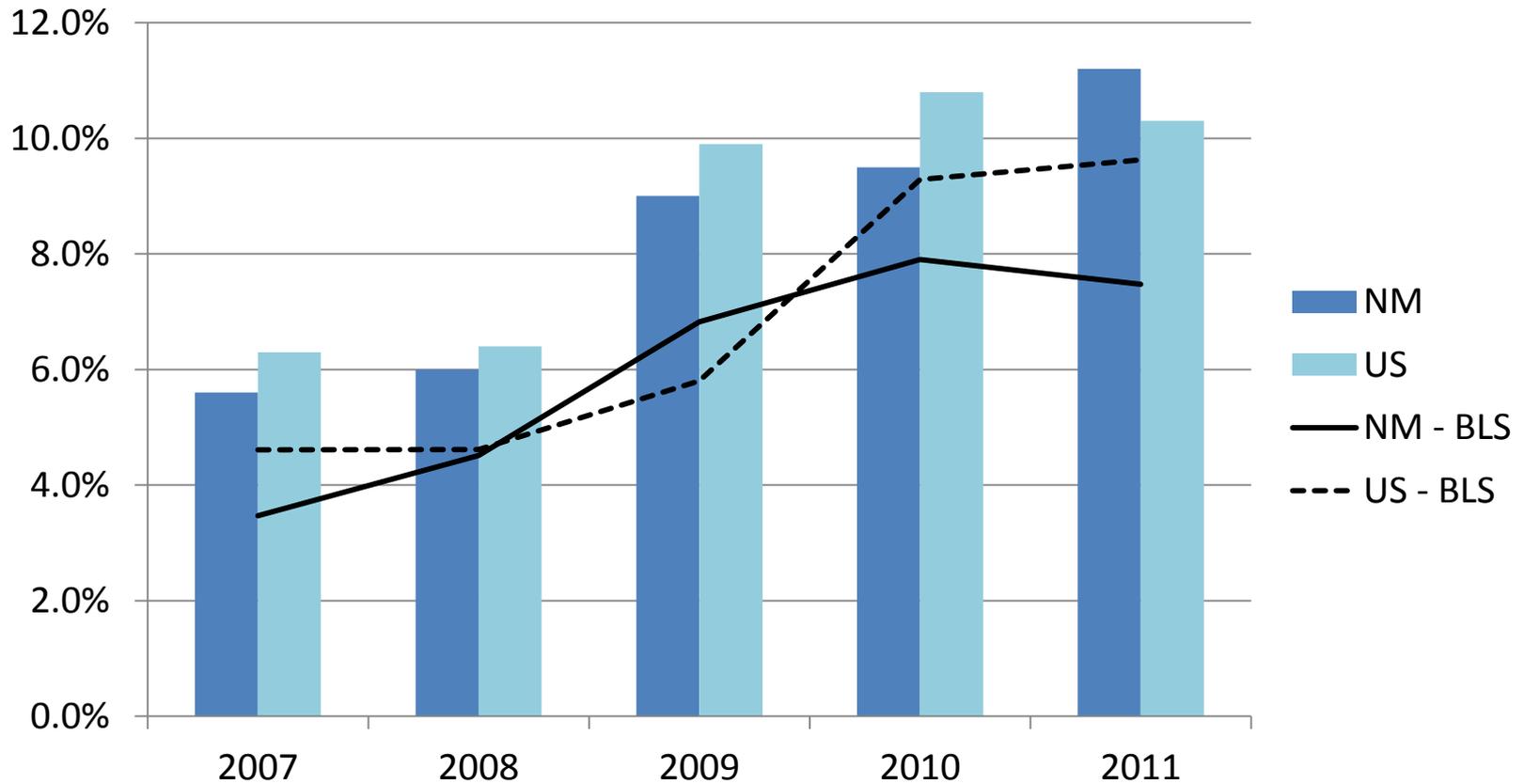
Compared with Annual Estimates of NM Unemployment Based on the Current Population Survey



The **Geographic Profile of Employment and Unemployment (GP)** contains information from the Current Population Survey (CPS) for census regions and divisions, the 50 States and the District of Columbia, and selected large metropolitan areas and cities.

Alternatives: American Community Survey

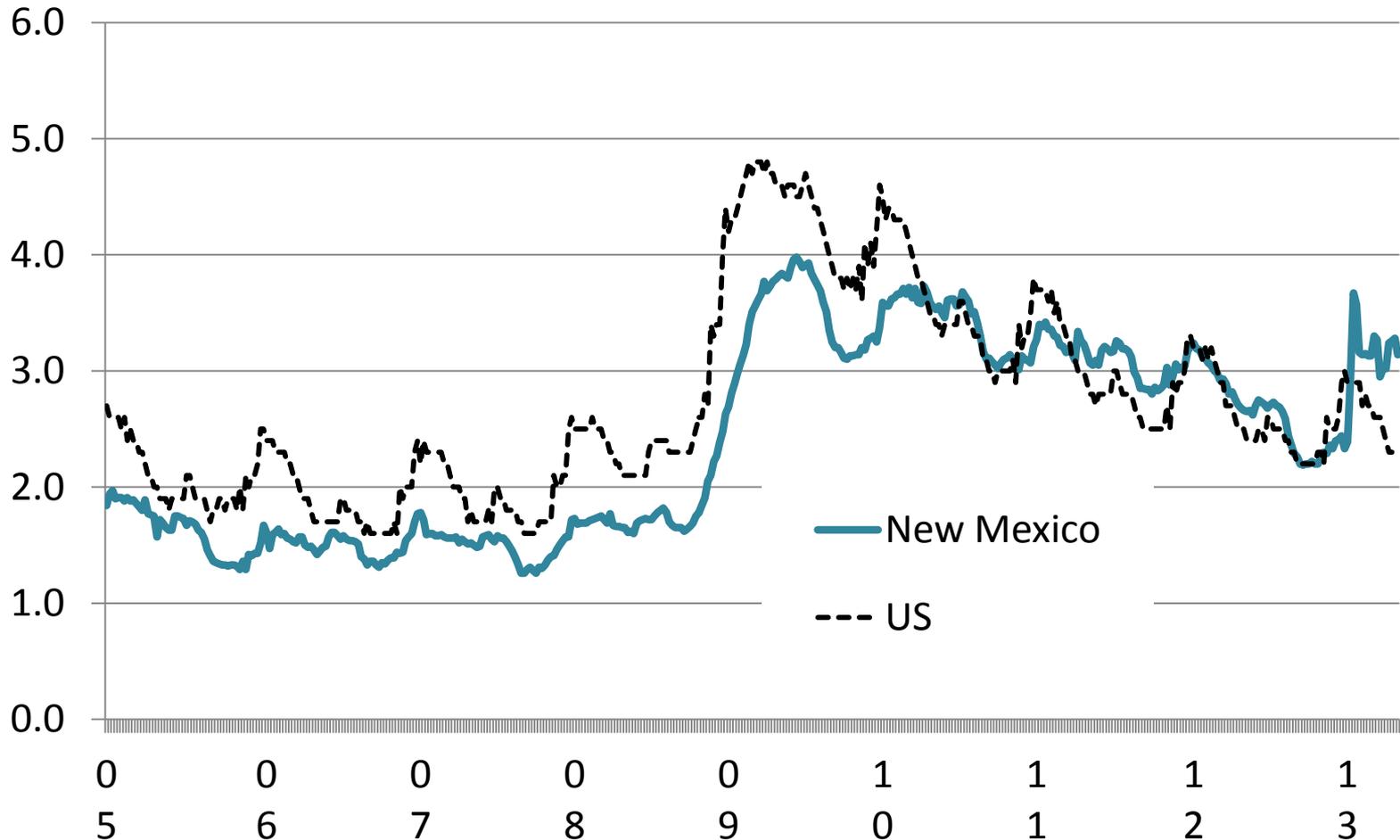
Single Year ACS Compared with BLS Annual Estimates



Source: BLS and American Community Survey, Single Year 2007- 2011

US Dept of Labor Unemployment Continued Claims

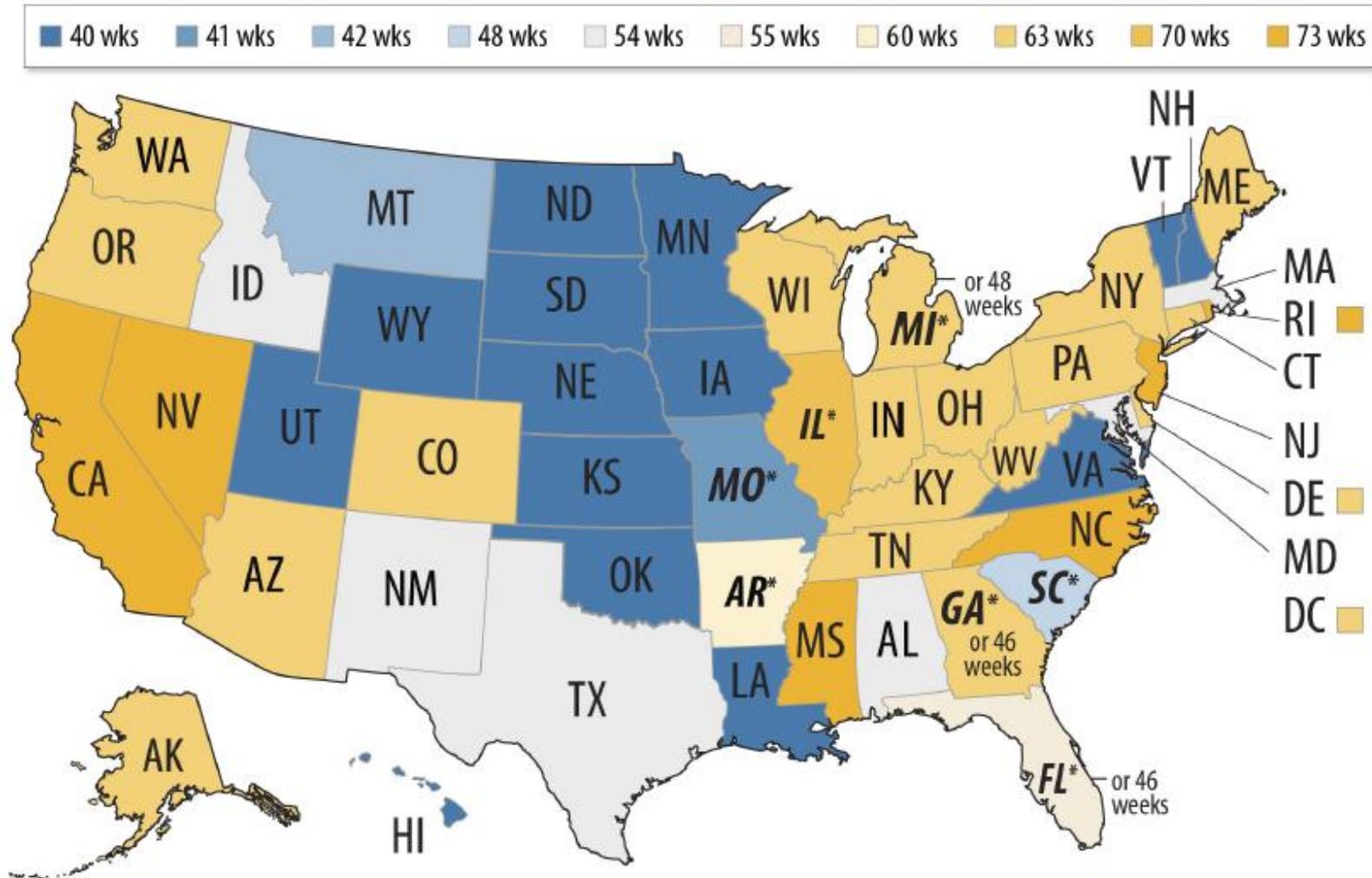
Insured Unemployment Rate (%), New Mexico and US



Continued Claims as a % of Covered Employment

Unemployment Insurance Continued Claims Data

Maximum Duration of Unemployment Insurance by State



Note: Map includes regular benefits, all tiers of EUC and EB. The Virgin Islands has 40 weeks of UI and Puerto Rico has 73 weeks.

*States with fewer than 26 weeks of regular benefits have proportionally fewer weeks of federal benefits available for those who file for UI after the reduction took effect. Please see the table on page 3 for a fuller explanation of the benefits available in each state.

Source: CBPP analysis of Department of Labor Employment and Training Administration data. Data effective June 2, 2013.

Workers are eligible for up to 26 weeks of benefits from the regular state-funded unemployment compensation program in most states. Workers in any state who exhaust their regular UI benefits before they can find a job can currently receive up to 14 additional weeks of benefits through the temporary federal Emergency Unemployment Compensation (EUC) program enacted in 2008. That number rises to 47 weeks in states with especially high unemployment rates. (See chart on next page.)

Additional Weeks of Benefits Currently Available in EUC and EB

Program and Unemployment Rate Threshold	Additional Weeks
<i>Emergency Unemployment Compensation (EUC)</i>	
less than 6 percent	14
at least 6 percent, but less than 7 percent	28
at least 7 percent, but less than 9 percent	37
at least 9 percent	47
<i>Extended Benefits (EB)**</i>	
at least 6.5 percent, but less than 8 percent	13
at least 8 percent	20

**Not available in all states.

Note: The seven states that offer fewer than 26 weeks of regular benefits have proportionally fewer federal benefits available for those who file for UI after the reduction took effect (see final table for more detail).

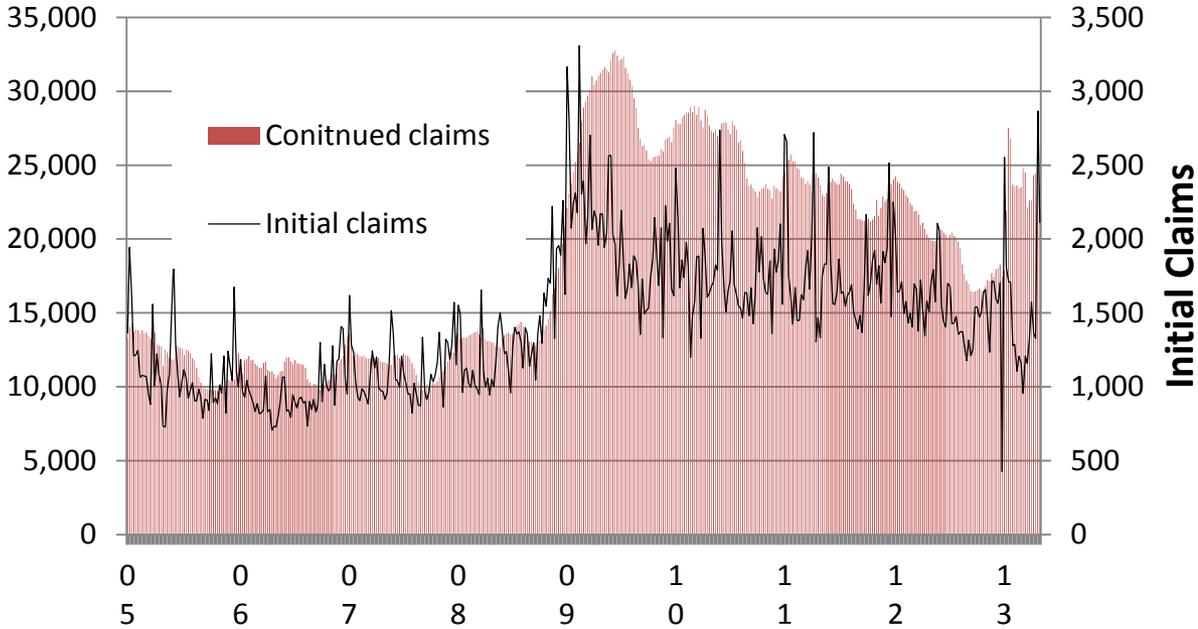
Center on Budget and Policy Priorities | cbpp.org

As of July 2012, the maximum number of weeks for Unemployment Insurance benefits in New Mexico is 54 weeks (26 weeks of regular benefits + 14 weeks Tier 1 + 14 weeks Tier 2) -- NM DWS.

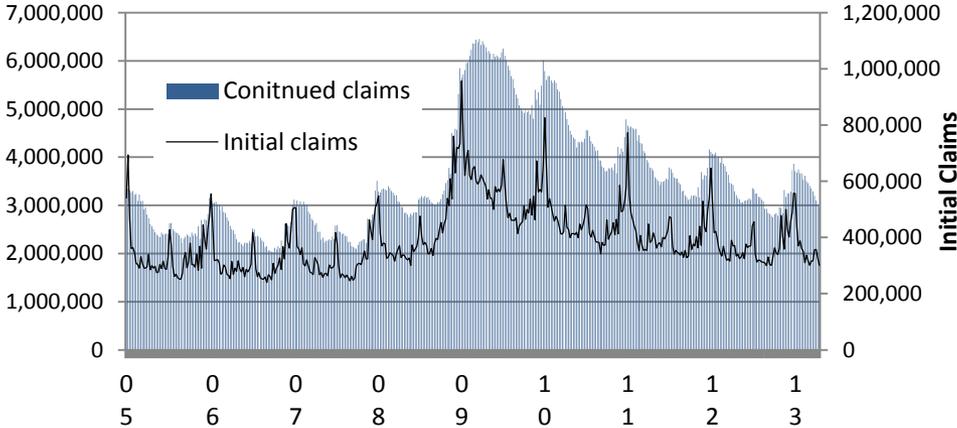
Federal legislation enacted in February 2012 reduced the maximum number of weeks of additional benefits available through EUC from 53 to the 47 now available. In addition, even states with high unemployment rates typically no longer meet the “three-year lookback” condition described above for offering EB. As a result the maximum number of weeks of UI available in high-unemployment states, which had been 99, has shrunk to 73 (93 if a state can offer EB). Currently, no state offers EB.

Unemployment Insurance: Contrasting Histories, NM & US

NM Initial and Continued Claims

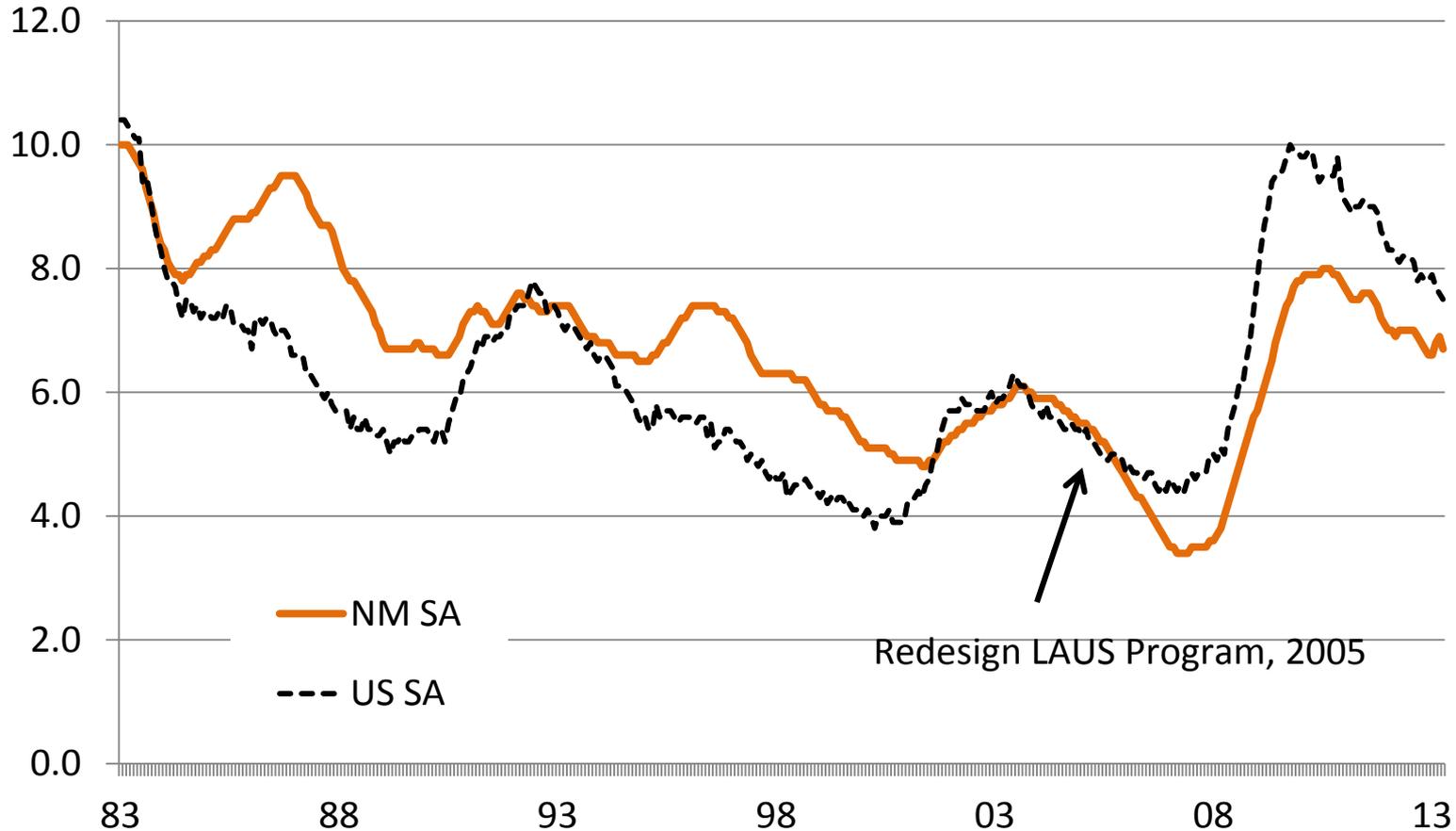


US Initial and Continued Claims



BLS Unemployment Estimates: Methodology

NM and US Unemployment Rates(%) SA



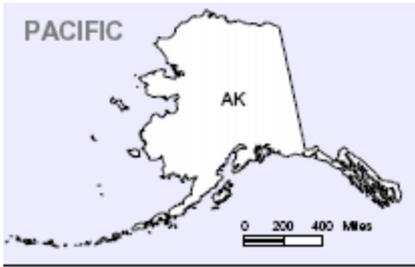
UNM BBER graph from US BLS data on monthly unemployment rates, seasonally adjusted

Unemployment in NM seems now to be under-estimated? Is the trajectory misspecified? Is the statistic giving wrong cues? And are there implications, e.g. shorter duration unemployment; loss of other fed'l funding?

BLS Unemployment Estimates: Methodology

- To keep costs down, CPS monthly sample used to estimate labor force and unemployment rate is tiny.
- Modeling is now used to go from the CPS sample to monthly estimates of unemployed. In one month 48 people with responses indicating unemployed became roughly 70,000 after modeling.
- In modeling, estimates are developed for CPS region, then allocated out to the individual states.
- Substates estimates are developed using the claims data.

PACIFIC



Census Regions and Divisions of the United States

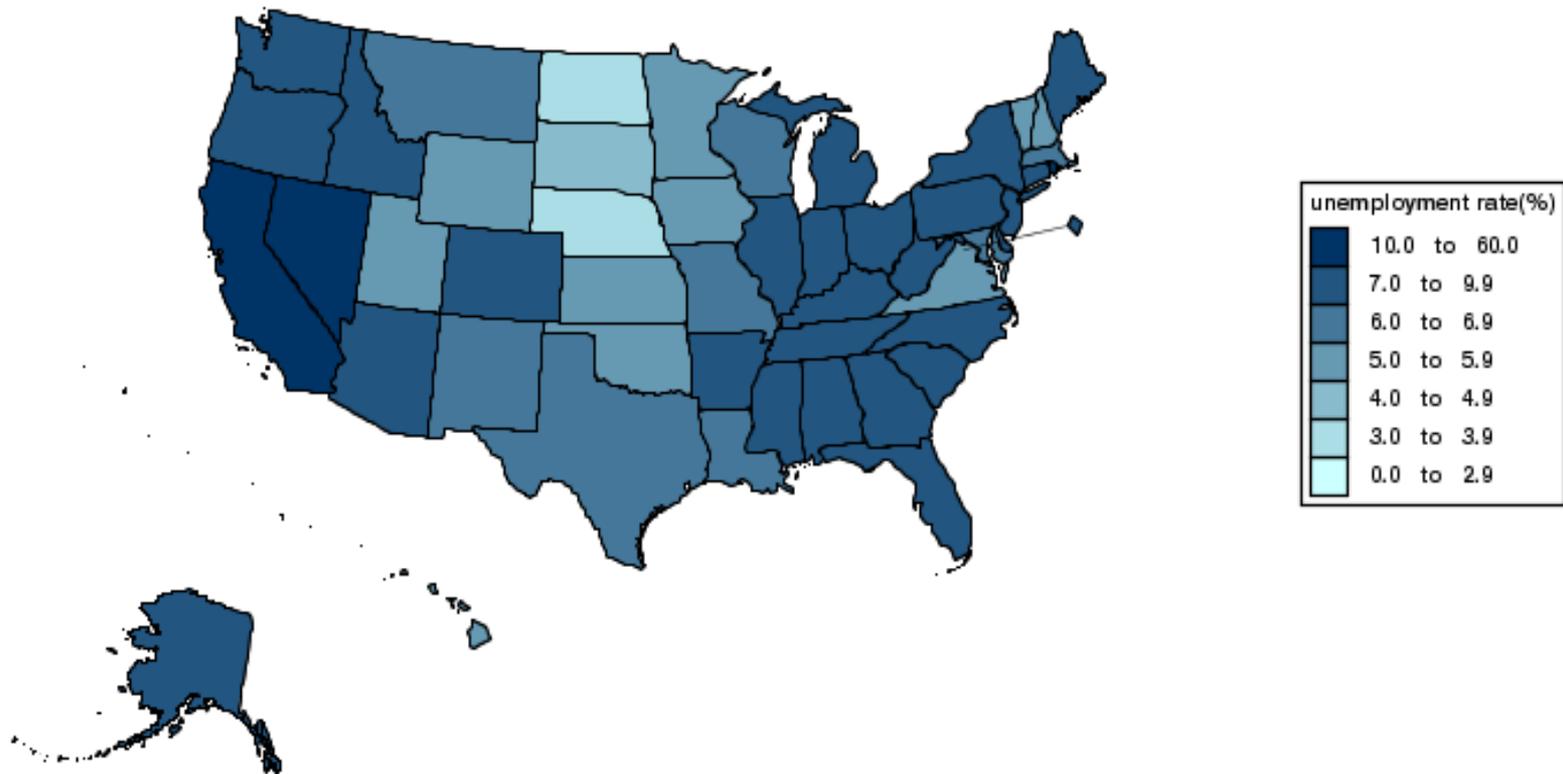


LEGEND

- REGION
- DIVISION
- STATE

NM Unemployment Rate Compared to Other States, 2012

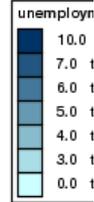
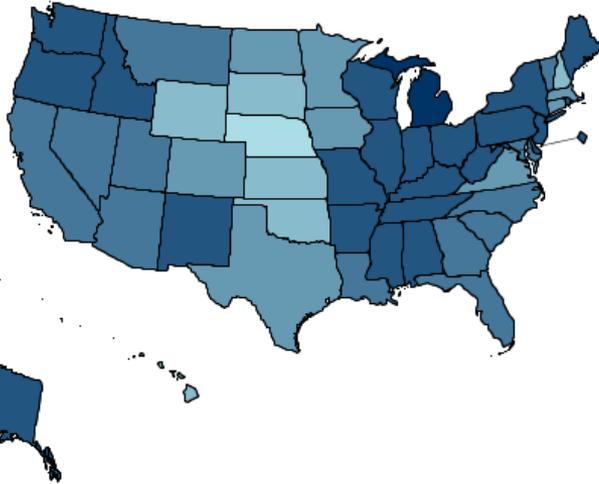
Unemployment rates by State, not seasonally adjusted, Annual 2012



NM Unemployment Rate Compared Thru Time

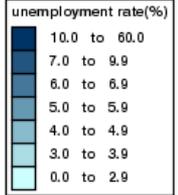
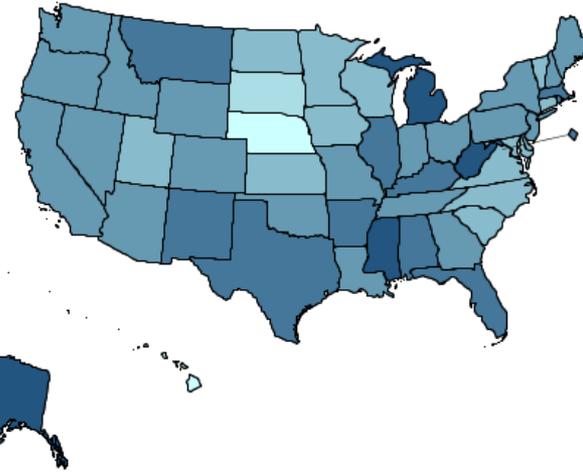
Unemployment rates by State, not seasonally adjusted, Annual 1980

1980



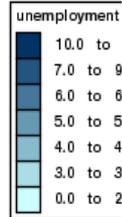
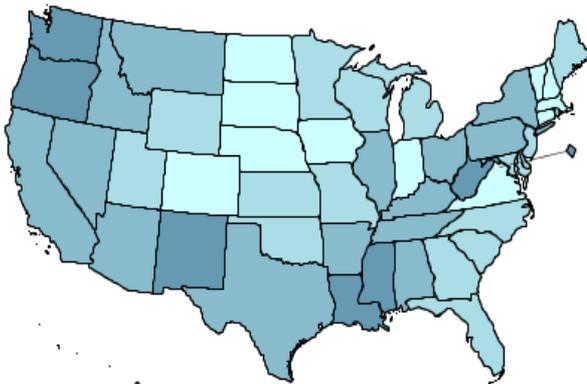
Unemployment rates by State, not seasonally adjusted, Annual 1990

1990



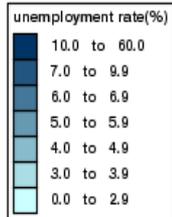
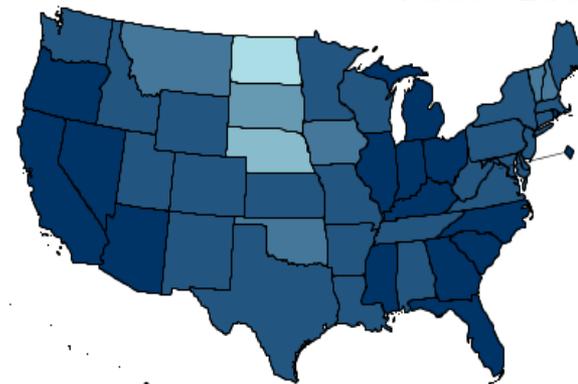
Unemployment rates by State, not seasonally adjusted, Annual 2000

2000



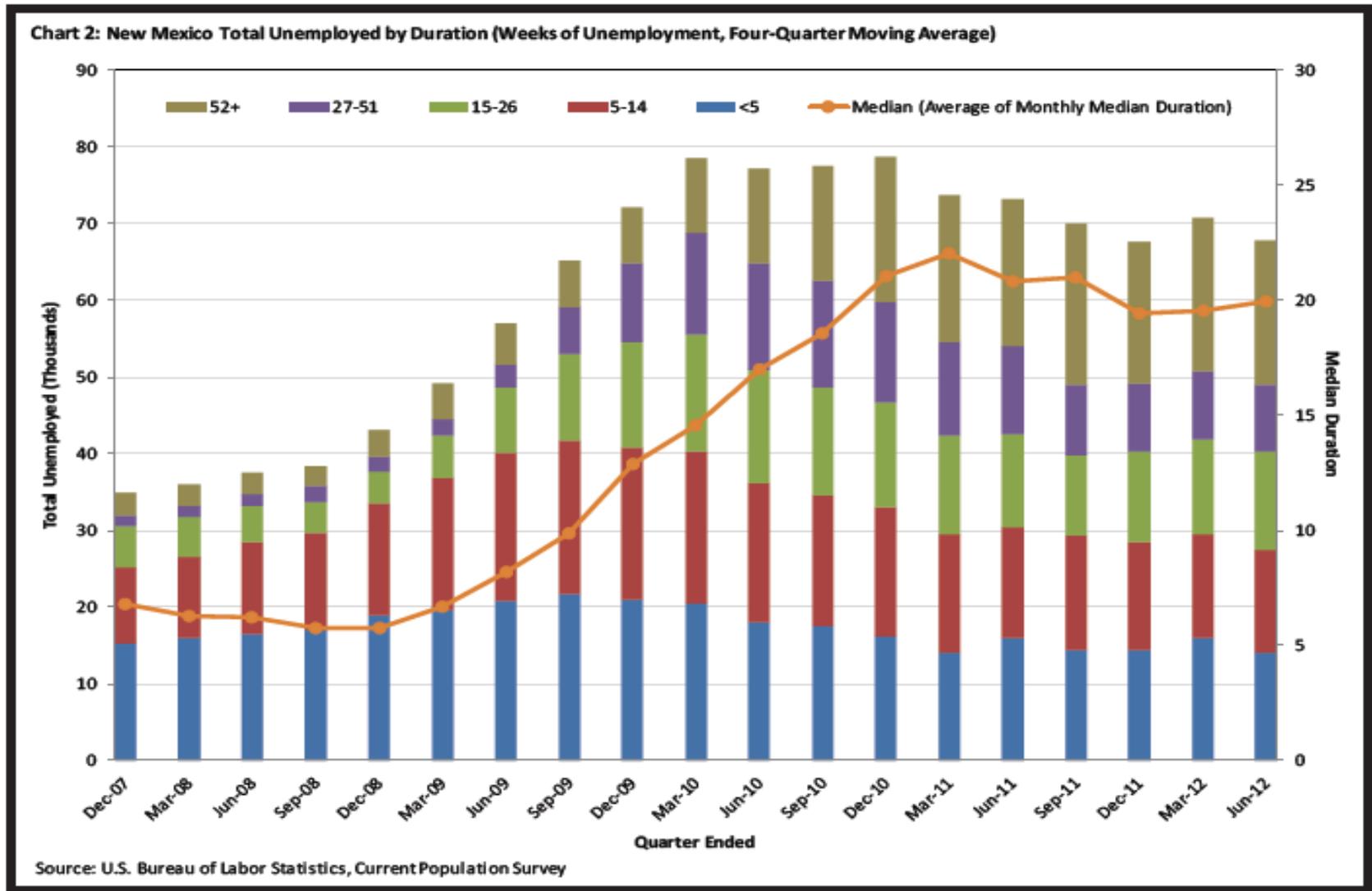
2010

Post -Laus Change



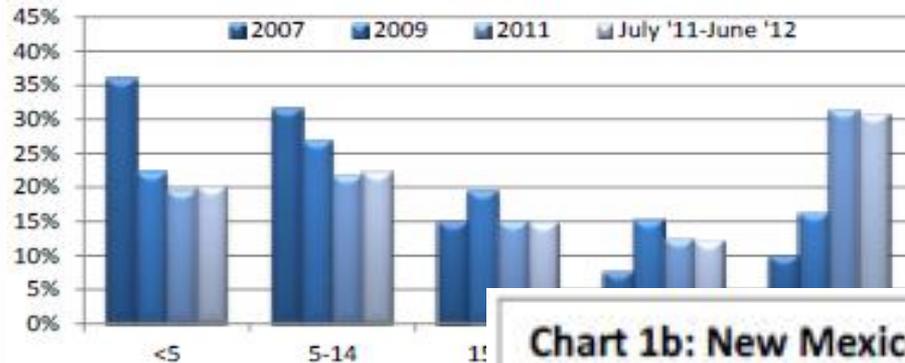
Historically, the unemployment rate in NM was higher than 9 states in region.

Recent Duration of Unemployment in New Mexico



Duration of Unemployment in New Mexico

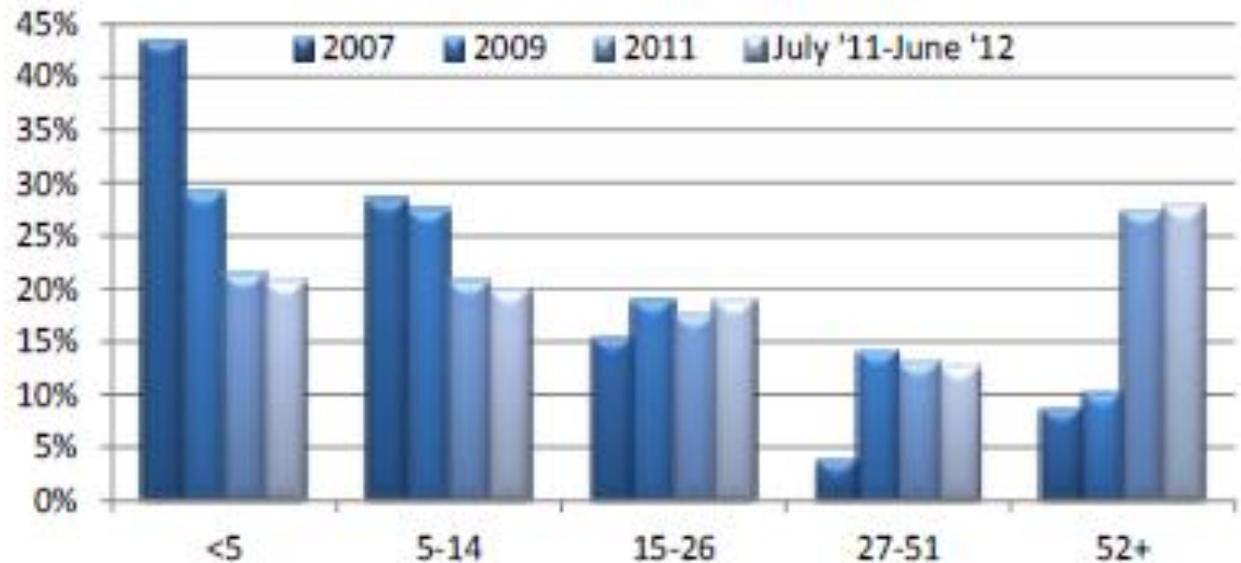
Chart 1a: United States Percentage Unemployed by Duration (Weeks of Unemployment, Annual Average)



Source: U.S. Bureau of Labor Statistics, Current Population Survey

Comparison
with the
United States,
Thru June 2012

Chart 1b: New Mexico Percentage Unemployed by Duration (Weeks of Unemployment, Annual Average)



Source: U.S. Bureau of Labor Statistics, Current Population Survey

Consequences of Long Term Unemployment

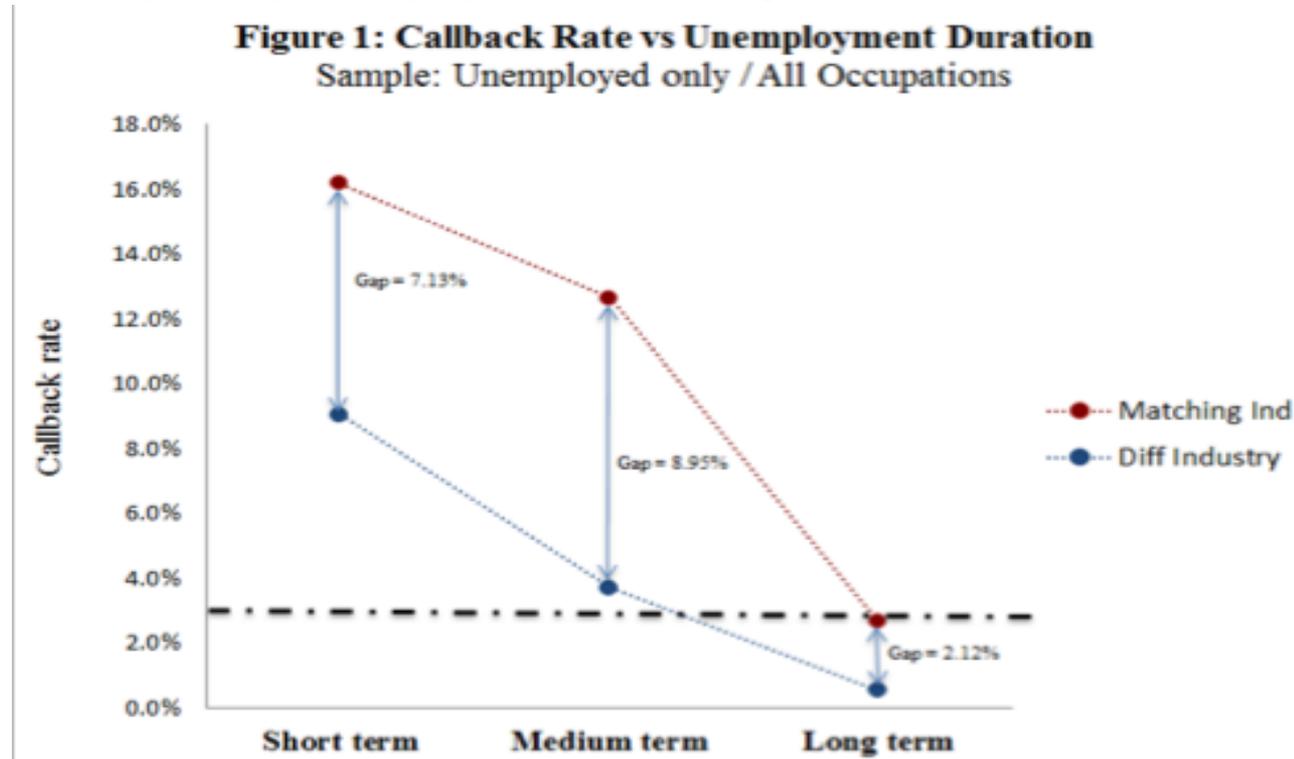
“There are two labor markets nowadays. There's the market for people who have been out of work for less than six months, and the market for people who have been out of work longer. The former is working pretty normally, and the latter is horribly dysfunctional. That was the conclusion of recent research by Rand Ghayad, a visiting scholar at the Boston Fed and a PhD candidate in economics at Northeastern University, and William Dickens, a professor of economics at Northeastern University, that looked at Beveridge curves for different ages, industries, and education levels to see who the recovery is leaving behind.

“Okay, so what is a Beveridge curve? Well, it just shows the relationship between job openings and unemployment. There *should* be a pretty stable relationship between the two, assuming the labor market isn't broken. The more openings there are, the less unemployment there should be. If that isn't true, if the Beveridge curve "shifts up" as more openings don't translate into less unemployment, then it might be a sign of "structural" unemployment. That is, the unemployed just might not have the right skills. Now, what Ghayad and Dickens found is that the Beveridge curves look normal across all ages, industries, and education levels, *as long as you haven't been out of work for more than six months*. But the curves shift up for everybody if you've been unemployed longer than six months. In other words, it doesn't matter whether you're young or old, a blue-collar or white-collar worker, or a high school or college grad; all that matters is how long you've been out of work.”

[Matthew O'Brien](#), “The Terrifying Reality of Long-Term Unemployment,” *Atlantic Monthly*, April 13, 2013.

Consequences of Long Term Unemployment, cont'd

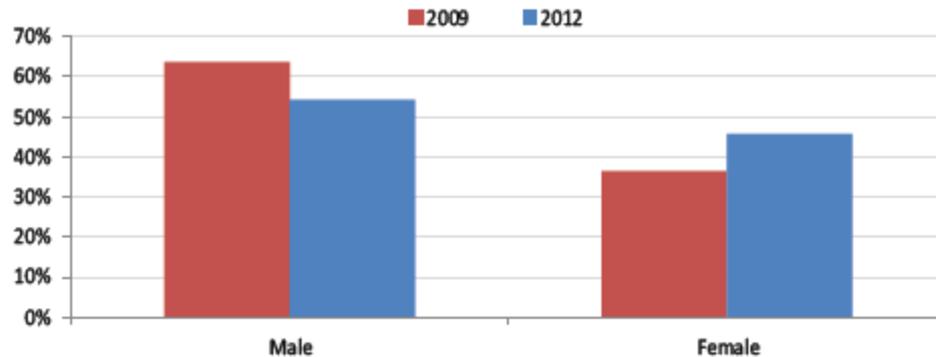
“But just how bad is it for the long-term unemployed? Ghayad ran a follow-up field experiment to find out. In a new working paper, he sent out 4800 fictitious resumes to 600 job openings, with 3600 of them for fake unemployed people. Among those 3600, he varied how long they'd been out of work, how often they'd switched jobs, and whether they had any industry experience. Everything else was kept constant.



“The results are equal parts unsurprising and terrifying. Employers prefer applicants who haven't been out of work for very long, applicants who have industry experience, and applicants who haven't moved between jobs that much. *But how long you've been out of work trumps those other factors.* As you can see in the chart below from Ghayad's paper, people with relevant experience (red) who had been out of work for six months or longer got called back less than people without relevant experience (blue) who'd been out of work shorter.

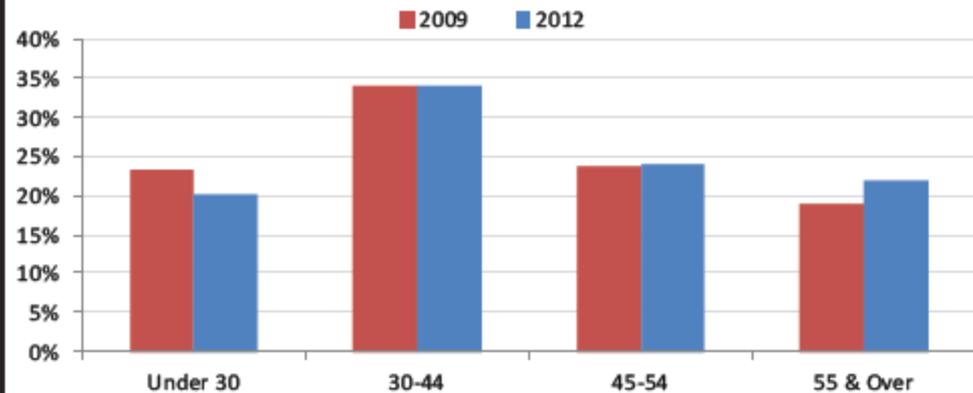
NM Unemployment Insurance Claimants, 2009, 2012

Chart 1: Statewide Continued Claims by Gender (Percentage of Total)



Source: Program to Measure Insured Unemployed Statistics (PROMIS) Database

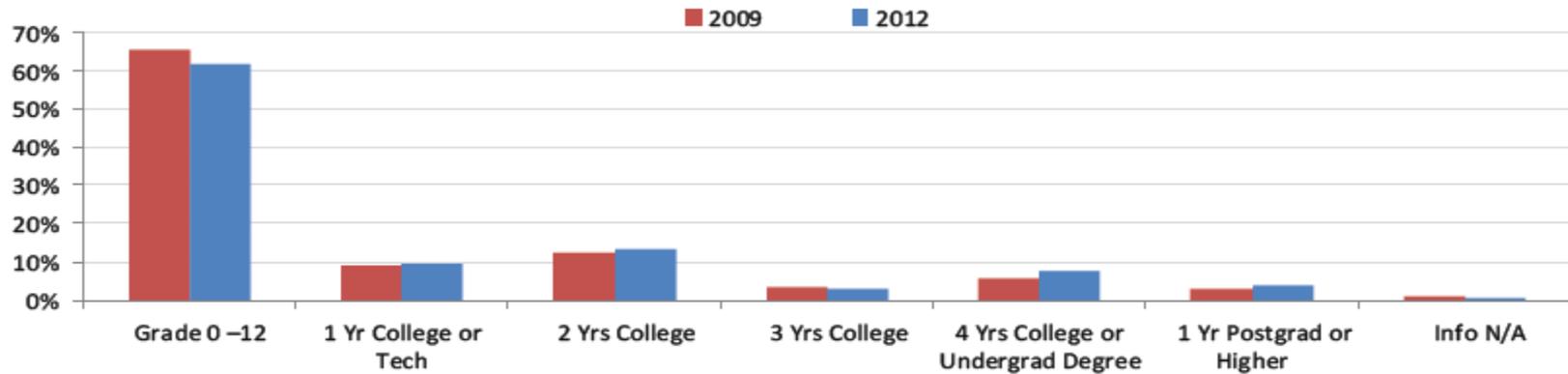
Chart 2: Statewide Continued Claims by Age (Percentage of Total)



Source: Program to Measure Insured Unemployed Statistics (PROMIS) Database

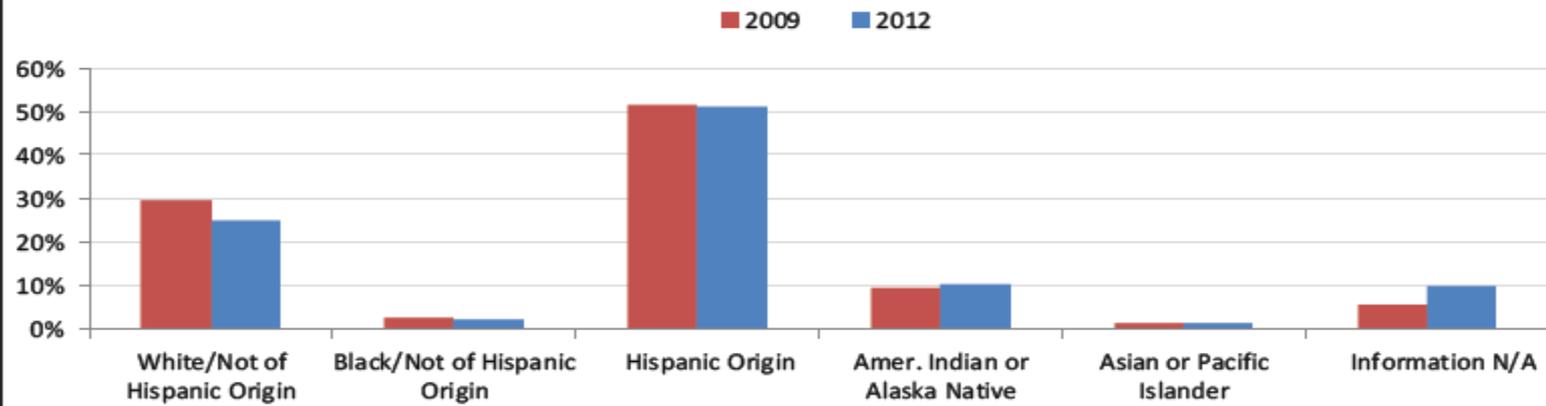
NM Unemployment Insurance Claimants, 2009, 2012

Chart 3: Statewide Continued Claims by Educational Attainment (Percentage of Total)



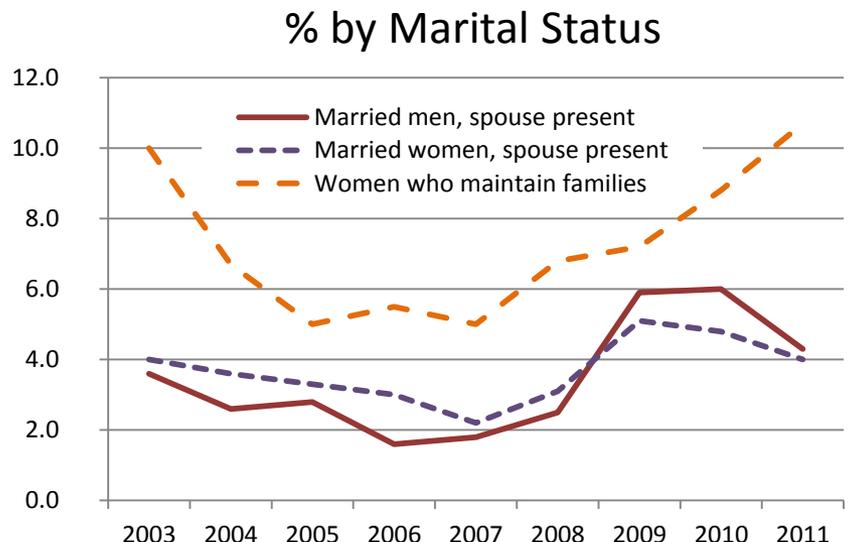
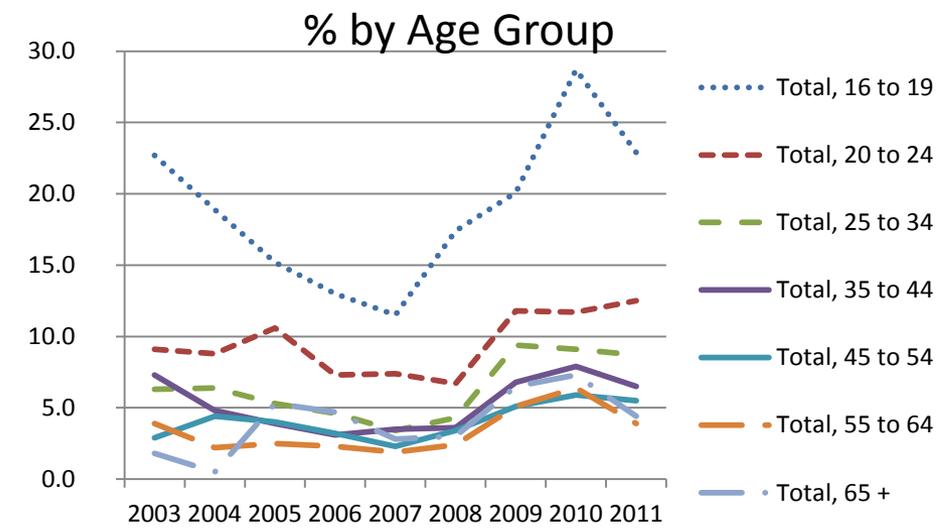
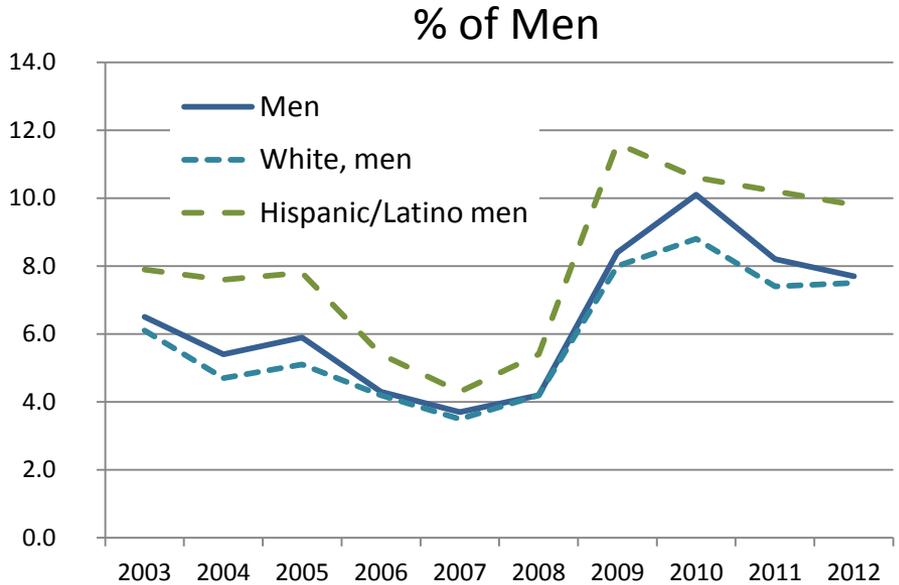
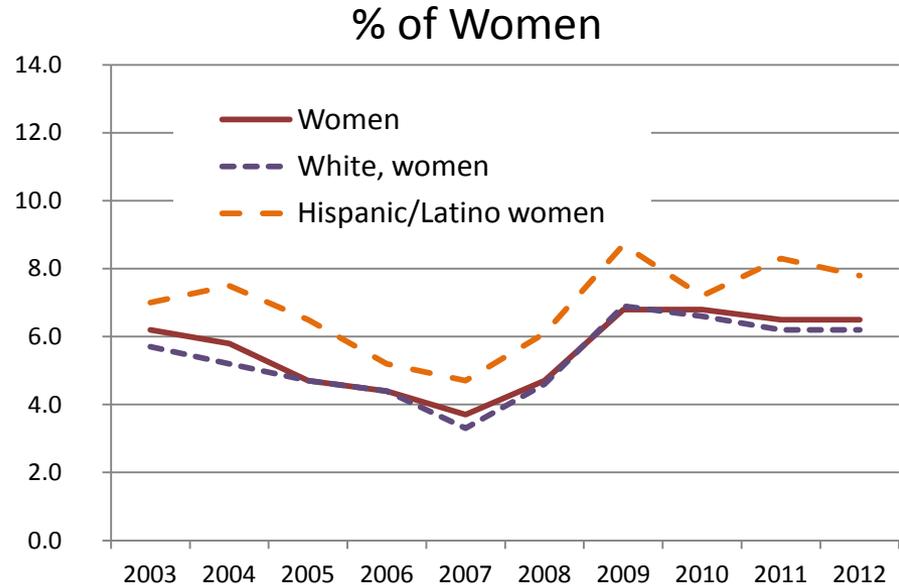
Source: Program to Measure Insured Unemployed Statistics (PROMIS) Database

Chart 4: Statewide Continued Claims by Race by Ethnicity (Percentage of Total)



Source: Program to Measure Insured Unemployed Statistics (PROMIS) Database

Recent History for Unemployment Rate in New Mexico

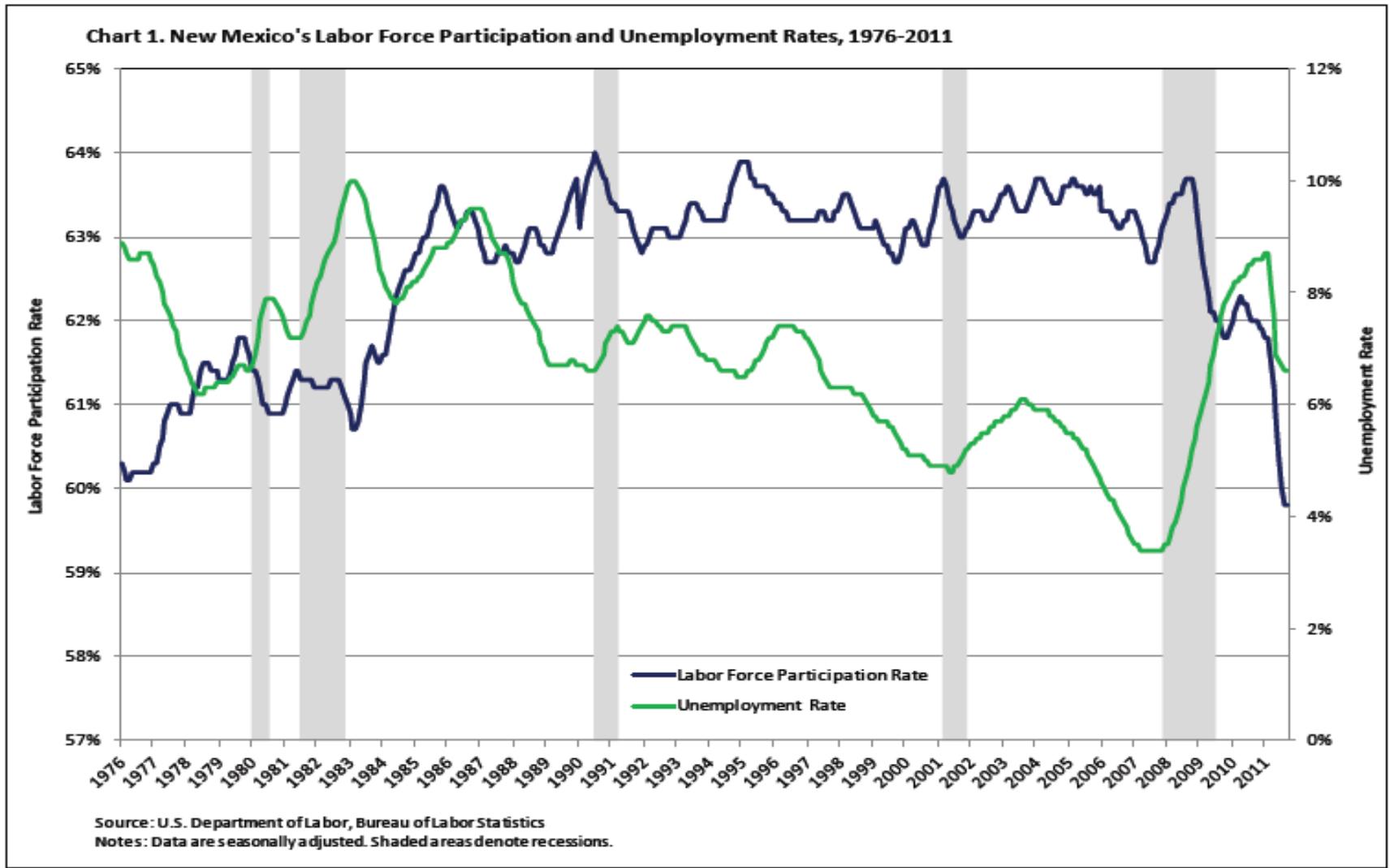


ACS: Characteristics of New Mexicans Unemployed

Year	2007	2008	2009	2010	2011
Population 16 years and over	5.60%	6.00%	9.00%	9.50%	11.20%
AGE					
16 to 19 years	18.90%	17.10%	26.80%	22.70%	33.20%
20 to 24 years	9.70%	12.30%	15.50%	15.70%	18.20%
25 to 44 years	4.70%	5.30%	8.50%	9.40%	10.50%
45 to 54 years	4.50%	4.10%	4.70%	7.00%	8.70%
55 to 64 years	2.70%	2.90%	7.10%	6.90%	6.30%
65 to 74 years	3.60%	3.70%	5.00%	5.60%	8.60%
75 years and over	0.00%	2.20%	10.50%	9.30%	3.50%
RACE AND HISPANIC OR					
One race					
White	5.10%	5.40%	8.80%	8.60%	10.00%
Black or African American	1.70%	9.60%	12.70%	9.20%	11.70%
American Indian and	9.30%	10.70%	11.40%	14.40%	19.40%
Asian	5.40%	4.70%	8.50%	8.80%	10.80%
Some other race	6.50%	5.90%	8.00%	11.60%	12.20%
Two or more races	8.70%	8.20%	10.90%	11.10%	14.90%
Hispanic or Latino origin (of	6.60%	6.30%	10.70%	11.30%	13.10%
White alone, not Hispanic or	4.40%	4.70%	6.70%	7.20%	7.70%
Population 20 to 64 years	5.00%	5.40%	8.20%	9.00%	10.20%
SEX					
Male	4.90%	5.30%	9.60%	9.70%	10.70%
Female	5.10%	5.60%	6.60%	8.30%	9.60%
With own children under 6	8.10%	7.40%	11.40%	12.70%	13.60%

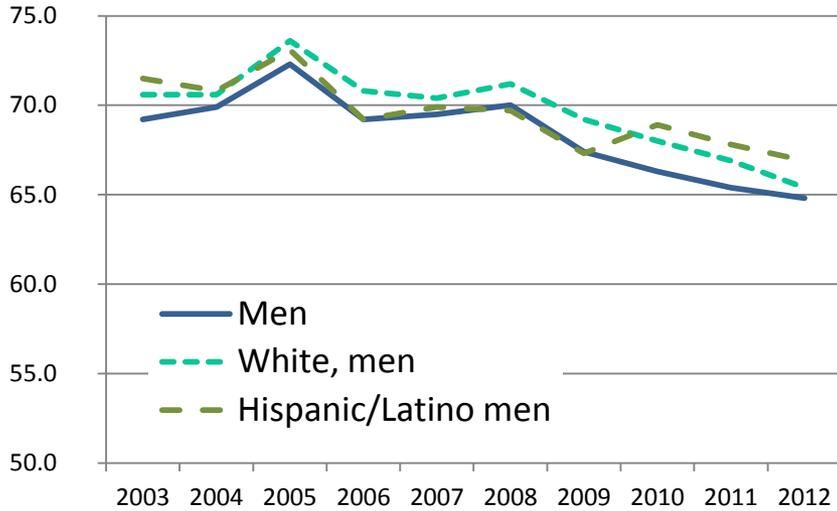
Source: US Census Bureau, American Community Survey

NM Unemployment & Labor Force Participation 1976 -2011: The Shrinking Work Force

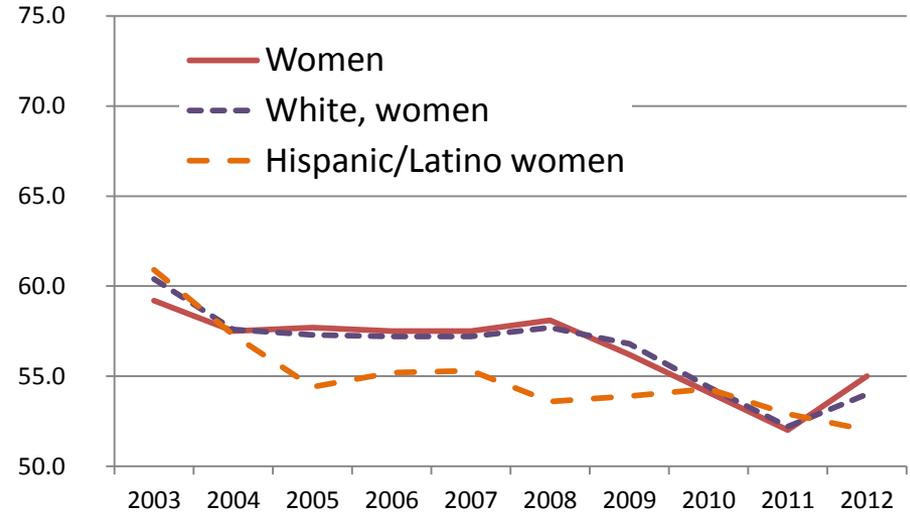


% of NM Population Employed – Household Survey

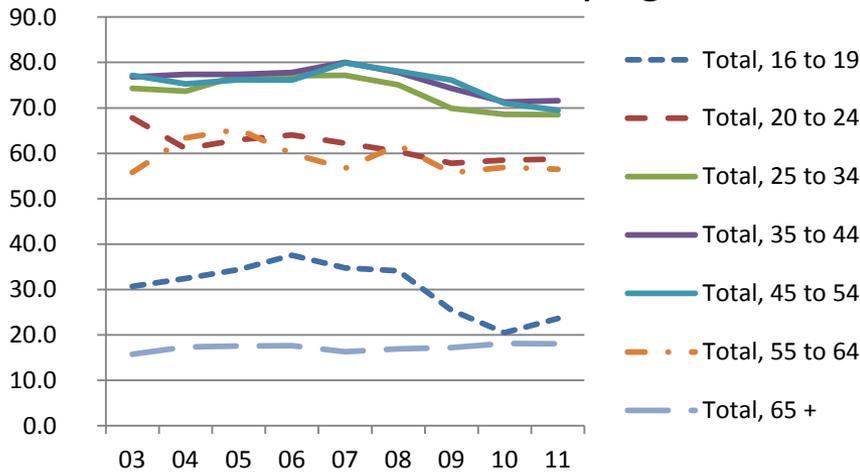
New Mexico Men



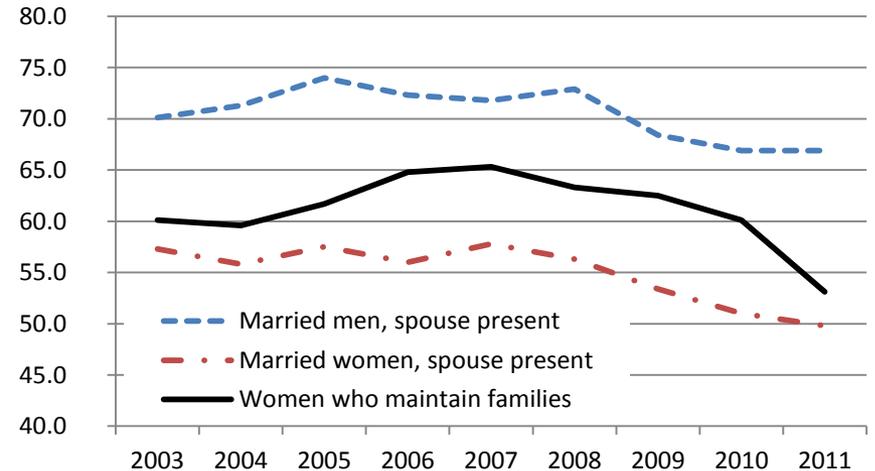
New Mexico Women



New Mexicans by Age

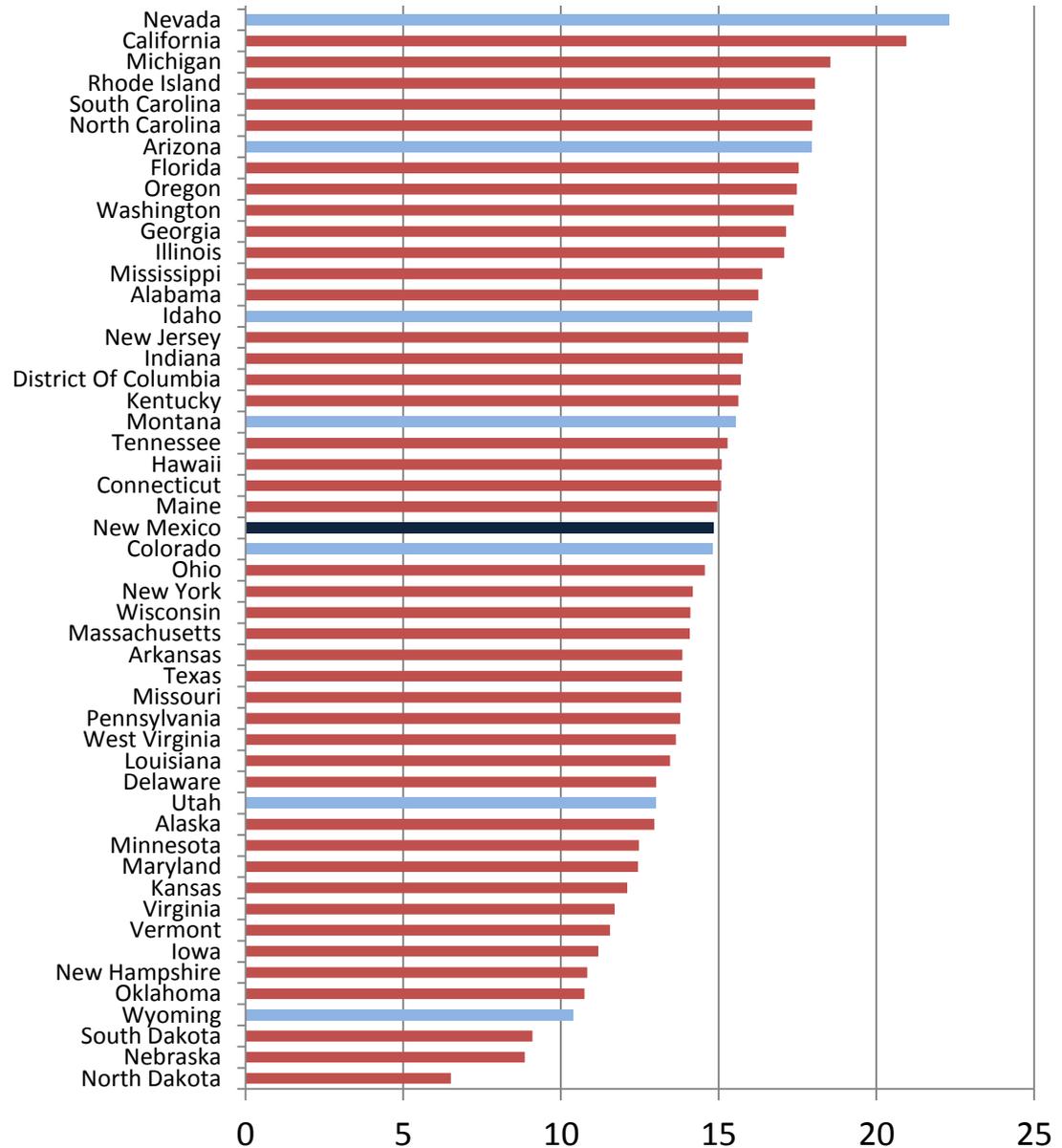


New Mexicans by Marital Status



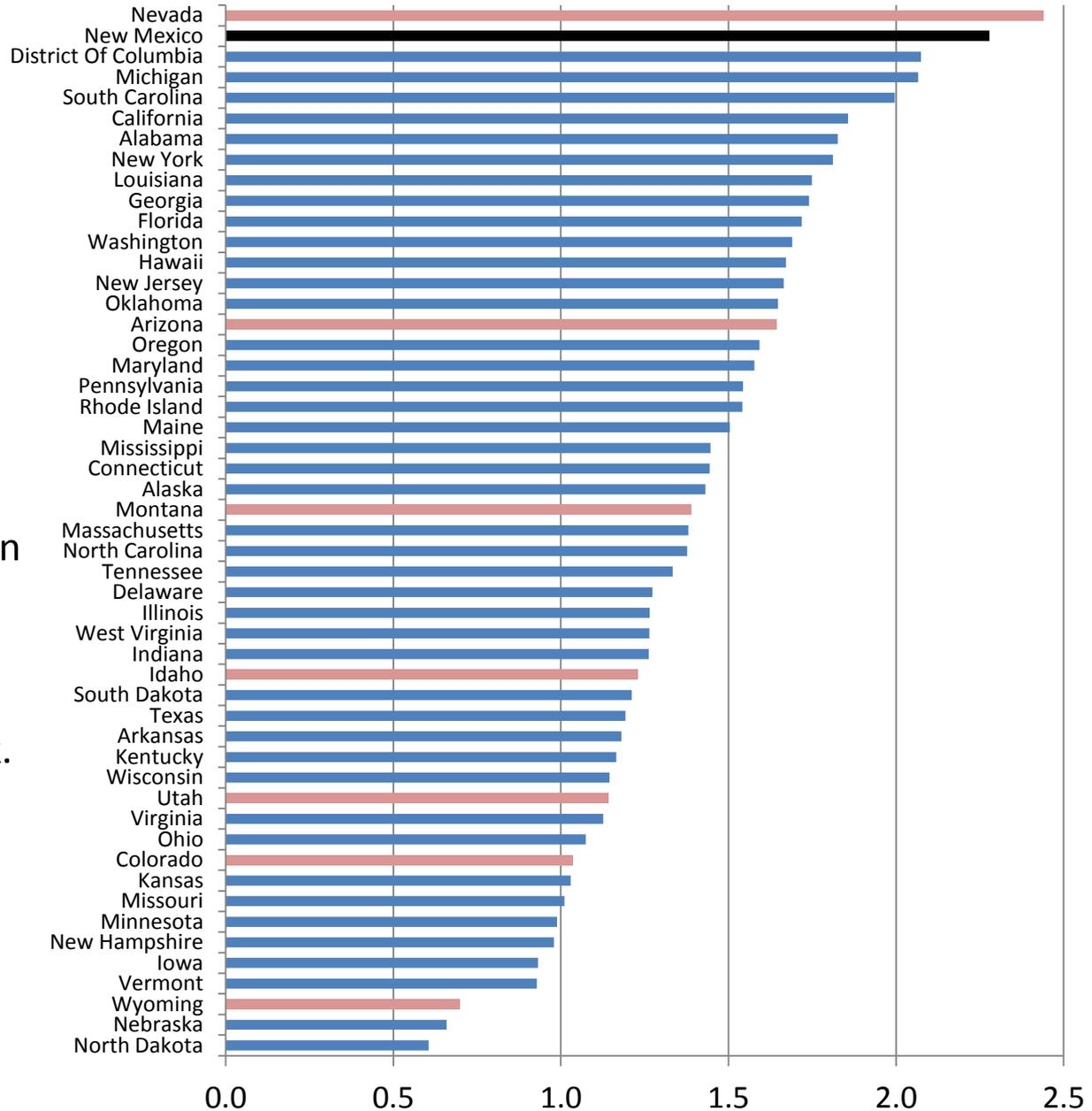
% Of Workers 18 To 64 Not Fully Employed, 2011

Percent of people 18 to 64 who are either (1) unemployed, (2) marginally attached to the labor market, or (3) employed part-time for economic reasons



% Workers Marginally Attached To The Labor Force, 2011

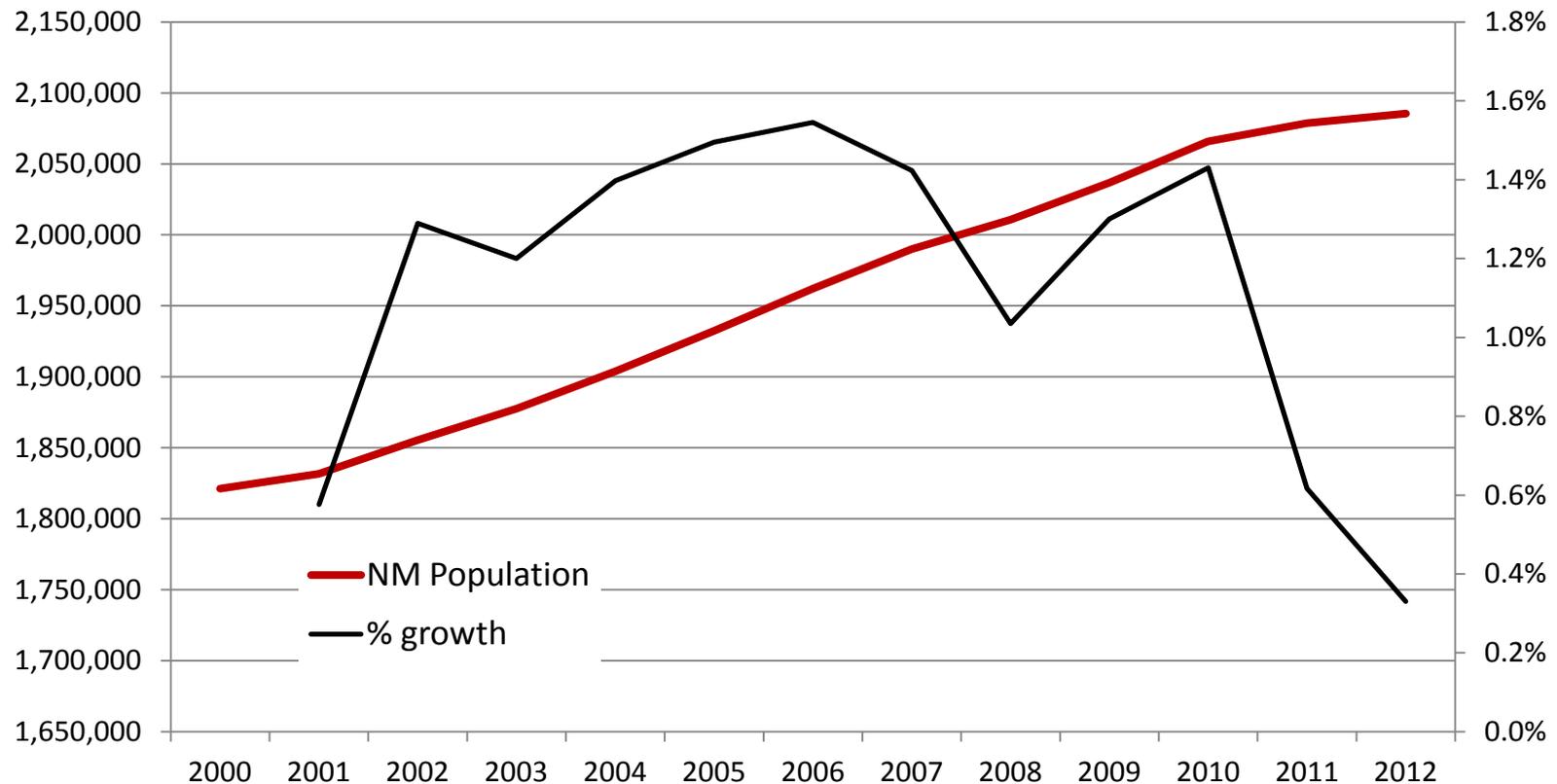
A person is considered marginally attached if they are not in the labor force, but looked for work in the past 12 months, want a job, and are available to work.



Source: BLS WFPF PRB analysis of 2011 Basic Monthly CPS.

NM Population Growth Has Slowed Dramatically.

New Mexico Intercensal Population Estimates Totals as of July 1 and Estimated Growth Over Previous Year



Source: US Bureau of the Census

UNM Bureau of Business and Economic Research

Behind the slowing NM population growth: Net domestic out-migration

NM Population Estimates Components of Change, 2010 - 2012

Time Period	Total Population Change	Natural Increase	Vital Events		Net Migration		
			Births	Deaths	Total	Internat'l	Domestic
April 2010 to July 2012	26,358	27,475	63,673	36,198	-1,069	4,229	-5,298
July 2011 to July 2012	6,864	12,114	28,306	16,192	-5,229	2,348	-7,577

Source: US Bureau of the Census

New Mexico Counties: Estimates of the Components of Resident Population Change: July 1, 2011 to July 1, 2012

Geography	July 1, 2011 to July 1, 2012						
	Population Change ¹	Natural Increase	Vital Events		Net Migration		
			Births	Deaths	Total	International ²	Domestic
New Mexico	6,864	12,114	28,306	16,192	-5229	2348	-7,577
Bernalillo County	3,580	3,700	8,872	5,172	-93	996	-1,089
Catron County	-56	4	22	18	-61	1	-62
Chaves County	111	368	1,008	640	-249	-8	-241
Cibola County	-165	178	406	228	-348	2	-350
Colfax County	-398	-16	132	148	-384	18	-402
Curry County	364	523	893	370	-162	204	-366
De Baca County	-35	-2	20	22	-32	0	-32
Doña Ana County	1,501	1,857	3,304	1,447	-349	91	-440
Eddy County	420	229	759	530	191	-7	198
Grant County	-42	8	333	325	-43	42	-85
Guadalupe County	-43	-8	32	40	-36	-2	-34
Harding County	-5	5	10	5	-10	2	-12
Hidalgo County	-44	15	56	41	-60	0	-60
Lea County	1,202	682	1,153	471	516	7	509
Lincoln County	-129	48	226	178	-177	14	-191
Los Alamos County	-37	65	173	108	-101	53	-154
Luna County	-121	127	403	276	-248	-11	-237
McKinley County	-606	928	1,405	477	-1,558	17	-1,575
Mora County	-90	1	32	31	-91	1	-92
Otero County	483	450	983	533	33	449	-416
Quay County	-287	-7	100	107	-282	-2	-280
Rio Arriba County	-35	235	589	354	-274	29	-303
Roosevelt County	-82	151	324	173	-238	27	-265
Sandoval County	1,357	706	1,590	884	665	62	603
San Juan County	466	1,073	1,981	908	-603	-9	-594
San Miguel County	-410	30	303	273	-441	5	-446
Santa Fe County	1,056	417	1,385	968	653	324	329
Sierra County	-119	-138	100	238	21	-1	22
Socorro County	-270	74	235	161	-349	33	-382
Taos County	-148	38	308	270	-187	21	-208
Torrance County	-346	6	159	153	-357	1	-358
Union County	3	6	43	37	-2	0	-2
Valencia County	-211	361	967	606	-573	-11	-562