



# NEW MEXICO LEGISLATIVE COUNCIL SERVICE INFORMATION BULLETIN NUMBER 27

LEGISLATIVE RESEARCH, POLICY & COMMITTEE SERVICES

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## JOBS LOSS: PRE- AND POST-RECESSION EMPLOYMENT IN NEW MEXICO

### SUMMARY

The financial crisis of 2007-2008 and the subsequent Great Recession brought widespread jobs loss throughout the United States. New Mexico was not spared, and it, too, has lost significant numbers of jobs since 2007. Although most other states are in varying stages of economic recovery and jobs creation, New Mexico continues to struggle to gain any momentum in its own post-recession recovery.

This information bulletin provides historical and current information on employment in New Mexico, and a comparison among the post-recession economic and employment recoveries in neighboring states, in the nation and in New Mexico.

### Employment in New Mexico — An Historical Perspective

A review of the past 20 years of New Mexico's employment data shows that, until 2008, nonfarm jobs numbers steadily increased, outpacing the state's population growth almost every year. Following the financial crisis of 2007-2008 and beginning in March 2008, nonfarm jobs numbers in the state began to plummet. Between the end of 2010 and the end of 2012, the state experienced some job growth, which was attributable primarily to the jobs added by the mining and logging, education and health services, leisure and hospitality and trade, transportation and utilities industries. Collectively, those industries added approximately 15,000 jobs during those years.

New Mexico has recently been losing jobs again, however.

Since 1994, approximately three-fourths of the total nonfarm jobs in the state have been concentrated in the following sectors: government; trade, transportation and utilities; education and health services; financial activities; professional and business services; and leisure and hospitality. Jobs in the government industry, which includes federal, state and local government jobs,

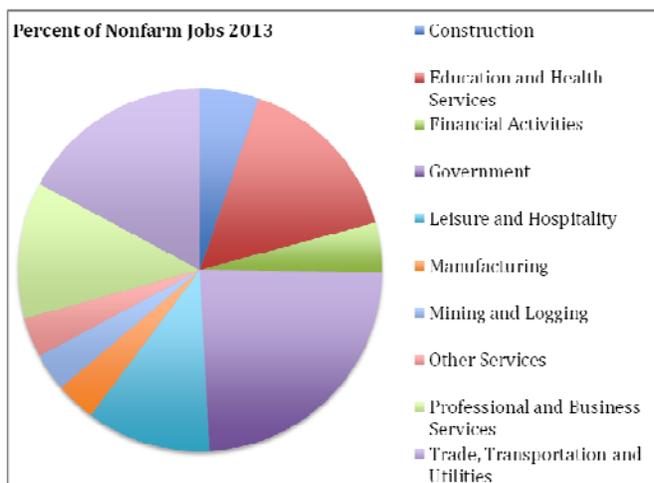
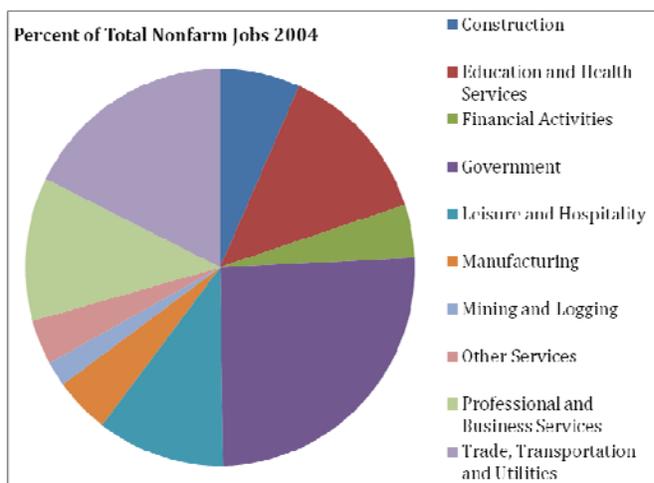
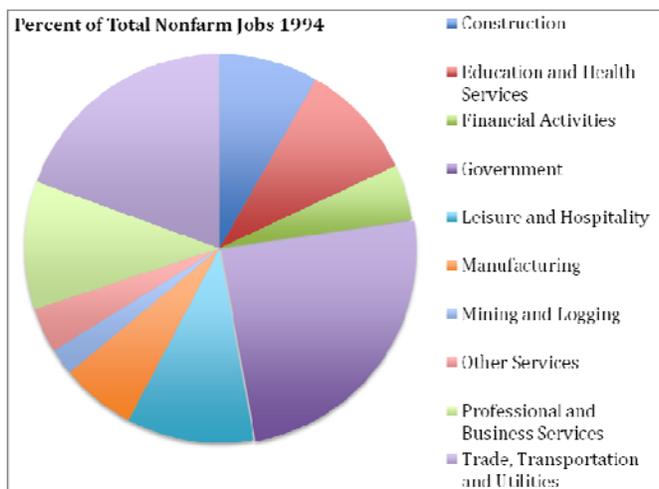
### Percent Change in NM Nonfarm Jobs vs. Percent Change in NM Population



consistently constitute the greatest percentage of nonfarm jobs in the state — on average, 25% of the total number of nonfarm jobs.

In the past 20 years, the distribution of nonfarm jobs among industries has shifted noticeably in just a few instances, and has remained fairly consistent in industries, including government employment. The percentage of total nonfarm jobs in the manufacturing and construction industries has decreased significantly in the past two decades. In 1994, approximately 6.2% of total nonfarm jobs was in manufacturing and another 8.2% was in construction. The proportion of total jobs for both of those industries has been slowly shrinking since 1994, but it dropped off more severely after 2007. As of 2013, jobs in those industries constitute just 3.5% and 5.2% of the state's total nonfarm jobs, respectively.

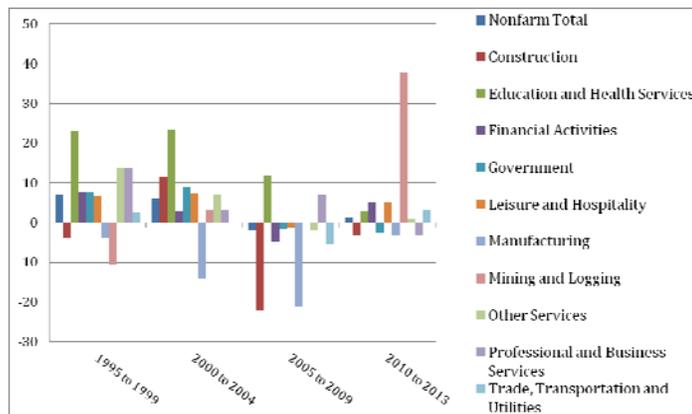
One industry — education and health services — has been a steady and thriving presence in New Mexico employment over the past two decades. In 1994, the education and health services industry provided 9.7% of the state's nonfarm jobs; in 2004, it provided 13%; and as of December 2013, 15.3% of the state's total nonfarm jobs are in this sector. Notably, this industry is also the only one that has not had a net loss in jobs for any year, measured December to December, since 1994. The total number of jobs in education and health services in New Mexico has nearly doubled in the past 20 years, from 65,400 in 1994 to 124,000 in 2013.



**The Post-Recession Jobs Picture in New Mexico**

During the 12 months preceding December 2008, New Mexico lost approximately 12,500 nonfarm jobs. During the next three years, the full effect of the Great Recession hit the state, and another 36,300 nonfarm jobs were lost. The employment industries that were hit the hardest in terms of the total number of jobs that each industry lost since December 2007 were: construction — 18,600 jobs; trade, transportation and utilities — 13,700 jobs; professional and business services — 10,600 jobs; and manufacturing — 8,200 jobs. The other nonfarm industries in New Mexico reported job losses of at least 2,500 jobs since 2007, except for education and health services, which suffered no net jobs losses (measured December to December of each year) during that time.

**Percent Jobs Gained/Lost by Industry — 1994 Through 2013**

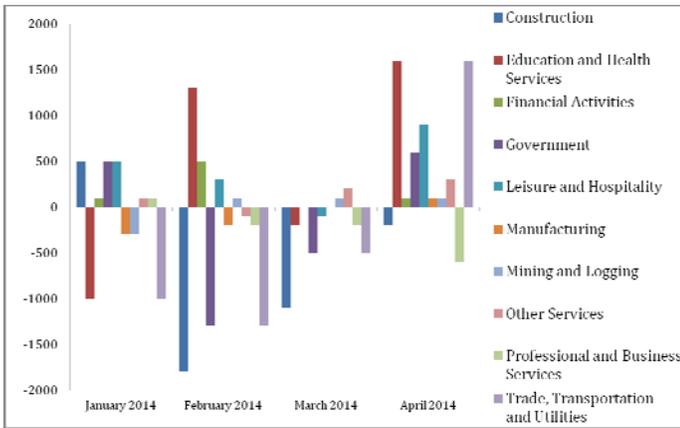


Jobs data for the first five months of 2014 reveal several industries that stand out as potential leaders in New Mexico's creation of nonfarm jobs and in its economic recovery. The number of jobs in education and health services, in financial activities and in leisure and hospitality have all shown promising growth so far in 2014, although overall, the state continues to lose jobs.

**How Does New Mexico's Economic Recovery Compare with Its Neighbors and with the Nation?**

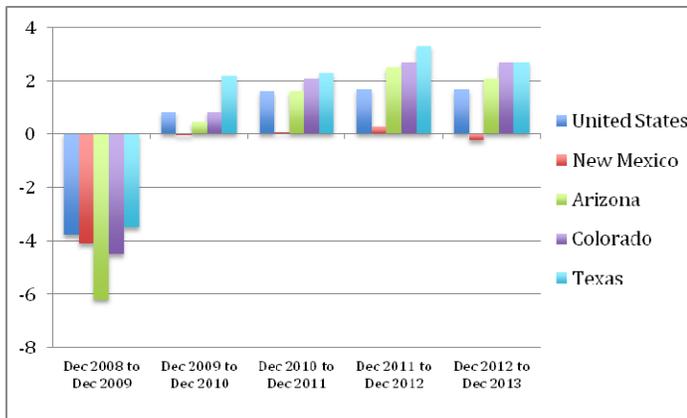
Between December 2007 and December 2009, the total number of nonfarm jobs in the United States fell by 8,663,000. Despite the staggering number of jobs

**Number of Jobs Gained/Lost by Industry — January Through May 2014**



lost over the two years following the financial crisis, nonagricultural employers have reported a slow but steady increase in nationwide jobs numbers since October 2010. New Mexico employers also reported a significant number of jobs lost after the financial crisis — 46,100 total jobs lost from December 2007 through December 2010. However, unlike states in its geographic region and the country as a whole, New Mexico has been unable to chart and stay on its own course toward economic and employment recovery.

**Percent Nonfarm Jobs Lost/Gained — Year over Year**



Although the state did see the addition of nonfarm jobs in the months following January 2010, that growth has stuttered several times, and as of April 2014, the state continues to report a net loss in nonfarm jobs.

The Current Employment Statistics Program (CES) data for the United States, New Mexico, Arizona, Colorado and Texas reveal that the states surrounding New Mexico — even those that suffered greater percentages of job losses than New Mexico — have followed the national trend toward economic and jobs recovery, while New Mexico continues to struggle to record any gains in nonfarm job numbers.<sup>1</sup>

**How Are Jobs Gains and Losses Measured?**

One method that the federal Bureau of Labor Statistics (BLS) uses to collect data on the number of jobs gained or lost in the United States, in individual states and in most of the country's major metropolitan areas is a survey called the CES. The CES collects nonagricultural employment numbers based on the payroll and unemployment insurance records of approximately 144,000 businesses represented at approximately 554,000 work sites throughout the country and includes information from 1,361 New Mexico employers.<sup>2</sup> The CES data are drawn from unemployment insurance records, so employees who are not covered by unemployment insurance, like many agricultural workers, are not counted in the CES reports.<sup>3</sup>

The BLS uses other employment data-gathering tools, including the Current Population Survey (CPS), which is a monthly household survey of the employment status of 60,000 eligible households' members. While the CPS is useful in that it produces information that the CES does not, such as farmworkers' employment data, there are characteristics of the CPS — it counts only workers over 16 years old; it counts workers rather than actual jobs; and its survey responses are more subject to nonsampling error than the CES's survey — that make the CES a more useful tool for the purpose of this information bulletin. Consequently, the information in this information bulletin is based on seasonally adjusted CES data and relates only to nonagricultural job numbers.<sup>4</sup>

## Endnotes:

<sup>1</sup>All data and employment numbers used in preparing this report and that are not otherwise cited can be found at Bureau of Labor Statistics, U.S. Department of Labor, *State and Area Employment, Hours and Earnings*, Series IDs: SMS3500000000000001, SMS3500000200000001, SMS3500000650000001, SMS3500000550000001, SMS3500000900000001, SMS3500000700000001, SMS3500000300000001, SMS3500000100000001, SMS3500000800000001, SMS3500000600000001, SMS3500000400000001, reports generated July 7, 2014.

<sup>2</sup>Bureau of Labor Statistics, U.S. Department of Labor, *Current Employment Statistics*, July 22, 2014, [www.bls.gov/saw/sample.htm](http://www.bls.gov/saw/sample.htm).

<sup>3</sup>Bureau of Labor Statistics, U.S. Department of Labor, *Current Employment Statistics*, July 18, 2014, [www.bls.gov/ces/](http://www.bls.gov/ces/).

<sup>4</sup>*Understanding the employment measures from the CPS and CES survey*, Mary Bowler and Teresa L. Morisi, <http://www.bls.gov/opub/mlr/2006/02/art2full.pdf>, Monthly Labor Review, February 2006.

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