Even during an economic downturn, when total employment is on the decline, some employers are still filling some positions. Civilian labor force employment and unemployment numbers capture the big picture of a recession, but they don’t address questions relating to new hires. How many new hires were made, and in what industries did the hiring occur? What were the new hire wages? The civilian labor force series also doesn’t answer questions regarding the types of workers being hired or separated. Were these 20-somethings or 50-somethings, male or female? From personal experience, we know there is a great deal of employment activity occurring even during a recession. The Local Employment Dynamics (LED) Quarterly Workforce Indicators (QWI), now available in LASER at laser.state.nm.us, fills this gap in employment data.

LED data are produced through a cooperative effort between the States and the Census Bureau to use existing administrative data to provide local labor market information without additional reporting burdens to employers and employees. Sometimes you will see this labeled as LEHD, for Longitudinal Employer Household Dynamics, which is the name of the census program that administers the LED data program. One of the strengths of these data is the indicator breakdowns, including industry, gender, age, and geography by county, workforce information area, and metropolitan statistical area. A drawback is that the timing of the data availability is similar to that of QCEW, with the current data quarter coming out three quarters after its close.

The website tool for looking at these data is easy to understand. Some of the data visualization features are not as robust as they could be, but there is a nice feature to download the data in an Excel format once they are filtered. If you are interested in doing your own research on employment activity, see this month’s Workforce Information Tip for how to use the LED tool in LASER.

The following analysis uses 12 quarters of data, 2007 through 2009, for Bernalillo County. This time frame was chosen to see the hiring and firing trends over the current recession. Bernalillo County was chosen because it is the county with the highest total employment in the state. From 2007 through 2008, the recession was impacting the nation but not New Mexico and Bernalillo County, in terms of overall employment. The accompanying chart shows that Bernalillo County employment began to decline in first quarter 2009, slipping to 315,645 from 331,540 the previous quarter. The decline continued through the third quarter before ticking up slightly in the fourth quarter to close the year at a relatively low 299,089.

In second quarter 2007, the number of separations increased to 102,474 from the previous quarter’s 75,355. During this same time frame, hiring increased only marginally to 75,853 from 63,397. The next quarter produced in a dip in total employment, meaning quarterly separations increased while hiring increased by a smaller amount, resulting in a net employment decrease. Prior to the employment contractions in the first and third quarters of 2009, separations more than offset hiring increases.

So what is going to happen in the future with these series? Quarterly Census of Employment and Wages numbers for total employment during first quarter 2010 declined to 309,065, not as low as third quarter 2009, before rising to 312,930 for second quarter 2010. These numbers are signs of an improving employment situation. The fourth quarter 2009 new hires total was a rather unimpressive 45,669, and separations were still high at 68,223. This certainly
followed the preceding trends. These data indicate that Bernalillo County employment will likely recover slowly from this recession. We expect the rest of the Quarterly Workforce Indicators for the first and second quarters of 2010 to be updated by April of this year.

Third quarter 2009 was the lowest total employment for this time frame. In Bernalillo, total new hires were at 48,708, up slightly from 47,584 the previous quarter. Total separations for the quarter were at 60,837, down from 77,607. The industry with the most new hires was Administrative and Support and Waste Management and Remediation Services, at 8,215, followed by Accommodation and Food Services, 7,837; Retail Trade, 7,473; and Health Care & Social Assistance, 5,772. Health Care & Social Assistance hiring and separation totals had a difference of less than 500, probably signifying a strong industry in this economy. The same industries with the most new hires also had the most separations for the quarter. This is somewhat good news for employees who have been separated, as the hiring activities were high in the same industries in which they have been working. All industries except Mining, Quarrying, & Oil & Gas Extraction had greater separations than new hires for the quarter.

Other breakouts for these data include gender, age groups, and wages. Males comprised both more hires and separations than did females. This result matches the U.S. Census Bureau’s American Communities Survey 2005-2009 demographic breakout for New Mexico, as 53 percent of the workforce was male and 47 percent was female. The age range 25-34 had the most new hires, at 11,655, and separations, at 18,574. For the 14-18 age group, new hires outnumbered separations, likely reflecting more hiring of 17 or 18 year olds than 14 to 16 year olds. The age range 55-64 had a significant drop in new hires, probably a result of retirements within this group, but also a possible indicator of the difficulties that older workers have in competing in today’s job market. Average monthly wages for new hires were significantly less than the all average monthly wages figure. This is expected, as entry wages are naturally lower than more experienced wage levels. This has implications regarding overall wage declines for older workers who are laid off and need to find new job.

In summary, the 2007 economy was solid in terms of separations, new hires, and overall employment. In third quarter 2008, new hires peaked at 71,369 and separations rose to 85,088, signaling the coming dip in total employment. For 2009, the recession deepened as total employment dipped to 299,089 in the fourth quarter. Using the Quarterly Workforce Indicators, analysts can now drill down to specific characteristics related to new hires and separations. This level of detail on hiring and separations in employment is not captured elsewhere, and makes LED data a rich data series to study.