Long-Term Unemployment in New Mexico
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New Mexico’s economy has so far shown only incremental improvement in the two years since the so-called “Great Recession” ended in June 2009. The downturn reversed several years of employment gains and pushed the statewide seasonally adjusted unemployment rate from a series-low 3.4 percent in late 2007 to a more than 23-year-high 8.7 percent for January and February 2011. Recent estimates from both the Current Employment Statistics and Local Area Unemployment Statistics programs show employment stabilizing at levels only slightly above their respective lows. The sharp decline in the unemployment rate after February 2011 (to 6.7 percent in July) resulted from job seekers exiting the labor force in large numbers over five consecutive months. Those continuing to seek employment faced stiff competition for limited opportunities, further extending the average time an out-of-work New Mexican spent classified as unemployed. This article used Bureau of Labor Statistics’ Current Population Survey (CPS) data (based on four-quarter moving averages to increase reliability and eliminate seasonality) to analyze these changes in unemployment duration. The most current full quarter of CPS data available for this analysis was 2011Q2.

Chart 1 above depicts the increases in both total unemployment and unemployment duration that occurred during the national recession and continued well after its official end. The unemployment estimate rose 125 percent, from a low of 35,000 for 2007Q1-2007Q4 to a high of 78,700 for 2010Q1-2010Q4, before edging down 7.0 percent over the two subsequent quarters to 73,200 for 2010Q3-2011Q2. This dip in unemployment did not, however, result in an increase in employment (which has been declining since the 2008Q2-2009Q1 period). It instead contributed to a shrinking civilian labor force estimate. These recent changes likely indicate a rise in workers discouragement, with reduced employment prospects prompting an increasing number of job seekers to end their searches and exit the labor force. Eventual improvement in labor market conditions will draw discouraged and other marginally attached workers back into the labor force, likely increasing unemployment in the short term if employment growth is not sufficient to fully accommodate their reentry. Chart 1 in part presents duration-range components of the total unemployment estimate; however, the relative changes in the various ranges are more evident when viewed in percentage terms.

Chart 2 above shows the changing shares of total unemployment represented by the five duration ranges over time. From the earliest period in the chart, 2007Q1-2007Q4, to the most recent, 2010Q2-2011Q2, the two shortest durations, fewer than five weeks and five to 14 weeks, decreased, respectively, from 43.4 percent to 21.9 percent (with the rate for most recent period actually ticking up

Source: Current Population Survey
from 18.9 percent in the previous period) and from 28.5 percent to 19.7 percent. Conversely, the two longest durations, 27 to 51 weeks and 52 or more weeks, increased from 3.9 percent to 15.7 percent (down from a peak of 18.1 percent for 2009Q4-2010Q3) and from 8.7 percent to 26.1 percent. The middle range, 15 to 26 weeks, while showing some variation within the observation period, was little changed between the start and end points, increasing from 15.5 percent to 16.5 percent. Persistent weakness in the labor market prompted the sharp increase in share over the most recent seven periods for those unemployed 52 weeks or longer. Job seekers in this range accounted for 10.3 percent of the total for 2009Q1-2009Q4 (the aggregation’s first double-digit share since 2005Q3-2006Q2). Their portion of the total then expanded over the six subsequent four-quarter periods to 12.3 percent, 16.1 percent, 19.1 percent, 24.2 percent, 26.0 percent, and 26.1 percent.

This article provides an example of the detail available in the CPS estimates. These data—when analyzed on a moving-average basis—provide a useful complement to the labor force estimates produced by the LAUS program. The Economic Research and Analysis Bureau will continue to monitor CPS estimates and present them in ways that provide additional insight into economic conditions in New Mexico.