Unemployment Is on the Rise in New Mexico

By Tracy Shaleen, Economist

The number of New Mexico residents filing continued claims for state unemployment insurance benefits has increased significantly in recent months, from 9,392 in September 2007 to 17,698 in December 2008. (These data relate to persons who have claimed unemployment for the week including the twelfth day of the month and have no earnings associated with employment.) The statewide not seasonally adjusted unemployment rate has likewise risen sharply, from 3.2 percent in January 2008 (3.1 percent seasonally adjusted) to 4.5 percent in December (4.9 percent seasonally adjusted), with seasonal increases during the summer months. The graph below tracks the not seasonally adjusted unemployment rate and continued claims counts for 2007 and 2008.

The Current Population Survey (CPS) is the primary input used by the Bureau of Labor Statistics (BLS) to produce statewide labor force estimates. The CPS classifies persons as unemployed "if they do not have a job, have actively looked for work in the prior four weeks, and are currently available for work." This definition applies regardless of whether the individual is receiving UI benefits. Therefore, the published estimate of unemployed persons (the numerator in the unemployment rate calculation) is significantly larger than the count of individuals receiving UI benefits.

The five major categories of the unemployed are (1) job losers—persons on temporary layoff and those whose employment ended involuntarily, (2) job leavers—persons who quit or otherwise terminated their employment voluntarily, (3) persons who have completed temporary jobs, (4) re-entrants—persons who previously worked but were out of the workforce before beginning their current job search, and (5) new entrants—persons who never worked prior to their current job search. The fact that UI claimants represent only part of the total unemployment estimate is most evident in observing movements in the unemployment rate and continued claims series during the summer months. The graph indicates that re-entrants and new entrants caused a sharp spike in the not seasonally adjusted unemployment rate during these periods, while claims counts posted only moderate increases.

Source: New Mexico Department of Workforce Solutions, Local Area Unemployment Statistics.