

Unemployment in Oregon

A Selection of Facts and Explanations

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Support Business & Promote Employment

www.WorkSourceOregon.org



Definition of the unemployment rate

Unemployment Rate =

Total number of unemployed
divided by
Total number in the civilian labor force

expressed as a percentage



Definition of unemployed

To be counted as unemployed (in the regularly used definition), an individual must be age 16 or older, not on active duty in the military, not in an institution, and:

- Not employed
- Available for work
- Making specific efforts to find employment within the last four weeks

Note: whether or not an individual is receiving, has ever received, or has applied for unemployment insurance benefits is not a factor in the statistical definition of the unemployed.



Definition of civilian labor force

To be counted as part of the civilian labor force, an individual must be:

- Employed – *All persons who did any work as paid employees, worked in their own business, profession or farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of the family. Also included are those who were not working but had jobs from which they were temporarily absent.*

or

- Unemployed
- Note: many individuals are not part of the civilian labor force – retirees or homemakers who are not seeking work, young children, those unable to work due to age or infirmity.



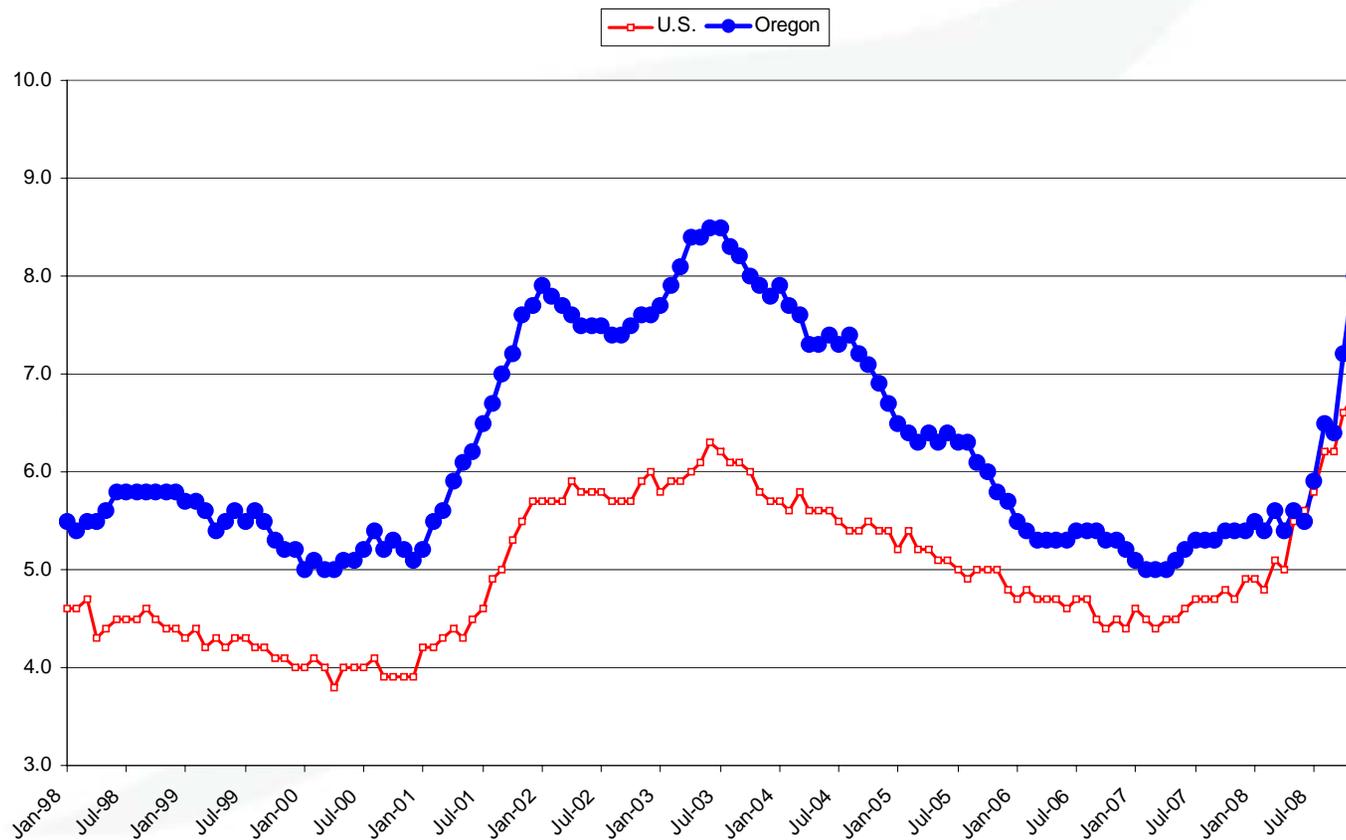
Inputs to Oregon's unemployment rate calculation

- Labor Force data from the Current Population Survey
 - 970 households sampled in Oregon
- Information from Unemployment Insurance system
 - A count of individuals claiming a week of benefit payments.
- Nonfarm Payroll Employment numbers from Current Employment Statistics Survey
 - 7,600 businesses sampled in Oregon



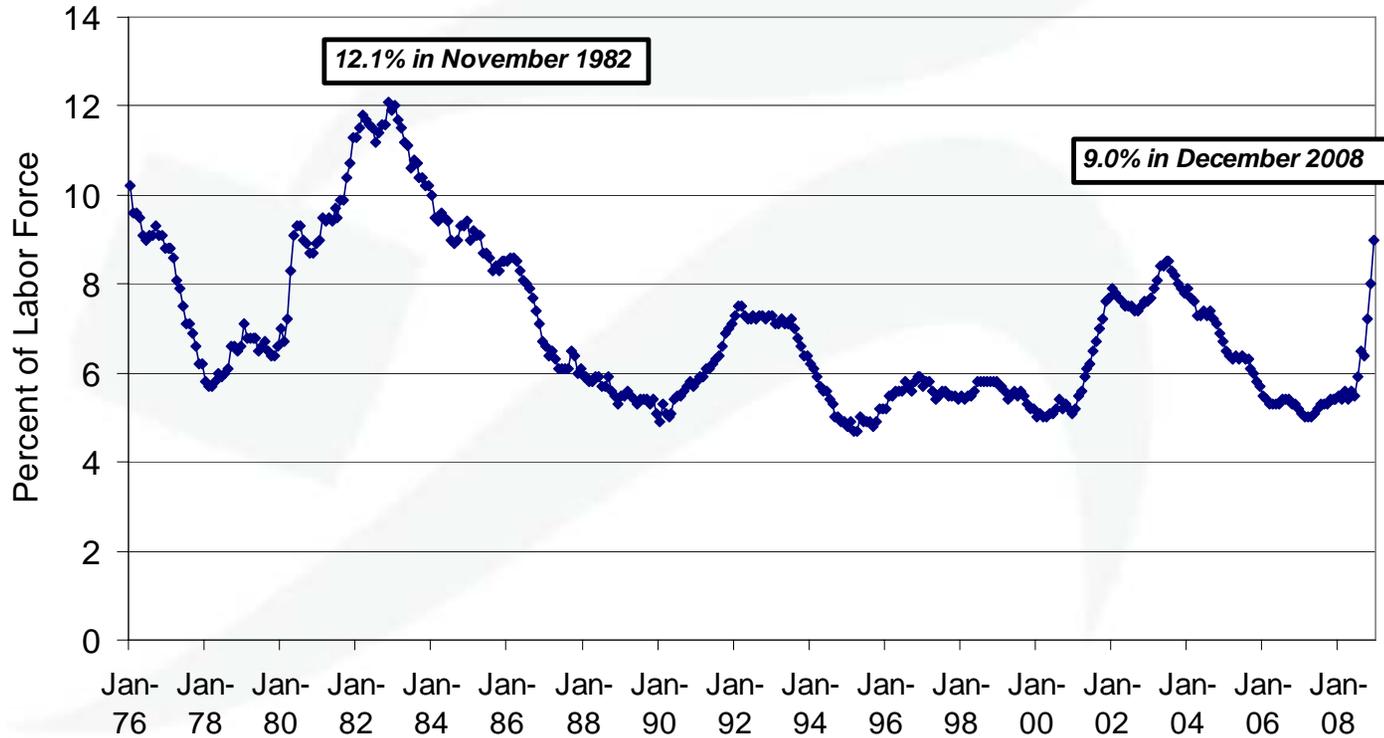
With all that said ... unemployment rates have jumped dramatically since June.

Seasonally Adjusted Unemployment Rates, 1998 to Present



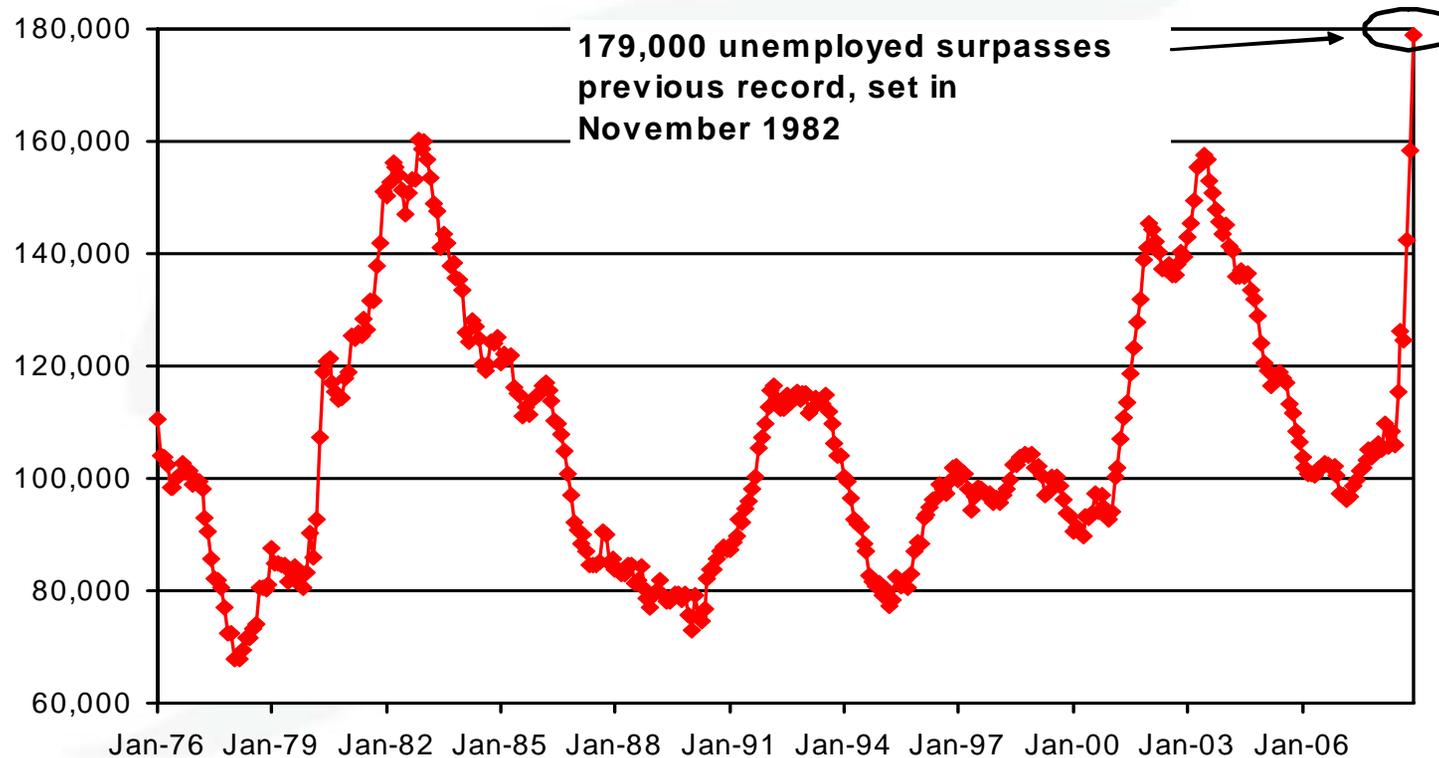
Looking back to 1982-3 adds some perspective.

Oregon's Seasonally Adjusted Unemployment Rate -- the Long-Term View



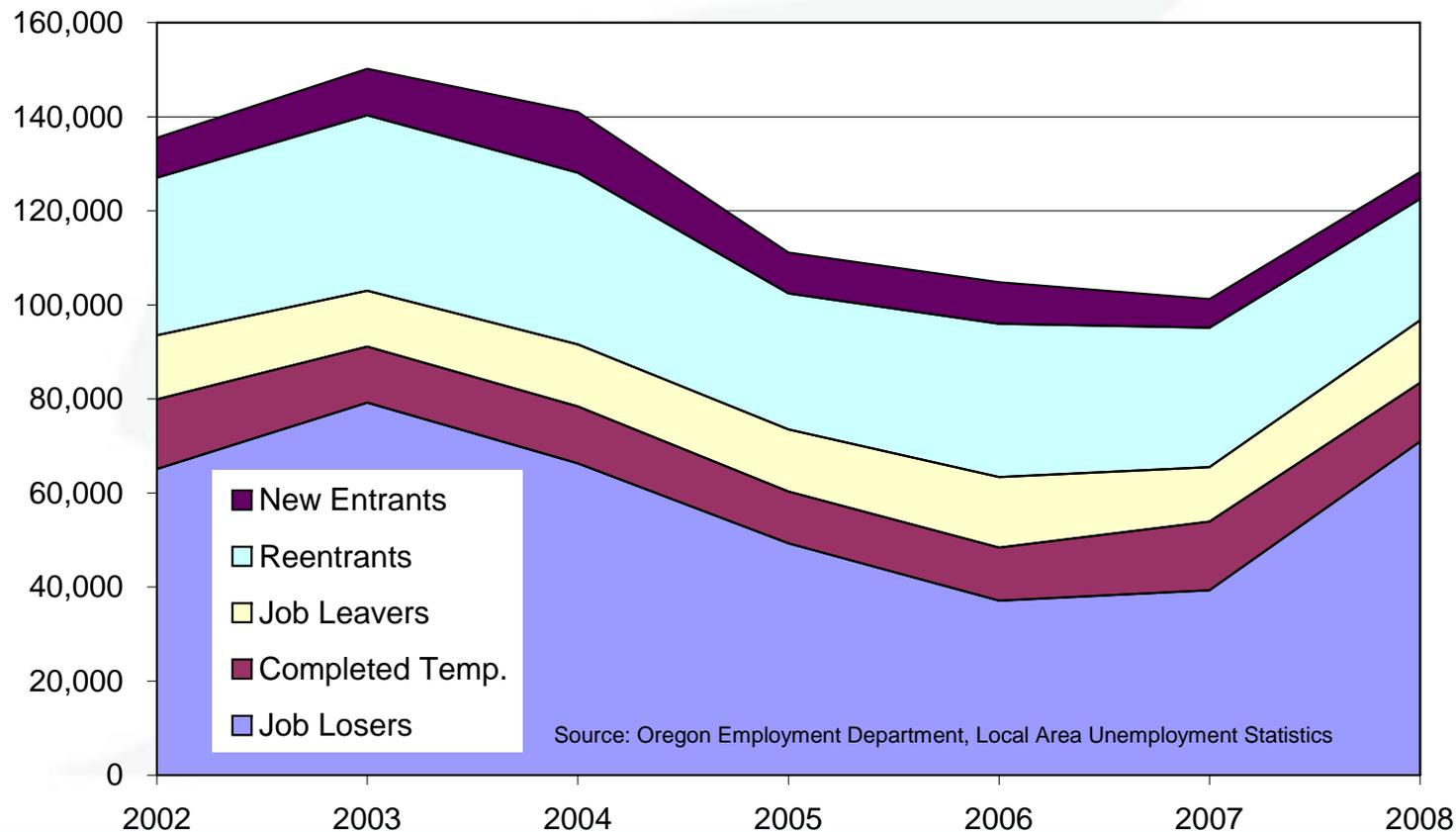
Total unemployment jumped to all-time record levels in December.

Oregon Total Unemployment, Seasonally Adjusted



Job loss is the main reason for unemployment ... and for its change

Number of Unemployed in Oregon by reason for unemployment



Source: Oregon Employment Department, Local Area Unemployment Statistics



There are six official measures of “labor underutilization”

- U-1: Persons unemployed 15 weeks or longer, as a percent of the civilian labor force.
 - Dec. 2008: U.S. = 2.9%; OR (est.) = 3.6%
- U-2: Job losers and persons who completed temporary jobs, as a percent of the civilian labor force.
 - Dec. 2008: U.S. = 4.2%; OR (est.) = 5.3%
- U-3: Official Rate - Total unemployed, as a percent of the civilian labor force.
 - Dec. 2008: U.S. = 7.2%; OR = 9.0%



There are six official measures of “labor underutilization”

- U-4: Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers.
 - Dec. 2008: U.S. = 7.6%; OR (est.) = 9.5%
- U-5: Total unemployed plus all marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers.
 - Dec. 2008: U.S. = 8.3%; OR (est.) = 10.4%



There are six official measures of “labor underutilization”

- U-6: Total unemployed plus all marginally attached workers plus total employed part-time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.
 - Dec. 2008: U.S. = 13.5%; OR (est.) = 16.9%
- Note: Marginally attached workers are neither working nor looking for work but want a job, are available to take a job, and have looked for work in the recent past. They include discouraged workers, who are not looking for work specifically due to discouragement about their job prospects.



SHIFTING GEARS ...

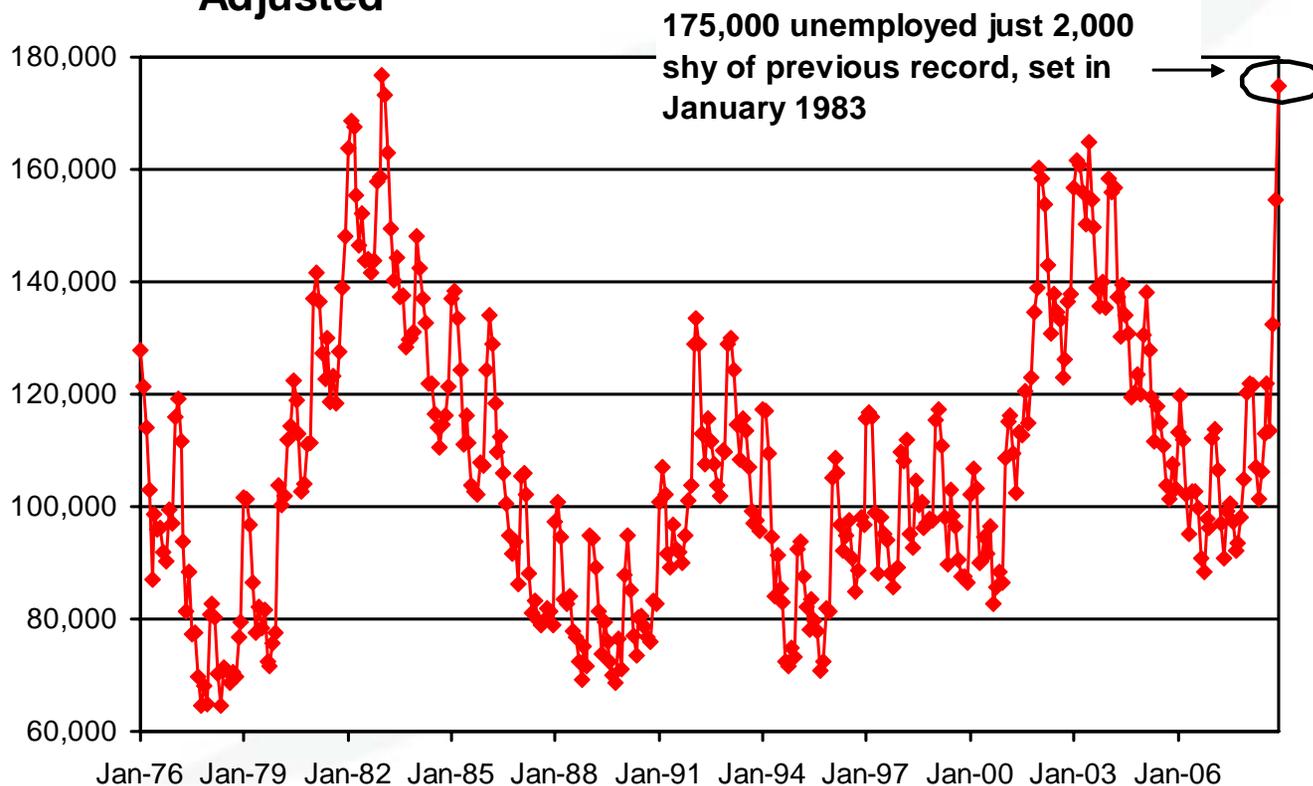
Thus far, we've focused on seasonally adjusted unemployment rates ... the most useful measure of overall economic trends.

But sometimes it's important to talk about not seasonally adjusted or "raw" unemployment numbers. These are a better reflection of the actual number of people suffering unemployment at any given moment in time.



So here's a major concern: how many unemployed might there be?

Oregon Total Unemployment, Not Seasonally Adjusted



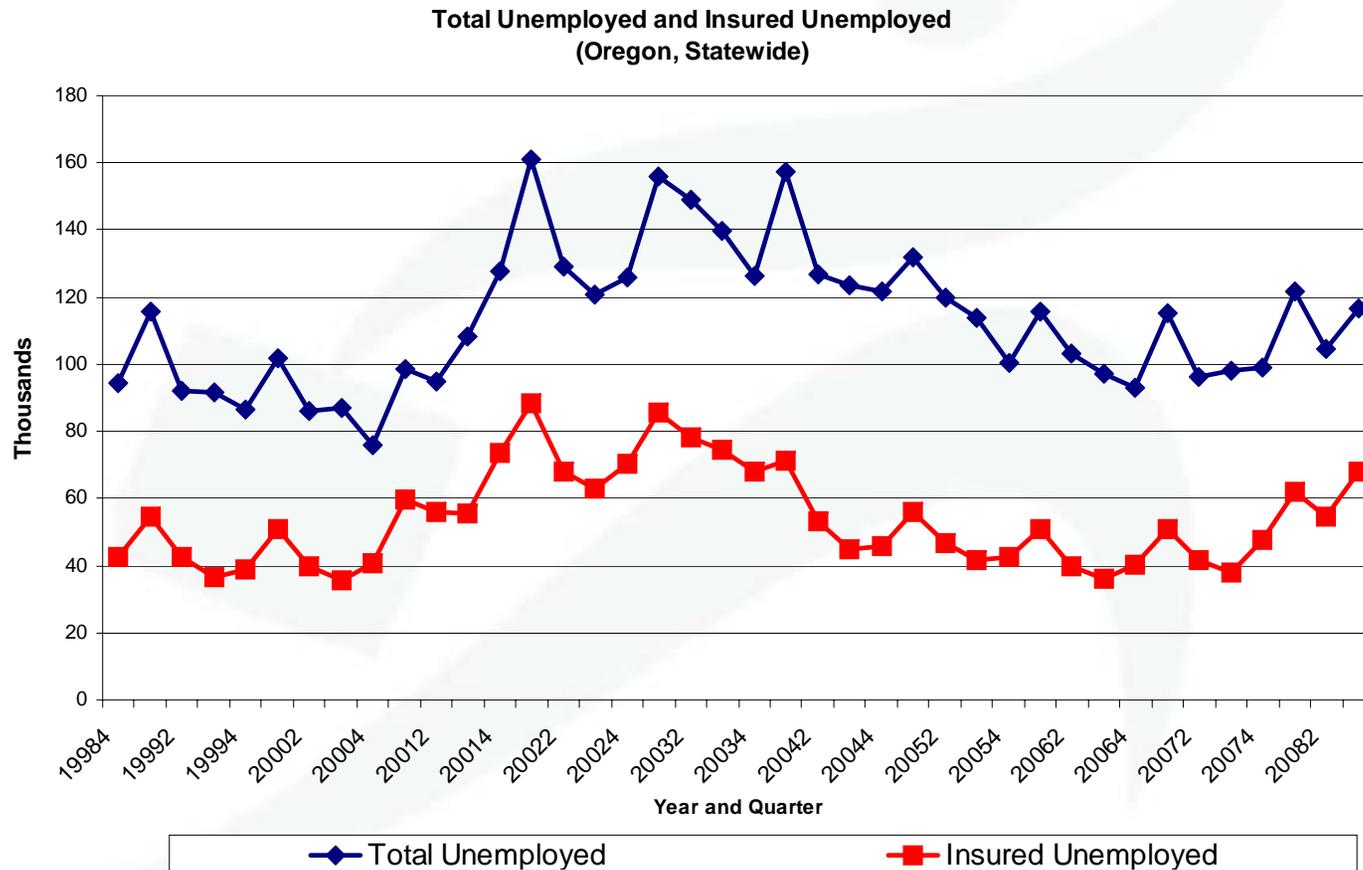
(Not seasonally adjusted)

Combining the continuing economic decline with normal winter seasonal trends, we will likely have more than 200,000 unemployed by February.

If we apply the unemployment rates from 1983 to today's labor force, we'd have 265,000 unemployed.



Our counts of the unemployed are not the same as counts of Unemployment Insurance recipients.

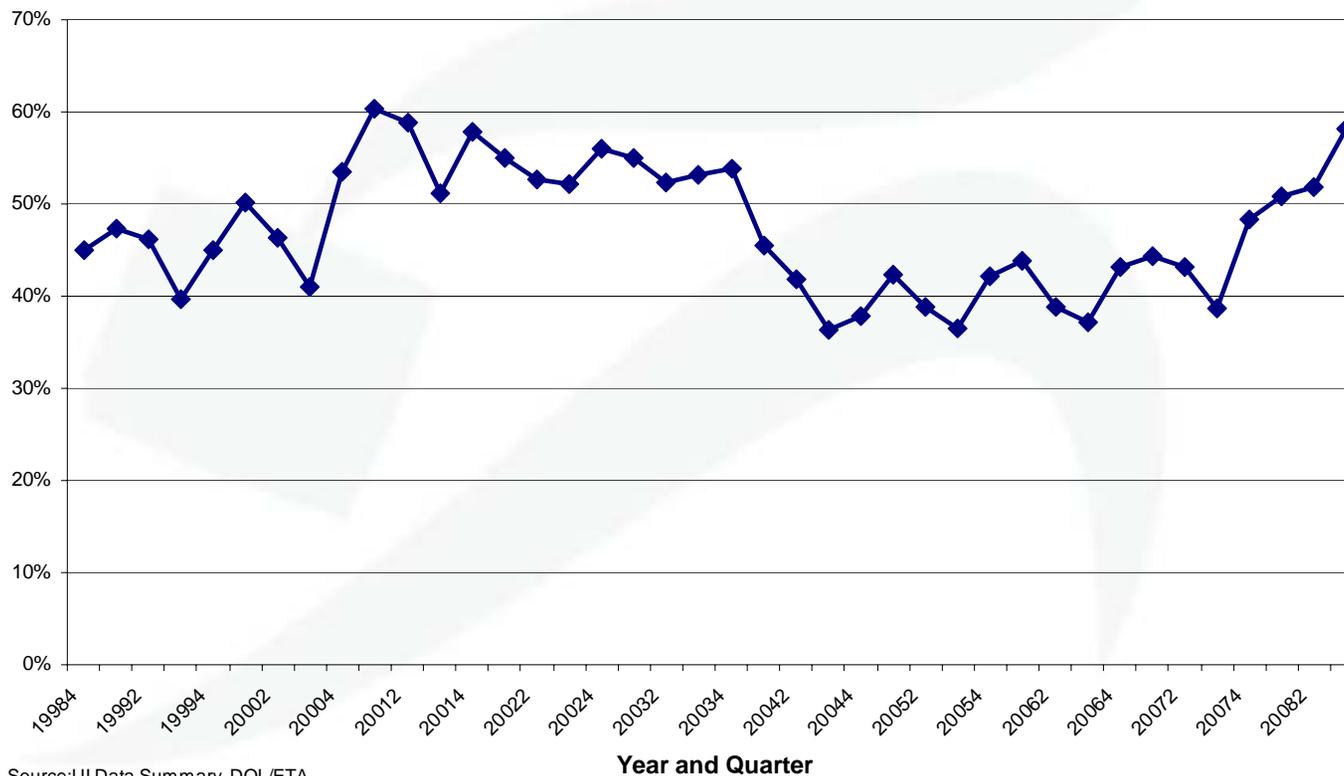


Source: UI Data Summary, DOL/ETA



Roughly 60% of Oregon's unemployed are currently receiving Unemployment Insurance benefits.

Oregon Reciprocity Rate (All Programs)
(Number of Insured Unemployed/Total Number Unemployed)



Source: UI Data Summary, DOL/ETA



Unemployment Levels Over History

- Highest ever = 176,800 in January 1983.
- January 1983 adjusted for today's labor force size would equal 265,000
- December 2008 = 174,800
 - Additional discouraged workers = ~10,150

Not seasonally adjusted.



Unemployment Rates Over History

- Highest ever = 13.4% in January 1983.
- Highest in early 1990s recession = 8.7% in Feb. 1992
- Highest in early 2000s recession = 8.8% in January 2002, February 2003, and June 2003
- December 2008 = 8.8%

Not seasonally adjusted.



Unemployment Levels In Coming Months

- No one knows for sure.
- Most likely, we think the number of unemployed – not seasonally adjusted – might peak in February 2009, somewhere above 200,000, perhaps as high as 228,000.
 - February's unemployment is likely to be in double digits.
- And if the economy continues to shed jobs through most of 2009, we could see an even higher number of unemployed in early 2010.



Feel free to contact me at any time.

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