Unemployment in Oregon

Examining Unemployment in Oregon, the State’s Beveridge Curve and What Happens to the Unemployed

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Unemployed in Oregon
Slowly Improving Labor Market

Oregon's Unemployment Rate

Source: Oregon Employment Department
While Declining, Still too Many Unemployed in Oregon

Source: Oregon Employment Department
Good News is Recent Layoffs Are Back to Pre-Recession Levels

Initial Claims for Unemployment Insurance

Source: Oregon Employment Department
Bad News is Hiring Remains Weak

Oregon Nonfarm Employment Growth (Y/Y)

Source: Oregon Employment Department, Oregon Office of Economic Analysis
Worse News is Labor Force Falling

Oregon's Declining Labor Force

- Labor Force (L)
- Participation Rate (R)

Source: Oregon Employment Department
Results in short-term unemployed improvement but not for long-term

Oregon Unemployment by Duration
Share of Labor Force

Source: Oregon Employment Department
Beveridge Curve
What is the Beveridge Curve?

• Empirical relationship between unemployment and job vacancies
  – When job vacancies rise, unemployment falls (and vice versa)
  – Should the relationship change, may indicate fundamental changes in the labor market

• Oregon
  – This analysis uses OEA’s help wanted index (blends historical newspapers and today’s online ads) as state’s measure of labor demand (job vacancies)
Overall Pattern Similar to U.S.

The outward shift in the Beveridge Curve is worrisome. It implies that for any given level of job openings (demand for labor) there is a higher level of unemployment than prior to the Great Recession. If this is the case, it raises the possibility that the unemployment problem is structural and not cyclical, which is harder to fix.

Recent research by the Boston Fed finds that the major driver in shifting the Beveridge Curve outward is lack of improvement in the long-term unemployed. The BC for short-term unemployed is effectively back in-line with the historical relationship.
Oregon Faces Same Challenges

**Oregon Short-Term Beveridge Curve**
Unemployed Less Than 6 Months, 1997-2013*

**Oregon Long-Term Beveridge Curve**
Unemployed More Than 6 Months, 1997-2013*

* 2013 data are the average of January through August as the year is not completed.

Data availability: unemployment by duration annually back to 1997 or monthly back to 2002

Source: Oregon Employment Department, Oregon Office of Economic Analysis, Author’s Calculations
Monthly Data

Data availability: unemployment by duration annually back to 1997 or monthly back to 2002

Source: Oregon Employment Department, Oregon Office of Economic Analysis, Author’s Calculations
What Happens to the Unemployed?
Some Receive Benefits at First

Not All Unemployed Oregonians Get Benefits
Share of Unemployed Receiving UI Benefits

Source: U.S. Department of Labor
However, these eventually run out.

UI Benefits Paid and Exhaustion

Source: Oregon Employment Department, U.S. Bureau of Labor Statistics
Higher Chance of Dropping Out than Finding a Job

Where do the Unemployed Go?
U.S. 12 Month Moving Average, 1991-2013

Source: U.S. Bureau of Labor Statistics
Even More Pronounced for the Long-Term Unemployed

Prospects for the Unemployed
Transition Probabilities by Duration of Unemployment, 2012

- Probability of Finding a Job
- Probability of Leaving the Labor Force

Source: U.S. Bureau of Labor Statistics
Long-Term Unemployed
Need Not Apply

Even long-term with relevant experience less likely to be called back than short-term unemployed with experience in different industry.

Research by Rand Ghayad via The Atlantic
Long-Term Unemployed Need Not Apply, Redux

What Can Help?
A Strong Economy and Labor Market

As the labor market tightens for the recently unemployed, it starts to improve for the longer term unemployed as employers have to search deeper and farther into the labor pool.

Oregon Unemployment by Duration
Share of Labor Force

1. As the labor markettightens for the recently unemployed
2. It starts to improve for the longer term unemployed as employers have to search deeper and farther into the labor pool
Obtaining Skills that are in Demand