

## Current Population Survey Data on the Reasons People are Unemployed

### Latest Data Reveal Re-entrants are Largest Share of Unemployed

During the height of the recession, the number of unemployed individuals in New Hampshire rapidly climbed from 25,100 in 2006 to about 46,500 in 2009. That number has since gradually decreased to an estimated 21,300 persons for the twelve months ending October 2016. As the number of unemployed persons has changed over time, so have the reasons for unemployment.<sup>1</sup>

There are three basic categories that separate the unemployed – workers who lose their jobs (job losers); workers who leave their jobs (job leavers); or persons who have joined the labor market and are unemployed because they have not yet found jobs (entrants). Additional subcategories allow job losers and entrants to be examined in more detail.

### Job Losers

It can be helpful in understanding economic trends to be able to separate job losers according to the type of job loss they experienced. For example, some workers hold jobs that are temporary in nature, often in seasonal jobs, short-term consulting and contract work, or in jobs that help an employer meet

temporary increases in output. When these workers lose those jobs and begin a search for another job, they are considered to be *persons who completed temporary jobs* and are actively seeking employment.

Some job losers are considered to be *on temporary layoff*. These are individuals who are placed on layoff, presumably a temporary layoff with expectations of being called back to work within six months. While currently unemployed, they have a job that they will return to in the foreseeable future.

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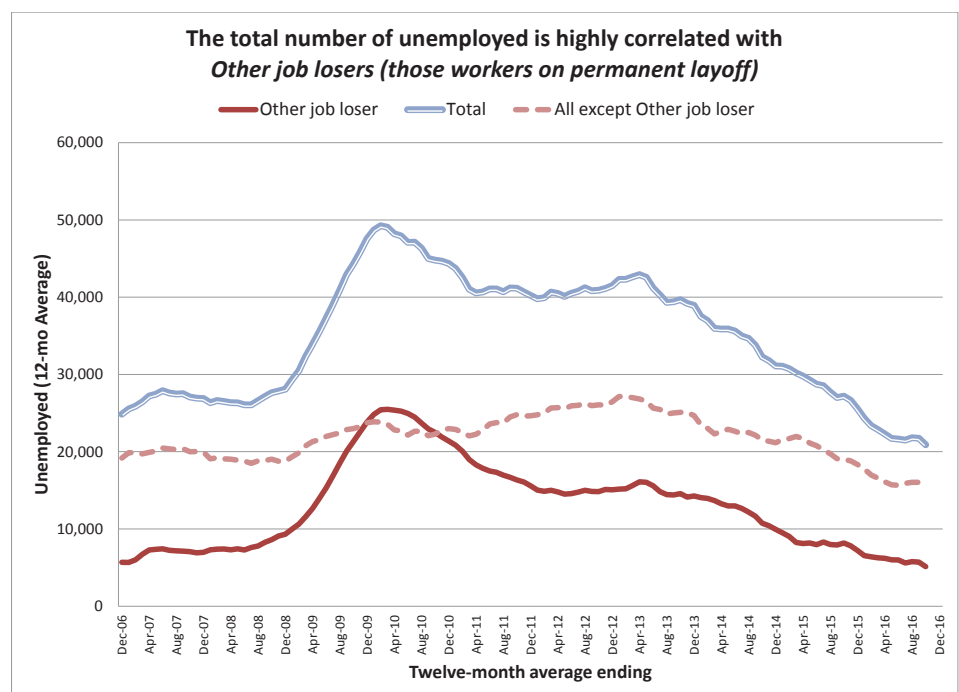
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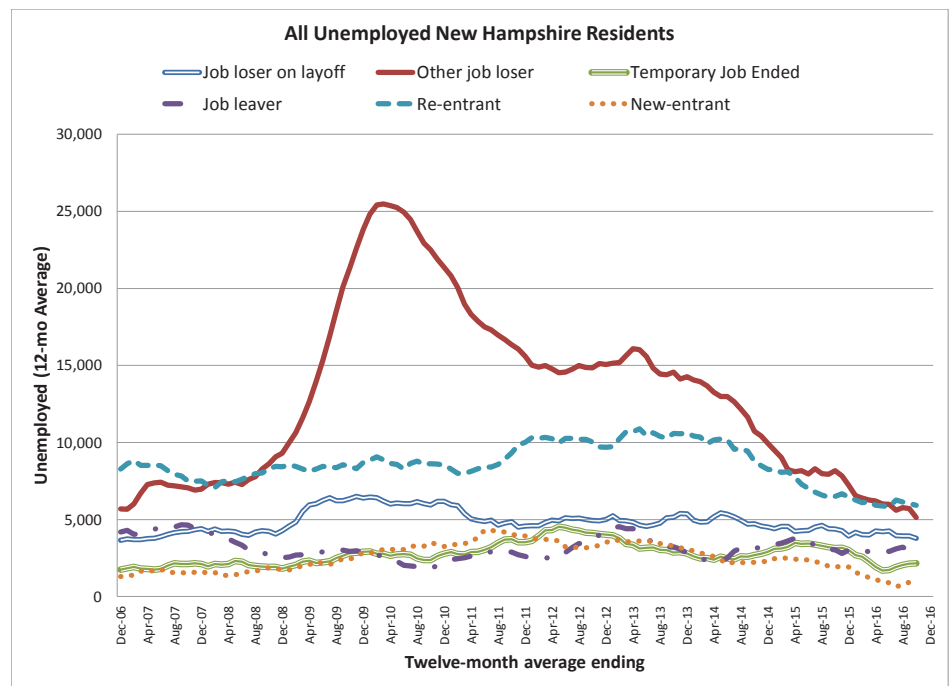


<sup>1</sup> These estimates are based on responses from New Hampshire households in the Current Population Survey, a national household survey conducted monthly by the Bureau of the Census on behalf of the Bureau of Labor Statistics. The sample size for New Hampshire is too small to derive statistically reliable estimates from a single month's data; therefore, a 12-month moving average is used.

*Other job losers* are workers who are permanently terminated from a job and actively seeking employment. (This category includes workers who were fired from their jobs.) Using a twelve-month moving average, *Other job losers* accounted for 22.9 percent of the unemployed in 2006, but by early 2010 they accounted for more than half of all unemployed New Hampshire residents. Over the November 2015-October 2016 period, *Other job losers* represented 24.6 percent of the unemployed, close to their share in 2006. Since early 2010, the number of *Other job losers* has decreased at a more rapid rate than all other reasons for unemployment combined.

### Job Leavers

*Job leavers* are individuals who have left a job voluntarily and are actively seeking employment elsewhere. Many workers who leave jobs do not actively seek work and so are not considered unemployed; many move immediately from one job to another, while others drop out of the labor force to retire, return to school, or for some other personal reason. Some labor market researchers contend that the number of unemployed *Job leavers* increases when the economy begins to expand, giving workers confidence that they would then be able to find a better job more easily; others contend that there is, at best, a weak link.<sup>2</sup> Regardless, unemployed *Job leavers* represented 4.0 percent



of the unemployed in late 2010 (about 1,800 individuals), and 14.3 percent of the unemployed in late 2016 (about 3,000 individuals).

### Entrants

*Entrants* are individuals who are coming into the labor market from a state of nonparticipation, where they were neither employed nor unemployed. Here, too, it can be valuable to separate entrants into categories, depending on their work experience.

*Re-entrants* are individuals who have previously been employed, but were out of the labor force prior to beginning their current job search. *Re-entrants* can include retired persons electing to return to the labor force; individuals who exited the labor market to return to school and who are now seeking a job; persons who had stopped

searching for work because they were discouraged and who are once again testing the waters; individuals who left the labor market due to illness or family reasons and are now returning; or any similar reason that interrupted labor market participation.

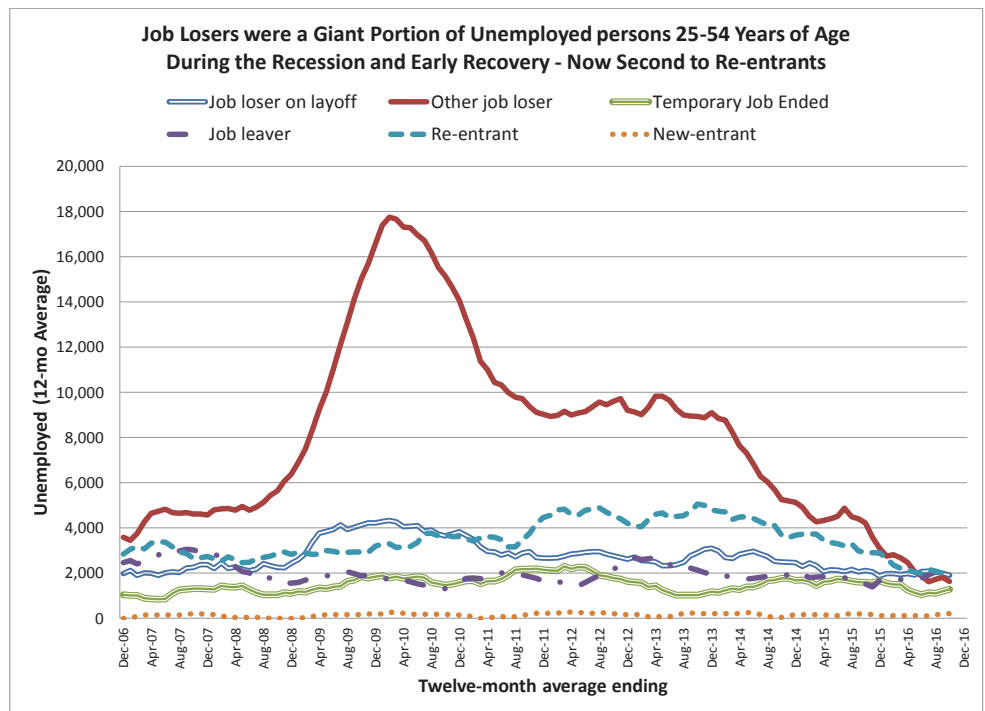
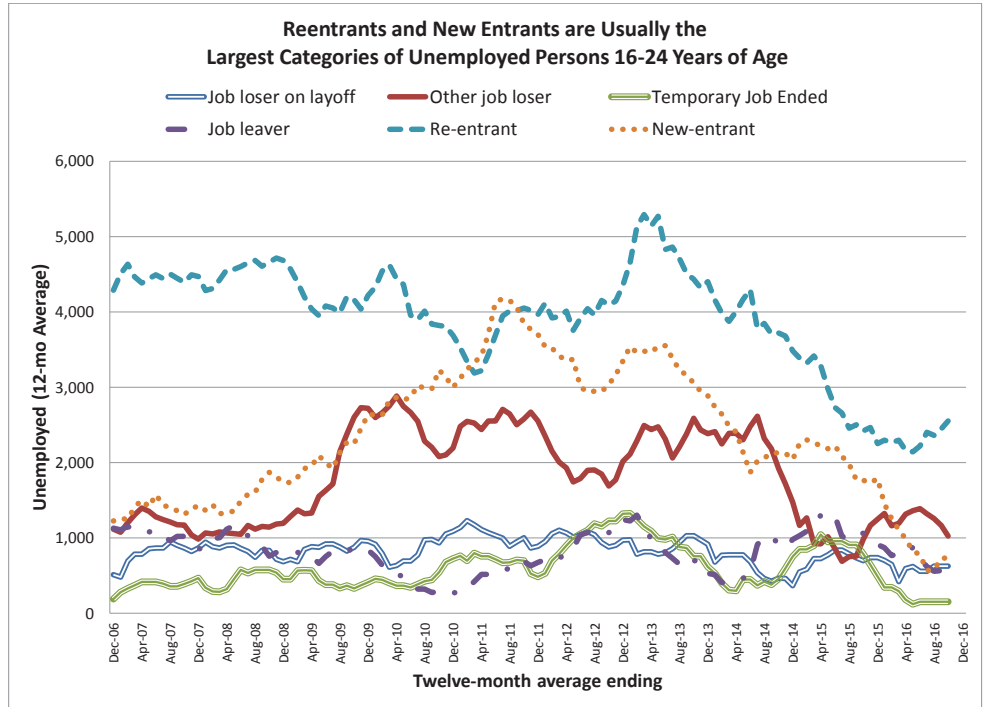
*New entrants* are individuals who have entered the labor market for the first time and have not yet found a job. This is one of the smallest segments of unemployment because it depends in large part on young entrants or other household members seeking a first job. When larger numbers of females began entering the workforce a generation or so ago, they made up a larger share of unemployed new entrants. Today, with about 63.7 percent of New Hampshire females age 16 and older in the labor force (compared to about 54.9 percent

<sup>2</sup> See Unemployed Job Leavers: A Meaningful Gauge of Confidence in the Job Market?, Issues in Labor Statistics, Summary 00-17 October 2000, U.S. Department of Labor, Bureau of Labor Statistics. <http://www.bls.gov/opub/ils/pdf/opbils42.pdf>

in 1979), there are fewer females who have never been in the labor market.

### Profiles of Unemployment for Different Age Groups<sup>3</sup>

**Age 16 to 24.** Since at least 2006, the largest category of unemployed persons 16-24 years of age has typically been *Re-entrants*, followed by *new Entrants*. Many young persons enter and exit the labor market regularly, moving between work and school, where they may not participate in the labor market. When they return to the labor market, they would be unemployed *Re-entrants* if they could not find employment quickly. The increase in the number of unemployed *Entrants* in this age group between 2008 and 2011 coincides with the last recession and early stages of recovery, reflecting the difficulty young persons had in finding their first job. The increased numbers of 16-24 year old *Other job losers* between 2009 and 2014 provides further evidence that job opportunities for young *Entrants* were disrupted. The dip in the number of unemployed *Re-entrants* in 2010 and 2011 suggests that some young workers were staying in school longer versus looking for employment. As the economic recovery strengthened after 2012, the number of *Other job losers* diminished with fewer layoffs, while *Entrants* and *Re-entrants* were able to find work more readily, causing their number of unemployed to decline.

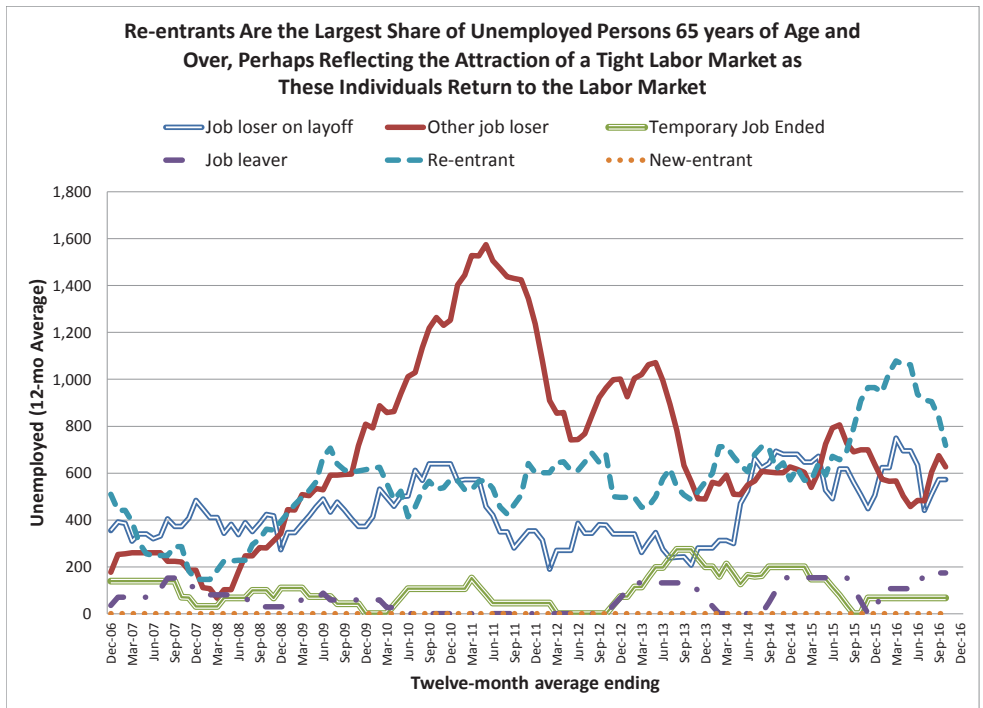
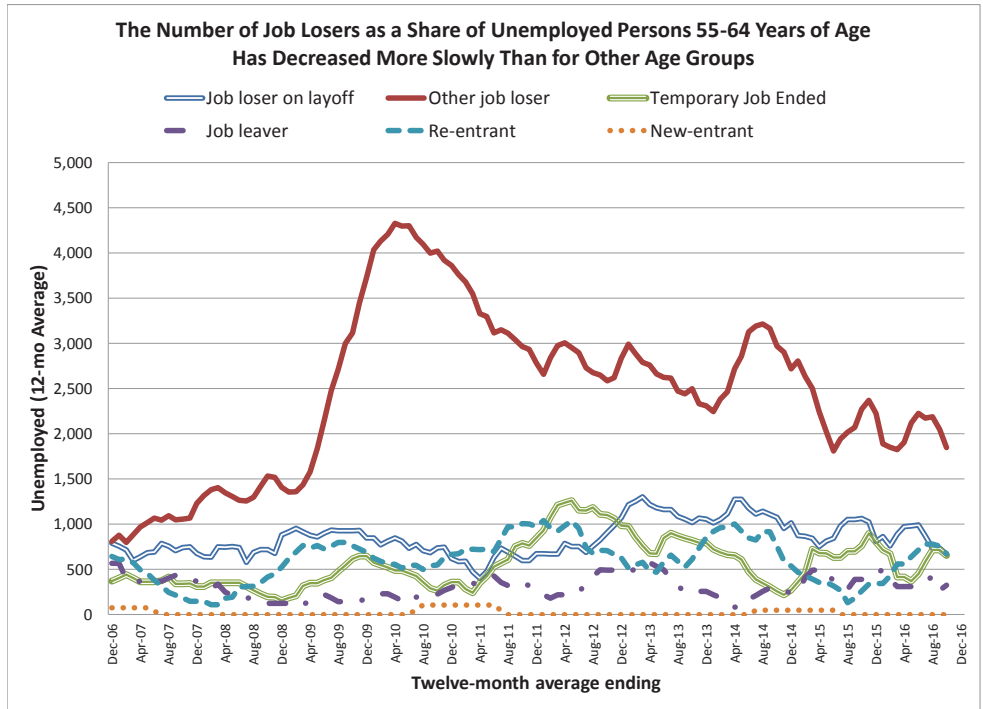


<sup>3</sup> Note: The following charts are not to the same scale.

Age 25 to 54. Persons 25-54 years of age are in their prime work years, and typically the largest share of unemployed in this age group is *Other job losers*, workers permanently separated from their jobs and actively seeking employment. This number actually spiked *after* the official end of the last recession, continuing to grow as additional layoffs were not offset by already unemployed workers being hired. Since its peak, the number has gradually decreased and most recently has reached its lowest level in over ten years. The most recent 12-month span indicates that the number of unemployed *Re-entrants* is higher than *Other job losers*.

The number of unemployed *Re-entrants* increased during 2012 as expectations of an improving job market attracted labor force participants. Since 2013, their numbers have dropped along with those of *Other job losers*, reflecting a shorter duration of unemployment for job seekers.<sup>4</sup>

Age 55 to 64. The number of labor force participants 55-64 years of age<sup>5</sup> who were unemployed *Other job losers* peaked in 2010. Since then, their numbers have decreased, but the drop has been slightly less rapid than for other age groups. Also, except for several brief periods since 2006, the second largest number of unemployed in this age group was *Job loser on layoff*, indicating temporary unemployment.



<sup>4</sup> Based on unpublished data from the Current Population Survey, the median duration of unemployment was 6.0 weeks during the third quarter of 2007. Third quarter median duration reached a high of 19.0 weeks in 2009, and ratcheted down to 12.5 weeks in the third quarter of 2013. During the third quarters of 2014, 2015, and 2016, median duration of unemployment decreased to 12.4 weeks, 7.1 weeks, and 6.7 weeks, respectively.

<sup>5</sup> Participants 55-64 years of age accounted for about 15 percent of New Hampshire's labor force in 2006. This share increased to about 20 percent for the 12 months ending in November 2016, based on unpublished Current Population Survey data (12-month average) from the U.S. Census Bureau

This group's profile of unemployment in 2011-2012 also saw a surge in the number of workers whose *Temporary job ended*, suggesting participants had taken short-term jobs pending a permanent one.

*Age 65 and over.* As with other age groups, labor force participants 65 years of age and over saw a spike in the number who were unemployed *Other job seekers*, although the increase, while rapid, was slightly slower than for other age groups. Interestingly,

this spike occurred about one year after those for other age groups, consistent with "last-in, first-out" layoff practices. The number of unemployed *Re-entrants* 65 years of age and over also trended upward since the recession through 2015, indicating an interest in working, but with apparent difficulty in finding employment. Since 2015 the number of unemployed *Re-entrants* 65 years of age and over has dropped, compatible with the improved jobs market.

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### Origin of the Data

Estimating unemployment involves more than just adding up the number of individuals filing for or claiming unemployment benefits, since that would exclude entrants into the labor market, as well as most job leavers (who typically would not qualify for unemployment benefits). The number of unemployed relies on the Current Population Survey (CPS), a national household survey conducted monthly by the Bureau of the Census on behalf of the Bureau of Labor Statistics. New Hampshire estimates rely on state CPS-sample residents' responses. Labor market questions in the survey focus on employment and unemployment experiences of household members.