

State-by-state Unemployment Trends by Race, Ethnicity and Gender

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Summary of Speakers' Key Points

National Overview

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In the news coverage and public discussion of the economic crisis, we've reached that point of great disconnect that comes in every recession. This is the time economists and pundits start talking about how things are looking better - and the rest of the people scratch their heads, and wonder what planet these so-called experts just flew in from.

On planet earth – where most people earn their paychecks – hope is something everyone looks forward to feeling again, but they're not there yet – and for good reason.

Unemployment is high – 9.5% in June and still rising. In fact, Goldman Sachs, which just made headlines with a spectacular profits report, also issued another recent report predicting that unemployment will reach 10% later this year and *10 ½ percent* by the end of *next* year. At the beginning of the recession there were 1.7 unemployed people for every job opening – now there are nearly six. President Obama inherited the worst economy since the Great Depression. The gains of the Bush years in terms of jobs and wages proved illusory, so fragile that they have been wiped out by 18 months of recession.

As if the overall national numbers aren't grim enough, the recession is taking an even harder toll on some of us. This recession is not an equal-opportunity victimizer. Instead, it's worsening the entrenched inequalities in our economy. As shocking as it is that – nationally – unemployment is twice as high for blacks as for whites, things are much worse in many states. An African American is three times as likely as a white person to be unemployed in Louisiana – and more than twice as likely in Alabama, New York, Mississippi, and Texas.

While overall unemployment isn't quite as high for Hispanics as it is for blacks, Hispanic unemployment has grown much faster. The highest Hispanic unemployment rates are in Connecticut (14.5%) where a Hispanic was two-and-a-half times as likely to be out of work as a non-Hispanic white, and in California (14.3%) where that ratio was 1.7 as of the first quarter of this year.

EPI has a new analysis that compares unemployment rates for whites, blacks, and Hispanics in all 50 states from the fourth quarter of 2007, when the recession started, to the first

quarter of this year. This analysis provides an important context and baseline for understanding two forthcoming data releases. On Friday the BLS will release state-by-state unemployment data and early next week EPI will update this analysis with new data for the second quarter of this year, so it will be possible to gain a fuller picture of the true extent, impact, and costs of the labor market crisis we're in – especially for the people who are paying the highest price.

The stark and worsening inequities revealed by this report give even greater urgency to the need to generate more jobs and provide a lifeline to help families through this crisis. The recession has hit harder and faster than anyone anticipated.

The American Recovery and Reinvestment Act (ARRA) – is well designed to stimulate demand and thereby generate jobs and income. It smartly also lays the foundation for future growth through public investments in energy, health, infrastructure, science, training and other areas. But it was designed in late 2008 when unemployment was expected, without the intervention of stimulus, to reach somewhere between 9% and 10%. Unfortunately, those economic forecasts understated the growth of unemployment ahead; in fact, they weren't even close. Consequently, while the ARRA will create millions of jobs and lower unemployment substantially, the unemployment level will keep rising and remain high for a sustained period of time.

It's time to build on that foundation, by starting work on the next round of bold and well-designed interventions to mitigate the rise in unemployment, lessen the adverse impact of the downturn on those affected and generate jobs so as to ensure a robust recovery. We need to be concerned about the economy that will be rebuilt as we recover but an urgent concern is assisting families over the next several years so they can sustain themselves through a prolonged period of high unemployment and eroded incomes. Federal policies to augment job creation and support families need not necessarily be compiled in a single 'stimulus' or supplemental bill. What's critical is that a variety of actions are taken rather than the legislative vehicle employed. Moving ahead can be accomplished in a number of ways:

1. To cushion the blow we must continue to keep unemployment insurance available for the length it is now and provide a weekly supplement to the unemployed. Similarly, we should provide increased support to those on food stamps beyond the augmented levels directed in the ARRA. Increasing these social supports will cushion the blows of unemployment and generate spending that will boost demand and generate jobs.

2. As states cut back programs and employment to balance their budgets they are making things worse—offsetting the ARRA—and undercutting future growth while failing to assist vulnerable families. More relief to the states is warranted.
3. Distressed communities desperately need jobs, and targeted employment programs are needed. Unfortunately, years of misguided policies have left federal and state governments without the capacity to provide public service employment to distressed communities.

Some people fear that further government intervention will cause inflation or damage the long-term health of the economy by increasing the national debt. Some seem to argue that we can just tough it out while others want to revisit the tried-and-failed policies of high end tax cuts. It is curious, and infuriating, to hear claims that the stimulus plan is not working from those whose policies actually got us into this deep hole.

The cost of failing to act is substantial. The impoverishment of a quarter of our children would have lasting effects on their lives, our social cohesion and future economic progress. Nor can we afford to have one-sixth of our population unemployed or underemployed for long periods of time, wasting human capital and productive potential. Moreover, a severely depressed economy can suppress future growth in investment and innovation. The federal government must recognize the changed realities and increase its recovery effort proportionately.

New York

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While New York's economy continued to expand into the first few months of 2008 after the national recession began in December of 2007, New York has lost 216,400 payroll jobs since employment peaked in July 2008. The number of New Yorkers officially counted as unemployed soared to 802,400 in May 2009, up by more than 300,000 over the past year, and the most officially without work since 1976.

The state's unemployment rate jumped to 8.2 percent in May, up from 5.2 percent in May of 2008. This is the highest unemployment rate for the state in more than 16 years. In May, 60 of the state's 62 counties had an unemployment rate higher than the peak unemployment rate of 6.5 percent reached during the 2001 to 2003 downturn.

New York City's unemployment jumped from 8 percent in April to 9 percent in May, but 55 percent of the state's unemployed workers reside outside of New York City.

Job loss is affecting workers in virtually every industry and occupation across the state, and at all educational levels. There has been well over a 100 percent increase in persons filing unemployment claims who have a 4-year college degree or better. Since last July's peak employment level, Manufacturing tops all sectors in the job loss column with a decline of 40,000 jobs. The Finance and Insurance sector is second with a decline of 26,200 jobs, and it is closely followed by losses in Construction (25,900), Administrative Support Services (25,300), Retail Trade (25,100), and Government (22,300). Six of the 17 major sectors have lost proportionately more jobs than the Finance sector.

The racial disparity in New York's job picture has widened dramatically during this downturn. Unemployment among blacks is more than twice what it is for white, non-Hispanics. For the May 2008 to April 2009 period (to analyze trends among specific demographic groups 12 months of Current Population Survey data were used), the unemployment rate for black men was 15.2 percent in New York State, nearly three times the 5.5 percent unemployment rate for white non-Hispanic men. (Although the data is not as recent, we know from the American Community Survey that this pattern also holds for upstate cities like Rochester and Syracuse.)

Over the past year, the black unemployment rate increased by nearly 5 percentage points in New York City (from 7 percent to 12 percent) while for white, non-Hispanics the unemployment rate inched ahead from 3.2 to 3.4 percent. What's particularly striking is that during the past year, the number of white, non-Hispanics with jobs actually increased by 130,000 while the combined employment of blacks, Hispanics and Asians fell by 60,000. Overall, members of "minority" groups account for 62 percent of the resident New York City workforce.

Many analysts understand that the "official" unemployment rate understates the true picture of unemployment since it does not include workers who have become so discouraged about their prospects of finding work that they have stopped looking, or workers who are underemployed at part-time jobs although they want full-time employment. There has been about a fifty percent increase in the number of involuntary part-time workers over the past year. For the 12 months through April, the "real" unemployment rate in New York State was 11.3 percent, nearly twice the official unemployment rate that averaged 6.4 percent over that 12-month period. For black males, the real unemployment rate was nearly 20 percent, and in New York City, the real black male unemployment rate was 23.3 percent. If one were able to calculate these "real" unemployment rates for the most recent two or three months, rather than over the past 12 months, they surely would be much higher.

Given this picture of escalating job loss and unemployment throughout New York State, the unemployment insurance (UI) program is more important than ever for New York families

and as an effective way to counter the economic downturn. Yet, New York's maximum weekly benefit level has been frozen at \$405 for a decade and New York has fallen woefully behind nearly every other state in the extent to which it replaces lost wages. And unlike many states, New York does not configure its benefit structure to raise the wage replacement for low-wage workers. The purchasing power of New York's maximum UI benefit has eroded by 25 percent since 1999, and by 30 percent in the downstate metropolitan area.

Through the middle of June, 800,000 New York workers have filed initial unemployment claims so far in 2009. The weekly pace of claims is running 50 percent greater than a year ago. Two thirds of states index weekly UI benefits and more than a third of state have pegged their maximum benefits to at least two thirds of average weekly wages. New York's maximum benefit replaces only 35 percent of average weekly wages in the state, and the average weekly benefit of about \$310 replaces less than 27 percent of the average weekly wage, putting New York in 48th place compared to other states in terms of how well its UI benefits support recipients and their families.

The recent stalemate in the New York Senate precluded action on proposals to modernize New York's UI system. The failure to increase the state's UI benefit structure has prevented \$267 million in additional benefits from reaching approximately 283,000 jobless New Yorkers over the past year.

See, Casualty of Chaos: The Cost of Albany's Inaction on Jobless Benefit Increases, http://www.fiscalpolicy.org/FPI-NELP_Report_UnemploymentInsuranceCasualtyOfChaos.pdf

Alabama

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Introduction:

Over the past decade, Alabama experienced a lower unemployment rate than the national average, a point of pride for many state leaders. Now, that rosy picture is beginning to change.

Recent data EPI data confirms the anecdotal evidence that Arise Citizens Policy Project has been gathering about the nature of the current economic climate. The unemployment rate in the US is projected to reach a peak of 9.8 percent in the first quarter of 2010, while in Alabama it will reach 10.5 percent.

The Racial Component of Unemployment in Alabama:

We are particularly concerned by some trends highlighted by EPI's statistics – growing unemployment rates with a disproportionate effect on Alabama's African American population. During the current recession, the unemployment rate for Black Alabamians has increased from 5.3 percent to 15.1 percent, which is 9.3 percentage points higher than the rate for White Alabamians.

Further, the unemployment rate for Blacks in Alabama is above the national average by 7.1 percentage points.

Worse, the large gap between Black and White unemployment is widening quickly. From the end of 2007 through projected 2010 numbers, EPI's data show that Alabama had an overall rise of unemployment from 3.7 percent to 10.5 percent (projected). That's an increase of 6.8 percentage points. At the end of 2007, Blacks had a 2.3 percent higher rate of unemployment than Whites. EPI is projecting that the 2010 rates will be 19 percent for Blacks versus 7.3 percent for Whites. So, we are looking at seeing a racial disparity of 2.3 percentage points grow to 8.7 – a four-fold increase in the gap in less than three years.

Additionally, the recession is having a disproportionate impact on Blacks who have managed to hang onto their jobs. Over the last two years, according to new data released by EPI, black workers 25 to 54 years old experienced a nearly 4 percent decline in their inflation-adjusted median weekly wage. No other major racial or ethnic group showed a decline over this period.

The stimulus rejection:

What of those who lose their jobs through no fault of their own? State unemployment plans can provide critical funds to help workers get through tough periods while they acquire new jobs.

Such funds benefit not only families looking to make ends meet during jobless times, but also local and state economies as a whole. According to the National Employment Law Project, for every \$1 paid in jobless benefits, the economy grows by \$2.15.

The 2008 federal stimulus package included extended unemployment benefits, with Alabama's share amounting to \$100 million. Alabama was one of only two states in the nation to reject these funds. Gov. Bob Riley opposed the requirement that states modernize their unemployment insurance laws. The 2009 Legislature failed to pass a bill to accept the funds.

The disturbing trends revealed in the new unemployment data may make legislative action on the stimulus money more likely next year.

Other Reactions to the EPI Data:

We encourage those interested in a county-by-county breakdown of Alabama's unemployment to consult the map at: <http://www2.dir.state.al.us/LAUS/map.pdf>

The most disturbing figure there is the incredible unemployment rate in Wilcox County, shown in May 09 data from the Department of Industrial Relations to be nearly 25 percent.

All of the so-called "Black Belt" Counties in Alabama have been hit hard. These are the lowest-income counties in the state and the ones with the highest percentages of minority residents.

A number of other timber industry jobs have evaporated, perhaps in part because of a national decline in home and other construction. Also, we have seen continued hemorrhage of textile jobs, perhaps partially explaining the nearly 18 percent unemployment rate in Chambers County in eastern Alabama.

Some of the high unemployment number may also be pegged to the auto industry meltdown. All major Alabama car plants have slowed shifts, but the unspoken impact is on suppliers, many of whom are major employers in rural areas.

Bottom Line:

We are extremely concerned about unemployment and deteriorating conditions for low-income Alabamians. We are particularly worried about disproportionate racial effects on minority populations in Alabama. EPI's recent data helps to clarify the nature of the major problems facing Alabama. The next step will be making the needed policy changes in order to move forward and ensure that all Alabamians can access stable and well-paying employment opportunities.

The Arise Citizens Policy Project is a statewide coalition of 150 congregations and organizations promoting public policy benefitting low-income Alabamians.

Illinois

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From the start of the recession Dec, 2007 to the most recent estimate May, 2009, Illinois overall official unemployment rate has increased from 5.3% to 10.1%, a 90.1% increase.

The official unemployment rate more than doubled for Whites, Hispanics, and Males, and dramatically increased for Females and Blacks. Because of their low base rate Whites had the largest increase from 4.2% to 8.9%, an increase of 110.1%. Hispanics had the next highest rate of increase, from 5.6% to 11.4%, a 105.2% increase. Males of all races had the next highest rate of increase, from 5.5% to 11.3%, an increase of 104.9%. The rate for Females increased from 5.0% to 8.7%, an increase of 72.9%, and for Blacks from 11.9% to 16.1% an increase of 35%.

Blacks are estimated to have the highest level Unemployment Rates in May 2009 of 16.1%. This continues the pre-recession pattern of Blacks in Illinois having the highest unemployment rates in spite of being older and more educated on average than, for example, Hispanics. In 2007 for example, the official Unemployment Rate for Blacks of 10.7%, was 2.5 times that of Whites and almost 2 times that of Hispanics – see [State of Working Illinois \(SWIL\)](#) 2008 based on EPI analysis of CPS data, p. 15.

This also continues the long-term pattern of severe economic hardship for Hispanics and Blacks that includes low and declining earnings. From 1980 to 2007 Median hourly real wages for Blacks in Illinois declined by -9.4%, versus -7.9% for Hispanics, and an increase of 3.4% for Whites. The gap between median hourly wages for Whites and Blacks grew by 126.3% over this period, whereas that between Hispanics and Whites grew by 39.7%, though Hispanics had the lowest absolute median hourly earnings in both periods – see SWIL p. 22 also based on EPI analysis of CPS data.

All of this underscores the fact that we need a permanent long term national federally funded jobs program. The money for this can come from a transactions tax on the financial sector among other sources. Pouring money into banks, the housing market, health care, and short-term stimulus, though admirable (at least the latter three) and hoping for “normal” recovery is not adequate. We need a permanent long-term national federal funded jobs program in order generate robust and sustainable job growth particularly for the most severely impacted segments of our workforce. See: <http://www.chicagodsa.org/jobs.pdf> for an example of such a program.