



Profiling Promising

the Recession Upon Classes Within the Labor Force

In late September 2008, the United States economy changed dramatically. Like a flash flood rolling down a canyon, the financial fallout of the U.S. housing bubble hit the U.S. stock market with substantial negative consequences. The national economy went into shock. Businesses responded rapidly and aggressively, laying off large quantities of workers in short order. From September 2008 to May 2009—eight months time—the United States unemployment rate rose from 6.2 percent to 9.4 percent. Employment levels were reduced by nearly 4.8 million workers.

Utah suffered the same type of impact. Employment levels fell by 30,000 people and unemployment rose from 4.0 percent to 7.1 percent.

The consequences of this financial fallout continued to ripple through both the U.S. and Utah economies for several more years, and even now its consequences are both evident and influential, although some minor employment rebounding has occurred.

Large quantities of workers suddenly found themselves unemployed. Who were these people, and what were their profiles and characteristics? That is the subject of this article.

About 30 percent of the people who are counted as unemployed actually file for unemployment

insurance benefits in Utah (slightly lower than the national percentage of filers). As that benefit program is administered by the Department of Workforce Services, we can aggregate this unemployment-filing information. This provides a picture of at least a segment of those who are unemployed, i.e., those who file for unemployment insurance benefits. It is assumed that the profile of this group of unemployed is representative of the greater picture of all unemployed workers in Utah.

Unemployment insurance claim levels exploded beginning in October 2008. Those having an active unemployment insurance claim rose from 13,400 in September 2008, to 44,000 by March 2009.¹ Before and after snapshots can be profiled upon the unemployment insurance claimants to see how various gender, educational, and social-economic labor-force cohorts surface within the unemployment insurance system, and how they were impacted by the recession. To do this, pre-recession trends and patterns are established. Then those patterns are evaluated as the recession unfolds, and what is looked for are noticeable deviations from the long-term pattern. When those deviations are seen, then immediate impacts from the recession are assumed.

From this, several impacts stand out:

—The recession hit males particularly hard. Male percentage of all unemployment claims went from 55 percent before the crash to 70 percent shortly thereafter.

This increase is the result of two industries that were hit particularly hard during the recession—

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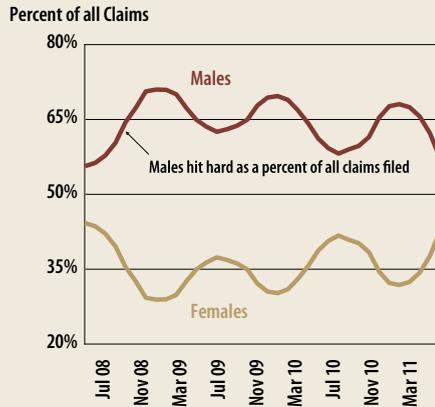
construction and manufacturing (these two industries accounted for half of all the jobs lost during the recession). These industries are heavily dominated by male workers, so the natural outcome would be that male workers would suddenly show a surge in unemployment filings when these industries contracted workers.

—The recession impacted younger workers more forcefully than older workers.

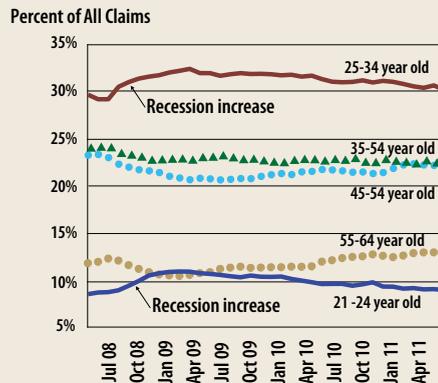
This makes sense from the standpoint of historical observation as to how choices are made when workers are laid off. In a broad sense, it is oftentimes younger, less experienced workers who are the first to be laid off. Older workers usually carry more tenure and institutional knowledge with them (thus better skills), and therefore businesses are more apt to keep their higher-skilled workers. They calculate that lesser-skilled workers will be both easier and cheaper to replace once the economy picks back up.

—Low education levels generally characterize the majority of the unemployment claimants, and there was an initial additional impact upon low education level workers, but it did not remain sustained throughout the recession period.

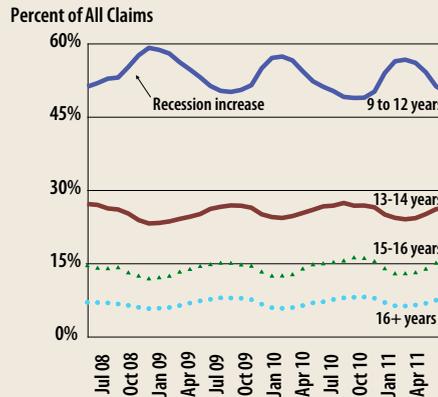
This works somewhat in concert with the previous observation about younger workers, as younger work-



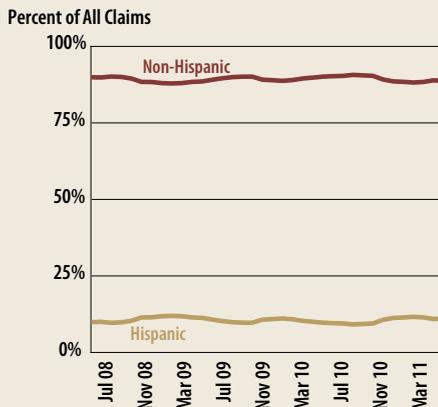
Utah Unemployment Insurance Ongoing Claims
Males and Females
September 2008 through June 2011



Utah Unemployment Insurance Claimants
By Age Groupings
September 2008 through June 2011



Utah Unemployment Insurance Claimants
By Years of Education
September 2008 through June 2011



Utah Unemployment Insurance Ongoing Claims
Hispanic and Non-Hispanic
September 2008 through June 2011

Source: Utah Department of Workforce Services; Unemployment Insurance Filing, Continued Claims

Younger workers and workers living in outlying areas of the Salt Lake valley were harder hit.

ers may not have had enough time yet to expand their education tenure. Even when there is no recession, lower educated workers are the ones more often to appear within the unemployed ranks. Workers with 9 to 12 years of education make up about 50 percent of all unemployment insurance claimants. This rose to almost 60 percent during the initial job-loss phase of the recession, but thereafter settled back down to its more long-term level around 50 percent. This was probably the result of either them running out of unemployment benefits, or possibly moving on to the federal-government extended benefit ranks (extended benefits were not quantified in this analysis).

—Non-Hispanics make up around 90 percent of all unemployment benefit filers. Hispanics make up the other 10 percent (Hispanics make up around 10 percent of Utah's labor force). There was no notice-

able change in this relationship during the recession.

—There was one additional effect that emerged from these unemployment filers. It was the location and concentration of where these unemployment filers lived.

While unemployment claims rose all over the state, certain census tracts stood out with the highest quantity of filers. Away from the Wasatch Front the highest filings were in Washington County, which turned out to be one of the most impacted areas in the state, with its housing bubble very much resembling what happened in the hard-hit Las Vegas area.

But along the Wasatch Front, the areas with the highest filers were the southwest corner of Salt Lake County, northeastern Utah County, and the areas of eastern Tooele County outside of Tooele City and Grantsville. These areas are what some from the real estate world describe as “drive-till-you-qualify” areas.

As the Salt Lake County area has populated over the past several decades, land and housing prices have risen as those commodities became more precious. For many young, first-time home buyers employed in the Salt Lake area, it became necessary to drive further to find affordable land and home pricing. This took many young workers into the Bluffdale and

Herriman areas in southern Salt Lake County, Lehi, Saratoga Springs, and Eagle Mountain in northern Utah County, and around the Oquirrh Mountains to the eastern reaches of Tooele County. In concert with the above observations of younger workers being more readily unemployed, it shouldn't come as a surprise that the areas with the highest concentrations of those filing for unemployment benefits are found in these just-mentioned geographic areas. ¹

¹ Mirroring federal government statistical reporting procedures, monthly snapshots are taken for one week each month, generally being the week that includes the 12th day of the month.