

# MONTANA Economy at a Glance

SEPTEMBER 2009

## EMPLOYMENT BY INDUSTRY

(Does not include self-employed or agricultural employment)

Industry Employment (in thousands)	Sept.(P) 2009	Aug. 2009	Net Change	Percent Change
Total Non-Agricultural	438.2	440.5	-2.3	-0.5%
Natural Resources & Mining	8.5	8.2	0.3	3.7%
Construction	25.5	25.8	-0.3	-1.2%
Manufacturing	19.2	19.1	0.1	0.5%
Trade, Transportation, & Utilities	88.3	88.7	-0.4	-0.5%
Information	7.3	7.2	0.1	1.4%
Financial Activities	22.8	22.4	0.4	1.8%
Professional & Business Services	39.0	39.8	-0.8	-2.0%
Education & Health Services	62.3	63.4	-1.1	-1.7%
Leisure & Hospitality	59.1	59.3	-0.2	-0.3%
Other Services	17.4	17.3	0.1	0.6%
Total Government	88.8	89.3	-0.5	-0.6%

(P) denotes preliminary figures

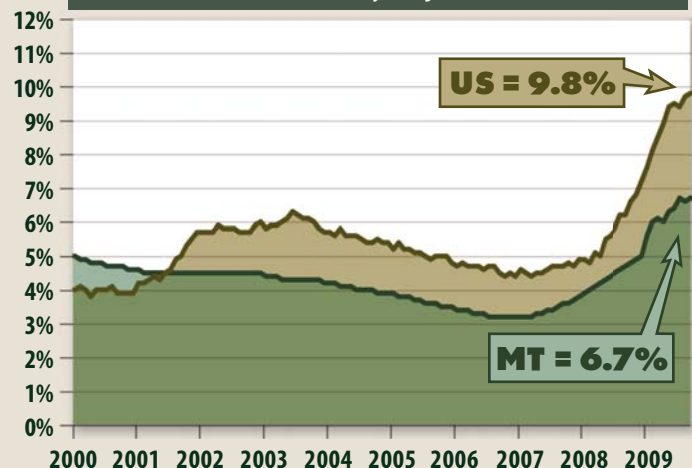
Montana's seasonally-adjusted, non-agricultural payroll employment decreased by 2,300 jobs (-0.5%) from August to September 2009. Education and Health Services took the biggest hit, losing 1,100 jobs (-1.7%) over the month, while Financial Activities showed the largest gain, adding 400 jobs (+1.8%).

## Montana Department of Labor and Industry



## UNEMPLOYMENT RATE

Seasonally Adjusted



Montana's seasonally-adjusted unemployment rate increased slightly to 6.7% for September 2009 from 6.6% in August. The national unemployment rate rose by the same amount reaching 9.8% from 9.7% during the same time period.

## NON-FARM EMPLOYMENT

In Thousands



**Research and Analysis Bureau**  
 "Montana's Workforce Information Center"  
 Phone: (406) 444-2430 or (800) 541-3904  
 P.O. Box 1728 Helena, MT 59624-1728  
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# Who are the Unemployed?

## A Look at Unemployment Insurance Claims Data in Montana

by Aaron McNay, Economist

Over the past two years, the number of people unemployed in Montana has nearly doubled, increasing from 17,556 in August 2007 to 33,014 in August 2009. During this period, the residents of Montana have watched with growing concern as many local labor markets shifted from a period of rapid job expansion to a time when businesses closed and many people could no longer find jobs. Most labor market statistics do not provide much information on the characteristics of unemployed workers, and history indicates that the impacts of the current recession will fall on some groups more than others. This article attempts to address the information problem by using individual level data to examine the characteristics of the unemployed in Montana.

This article uses individual level Unemployment Insurance (UI) data to provide demographic data on individuals in Montana who made a UI claim between January 2007 and September 2009.

### Unemployment by Industry

The current recession has not hit every sector of the economy to the same extent. For Montana, the Construction and Wood Product Manufacturing sectors have seen 12 month declines in employment of 11% and 21% respectively. The large declines in employment can also be seen in the UI claims data. For example, the Construction sector comprises the largest share of UI claims during all three years (Figure 1). However, the Construction sector's decline in the share of UI claims may be one indication that construction employment may be stabilizing. In addition, the Manufacturing sector, which includes Wood Product Manufacturing, saw its share of UI claims increase from 6.4% in 2007 to 9.5% in 2009. The sudden increase of Retail Trade's share of UI claims may also be an indication that the recession has begun to have a noticeable effect on consumer behavior.





**Figure 1: Share of Unemployment Insurance Claims by Industry**

Industry	2007	2008	2009
Agriculture, Forestry, Fishing, and Hunting	2.1%	1.8%	1.6%
Mining, Quarrying, and Oil and Gas Extraction	2.5%	2.8%	3.5%
Utilities	0.4%	0.3%	0.3%
Construction	24.0%	23.4%	21.1%
Manufacturing	6.4%	8.5%	9.8%
Wholesale Trade	2.3%	2.3%	2.5%
Retail Trade	8.4%	8.5%	9.5%
Transportation and Warehousing	2.9%	2.9%	3.0%
Information	1.2%	1.0%	1.2%
Finance and Insurance	1.5%	1.5%	1.4%
Real Estate and Rental Leasing	1.0%	1.1%	1.0%
Professional, Scientific, and Technical Services	2.3%	2.4%	2.9%
Administrative and Support and Waste Management	6.3%	5.8%	6.0%
Educational Services	2.2%	1.9%	2.0%
Health Care and Social Assistance	6.4%	5.2%	5.4%
Arts, Entertainment, and Recreation	2.7%	2.3%	2.4%
Accommodation and Food Services	9.0%	8.0%	8.1%
Other Services	2.2%	2.1%	2.3%
Public Administration	4.6%	3.6%	3.0%
Unknown	11.8%	14.7%	12.9%

### Unemployment by Gender

The large employment declines in male-dominated sectors, such as construction and manufacturing, has led to a shift in the distribution of men and women that are employed in the labor market. For example, women's share of payroll employment at the national level has increased significantly since the beginning of the current economic recession, almost reaching 50% in August 2009. The same demographic shift appears to be occurring in Montana

**Figure 2: Share of Unemployment Insurance Claims by Gender**

Gender	Year		
	2007	2008	2009
Male	64%	67%	67%
Female	36%	33%	33%

#### About the Data:

*In this article, only standard UI continued claims are examined, which means extended UI claims benefits are not included in the data. Generally, extended claims are only enacted during times of high unemployment. If the extended benefits claims were included in the claims data, it would not be possible to compare the demographic UI data over time, due to the expansion of extended UI benefits in 2008 and 2009.*

*One advantage to using UI data is the strong coverage of the unemployed. For example, there are other data sources that have information on the characteristics of Montana's unemployed, such as the U.S. Bureau of Labor Statistic's Current Population Survey. However, many of the alternative data sources only sample a very small portion of Montana's unemployed individuals, which leads to less consistent data and reduced confidence in the survey results.*

*There are some drawbacks to using UI data when examining the unemployed. First, UI data only tracks individuals covered under the Unemployment Insurance program, which provides an undercount of the true number of unemployed individuals. The exclusion of some individuals becomes problematic when a particular group, such as the self-employed, is excluded from the data. Secondly, UI data only tracks individuals still receiving UI benefits, which makes it impossible to examine individuals that have reached the time limit on receiving benefits. Like before, this is a problem if one particular group is more likely to run out of benefits. However, given that more than 90% of Montana's workers are covered under the UI program, and most unemployed workers are covered by the data for at least part of the time they are unemployed, the UI data should provide a decent sample of Montana's unemployed population.*



In 2007, female workers only comprised 36% of Montana's UI claims (Figure 1). However, as the recession began to affect the male-dominated sectors of Montana's economy, the proportion of claims made by female workers declined by 3%, moving to 33% in 2008 and 2009. The proportion of female claims in 2009 is expected to decline further as the claims data is revised to include data for the final three months of 2009, due to Montana's seasonal declines in construction employment.

### Unemployment by Age

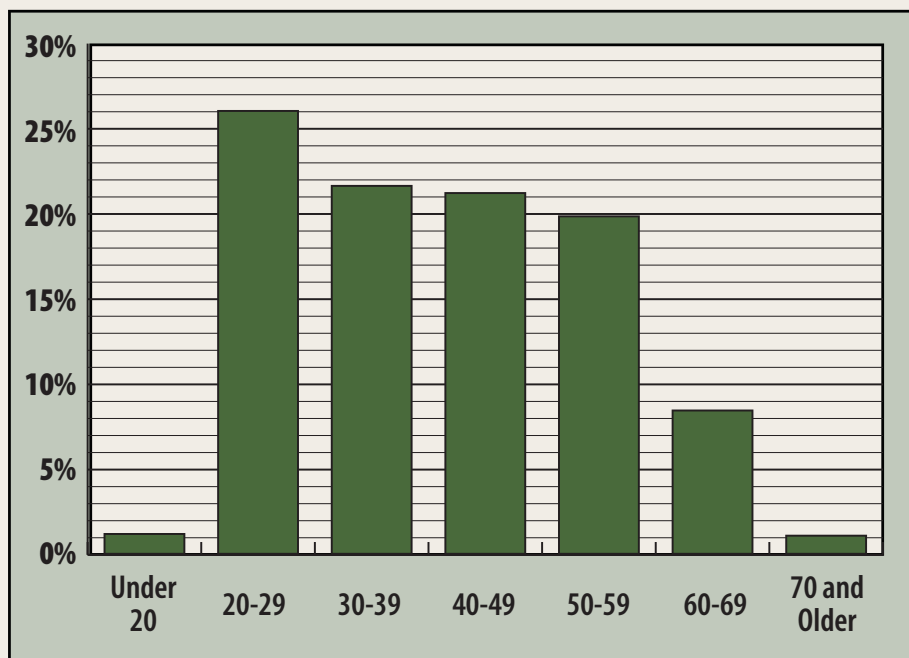
Younger individuals are more affected by the current economic downturn when compared to older workers. For example, individuals in their 20s generated over 25% of all the claims made in 2009, while individuals in their 50's generated less than 20%. The concentration of younger, less-experienced, workers in the UI data is not surprising, given that the least-experienced workers are

generally the first to be laid-off during economic contractions. The concentration of younger workers among the unemployed is consistent with national data and past recessions.

### Unemployment by Educational Attainment

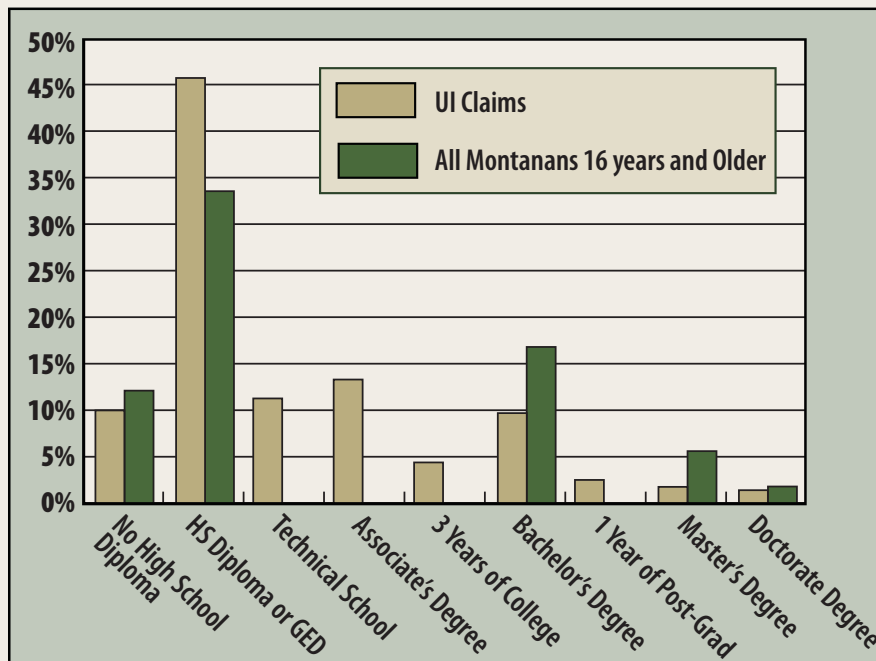
In most recessions, individuals with lower levels of educational attainment experience higher levels of unemployment and larger declines in employment. When UI claims are broken down by educational attainment, the distribution of claims is skewed towards individuals with lower educational attainment levels. For example, nearly 50% of the UI claims made in Montana from January 2009 to September 2009 were made by individuals with only a high school diploma. In addition, the share of claims made at each educational level declines significantly as the educational level increases. When combined, the share of claims made by individuals with at least one year of Post-Graduate level education generated less than 6% of all claims.

**Figure 3: Unemployment Insurance Claims by Age from Jan. 2009 to Sept. 2009**





**Figure 4: Share of Unemployment Insurance Claims by Educational Attainment**



Source: Population info from the U.S. Census Bureau's Current Population Survey (CPS)

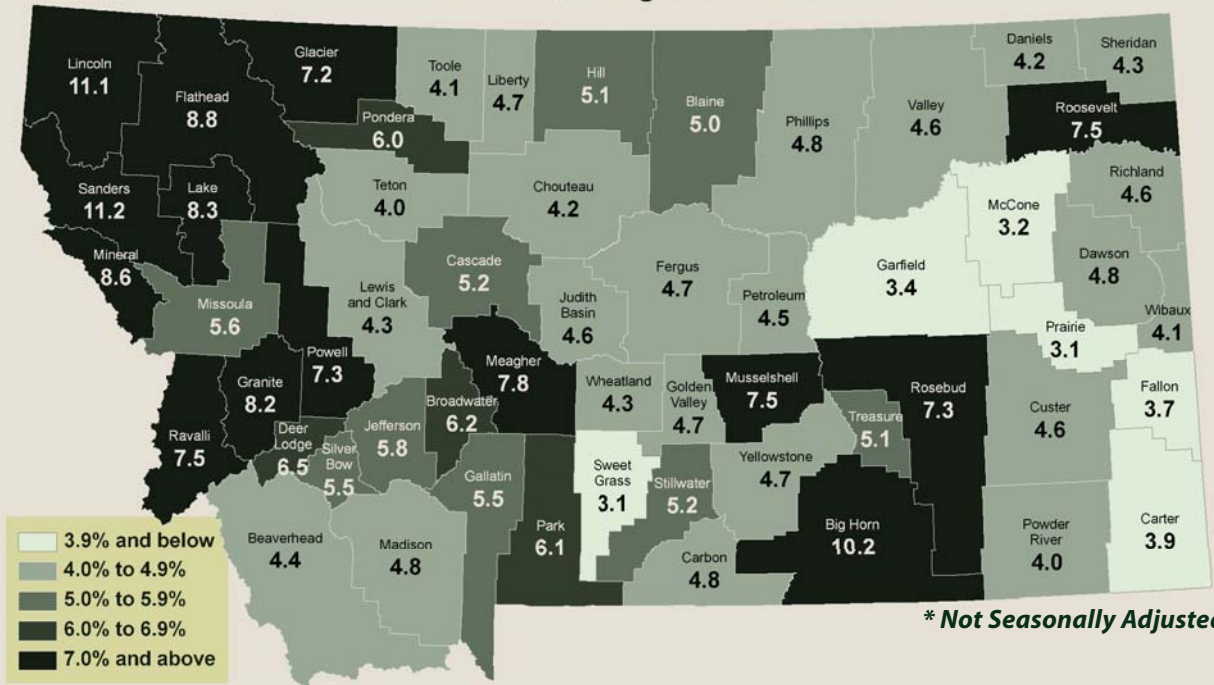
When compared to Montana's working-age population, individuals with lower levels of educational attainment generated a disproportionately large share of Montana's employment losses in 2009. In the first nine months of 2009, individuals without a post-secondary education comprised nearly 46% of Montana's working-age population, but generated 55.7% of the UI claims (Figure 4). At the same time, individuals with at least a four-year degree generated 15.4% of the UI claims, but comprised 24% of the working-age population. The disproportionately large share of employment losses in sectors that do not require extensive post-secondary education, such as the construction, manufacturing, and retail sectors, is likely to be a significant factor in the concentration of UI claims among individuals with lower levels of formal education.

### **The Unemployed and Montana's Economy**

Employment in several key sectors of Montana's economy have been particularly affected by the current recession. From 2007 to 2009, nearly a quarter of UI claims came from the Construction sector. In addition, claims have increased significantly over the past two years in the Manufacturing and Retail sectors. The large proportion, and growth, of claims within the Construction, Manufacturing, and Retail sectors indicate that programs targeted to workers in these sectors may prove to have significant benefits. In addition, workers who are young, or who have lower education levels, also appear to be affected to a greater extent in the current economic contraction. Given that many younger workers also tend to have the lowest levels of educational attainment, a program that focused on providing younger unemployed individuals with new skills in expanding industries could prove to be highly effective.

# County Unemployment Rates\* - September 2009

Montana Average Rate 5.9%



*\* Not Seasonally Adjusted*

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