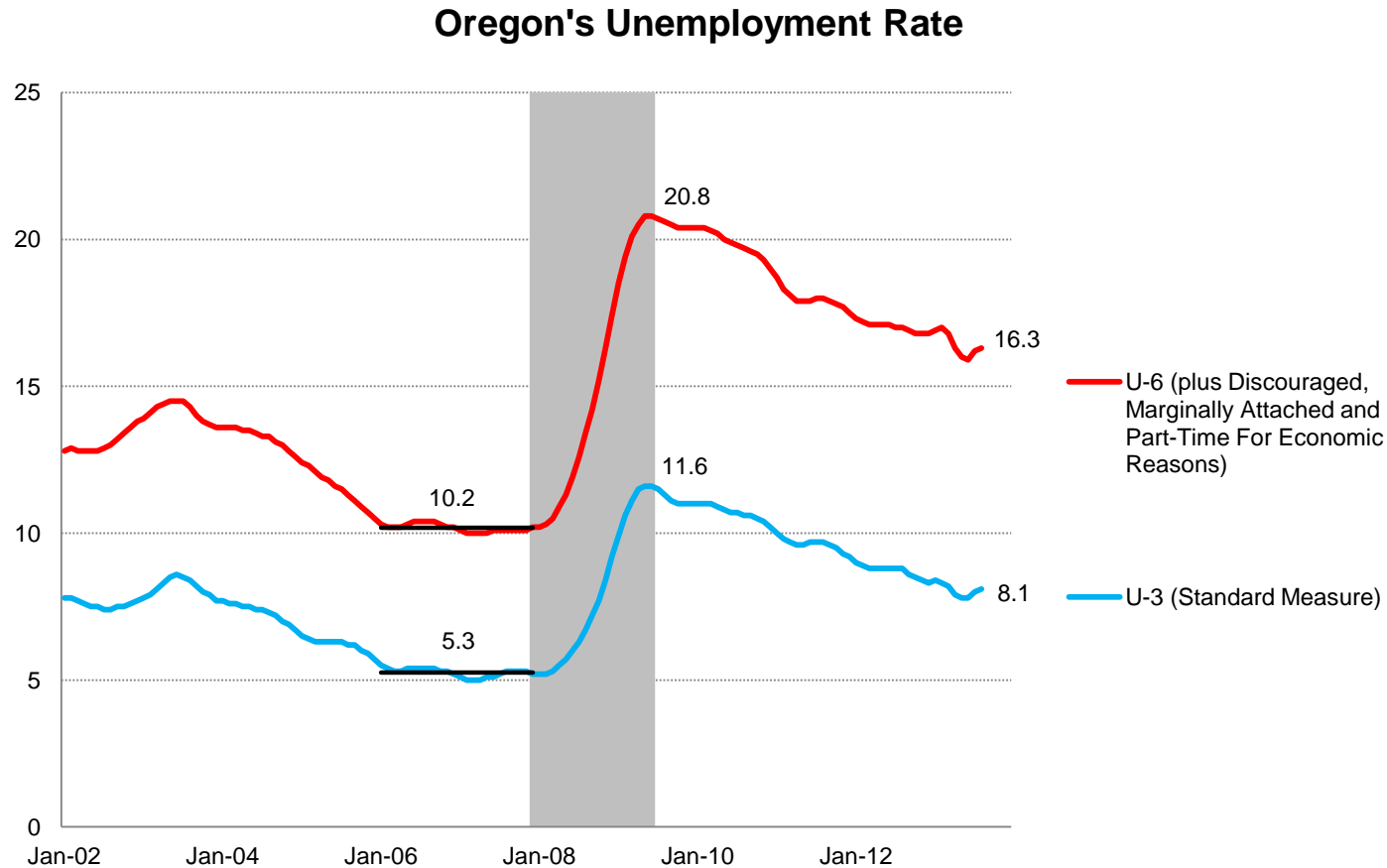


Unemployment in Oregon

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

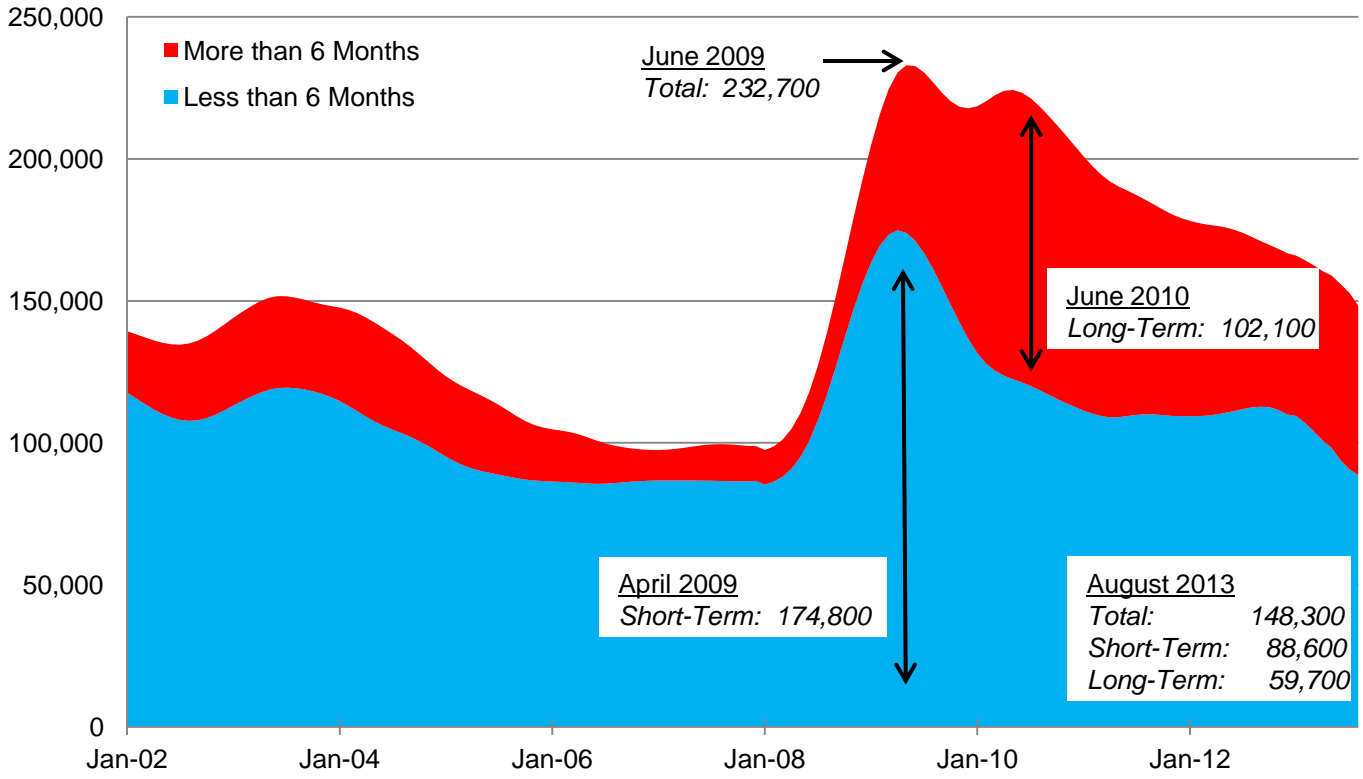
Unemployed in Oregon

Slowly Improving Labor Market



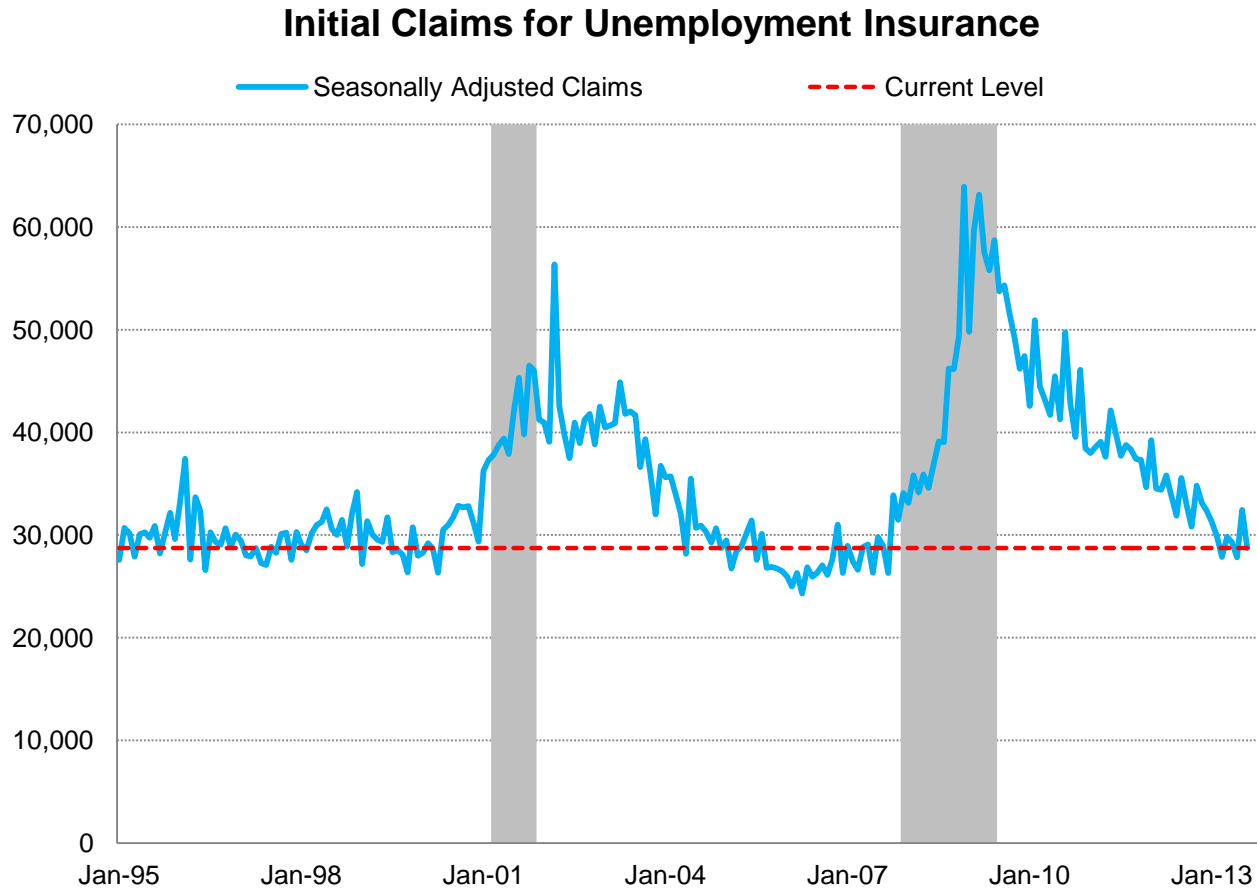
While Declining, Still too Many Unemployed in Oregon

Unemployed Oregonians
Length of Duration

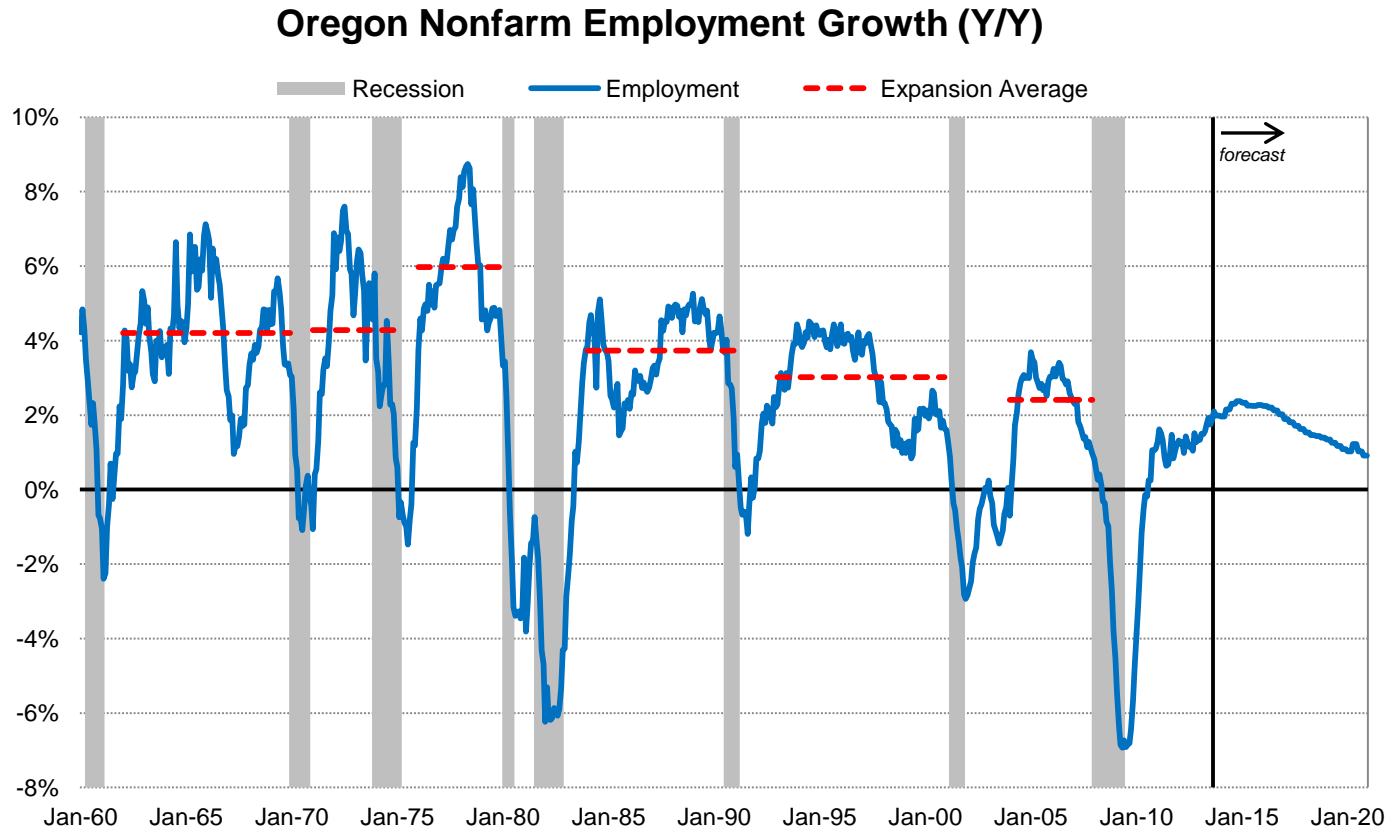


Source: Oregon Employment Department

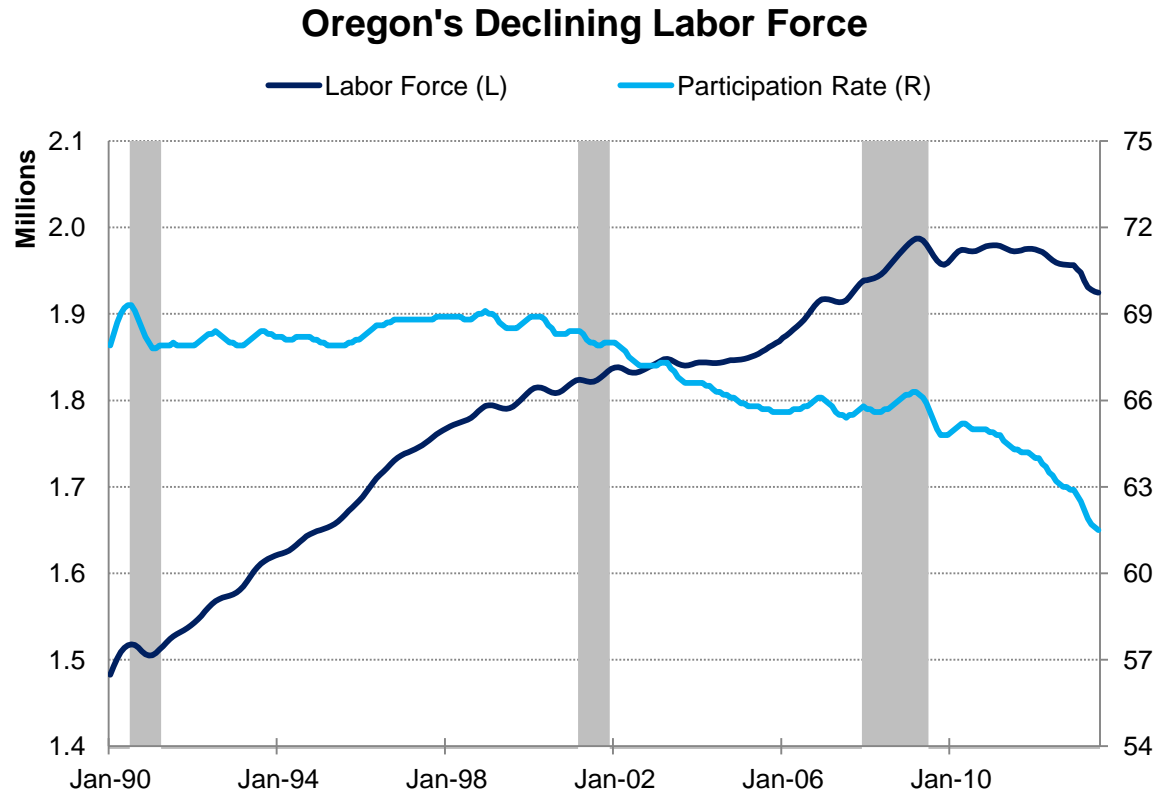
Good News is Recent Layoffs Are Back to Pre-Recession Levels



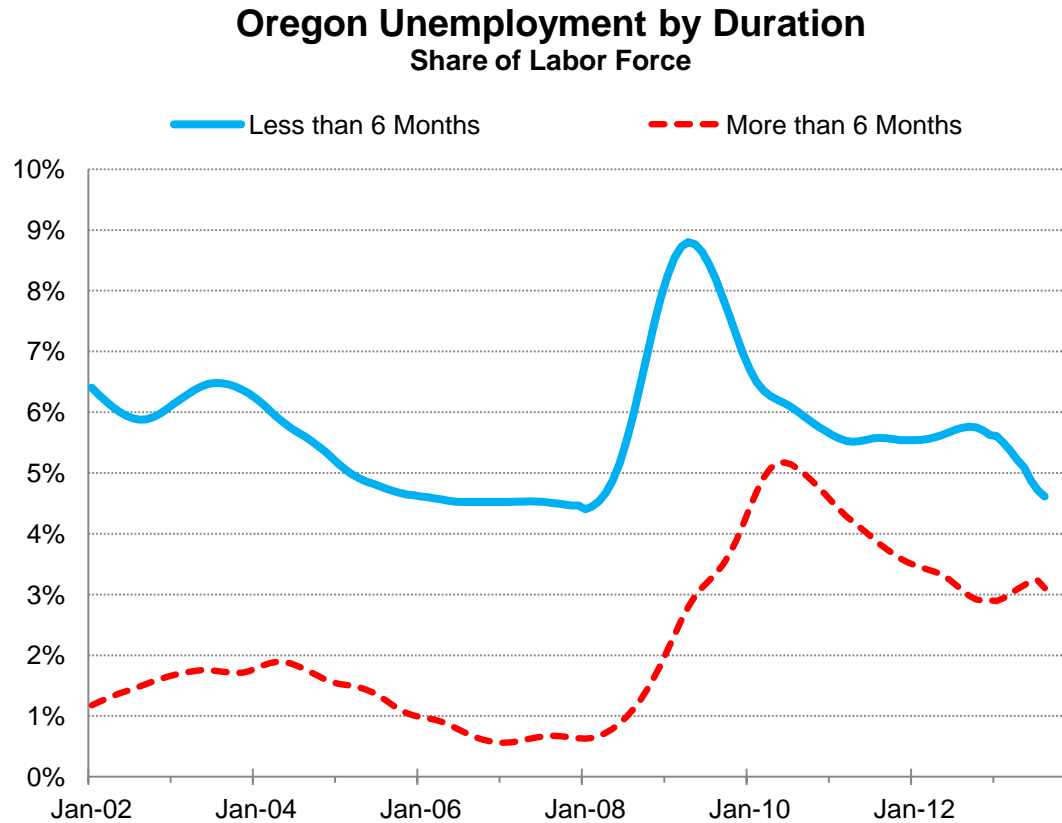
Bad News is Hiring Remains Weak



Worse News is Labor Force Falling



Results in short-term unemployed improvement but not for long-term



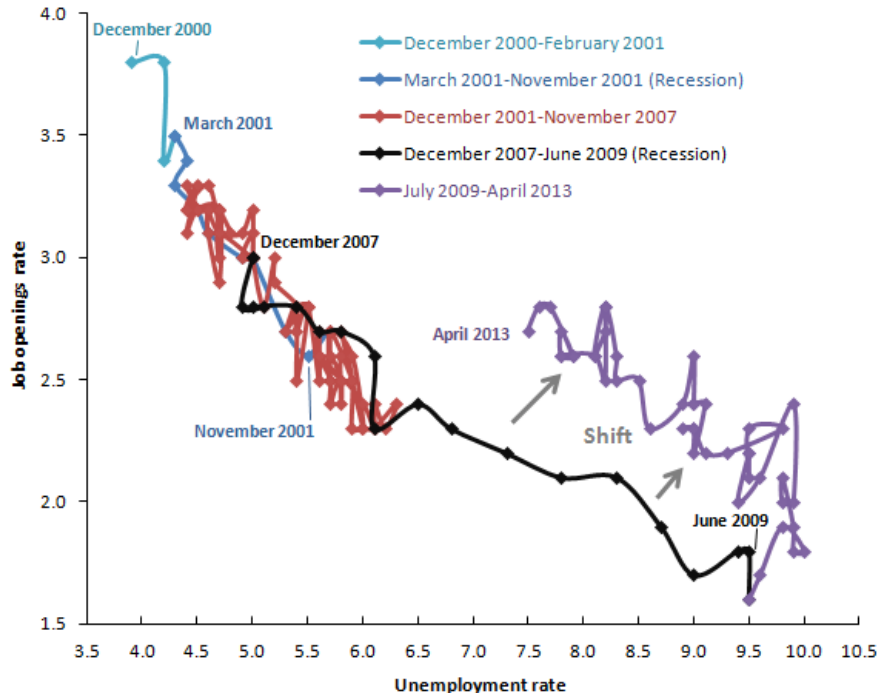
Beveridge Curve

What is the Beveridge Curve?

- Empirical relationship between unemployment and job vacancies
 - When job vacancies rise, unemployment falls (and vice versus)
 - 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 Beveridge Curve (job openings vs. unemployment rate),
seasonally adjusted, December 2000–April 2013



Source: U.S. Bureau of Labor Statistics.

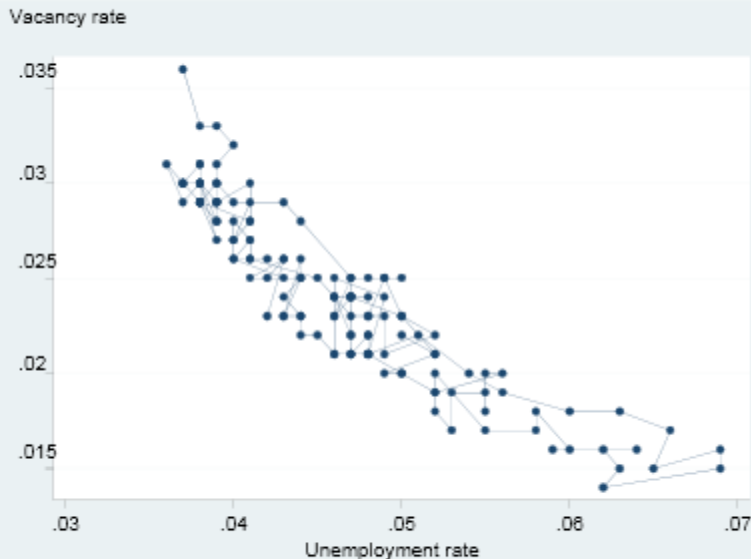
Oregon Beveridge Curve



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.

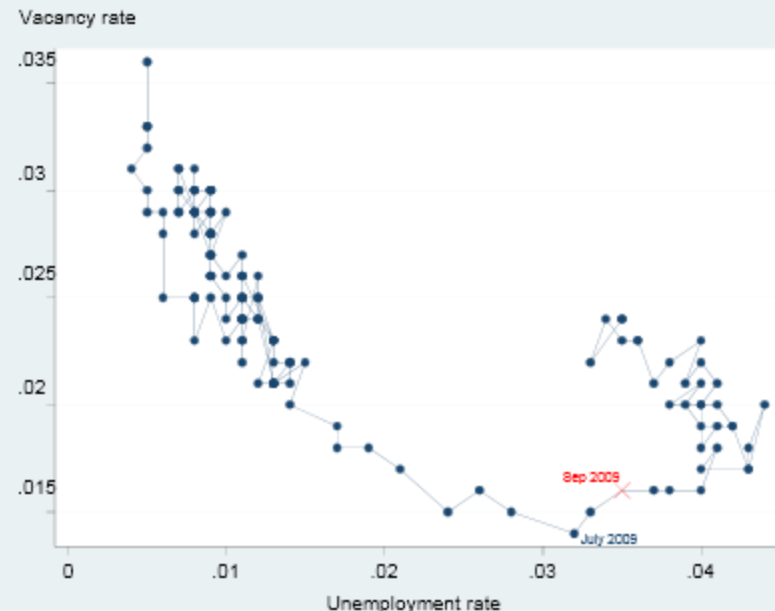
U.S. Divergence Between Recently Unemployed and Long-Term

Figure 6: Monthly Vacancy and Unemployment Rates Using Unemployed Persons with Duration Less Than 27 Weeks



Source: CPS and JOLTS. Data are monthly rates, span the period 2001:m1–2012:m6, and are seasonally adjusted.

Figure 7: Monthly Vacancy and Unemployment Rates Using Unemployed Persons with Duration Greater Than or Equal to 27 Weeks

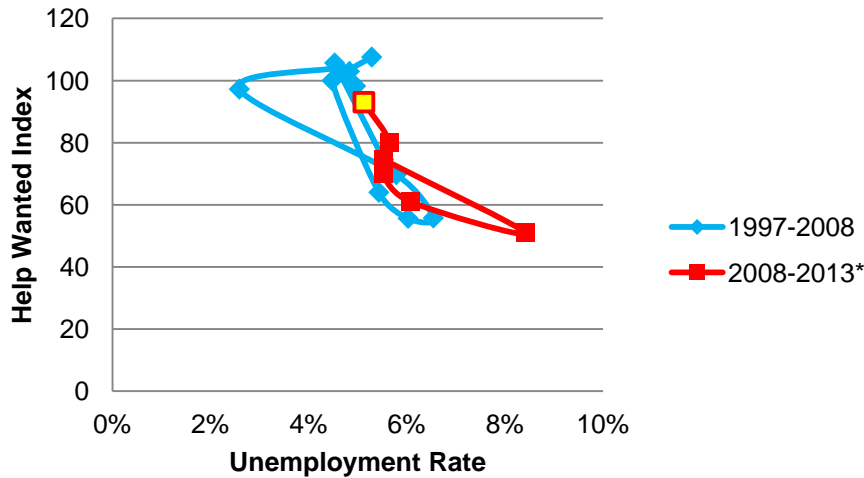


Source: CPS and JOLTS. Data are monthly rates, span the period 2001:m1–2012:m6, and are seasonally adjusted.

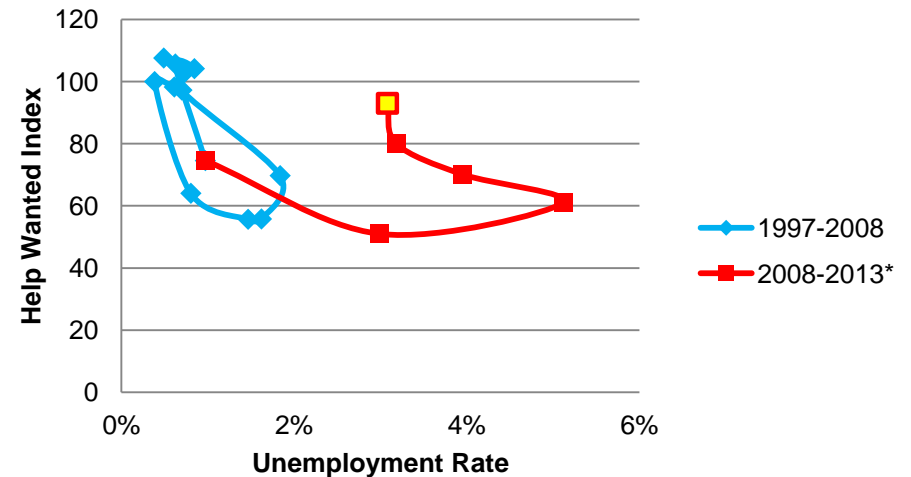
Recent research by the Boston Fed finds that the major driver in shifting the Beveridge Curve outward is lack of improvement in the long-term unemployed. The BC for short-term unemployed is effectively back in-line with the historical relationship.

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*

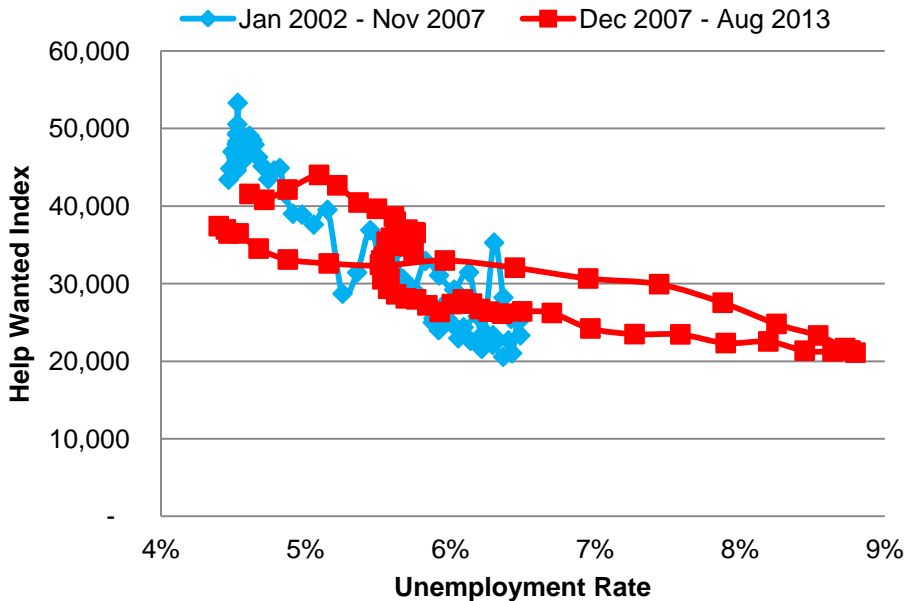


* 2013 data are the average of January through August as the year is not completed.
Data availability: unemployment by duration annually back to 1997 or monthly back to 2002

Source: Oregon Employment Department, Oregon Office of Economic Analysis, Author's Calculations

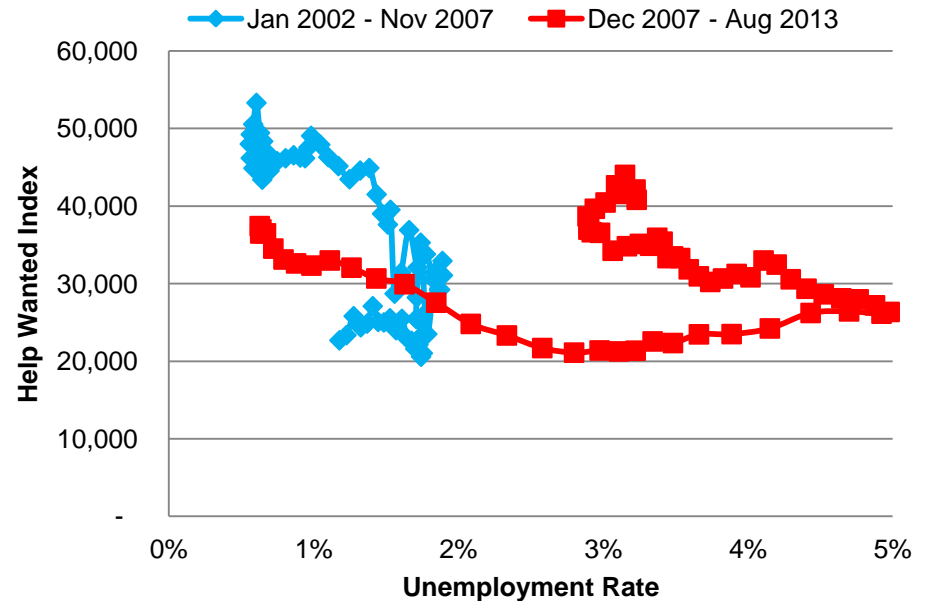
Monthly Data

Oregon Short-Term Beveridge Curve Unemployed Less Than 6 Months, 2002-2013



More or less back to normal

Oregon Long-Term Beveridge Curve Unemployed More Than 6 Months, 2002-2013



No improvement in past year

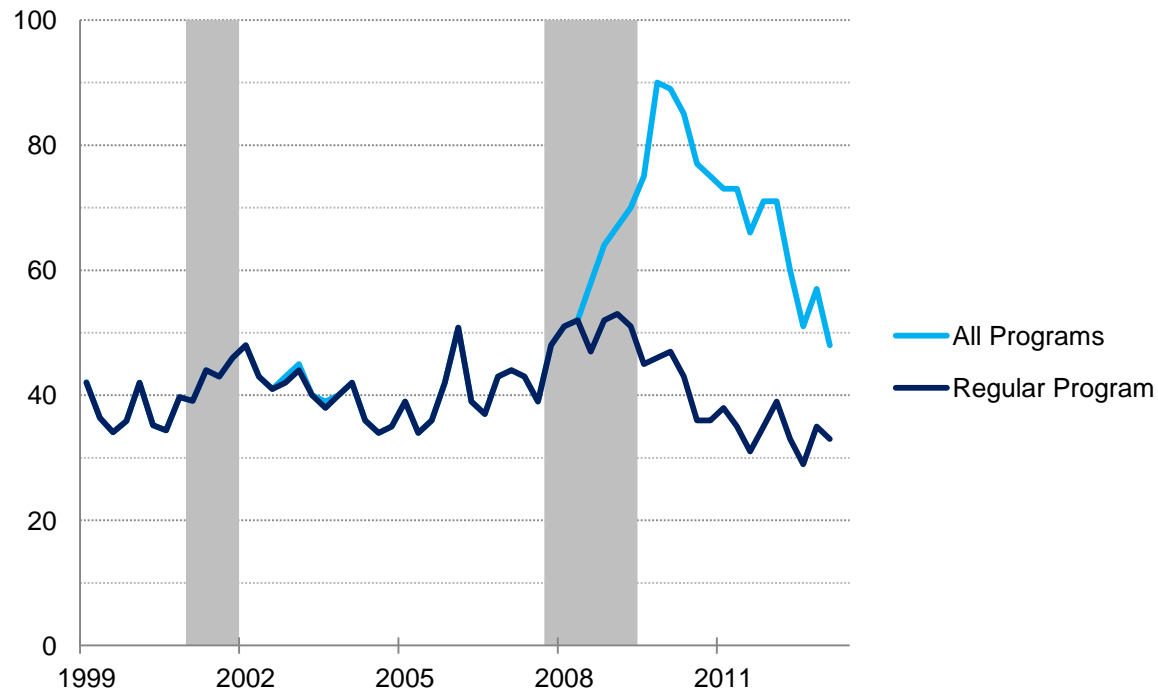
Data availability: unemployment by duration annually back to 1997 or monthly back to 2002

Source: Oregon Employment Department, Oregon Office of Economic Analysis, Author's Calculations

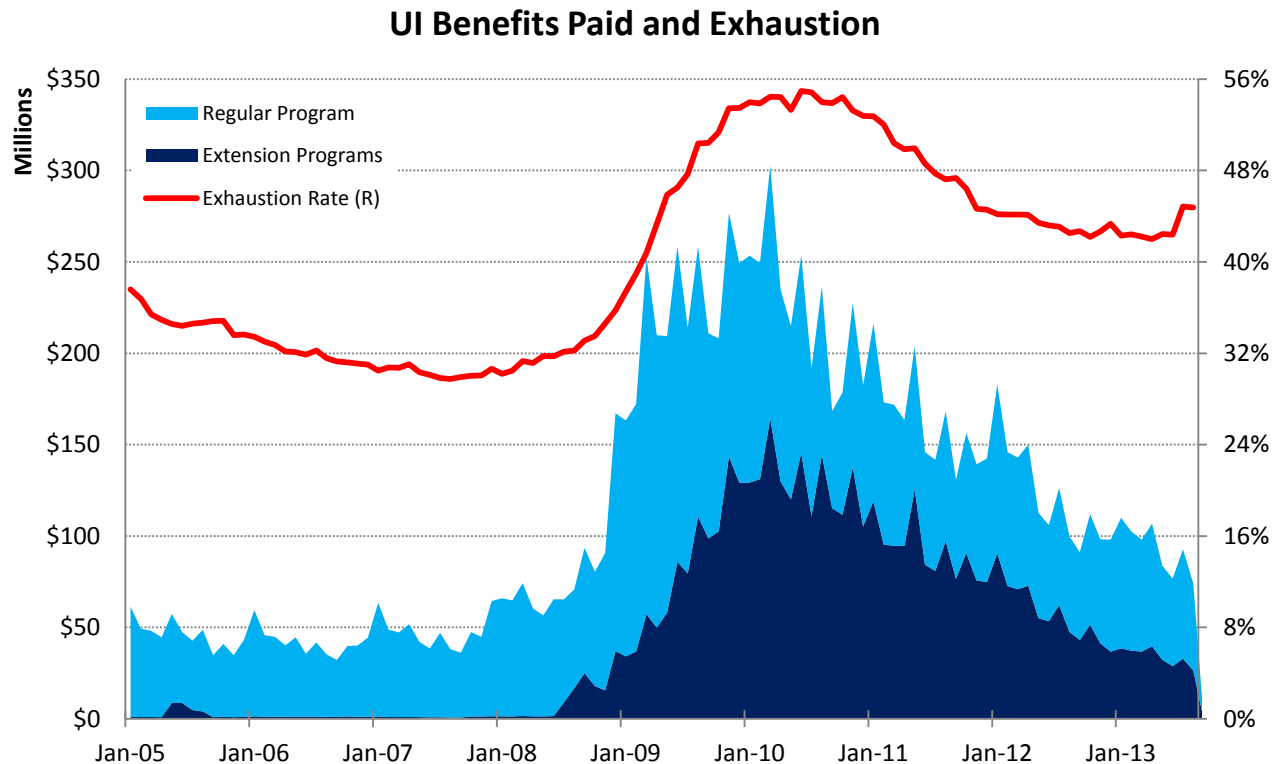
What Happens to the
Unemployed?

Some Receive Benefits at First

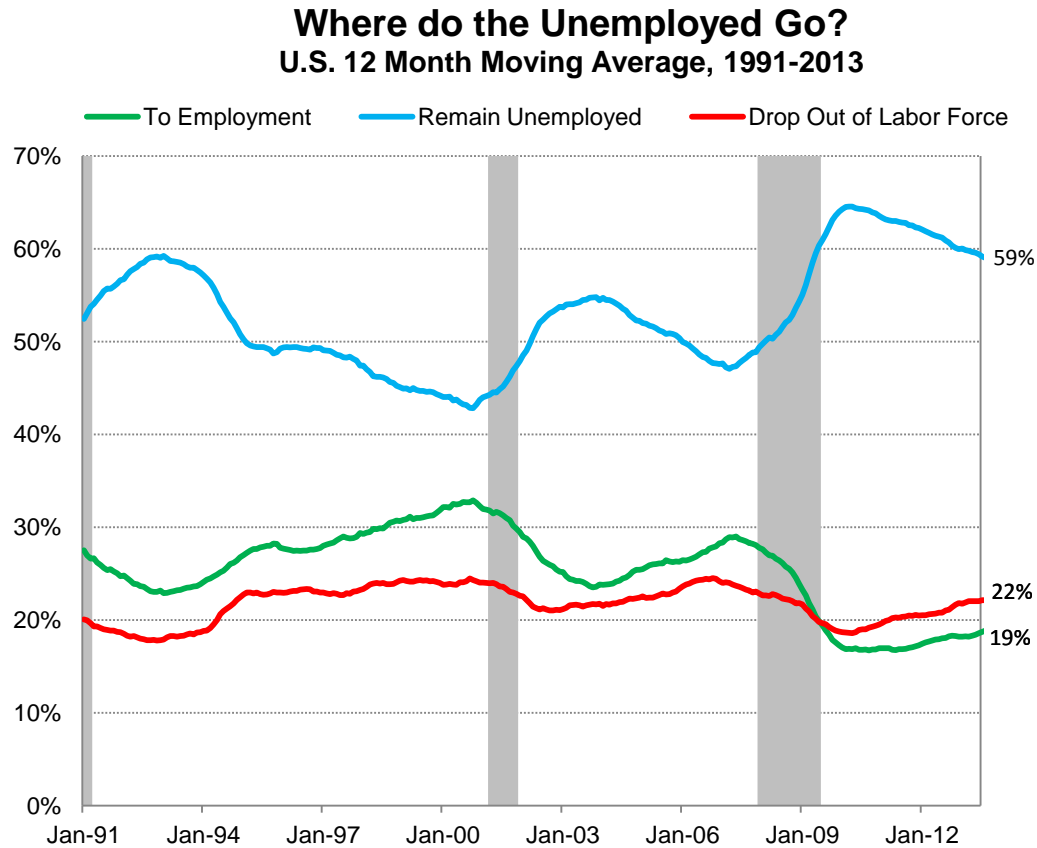
Not All Unemployed Oregonians Get Benefits
Share of Unemployed Receiving UI Benefits



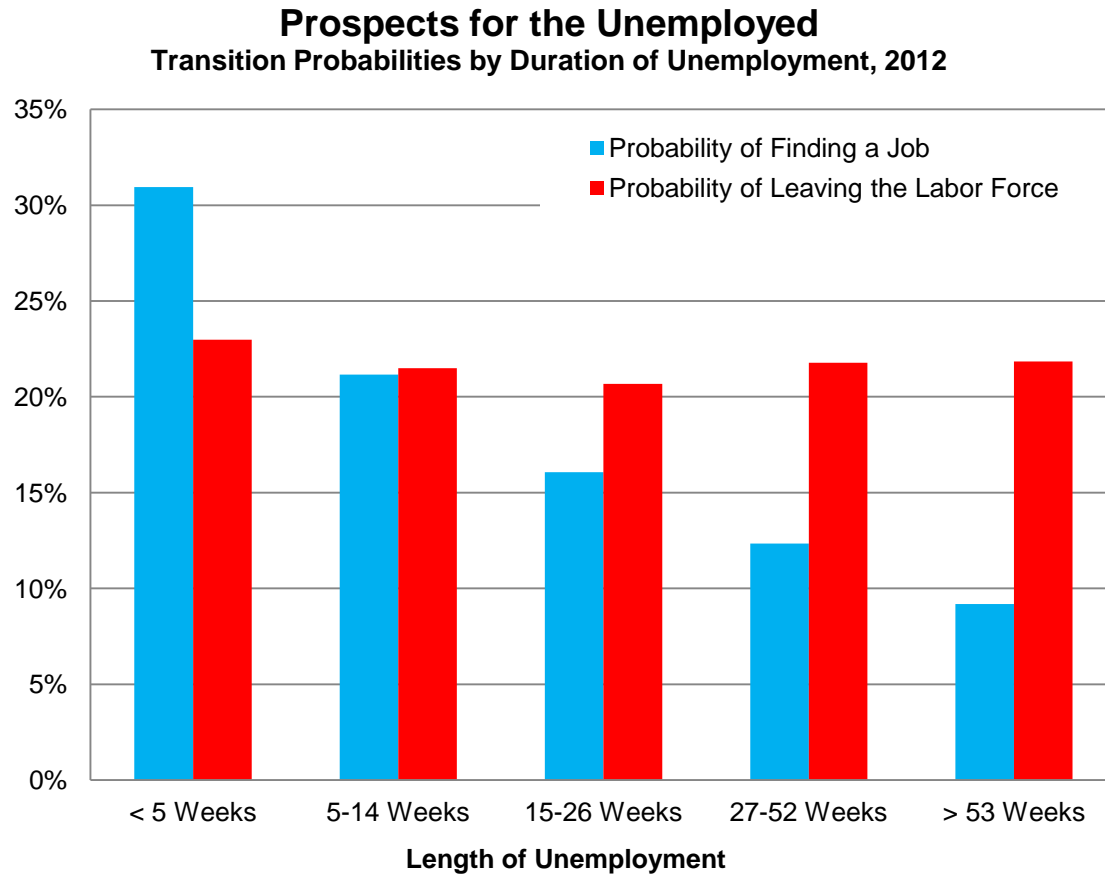
However These Eventually Run Out



Higher Chance of Dropping Out than Finding a Job

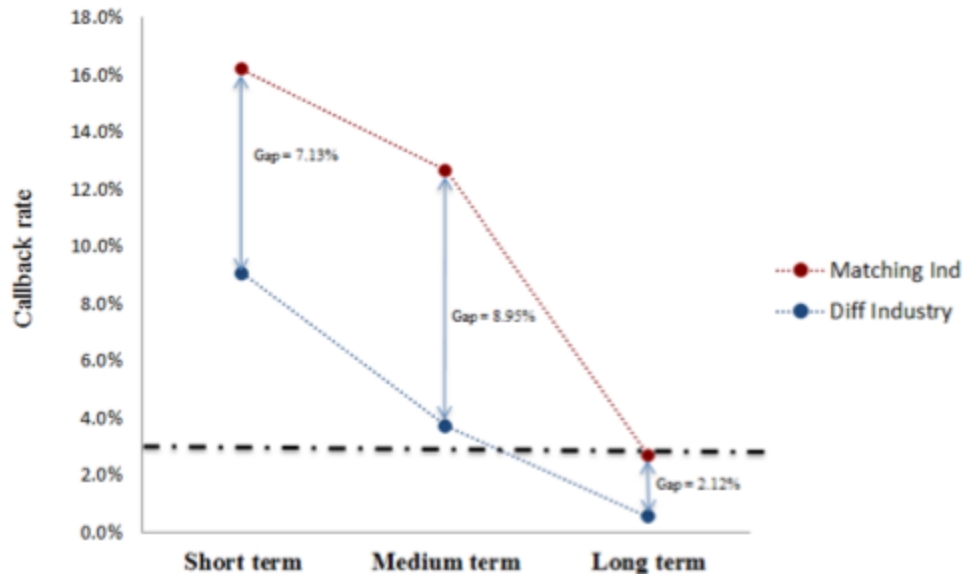


Even More Pronounced for the Long-Term Unemployed



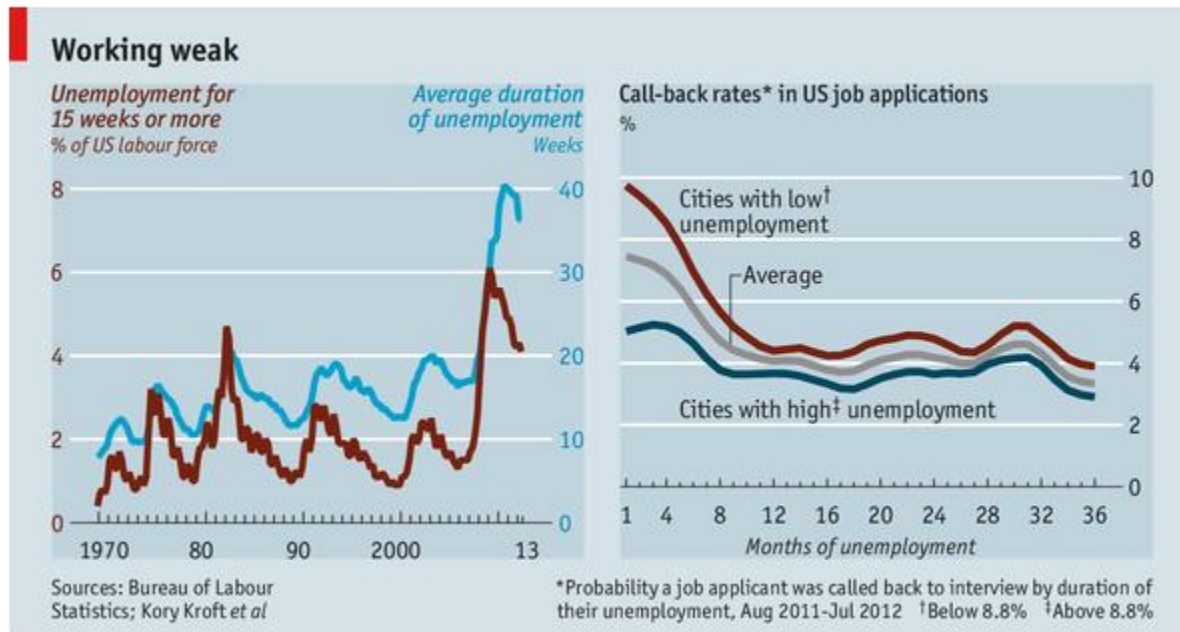
Long-Term Unemployed Need Not Apply

Figure 1: Callback Rate vs Unemployment Duration
Sample: Unemployed only / All Occupations



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

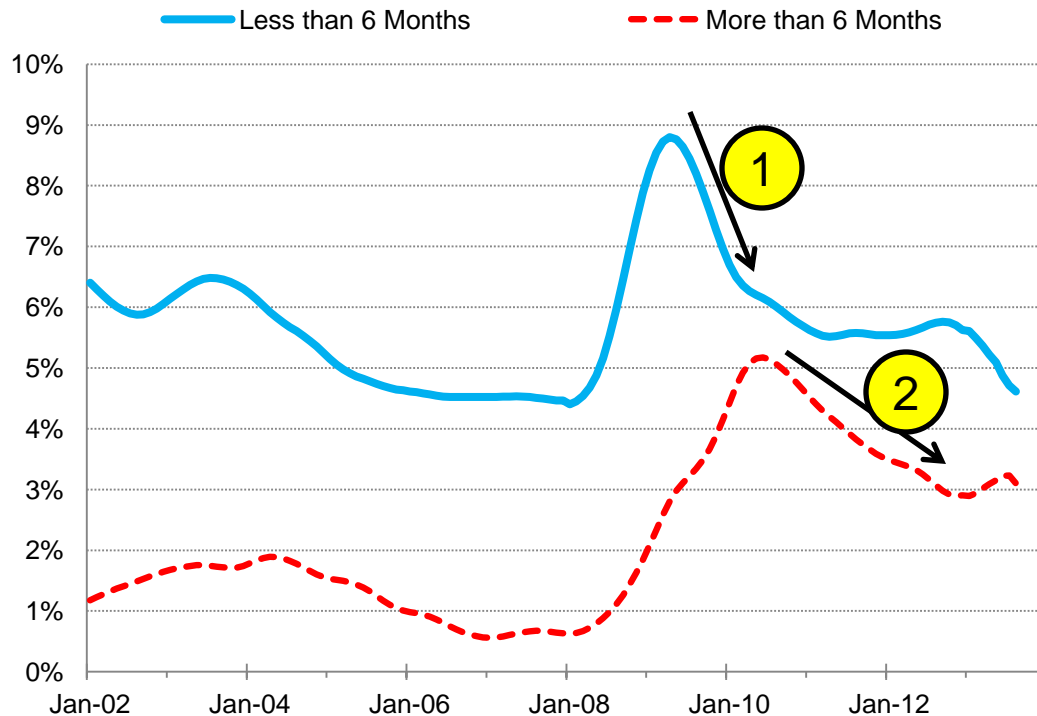
Long-Term Unemployed Need Not Apply, Redux



What Can Help?

A Strong Economy and Labor Market

Oregon Unemployment by Duration
Share of Labor Force



- 1 As the labor market tightens for the recently unemployed
- 2 It starts to improve for the longer term unemployed as employers have to searcher deeper and farther into the labor pool

Obtaining Skills that are in Demand

