



Maine's Job Performance from the Beginning of the Recession Through May 2009

The U.S. entered a recession in December 2007. Failure of leading financial institutions, auto manufacturers seeking bailouts and filing for bankruptcy protection, and almost daily announcements of layoffs has prompted leading economists and politicians to compare the current situation to the 1930s Great Depression. Among the headlines and strong statements it can be difficult to discern the appropriate context of workforce conditions in Maine.

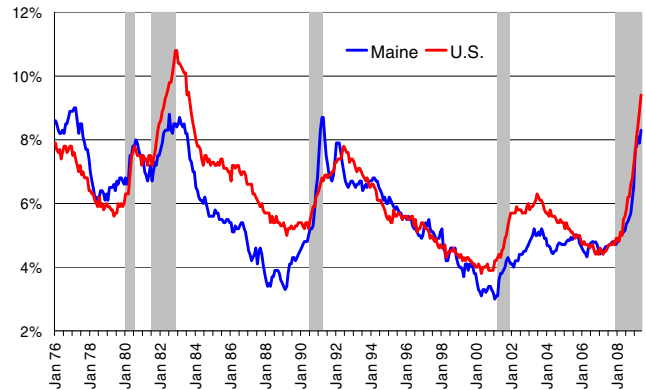
How deep and long the recession will be is a point of debate among economists. This space will not attempt to resolve that debate, but will provide context to the impact at this point in the downturn to previous downturns a similar number of months after the peak.

Unemployment and the Labor Force

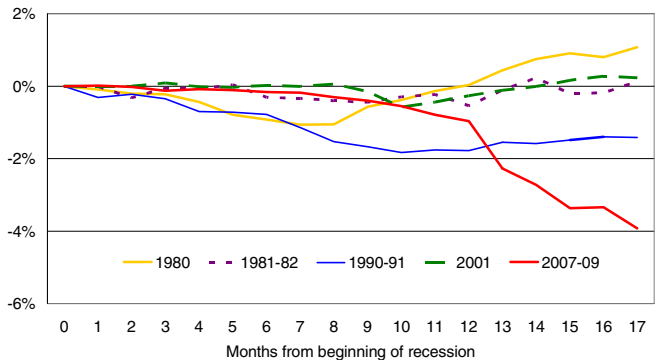
Unemployment rates in Maine were lower than 5.5 percent every month from mid 1996 to mid 2008, and below 4.5 percent for 52 months of that period. Rates rose gradually through 2007, but remained below 5.0 percent until March 2008. Escalating energy costs that spring and summer caused consumers to retrench, dampening the important tourism season, causing a moderate acceleration in the rise in unemployment to 5.4 percent in July. As the extent of the national financial crisis became more apparent in the fall, unemployment started to rise more rapidly, with the rate reaching 8.3 percent in May 2009, the highest since April 1991. The national rate of 9.4 percent in May was the highest since July 1983.

At 17 months the current downturn is the longest since the 1930s, eclipsing the 10 month average of the ten national recessions since 1950. In the four recessions since the 1970s Maine's unemployment rate increased an average of 1.1 points in the first 17 months following the peak. During the current downturn the unemployment rate has increased 3.6 points.

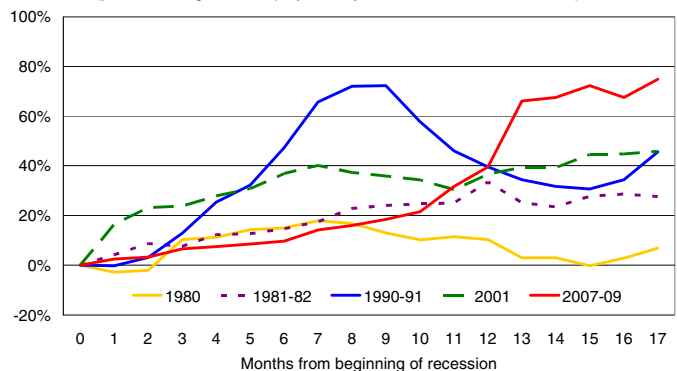
Unemployment rates have risen to levels last reached in the early 1990s



Employment has declined and unemployment increased further and longer than in the previous four recessions (percent change in employment by month from start of recession)



(percent change in unemployment by month from start of recession)



Nonfarm Job Performance by Industry

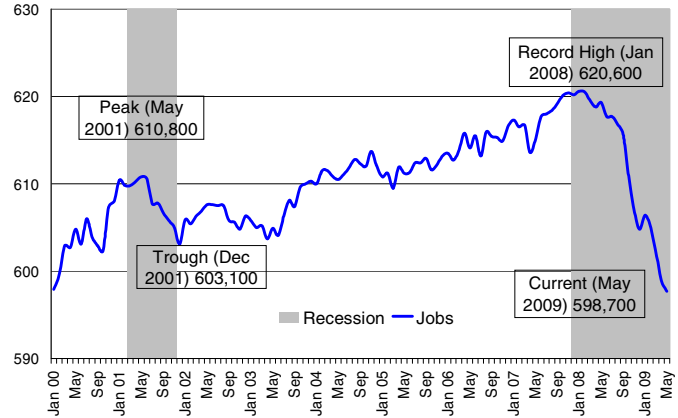
From the beginning of the recession the number of nonfarm jobs in Maine was down 22,500, or 3.6 percent. Nationally, job losses totaled 6.0 million, or 4.3 percent. The rate of nonfarm job loss spiked in the fall of 2008, but has abated somewhat in the first five months of 2009.

Among the 17 industry sectors, 14 had net job losses totaling 24,800, with manufacturing (-6,600 jobs) and construction (-4,700) accounting for half the net job loss. The two sectors that were up created 2,100 net new jobs, led by health care & social assistance (+1,800) and professional & technical services (+300).

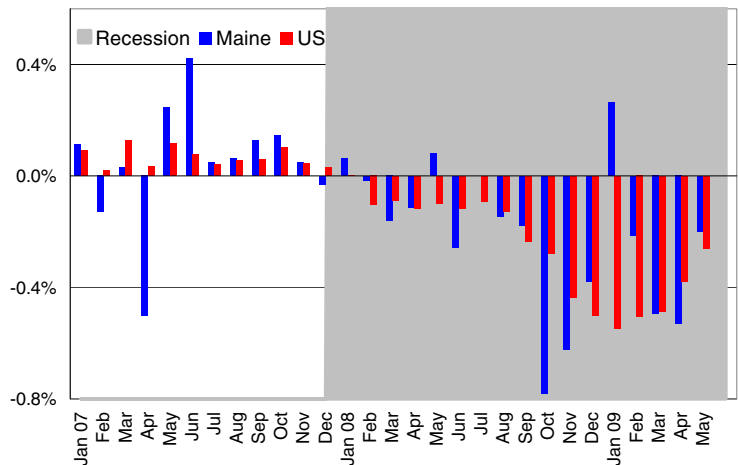
The direction of job gain or loss by industry sector has generally been similar to the nation during the recession with a few exceptions. Maine outperformed in the finance & insurance; professional & technical services; administrative support & waste management; and arts, entertainment & recreation sectors. Maine underperformed in the natural resources & mining; transportation, warehousing & utilities; educational services; and government sectors.

Notes: Nonfarm jobs data comes from a different source than employed residents data discussed in the unemployment and labor force section. The primary distinction between the two is that resident employment includes agricultural workers and the self-employed not included in the nonfarm jobs count. Nonfarm jobs data includes the industry detail not available in the resident employed series.)

The number of nonfarm jobs is down to 2003 levels
(Seasonally adjusted in thousands)



The rate of nonfarm job loss accelerated in the fall
(Seasonally adjusted over the month change in nonfarm jobs)



Change in Nonfarm Wage & Salary Jobs in Maine and U.S. Since the Beginning of the Recession in December 2007 (seasonally adjusted in thousands)

Industry Sector	Employment		Dec 07 to May 09 Chg		
	Dec 2007	May 2009	Maine Net Change	Percent Change	
				Maine	U.S.
Nonfarm Wage & Salary Jobs	620.2	597.7	-22.5	-3.6%	-4.3%
Natural Resources & Mining	2.6	2.3	-0.3	-13.1%	-1.5%
Construction	30.8	26.1	-4.7	-15.3%	-16.2%
Manufacturing	59.6	53.0	-6.6	-11.1%	-13.0%
Wholesale Trade	21.0	19.6	-1.4	-6.7%	-5.9%
Retail Trade	86.1	83.2	-2.9	-3.4%	-4.8%
Transportation, Warehousing & Utilities	19.1	17.3	-1.8	-9.4%	-6.0%
Information	11.1	10.2	-0.9	-8.1%	-5.4%
Finance & Insurance	25.7	25.3	-0.4	-1.6%	-5.0%
Real Estate, Rental, Leasing	7.1	6.7	-0.4	-5.6%	-7.3%
Professional, Scientific & Technical Services	23.9	24.2	0.3	1.3%	-2.0%
Administrative Support & Waste Management	24.8	24.3	-0.5	-2.0%	-13.4%
Educational Services	19.6	19.5	-0.1	-0.5%	3.4%
Health Care & Social Assistance	97.4	99.2	1.8	1.8%	3.5%
Arts, Entertainment & Recreation	8.2	8.2	0.0	0.0%	-4.8%
Accommodation & Food Services	52.2	49.6	-2.6	-5.0%	-2.5%
Other Services	19.9	19.6	-0.3	-1.5%	-1.8%
Government	104.4	102.5	-1.9	-1.8%	1.2%

Sources: Center for Workforce Research & Information and US Bureau of Labor Statistics.