

NM ties for third-highest unemployment rate in nation

BY STEPHEN HAMWAY / JOURNAL STAFF WRITER
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New Mexico's unemployment rate held relatively steady again in April, continuing a trend of slow job growth even as the state begins to loosen restrictions related to the pandemic.

The state's seasonally adjusted unemployment rate stood at 8.2% last month, tied with New York for the third-highest rate in the country behind Hawaii and California, according to newly released numbers from the U.S. Bureau of Labor Statistics.

After an unprecedented spike in unemployment early in the pandemic, the state's unemployment rate has hovered between 8% and 9% since last September.

During that same period, the national unemployment rate has dropped from 7.8% to 6.1%, according to data from the Bureau of Labor Statistics.

New Mexico has been criticized by some business leaders for maintaining expanded unemployment benefits and business restrictions for longer than a few other states. However, a pair of University of New Mexico researchers noted that the state historically recovers more slowly from economic downturns than many of its neighbors due to its unique workforce and collection of industries.

“It’s not uncommon, at least in recent history, for this state to have a relatively high unemployment rate,” said Michael O’Donnell, acting director of UNM’s Bureau of Business and Economic Research.

O’Donnell acknowledged that expanded unemployment benefits could play a role in keeping people from working, but said the relatively high unemployment rate may have more to do with the composition of the state’s workforce, which is older and less educated than the national average.

During the Great Recession, O’Donnell said the state initially fared better than some of its neighbors, but recovered far more slowly than the nation as a whole. He said it’s reminiscent of what New Mexico has seen so far during the pandemic, which could portend a longer recovery timeline relative to other states.

“The fact is, New Mexico hasn’t really bounced back at the same rate,” he said.

Reilly White, an associate professor at UNM’s Anderson School of Management, added that the tendency toward slower economic recoveries has to do with the state’s key industries. New Mexico’s relative lack of publicly traded companies and dependence on public sector employment means the state tends to lag in both layoff and hiring cycles.

“We don’t hire quickly and we don’t fire quickly in New Mexico,” White said.

Overall, New Mexico’s total non-agricultural payroll employment grew by 30,400 jobs since last April, an increase of 4%, according to data from the New Mexico Department of Workforce Solutions. Metro Albuquerque and metro Santa Fe each posted unemployment rates of 7.2% in April, according to DWS.

Nora Meyers Sackett, a spokeswoman for the Governor’s Office, said in an email that the state has reinstated work search requirement for New Mexicans on unemployment, a step toward encouraging claimants to find work.

“As our pandemic mitigation efforts and vaccine rollout have put the state on the path to fully emerging from the pandemic, it’s important to get New Mexicans back to work safely and facilitate solid economic futures for New Mexico

families,” she said. Going forward, White said he’s hopeful that loosened restrictions will help some of the state’s hard-hit industries, including its leisure and hospitality sector. While the state has seen tremendous year-over-year growth in the sector, which contains much of New Mexico’s tourism industry, White said job growth had started to recover but has since leveled off.

The sector added just 1,500 jobs from March to April, and remains around 20% below pre-virus levels. White said the travel and tourism industry is a key for New Mexico as it recovers from the effects of the pandemic.

“I think that once the economy gets reopened, and people really start getting back to (traveling) ... that we’ll see some uptick in hiring,” White said. “But it will take some time. It won’t be immediate.”