

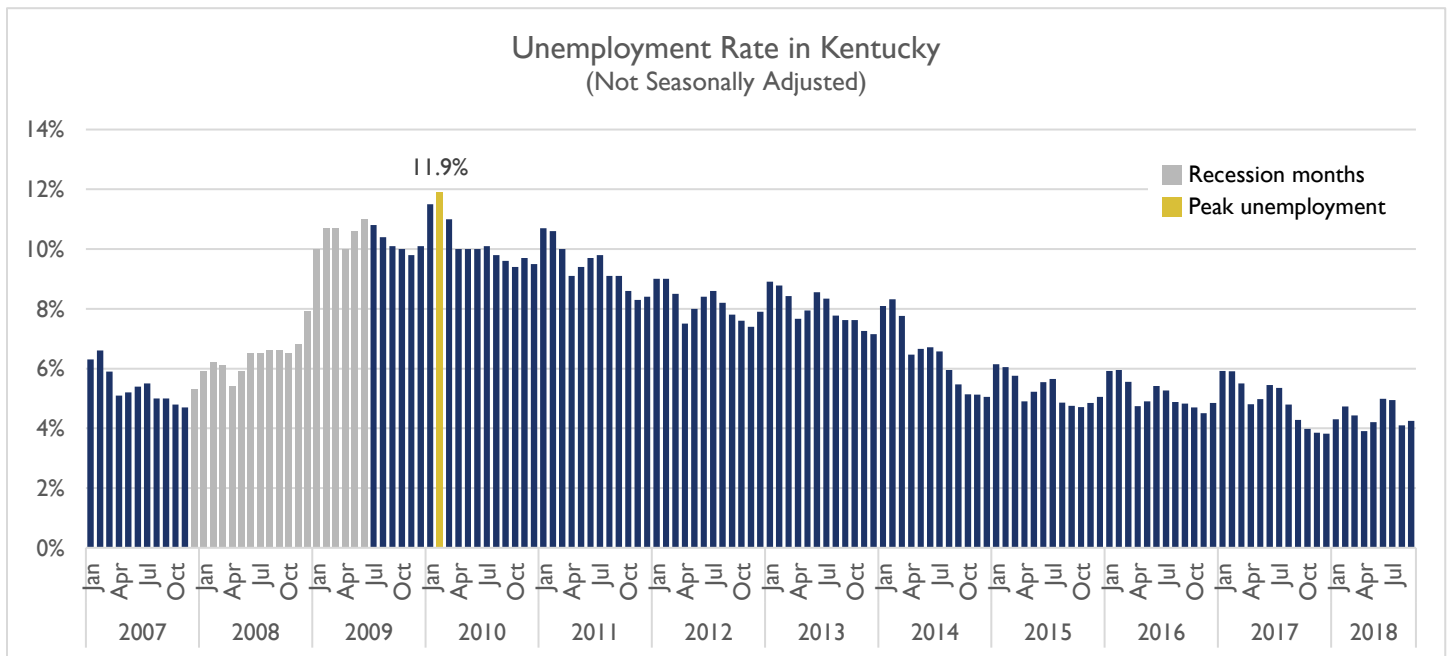


October 2018 KENTUCKY LABOR FORCE UPDATE

As Unemployment Rates Fall, How are KY Wages Responding?

When the U.S. Bureau of Labor Statistics (BLS) releases the national unemployment rates the first Friday of every month, what tends to follow is a discussion of how wages are performing. Since the recovery from the Great Recession began, analysts have examined how quickly wages are growing in comparison to recoveries of previous recessions. As explained by the Federal Reserve Bank of St. Louis¹, at the start of a recession, unemployment rates increase and the rate of wage growth falls for a number of months. As the economy recovers, unemployment rates decline and wages increase until the next recession, and the cycle repeats. Their analysis of BLS data shows that national wages are increasing at a slower pace during the current recovery than past ones. In this newsletter, we explore how wages in Kentucky have responded to lower unemployment rates following the last two recessions.

According to the National Bureau of Economic Research² (NBER), the Great Recession began in December 2007 and ended in June 2009. These recession months are shown in the chart below by gray bars. Similar to national trends, peak unemployment in Kentucky occurred after the recession was over, 11.9 percent in February 2010 (shown by the gold bar). As of September 2018, Kentucky's unemployment rate was 4.3 percent, 7.6 points lower than the peak.



ALSO IN THIS ISSUE:

◇ 2018 Occupational Employment & Wages

◇ August 2018 Unemployment Claims Data

◇ August 2018 Labor Force Estimates

◇ KYSTATS Mini-Conference Schedule

¹ <https://fredblog.stlouisfed.org/2018/08/has-wage-growth-been-slower-than-normal-in-the-current-business-cycle/>

² The National Bureau of Economic Research (NBER) is a nonprofit economic research organization that identifies the beginning and ending dates of U.S. recessions (<https://www.nber.org/cycles.html>).



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Kentucky Labor Force Update

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As Unemployment Rates Fall, How are Wages Responding?

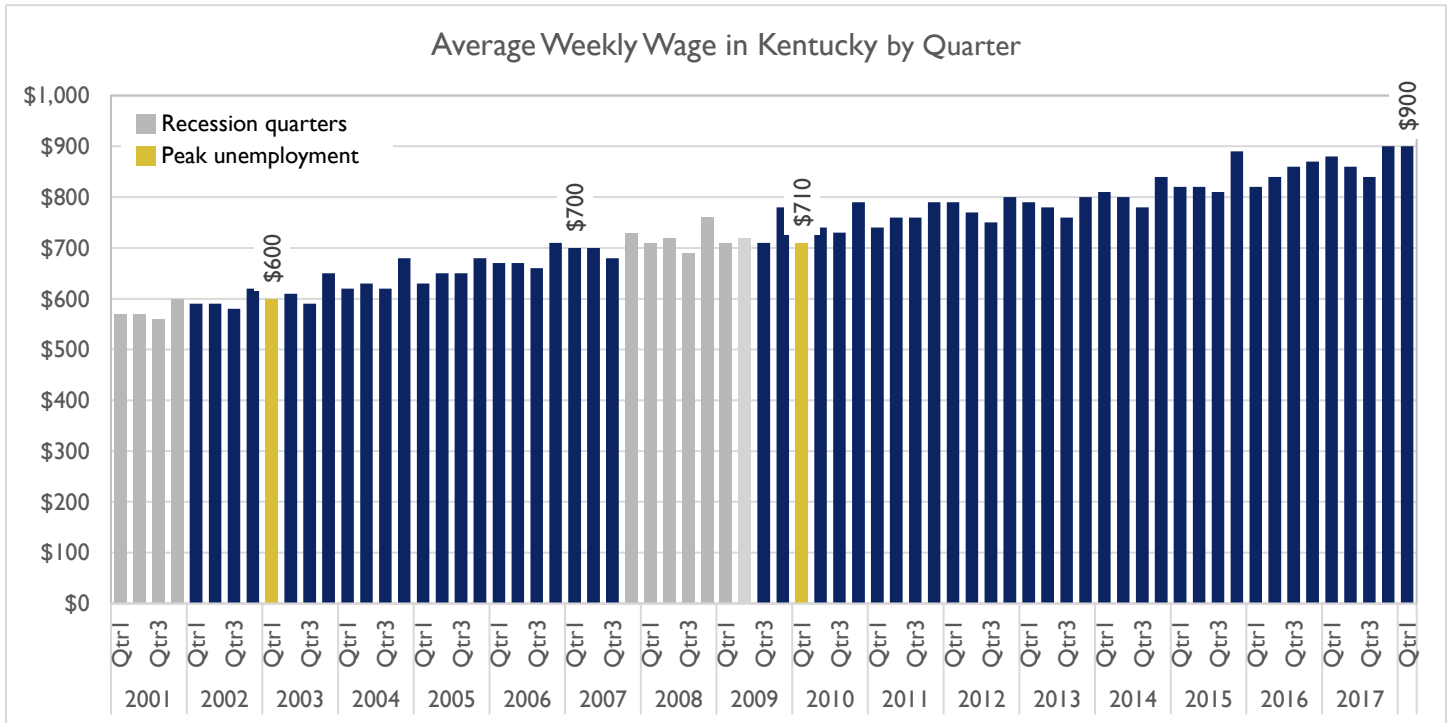
Historically, as unemployment rates fall, wages increase. In Kentucky, how have wages responded since peak unemployment? And how does this response compare to the previous recession?

Using data from the BLS Quarterly Census of Employment and Wages (QCEW), the chart below shows the average weekly wage by quarter. Peak unemployment after the Great Recession occurred during the first quarter of 2010, shown by a gold bar. At the time, the average weekly wage in Kentucky was \$710. In the first quarter of 2018, weekly wages had increased to \$900, a compound annual growth rate (CAGR) of 3.0 percent per year. How does this compare to wage growth after the previous recession?

Wages have been growing since unemployment peaked, but not as quickly as they did after the previous recession.

The previous recession occurred between March and November 2001 (marked by gray bars). During the recovery, unemployment peaked in the first quarter of 2003 (also marked by a gold bar). At that time, weekly wages in Kentucky averaged \$600. By the end of the recovery, before the Great Recession began, wages increased to \$700 per week, a CAGR of 3.6 percent.

This same trend is also occurring nationally, wages are growing since the Great Recession, but not as quickly as they have after previous recessions.



Note: Due to the seasonality of work it is important to compare wage changes for the same quarter of previous years – Q1 to Q1 rather than a Q2 to Q4 change, for example.

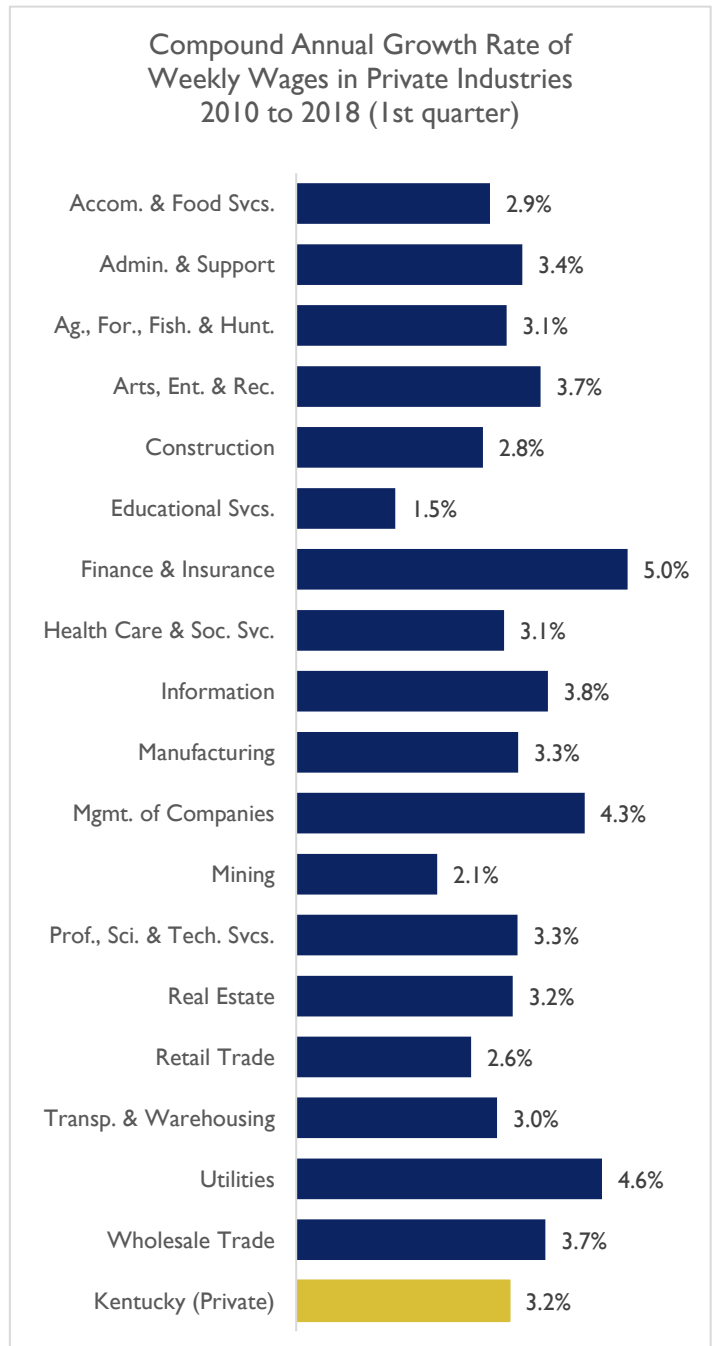
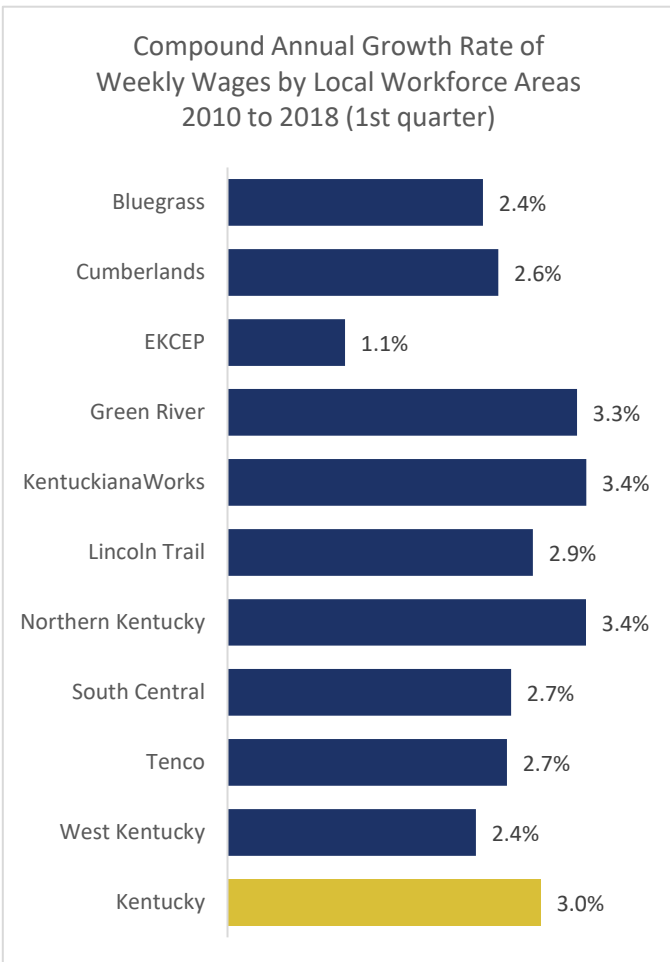


As Unemployment Rates Fall, How are Wages Responding?

Wage growth during Kentucky's economic recovery has been uneven among the Local Workforce Areas (LWAs) and private industry sectors as shown in the following two charts. Since the first quarter of 2010, when peak unemployment was reached, the CAGR of quarterly weekly wages was 3.0 percent through Q1 2018.

Since the first quarter of 2010, average weekly wages grew an average of 3.4 percent per year through 2018 in the KentuckianaWorks and Northern Kentucky LWAs. Wage growth in the Green River LWA also exceeded the state rate.

Among private sector industries, wages increased 3.2 percent in Kentucky since the first quarter of 2010. Wage growth exceeded that in several industrial sectors, most notably in Finance and Insurance (5.0%), Utilities (4.6%) and Management of Companies (4.3%).





2018 Kentucky Occupational Employment and Wage Estimates

Source: KYSTATS, Occupational Employment Statistics (OES)

SOC Code	Standard Occupational Classification (SOC) Title	Estimated Employment	Entry Annual	Mean Annual	Median Annual	Experienced Annual
00-0000	Total all occupations	1,876,430	\$18,619	\$43,363	\$34,549	\$76,470
11-0000	Management Occupations	85,350	\$40,467	\$95,968	\$82,129	\$165,216
13-0000	Business and Financial Operations Occupations	73,400	\$33,701	\$63,339	\$57,838	\$99,244
15-0000	Computer and Mathematical Occupations	31,120	\$35,074	\$69,854	\$66,280	\$110,788
17-0000	Architecture and Engineering Occupations	26,770	\$38,141	\$73,581	\$69,935	\$113,996
19-0000	Life, Physical, and Social Science Occupations	8,270	\$33,287	\$60,278	\$54,916	\$95,261
21-0000	Community and Social Services Occupations	26,480	\$24,615	\$42,741	\$39,420	\$66,462
23-0000	Legal Occupations	9,750	\$33,744	\$78,486	\$61,720	\$145,060
25-0000	Education, Training, and Library Occupations	97,850	\$24,016	\$50,499	\$50,388	\$75,429
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	16,690	\$19,467	\$44,904	\$38,202	\$75,206
29-0000	Healthcare Practitioners and Technical Occupations	124,670	\$30,494	\$71,834	\$57,313	\$123,968
31-0000	Healthcare Support Occupations	50,810	\$20,829	\$30,457	\$28,246	\$43,161
33-0000	Protective Service Occupations	37,370	\$18,690	\$36,680	\$32,957	\$60,555
35-0000	Food Preparation and Serving-Related Occupations	179,790	\$16,859	\$21,663	\$19,667	\$29,737
37-0000	Building and Grounds Cleaning and Maintenance Occupations	50,510	\$17,744	\$26,765	\$24,368	\$39,478
39-0000	Personal Care and Service Occupations	56,290	\$17,281	\$25,962	\$22,753	\$40,569
41-0000	Sales and Related Occupations	178,870	\$17,221	\$35,361	\$24,287	\$65,970
43-0000	Office and Administrative Support Occupations	289,340	\$19,694	\$34,280	\$31,639	\$52,971
45-0000	Farming, Fishing, and Forestry Occupations	4,100	\$19,940	\$30,098	\$27,248	\$44,389
47-0000	Construction and Extraction Occupations	69,820	\$26,586	\$46,557	\$43,055	\$74,161
49-0000	Installation, Maintenance, and Repair Occupations	85,290	\$24,159	\$46,359	\$43,190	\$73,443
51-0000	Production Occupations	199,090	\$21,648	\$38,424	\$35,486	\$60,635
53-0000	Transportation and Material Moving Occupations	174,810	\$19,812	\$37,518	\$31,402	\$58,084

To see a full listing of all 2018 occupational employment and wage estimates, including estimates for Local Workforce Areas (LWAs), please visit <https://kystats.ky.gov/KYLMI>.

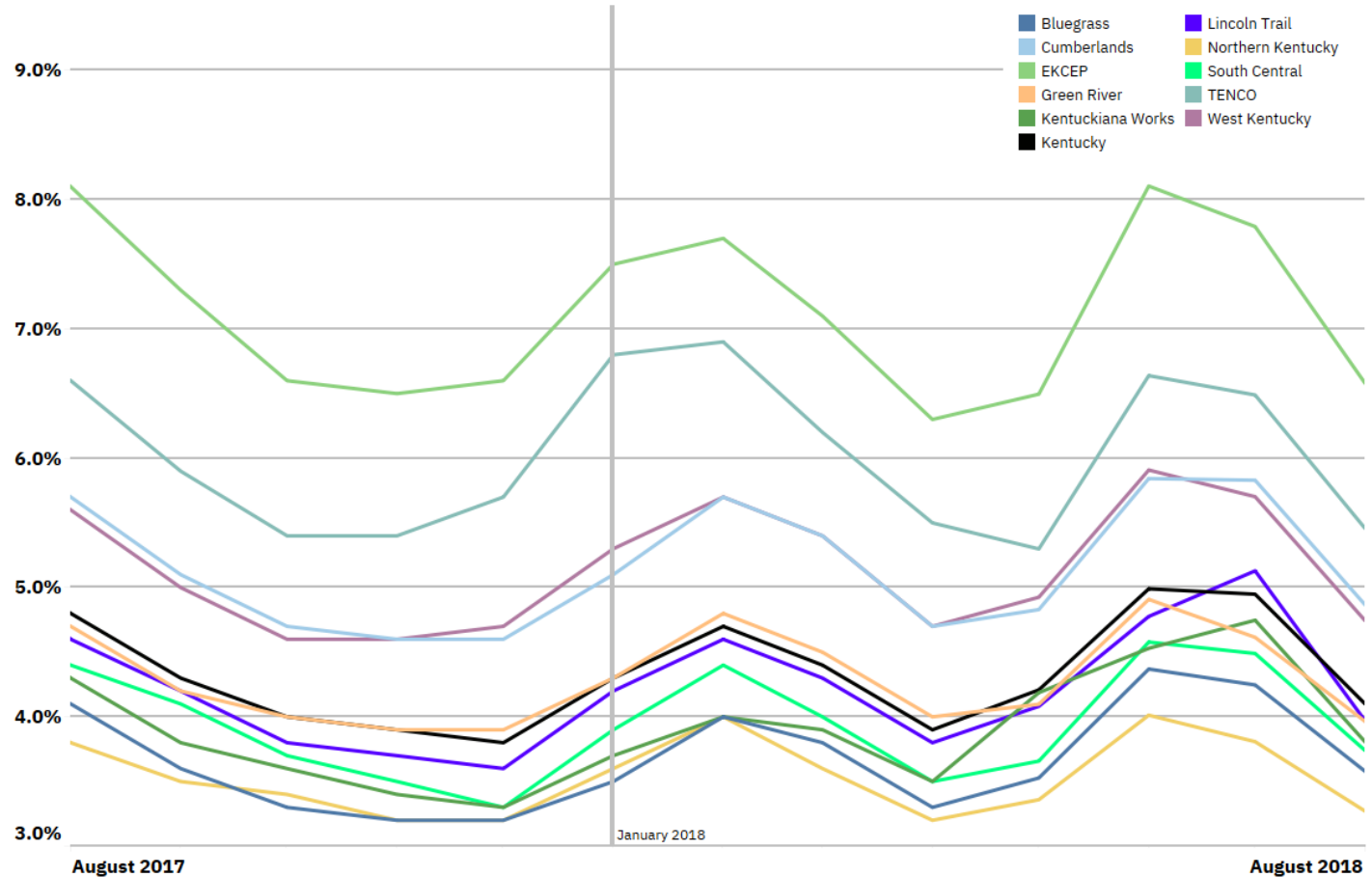


August 2018 Labor Force Estimates

Source: KYSTATS, Local Area Unemployment Statistics (LAUS)*

	Aug 2018	Jul 2018	Aug 2017	OVER-the-MONTH		OVER-the-YEAR	
				Change	Rate	Change	Rate
Civilian Labor Force	2,071,098	2,068,903	2,059,316	2,195	0.1%	11,782	0.6%
Employment	1,980,103	1,978,907	1,959,110	1,196	0.1%	20,993	1.1%
Unemployment	90,995	89,996	100,206	999	1.1%	-9,211	-9.2%
Unemployment Rate	4.4%	4.3%	4.9%	0.1%	-	-0.5%	-
U.S. Unemployment Rate	3.9%	3.9%	4.4%	0.0%	-	-0.5%	-

Unemployment Rate by Local Workforce Area and State



* August data are preliminary and subject to revision.



August 2018 Labor Force Estimates

Source: KYSTATS, Current Employment Statistics (CES)*

	Aug 2018	Jul 2018	Aug 2017	OVER-the-MONTH		OVER-the-YEAR	
				Change	Rate	Change	Rate
Total Nonfarm Employment	1,930,100	1,932,600	1,921,600	-2,500	-0.1%	8,500	0.4%
Private Sector Employment	1,613,200	1,617,100	1,604,800	-3,900	-0.2%	8,400	0.5%
Goods Producing Industries	331,200	334,900	337,400	-3,700	-1.1%	-6,200	-1.8%
Mining and Logging	10,500	10,500	10,400	0	0.0%	100	1.0%
Construction	74,900	76,300	77,500	-1,400	-1.8%	-2,600	-3.4%
Manufacturing	245,800	248,100	249,500	-2,300	-0.9%	-3,700	-1.5%
Durable Goods	160,100	162,500	161,800	-2,400	-1.5%	-1,700	-1.1%
Non-durable Goods	85,700	85,600	87,700	100	0.1%	-2,000	-2.3%
Private Service Providing Industries	1,282,000	1,282,200	1,267,400	-200	0.0%	14,600	1.2%
Trade, Transportation, and Utilities	412,500	413,400	401,700	-900	-0.2%	10,800	2.7%
Wholesale Trade	75,200	75,000	76,400	200	0.3%	-1,200	-1.6%
Retail Trade	218,400	219,000	215,000	-600	-0.3%	3,400	1.6%
Transportation, Warehousing, and Utilities	118,900	119,400	110,300	-500	-0.4%	8,600	7.8%
Information	22,500	22,400	22,600	100	0.4%	-100	-0.4%
Financial Activities	94,000	94,200	93,200	-200	-0.2%	800	0.9%
Finance and Insurance	74,600	74,800	73,600	-200	-0.3%	1,000	1.4%
Real Estate, Rental and Leasing	19,400	19,400	19,600	0	0.0%	-200	-1.0%
Professional and Business Services	217,400	217,400	214,600	0	0.0%	2,800	1.3%
Professional, Scientific, and Tech Services	75,900	75,800	73,500	100	0.1%	2,400	3.3%
Management of Companies	19,500	19,500	20,000	0	0.0%	-500	-2.5%
Admin and Support and Waste Mgmt	122,000	122,100	121,100	-100	-0.1%	900	0.7%
Educational and Health Services	273,400	272,000	272,500	1,400	0.5%	900	0.3%
Educational Services	29,400	29,300	28,900	100	0.3%	500	1.7%
Health Care and Social Assistance	244,000	242,700	243,600	1,300	0.5%	400	0.2%
Leisure and Hospitality	195,200	195,600	197,000	-400	-0.2%	-1,800	-0.9%
Arts, Entertainment and Recreation	22,400	22,500	22,800	-100	-0.4%	-400	-1.8%
Accommodation and Food Services	172,800	173,100	174,200	-300	-0.2%	-1,400	-0.8%
Other Services	67,000	67,200	65,800	-200	-0.3%	1,200	1.8%
Government	316,900	315,500	316,800	1,400	0.4%	100	0.0%
Federal	36,200	36,200	36,700	0	0.0%	-500	-1.4%
State	94,600	94,600	95,700	0	0.0%	-1,100	-1.1%
Local	186,100	184,700	184,400	1,400	0.8%	1,700	0.9%

* Data are seasonally adjusted, August data are preliminary and subject to revision.



Unemployment Insurance Claims

August 2018 (Kentucky, Statewide)

Source: U.S. Dept. of Labor, Employment and Training Administration

Month	Initial Claims	First Payments	Weeks Claimed	Weeks Compensated	Average Weekly Benefit	Benefits Paid	Final Payments
8/31/2017	11,263	4,039	80,459	72,843	\$326.88	\$23,252,377	1,444
9/30/2017	6,862	2,707	68,251	61,236	\$336.05	\$20,125,623	1,154
10/31/2017	11,208	2,720	74,992	66,311	\$338.69	\$21,891,196	1,586
11/30/2017	10,966	3,215	67,915	59,025	\$340.70	\$19,608,362	1,242
12/31/2017	26,508	3,591	76,304	63,973	\$340.60	\$21,288,258	1,193
1/31/2018	17,894	8,647	118,511	99,107	\$344.74	\$33,167,729	1,622
2/28/2018	11,053	4,450	96,918	85,251	\$342.91	\$28,589,923	1,429
3/31/2018	8,670	3,448	88,059	78,794	\$334.01	\$26,414,438	1,013
4/30/2018	9,593	2,786	75,397	73,360	\$338.85	\$24,936,012	1,188
5/31/2018	17,484	3,302	74,279	66,733	\$340.04	\$22,776,755	1,119
6/30/2018	15,974	3,549	73,020	63,967	\$332.05	\$21,316,145	1,065
7/31/2018	23,169	5,097	105,655	92,626	\$343.98	\$31,915,100	1,565
8/31/2018	8,471	3,316	72,220	67,823	\$346.57	\$22,891,972	1,381

Data queried from <https://oui.doleta.gov/> on 10/4/18.

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Date	Location	Time	Host organization
November 7, 2018	Paducah	9am to 12pm	Emerging Technology Center
January 31, 2019	Northern KY	9am to 12pm	Gateway Community & Technical College
February 12, 2019	Pulaski County	9am to 12pm	Pulaski County Schools Central Office



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