

Education and Workforce Development Cabinet

Kentucky's jobless rate increases in September

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Contact Information: Kim Saylor Brannock
(502) 564-1207
KimS.Brannock@ky.gov

Editor's Note: Preliminary September and revised August labor market information are included in this release.

FRANKFORT, Ky. — Kentucky's seasonally adjusted preliminary unemployment rate for September 2008 rose to 7.1 percent from August 2008's revised 6.8 percent, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet. September 2007's jobless rate was 5.4 percent.

The U.S. seasonally adjusted jobless rate stayed at 6.1 percent from August 2008 to September 2008, according to the U.S. Department of Labor.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count people working.

“Nearly every sector of Kentucky's economy experienced job losses in September 2008, showcasing widespread economic weakness. Employment declines reflect government cutbacks in the face of austere budgets, a prolonged manufacturing slump reverberating throughout the economy, and retailers and accommodations and food services enterprises suffering as financially strained consumers clamp down on discretionary spending,” said Justine Detzel, OET chief labor market analyst.

Three of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported employment increases in September 2008, while eight decreased, according to OET. A decrease of 13,200 jobs in September 2008 brought Kentucky's nonfarm employment to a seasonally adjusted total of 1,864,200. Since September 2007, Kentucky's nonfarm employment has dropped by 6,600.

According to the seasonally adjusted employment data, between August 2008 and September 2008, the number of positions in the natural resources and mining sector rose by 200 jobs. The sector has gained 500 jobs since September 2007.

The information sector rose by 100 jobs in September 2008. This segment, which includes firms involved in publishing, Internet activities, data processing, broadcasting and news syndication, has lost 600 positions since September 2007.

The number of jobs in the financial activities sector increased by 100 in September 2008. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, has lost 600 positions over the past 12 months.

Kentucky's leisure and hospitality sector reported an employment decrease of 3,100 jobs in September 2008. Since September 2007, employment in the sector has declined by 800 positions. The leisure and hospitality sector includes arts, entertainment and recreation, accommodations and food services and drinking places industries.

“Accommodation and food services enterprises accounted for the month-to-month employment declines in the leisure and hospitality sector. Stagnant wages, rising food and energy costs, a plummeting stock market, declining home equity and mounting job losses are causing households to splurge less on nights out,” Detzel said.

The manufacturing sector lost 3,000 jobs in September 2008. Compared to September 2007, jobs in the sector were down by 12,400 in September 2008.

“The durable goods subsector comprised the lion's share of these job losses in manufacturing, reflecting layoffs at multiple automobile parts manufacturers and layoffs at another major manufacturer. The impact of the automobile slump is rippling through Kentucky's economy with shock waves felt by employees, automobile parts suppliers, and non-manufacturing enterprises such as railroads and trucking companies faced with a reduction of cargo. The non-durable goods subsector also exhibited employment declines, which is indicative of the closings of a plastic and rubber manufacturer and a rubber product manufacturer,” said Detzel.

The government sector, which includes public education, public administration agencies and state-owned hospitals, lost 2,500 positions in September 2008. Since September 2007, this sector has risen by 9,500 jobs.

“This is the first decline in employment in the government sector since January 2008. The majority of these job losses are attributed to the local government subsector, which reflects positions eliminated at Kentucky schools in response to budget cuts,” said Detzel.

Kentucky's trade, transportation and utilities sector dropped by 2,100 jobs from August 2008 to September 2008. This area includes retail and wholesale trade, transportation and warehousing businesses and utilities. It is the largest sector in Kentucky with 391,000 employees. Since September 2007, the number of jobs in this sector has jumped by 4,100.

“Retail trade businesses accounted for the decline in the number of jobs in September 2008, which is indicative of multiple retail store closings. Yet, the transportation industry experienced an increase of 100 professionals, reflecting the opening of a ground-package sorting hub,” said Detzel. “Most of the year-over-year job gains of 4,100 occurred in retail trade enterprises. However, transportation, warehousing and utilities companies also exhibited sizable year-over-year employment gains.”

The educational and health services sector lost 1,500 jobs in September 2008. Since last September, the number of jobs in this sector has fallen by 1,800 jobs. This sector includes private and nonprofit establishments that provide either education and training or health care and social assistance to their clients.

The number of jobs in the professional and business services sector dropped by 600 in September 2008. This area had 2,200 fewer employees in September 2008 than in September 2007. The professional and business services sector includes professional, scientific and technical services, management of companies and administrative and support management, including temporary help agencies.

The construction sector recorded 400 fewer positions in September 2008. Since September 2007, employment in the construction sector has decreased by 1,600 positions.

The state's other services sector, which includes such establishments as repair and maintenance businesses, personal and laundry services, religious organizations and civic and professional organizations, fell by 400 jobs in September 2008. This sector had 700 fewer jobs in September 2008 than in September 2007.

The U.S. Bureau of Labor Statistics' monthly estimate of the number of employed Kentuckians for September 2008 was 1,901,763 on a seasonally adjusted basis. This figure is up 941 from the 1,900,822 employed in August 2008, but down 31,037 from the 1,932,800 employed in September 2007.

The monthly estimate of the number of unemployed Kentuckians for September 2008 was 145,843, up 6,790 from the 139,053 Kentuckians unemployed in August 2008, and up 35,400 from the 110,443 unemployed in September 2007.

The monthly estimate of the number of Kentuckians in the civilian labor force for September 2008 was 2,047,606. This figure is up 7,731 from the 2,039,875 recorded in August 2008, and up 4,363 from the 2,043,243 recorded for September 2007.

Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.

A complementary experimental hours and earnings series is available at <http://www.bls.gov/sae/saeapp.htm>.