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Fingers cross as state sees jobless-rate dip

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LITTLE ROCK — For the first time in 19 months, Arkansas' unemployment rate has

dropped, falling to 7.1 percent in August from 7.4 percent in July.

The decline shows some stabilization in the unemployment rate, said Kathy Deck, director of the Center for Business and Economic Research at the University of Arkansas at Fayetteville.

"While it's too soon to say it's turning around, it is still good news," Deck said.

She stressed that Arkansas would need to report several consecutive months of growth in its gross domestic product and other state economic activity before positive change could be verified.

"That could generate the impetus for employers to start hiring again," Deck said. "But I'm still reluctant to say this is the start of a trend."

The most-recent time the state's unemployment rate dropped was January 2008, when it fell to 4.8 percent from 4.9 percent in the previous month.

The state's August rate was the 12th-lowest in the country, the U.S. Bureau of Labor Statistics said Friday. Arkansas was one of 16 states that recorded declines in the unemployment rate.

The nation's rate in August, which was reported two weeks ago, was 9.7 percent.

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[U.S. unemployment rate broken down by state and sector](#)

Michael Pakko, state economic forecaster and chief economist for the University of Arkansas at Little Rock's Institute for Economic Advancement, agreed with Deck's perspective.

"Although you don't want to consider one month in isolation, this is a very encouraging report," Pakko said.

The reason the rate dropped three-tenths of a percentage point is because the number of unemployed Arkansans fell by 4,300 to 96,500, Pakko said. The number of unemployed Arkansans was above 100,000 in July, the first time it had reached that level.

"It appears that employment is stabilizing and poised to recover at some point," Pakko said. "We certainly haven't turned the corner."

Other signs indicate that the overall condition of the job market still is troubled. There were 40,300 fewer people employed in Arkansas in August than in August last year. The state's labor force has dropped 13,900 in the past year, and the number of unemployed Arkansans has risen by 26,400 since August 2008.

Added to that, there were 25,200 fewer jobs in Arkansas than in August last year.

The large decline in the number of employed over the past year is a concern, Deck said.

"That is the sum of the damage that has been done in this recession," she said. "And it is substantial."

The unemployment rate is a "lagging indicator" of the condition of the economy, meaning it is normally one of the last indicators to improve.

"I think [the unemployment rate] is going to bounce around over the next year or year and a half," Deck said. "The fundamentals of the economy are going to make it difficult for employment gains to get traction."

Michigan continued to have the highest unemployment rate in the country at 15.2 percent, followed by Nevada at 13.2 percent, Rhode Island at 12.8 percent, and California and Oregon, at 12.2 percent each. There were 14 states with unemployment rates of at least 10 percent.

North Dakota had the lowest joblessness rate in the country, 4.3 percent, followed by South Dakota at 4.9 percent, Nebraska at 5.0 percent, and Montana and Wyoming at 6.6 percent each.

Arkansas' unemployment rate was better than most of its neighboring states. Oklahoma's jobless rate was 6.8 percent, followed by Louisiana at 7.8 percent, Texas at 8.0 percent, Mississippi and Missouri at 9.5 percent each, and Tennessee at 10.8 percent.

"The Arkansas economy is a very basic economy," Deck said. "We fulfill basic needs. That means that we don't fly

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very high when everybody else is flying high, because we're not taking the same kind of risks that others take. Because things are basic, perhaps our business cycles are a little bit more muted."

Six industry sectors in Arkansas reported job gains from July to August, four had declines and one was unchanged.

Government added 4,500 jobs, most being seasonal as public educational institutions rehired personnel for the start of school, the Department of Workforce Services said.

The professional and business services sector gained 3,300 jobs. Of those, 2,800 were in the administrative and support-services category, partially because of expansion at staffing companies.

The educational and health services sector grew by 1,500 jobs, with all of the gain in the outpatient health-care category.

Construction, and the leisure and hospitality sector each added 300 jobs. The mining and logging sector grew by 100 jobs.

Manufacturing, which had no change in jobs in July, lost 1,000 jobs in August. In the past year, Arkansas has lost 20,000 manufacturing jobs.

The Workforce Services agency said Friday that it will end the extended benefit program on Sept. 26. The program provides up to 13 additional weeks of unemployment insurance to individuals who exhaust their regular and emergency unemployment compensation benefits.

The program went into effect in Arkansas the week ending April 18, because Arkansas' insured unemployment rate reached 5 percent. The rate dropped below 5 percent on Sept. 5, which required the program to end Sept. 26.

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Front Section, Pages 1, 5 on 09/19/2009

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