



COMMUNITY ADVOCATES
Public Policy Institute

NEWS RELEASE

Media Contacts:

David Riemer (DRiemerMil@yahoo.com)

Phone: (414) 270-2943

Cell phone: (414) 617-9148

Jason Brame (jasonb@communityadvocates.net)

Phone: (414) 270-2951

Cell phone: (414) 477-3940

U.S. JOB SHORTAGE HITS 18-MONTH HIGH

Gap Exceeded 12 Million in July, Tops 12.5 Million Today; Wisconsin's Job Shortage Nearly 230,000; Action Urgently Needed to Create More Transitional Jobs

Milwaukee (Sept. 22, 2009)—As the U.S. and Wisconsin head into the final months of 2009, the job shortage continues to grow.

For 18 straight months, the nation has seen a relentless rise in the gap between the number of unemployed seeking work and the supply of job openings. In January 2008, 7.475 million Americans were officially unemployed. The federal Bureau of Labor Statistics (BLS) counted only 4.332 million job vacancies. Thus, the gap between job seekers and job openings—the job shortage—stood at 3.143 million. A year and a half later, in July 2009, the number of unemployed has nearly doubled to 14.724 million; the supply of job vacancies has dwindled to 2.392 million; and the shortage has nearly quadrupled to 12.332 million (see Chart 1).

“Month after month, American job seekers have found it tougher and tougher to find employers who want to hire them,” said David Riemer, Director of the Community Advocates Public Policy Institute. “Congress and President Obama need to take direct action to create millions of transitional jobs, because current stimulus efforts clearly are not driving the economy fast enough to expand the labor market.”

The U.S. job shortage in September is today greater than 12.332 million. During the summer of 2009, the number of officially unemployed rose from 14.724 million in July to 15.039 million in August, and it is probable that the September figure will be higher. Meanwhile, it is likely that the supply of job vacancies, which stood at 2.392 million in July, shrank between then and September. As a result, the job shortage nationwide in September has probably climbed to more than 12.5 million.

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Job Shortage / Add One

The *actual* U.S. shortage is even higher.

“We must remember that hundreds of thousands of Americans who need to work, want to work, and stand ready to work—but who haven’t actively sought work during the four-week period prior to the BLS survey—aren’t even counted in the official tally of the unemployed because of the narrow definition used to measure unemployment in the U.S.,” added Riemer.

When these “hidden unemployed” are added in, the real job shortage in September 2009 probably exceeds 13 million or even 14 million.

The overall U.S. job crisis has an exact parallel in Wisconsin. In the Badger state, we have seen 18 straight months—from January of 2008 to July of 2009—during which the job shortage has grown steadily worse.

At the start of 2008, the BLS estimated that 135,567 Wisconsinites were officially unemployed. The Community Advocates Public Policy Institute (CA-PPI) estimates that 78,565 jobs were available. There was thus a shortage of 57,002 jobs. By the mid-point of 2009, the BLS figure for the officially unemployed had more than doubled to 276,700, while CA-PPI’s estimate of job vacancies shows a sharp decrease to 44,952 openings. As a result, by July 2009, the job shortage had more than quadrupled, from 57,002 to 231,748. (See Chart 2.)

“Washington must take the lead in creating transitional jobs to offset today’s massive job shortage,” Riemer said, “but Wisconsin can also play a major role.”

The recently enacted state budget for the 2009-2011 biennium includes three provisions for creating Transitional Jobs:

- An amendment proposed by Senator Coggs directs the Department of Children and Family Services (DCFS) to create a “subsidized private sector employment” program for Wisconsin Works (W-2).

- A second amendment proposed by Senator Coggs directs DCFS to establish a Transitional Jobs Program for up to 2,500 low-income adults who do *not* qualify for W-2, have been unemployed for at least four weeks and are ineligible for Unemployment Insurance benefits.

- The third amendment, advanced by State Representatives Polly Williams and Fred Kessler, provides \$500,000 to the Milwaukee Area Workforce Investment Board (MAWIB) on the condition that the City of Milwaukee provides MAWIB with a match of \$500,000.

“America’s job shortage has reached crisis proportions, and Wisconsin job shortage is equally severe,” said Riemer. “We can stand idly by, watching the unemployed search vainly for jobs that simply don’t exist, exhaust their unemployment benefits, and eat up their savings. Or we can take action to create jobs—transitional jobs—that will put unemployed adults back to work, carrying out useful projects, until the recession tapers off and they can return to the regular economy.”

“Putting American back to work, by creating a transitional jobs program modeled on the WPA of the New Deal, is the only choice that makes moral and economic sense.”

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Job Shortage / Add Two

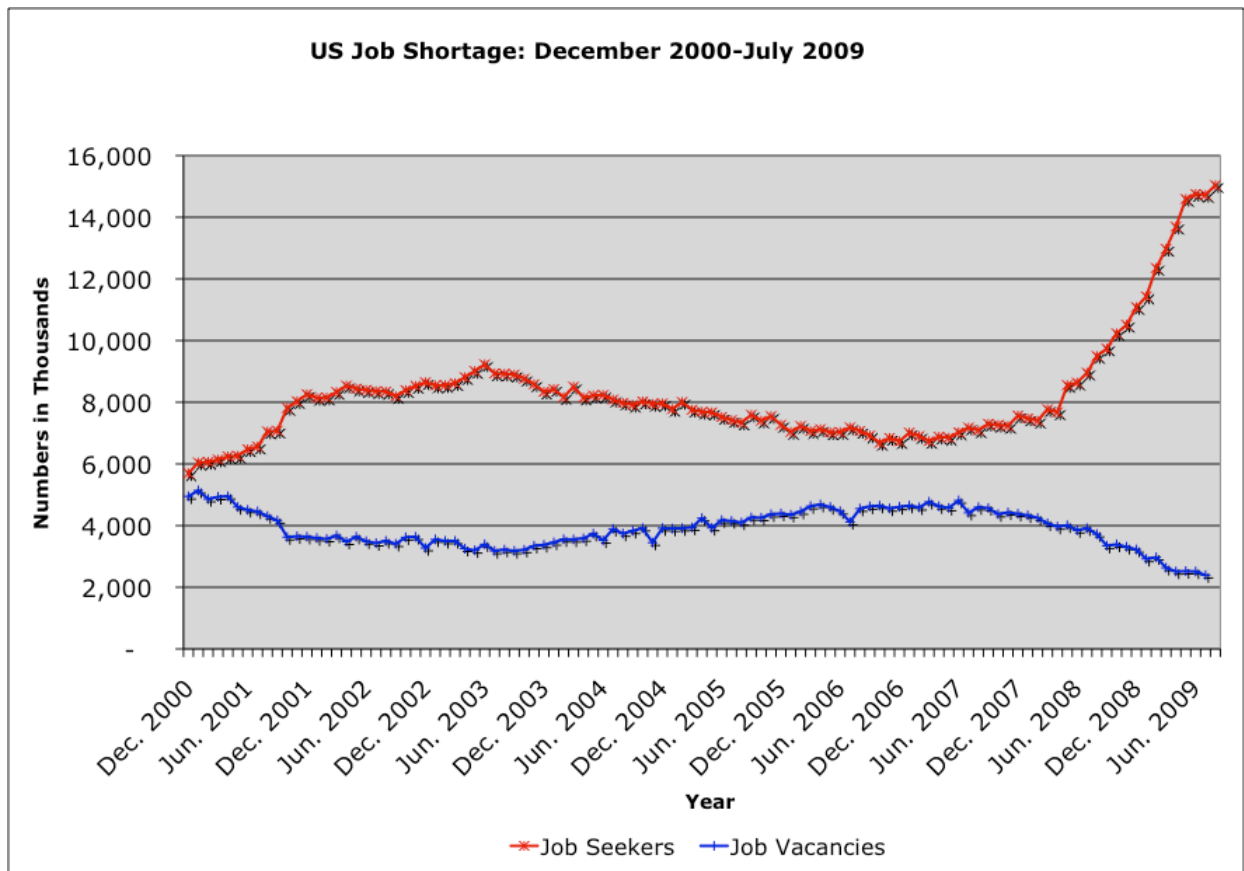
Technical note: The data on unemployment reported here are taken from four separate BLS reports—LNS 13023621, LNS 13023705, LNS 13023557 and LNS 13023569—which measure persons 16 years and over who had no employment during the reference week, were available for work and had made specific efforts to find employment during the four-week period ending with the reference week. The four BLS reports deal, respectively, with: (1) job losers and persons who completed temporary jobs, (2) job leavers; (3) reentrants; and (4) new entrants. See <http://data.bls.gov/cgi-bin/srgate> as of 7/6/09 at 4:45 p.m. CT.

The total of these categories differs slightly from the monthly unemployment levels reported by the BLS in LNS 13000000. Data on individuals who want a job now, are available to work, and have searched for work during the prior 12 months, but have not made specific efforts to find employment during the four-week period prior to the BLS' survey, can be found in the following BLS reports: LNU 05026639 (want a job now), LNU 05026642 (searched for work and available to work now), and LNU 05026645 (searched for work, available to work now, discouraged over job prospects—believe no job is available).

The data on job openings reported here is taken from BLS report JTS 00000000JOL: <http://data.bls.gov/cgi-bin/surveymost> as of July 6, 2009 at 5:30 p.m. CT.

The Community Advocates Public Policy Institute has a clear and simple goal: To explain why so many Milwaukeeans are poor, and to develop and implement a practical strategy to greatly reduce the level of poverty in our community and offer the poor the tools they need to lead better lives.

Chart 1



—more—

Chart 2

