



COMMUNITY ADVOCATES
PUBLIC POLICY INSTITUTE

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U.S. JOB SHORTAGE HIT 8.4 MILLION DURING FINAL MONTHS OF 2008

Washington Must Establish Transitional Jobs Program to Put Jobseekers to Work

Milwaukee (March 16, 2009)—The U.S. job shortage grew to more than 8 million people in December 2008, a 16 percent increase during the last two months of the year, according to an update on the nation's unemployment crisis by the Community Advocates Public Policy Institute.

The most recent data from the federal Bureau of Labor Statistics (BLS) show that as 2008 drew to a close, the United States had more than four times more unemployed jobseekers than employers had job vacancies. From October to December 2008:

- The number of jobseekers increased sharply, from 10.2 million to 11.1 million.
- The number of job vacancies declined from 3 million (revised downward from BLS' original estimate of 3.1 million) to 2.7 million.

Thus, the national job shortage—the gap between the number of officially unemployed Americans seeking employment and the number of job openings that U.S. employers have to fill—climbed from October's gap of 7.2 million to December's shortfall of 8.4 million.

	October 2008	December 2008
Jobseekers	10.2 million	11.1 million
Job vacancies	3 million	2.7 million
Job shortage	7.2 million	8.4 million

According to David Riemer, Community Advocates Director of Policy and Planning and head of the Institute, the job shortage has now reached a devastating level, with more than 11 million jobseekers competing for fewer than 3 million job vacancies. A key part of solving the crisis should be to create transitional jobs.

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“If we really want to put America back to work quickly—and productively—we will need to create a large-scale program that offers unemployed jobseekers transitional jobs that pay the minimum wage,” said Riemer. “Without such a program, millions are likely to remain unemployed for years. With such a program, those who don’t want welfare—yet who don’t qualify for unemployment insurance—can earn enough to make ends meet while performing useful work that improves their communities, until the private sector labor market grows strong enough to absorb them.”

“As the U.S. job shortage reaches historic levels, federal lawmakers need to take bold action to create transitional jobs,” said Riemer. “The example set by President Franklin Roosevelt during the New Deal should guide Congress and President Obama today.”

Two-Month Lag in Data Suggests 10 Million Job Shortage

In fact, the nation’s job shortage as of February has surely risen much higher than 8 million, most likely to nearly 10 million. BLS has released unemployment data for the first two months of 2009 that indicate an 11 percent increase in the number of unemployed jobseekers from December 2008 (11.1 million) to February 2009 (12.4 million). Unfortunately, the BLS data on job vacancies lags by two months, so we don’t have official job vacancy figures for the first two months of 2009.

“It’s doubtful that the number of job vacancies improved since last December’s measurement of 2.7 million openings; if anything, in February there were probably even fewer jobs available,” said Riemer. “So if we compare the unemployment data we *know* for February (12.4 million jobseekers) with the job vacancy data that’s *likely* for February (no better than 2.7 million openings), it’s reasonable to estimate that America’s job shortage in February comes close to 10 million.”

For information on trends on the U.S. job shortage since December 2000, see the chart on page 3.

“Hidden Unemployed” Pushes Number Even Higher

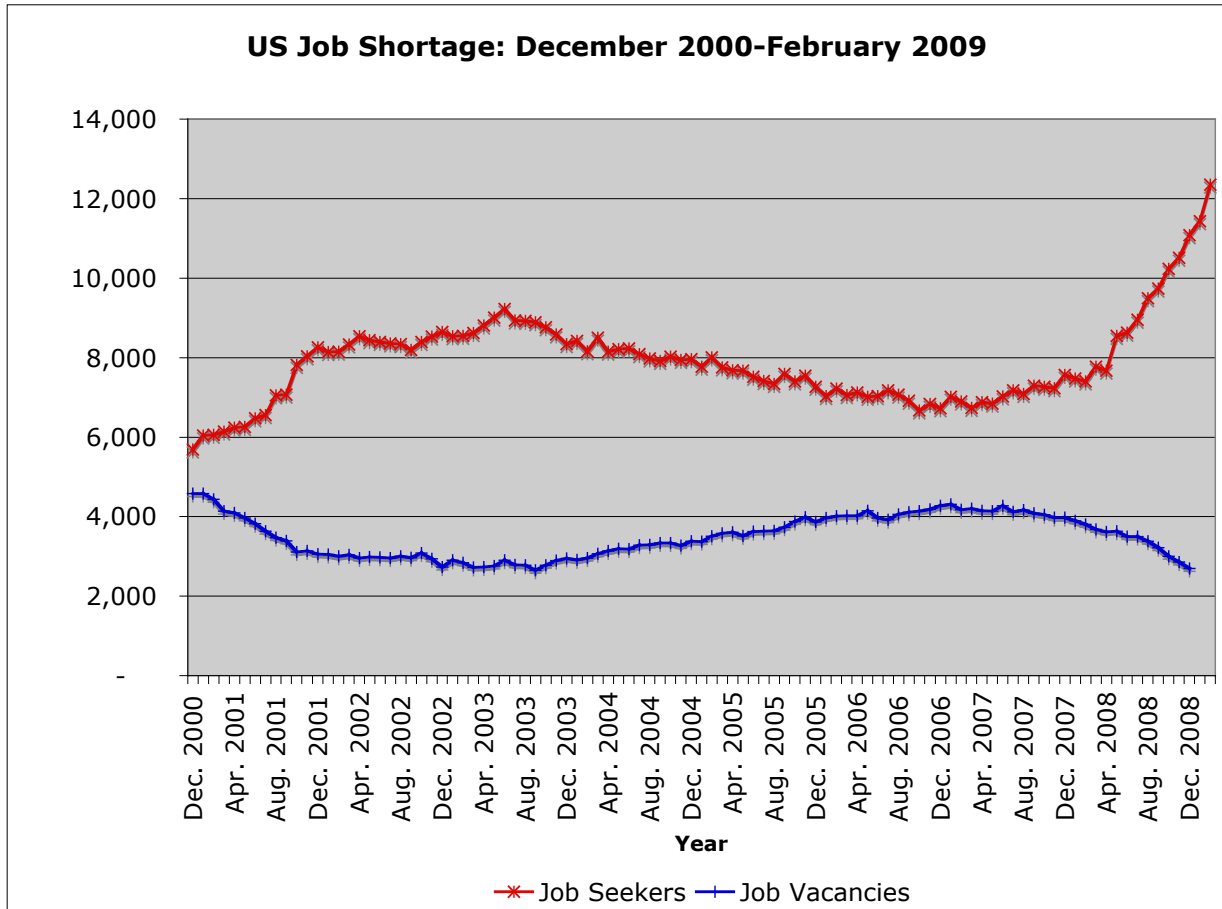
The narrow definition used to measure unemployment in the U.S. does not take into account the “hidden unemployed,” the hundreds of thousands of Americans who need to work, want to work, and stand ready to work, but who haven’t actively sought work during the four-week period prior to the BLS survey.

According to Riemer, when you factor in these “hidden unemployed,” the real unemployed adult population in February 2009 probably exceeded 13 million, and the U.S. job shortage probably came close to 11 million.

“The stimulus bill passed by Congress and signed by President Obama will clearly create a large number of new jobs,” said Riemer. “The legislation will also slow down—and we hope reverse—the recession’s squeezing out of existing jobs. We should particularly commend Washington for creating the Making Work Pay Tax Credit, expanding the Earned Income Tax Credit and allowing more low-wage workers to claim the Child Credit. These policies will not only stimulate the creation of new jobs, but will help millions of the working poor to get closer to—even rise above—the poverty line.”

“But we need to create—and create directly—far more new jobs,” said Riemer.

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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 March 8, 2009 5 p.m. CST. 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. See: <http://data.bls.gov/cgi-bin/srgate> as of March 8, 2009 5 p.m. CST.

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.