



COMMUNITY ADVOCATES
Public Policy Institute

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WISCONSIN'S NEW TRANSITIONAL JOBS PROGRAM CAN BEGIN TO FILL STATE'S UNPRECEDENTED EMPLOYMENT GAP

Wisconsin Begins Bold Initiative as U.S. Job Shortage Climbs Above 11 Million, State Shortage Nears 220,000

Milwaukee (July 15, 2009)—Wisconsin has launched a bold initiative to create transitional jobs for the state's unemployed as the evidence mounts that the U.S. and Wisconsin's job shortages have reached unprecedented levels.

“With the national job shortage climbing to over 11 million in April 2009, and Wisconsin's job shortage rising to nearly 219,000 the same month, the time has come to start creating wage-paying transitional jobs for those who can't find work,” said David Riemer, Director of the Community Advocates Public Policy Institute. “We owe a debt of gratitude to State Senator Spencer Coggs and the State Legislature, as well as to Governor Jim Doyle, for adding three transitional jobs amendments to the 2009-2011 state budget.”

The state's three-part Transitional Jobs Program comes in response to mounting evidence that, across the nation as well as in the Badger State, there are far more unemployed job seekers than available job openings.

According to Bureau of Labor Statistics data for April 2009, the U.S. as a whole had 13.7 million unemployed job seekers but only 2.5 million job openings, creating a shortage that month of 11.2 million jobs. The national job shortage has more than tripled from 3.7 million a year in April 2008.

—more—

Transitional Jobs / Add One

The Bureau of Labor Statistics has also reported that, between April and June 2009, the nation's number of unemployed job seekers rose sharply from 13.7 million to 14.8 million, a 1.1 million increase. BLS data on the change in the number of job openings between April and June of 2009 will not be available for several months, but given the nation's overall economic plight it's unlikely that the job openings for June will exceed 2.5 million. Thus, it's reasonable to estimate that America's June 2009 job shortage has also grown by at least 1.1 million to at least 12.3 million.

"We must also remember that hundreds of thousands of Americans who need to work, want to work and stand ready to work aren't even counted in the official tally of the unemployed because they haven't actively sought work during the four-week period prior to the BLS survey," Riemer added.

When these "hidden unemployed" are added in, the *real* unemployed adult population in June 2009 probably exceeded 16 million, and the U.S. job shortage probably came close to 13.5 million.

For additional information on trends on the U.S. job shortage since December 2000, see Chart 1, "US Job Shortage: December 2000-June 2009" on page 4.

Wisconsin's picture follows the same pattern. According to BLS data for April 2009, Wisconsin had 268,636 unemployed job seekers. BLS does not provide state-level job opening data, but assuming that Wisconsin's percentage of the national unemployment total is the same as Wisconsin's percentage of national job openings, it's reasonable to estimate that Wisconsin had 49,662 job openings in April 2009. The state's job shortage was thus 218,974 in April 2009. Wisconsin's job shortage has thus more than tripled from an estimated 67,518 million in April 2008.

BLS reports that Wisconsin's unemployed population grew by nearly 8,000 from April to May 2009 (data are not yet available for June 2009). There's no reason to believe the number of job openings has grown. It's reasonable, therefore, to assume that the state's job shortage in May and beyond exceeds 225,000. When the "hidden unemployed" are added in, it's likely that the state's job shortage now exceeds 250,000.

For additional information on trends on the estimated Wisconsin job shortage since December 2000, see chart 2, "Wisconsin Job Shortage: December 2000-May 2009" on page 4.

"A key part of solving the crisis must be to create Transitional Jobs," Riemer said. "Fortunately, Wisconsin's policymakers agree. Now, we've got to ensure that Wisconsin quickly—and efficiently—puts in place a solid Transitional Jobs program"

Transitional Jobs / Add Two

The recently enacted state budget for the 2009-2011 biennium has 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) enrollees under which, instead of getting a welfare-like cash grant, they would be hired into transitional jobs created by non-profit organizations, perform useful work, be paid the minimum wage, pay taxes like everyone else, and qualify for the Earned Income Tax Credit and other applicable tax credits. This program would go into effect once the Secretary of DCFS determines that no additional state tax dollars would be required and all necessary federal approvals were in place.

- 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. Again, no state tax dollars would be used. This program would go into effect once the Secretary of DCFS secures federal funding.

- The third amendment, advanced by State Representatives Polly Williams and Fred Kessler, and modified by Governor Doyle, 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’s job shortage is equally severe,” said Riemer. “We can stand idly by, watching the unemployed search in vain for jobs that simply don’t exist as they exhaust their savings and see their homes foreclosed upon. Or we can take decisive 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.”

“I am proud that Wisconsin has taken an important first step to put this state’s unemployed back to work,” said Riemer. “The new Transitional Jobs Program will take time to implement and fund. But at least we now have a structure in place for offering a significant number of unemployed Wisconsinites what they most want: a job that pays a wage, so they can support themselves and their families, while they wait to reconnect to the private labor market.”

Transitional Jobs / Add Three

Chart 1—To view in color, visit <http://www.ca-ppi.org/about/media.php>

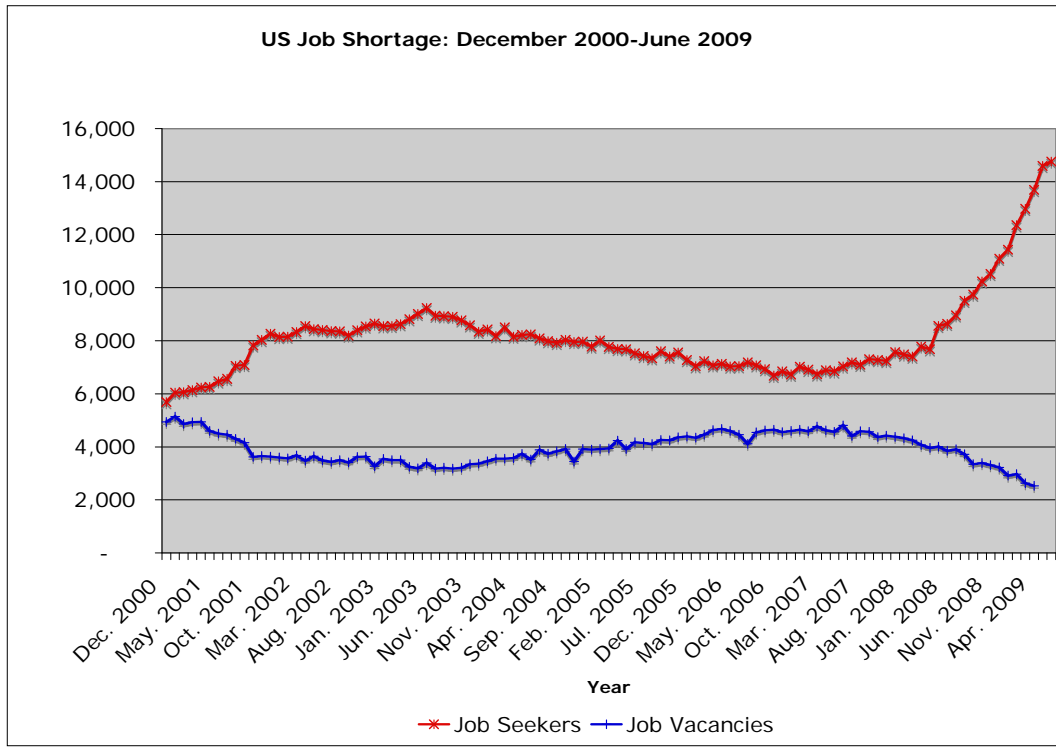
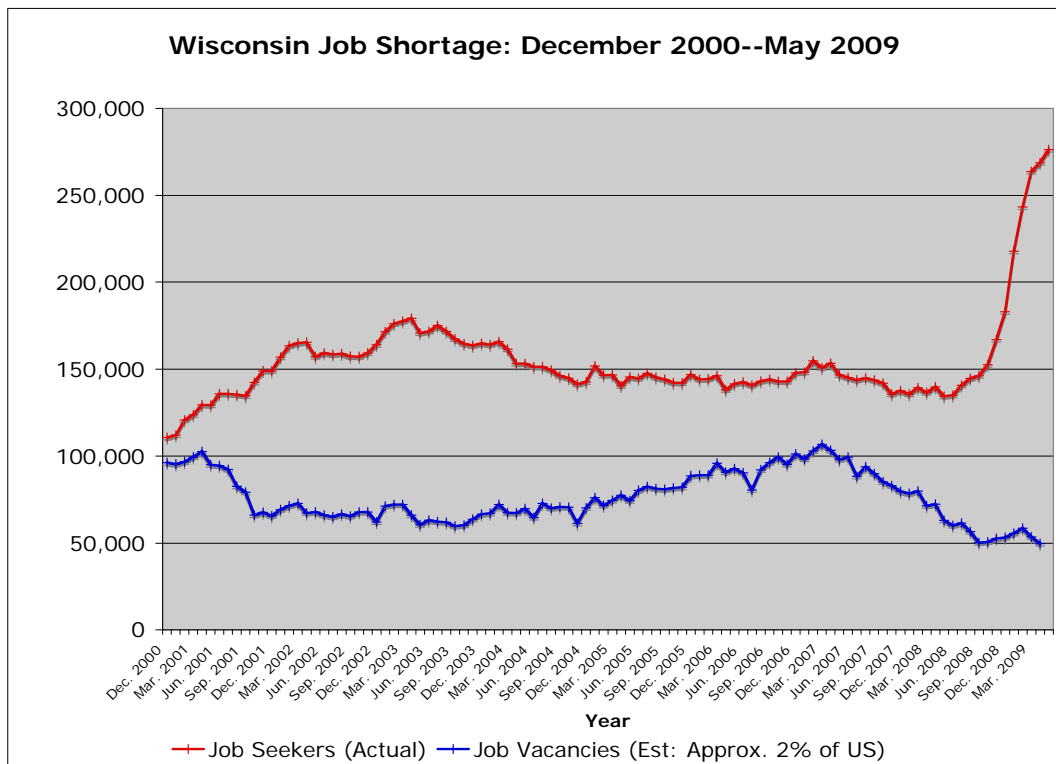


Chart 2—To view in color, visit <http://www.ca-ppi.org/about/media.php>



Transitional Jobs / Add Four

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 July 6, 2009 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 prospect—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.