



COMMUNITY ADVOCATES
Where Meeting Basic Needs Inspires Hope

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U.S. JOB SHORTAGE REACHES RECORD LEVEL OF 7 MILLION

Transitional Jobs Must Be Created to Put Jobseekers Back to Work

Milwaukee (Jan. 26, 2009)—The U.S. job shortage now far exceeds 7 million people, the highest job gap in modern history, according to an analysis by the Community Advocates Public Policy Institute.

“The latest data from the federal Bureau of Labor Statistics (BLS) show that the nation has over three times more unemployed jobseekers than employers have job openings,” said David Riemer, Community Advocates Director of Policy and Planning and head of the institute.

According to BLS data for October 2008, the most recent month for which we have *both* unemployment data *and* job opening data:

- More than 10.2 million Americans are unemployed;
- Employers have fewer than 3.1 million job openings;
- The job shortage thus stood at nearly 7.2 million.

For information on trends in the U.S. job shortage from December 2000 through December 2008, see the chart on page 3.

“More than 7 million American jobseekers could not have found a job in October of last year even if every single available position offered by every employer had been filled,” said Riemer. “The job shortage hasn’t been this bad since the BLS began gathering job vacancy data.”

The job shortage today is actually far more severe than the BLS data suggest, for several reasons.

“To begin with, a lot of adults who are truly unemployed simply don’t get counted as unemployed because they don’t fit the BLS’ official definition,” Riemer explained.

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Among these are hundreds of thousands of 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.

"If the BLS included in its count these individuals who are truly unemployed but have given up, the number of unemployed would rise, and the job shortage would be even bigger," said Riemer.

In addition, during the last several months the BLS' count of even the official, narrower group of the unemployed has risen sharply, from 10.2 million in October 2008 to 11.1 million in December 2008. We don't have BLS data on job openings for the last two months of 2008, so it's not possible to present formal data on the size of the job shortage for the very end of the year. However, during the period June 2008 through October 2008, the number of job vacancies dropped each month, shrinking by nearly 600,000 over that period. It's not likely that this rapid decline in job openings reversed during November and December; if anything, it probably accelerated.

"It's reasonable to estimate, since the number of officially unemployed has risen by nearly one million in just two months, while the number of job vacancies has probably decreased, that the job shortage has also grown by about one million—from over 7 million to over 8 million—during just the last two months," Riemer said.

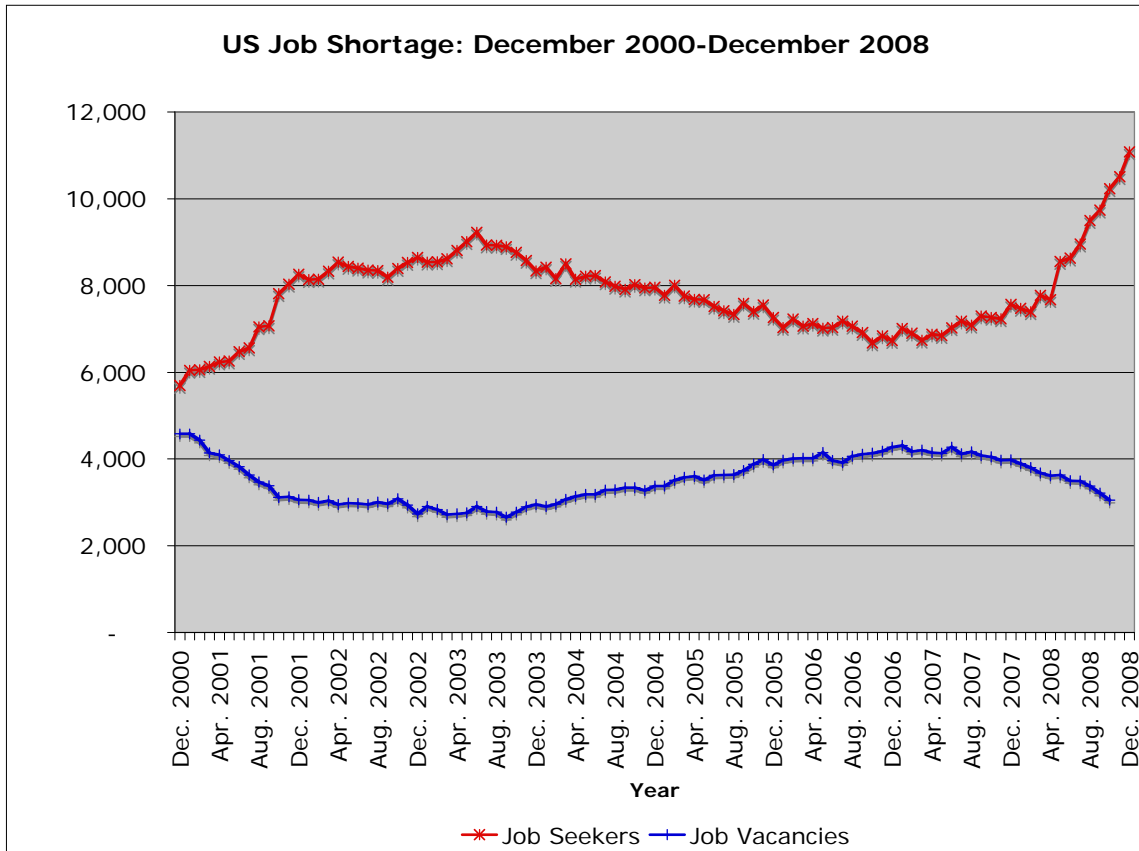
When all factors are taken into account, the true size of the U.S. job shortage may near or exceed 9 million. These factors include the truly unemployed who don't get counted in BLS' official survey, the steep rise in the number of officially unemployed in November and December of 2008, and the likelihood that the number of job vacancies decreased during the last two months of last year.

Despite the fact that unemployment has grown to levels unseen in decades, the nation's welfare system, Temporary Assistance to Needy Families, provides relief to only a small fraction of the unemployed, while the unemployment insurance system provides help for only about half of the unemployed.

"Policy makers at every level—especially President Obama and the new Congress, but state and local officials as well—need to act quickly to create transitional jobs," Riemer said. "The nation's jobseekers need to be able to support themselves and their families. But most don't want to go on welfare, and too few qualify for unemployment insurance. What they want is jobs."

"In this crisis of mass unemployment, we need to follow the New Deal example of Franklin Roosevelt and create a large-scale program that offers unemployed jobseekers transitional jobs that pay the minimum wage. This way, the unemployed can at least make ends meet until the private job market rebounds, maintain their dignity, and perform useful work to improve their communities."

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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 1/10/09 at approximately 1 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 1/10/09 at approximately 1 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.