

Jobs

The current recovery holds a dubious distinction – an unprecedented lack of job creation. Currently, the employment level is 1.2 million jobs below the March 2001 peak level – an unparalleled trend this far into a recovery. *State of Working America 2004/2005* details how spells of unemployment, long-term unemployment and the rise of non-full-time work, for example, have contributed to a labor slump that continues to affect workers.

Unemployment

- ❖ Higher unemployment hurts lowest-income families the most: Families in the lowest fifth of income experienced a 4.1% decrease in earnings with a 1% increase in unemployment, estimated over 1973-2000. Whereas, families in the highest fifth experienced only a 0.9% decrease in earnings.
- ❖ The 1.6% increase in the unemployment rate to 5.6% (from 4.0% in 2000) is associated with a 2.2% decline in family income for a middle-class family and a 2.9% family income decline for the poorest fifth of families.
- ❖ Our economy lost manufacturing jobs for 41 consecutive months from August 2001 to January 2004.
- ❖ In this recovery period, white-collar workers were hit unusually hard. Unemployment rates for computer programmers, for example, climbed over the past three years to 7.6% for the first half of 2004.

Long-Term Unemployment

- ❖ The share of those out of work classified as long-term unemployed (without a job 27 or more weeks) was 22.1% in 2003 – the highest in two decades.
- ❖ From 2000 to 2003, long-term unemployment increased 198%. For those with a Bachelor's degree or more, the increase was 299%.
- ❖ The largest percentage increases in long-term unemployment from 2000 to 2003 came in the sectors of information (354%), professional and business services (285%), and manufacturing (259%).
- ❖ In June 2004, the average spell of unemployment reached 19.9 weeks, and was accompanied by a 5.6% unemployment rate. This lengthy average spell, despite the low unemployment rate, indicates significant labor market slack in the current economy.

Weak Recovery

- ❖ As of June 2004, the economy was still down 1.2 million jobs from the March 2001 peak.
- ❖ September 2003 marked the beginning of 10 straight months of positive job growth, but in only four of those months did job creation exceed 150,000 – the target needed to keep up with new entrants to the labor force.
- ❖ The employment gain during the latest recovery was only 0.2%. On average, employment increased by 9.5% in the previous nine economic recoveries.
- ❖ The 2001 recession/recovery produced nine quarters of net job losses. Only a small gain could be found from the third quarter of 2003 (the most recent data).

Underemployment

- ❖ The underemployment rate (including part-time workers who want to work full-time and discouraged workers who've given up looking for jobs) increased to 9.6% as of June 2004, while the unemployment rate of 5.6% was the same as it was at the end of the 2001 recession.
- ❖ The labor force participation rate for 2003 declined to 66.2%. If this rate hadn't fallen from the March 2001 level of 67%, the economy would have had 2.5 million more people in the labor force as of June 2004. And, if the official unemployment rate included this missing labor force (those not counted in the official tally), the overall unemployment rate would have been 7.4% instead of 5.6%.

Irregular or Part-Time Work

- ❖ About 13% of all jobs created since the jobless recovery ended are in the temporary employment industry.
- ❖ Nonstandard workers (part-time, self-employed, contracted, etc.) are less likely than regular full-time workers to have any health insurance coverage. About 90% of women and 87% of men in regular full-time employment are insured, compared to about 78% of women and 73% of men in nonstandard jobs.
- ❖ Generally, nonstandard workers earn less than their full-time counterparts. For example, the wage gap between temporary and regular workers is 10%, and for part-time male workers, that gap (in hourly wages) is about 25%.

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