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JOBS UPTICK ENCOURAGING, BUT CONCERNS OF DEEPENING DOWNTURN PERSIST

July's Employment Gains Improve Over June's But Still Have Little Impact on Overwhelming Jobs Deficit

Washington, DC—The July employment report released today by the Bureau of Labor Statistics capped a week of bad news suggesting a downward spiral in the economy. While the improvement in job growth over June's abysmal showing is encouraging, the addition of only 117,000 jobs was substantially below what's needed to cut unemployment or raise wages. And ongoing losses in the public sector—37,000 jobs last month, marking nine straight months of loss—are a growing drag on the economy. July's employment gains left the unemployment rate little changed, at 9.1 percent, and did little to address the growing jobs and wage deficits that increasingly burden working families and further threaten the economy.

"While it's comforting to end a week filled with bad economic reports on a brighter note, for the millions of unemployed Americans desperate to get back to work who are running out of hope, the economy seems to be running on empty. Even with July's gains and the upward revisions to May and June's employment data, the economy is still not adding nearly enough jobs to make a serious dent in unemployment. With companies refusing to hire, consumers cutting their spending, public sector jobs on the chopping block and federal stimulus dollars drying up, it's hard to see where or how the economy will get the real lift it needs to put America back to work," said **Christine Owens, executive director of the National Employment Law Project**.

As NELP's analysis shows, July's employment gains did little to address the nation's severe jobs deficit. The economy still needs roughly 6.8 million jobs to make up for those lost during the Great Recession, plus nearly 4.3 million to account for the growth of the working-age population during the recession and its aftermath, bringing the total jobs deficit to nearly 11.1 million.

This persistent jobs shortage has intensified the unemployment crisis. In July, the number of Americans out of work for six months or longer—the long-term unemployed—reached 6.2 million, or 44.4 percent of all unemployed. The average duration of joblessness also continued to break all previous monthly records, reaching 40.4 weeks, or over 9 months. Further, the share of employed Americans in the overall population declined slightly in July and remains alarmingly low for some groups, particularly African Americans.

"The unemployment picture is relentlessly bleak. The slight decline in July's unemployment rate—down from 9.2 percent in June—in fact was largely due to additional workers dropping out of the labor force, and the jobs deficit shows no sign of improving," said **Owens**. "The employment report includes none of the traditional bellwethers that signal hiring is around the corner. Things that would suggest the economy is picking up—such as an increase in temporary hiring, or a bump up in the average number of hours those who are employed are working every week—didn't show needed improvement in July."

In addition to the absolute shortage of jobs, workers are facing a severe shortage of *good* jobs, as a recent NELP report documented. Although job losses during the Great Recession occurred throughout the economy, mid-wage occupations—those such as paralegals, health technicians, and car mechanics—were hit hardest. In contrast, employment gains since March 2010 have been concentrated in lower-wage occupations, such as cashiers, retail sales workers, and child care workers. The result is a greater concentration of loss, and therefore a relatively bigger deficit, in mid-wage occupations as compared to both lower- and higher-wage occupations.

The crisis this uneven distribution of jobs poses for workers is exacerbated by the fact that workers' real wages have fallen since the start of the recession, and for workers in lower-wage occupations, the decline has been disproportionately greater. Overall, real wages (wages adjusted for inflation) have declined for all workers by 0.6 percent. Workers in lower-wage occupations have seen their real wages fall even more, by 2.3 percent. These hardest-hit occupations are precisely those that have been growing the most since 2010.

"The good-jobs deficit suggests that workers navigating the labor market today are facing a dearth of good job opportunities," stated **Owens**. "What this tells us is that it's not enough just to create jobs—we need to create good quality, good-paying ones. Even before the recession, the labor market was experiencing similar inadequate growth of many mid-wage occupations. Rebuilding our economy with outsized growth in lower-wage jobs will perpetuate the trend, creating an hourglass economy with more opportunities in lower-wage occupations that, so far, spell less economic security for working families."

Owens continued, "The debate over the national debt needlessly diverted the attention of lawmakers from the nation's most immediate and most urgent problems—the jobs and wage deficits. Rather than wrangling over a deal that, in the end, will cause more pain and more job cuts, lawmakers in Washington should have been focused on rebuilding the economy. But with this debacle behind us now, Congress must join the president in pivoting to jobs to get our economy back up and running. That requires first that they do no harm: They should continue the federal unemployment insurance programs through 2012. Beyond that, Congress should enact concrete measures to spur job creation with investments in programs like infrastructure development and subsidized work. Putting America back to work today is the only way to build a strong economy and a secure future for our children. That should be Congress's number one priority."

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