

Why are Unemployed People Staying Unemployed in a Tight Labor Market?

It seems natural to assume that when there is a low unemployment rate, people who are unemployed can gain employment quickly, but a new jobs report reflects a different story.

The Job Openings and Labor Turnover Summary (JOLTS) report is developed by the federal government to give an estimate of the number of job openings, the number of hires and the number of separations (leaving a job due to a quit, layoff or termination).

The most recent data (for April 2019) showed a reported 7.4 million job openings and 5.9 million unemployed people who reported looking for jobs. A total of 5.9 people were hired in April and 5.6 million people quit their job.

Tendayi Kapfize, chief economist of LendingTree, notes *:

"JOLTS still shows a strong labor market with a high rate of job openings and a high rate of quits. There are still more job openings than unemployed people, which suggests that skill mismatches may be driving the slowdown in payrolls momentum. A high number of quits means people are quite confident in their ability to find new jobs or are being poached away by other employers. An increase in people switching jobs vs unemployed people taking new jobs supports the skill shortage theory."

There are way more job openings than people looking for jobs. Since the unemployment rate hasn't meaningfully changed in the past few months, it seems like workers are switching around to get better jobs, but employers aren't hiring unemployed job seekers as much."

The jobs report is indicating that people who quit a job are more frequently gaining immediate new employment while many unemployed people remain unemployed. This skills gap is a significant issue in Wisconsin. There is a shortage of skilled workers in health care, transportation, manufacturing and trade fields (such as electrician and plumbers).

If you are struggling to find a job, talk to an FSET case manager about skills training opportunities through our program and at Technical Colleges. Take control and change where you land on the JOLTS report!

**Quote from The Basis Point, 6/11/19*