



Labor Day Report:

Long-Term Unemployment Hits High Water Mark

Lengthy Job Searches Underscore Need for Postsecondary Training

EXECUTIVE SUMMARY

The Michigan League for Human Services has released its fifth annual Labor Day Report examining unemployment, long-term unemployment and wages in Michigan. Among its findings:

- Michigan's long-term unemployment (defined as more than 26 weeks) reached a record high during 2010 as, on average, fully half (49.8%) of Michigan's unemployed each month had been long-term unemployed.
- While unemployment during the current recession never reached the levels that it did during the early 1980s, the long-term unemployment share during the past two years has far exceeded the 1980s levels.
- The long-term unemployment share for every demographic group (age, race, educational level) was far higher in 2009-2010 than in any other year since this data first became available in 1979. This tells us that long-term unemployment is not driven by characteristics of specific types of workers, but by the fact that there are overall fewer jobs available to those seeking work.
- Wage levels increase with education, and the Michigan Office of Labor Market Information projects a significant increase in jobs requiring a postsecondary credential, including a 15 percent growth in jobs requiring an associate's degree.

Based on these findings, the Michigan League for Human Services offers the following policy recommendations:

- Raise the maximum number of Basic Unemployment Insurance (UI) benefit weeks back up to 26. Because there are fewer jobs available to the unemployed, cutting the benefit weeks will not result in lower unemployment rates, but in hardship to families and less money spent in local economies, which can lead to further job loss.
- Make UI benefits available to workers seeking part-time work, workers who have left work for compelling family reasons, and workers building skills through occupational training following a job loss. Although the deadline has passed for Michigan to receive federal Recovery Act funds for making these changes, such changes will benefit unemployed workers and their local economies.
- Make raising the skills of low-skilled workers, including those needing basic skills instruction (mathematics, reading or English), a critical component of Michigan's workforce development strategy.