

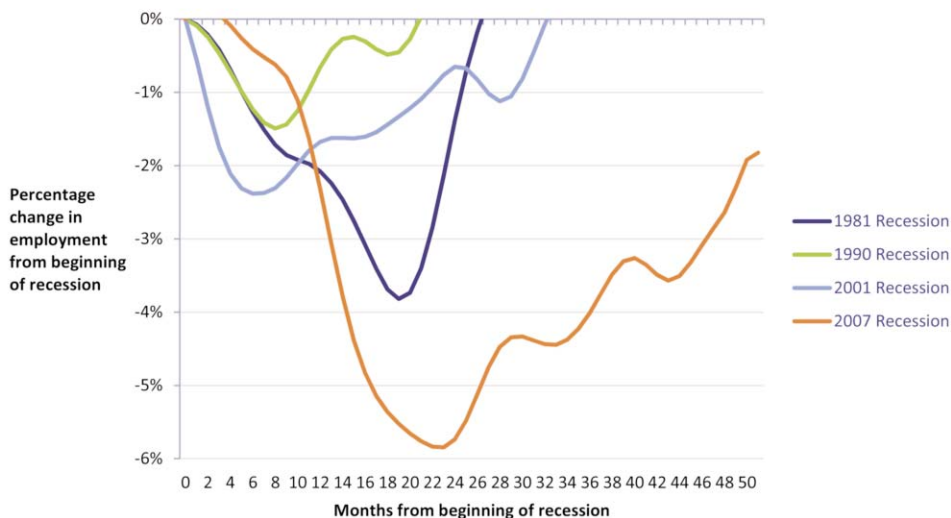
# THE STATE OF WORKING NORTH CAROLINA: Unemployment and the Jobs Deficit



September 2012

NORTH CAROLINA WORKING FAMILIES LOST FINANCIAL GROUND and experienced diminished opportunities through the decade of the 2000s due to several economic trends, including a dramatic increase in income inequality and the decline of the manufacturing industry. The outlook for workers worsened during the Great Recession and its aftermath. North Carolina ranked 6<sup>th</sup> in the nation for most jobs lost since the start of the Great Recession, and the unemployment rate is still nearly twice pre-recession levels.

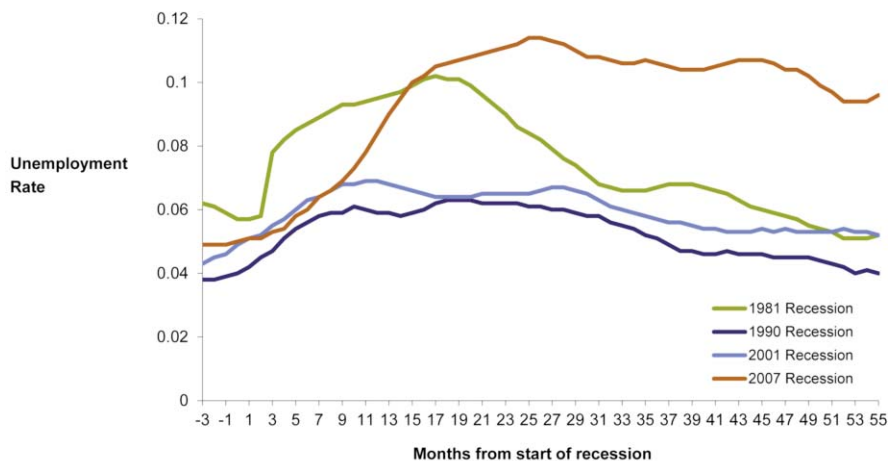
## North Carolina's employment levels fell further, have farther to climb out than past recoveries



## Jobs lost since start of recession

During the Great Recession, North Carolina's employment rate fell faster and farther than in any recession in the last 30 years. As a result, at its current pace, the state's labor market will take at least twice as long to return to pre-recession employment levels as it did in following previous recessions, leaving larger numbers of workers unemployed for longer periods of time than in the past. By this same point in previous recoveries, the state's job losses had been completely replaced.

## Unemployment rate remains higher for longer than previous recessions



Source: Economic Policy Institute, Recession Watch, July 2012.

## Stubbornly High Unemployment

Given the depth of North Carolina's job losses during the recession and sluggish job creation during the recovery, it is unsurprising that the unemployment rate has remained stubbornly high in recent years. The current unemployment rate is nearly twice what it was the same number of months after the 1981 (5.2%), 1990 (4.0%), and 2001 (5.2%) recessions.

## The Jobs Deficit

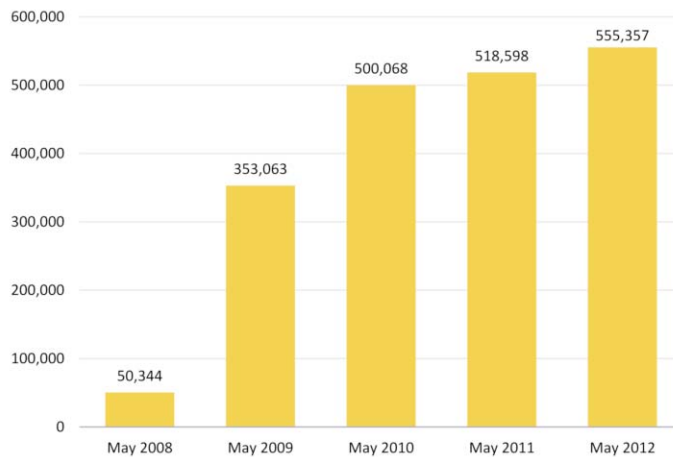
Unfortunately, even this persistently high unemployment rate masks the true depth of the employment challenge in North Carolina. Far more troubling is the rising jobs deficit—the number of jobs the state needs to create to replace those lost to the 2007-2009 economic downturn and keep up with population growth. The state’s jobs deficit grew to 546,000 in July, up from 530,600 at the beginning of the year and up almost 500,000 over the past five years—a 1000% increase in the number of jobs the state needed to fill this shortfall in 2008, when the nation was in the middle of the recession. The bulk of this jobs deficit

has been generated in the years since the recession formally ended in June 2009, despite three years of economic growth. National economic growth is not translating into significant job-creation gains in North Carolina’s labor market.

Because of the lack of jobs, many North Carolina workers who would otherwise seek full-time employment are forced to engage in part-time work. The underemployment rate measures these people along with the unemployed. While the standard unemployment rate in 2011 stood at 10.5 percent, underemployment was nearly twice as high at 17.9 percent.

### North Carolina's jobs deficit continues to grow

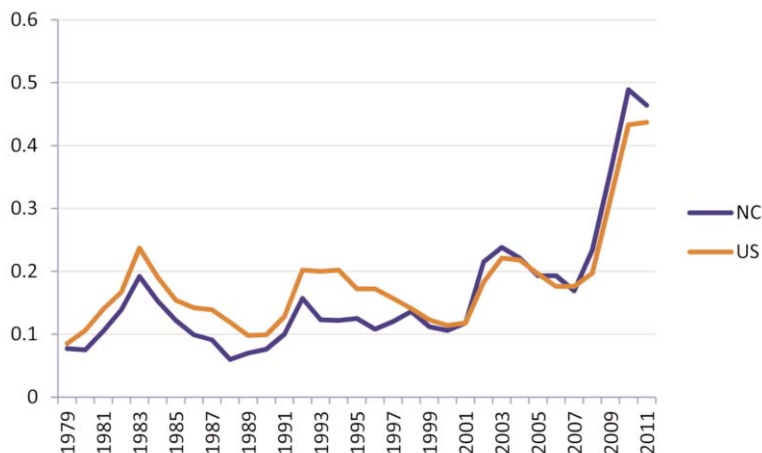
Jobs needed to return to pre-recession employment levels and keep up with population growth



Source: Economic Policy Institute, Job Watch

### North Carolina's share of long-term unemployed vs. the national rate

Share of Unemployed Out of Work for 6 Months or More



## Long-Term Unemployment

Of all North Carolinians who experienced unemployment in 2011, 46.4 percent were unemployed for 26 weeks or longer. Over the decade, the issue of long-term unemployment has become more pronounced, again driven by the failure of the state’s economy to deliver employment opportunities for the working-age population. Since 2000, North Carolina’s share of long-term unemployed exceeded the national rate most years.