



U.S. Chamber of Commerce

Worker Shortage Crisis Intensifying as Job Openings Rise Month over Month

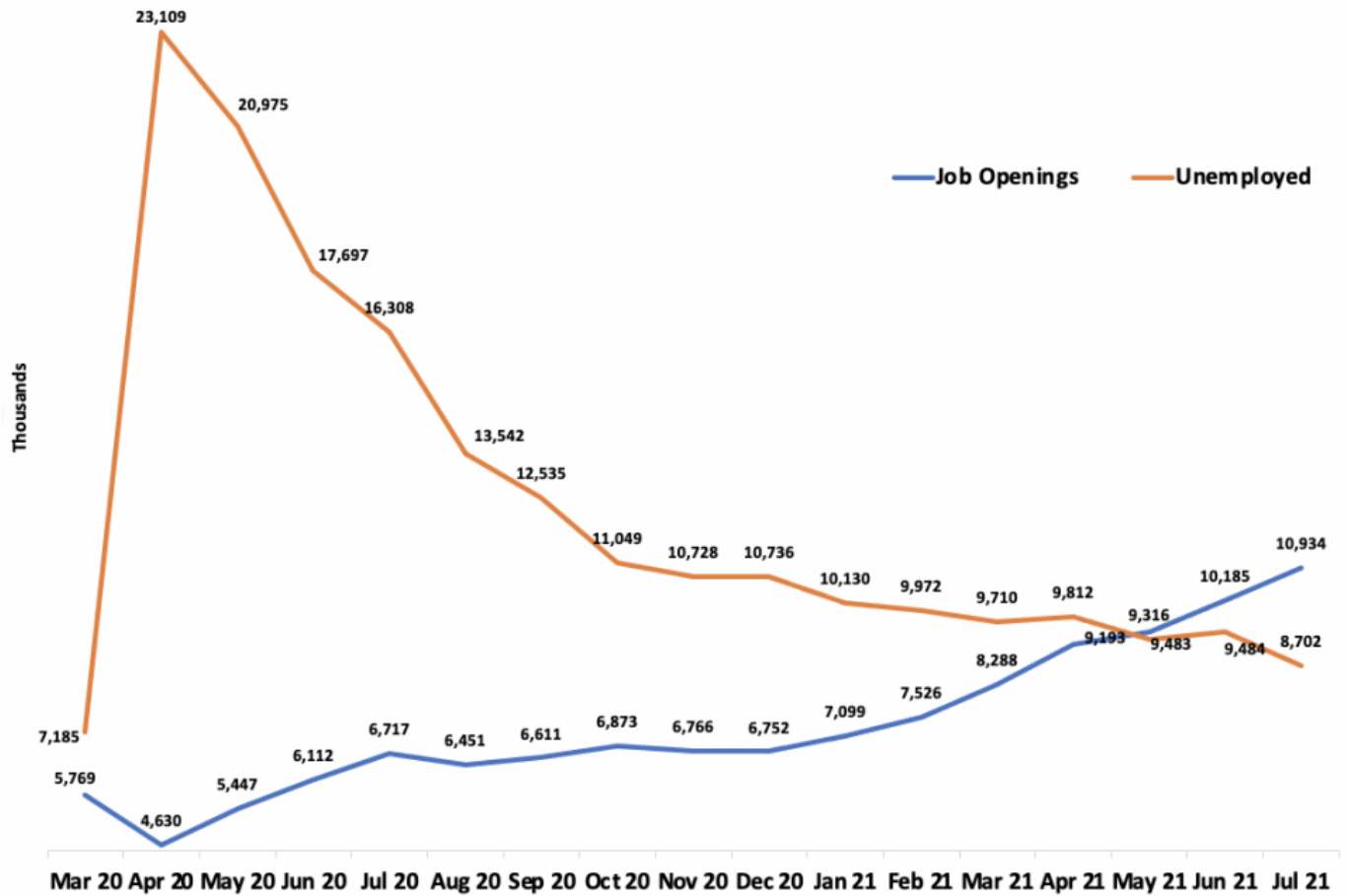
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Our worker shortage crisis is intensifying as job openings keep rising month after month. The Bureau of Labor Statistics (BLS) reports there were more than 10.9 million job openings in the economy at the end July – an all-time record yet again. The July record is an astounding 749,000 more than in June. In total, businesses have added almost 4.2 million job openings in 2021. There are now 2.2 million more job openings than there are unemployed workers in the economy.

Job Openings Far Outpace Unemployed Workers

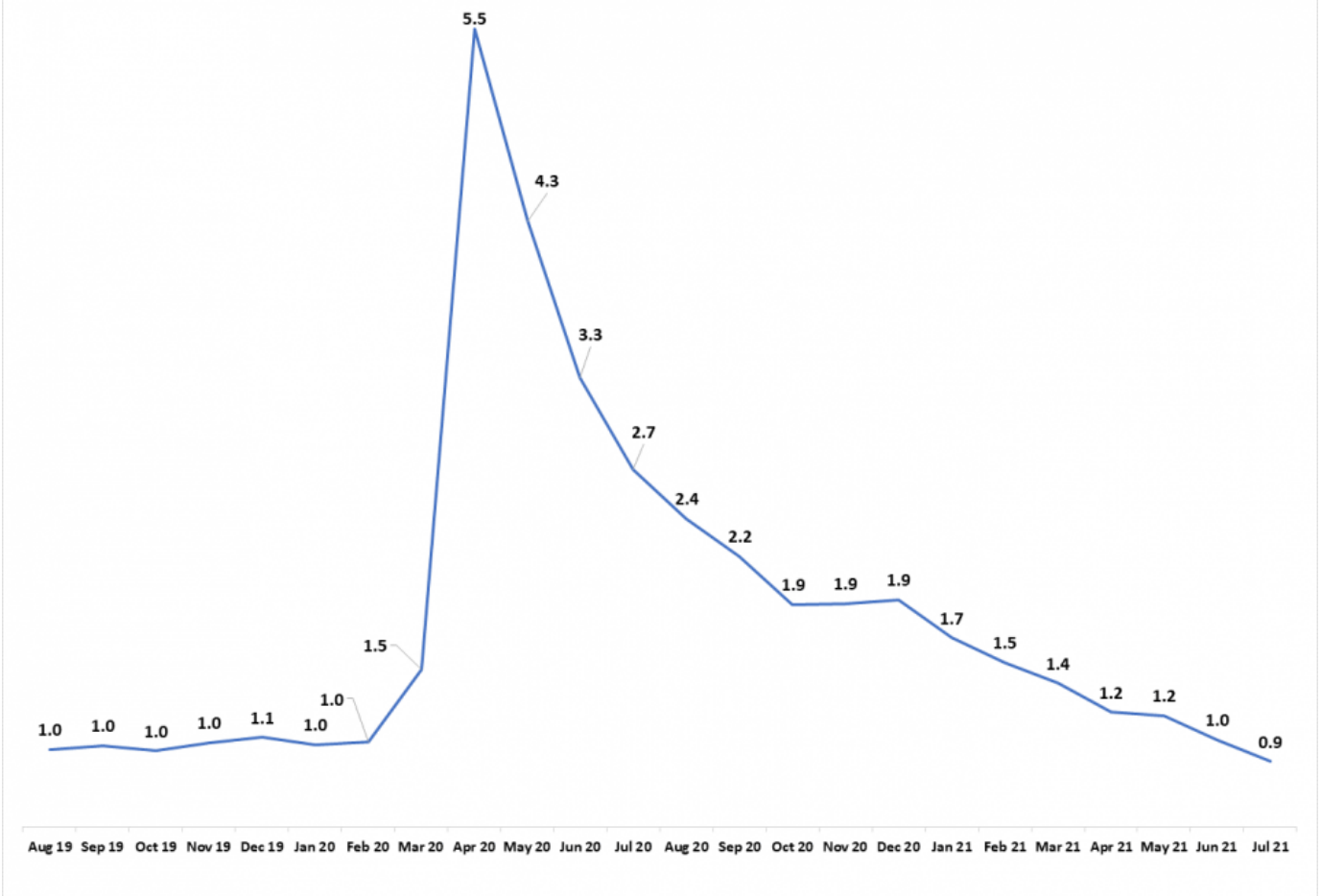


Openings continue to grow because job takers are simply not keeping up with openings. The quit rate was 2.7 in July, which is also historically elevated. Workers know that jobs are plentiful and that they can secure another job easily if they leave theirs.

The Worker Shortage Index compares the number of available workers, defined as the unemployed plus those marginally attached to the labor force, to the number of job openings. When the Index is above one, there are more workers than job openings. When it's below 1, the opposite is true.

In July the Index was 0.9, meaning there were more job openings than available workers. This is a record low and only the third time since 2000 the index has slipped below 1. It is well down from April 2020 when it was 5.5.

Worker Shortage Index is Falling Fast



Prior to COVID, the Index was similarly low. It dipped below 1 in August and October of 2019. It was 1.0 in February 2020. But the circumstances in the labor market were remarkably different back then. There were about 7 million openings and available workers then. Today there are much more of each – 10.9 million openings and more than 9.9 million workers available. Prior to COVID, the Index was going to be hard to lower much further because of skills and location mismatches between jobs and workers. Those issues still exist, but they are not the abiding problem right now, which is that available workers are hesitant to take the overwhelming abundance of available jobs.

The lack of workers is widespread across industries. Using the BLS data, we can compute a Worker Shortage Index by Industry. If the ratio is below 1, the industry has more openings than unemployed workers.

All industries have an index below 1 except for construction and mining and oil and gas extraction. Professional and business services and education and health services have indexes below 0.5, meaning there are double the number of job openings as unemployed workers. Financial activities, information, and manufacturing are just below that mark with indexes of 0.6.

Worker Shortage Index by Industry - July 2021			
Industry	Job Openings	Unemployed Workers	Worker Shortage Index
Professional and business services	1,905,000	824,000	0.4
Educational and health services (private)	2,057,000	1,047,000	0.5
Financial activities	572,000	320,000	0.6
Information	194,000	109,000	0.6
Manufacturing	942,000	536,000	0.6
Leisure and hospitality	1,954,000	1,201,000	0.6
Government (incl. public educ.)	1,162,000	764,000	0.7
Other services	468,000	327,000	0.7
Wholesale and retail trade	1,507,000	1,210,000	0.8
Transportation and utilities	516,000	481,000	0.9
Construction	344,000	448,000	1.3
Mining incl oil/gas extraction	43,000	70,000	1.6

The biggest problem our economy faces right now is getting workers to fill the historically large amount of open jobs. Workers are staying on the sidelines because of too-generous government benefits (now mostly expired), fears about the virus, lack of childcare, and other factors. The enormous number of job opening is holding the economy back from reaching its potential and is threatening what should be a prolonged economic boom. Congress and the Biden Administration should be focusing on getting people off the sidelines and back to work.

The U.S. Chamber and U.S. Chamber Foundation launched our [America Works Initiative](#) to solve this worker shortage crisis. We will continue that effort until businesses can hire the workers they need to meet their customers' needs.

About the Author



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