

## Vermont's Labor Force Is Shrinking

The Vermont labor force continued to shrink in September as 1,900 more unemployed Vermonters stopped looking for work. In May, the labor force reached a peak of 361,000, but has been falling since then. Last month it stood at 356,900 (**Figure 1**).

The labor force includes everyone defined as either employed or unemployed. Unemployed means an individual must have looked for work sometime in the past four weeks. When workers stop looking for work, they are no longer considered part of the labor force. The number of workers who give up looking for work, not surprisingly, rises during recessions.<sup>1</sup>

Unemployed workers per job opening in the Northeast continued to increase in August providing further justification for workers to feel discouraged (**Figure 2**).

Vermont's Department of Labor reported the official seasonally adjusted unemployment rate was down slightly in September to 6.7 percent and that employment also was down. Vermont continues to have the lowest unemployment rate in New England, but the rate appears to be dropping because people are leaving the labor force, not because they are going back to work.

Even if, as some economists believe, the recession is coming to an end—that is, that the economy has stopped contracting and is beginning to grow again—it is likely that unemployed Vermonters will continue to have trouble finding jobs for quite some time. After the last two recessions—in the early 1990s and 2001—it took more than two and a half years for the number of Vermont jobs to return to their pre-recession peaks (**Figure 3**).

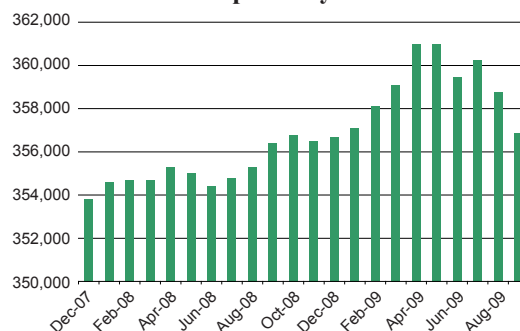
The public sector shed 1,400 jobs in September, due to the end of a summer youth employment program and the Douglas administration's continuing effort to reduce the number of state employees. The administration has cut 600 state jobs since the beginning of the recession in December 2007.

<sup>1</sup> <http://www.bls.gov/opub/ils/pdf/opbils74.pdf>

## Public Assets Institute

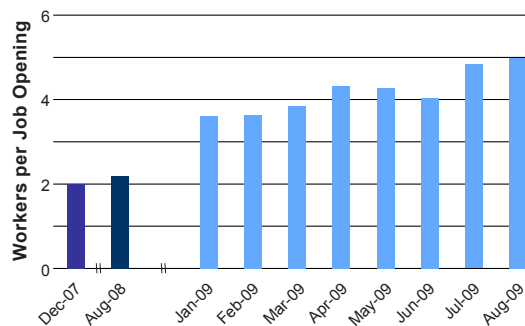
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The Public Assets Institute supports democracy by helping Vermonters understand and keep informed about how their government is raising and spending money and using other public assets.

**Figure 1. Fewer in Vermont Labor Force After April/May Peak**



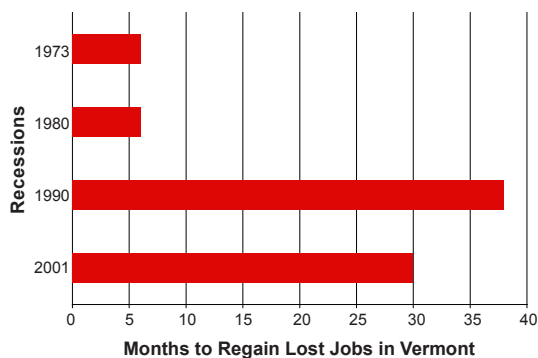
Note: Vertical scale does not start at zero.  
Source: Bureau of Labor Statistics

**Figure 2. More Unemployed per Job Opening in August**



Number of unemployed workers per job opening in the Northeast  
Source: Bureau of Labor Statistics

**Figure 3. Vermont Jobs Rebounded Slowly After Last Two Recessions**



Source: Political Economy Research Institute (PERI)