

## Rising unemployment, declining consumer wealth, lower expectations

The U.S. economy has undergone tumultuous changes in the five years since the publication of OCLC's *Perceptions of Libraries and Information Resources* in 2005. The Great Recession began in December 2007 and officially ended in June 2009, according to the National Bureau of Economic Research. America experienced job losses, lingering high unemployment, reduced consumer confidence and significant losses in real estate, stock and retirement savings.

**Unemployment defined the economy.** Job losses exceeded job gains beginning in second quarter 2007 and peaking in first quarter 2009 with over 2.7 million lost jobs in that quarter. The U.S. unemployment rate peaked at 10.1% in October 2009—the first time it had been in double digits since 1983 (U.S. Bureau of Labor Statistics, January 2011).

**Other employment factors were also negatively impacted.** The average hours employed per work week dropped to 33, the lowest level since 1964 when the government first began collecting this data. Weekly wage increases declined sharply from an annual 3.4% increase in 2007 down to an annual 1.0% increase in 2009. The number of Americans employed only part-time grew 103% from 2007 to 2009 (U.S. Bureau of Labor Statistics, January 2011).

**Americans sought relief in education.** Americans went back to school and stayed in school. Seventy percent (70%) of the high school graduating class of 2009 were enrolled in college in October 2009, the highest percentage on record (back to 1959) according to the U.S. Bureau of Labor Statistics (April 2010).

Community colleges in particular played a critical role in helping Americans meet their educational goals. According to the Pew

“ I now live in a rural area without high speed internet. Using the library for things I used to be able to afford saves me so much and allows me to continue to read study and research without difficulty.”

61-YEAR-OLD

## During The Great Recession...

...more jobs were lost than gained.



...the annual unemployment rate more than doubled.



Source: U.S. Bureau of Labor Statistics

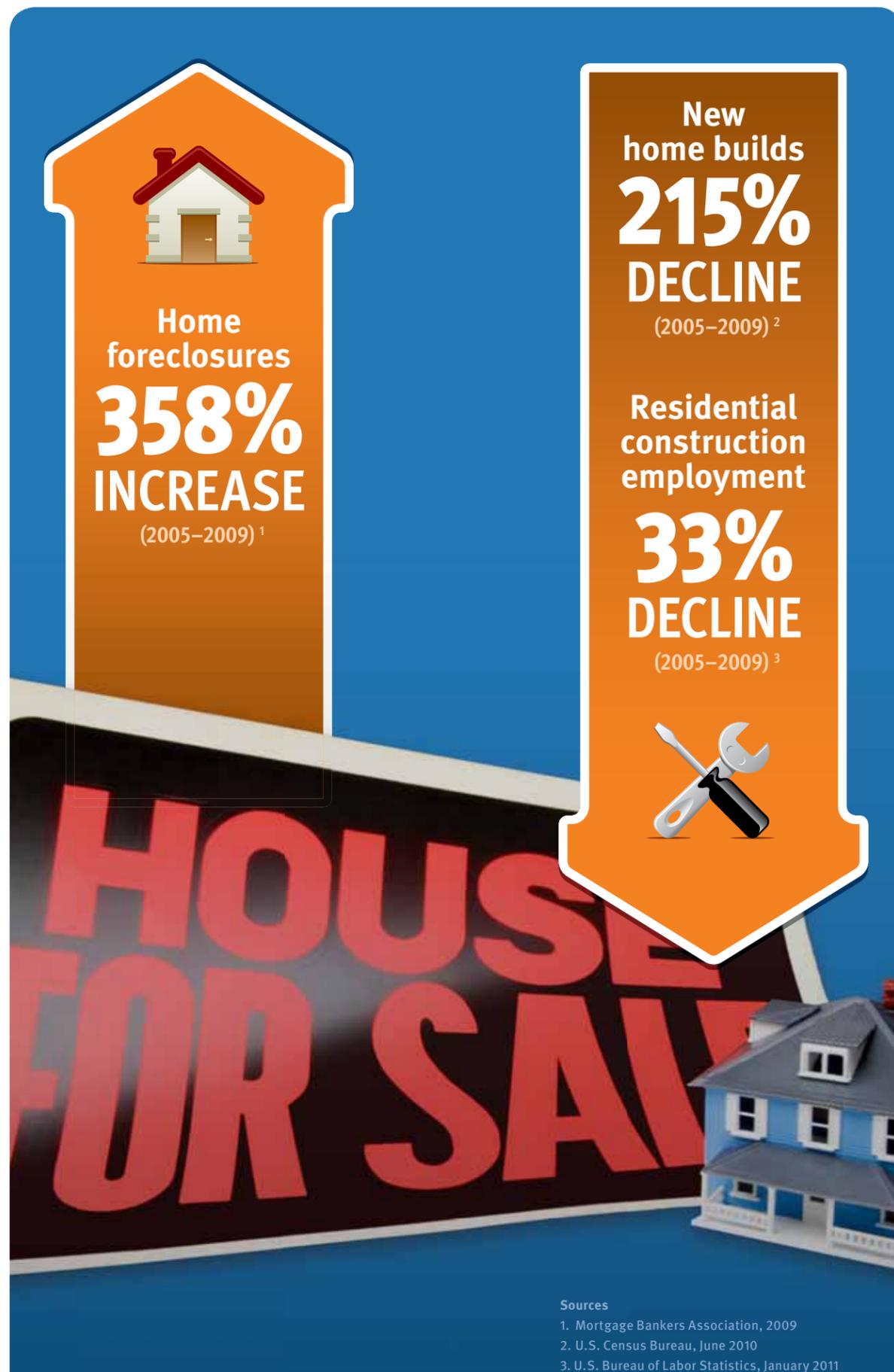
Research Center (October 2009), enrollments at community colleges grew by nearly 10% during the height of the recession while enrollments at four-year colleges remained stable. Community colleges offered students a less-expensive, more attainable alternative method of improving their skills in the tightest job market in a generation.

**The Great Recession shifted Americans' work lives, home ownership, consumption and savings habits.** The average annual expenditures per consumer fell 2.8% in 2009. This was the first time there had been a year-over-year drop in spending since the Consumer Expenditure Survey began publishing this data in 1984. Purchases for transportation, entertainment and apparel were among the major declines in consumer spending (U.S. Bureau of Labor Statistics, October 2010).

Bankruptcy filings rose 74% over the 24-month period ending June 30, 2009. A total of 1,306,315 bankruptcy cases were filed in federal courts in 2009 compared to 751,056 filed in 2007 (United States Courts, August 2010). Homes in foreclosure increased from a low of 1% in 2005 to a high of 4.58% in 2009 (Mortgage Bankers Association, 2009). Single-family housing completions have steadily declined since 2004. From 2005 to 2009, single-family housing completions dropped 215 percent (U.S. Census Bureau, June 2010). Housing prices dropped across the country. For many Americans, their homes were no longer assets or sources of financial security.

**Small businesses struggled.** U.S. early-stage entrepreneurship declined 35% from 2005 to 2009, according to the Global Entrepreneurship Monitor. There were fewer business start-ups. Small business owners were less optimistic. Measures of their perceptions decreased 142% from 2007 to 2010 concerning their financial situation, revenue, cash flow, capital spending, number of jobs and ease of obtaining credit. (Wells Fargo/Gallup Small Business Index, August 2010).

Libraries play a critical role in the lives of Americans, even more so during down economic times.



## Sources

1. Mortgage Bankers Association, 2009
2. U.S. Census Bureau, June 2010
3. U.S. Bureau of Labor Statistics, January 2011

The American Library Association (ALA) reports increases in the number of people visiting libraries, checking out library materials and using library Internet terminals during the recession.

Public libraries provide critical assistance to job-seekers and small business owners and to those needing technology. OCLC's research reported in *How Libraries Stack Up, 2010* indicated that 300,000 Americans receive job-seeking help at public libraries every day—and 2.8 million times each month public libraries are used to support small businesses. Many libraries—5,400 public libraries, according to ALA—offer technology training classes.

At the same time that libraries often are seeing double-digit increases in the use of their services, many are experiencing budget cuts. In 2009–2010, the majority of public libraries (56%) had flat or decreased funding and 24 states reported cuts to their public library budgets (ALA, June 2010). In response to these funding cuts, some libraries have had to reduce their hours and close branches—making them less accessible at a time when they are even more needed. ALA reports that 15% of public libraries decreased their operating hours.

### Lasting effects of the recession are yet to be seen

Americans' beliefs, values and consumer habits have seen dramatic shifts. As Gerzema and D'Antonio, authors of *Spend Shift: How the Post-Crisis Values Revolution is Changing the Way We Buy, Sell, and Live*, optimistically conclude, "In sacrificing, reimagining ourselves, and working harder, we have discovered we are stronger and more capable than we thought... The Great Recession has given us an unexpected gift, a renewed source of energy and determination to move forward." Americans are moving forward by making changes in their spending habits and lifestyle choices. They need access to resources to help learn new trades and find new jobs. And they need alternatives to entertainment they can no longer afford. They are turning to their library.

We'll explore the library's role during a down economy further in upcoming chapters.