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New Labor Market Realities Require New Workforce Development Policies

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New Labor Market Realities Require New Workforce Development Policies

Workers and employers in the United States are facing new realities and uncertainties that current public policies and programs for adult learning and labor market navigation were not designed to handle. The Great Recession and other disruptive forces have changed and continue to alter the environment that workers, job seekers, businesses, educational institutions, and government all face, including globalization, labor market volatility, pervasive and rapid technological changes, shifting demographics, and resource constraints. Workforce development and educational policies must be reimagined during an era of scarce resources, new technologies, increased personal responsibility for career navigation and management, shifting skill requirements, and changes in the nature of employment.

More than 250 national and international experts gathered in October last year at Rutgers University in New Brunswick, New Jersey, to share their perspectives on strategies to transform education and job training services and policies. The conference, *Transforming U.S. Workforce Development Policies for the 21st Century*, was cosponsored by the Federal Reserve Banks of Atlanta and Kansas City and the John J. Heldrich Center for Workforce Development at Rutgers University.

The conference brought together a wide range of experts to discuss strategies and policies that will improve opportunities for job seekers, students, and workers; meet the needs of employers and society for a highly skilled, well-educated, competitive, and productive workforce; and deliver

effective and efficient solutions that can be adopted by federal, state, or local/regional governments, as well as educational institutions, businesses, and nonprofit organizations

More than 60 presenters, including Federal Reserve Bank officers, former governors, and leaders from businesses, labor unions, private nonprofits, foundations, and academia, assessed the strengths and limitations of U.S. workforce policies.¹ Several panels focused exclusively on addressing the difficulties experienced by the long-term unemployed, those with limited formal education, older and youth workers,

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minorities, veterans, ex-offenders, and individuals with disabilities.

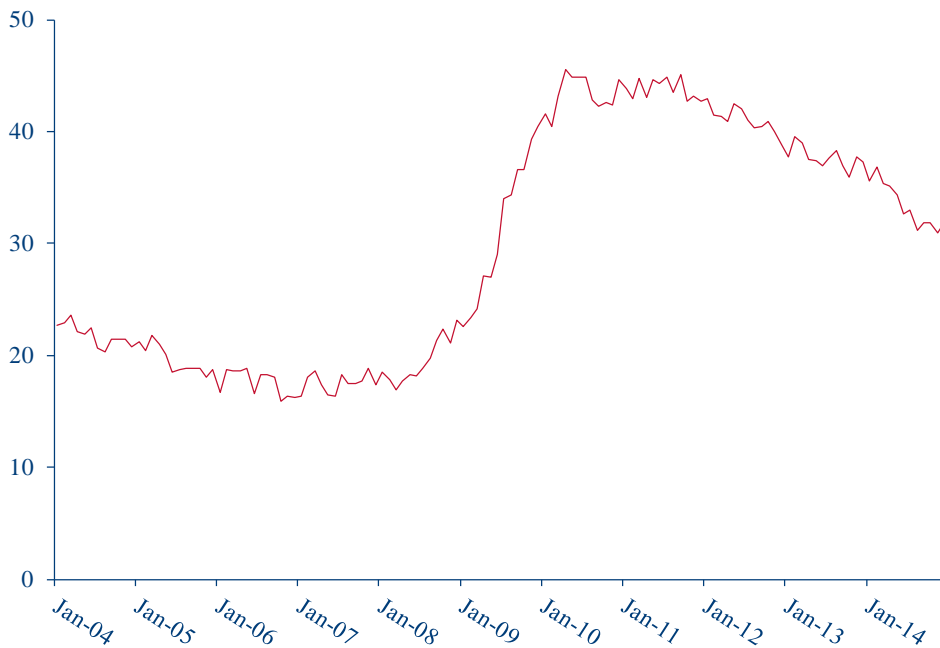
Presenters examined the funding, adequacy, and performance of Unemployment Insurance, Pell Grants, postsecondary education, reemployment programs, Workforce Investment Boards, the labor exchange system, and the potential impact of the Workforce Innovation and Opportunity Act of 2014. Panelists discussed promising strategies and policies from states, communities, and private firms that offer some potential for meeting the fundamental needs of job seekers and employers. Summaries of several panel sessions and video interviews with conference panelists are available on the Heldrich Center's Web site (www.heldrich.rutgers.edu).

The conference, part of a multiyear collaboration, will result in the publication of an edited volume, *Transforming U.S. Workforce Development Policies for the 21st Century*, featuring 30 chapters and case studies authored by leading scholars and practitioners. It was compiled and edited by Carl Van Horn of Rutgers, Todd Greene of the Federal Reserve Bank of Atlanta, and Tammy Edwards of the Federal Reserve Bank of Kansas City and will be available this spring.²

Special Focus: The Persistent Problem of Long-Term Unemployment

One of the most urgent topics considered during the conference was the need to enhance workforce development services for the long-term unemployed—workers who remain jobless for longer than six months. More than five years into the economic recovery, long-term unemployment remains at historic highs: the short-term unemployment rate has returned to where it was pre-Great Recession, but there are still 2.8 million individuals among the long-term unemployed. Nearly one-third (30.7 percent) of all unemployed job seekers were unemployed for 27 weeks or more in December 2014 (Bureau of Labor Statistics 2014a), which is nearly twice the share among the unemployed in December 2006 before the Great Recession (see Figure 1). While the percentage of long-term unemployed workers has declined from nearly 46 percent in April 2010, it still exceeds the 26 percent level experienced in the worst previous recession in 1983. Unemployment rates in 29 states are at or near prerecession levels, but long-term unemployment remains above prerecession levels in 41 states (Bureau of Labor Statistics 2014b).

During and after the Great Recession, long-term unemployment has affected a much wider swath of the labor force than in prior recessions, including many highly skilled individuals with long work histories (Van Horn 2014). These people may be struggling to find another job for a variety of reasons. Many employers may be reluctant to hire the

Figure 1 Percent of Workers Unemployed 27 Weeks and Longer

SOURCE: Bureau of Labor Statistics.

long-term unemployed because they believe the skills of these individuals have deteriorated. Job seekers may also experience discrimination because of unemployment status, which is even more problematic for older workers (Ghayad 2013). Some job seekers may need to upgrade their skills; others must learn new job search techniques. The long-term unemployed would greatly benefit from impartial advice as they consider options for training, education, and employment (Van Horn, Krepcio, and Heidkamp forthcoming). This includes being better informed about the potential employment outcomes and returns on their investment in education and training.

Current public workforce system tools and resources are not sufficient to provide the targeted assistance that long-term unemployed workers need. A nationally representative sample of long-term unemployed workers conducted by the Heldrich Center for Workforce development reported that only 1 in 6 unemployed workers visited a federally funded One-Stop Career Center, also known as American Job Centers. One in 10 long-term unemployed workers attended a job club or professional

networking meeting, and 7 percent met with a job coach or counselor. Only 7 percent of the long-term unemployed enrolled in a job training program; 4 in 10 paid for the training themselves (Van Horn, Zukin, and Kopicki 2014). The Obama Administration launched a promising new \$150 million initiative in late 2014 to assist the long-term unemployed, called Ready to Work, but

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it likely will not be sufficient to reach the millions who need assistance.³

More robust strategies, grounded in evidence from research on efforts to assist the long-term unemployed, must be developed and delivered to long-term unemployed workers as they struggle to reconnect to the labor market. Conference participants identified the following strategies that will help workers:

- *High-quality, unbiased labor market and career advising, including a*

dedicated Web site and access to virtual and in-person services. Long-term unemployed workers are often no longer connected to the network of friends and associates from their prior jobs or with high school or college counselors. They cannot afford to hire professional consultants or job coaches who might guide them through the complexities of the labor market and a plethora of education and training options. They frequently must master new job search strategies, including the use of social media, such as LinkedIn and Facebook.

- *Peer-support professional networks such as job clubs to help combat the isolation many long-term unemployed job seekers experience.* Preliminary findings from an evaluation of job clubs based in community and faith institutions suggest that they can be very valuable to unemployed workers (Trutko et al. 2014). Such groups enable individuals to develop support networks and offer reassurance that their difficult experiences are neither unique nor insurmountable.
- *Commitments from employers to consider the long-term unemployed and to reform hiring practices that often exclude them from consideration.* These strategies build on efforts supported by the Obama Administration, which gained pledges from hundreds of employers to eliminate barriers to the long-term unemployed when filling job openings.
- *Incentives for employers to hire older long-term unemployed job seekers for trial employment opportunities.* For example, Platform to Employment (P2E), initiated by The WorkPlace in Bridgeport, Connecticut, provides counseling, job search assistance, and short-term paid employment while individuals “intern” with employers. It has expanded to at least 10 additional communities.
- *Leveraging access to resources that provide mental health, financial counseling, and other supportive services.* State and local public workforce agencies and community colleges should collaborate with local mental health associations to arrange for assistance when individuals need counseling to

cope with depression, anxiety, and stress. Independent financial advice is important for the long-term unemployed as they cope with the various challenges that accompany a significant loss of income. Access to food pantries, child care, energy assistance programs, and other supports is also essential.

Conclusion

Throughout the conference the panelists and participants identified dozens of promising strategies and policies from states, communities, and private firms that could help all job seekers better prepare for employment or find another job if they are laid off. These strategies would also aid employers looking for qualified employees. While the conference was not designed to reach a formal consensus, 10 consistent themes and recommendations emerged:

- 1) The need for improved labor market and career information and intelligence for job seekers and students at all levels of the education and training system.
- 2) The value of predictive analytics to help workforce program managers and educators guide individual job seekers and learners.
- 3) The importance of enhancing technologies to deliver services, including social media techniques, to help employers and job seekers more efficiently and effectively, and to expand access to services.
- 4) The benefits of combining Unemployment Insurance support programs with more active job search and training strategies, especially at the early stages of unemployment.
- 5) The need to restructure postsecondary education financial assistance programs for unemployed and incumbent workers in order to assist job seekers who need short-term training or formal credentials.
- 6) Techniques for developing transparent and accurate assessments of education and training program outcomes for individuals, program managers, and policymakers.

- 7) Strategies for developing portable, industry-recognized credentials for students.
- 8) The application of competency-based learning strategies, work-based learning, and apprenticeship programs for youth and adult workers.
- 9) Methods of formally and routinely integrating employers in the development and delivery of education and skills training programs.
- 10) Effective strategies for providing holistic, wraparound support services for the unemployed who face significant barriers to either finding a job or maintaining one.

These evidenced-based reforms, if implemented at the federal, state, and local levels, would transform workforce development programs and policies for the benefit of students, job seekers, and employers.

Notes

1. The full list of presenters and speakers is available by reviewing the agenda for the conference at <https://www.frbatlanta.org/news/conferences/2014/141015-workforce-development.aspx> (accessed January 11, 2015).
2. To reserve a copy of the edited volume, which will be distributed without charge, please send a request with your name and address to Robb C. Sewell at the Heldrich Center for Workforce Development at robb@ejb.rutgers.edu.
3. <http://www.whitehouse.gov/ready-to-work> (accessed January 11, 2015).

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