

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 172
JULY 30, 2013**

STATE AND LOCAL EFFORTS TO SERVE THE LONG-TERM UNEMPLOYED

This tab includes a short paper describing state and local efforts to serve the long-term unemployed. The tab also includes data on the long-term unemployed in Washington and the results of Workforce Investment Act related On-the-Job Training.

Board Action Requested: For discussion only.

STATE AND LOCAL EFFORTS TO SERVE THE LONG-TERM UNEMPLOYED

Across the country, governors and other policymakers, as well as service providers and advocacy groups are attempting to improve employment outcomes for people unemployed longer than six months—the long-term unemployed (LTU). Nationally, these numbers are still at record highs, even as unemployment numbers generally are on their way down. In January 2013, more than a third of the unemployed (38 percent) were out of work longer than six months. This number doesn't include those who have stopped looking for work or have taken part-time jobs. Many among the LTU have stellar work histories, including those who have not experienced a period of unemployment since they began working as adults. Also, states are finding large numbers of LTU who have been out of work for two to four years. This long stretch of joblessness has had a devastating impact on the long-term unemployed, with many turning to public assistance, becoming homeless, or searching for other ways to tackle their newfound indigence.

The programs and strategies described in this paper distinguish between the long-term unemployed (LTU) and chronically unemployed. The chronically unemployed generally have significant, multiple barriers to employment. Before the Great Recession, they suffered recurring, lengthy periods of unemployment. LTU individuals generally have been fully engaged in the economy, with uninterrupted or minimally interrupted periods of employment prior to the Great Recession.

This paper pulls together information obtained through online searches, inquiries to state workforce development agencies, and the findings of an unpublished report commissioned by the U.S. Department of Labor. States named in this paper serve as examples of places where particular strategies are taking place. The list of states in each category is not meant to be exhaustive.

It is important to note that there is little to no evaluation of the strategies described. In each case, the state or local entity has offered the strategy as a promising practice, and can provide anecdotal evidence of success.

Overall, these strategies and tactics appear to address the sometimes unfavorable perceptions employers have about LTU individuals, either by providing incentives to hire, or to support the training of the long-term unemployed. They are designed to entice and motivate employers to consider the LTU as they are recruiting and making hiring decisions, and to convince employers that hiring from the LTU is not a risk. Four primary tactics have taken shape among states in this analysis:

1. Training/Skills Gap Support: This was the most common new investment response to the LTU issue. Funds are granted to provide unemployed individuals with the skills they need to perform in a specific available job. The policies include direct funding to employers or employer consortia, and funding to postsecondary education or workforce development organizations. Some states, like MA, MD, NY, MO, and FL use both approaches. Inclusion of on-the-job training (OJT) in an existing, primarily classroom program or as a stand-alone program seems to be the training method of choice for these investments. TN tried a different tack, using incentive payments to their colleges that increased employment rates among students who were unemployed. Kansas also uses an incentive approach and will pay more to colleges that develop courses in partnership with employers to prepare students for jobs that are verified to be in

demand. GA's novel approach was noted by the U.S. DOL, which gave out funds to other states to replicate the model. GeorgiaWorks provides vouchers to unemployed individuals. They use the vouchers to encourage employers to take them on as trainees. Unemployment insurance funds are used to pay a training stipend. The employer does not pay wages while the participant is in training, and is not required to hire the trainee. (See the Appendix for OJT results in Washington.)

2. Investing in Industry Clusters or Sectors: Although skills training was the most common “new investment” among states, the most frequent overall response was to target specific clusters, or sectors. Industries are targeted because they are experiencing higher-than-average vacancy rates in certain occupations; they are anticipating high turnover or retirement rates; or there is expected growth. Very few states provide new funds for these efforts (MA, MD, NJ, FL). Most use governor's executive orders or their state workforce strategic plan to organize existing funds to support targeted industries to hire from the unemployment rolls. OR, AZ, NV, NJ, IL, NC are using their local workforce boards as the primary implementers at the local level of sector/cluster efforts, although all also include local economic development agencies and their community colleges. New Jersey and Illinois have created industry-led statewide networks that have engaged large numbers of employers in targeted sectors in a dialogue with the state about what they need and how efforts are working, not just for talent development, but also infrastructure issues and new business development. MA and FL provide funds to industry consortia to design their own talent pipeline development activities. That state funding comes with an expectation that new jobs will be created and the long-term unemployed will be targeted for hire.

3. Financial Incentives: Many states offer some form of tax credit to employers who hire from the LTU rolls. Policies were either implemented expressly to address the LTU issue, or were modifications of existing policies, such as an increase of the fund level or new criteria specific to hiring LTUs. Some look for a specific investment level and a minimum number of new jobs created (IL, MO, NY, IN). Some rewarded the employer for any new hire (FL, MD, AL). Tax credits targeted to small businesses are available in IL, CT, NC, VA, and CA. Most of these programs have a limited fund pool available, so benefits are granted on a first come, first served basis. Many were time limited—one to three years, to address the effects of the recession.

4. Investing in Entrepreneurship and Job Creation: States are looking at entrepreneurship from two perspectives: First, they are anticipating some LTU individuals have the talent and capital to start their own business and earn a reasonable living, thus taking them off unemployment rolls (DE, WV). Second, states are providing financing and other supports to help existing businesses expand or to commercialize new technologies or innovations that lead to new jobs. Some states have invested heavily in a quasi-public venture capital strategy (MA, MD, NY), where the state provides large capital investments directly to companies with an expectation of a minimum number of jobs to be created. NY, in addition to \$50 million in venture capital investments, also has created tax-free zones in the communities that house State University of New York (SUNY) campuses, in order to build relationships between research-based companies and the colleges. MA has also taken a location-based approach, where companies are given a financial incentive to expand or locate in the state's “Gateway Cities,” urban areas that have lost significant numbers of skilled and well-paying jobs.

Program Level Approaches

The difference between LTUs and traditional unemployed clients of workforce development systems is clear to those working at the front lines. The U.S. Department of Labor convened a workgroup of service providers from across the country to identify the characteristics of the LTUs of the Great Recession, and to learn about new service strategies that appear to be working.

For those with little or no experience being unemployed, the duration of their ongoing unemployment can seem a bit unreal. They often continue to look for work using methods that have served them well in the past, and rarely consider public services until their unemployment insurance is exhausted or nearly exhausted. The longer they are without gainful employment, the harder it is to get an interview...and so the more discouraged they become. Service providers are finding ways to break this emotional and structural downward spiral. But first they need to connect with the long-term unemployed, who sometimes are going it alone.

Washington's Employment Security Department (ESD), through Retooling Washington's Workforce Initiative, undertook vast efforts to reach the LTU and encourage them to connect with the state's WorkSource Centers. In other states, incentives were provided, such as the GeorgiaWorks vouchers. In South Central Wisconsin, the suburban Boston area in Massachusetts, and Silicon Valley in California, the local workforce boards determined that they needed an entirely different setting to provide services for LTUs. These centers are located in office parks, and away from the areas where social services are provided. While the services aren't markedly different, these centers are billed almost as professional outplacement centers with an emphasis on re-employment for those with long work histories.

Once engaged, service providers must connect with and motivate the LTU to continue with services and find a path to employment. An initial assessment or triage session will help determine if basic living needs are being met. Most LTUs have established their living situations based on a long history of "earning their way." If they have been unemployed for a long time, or have encountered other hurdles since their lay-off (illness, lay-off of spouse, child's college tuition, aging parent, to name a few), they may need financial, food, or housing assistance. Often, they have no idea how to navigate those systems. They are also dealing with the trauma of being dependent on public support for the first time. Frontline staff at service centers like WorkSource are learning how to approach these individuals differently than their traditional clientele, and they are reporting that these new strategies are benefiting all clients. In Washington, ESD worked with the Division of Vocational Rehabilitation to train all frontline WorkSource staff in "Motivational Interviewing Techniques." Staff reports have been overwhelmingly positive since the training. In Massachusetts, clinical therapists are assigned to service centers. They've developed a brief therapy model designed to move an individual quickly through the stages of grief and despair towards employment.

Centers are also creating opportunities for social networking for LTUs, many of whom have lost contact with their social groups tied to their workplaces. Networking has always been an important component of the job search. But as the LTU moniker gets assigned to an individual, it is more important than ever that he or she finds someone to "vouch" for them in the job market. Providers are helping LTUs connect back to their work-based social networks, professional organizations or even college alumni associations. They are also hosting "Job Clubs" where job-

seekers support and motivate each other. Stamford, CT has enhanced this model by coupling the Job Club with real work experience, where employers can try out the LTU in an available job opening.

Trial employment, like OJTs or internships, continues to be an important component of an LTU re-employment strategy. As long as employers see the LTU as a risky hire, the chance to test the employee before a final offer is made seems a viable strategy. States such as GA, KY, and now OR have invested in ACT's Work Ready Communities, where individuals take a certification test to assess their readiness for work. The key to this strategy is to have employers validate the test and commit to hiring from the Work Ready pools. In Spokane, the WDC has used this strategy successfully with a handful of employers. GA and KY have each revised their Work Ready strategies to entice more employers to participate. More employer traction seems to come from their involvement in the design of specific technical skills training, and the assessment of student competencies (industry recognized certifications). However, for older LTUs especially, the "dead wood" or "damaged goods" labels need more than excellent skill development to achieve gainful re-employment.

Appendix

**Workforce Investment Act- Related On-The-Job Training in Washington
July 2010 – March 2012**

1,827 Total Number of Participants

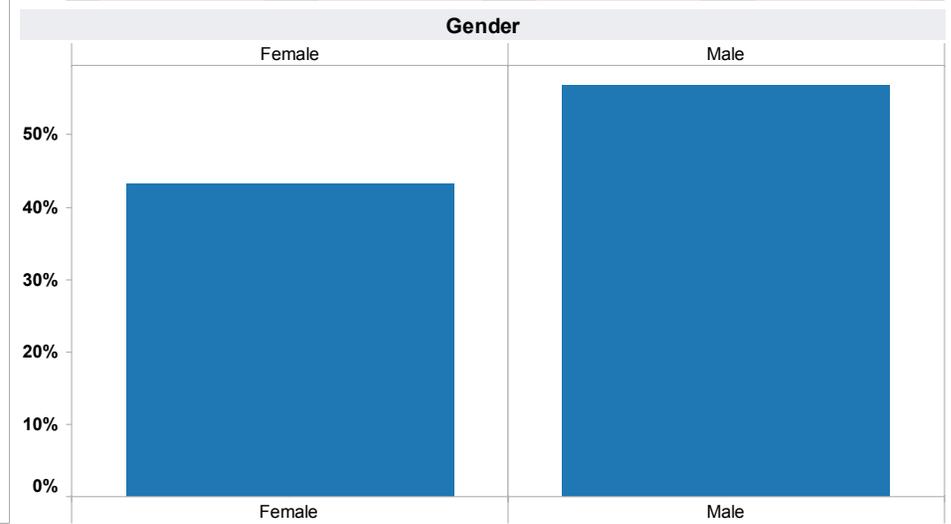
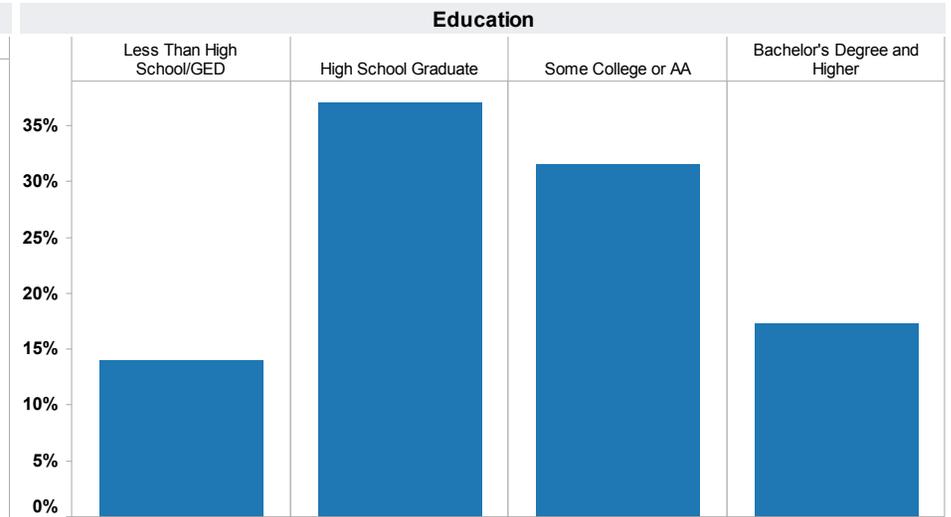
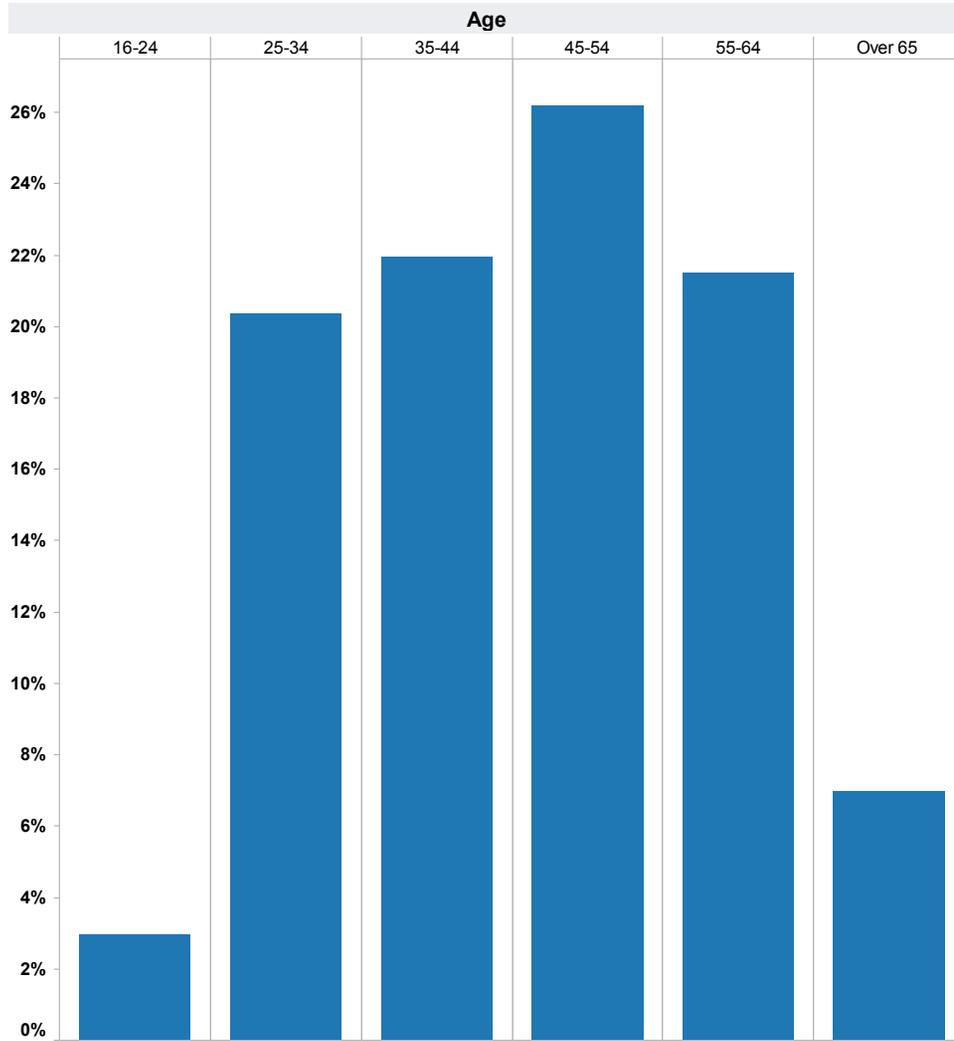
1,387 (76%) Completed Training

1,298 (71%) Employed

Demographics of UI Exhaustees as of June 30, 2013

Total Exhaustees: 144,412

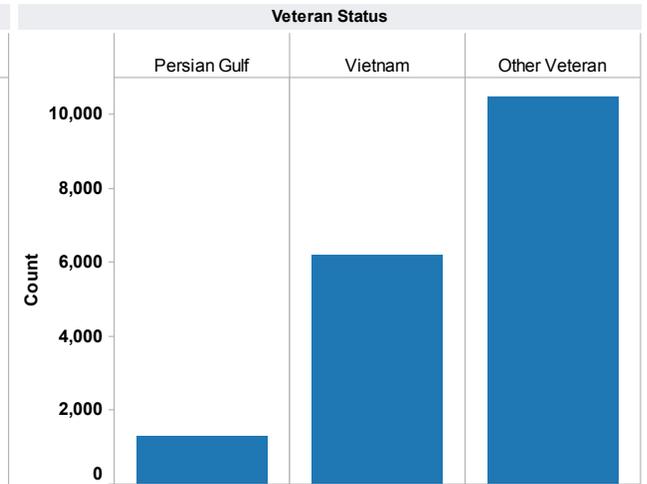
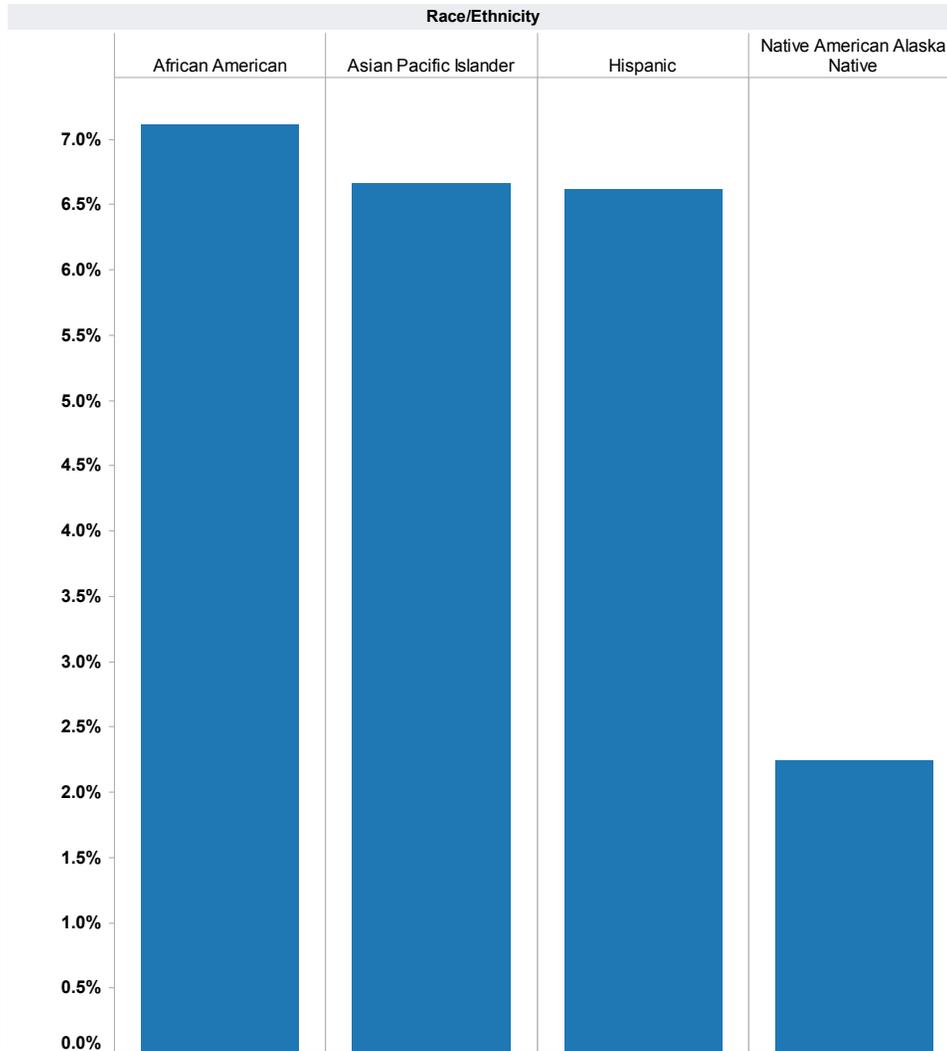
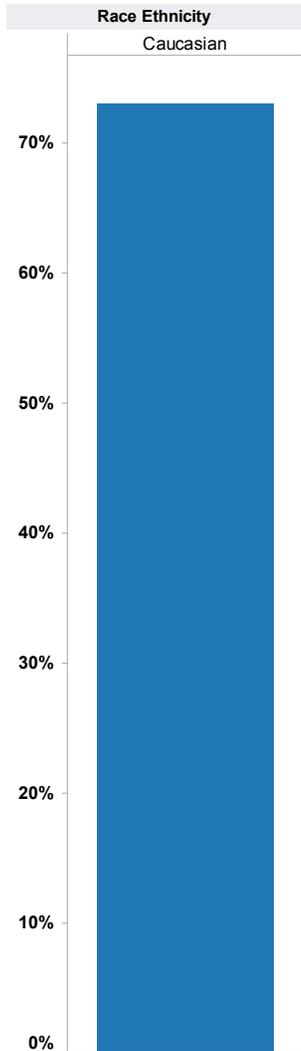
Employment Security Department 08/12/13



Demographics of UI Exhaustees as of June 30, 2013

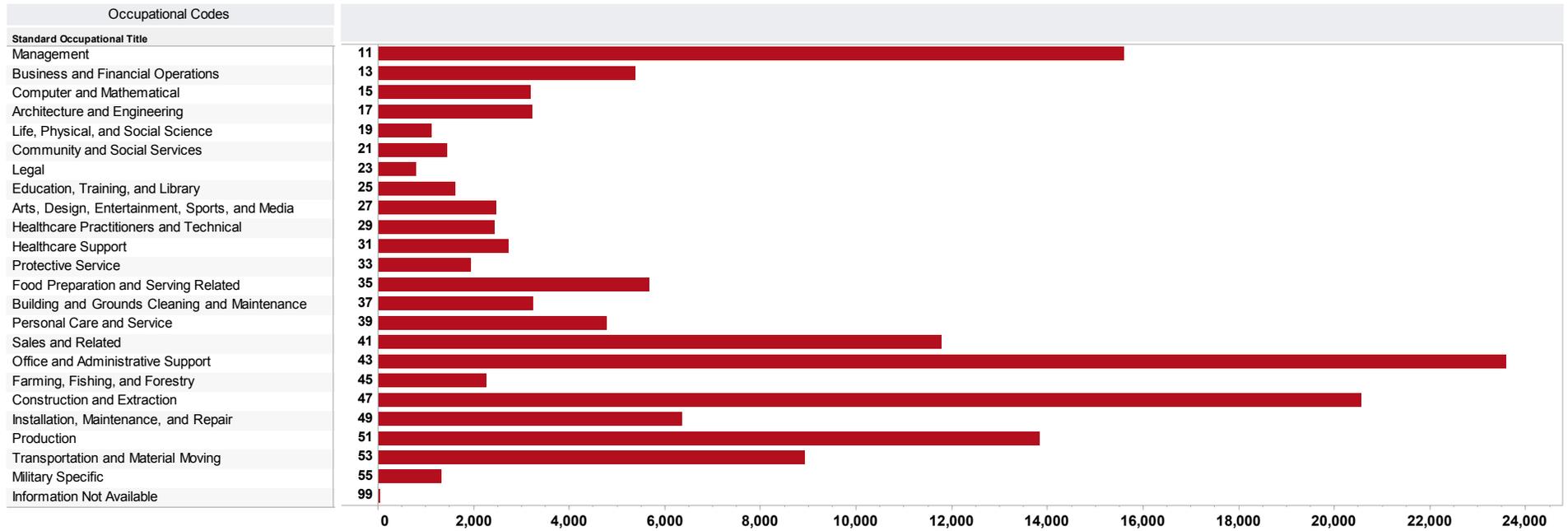
Total Exhaustees: 144,412

Employment Security Department 08/12/13



Demographics of UI Exhaustees as of June 30, 2013
by Occupation

Total Exhaustees: 144,412
Employment Security Department 08/12/13



Demographics of UI Exhaustees as of June 30, 2013
by Industry
Total Exhaustees: 144,412
Employment Security Department 0/8/12/13

