

TRANSFORMING U.S. WORKFORCE DEVELOPMENT POLICIES FOR THE 21ST CENTURY CONFERENCE

Panel Summary Report #2

Strategies for Helping Long-term Unemployed Job Seekers Return to Work

by Maria Heidkamp

While the unemployment rate for short-term unemployed job seekers (six months or less) is back to pre-recession levels, long-term unemployment is still double what it was before the Great Recession. As of October 2014, three million individuals in the United States are long-term unemployed, with two million of them having been out of work for more than a year. Session moderator **Genie Cohen**, CEO of the International Association of Jewish Vocational Services, posed the following question: *How can the public workforce system improve its outreach and services to the more than three million long-term unemployed, including those who have been out of work a year or longer?*

In response to this question, Heldrich Center Senior Researcher **Maria Heidkamp** cited findings from the Center's recent report, *Left Behind: The Long-term Unemployed Struggle in an Improving Economy*, a nationally representative survey that found that most job seekers who are long-term unemployed are fending for themselves, with relatively few receiving assistance from the public workforce system for job search or training. Among her suggestions were for One-Stop Career Centers (also known as American Job Centers) to expand their outreach through an array of other "access points," including public libraries, community colleges, and faith- and community-based organizations, many of which sponsor job clubs for professional and other job seekers who have not historically turned to the public workforce system.

Urban Institute Visiting Fellow **Stephen Wandner** discussed the resource constraints facing the public workforce system, which annually serves only 200,000 to 300,000 dislocated workers, with only about 100,000 receiving support for training. Given the resource limitations that are unlikely to improve in the future, Wandner emphasized the critical need to prevent long-term unemployment through early intervention, including by locating those dislocated workers who are most likely to exhaust unemployment insurance (UI) benefits and become long-term unemployed. One tool for accomplishing this is the public workforce system's Worker Profiling and Reemployment Services program, which analyzes the likelihood that UI recipients will exhaust their benefits without finding a job and refers those deemed likely to exhaust benefits to reemployment services. Highlighting findings from his book, *Solving the Reemployment Puzzle: From Research to Policy* as well as his forthcoming chapter for the Heldrich Center and Federal Reserve Bank's book, Wandner encouraged relying on reemployment services such as job referrals and intensive job search assistance, strategies that have been rigorously evaluated and found to be highly cost effective. He recommended that reemployment eligibility assessments include in-person reemployment services to be most effective. It is critical to act early in an individual's period of collecting UI, long before they exhaust their benefits and lose contact with the workforce system.

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As **Joe Carbone**, President and CEO of The WorkPlace in Bridgeport, CT, has learned, many individuals who have been out of work for a year or longer may need different services than what the One-Stops typically provides to job seekers. In addition to causing economic distress, long-term unemployment has been found to be detrimental to an individual's emotional and mental health, often leaving their confidence shattered and making it difficult for them to do the kind of networking and self-promotion necessary to getting a new job. To address these needs, The WorkPlace developed a model called Platform to Employment, which combines mandatory mental health and financial counseling, intensive social media and job search training, peer group support, and an eight-week subsidized employment opportunity. As there has been considerable evidence of employer reluctance to hire the long-term unemployed, the subsidy is designed to provide an employer with a risk-free incentive to test out a long-term unemployed program participant as a potential employee. Many participants who complete the program end up working for the employer that provided their subsidized job. Thus far, the model has also been rolled out in 10 cities outside of Connecticut in addition to receiving \$3.6 million in state support to make the model available statewide in Connecticut.

Genie Cohen mentioned that older workers have been disproportionately represented among the long-term unemployed, and that older long-term unemployed job seekers seem to face both age discrimination and discrimination based on their being long-term unemployed. Based on the experience with Platform to Employment, Joe Carbone reported that more than half of the long-term unemployed participants have been over the age of 50.

Maria Heidkamp referenced a study she co-authored for AARP with Carl Van Horn and Kathy Krepcio that supported the notion that older job seekers often have a difficult time returning to work, especially older dislocated workers who may not have looked for a job for several decades. Some of these older job seekers need to update their skills, and one challenge the Heldrich Center

found is a lack of impartial, quality career navigation assistance to guide these individuals as they sift through a myriad of credentials, certificates, and degrees from an array of providers that vary substantially on cost and quality. Older job seekers also need guidance on financial resources to help cover some of the costs of their training, including information about grants, loans, and tax-based incentives. Many of these resources are not well suited to the needs of older job seekers. Heidkamp recommended that Pell Grants be modified to reflect the needs of the growing number of older students, and that the federal government consider the possibility of allowing older individuals to access funds from 401(k) accounts for job training without paying early withdrawal penalties.

On a positive note, Maria Heidkamp cited several trends in postsecondary education that seem likely to improve the chances of successful outcomes for older students, including a growing emphasis on credit for prior learning and competency-based education, both of which may award credit for learning and experience older job seekers have acquired elsewhere. Another trend that may help older job seekers is that some community colleges are shortening the time needed to obtain a credential, sometimes by developing micro credentials or stackable credentials, ideally tied to occupations in demand by area employers. Many postsecondary institutions are making use of technology to offer "on demand" learning opportunities, which may also be attractive to older job seekers eager to return to work. She noted, however, that while these strategies appear promising, little evidence exists on how well they are working.

About the Author

Maria Heidkamp is a senior researcher at the Heldrich Center for Workforce Development at Rutgers University.

About this Series

In October 2014, the Federal Reserve Banks of Atlanta and Kansas City and the Heldrich Center for Workforce Development at Rutgers University hosted a national conference titled, *Transforming U.S. Workforce Development Policies for the 21st Century*. The goal of the conference was to provide a forum for policymakers, practitioners, and researchers to share perspectives on transformative education and workforce development policies.

Over 250 people, including business and labor leaders, scholars, educators, policy advocates, researchers, and workforce development professionals, attended the conference. More than 60 national and international experts shared recommendations for developing policies and programs that will meet the nation's needs for talented workers.

This publication, the second in a series of nine reports, highlights the discussions and recommendations that were offered during the panel, "Strategies for Helping Long-term Unemployed Job Seekers Return to Work."

The first report in the series can be downloaded at the link below:

Reforming Workforce Development Policies for American Workers

Conference Videos

View interviews with some of the members of this panel at the links below:

Joe Carbone

Stephen Wandner

Photo Gallery



Genie Cohen and Stephen Wandner (l-r)



Joe Carbone



Maria Heidkamp



Audience members