

TACKLING THE LONG-TERM UNEMPLOYMENT CRISIS

What the President, Congress, and Business Leaders Should Do

National Employment Law Project

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INTRODUCTION

It is clear that a falling unemployment rate and improving economic conditions are not translating into adequate job opportunities for millions of long-term unemployed job seekers. There are still nearly three unemployed workers for every one job opening, and as economic research and the experience of unemployed workers illustrate, jobless Americans are not sharing in the economic recovery because employers are disinclined to hire even well-qualified job applicants who have been out of work for six months or longer. With Congress reluctant to acknowledge the human and economic costs of long-term unemployment, let alone take action to bolster job creation, it is a welcomed sign that President Obama is leveraging the power of the “pen and phone” to call attention to this problem, while marshalling public and private resources to put long-term job seekers back to work.

On January 31st, the president is convening CEOs from the nation’s most prestigious companies to discuss ways that corporations can promote inclusive hiring practices by removing barriers that prevent long-term unemployed workers from applying or being considered for positions. Several CEOs in attendance recently signed a pledge not to discriminate against the long-term unemployed in their hiring and recruiting policies and to share best practices across the business community.

Proactive state and local governments are already piloting similar initiatives through legislation and partnerships with private foundations and businesses. The White House convening of business leaders is a step in the right direction, but just the beginning of what we need to solve the long-term unemployment crisis. The president, corporate executives, and Congress all must take bold action to start opening up job opportunities for the millions of long-term job seekers who are eager to get back to work. Below are recommendations we are urging policymakers, business leaders, and lawmakers to adopt.

LONG-TERM UNEMPLOYMENT BY THE NUMBERS

3.9 million	Unemployed 27 weeks or longer
2.6 million	Unemployed 52 weeks or longer
3.8 out of 10	Unemployed workers jobless for 27 weeks or longer
2.6 out of 10	Unemployed workers jobless for 52 weeks or longer
37 weeks	Average duration of unemployment

PRESIDENT AND FEDERAL AGENCIES

ADOPT MODEL EMPLOYMENT PRACTICES: President Obama is challenging corporate executives to adopt a set of best practices for recruiting and hiring long-term unemployed workers, including eliminating employment ads that openly discriminate against the unemployed, reviewing screening procedures that disadvantage unemployed individuals, and broadening recruiting practices to encourage qualified long-term unemployed jobs seekers to apply. Adopting these best practices will reduce employment barriers for the long-term unemployed, but should also ensure that businesses are able to hire the most qualified job applicants. While the president is asking business leaders to make a voluntary pledge, New Jersey, New York City, and Madison, Wisconsin each adopted legislation that—to varying degrees—reduces discrimination against the unemployed in recruiting and hiring.

The federal government can set an example for private employers by ensuring that federal agencies and contractors do not discriminate against the unemployed at any stage of the hiring process. This can be accomplished through an executive order that would require federal agencies and contractors to adhere to hiring practices outlined in the Fair Employment Opportunity Act, which was incorporated into the president's own American Jobs Act legislation and was reintroduced just this week by Representatives Rosa DeLauro (D-CT) and Hank Johnson (D-GA) and Senator Richard Blumenthal (D-CT).

REIMAGINE THE WORK OF FEDERAL AGENCIES: Secretary of the Interior Sally Jewell is proving that it is possible for federal agencies to reallocate resources and partner with organizations outside of the federal government to create employment opportunities. She has an ambitious plan to create 100,000 new jobs for young people and veterans planting trees, repairing trails, and removing invasive plants on the public lands she manages. Jewell, the former CEO of REI Outfitters, is trying to raise \$20 million from private sources to help create these new positions. As President Obama calls on business leaders to invest in projects that create jobs here at home, he should also be challenging his cabinet members and the heads of federal agencies to reexamine their own work and relationships with the private sector with a mind toward job creation.

REORIENT FEDERAL AGENCY RESOURCES TOWARD JOB CREATION: State and local governments are developing financial incentives to encourage businesses to hire disadvantaged and long-term unemployed workers. By temporarily subsidizing workers' wages, these programs help businesses grow, create jobs that would not otherwise have existed, and reconnect workers to the labor force.

Recognizing the damaging effects of long-term unemployment, governors and mayors are leveraging whatever financial and in-kind resources they can to expand these programs. New York, for example, took advantage of federal

STEPHEN S., CHICAGO, IL

With 20 years of work experience and an MBA from the University of Chicago—one of the nation's most prestigious business schools—Stephen never imagined that he would want for a job, that is, until the Great Recession. "I lost my job as a strategic alliances/channel marketing manager despite having an excellent performance review, and performing at 110 percent of my goal."

Stephen applied to positions for which he was more than qualified, but he soon found that his education and experience took a back seat to his employment status. "Most recently, I was told by a recruiting firm in Chicago that her client would not consider my candidacy for a channel marketing position because I am not currently employed. What I am encountering in the job market is almost a shunning because somehow I have been stigmatized simply because I am unemployed."

TOM K., FAIRFIELD, CT

In May 2010, Tom, a human resources manager in Fairfield, Connecticut, was laid off from his job. "With over a decade of work experience and a certification from the Society for Human Resource Management, I thought that it would take four to eight months at most to find work. But then a few months turned into a year, and before I knew it, three years had gone by." Since being laid off, Tom estimates that he applied for more than 2,000 jobs.

on-the-job training funds to increase grants available to employers hiring long-term unemployed workers, while Governor Snyder in Michigan requested and received funding from state lawmakers to create subsidized employment opportunities at businesses in distressed communities. At the local level, the Platform to Employment (P2E) program has relied on private funding to support eight-week subsidized positions at businesses. President Obama and the Department of Labor should look for ways to support state and local initiatives and to facilitate the sharing of best practices among states.

BUSINESS LEADERS

ADOPT NONDISCRIMINATION POLICIES: During the economic downturn it became routine practice for companies and staffing agencies to openly discriminate against unemployed workers in job postings and hiring procedures that screened out the long-term unemployed. Empirical research uncovered evidence of these practices when it demonstrated that fictitious job applicants with unemployment spells lasting six months or longer were far less likely to get a call back than similar or less qualified applicants with shorter unemployment spells.

The most straightforward action that companies can take is to end hiring practices that blatantly discriminate against unemployed workers. This means working with staffing agencies to eliminate job postings that explicitly mention employment status and removing screening procedures that lead automatically to discarding the resumes of long-term unemployed job seekers.

TRAIN HUMAN RESOURCES MANAGERS: Researchers studying the psychological stigma associated with unemployment found that jobless applicants were perceived as “less competent, warm and hireable than employed individuals.” These findings underscore the need for employers to train hiring managers to overcome subconscious biases against unemployed workers and to alter perceptions within the broader business community.

Business leaders who signed the pledge to adopt and promote best practices for hiring long-term unemployed workers agreed to train recruiters to focus on qualifications and experience rather than employment status and to publicize their commitment to consider all applicants based on their qualifications. Fundamental change will only happen if these business leaders keep their promise to promote best practices throughout the broader business community. CEOs of Fortune 500 companies could learn from Buffalo, New York, where the city’s mayor teamed up with the publishing company Buffalo Business First to recognize businesses that hire unemployed workers. This is just one example of how employers and local governments are cooperating to change attitudes toward the unemployed.

“As someone who spent most of my adult life trying to be a good worker, the experience of being unemployed for that long was a total shock.” Then Tom learned about the Platform to Employment Program (P2E), which had been launched by the local Workforce Investment Board. On his second attempt applying to the program, which receives over 2,000 applications for about 20 openings, Tom was accepted in June 2013.

P2E puts long-term unemployed workers through a five-week “boot camp” where participants work on basic skills such as updating their resumes and developing an elevator speech. According to Tom, the most important aspect of the preparatory program is that “it gets people back into a routine where they have somewhere to be each day and restores their confidence and helps to build self-esteem.” Participants are then placed in an eight-week work experience program at local employers that are looking to expand. Because P2E covers participants’ wages over the eight-week period, the program is appealing to small employers that are able to reduce hiring costs and to see if the participant is a good fit.

After completing his internship, Tom landed a job with a small firm that provides human resources services to businesses. “I am thankful that P2E gave me the opportunity to prove myself in the workplace. Until you go through a stretch of unemployment like I did, it’s difficult to appreciate how important it is to have a purpose in life, to be able to get up each day and go to a job where you’re making a contribution again.”

MEMBERS OF CONGRESS

Congress has been slow to recognize the problem of long-term unemployment. Budget cuts, sequestration, political brinksmanship, and the failure to reauthorize the Emergency Unemployment Compensation program have likely worsened the nation's economic outlook and made unemployed workers' job searches even more difficult. State and local governments are moving ahead without Congress by partnering with businesses to create jobs and making strategic investments in early childhood education and infrastructure. Industry leaders' participation in the White House convening is an indication that business, too, recognizes the need to act now on long-term unemployment. That being said, all of the efforts described above would be bolstered by Congressional action on the following priorities.

REAUTHORIZE EMERGENCY UNEMPLOYMENT COMPENSATION (EUC): When Congress allowed the EUC program to expire at the end of 2013, 1.3 million long-term unemployed workers were abruptly cut off from unemployment insurance benefits. A total of 5 million workers may be affected by the loss of EUC by the end of 2014. In addition to helping individuals to make ends meet as they search for work, emergency jobless aid is also a highly effective tool for keeping unemployed workers attached to the labor force and actively searching for work. The other ideas proposed here will be more effective if unemployed workers are actively engaged in work search.

ENACT A FEDERAL WAGE SUBSIDY PROGRAM: At the height of the economic downturn, Congressional funding enabled 39 states and the District of Columbia to invest \$1.3 billion in wage subsidy programs that employed 260,000 low-income adults and youth between 2009 and 2010. While federal funding was short-lived, many state and local governments have sought alternative funding to continue supporting scaled-down versions of these programs. Economists on both sides of the partisan divide agree that this could be a way to nudge employers into giving these workers a chance and help the long-term unemployed get back into offices and onto the shop floors.

Recognizing the benefit to long-term unemployed job seekers and businesses, state and local officials are scraping together funds to support wage subsidy programs. Thousands of more workers could be reemployed through these programs, if only state and local governments received additional support from Congress.

EXPAND EXISTING VOLUNTEER AND WORK-BASED TRAINING PROGRAMS: As recently as 2012, the AmeriCorps turned away 85 percent of the nearly 600,000 young people who applied for community service positions. High unemployment among young adults and within the distressed communities served by AmeriCorps volunteers explains the demand for the program among potential volunteers and the organizations that host them. In 2009, Congress passed the

MATHEW M., FRESNO, CA

Mathew is a 27-year-old veteran who was honorably discharged over a year ago. "I am currently going through many of the same struggles as a lot of fellow unemployed Americans who have had their EUC benefits cut. I never imagined I would struggle to find work as a young veteran, but I am very much in the same boat as most long-term unemployed."

Despite having posted over a dozen different resumes online, Mathew has had only about ten interviews in the past year. "I have many qualifications and skills but am unable to land a job because my skills don't 'translate well' in the civilian job market. I don't have the correct kind of work experience employers are looking for."

"I can only hope to god that I will soon be given a chance to prove what a hard worker I am."

bipartisan Serve America Act with the intent of tripling the number of volunteer positions to 250,000 by 2017, but because Congress never allocated the funds, the number of positions stands at just 80,000.

Congress should expand AmeriCorps and other volunteer and work-based training programs to give youth and young adults a leg up in a labor market that is providing too few jobs and opportunities for advancement.

INVEST IN EARLY CHILDHOOD EDUCATION AND PHYSICAL INFRASTRUCTURE:

Recognizing that early childhood education and infrastructure are essential to future economic growth, state and local governments are making strategic investments in these areas. These initiatives are supported by a diverse constituency that includes the U.S. Chamber of Commerce, AFL-CIO, and business-minded governors.

Long-term investments in education and infrastructure have the added benefit of putting unemployed workers back on the job. These jobs would benefit workers in industries such as construction and manufacturing that were hit hard by the recession as well as teachers who lost their jobs as a result of state and local budget cuts. Congress could support local efforts by increasing funding for early childhood education programs and passing a comprehensive transportation bill to replace the expiring legislation.

For more than 40 years, the National Employment Law Project has worked to restore the promise of economic opportunity for working families across America. In partnership with grassroots and national allies, NELP promotes policies to create good jobs, enforce hard-won workplace rights, and help unemployed workers regain their economic footing.

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