

TESTIMONY TO THE JOINT ECONOMIC COMMITTEE

Long Term Unemployment: Consequences and Solutions

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I would like to start by thanking Chairman Brady and Vice-Chair Klobuchar for calling this hearing on the Long-Term Unemployed. They represent a special challenge, but in many ways they reflect our local economies and ways we cope as society.

30 years ago I found myself unemployed, and my wife out of work while expecting our first child. That experience made an indelible impression on me, and I vowed to work toward building a better public system to help those in similar situations. In many respects I believe we have succeeded. Back then, our electronic job matching resources were decades away, and the internet and social media systems that now connect people to jobs were inconceivable. We now have One-Stop Job Centers with multiple partners present to provide coordinated services. Yet the economy continues to change rapidly and can be a challenge for the unemployed to keep up.

In SE MN we serve an average of 1,500 dislocated workers a year, and regularly post a return-on-investment of \$3 for every \$1 dollar invested by getting them back to work. We have found that the most critical element in getting people re-employed is early intervention, and to meet people one-on-one up front for a career planning session to start the process of rebuilding relationships. A good example of this was witnessed recently in our area with the return of Minnesota's National Guard unit from Iraq and Kuwait. Every soldier who had reported a need for employment was given a career assessment while they were still in theater, and when they returned they all were connected to a career counselor from the One-Stop Workforce Center. We assembled 108 private sector employers, and 60 different partner agencies to be grounded in the challenges veterans face, and then provided sector-based job information at their 30 and 60 day re-integration events. As a result, veteran's unemployment in our area is now lower than their civilian counterparts and one of the lowest in the nation at just over 1%.

Older workers provide a special challenge. Half of all our unemployed age 50 and older have been unemployed for over a year. In addition, we've found that 25% of this group self-describes as having no real computer or social media skills. However, the convenient electronic tools we now have to seek work can ensure even less human interaction during the day. One way we have had success is bringing people together for "brown bag" meetings, where people can get together and share job leads and bolster each others' spirits. We also use this time to build resumes in group, while identifying life

experiences they've had for which colleges might grant a "Credit for prior Learning". One man told us that if it weren't for these gatherings, he wouldn't have any reason to get out of bed in the morning. Short term training also shows good results with older workers – just yesterday I learned of a 55 year old unemployed engineer that had been out of work for over 2 years who found work at \$6/hr over his past wage after we provided 6-Sigma quality control training. Note: we need to make sure the Workforce Investment Act recognizes this kind of effort as attaining a 'credential'.

Good jobs with a solid future are growing, but they often require the jobseeker to take a risk and change careers. To lessen the risk, we have had great success in providing month-long pre-vocational "Career Academies" for adults who are looking to move into Health Care, Advanced Manufacturing or Alternative Energy. Our Academy graduates more than double their completion rate in subsequent education, and significantly reduce their turn-over rate on the job. One woman shared that attending one of our Health Care Academies was, "the best thing I have ever done for myself!" Note: despite our Academy successes that were chronicled as a national 'Best Practice' by the GAO last year, the Workforce Investment Act does not recognize the expenditures as training.

As the economy recovers, we find more employers eager to add full-time, good paying jobs – but according to employers, the only good way to find out if the applicant has the skills they are looking for is to try them out in an internship, an apprenticeship or some other kind of on-the-job training experience. We need to make sure we have the right tools to make it easier for employers to participate in work-based training and take a chance on the long-term unemployed. Here are some examples of work-based learning services that could help reduce long-term unemployment:

- Assist the States in developing an electronic "work-based learning clearinghouse" that would help employers connect with individuals seeking an internship or another on-the-job learning experience.
- Incent employers to consider the long-term unemployed, by providing "Adult Try-Out Employment" experiences in the *private sector* that would have the workforce service provider act as the employer of record during the initial 2 months of work, and then cost shared in the next 2 months (reference - 'Platform to Employment' pilot).
- Consider offering a "wage replacement" differential between a jobseeker's new starting wage and their past employment as they start out - especially in the case of long-term, older workers seeking employment with small employers.

Thank you, once again for the opportunity to testify today on behalf of the public workforce system and the long-term unemployed.