The Recovery: Lessons from Research and the Great Recession

Demetra Smith Nightingale
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Overview

➢ Current situation in context
➢ Great Recession Supplemental Funding
➢ Lessons from research and evaluations, and from the Great Recession and ARRA
➢ “Possible” Federal investments
➢ State considerations
Civilian unemployment rate, seasonally adjusted

Click and drag within the chart to zoom in on time periods

- Total
- Men, 20 years and over
- Women, 20 years and over
- 16 to 19 years old
- White
- Black or African American
- Asian
- Hispanic or Latino

Apr 2020:
- Hispanic: 18.9%
- Black/African American: 16.7%
- White: 14.2%

Hover over chart to view data.
Note: Shaded area represents recession, as determined by the National Bureau of Economic Research. Persons whose ethnicity is identified as Hispanic or Latino may be of any race.
Economic situation

➢ Over 40 million unemployed

➢ Black and Hispanic unemployment rate generally higher than White and Asian (chart)

➢ All industries are being affected, especially services, retail, food sectors

➢ Low income, youth, and women’s unemployment particularly high now

➢ Unemployment rate will decline, but not all at once—see previous recession trends
Great Recession Recovery Funds

➢ Over $12 billion for DOL E&T, UI extended benefits, and IT and administrative modernization

➢ Main DOL supplemental funding:
  ➢ WIA Adult and Dislocated Worker $1.95 billion
  ➢ WIA Youth $1.2 billion
  ➢ Wagner-Peyser $400 million
  ➢ Job Corps $250 million
  ➢ Youthbuild $50 million
  ➢ SCSEP $120 million
  ➢ High Growth Training Grants $750 million

➢ Infrastructure/transportation projects $41 billion

➢ Subsidized jobs for families with children (funded through HHS-TANF) $1.3 billion
Lessons – Employment Services

➢ Staff-assisted services are valuable (e.g., Wagner-Peyser, WIA evaluation, Veterans services)

➢ Rural and mobile services expand access

➢ Long-term unemployed have harder time returning

➢ Simple messaging can speed “take up” (e.g., behavioral tests in UI)
Lessons -- Technology

➢ State Labor Market Information is essential

➢ Online and virtual services are valuable as a complement to—not a substitute for—staff assisted services (e.g., inequities in access, broadband limitations, challenges of intensive service needs)

➢ Investment in technological modernization is critical; patchworks are needed, but risky, short-term strategies (e.g., data systems, tracking, administrative data linking, UI processing)
Lessons--Training and Education

➢ Interest and enrollment in training and education rises during recessions

➢ Income while in training is critical for unemployed

➢ Training closely liked to work and occupations can be effective (e.g., OJT, apprenticeship, TAA)

➢ Youth and new workers face serious challenges in recessions and need special focus to avoid long-term negative job effects (e.g., summer jobs, internships, work-study, apprenticeships, targeted paid training)
Lessons – Subsidized Jobs

- Long history (e.g., New Deal, 1970s, Great Recession, older workers, summer youth)

- Positive benefits to workers: income, and new skills (if training is integrated)

- Positive benefits to families: income stability, child wellbeing (income effect)

- Positive benefits to communities (useful public services not otherwise possible) and the nation (skilled workforce)

- Avoid pitfalls (e.g., startup time, work disincentives, funds misuse, supplantation)
“Possible” Federal Investments

➢ Multi-pronged approach is important; there may be more supplemental funding

➢ Funds for workforce development system (e.g., WIOA, Wagner-Peyser, UI services, other agencies)

➢ Investment in skills training and education (e.g., community colleges, certifications, apprenticeships)

➢ Federally-funded subsidized jobs program

➢ Infrastructure spending (i.e., job creation in private sector; OJT in public, private, nonprofit sectors)
Considerations for States

➢ Think ahead—use LMI and projections, invest supplemental funding on program improvements (e.g., access, service delivery, technology)
➢ Build and use evidence (e.g., research, evaluation)
➢ Engage partnerships (e.g., community colleges, unions, employers, schools, non-profits, human services)
➢ Plan now for subsidized jobs possibility—details matter
  ➢ Identify feasible projects (e.g., public health, IT support, transportation, community service, infrastructure)
  ➢ Leverage existing partnerships (e.g., OJT, apprentices, colleges)
  ➢ Jobs should not replace regular workers or violate collective bargaining, non-discrimination, or occupational safety laws
  ➢ Federal funds should add value—guard against businesses using the program to hire who they would have hired anyway; new federal funds should not supplant other state/local funding.
Contact Information

Demetra Smith Nightingale
Institute Fellow
Urban Institute
dnightingale@urban.org

Other resources--Urban Institute Jobs and COVID-19 Webpages:
https://www.urban.org/urban-wire/how-policymakers-can-plan-now-jobs-recovery-program
https://www.urban.org/features/how-government-jobs-programs-could-boost-employment
https://www.urban.org/policy-centers/cross-center-initiatives/building-americas-workforce