

TRAINING AND EMPLOYMENT NOTICE	NO. 12-14
	DATE October 17, 2014

TO: AMERICAN JOB CENTER DIRECTORS
STATE WORKFORCE AGENCIES
STATE WORKFORCE ADMINISTRATORS
STATE WORKFORCE LIAISONS
STATE AND LOCAL WORKFORCE BOARD CHAIRS AND DIRECTORS
STATE AND LOCAL EQUAL OPPORTUNITY OFFICERS
STATE LABOR COMMISSIONERS
WORKFORCE INVESTMENT ACT SECTION 166 INDIAN AND NATIVE
AMERICAN GRANTEEES
WORKFORCE INVESTMENT ACT SECTION 167 MIGRANT AND
SEASONAL FARMWORKER JOBS PROGRAM GRANTEEES
SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM GRANTEEES
EMPLOYMENT AND TRAINING ADMINISTRATION REGIONAL
ADMINISTRATORS
JOB CORPS CONTRACTORS
RECIPIENTS OF DEPARTMENT OF LABOR FINANCIAL ASSISTANCE
SUB-RECIPIENTS OF DEPARTMENT OF LABOR FINANCIAL
ASSISTANCE

FROM: PORTIA WU /s/
Assistant Secretary

SUBJECT: Promising Practices and Resources for Addressing Long-Term Unemployment

1. Purpose. To inform the public workforce system and employers about affirmative efforts by employers, employer organizations, and workforce agencies to increase economic competitiveness by tapping into the talent pool of long-term unemployed individuals, which includes many qualified, experienced, and skilled workers. And to encourage the workforce system, through resources and information, to assist the long-term unemployed in returning to work by: (a) partnering with employers to implement promising human resources practices; (b) targeting and expanding work-based learning models, such as on-the-job training; (c) offering specialized services, such as financial counseling, behavioral health counseling, and enhanced job search assistance; and (d) boosting job seeker outreach and engagement strategies to better reach the long-term unemployed.

2. References.

- White House Fact Sheet, *Getting Long-Term Unemployed Americans Back to Work*, dated October 15, 2014, (<http://www.whitehouse.gov/the-press-office/2014/10/15/fact-sheet-getting-long-term-unemployed-americans-back-work>);
- *Governmentwide Guidance to Ensure Fair Employment Opportunities for Applicants Who Are Unemployed or Facing Financial Difficulty Through No Fault of Their Own*, U.S. Office of Personnel Management, dated October 14, 2014, (<http://chcoc.gov/transmittals/TransmittalDetails.aspx?TransmittalID=6465>);
- *OPM Mythbuster on Federal Hiring Practices*, U.S. Office of Personnel Management, October 2014, (https://hru.gov/Studio_Recruitment/tools/Mythbuster_on_Federal_Hiring_Policies.pdf);
- White House Fact Sheet, *Opportunity For All – The President’s Call to Action to Give the Long-Term Unemployed a Fair Shot*, dated January 31, 2014, (<http://www.whitehouse.gov/the-press-office/2014/01/31/fact-sheet-opportunity-all-president-s-call-action-give-long-term-unempl>);
- *Best Practices for Recruiting and Hiring the Long-Term Unemployed*, issued by the White House, dated January 31, 2014, (http://www.whitehouse.gov/sites/default/files/docs/best_practices_recruiting_longterm_unemployed.pdf);
- *Addressing the Negative Cycle of Long-Term Unemployment*, Executive Office of the President, dated January 31, 2014, (http://www.whitehouse.gov/sites/default/files/docs/wh_report_addressing_the_negative_cycle_of_long-term_unemployment_1-31-14_-_final3.pdf);
- Presidential Memorandum, *Enhancing Safeguards to Prevent the Undue Denial of Federal Employment Opportunities to the Unemployed and Those Facing Financial Difficulty Through no Fault of Their Own*, issued January 31, 2014, (<http://www.whitehouse.gov/the-press-office/2014/01/31/prevent-undue-denial-federal-employment-opportunities-unemployed-and-tho%20>);
- Ready to Work Partnerships Grant Announcement and Project Summaries, (<http://www.dol.gov/opa/media/press/eta/ETA20141956.htm>);
- Job-Driven National Emergency Grants Project Summaries: (<http://www.dol.gov/opa/media/press/eta/ETA20141235.htm>);
- Online Toolkit for On-the-Job Training, *Building the Next Generation OJT Toolkit*, (<https://ojttoolkit.workforce3one.org/>);
- Training and Employment Guidance Letter (TEGL) 10-14, *Update on Complying with Nondiscrimination Provisions: Unemployment Status Restrictions and Possible Disparate Impact Based on Race, National Origin, Sex, and Disability*, dated October 17, 2014, (http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=7027);
- TEGL 11-14, *Update on Complying with Nondiscrimination Provisions: Credit History Restrictions and Possible Disparate Impact Based on Race, National Origin, Sex, and Disability*, dated October 17, 2014, (http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9442);
- TEGL 31-11, *Update on Complying with Nondiscrimination Provisions: Criminal Record Restrictions and Disparate Impact Based on Race and National Origin*, dated May 25, 2012, (http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9230);

- Training and Employment Notice (TEN) 42-10, *Encouraging Partnerships between the Workforce Investment System and Job Clubs to meet Career and Employment Needs*, dated May 20, 2011, (http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=3026);
- *A Guide to Recruiting and Hiring the Long-Term Unemployed – A Handbook for Employers*, Deloitte Consulting in collaboration with The Rockefeller Foundation, October 2014, (https://www.deloitte.com/view/en_US/us/About/social-impact/540aa1db85f58410VgnVCM3000003456f70aRCRD.htm);
- *New Guide, New Destinations – A Handbook for Job Seekers to Navigate Out of Long-Term Unemployment*, Deloitte Consulting in collaboration with The Rockefeller Foundation, October 2014, (https://www.deloitte.com/view/en_US/us/About/social-impact/540aa1db85f58410VgnVCM3000003456f70aRCRD.htm);
- *Engage Your Community – A Local Guide to Addressing the Long-Term Unemployment Challenge*, Deloitte Consulting in collaboration with The Rockefeller Foundation, October 2014, (https://www.deloitte.com/view/en_US/us/About/social-impact/540aa1db85f58410VgnVCM3000003456f70aRCRD.htm);
- *The Long-Term Unemployed: How to Make Sure You Are Not Overlooking Skilled Talent, Guide for HR*, Society for Human Resources Management (SHRM), January 2014, (http://www.shrm.org/hrdisciplines/staffingmanagement/Articles/Documents/14-0241LTUGuideforHR_FNL.pdf); and
- *How to Effectively Market Yourself for a Job When You've Been Long-Term Unemployed, A guide for jobseekers*, Society for Human Resources Management (SHRM), January 2014, (<http://www.shrm.org/hrdisciplines/staffingmanagement/articles/pages/long-term-unemployed-jobseeker-guide.aspx>).

3. Background. Long-term unemployment is a legacy of the Great Recession that continues to impact too many Americans. Many of these individuals were simply in the wrong place at the wrong time during the economic downturn and, despite their qualifications, experiences, and skills, have struggled to reclaim their place in the labor market. Employers stand to benefit by tapping into this talented labor force, and the workforce system has an obligation to provide targeted assistance to this disadvantaged group of workers.

Currently, 3.0 million individuals in the U.S. labor market fall into the category of long-term unemployment, defined as jobless for 27 weeks or longer. While this is a significant decrease from a peak of 6.8 million in April 2010, the long-term unemployment rate is still 1.9 percent, more than double pre-recession levels. Meanwhile, the unemployment rate for persons unemployed less than 27 weeks is 4.0 percent, nearly identical to pre-recession levels. The currently elevated unemployment rate of 5.9 percent is driven almost entirely by long-term unemployment.

In addition, there is evidence that longer unemployment presents a higher barrier for job-seekers. Research has documented an “unemployment cliff” that exists between six and seven months of joblessness; after six months of unemployment, job seekers were far less likely to be called in by employers for an interview even if they had more experience and qualifications than job seekers

for the same positions who were unemployed for six months or less.¹ Employers may be hesitant to hire long-term unemployed individuals for a number of reasons, such as a real or perceived decline in skills during extended periods of unemployment. In other cases, employers may purposefully or inadvertently screen out long-term unemployed individuals based on characteristics these candidates may be more likely to exhibit (compared to the employed or short-term unemployed), such as recent resume gaps or affected credit.²

While the long-term unemployed are disadvantaged by these practices, so too are the employers who may overlook these candidates. Long-term unemployed job seekers are often highly qualified and a reliable source of skilled, educated, and experienced talent. By passing over these candidates, employers may be unnecessarily diminishing their economic competitiveness, along with the quality and productivity of their workforce.

4. Employer Partnerships and Human Resources Strategies. Many employers recognize the strengths that qualified, long-term unemployed individuals can bring to their companies' success. Earlier this year, over 300 businesses, including 20 Fortune 50 companies and 45 Fortune 200 companies, committed to review their hiring policies and institute best practices for recruiting and hiring the long-term unemployed. These and other companies are also partnering with the public workforce system and other public and private organizations to implement human resources strategies that leverage the talents of the long-term unemployed.

These employer practices and human resources strategies have been catalogued in recent guides for employers and human resources professionals, including a new handbook by Deloitte Consulting in collaboration with the Rockefeller Foundation, called, *A Guide to Recruiting and Hiring the Long-Term Unemployed*, and a guide released earlier this year by the Society for Human Resources Professionals (SHRM) called, *The Long-Term Unemployed: How to Make Sure You Are Not Overlooking Skilled Talent*.³ In addition to information provided in these guides, these practices and strategies are also being implemented through ETA grant investments.

Examples of employer practices and strategies, include the following:

- *Acknowledge the talents and value of the long-term unemployed:* Employers can take affirmative steps to embrace the long-term unemployed as valuable candidates and employees. For example, the company leadership team can work with its human

1 Ghayad, Rand, *The Jobless Trap*, Northeastern University and the Federal Reserve Bank of Boston, presented at Massachusetts Institute of Technology Sloan School of Business, May 2014:

<http://instituteforcareertransitions.org/2014/05/08/the-jobless-trap-by-rand-ghayad/>.

2 For information on applicable legal requirements and employer best practices to avoid or minimize improper decisions based on an applicant's employment status or credit history, please see TEGL 10-14 *Update on Complying with Nondiscrimination Provisions: Unemployment Status Restrictions and Possible Disparate Impact Based on Race, National Origin, Sex, and Disability*, (http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=7027); and TEGL 11-14, *Update on Complying with Nondiscrimination Provisions: Credit History Restrictions and Possible Disparate Impact Based on Race, National Origin, Sex, and Disability*, (http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9442).

3 The views expressed in the informational materials prepared by private sector organizations do not necessarily reflect official U.S. Department of Labor positions or policy. Inclusion of these materials does not represent an official endorsement by the U.S. Department of Labor of the organizations, their programs, products or services.

resources team to define diverse talent needs and make hiring the long-term unemployed as part of this strategy. To further this strategy, employers can set targets to consider and hire the long-term unemployed. Employers can also provide systematic education and tools to hiring managers on the business value of hiring the long-term unemployed, such as higher retention rates and greater employee loyalty. In addition, companies can identify a committed senior leader who actively champions the value in recruiting and hiring the long-term unemployed.

- *Outreach and recruitment strategies:* Employers can take steps to ensure that advertising does not discriminate against unemployed individuals. They can review recruiting and hiring screens and systems to ensure that long-term unemployed candidates are not automatically screened out. Companies can also adopt recruiting practices that encourage qualified, long-term job seekers to apply. Such practices can include participating in job fairs and other recruitment or community events that target the long-term unemployed.
- *Applicant review and hiring approaches:* Employers can adjust their review and hiring procedures to maximize talent acquisition while not inadvertently disqualifying highly qualified long-term unemployed individuals. For example, companies can use skills-based approaches when making hiring decisions that balance objective measures of skills and skill level with recent work experience. They can also limit credit checks to those positions where relevant and then only for final round candidates, abiding by applicable legal requirements.⁴ Where credit checks are conducted, employers can investigate the history behind a poor credit score and assess if the candidate has taken a good-faith effort to meet financial obligations.
- *Onboarding strategies:* Employers can take a range of steps when making offers and onboarding new hires that can ensure long-term success for the company and worker alike. For example, hiring managers can present offer packages to candidates that highlight the potential for an accelerated career path given strong performance. In addition, employers can partner with employer organizations and workforce agencies as part of public and private programs to hire and train long-term unemployed individuals through on-the-job training programs, Registered Apprenticeship, and paid work experience opportunities, discussed in more detail below. Finally, employers can train incumbent workers for upgrade opportunities and backfill vacancies with long-term unemployed candidates.

Employers should be encouraged to share these best practices and human resources strategies with the broader business community.

We also note that federal contractors are subject to specific nondiscrimination and affirmative action obligations. Nothing in this TEN is inconsistent with the obligations of federal contractors and subcontractors under Executive Order 11246, as amended, Section 503 of the Rehabilitation Act, as amended, and 38 U.S.C. Section 4212, the Vietnam Era Veterans' Readjustment Assistance Act, as amended. Many groups protected by the Department of Labor Office of Federal Contract Compliance Programs' laws are also disproportionately represented among the

⁴ For information on applicable legal requirements and employer best practices to avoid or minimize improper decisions based on an applicant's credit history, please see TEGL 11-14, *Update on Complying with Nondiscrimination Provisions: Credit History Restrictions and Possible Disparate Impact Based on Race, National Origin, Sex, and Disability*, (http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=9442).

long-term unemployed, and thus implementation of practices in the TEN could significantly aid contractors' related outreach and recruitment efforts.

5. Work-Based Models. Work-based models can be an effective strategy to help the long-term unemployed return to work. On-the-job training (OJT) and Registered Apprenticeship are the most common models for combining work experience with training and skills development. These approaches benefit employers by limiting any real or perceived risks in hiring the long-term unemployed, while helping the long-term unemployed transition back into the workforce, refresh skills and build new skills, and receive wages and compensation.

Work-based training opportunities also provide the long-term unemployed an opportunity to fill employment gaps in their resumes, gain first-hand experience at employer sites, and establish a direct link to permanent employment, especially for programs that may include commitments from employers to hire and/or interview participants who complete work-based training assignments.

ETA continues to encourage and invest in work-based models. Under Title I of the Workforce Investment Act, the public workforce system may set up OJT programs with eligible employers and individuals. Under standard WIA guidelines, employers may be reimbursed up to 50 percent of the wage rate of an OJT participant for the extraordinary costs of providing the training and additional supervision related to the OJT.⁵ Many states have received waivers to reimburse employers up to 90 percent of the wage rate, based on the employer size, participant skills shortages, and/or participant length of employment. Certain ETA grants, such as National Emergency Grants and H-1B training grants also allow for higher OJT reimbursement rates based on employer size, especially to encourage opportunities for the long-term unemployed.

For more information on OJT programs, including guidance for setting up such programs, visit: <https://ojttoolkit.workforce3one.org/>.

6. Specialized Services. Public and private organizations and agencies have identified unique barriers facing the long-term unemployed and have incorporated specialized service strategies to address them. Such strategies include, but are not limited to the following:

- *Intensive Assessment and Customized Service Tracks:* Long-term unemployed job seekers have a wide range of skills, education, work experiences, and interests. ETA has invested in programs, including through the recently awarded Ready to Work Partnership grants that provide an intensive up-front assessment to accurately analyze an individual's work experiences, educational experiences, and barriers to employment. These assessments are used to direct the individual to customized interventions based on their needs, skills, experiences, and interests. Interventions are offered within three general service categories: (a) direct job placement; (b) short-term training; and (c) accelerated training along a career pathway.

⁵ OJT is one of the many types of training that may be provided under WIA (see section 134(d)(4)(D) of WIA). Section 101(31) of WIA and 20 CFR 663.700-663.710 describe requirements that apply to OJT under WIA. The Workforce Innovation and Opportunity Act (WIOA) also includes OJT as a training strategy. See sections 3(44) and 134(c)(3)(D) of WIOA. Most provisions of WIOA will go into effect beginning on July 1, 2015.

- *Financial Counseling and Repair Services*: In many cases, long-term unemployed individuals have fallen into financial hardship due to extended periods of lack of income to meet basic needs. In some cases, programs serving the long-term unemployed focus on rebuilding financial stability through financial management workshops, mortgage foreclosure prevention and other housing counseling assistance, debt repair and reduction counseling, and assistance accessing available federal and state income supports.
- *Behavioral Health Counseling and Support*: Research has shown that long-term unemployment is often associated with loss of confidence and depression, as well as anxiety, poor self-esteem, and low subjective well-being.⁶ Programs serving the long-term unemployed build in a range of interventions to address these challenges, including clinical counseling, support group models, and confidence-building exercises. Such interventions may be delivered through partnerships with behavioral and mental health organizations and community-based organizations.
- *Enhanced Job Search Assistance*: In many cases, long-term unemployed individuals rely on self-directed job searches using dated strategies and techniques. These job seekers may benefit from training on how to search and interview for a job in the contemporary labor market and with relevant tools, such as social media and other technologies. Programs serving the long-term unemployed have incorporated enhanced job search assistance into their service offerings, such as resume consultation, networking advice and opportunities, understanding how to read a job lead, social media strategies, LinkedIn labs, and informational interviews with employers. Programs have also enlisted job coaches and human resources professionals to introduce job seekers to new industries and employers, train them on how their skills and work experience translate to these industries, conduct mock interviews about transferability, and guide them through the job search and hiring process.

These practices are currently being implemented in certain states and local areas by the public workforce system and through ETA-funded programs. In addition, these and other practices have been catalogued in recent guides for job seekers, including a new handbook created by Deloitte Consulting in collaboration with the Rockefeller Foundation, *New Guide, New Destinations: A Handbook for Job Seekers to Navigate Out of Long-Term Unemployment*; and a recent guide issued by SHRM, *How to Effectively Market Yourself for a Job When You've Been Long-Term Unemployed, A guide for jobseekers*.⁷

- 7. Job Seeker Engagement.** One of the ongoing challenges in assisting the long-term unemployed has been recruiting, engaging, and enrolling these job seekers in services. In many cases, these individuals may not actively seek out services from the public workforce system or other providers, due to the stigma associated with long-term unemployment, low self-esteem, or other reasons. A recent survey found that only 9 percent of the long-term unemployed reported receiving help from a government agency when they were looking for a

⁶ Paul, K. I., & Moser, K., *Unemployment impairs mental health: Meta-analysis*, Journal of Vocational Behavior, 2009.

⁷ The views expressed in the informational materials prepared by private sector organizations do not necessarily reflect official U.S. Department of Labor positions or policy. Inclusion of these materials does not represent an official endorsement by the U.S. Department of Labor of the organizations, their programs, products or services.

job and only 4 percent say they were enrolled in a government-funded training program.⁸ Several strategies for actively engaging long-term unemployed job seekers include the following:

- *Coordination with State Unemployment Insurance (UI) programs:* Programs can develop partnership agreements with UI agencies to support recruitment efforts by using state-funded job seeker and UI databases to identify long-term unemployed individuals whose UI benefits have expired or are close to expiring. In some cases, states are including information about these local programs in correspondence to UI claimants nearing exhaustion.
- *Targeted recruitment through human services, income support, and community-based programs:* Workforce organizations are recruiting long-term unemployed individuals through other systems and programs where these individuals are likely to receive assistance, such as the Supplemental Nutrition Assistance Program (SNAP, or food stamps), housing counseling programs, and job clubs or support groups at faith-based and community organizations.
- *Prevention strategies:* Another promising strategy for engaging the long-term unemployed is to provide responsive reemployment services to unemployed individuals before they reach the six-month mark, including UI claimants, with characteristics that are likely to result in long-term unemployment. Reemployment Eligibility Assessment/Reemployment Services (REA/RES) programs managed by state UI agencies have proven to be an effective model, especially when integrated with WIA services, to help UI claimants return to work. In one recent study, the REA/RES program was credited with reducing average UI benefits duration by 3.4 weeks.⁹ These programs have proven effective in preventing unemployed individuals from becoming long-term unemployed.

8. Action Requested. ETA encourages the public workforce system and ETA grantees to share this TEN with partners, employers, and other interested stakeholders; to review the resources and promising practices referenced in this TEN; and, where appropriate and feasible, to incorporate them into targeted service delivery strategies for the long-term unemployed and assist employers and other partners in using and implementing them.

9. Inquiries. Questions on this TEN may be directed to the appropriate ETA Regional Offices, or contact Ben Seigel at seigel.benjamin@dol.gov.

⁸ Van Horn, Carl, *Left Behind: The Long-term Unemployed Struggle in an Improving Economy*, Heldrich Center for Workforce Development, September 2014:

http://heldrich.rutgers.edu/sites/default/files/products/uploads/Work_Trends_September_2014_0.pdf

⁹ Michaelides, Marios, *Are Reemployment Services Effective in Periods of High Unemployment? Experimental Evidence from the Great Recession*, December 2013.