



NATIONAL SKILLS COALITION
Every worker. Every industry. A strong economy.

A 21st Century Reemployment Accord: Modernizing Our Unemployment System to Better Function as a Reemployment System

- **As currently structured, our workforce and unemployment system only provides one out of every twenty workers who lose their jobs with both income support during their unemployment and training to help them access a new job.**
- **The Department of Labor (DOL) should enable better access to unemployment benefits for workers in training—including for dependent costs—and should ensure increased alignment between workers on unemployment insurance and those who access training and dislocated worker services funded by the Workforce Innovation and Opportunity Act.**

Our country faces the most devastating economic crisis since the Great Depression, and the US Department of Labor’s strategy in the coming months will have a significant impact on the lives of workers and businesses across the country.

Nearly one-third of the workforce lost their jobs over the first half of 2020 and our unemployment insurance system saw unprecedented demand for income support from these workers.¹ More than 40 percent of that job loss was concentrated among workers earning less than \$40,000 a year, and workers with only a high school diploma have been displaced at nearly three times the rate as those with a bachelor’s degree. Across the labor market, workers of color and immigrants, particularly women, have shouldered the greatest job loss.

This disproportionate impact on our most vulnerable workers is directly attributable to ineffective and inefficient policy choices in the past that make skills and education inaccessible to too many workers, including policies that perpetuate the impacts of systemic racism.

There is significant research in showing that workers who lose their jobs have the best outcomes when they receive: 1) training for a new job, coupled with 2) income support during that training and 3) access to other supportive services that help them complete training and succeed in a new job.

¹ <https://www.nationalskillscoalition.org/resources/publications/file/NSC-Skills-for-an-Inclusive-Economic-Recovery-web-Sept-2020.pdf>

- Income support, including Unemployment Insurance (UI), is a vital income stabilizer for workers after job loss.² Workers who receive unemployment insurance are able to minimize the reduction in their spending on things like their mortgage, student loan payments or child care expenses — spending that ensures they have the time and space to train for a new job and invest time in a job search.
- Workers who receive income supports for an adequate amount of time — from eighteen months to two years — have increased wages in their new employment and are more likely to maintain that employment in the years following their dislocation.³
- Workers who have access to income supports are more likely to find a good job and have improved job retention once reemployed.⁴
- Access to benefits for one year has also been shown to reduce transitions between UI and means tested programs serving workers with less immediate workforce attachment, like Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families.⁵

Some states have taken the lead in providing these holistic services to workers – for example, from 2007-2010, Michigan’s No Worker Left Behind (NWLB) program provided nearly 150,000 workers with training and supports to reenter employment during the Great Recession. At the federal level, the Trade Adjustment Assistance Program is a proven model that provides workers with access to training, income support and even financial support for relocation to enter employment. Yet it is a comparatively tiny program. In 2019, it served fewer than 30,000 participants *nationwide*.⁶

But most workers don’t have access to robust programs like TAAP or Michigan’s NWLB. Across the U.S., unemployment and workforce systems are too disjointed and underfunded to adequately provide those services. On average, prior to the current health and economic crisis, almost two million people were laid off or discharged from their jobs each month. Only about half that many filed for unemployment insurance, about 225,000 workers a week; perhaps in part because only about 40 percent of all workers are eligible for unemployment benefits. Far fewer — *less than 100,000 people a year* — receive training through our nation’s public workforce system to help them find new, good jobs.

That means that as currently structured, the nation’s workforce and unemployment system only provides – at most – one out of every twenty workers who lost their jobs with both income support during their unemployment and training to help them access a new job.

² Michele Evermore, In case of a downturn: Extended unemployment insurance is an economic lifeline. <https://www.nelp.org/blog/in-case-of-a-downturn-extended-unemployment-insurance-is-an-economic-lifeline/>

³ <http://ftp.iza.org/dp4670.pdf>

⁴ <https://www.aeaweb.org/articles?id=10.1257/aer.20150528>

⁵ https://research.upjohn.org/cgi/viewcontent.cgi?article=1276&context=up_press

⁶ Trade Adjustment Assistance Annual Report (2019) <https://www.dol.gov/sites/dolgov/files/ETA/tradeact/pdfs/AnnualReport19.pdf>

The federal government owes more to the workers at the backbone of our economy – the men and women keeping the internet and other critical utilities up and running, driving trucks and working in logistics and manufacturing. The federal government owes more to the hundreds of thousands of people risking their own health as they work in hospitals doing behind-the-scenes jobs like sanitizing and preparing rooms and equipment, and those working as medical assistants, phlebotomists, or technicians.

Up until now, we have failed 95 percent of the workers who have lost jobs before and during this pandemic. The Biden Administration can change that.

- **Eliminate restrictions to accessing unemployment benefits for people in training.** The Department should issue a series of guidance and provide continued technical assistance to states directing state workforce agencies to ensure that UI benefits are available to workers in job training programs. In many states, workers are ineligible for UI benefits while in job training programs, as their participation in a training program is evidence of their intent *not* to reenter the workforce until that training program is complete. The Department should issue guidance to states on models to waive this requirement to ensure workers can access both training for a new career and critical income support.
- **Direct states to expand UI Dependent Care Allocations.** Several states allow UI beneficiaries to access increased UI weekly benefits to cover dependent care costs. The Department should issue guidance directing states on allowability of spending federal UI investments, including future pandemic UI funding, through increased benefits to cover dependent care costs for workers. Parents make up a third of the workforce, and more than two-thirds of low-income participants in job-training programs have children under the age of six. Access to affordable dependent care can be the key to workers' success in both training and new employment.
- **Develop a Reemployment Accord pilot program,** working with 10 states to develop strategies⁷ designed to expedite the reemployment of workers who have lost their jobs by improving access to skills training for more workers. The pilot should provide targeted investments in the public workforce system and alignment with community and technical and adult education systems at the Department of Education. Pilots should include a specific focus on maximizing eligibility for and access to other support services under federal programs under DOL jurisdiction, including participants in apprenticeship programs, Job Corps, and youth programming.

⁷ https://www.ssa.gov/OP_Home/ssact/title03/0305.htm

- **Adequately track how well public investments meet need of dislocated workers.** DOL should track and release reporting on the number of workers. Tracking should be broken down by demographics such as who served through our unemployment and workforce systems, the training to which workers are eligible and in which they participate, and the outcomes of this training.
- **Pilot programs, in 10 states, to provide comprehensive reemployment services to a representative sample of UI recipients:** Work with 10 states to pilot programs that would provide a representative sample of UI recipients with comprehensive career services, including access to WIOA-funded training. States participating in the pilot should track long-term employment and wage outcomes in order to evaluate impact on UI recipients.
- **Prioritize a Reemployment Accord legislative strategy,** through both the Fiscal Year 2021 budget process and as components of future stimulus and recovery bills, that support a 21st century reemployment accord – a commitment to all workers that when facing job loss, they will have access to training and income supports necessary to reenter the workforce.

The American public supports these changes

In recent national polling, 75 percent of voters want the U.S. to expand support for unemployed workers to include not just income replacement, but also automatic health care coverage, training, and reemployment services.⁸

A Biden Administration’s focus on better connecting workforce, unemployment and education systems in our country is a critical foundation to ensuring an inclusive economic recovery for workers hit the hardest by the economic impacts of our current crisis.⁹

For further information regarding these recommendations, please contact Katie Spiker, National Skills Coalition’s Director of Government Affairs, at katies@nationalskillscoalition.org.

⁸ On behalf of NSC, ALG research conducted a nationwide online survey of N=800 likely 2020 general election voters between May 21-25, 2020.

⁹ These recommendations are geared towards administrative recommendations that the Department of Labor could prioritize. There are also important recommendations being discussed about restructuring the UI system to be administered by the Social Security Administration in partnership with states or removing the state role altogether, with the goal of enabling broader access to UI funds. The recommendations in this memo are critical – regardless of the administering entity or entities – to ensure unemployed workers have access to evidence-based reemployment services and support. See Steve Wandner, An Illustrated Case for Unemployment Insurance Reform (2020) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3525097