

A 21ST CENTURY REEMPLOYMENT ACCORD

A comprehensive, skills-based
reemployment system for the
21st century

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

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The recent health crisis — and unprecedented, rapid job loss associated with it — has illuminated how unprepared the United States is for helping workers who lose their jobs reskill to prepare for and successfully enter new employment.

Policy responses to the current crisis — while critical — have fallen far short of addressing challenges workers and businesses faced. Millions of workers struggled to access unemployment benefits, even once eligibility was temporarily expanded. Congress has not provided states or local areas adequate support to retrain and upskills workers to respond to structural changes in our workforce the crisis will trigger, setting the U.S. up for significant delays in our economic recovery. And workers of color, those without a high school diploma, and those without basic digital, literacy, and numeracy skills were the hardest hit both by the health and economic impact of the crisis as safety net polices fail to protect those who need support or skills the most.

To respond to current challenges, and prepare for an inclusive economic recovery that addresses prior policy shortcomings and moves all workers and businesses towards success in the 21st century, policymakers need to support changes that create an aligned, comprehensive reemployment accord — a commitment to all workers and all businesses.

The following recommendations are part of National Skills Coalition call for an inclusive economic recovery to the Covid-19 health crisis and its economic impact.

Structural shift in the U.S. workforce emphasizes need for — and draws attention to inaccessibility of — reskilling to reenter jobs of the 21st century

The health crisis will create new jobs — in healthcare and transportation, distribution and logistics, information technology, and infrastructure industries — at the same time as it leads to job loss across industries that can automate significant portions of workers' jobs. Ensuring workers have access to and success in training is important for their economic mobility and is crucial for the U.S. economic recovery and business productivity.

Businesses faced unprecedented challenges in response to Covid-19 and its economic impact. Early in the crisis, the hospitality industry projected 80 percent revenue losses over 2020¹ and retail sector saw 90-100 percent reduction in revenues during March and April of 2020.² Even in industries like healthcare, at the forefront of pandemic response, the restriction of elective and non-emergency services during the crisis led to business closures. These closures mean even with economic recovery, workers who lost their jobs in those industries will need to retrain for new jobs in those industries or to enter in-demand occupations in other industries.

And for businesses that remain open and industries that are in-demand, the crisis creates the opportunity and necessity to adopt technology in the workplace at a more rapid pace that was predicted prior to the crisis.³ Businesses in retail, manufacturing, and healthcare report rapid adoption of technology in response to worker and customer safety concerns around the health pandemic.⁴ One report from MIT finds that, in direct response to Covid-19, 32-50 million jobs would be impacted by increased technology in the workplace in the near future. This prediction is similar to those made by economists prior to the crisis, but those predictions centered on change that happened over the next decade, not the next year.

The U.S. lacks a response necessary to efficiently respond to structural change to our labor market

Instead of an aligned, publicly funded, cohesive reemployment system that helps workers who lose their jobs prepare for jobs in industries and occupations businesses need filled, the United States has a disjointed, underfunded unemployment system. Programs serving dislocated workers are underfunded, provide inconsistent benefits, have complicated eligibility, and are designed to respond to cyclical — instead of structural — unemployment. Our existing programs

MODERNIZING REEMPLOYMENT TO SERVE WORKERS AND BUSINESSES

Congress should enact policies that are part of a 21st Century Reemployment Accord — a commitment to workers and businesses to prepare workers who lose their jobs for new jobs of the 21st century, whether this job loss occurs because of the impact of trade, automation, health crisis, or other reasons. This accord should include four key pieces:

1. Expand access to skills training by **making workers who lose their jobs eligible for a Dislocation Reskilling Account, providing up to \$15,000** in public funds to invest in training through an apprenticeship or other training program, with a community organization or at a community or technical college, to prepare workers who lose their jobs for new jobs created as a result of technological shifts in the workplace.
2. **Create a network of "21st Century Industry Partnerships"** among businesses, education providers, the public workforce system, and community organizations to ensure the significant public and private investments necessary to respond to worker dislocation caused by technological changes in the workplace align with employment opportunities in in-demand industries.
3. **Launch a federal "Reemployment Distribution Fund,"** to allow states to draw down funds to provide access to income support, through robust unemployment insurance and wage-replacement subsidies, that mitigate the financial impact of job loss on workers, their families, and communities.
4. **Maximize eligibility for and access to additional support services under existing federal programs for workers during the reemployment process.** Barriers to accessing childcare, transportation, and other support services — such as eligibility that doesn't permit workers to access subsidies while in training programs or underfunding that leads to long waiting lists — make it harder for workers to succeed in training programs necessary for reemployment.



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To adjust to impending structural shifts in our workforce, **the U.S. will need a significant investment in, and modernization of, our active labor market policies** to reflect the realities and needs of both workers and businesses.

are insufficient for workers today, let alone an influx of 40 million newly displaced workers who need to be trained for new industries.

Policy changes during the response to Covid-19 have temporarily made more people eligible for programs and provided slight increased funding for our public workforce and post-secondary education systems. Without permanent policy changes that address entrenched barriers to workers, business, and U.S. economic success, however, our country will continue to be unprepared to address our next crisis.

This lack of coordinated response means workers, businesses, and communities face negative economic, physical, and psychological consequences. It also means that the U.S. is not poised to compete with international peers in the a global, 21st century economy.

To adjust to impending structural shifts in our workforce, the U.S. will need a significant investment in, and modernization of, our active labor market policies to reflect the realities and needs of both workers and businesses.

Current responses to worker dislocation and technological change are disjointed and inadequate

During a normal month, almost two million people are laid off or discharged from their jobs.⁵ Only about half that many file for unemployment insurance, about 225,000 workers a week, and only about 40 percent of all workers are eligible for unemployment benefits.⁶ Far fewer — less than 100,000— receive training through our public workforce system to help them find new, good jobs.⁷

During the Covid-19 pandemic, these numbers reached historic levels. In the six weeks between mid-March and the end of April 2020, nearly 30 million workers filed new claims for unemployment.

Even at “normal” levels, however, our current system fails to adequately address the challenges workers or businesses face during the reemployment process.

Lack of a comprehensive reemployment policy harms workers, businesses, and communities

Job loss results in economic, emotional, and physical harm for workers.⁸ For workers without access to comprehensive reemployment services, like access to financial supports or

MODERNIZING REEMPLOYMENT: FEDERAL AND STATE EFFORTS

Universal Dislocated Worker Proposal

The Obama administration announced a proposal for a “Universal Dislocated Worker Program” that would provide job search assistance, training, and other benefits for up to million dislocated workers. The program would provide access to reemployment services for all workers, a \$4,000 training award for up to two years, a weekly stipend to support childcare, transportation, and other expenses for 78 weeks, in addition to access to 26 weeks of UI benefits, and a up to \$4,500 for allowances for relocation and job search expenses.

The proposal was never adopted by Congress, but components were written in to WIOA when it was passed in 2014.

Trade Adjustment Assistance

The U.S. has also already acknowledged the need for worker training, income support, and access to support services supported at the federal level, but only *for some workers*. Trade Adjustment Assistance — programs that help workers who lost their jobs because of the impact of foreign trade — is the one reemployment program in our country that most closely maps with needs of dislocated workers and businesses addressing technological change.

The program does have limited allowable use of funding for support services, but workers who are certified under TAA qualify for robust wage replacement and training subsidies. Recent updates to the regulations are intended to improve alignment with local employer needs and make it even more efficient.

With this improvement, TAA is the closest program in the U.S. that matches what workers need with industry demands. Replicating — and modernizing TAA services for all workers — would provide parity and equity for all workers, regardless of the reason for their job loss.

Michigan's No Workers Left Behind

In 2007, Michigan launched “No Worker Left Behind” (NWLB). NWLB provided workers with training benefits of up to \$5,000 for two years. Any adult worker earning under \$40,000 could apply for the training support through the local workforce centers, Michigan Works!. Michigan supported the costs for the program initially by blending funding available through the predecessor to WIOA, the Workforce Investment Act (WIA) funds, TAA grants, and TANF funding. After early success, Michigan aggressively sought supplementary discretionary federal funds under TAA and WIA national grant programs. In 2008, the state budget included a \$15 million investment in the program, as well.

In response to success in Michigan, Maine and Connecticut also implemented pieces of NWLB.

Between 2007 and 2010, nearly 150,000 workers enrolled in training through NWLB, and dislocated workers in Michigan were nearly four times more likely to be enrolled in training than the national average. Of those enrolled in training in Michigan, nearly 75 percent were in training over a year, compared to 25 percent of workers nationally. Notably, Michigan achieved this success during 2008 and 2009 — during the worst recession in decades.

NWLB participants were eligible for up to \$10,000 — over two years — for training for an in-demand occupation. Training was provided by community and technical colleges and other education providers. NWLB offered continued training for incumbent workers and continued supports to ensure retention in employment through work with employers through Michigan Skills Alliances. Those involved with running NWLB credit the high employment — particularly employment in the field workers trained for — with this relationship built by the state's industry partnerships.



Without a comprehensive reemployment system that supports workers' needs, meets business demands, and focuses on what's happening in a local community, workers only chance of support is to rely on meager safety net programs – like Temporary Assistance for Needy Families and the Supplemental Nutrition for Assistance Program– to meet basic needs.

connections to job training, the effects are even more severe.⁹ Research suggests that workers who lose their jobs bear economic costs of up to three years lost wages, factoring in time spent unemployed, lower wages in subsequent employment, and associated job insecurity that continues for up to a decade after someone loses their job.¹⁰ But, as discussed below, providing comprehensive reemployment services can mitigate this impact for workers and their families.

A lack of a comprehensive reemployment strategy that matches workers who lose their jobs with the skills necessary to succeed in jobs of the 21st century means businesses cannot find workers to fill open positions today. Over the next decade, the majority of jobs will require some sort of training after high school, but not a four year degree, and yet too few workers can access the skills necessary to fill job openings.¹¹ According to hiring managers in one national survey, job openings cost business on average \$800,000 each year.¹² In the manufacturing industry alone – one of the first industries impacted by technological change and a mismatch of worker skills and business needs – 2.4 million unfilled positions between 2018 and 2028 could have a potential economic impact of \$2.5 trillion on the U.S. economy in lost wages, spending and business growth.¹³

Communities with high level of worker displacement experience wide reaching negative impacts: Children in communities with high levels of worker displacement score lower on achievement tests. Communities with high levels of worker displacement have reduced levels of homeownership, and therefore lower tax basis to invest in education and other local priorities. And workers who have been dislocated are 14 percent more likely to be arrested than the general public.¹⁴

Lack of comprehensive reemployment policy creates inefficient incentives for workers who need basic services and training

All workers who lose their job face challenges. Without a comprehensive reemployment system that supports workers' needs, meets business demands, and focuses on what's happening in a local community, workers only chance of support is to rely on meager safety net programs – like

Temporary Assistance for Needy Families and the Supplemental Nutrition for Assistance Program – to meet basic needs. Both TANF and SNAP programming are critical resources for families in poverty and could offer supports for training and worker success in that training. Both, however, reach far too few recipients. And for those who can qualify, SNAP and TANF also have significant barriers to training that make them incompatible with helping workers return to a rapidly evolving workforce.

Under SNAP, able-bodied adults without dependents (ABAWDs) are only eligible for benefits for twelve weeks over any three-year period. During the recession, when states were generally able to waive this restriction, longer access to food benefits enabled workers to access – and succeed in – training necessary to access family sustaining jobs.

Even within the small SNAP Employment and Training (E&T) program, created to help food stamp recipients gain skills, training, or experience and increase their ability to obtain regular employment, non-federal matching requirements for accessing public dollars make it difficult for community organizations to even draw down federal dollars to support training or other services necessary for workers' reemployment.

Federal funding for TANF has been frozen at the same level, approximately \$16.5 billion, since 1996. Adjusted for inflation, this means funding for the program has declined by a third over the last twenty years.¹⁵ Of this declining investment, less than half is spent on core services for TANF participants – including basic cash assistance, child care, and work-related activities – with the remaining funds transferred to other programs or activities.¹⁶ Eleven states spent less than 25 percent of their combined funds for core services in FY 2018.¹⁷

For those who can access TANF benefits, it's difficult for recipients to enroll in training that can lead to good jobs. Certain “non-core” activities directly related to employment – including pre-employment and other training programs – only satisfy work participation rate requirements *after* participants have completed twenty hours of work in a given week.¹⁸ For participants in a full-time pre-employment

training program, there aren't enough hours in the week to complete twenty hours of another job. Even if TANF is restructured to eliminate some of the barriers to accessing training, funding restrictions mean states are already tasked with doing more with less.

It is also inefficient and ineffective to expect safety net programs to stand in place of reemployment programs. The U.S. needs a change.

Current programs face universal challenges – inadequate funding, lack of focus on structural unemployment, complicated eligibility, and lack of support for business engagement

In the U.S., after job loss, workers may be able to access resources under a patchwork of federal and state programs, based on how, when, and where they lost a job. None of these programs – in their current form – has the capacity to serve those currently looking for jobs, let alone an influx of 20 million new displaced workers.

Currently, workers who have lost their jobs may be eligible for any of several programs geared towards mitigating the impact of unemployment and making it easier for them to find a new job. The largest and most relevant of these programs to worker dislocation because of automation,

technology, and AI are Unemployment Insurance; Trade Adjustment Assistance; Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker State Grants and National Reserve funds; Reemployment Services and Eligibility Assessment.

There are unique challenges and opportunities in each of the programs that help workers on their path to reemployment. Reemployment programs also share four primary shortcomings:

- **Inadequate funding:** Technological change in the workplace will necessitate a modernized, expanded reemployment strategy that offers robust training and support services to workers and ensures businesses are informing and bought in to the process. This will require investing in workforce at higher levels than our country has in the past.

This underinvestment is already putting the U.S. behind our international peers. According to a 2019 report from the White House Council of Economic Advisors, the U.S. invests in active labor market policy at levels lower than every other industrialized country except for Mexico. In order to reach even the median level of investment of other industrialized countries, we would need to invest \$80 billion more annually.²⁰ The U.S. cannot compete in a

Current Policies and Programs	Wage Insurance	Access to Training	Investment in Support Services	Supports for retention and industry engagement
Unemployment Insurance: Partial wage replacement over 4-12 weeks to cover expenses as workers look for a new job	Primary use	No	No	Can be used to supplement wages from job sharing in some states
Trade Adjustment Assistance: \$450 million per year program that helps workers dislocated by trade	Yes, \$10,000 over two years, more for older workers	Yes, quasi-entitlement for training if can show employment opportunities	Yes, for relocation expenses, but not for childcare expenses.	
Dislocated Worker under WIOA: about \$1 billion annually allocated to states through the public workforce system	No	Yes, but only about 15% of workers served received training in PY 2017. ¹⁹	Yes, but only about 5% received in PY 2017.	Yes, retention up to 12 months after placement. Limited use and funding, though.
RESEA	No, but provided to workers who are on UI.	No, but makes participants aware of WIOA funds available for training.	No, but makes participants aware of WIOA funds available for support services.	No, but makes participants aware of WIOA funds available for retention supports.



The U.S. cannot compete in a global, 21st century economy if we do not invest in our greatest economic asset — workers.

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Yet instead of moving in this direction, workforce and reemployment programming in the U.S. has seen across the board decrease in real funding over the past two decades.²¹ WIOA state grant funding for dislocated workers has declined by 40 percent in the last two decades. Between 2013–2017, the number of workers who receive training through the Dislocated Worker program fell from almost 85,000 to just under 47,000, showing the system is still able to serve significant numbers of workers, but thousands fewer than with adequate investment.²² Even for workers who are served with WIOA funding, access to training and support services — two allowable uses of funds critical to workers' ability to find new jobs — is often limited because states and local areas are forced to stretch already limited public dollars.

States also provide services to workers who have, or are about to, lose their job with funding under their Dislocated Worker State Grants. States provide both services to workers through the American Jobs Center — career services and training — and through Rapid Response Services for laid-off workers, which provide counseling, information on the local labor market, connections to UI, and information on education and training. Because of our massive underinvestment in our public workforce system, however, states are often effectively limited to providing lower-touch services, spread out across many workers, rather than the higher-touch and more effective training and support services they could provide if funded at an appropriate capacity.

- **Responding to cyclical, not structural, unemployment:** Technological change in the workplace will eliminate some jobs. It also will create many new jobs — occupations that do not exist today and for which workers would need training to access and succeed.²³ To prepare workers to fill these new jobs — jobs that will be critical to business competitiveness in the 21st century economy — reemployment programs will need to provide access to industry-driven training programs that respond to rapidly changing workplace requirements.

Right now, programs prioritize support for workers to weather economic downturns and return to a job similar to the one they lost. For example, workers are often ineligible for UI payments if they are in training programs, under the assumption that if someone is training for a job for which they need twelve weeks to prepare, they are not upholding responsibility to search for a job today. Because of historic underfunding, even our nation's public workforce system — and funding for dislocated workers — is often forced to prioritize lower cost services for more individuals rather than offer a small number of workers training opportunities.

- **Restrictive qualification processes that limit access to training and wage insurance:** As discussed above, far more workers lose their jobs than access training or income support under WIOA, TAA, UI or other programs. And the workers who are served by programs are not representative of the broader workforce, with white and older workers overrepresented.²⁴ This disconnect between workers served and those who lose a job is part because of restrictive program eligibility.

Unemployment insurance, for example, provides two million new workers each week with access to cash benefits, about \$30 billion in 2019, financed through a tax on most employers of about \$42 a year per worker. The program has limited eligibility, however, covering only about 27 percent of unemployed workers, down from 36 percent of workers in 2007.²⁵ Part-time workers or those without recent labor market attachment, for example cannot claim benefits. For those who do receive benefits, UI covers only about 40 percent of lost wages.

As discussed above, Trade Adjustment Assistance for Workers (TAA) has been classified as the most generous reemployment program today for U.S. workers.²⁶ It provides certified workers with cash assistance for up to 156 weeks, access to training²⁷ including that provided in community and technical colleges or on the job, and eligibility for a tax credit that covers 80 percent of workers' monthly health insurance premiums.



Effective reemployment strategies would provide training and education — and the support services to succeed in it — to transition into new jobs of the 21st century.

Workers currently served by dislocated worker and reemployment services

- Workers 45 and older are nearly half of all those served by WIOA DW funding and nearly 75% are white, when only 60% of adults 18-64 are white.
- 65% of TAA participants are white, and the median age is 52.

Snapshot of workers excluded from programs

- Workers with nontraditional employment relationships, like gig workers, are unable to claim benefits or access training dollars.
- People of color are underrepresented among people who access reemployment and dislocated worker programs.

Accessing benefits under TAA can be difficult, however. Eligibility is limited to workers displaced by trade.²⁸ In order to access to TAA benefits, a representative of a group of workers files a petition with the US Department of Labor (DOL). DOL decides whether to certify the group as meeting statutory requirements and notices the state in which the business operates. Workers are then notified of the availability of benefits.

In part because of this narrow eligibility and arduous certification process, the program serves a small number of workers. In 2018, the program served about 77,000 workers, although since 2014, that number has varied between 58,000 – 127,000.²⁹

- **Insufficient alignment between programs for dislocated workers and industry:** There has been significant improvement in alignment of workforce, education, and social service programs in recent years, but there is still more the federal government needs to do to improve how the systems interact on the ground.

Reemployment Services and Eligibility Assessment (RESEA) is a program that provides UI claimants determined to be most likely to exhaust benefits with access to

targeted reemployment services provided through the public workforce system.³⁰ Participants develop an individual reemployment plan and are provided information on available training and support services available through their local area.

However, many of these programs lack a formal connection to industry partners who will reemploy workers. Training provided within industry or sector partnerships has been shown to lead to higher rates of employment — and retention — for participants, as well as higher wages and significant employer satisfaction. There is currently no dedicated federal funding to support industry partnerships, however, meaning local areas across the country struggle to start and sustain these partnerships despite their significant benefits to workers and businesses.

Shifting to what works

While the current health crisis and its economic impact may create an unprecedented number of workers in need of training and supports,³¹ the specific needs of workers and businesses impacted are not unprecedented. They are well understood — and so are the potential solutions.

Effective reemployment strategies would provide income supports that help workers pay mortgages or rent and access to childcare so they can successfully navigate the job search process. Effective reemployment strategies would provide training and education — and the support services to succeed in it — to transition into new jobs of the 21st century. And, because of the increased likelihood these new jobs will be different from their old — new industries, different skills, increased or shifted hours — services to help increase worker retention will be critical to ensuring workers can keep these jobs and stabilize businesses' productivity.

In surveys of unemployed workers, these services are most cited as those critical to empowering a person's reemployment.³² And, as discussed below, evaluations of workforce and education programs show each of these components has a positive impact on workers' future wages and job retention. Increased retention means costs associated with filling open positions are lower for businesses and employers can be more productive and efficient, empowered to compete in a global, 21st century economy.

WHO SHOULD QUALIFY FOR REEMPLOYMENT PROGRAMS

Businesses, workers, and communities face harm when workers lose their jobs and when jobs linger open, regardless of the cause for either of these challenges. Modernizing reemployment policy in the U.S. necessitates a broad, inclusive definition of who qualifies. This definition should include:

- Unemployed
- Unemployed who have lost their job
- Underemployed
- Voluntary and involuntary part time workers
- Discouraged workers
- Contract workers
- Marginally attached workers
- Long-term unemployed

To successfully address challenges faced by dislocated workers and meet the needs of both workers and businesses, a successful U.S. reemployment strategy must include the following provisions:

Prioritize universal access to training, instead of only focusing on rapid reemployment or responding to cyclical unemployment by undervaluing the importance of skills, empowering workers to efficiently develop in-demand skills businesses need to compete in a global economy.

Job loss associated with the current crisis and its economic impacts will force workers to switch occupations in order to find long-term employment opportunities, meaning training will be vital to their ability to find a good job with wages similar to their previous job. Dislocated workers are 50 percent more likely to take a pay cut when they switch industries, largely because of inconsistent or insufficient access to training for an in-demand occupation.³³ For jobs that require some postsecondary education but not a four-year degree, the impact is even more stark — almost 60 percent of these workers face a pay cut when switching occupations or industries.

Training in an in-demand industry can be vital for all workers. For those dislocated because of structural shifts in our labor market, it is even more critical to mitigate future wage loss associated with changing industries. Evaluations link the provision of job training — including short-term, industry-driven training programs — to increased wages and retention when

compared to dislocated workers who didn't have access to or complete training programs.

Studies have shown higher wage returns for dislocated workers who receive training both on the job³⁴ and through community or technical colleges.³⁵ One study in Washington State, for example, found that among dislocated workers who took one-year courses at a community college, women saw an **increase** in wages of 10% from their prior employment and men saw an increase in wages of 7%. Across programs, the key driver of increased wages for workers is access to training in an in-demand industry that leads to industry-recognized credentials.³⁶

Policy recommendation: Amend WIOA to create eligibility for Dislocation Reskilling Accounts for all workers who lose their jobs. Availability of funding would be based on a sliding scale where workers earn credits based on their time in the workforce and based on their current wage levels. Workers with high wages — and a short time in the workforce — would have a smaller “bank” of training credits. As workers longevity in the workforce extends, they would earn credits more quickly. Workers earning lower wages would accumu-

late training credits more quickly. This proposal should be supported by a one-time investment of \$30 billion and a continuing appropriation of \$5 billion annually.³⁷

84% of voters support skills training for anyone who loses their job to automation.

Dislocated workers are 50 percent more likely to take a pay cut when they switch industries, largely because of inconsistent or insufficient access to training for an in-demand occupation.³³

Industry or Sector Partnerships are workforce collaboratives comprised of key stakeholders in an industry. The partnership is a working group focused on identifying shared goals and needs of the industry in a local area.



Workers who have access to income supports are more likely to find a good job and have improved job retention once reemployed.

Ensure training meets industry demands and that employment sticks by supporting retention through ongoing worker supports and with connections to industry or sector partnerships.

89% of voters want policy to help businesses work together to efficiently train workers on new technology and 82% want government and businesses to work together to upgrade all workers' technological skills.

Training provided in in-demand industries through engagement with employers through industry or sector partnerships has been shown to increase participant earnings in the short-term and after more than two years after training.³⁸ Studies focused on dislocated workers specifically have shown similar, positive, effects.³⁹ Programs across these studies

have several things in common — training provided in partnerships with community organizations or other education providers and multiple businesses and combined with robust support and retention services.

Replicating these partnerships — and providing federal funding to ensure robust support and retention services discussed below — will be a critical component of modernizing U.S. reemployment strategies.

Policy recommendation: Create a network of 21st Century Industry Partnerships to truly scale industry and sector partnerships across industries, in all local areas, and to address challenges associated with technological change in the workplace. These partnerships could be supported by an ongoing funding mechanism linked to an employer-based tax, with an offset for employer contributions to a partnership. For example, typically the effective employer tax rate for the Federal Unemployment Tax Act is .6 percent on the first \$7,000 of employee wages. If that rate were increased by just .03 points (\$2.10 per employee) to .63 percent, it would generate approximately \$315 million in annual revenue. Employers could claim a credit against the additional tax for contributions to industry or sector partnerships.

Mitigate effect of unemployment on communities, workers and the economy by providing workers with extended income support while they train for a new job.

Income support, including Unemployment Insurance, is an important income stabilizer for workers after job loss.⁴⁰ 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 18 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.⁴¹ Workers who have access to income supports are more likely to find a good job and have improved job retention once reemployed.⁴² Access to benefits for one year has also been shown to reduce transitions between UI

76% of voters support providing income supports to individuals who lose their job due to automation while they are retraining and looking for a new job.

and means tested programs serving workers with less immediate workforce attachment, like SNAP and TANF.⁴³

Income support also helps stabilize the U.S. economy. During the 2008 recession, Unemployment Insurance kept incomes of more than 5 million people above poverty line. One study estimates that

income supports through UI and emergency benefits, "closed the associated gap in real gross domestic product by nearly one fifth (18.3 percent) during the Great Recession."⁴⁴ During times of high unemployment, studies have also found that each dollar of unemployment benefit paid results in \$1.55 to \$2.00 of economic activity.⁴⁵

Policy recommendation: Establish a **Federal Reemployment Distribution Fund** that provides funding for states to draw down to support wage insurance for dislocated workers. This fund could be administered parallel to our current UI system, at the state level, providing states with flexibility to



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Workers' needs for continued training and education, mentorship, access to affordable childcare and transportation **continue after starting a new job and access to these services improves worker retention once reemployed.**

draw down funds as claims increase and with the ability to customize expenditures to their state needs.⁴⁶

Set workers up to be successful in this training by maximizing access to support services for participants in training programs, including access to childcare, transportation, health care, relocation expenses, and job search assistance.

Support services improve the likelihood that workers can access and succeed in training necessary for reemployment.⁴⁷ Availability of support services has been linked to increased enrollment in job training programs by unemployed workers.⁴⁸ Access to a child care subsidy has been shown to increase rates of enrollment in community college and other job training programs.⁴⁹ In one survey, 48 percent of low-income participants in job training programs who received child care said they would have been unable to complete their training program without access to the

76% of voters want the government to provide support services to individuals who lose their job due to automation while they are in retraining programs.

support.⁵⁰ In one community college-based training program, participants with access to support services including child care, case management, and transportation assistance were more than twice as likely to obtain a degree or credential compared to students without those supports.⁵¹

Workers' needs for continued training and education, mentorship, access to affordable childcare and transportation continue after starting a new job and access to these services improves worker retention once reemployed.⁵² Workers who have struggled financially while unemployed need continued access to subsidies to support childcare payments or access to reliable transportation in order to maintain their new job. For workers who had access to mentoring groups, maintaining connections with these relationships can help them weather challenges faced by returning to work.

Investing in continued support for worker retention minimizes costs associated with recruiting a new employee, increases productivity, reduces absenteeism and safety incidents, and has been shown to increase quality in service sector workers.⁵³

Policy recommendations: Increase investments in WIOA and empower states and local areas to target these increased investments to providing support services to recipients of Dislocation Reskilling Accounts. To maximize retention and success in a new job, these services should be available to workers during the transition period in a new job, as well. Congress should invest at least \$5 billion annually, in new funding to WIOA state formula grants, to support childcare and other support service costs for workers reskilling and upskilling to fill in-demand occupations.

Endnotes

- <https://www.ahla.com/covid-19s-impact-hotel-industry>
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