



AFSCME

Legislative Fact Sheet

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ECONOMIC RECOVERY PACKAGE NEEDS STRONGER REEMPLOYMENT SERVICES FOR THE UNEMPLOYED

“The lines at the Work Force Centers around the state have continuously increased. Right now we’re seeing probably about 50% more people than we normally see. We’ve put on additional staff to accommodate the crowds as to reduce the wait time, but it’s still a tremendous burden on our staff in the field, but we’ll continue to put on staff as revenue will allow.” Ted Halley, Executive Director, South Carolina Employment Security Commission

Proposal: AFSCME proposes the inclusion of \$700 million in the economic recovery package for labor exchange activities under the Wagner-Peyser Act. This amount would be in addition to the current level of funding for this program.

Justification:

Need for assistance is growing rapidly.

- In November, the unemployment rate was 6.7%, and 10.3 million workers were unemployed. This represents a 1.7% increase in the unemployment rate since December 2007 and an increase of 2.7 million unemployed workers.
- 4.7 million workers in November indicated in a DOL survey that they do not expect to be recalled to work, an increase of 2 million over the past 12 months.
- There are approximately 4.5 million workers receiving unemployment benefits, over twice as many as 12 months ago.
- Economists predict further increases in the unemployment rate to 9% by the end of 2009.

The economic recovery package should have a clear job connecting component.

- A clear and accountable mechanism is needed to connect the escalating number of unemployed workers to the jobs and training opportunities that the economic recovery package will generate both directly and indirectly.
- Such a mechanism will ensure that all unemployed workers have equal access to information about both job opportunities and training resources. .
- As the attached graph shows, despite the decline in jobs, substantial activity in the economy continues with many job openings and many hires. Stronger job matching assistance can speed up the return of unemployed workers to work.



- In the case of unemployment insurance (UI) recipients, more rapid reemployment will reduce unemployment insurance benefit outlays. Based on previous rapid reemployment initiatives, an expenditure of \$500 million for rapid reemployment services would save the UI system about \$840 million in benefit outlays by shortening duration on UI by about two weeks.

Why use the State Wagner-Peyser system?

- The Wagner-Peyser Act created a federal-state partnership with 50 state Job Service agencies in 1933 in order to pull an uneven collection of state and local employment service offices into a unified system capable of responding to surging unemployment at that time.
- The state employment service has been closely tied to the unemployment insurance program, and both programs are staffed by state civil service employees. By law it is responsible for facilitating matches between job seekers and employers, providing labor market information to workers and employers, referring workers to employment and training programs, and working specifically with UI recipients to ensure they return to work as quickly as possible. Staffing levels have fallen considerably as funding for the system has declined over time, especially during the last 8 years.
- A statewide public system has several advantages:
 - It maximizes the use of statewide computerized job banks.
 - It is closely coordinated with the UI system, and a stronger, more concerted effort to provide reemployment services to this rapidly rising group of unemployed workers is needed.
 - It is much more efficient for the federal government to achieve policy objectives by working with 50 states than trying to work with 600 local workforce boards and 1,000 local one-stop centers.
 - The state agency has the flexibility to direct resources where needed within a state and the capacity to set up a single source of information for job seekers statewide about reemployment resources available within their state.
 - State Wagner-Peyser operations are closely coordinated with local WIA operations. In most states, state Wagner-Peyser staff work out of local one-stop centers. In some states, the state Wagner-Peyser agency is the operator of the local one-stop centers.
- A WESTAT study comparing traditional state labor exchange programs with localized ones which was suppressed by the Labor Department for four years, “Evaluation of Exchange Services in a One-Stop Delivery System Environment” found the state labor exchange system to be highly effective:
 - A much higher fraction of state job vacancies were listed in the computerized job-matching systems.



- The traditional statewide systems in the study had high-quality matching systems. “Maintaining a high quality, statewide or national, job-matching system with large numbers of diverse listings provides very valuable services to employers and job seekers who otherwise would have difficulty obtaining good matches, and who increasingly are looking beyond their own communities to find and fill vacancies.”
- “Effective job-matching systems linked high-quality technology with well-trained staff dedicated both to ensuring that employers were appropriately listing their jobs and job seekers were able to effectively use the technology.”

Explanation of Proposal

The National Association of State Workforce Agencies (NASWA) has proposed using \$500 million for Wagner-Peyser Reemployment Service (RES) grants to provide intensive services to unemployment insurance claimants and \$200 million for the Wagner-Peyser state allotments.

Under this approach 1.4 million UI claimants would receive early intervention services, help in using job search tools, career guidance and job and training referrals. Based on DOL estimates of the cost per participant in Wagner-Peyser services, another 3 million job seekers at local one-stop centers would receive less intensive, but cost effective, job referral assistance under the \$200 million allocation.

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