

A blue-tinted photograph of the Federal Reserve Building facade serves as the background for the title. The building is a grand, classical structure with a portico supported by tall columns. A flagpole with the American flag stands in front of the building. The text is overlaid on this image.

# A Perspective from Main Street: Long-Term Unemployment and Workforce Development

December 2012

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM





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## **A Perspective from Main Street: Long-Term Unemployment and Workforce Development Errata**

On 1/31/13, this report was revised. Appendix A: List of Federal Reserve System Local Forums and Appendix B: Reserve Bank Community Development-Related Activities and Next Steps were removed. They were replaced with Appendix A: Reserve Bank Community Development-Related Activities and Next Steps and Appendix B: List of Forums and Forum Summary Notes.

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# Introduction

The Federal Reserve's Community Development function promotes economic growth and financial stability for low- and moderate-income (LMI) communities and individuals through a range of activities including convening stakeholders, conducting and sharing research, and identifying emerging issues. Given the attenuating effects of long-term unemployment on the broader economic recovery and the particular issues facing LMI communities, in the fall of 2011, the Community Development function at the Reserve Banks of Atlanta, Dallas, Kansas City, Minneapolis, New York, Philadelphia, Richmond, San Francisco, and St. Louis worked with the Board of Governors to design an initiative to explore regional perspectives on this issue through a series of forums held throughout the country. Some of these regional forums consisted of small focus groups or listening sessions; others were larger in scope, with more formal agendas focusing on a particular demographic or employment sector. In most cases, forum participants represented either intermediary organizations that are involved in the delivery of workforce development services, local employers, or both. The objective of this initiative was to better understand the complex factors creating long-term unemployment conditions particularly in LMI communities and to identify promising workforce development strategies.<sup>1</sup>

This paper reports the key topics that emerged from the forums and offers examples of how those issues were reflected in different parts of the country and for different populations.<sup>2</sup> Where noted, the paper provides context for the comments using secondary data sources or research findings. This paper does not attempt to be a comprehensive compilation of all the ideas and views that were expressed at the

regional forums. Part I of this paper discusses labor force supply chain issues; part II discusses barriers; and part III discusses considerations and further research to address these issues. Appendix A to this paper provides a sampling of activities occurring within the Federal Reserve's Community Development function in 2012. Appendix B provides detailed notes of the discussions at each regional forum.

## Background

Since the 2007–09 recession, the national unemployment picture has been unfamiliar relative to historical trends in several ways. First, long-term unemployment rates are higher than at any time since 1948 and, second, unemployment remains high despite increasing job vacancy rates.<sup>3</sup> As a result, the U.S. economy is struggling to grow under the weight of an overwhelming level of unproductive human capital.

Workforce development is, generally, a wide range of activities, policies, and programs employed by educational institutions, public and private social service providers, communities, economic developers, and employers to educate and organize a workforce and to support business and industry. The provision of workforce development can take many forms:

- Individual-centric: a combination of social services, community supports, job training and education that positions an individual for success in the workforce, the community or region, or the organization
- Societal- or sector-centric: initiatives that educate and train individuals to meet the needs of current

<sup>1</sup> The U.S. Bureau of Labor Statistics (BLS) defines "long-term unemployment" as joblessness for 27 weeks and longer. During the forums, Community Development staff used "chronic unemployment" and "long-term unemployment" interchangeably.

<sup>2</sup> The challenges and recommendations contained in this report are compiled from the regional forums, and do not necessarily reflect the views of the Federal Reserve System.

<sup>3</sup> Ben S. Bernanke, Federal Reserve Board Chairman (2012), "Recent Developments in the Labor Market," speech delivered at the National Association for Business Economics Annual Conference, Washington, D.C., March 26 ([www.federalreserve.gov/newsevents/speech/bernanke20120326a.htm](http://www.federalreserve.gov/newsevents/speech/bernanke20120326a.htm)). Jeffrey Lacker, President, Federal Reserve Bank of Richmond (2012), "Technology, Unemployment and Workforce Development in a Rapidly Changing World," speech delivered in Greensboro, North Carolina, May 7 ([www.richmondfed.org/press\\_room/speeches/president\\_jeff\\_lacker/2012/lacker\\_speech\\_20120507.cfm](http://www.richmondfed.org/press_room/speeches/president_jeff_lacker/2012/lacker_speech_20120507.cfm)).

and future business and industry in order to maintain a sustainable competitive economic environment in the community or region

- Organizational-centric: training programs that provide existing and potential workers with the skills to complete tasks needed by employers to let the organizations stay competitive in a global marketplace<sup>4</sup>

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<sup>4</sup> Lyn E. Haralson (2010), "What is Workforce Development?" Federal Reserve Bank of St. Louis, *Bridges*, (Spring), [www](http://www)

Due to the many possible stakeholders and broad scope of services, it is difficult to create a narrow definition of workforce development. Nevertheless, workforce development is an essential component of community economic development, particularly in the wake of the recent financial crisis.

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[.stlouisfed.org/publications/br/articles/?id=1953](http://www.stlouisfed.org/publications/br/articles/?id=1953) (accessed December 18, 2012).



# Part I: Developing the Labor Force Supply

The U.S. labor market is dynamic, constantly experiencing a series of transitions or “labor flows.” Individuals move from one job to another, from an unemployed to an employed state and vice-versa, or out of the labor force entirely. Since the end of the recession, the rate at which workers are laid off has fallen dramatically and is near its pre-recession level. However, the transition rate from unemployment to employment remains well below its pre-recession level.<sup>5</sup> Recent research also finds that of those transitioning out of unemployment to employment, individuals with higher levels of education are more likely to remain employed.<sup>6</sup>

The simultaneous increase in both unemployment and job openings that the U.S. is currently experiencing indicate changes in the matching efficiency of the labor market. An example of this might be fundamental technological change which creates a gap between the skills needed for open vacancies and the skill set of the unemployed.<sup>7</sup> For 30 years, the notion of a skills mismatch has factored prominently in national thinking about the problems with the labor supply. The forum participants’ description provided below is confirmed by employer surveys, anecdotal information, and media reporting. For instance, a 2011 study by The Manufacturing Institute found that, despite recent layoffs, an estimated 67 percent of manufacturers experienced a “moderate to serious” shortage of qualified job applicants during the recent recession.<sup>8</sup> Nevertheless, a number of researchers have cited the need for more quantitative evidence to

substantiate a skills mismatch. High unemployment despite increasing job vacancy rates supports the mismatch notion. Over the past three years, the job openings rate has increased somewhat more for manufacturing (from 1.1 percent to 2.3 percent), than for the economy as a whole (from 2.0 percent to 2.9 percent).<sup>9</sup> However, there is no clear-cut evidence of a broad-based skills mismatch, and a number of competing theories exist that explain the poor job market.

## Fragmented Workforce Development Systems

The goal of workforce development efforts is to foster more efficient transitions from job to job and from unemployment to employment. Many forum participants addressed the tangible benefits of or challenges to local workforce development programs. In theory, workforce development systems are designed to bring together employers, educators, and related service providers to supply a trained labor force that meets local industry needs. However, throughout the forums, a number of participants voiced concern that the programs and services in their regions are disconnected, or fragmented. Participants noted that, typically, there is no centralized agency or communication tool at the state or regional level to coordinate the various stakeholders involved in educational and training programs. As a result, workforce training providers and those seeking training must contend with multiple funding streams. For example, in the state of New Jersey, providers of government-funded employment and training services are hampered by the fact that there are more than 40 separate federal programs with separate funding streams and eligibility criteria.<sup>10</sup>

<sup>5</sup> Bernanke speech (March 26, 2012).

<sup>6</sup> José Mustre-del-Río, Didem Tüzemen, and Jonathan L. Willis (2012). “Heterogeneity in U.S. Labor Market Flows,” unpublished manuscript, Federal Reserve Bank of Kansas City, Economic Research Department (May).

<sup>7</sup> John Lindner and Murat Tasci (2010). “Has the Beveridge Curve Shifted?” Federal Reserve Bank of Cleveland, *Economic Trends*, August 10, [www.clevelandfed.org/research/trends/2010/0810/02labmar.cfm](http://www.clevelandfed.org/research/trends/2010/0810/02labmar.cfm) (accessed December 18, 2012).

<sup>8</sup> The Manufacturing Institute (2011), *Skills Gap Report*, [www.themanufacturinginstitute.org/Research/Skills-Gap-in-Manufacturing/2011-Skills-Gap-Report/2011-Skills-Gap-Report.aspx](http://www.themanufacturinginstitute.org/Research/Skills-Gap-in-Manufacturing/2011-Skills-Gap-Report/2011-Skills-Gap-Report.aspx).

<sup>9</sup> Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS), [www.bls.gov/jlt](http://www.bls.gov/jlt).

<sup>10</sup> Forum in Trenton, New Jersey, on February 28, 2012. Hosted by the Federal Reserve Bank (FRB) of Philadelphia.

In many instances, forum participants expressed concerns about the inefficiencies that result from the multitude of training systems intended to assist unemployed persons. For example, in Maryland, forum participants remarked on the need to better align the Kindergarten through twelfth grade (K-12) education, technical and community colleges, workforce agencies, employers, and social services networks. Their comments indicated that these programs make positive contributions to education, trainings, and job linkages, but that the state needed to establish an integrated system in order for these programs to make a significant impact on unemployment in the region.<sup>11</sup>

## Secondary Education Disconnected from Labor Market

In several forums, participants stated that the K-12 educational systems in their regions are too insulated from the demands of local labor markets. These individuals felt that secondary school curriculums typically focus on the students' progression to higher education, and not a job, and further, that many school systems do not consult local employers or economic developers when developing courses or curriculum. For example, participants in Texas noted that bridging the communication gap between education and employment should be a two-way street: While employers must take responsibility for communicating their labor needs, educators must be responsible for designing systems nimble enough to respond to employer demands.<sup>12</sup>

Several forum participants raised concerns about the loss of vocational training in public high schools, and indicated that schools need to present more vocational options in order for students to understand the requisite skills and income offered by these jobs. They stated that without adequate vocational training or counseling, students that do not matriculate to an institution of higher learning leave high school with few income-earning skills and a poor understanding of alternative career options.

Some forum participants indicated that many secondary schools have subordinated vocational training to college preparatory tracks and other secondary

schools have eliminated vocational training completely. As a result, trade and manufacturing jobs in many communities are going unfilled due to a lack of qualified workers. For example, a participant in Alabama noted that his business could not invest in new, state-of-the-art machinery because he could not identify workers with the skills and experience needed to run the equipment.<sup>13</sup>

In general, participants expressed a need for high schools to offer a range of quality educational opportunities and recognize that not all students will earn a college degree. Furthermore, participants noted that perhaps students do not need to choose between vocational training and higher education. Vocational skills can provide a means to earn income while attending school. In fact, without vocational training in high school, students who eventually select a trade profession must often pay for additional education through trade schools or community colleges.<sup>14</sup>

As vocational training is reintroduced to secondary schools, some participants stressed that it is important to ensure that students are not "tracked" to vocational programs. Rather, the opportunity should exist for every student to make a determination regarding their appropriate path.

## Challenges for the Community College System

Community colleges are positioned to offer training for people at all stages of their work life. Broadly, this includes students entering the workforce for the first time as well as those seeking to improve skills because they have been displaced, are pursuing a new line of work, or are moving up a career ladder. That said, forum participants noted that some community colleges struggle to align course offerings with students' and employers' demands in times of change. As a result, in communities facing layoffs and high unemployment, some community colleges have not always been able to accommodate the large influx of students. For example, Concord, North Carolina, experienced substantial job losses with the closing of textile mills. Local forum participants noted that the number of students interested in re-training classes continually outpaces the capacity of the local com-

<sup>11</sup> Forum in Baltimore, Maryland, on February 13, 2012. Hosted by FRB Richmond.

<sup>12</sup> Forum in San Antonio, Texas, on January 26, 2012. Hosted by FRB Dallas.

<sup>13</sup> Forum in Mobile, Alabama, on February 1, 2012. Hosted by FRB Atlanta.

<sup>14</sup> Forum in Memphis, Tennessee, on February 23, 2012. Hosted by FRB St. Louis.

munity college. For example, prospective students can face a three-year wait for community college classes in nursing.<sup>15</sup>

Participants also noted that some community colleges are not able to provide the flexibility needed to accommodate student schedules. They suggested that traditional school schedules based on seasons be replaced with shorter periods that are more in line with business cycles and industry planning horizons. However, while programs that offer short-term “stackable credentials” often meet employer needs, these programs do not align with student funding sources.<sup>16</sup> Currently, student financial aid, such as the Pell Grant, is tied to instruction that offers credit-hours towards degrees. Workforce programs that are more flexible and can qualify for financial aid are needed to meet changing labor demands. Part of this demand involves training more employees at a faster rate.<sup>17</sup>

## The Labor Force Supply Chain and the Manufacturing Sector

Workforce development is often framed in a sector-based approach by focusing on the needs of a specific industry. Sectors are identified based on their likelihood to offer additional jobs, provide jobs that meet certain criteria, or contribute in other important ways to the local economy. A primary purpose of many sector projects is to improve the job prospects or quality of jobs for LMI wage workers, either by increasing their access to good jobs or improving the wages and benefits at jobs they already hold.<sup>18</sup>

Historically, the manufacturing sector has served as an employment base for many U.S. communities. The

past 30 years have brought several significant changes, including the off-shoring of many low-skill jobs. The result is that a high percentage of the remaining positions require higher education or specialized training.

During the forums, several participants cited manufacturing as a sector where local workforce development efforts fall short. According to these participants, there are not enough appropriately-skilled workers to meet the specific labor demands in their communities. They noted that, as a result, jobs are left unfilled, and employers are hesitant to grow their companies. Some participants attributed the lack of available workers to a “skills mismatch,” others commented on the challenges of attracting workers to a field that is perceived as unstable (with a tradition of layoffs), and still others noted a disconnect between educational curriculums and labor markets.

In Alabama, employers collaborated to address the skills gap they experienced when filling manufacturing jobs. According to these employers, some manufacturing businesses in the state found it difficult to fill job vacancies, many of which required a two- or four-year degree with technical or computer programming experience. Participants attributed the problem to a local workforce development pipeline that is ill-equipped to meet the demand for specific skilled labor, such as welders and technicians. Accordingly, many of these manufacturing jobs went unfilled due to the shallow pool of qualified applicants.<sup>19</sup>

Employers in Alabama came together under the Southwest Alabama Workforce Development Council (SAWDC) to address the skills gap. Although SAWDC does not provide direct training, the organization created an integrated, comprehensive, and dynamic workforce development system. This system provides a feedback loop between the business community and the K-12 educational system to identify skills that are in high demand and to provide guidance for curriculum development that will enable students to access the local job market. According to these employers, the result of this effort is 20 years of substantial growth in the local manufacturing sector.<sup>20</sup>

<sup>15</sup> Forums in Eden and Concord, North Carolina, on January 31 and February 1, 2012, respectively. Hosted by FRB Richmond.

<sup>16</sup> A “stackable credential” is part of a sequence of credentials that can be accumulated over time, allowing an individual to build their qualifications and move up a career ladder to different, and potentially higher-paying, jobs. See U.S. Department of Labor, Employment & Training Administration (2010), “Increasing Credential, Degree, and Certificate Attainment by Participants of the Public Workforce System,” Training and Employment Guidance Letter No. 10-15, Attachment A (December 15), <http://wdr.doleta.gov/directives/attach/TEGL15-10a2.pdf>.

<sup>17</sup> Forum in Kansas City, Missouri, on January 23, 2012. Hosted by FRB Kansas City.

<sup>18</sup> Sunny Schwartz and Johan Uvin (2004), “Benefits of a Sector-Based Approach,” Center for State Innovation, *Research and Evaluation Brief*, vol. 2, issue 3 (January), [www.stateinnovation.org/Research/Economic-and-Workforce-Development/Sectors-and-Clusters/BenefitsofSectorbasedApproach.aspx](http://www.stateinnovation.org/Research/Economic-and-Workforce-Development/Sectors-and-Clusters/BenefitsofSectorbasedApproach.aspx).

<sup>19</sup> Forum in Mobile, Alabama, on February 1, 2012. Hosted by FRB Atlanta.

<sup>20</sup> Forum in Mobile, Alabama, on February 1, 2012. Hosted by FRB Atlanta.

However, other communities have not seen similar sector growth. In Eden, North Carolina, participants discussed the community's struggle to re-train workers laid off by its primary industry, textiles, as it moved overseas. The community was hard hit by the closing of many mills in the 1980s. Nearly 30 years later, despite reported growth opportunities in manufacturing for skilled technicians, the community has

struggled to align training with demands for labor. Forum participants stated that many industrial cities that experienced significant and widespread manufacturing layoffs continue to suffer from high rates of persistent unemployment.<sup>21</sup>

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<sup>21</sup> Forums in Eden and Concord, North Carolina, on January 31 and February 1, 2012, respectively. Hosted by FRB Richmond.

## Part II: Barriers for Workers

Skills and spatial mismatch may help explain part of the unusually high amount of unemployment relative to the number of vacancies. Essentially, a skills mismatch means workers are less likely to be hired because they do not have the correct skills. A spatial mismatch means that the workers are not able to commute to where the jobs are located.

### Lack of Skills

Many forum participants across the country echoed the need for workers to improve their jobs skills. In West Virginia, for example, participants mentioned that many applicants lack the “hard” skills required to fill health care positions, particularly basic computer knowledge, and many workers are resistant to additional workforce training.<sup>22</sup>

In addition, a lack of “soft” skills among the unemployed was a constant theme in the forums. Participants discussed the difficulties of hiring in the health care industry due to a lack of candidates that can demonstrate timeliness, appropriate dress and hygiene, and professional conduct. Participants added that employees missing work without an excuse and disregarding workplace policies and protocols were ongoing problems. Furthermore, younger workers were distracted by technology, often ignoring policies about cell phone and social network use during work hours.<sup>23</sup>

### Spatial Mismatch

Challenging transportation logistics are a hurdle for many unemployed residents of rural, urban, and suburban communities. Indeed, in many forums, inadequate public transit and car affordability emerged as significant barriers to attaining and maintaining

employment. Transportation challenges can cause workers to be absent or late, or to spend more time than can be economically justified commuting to jobs. For example, in urban areas of Maryland, unreliable vehicles or the lack of owning a vehicle is a common issue among LMI families. In urban settings, public transportation typically favors standard rush hour schedules and routes, which are not always conducive to the needs of people who work shifts or other nontraditional hours.<sup>24</sup>

Suburban residents face transportation challenges similar to their urban counterparts. In these areas, public transportation is often very limited, making a private automobile a necessity. In Tennessee, forum participants noted that the public transportation system does a poor job of connecting communities of workers with jobs.

Not surprisingly, a lack of transportation options is a significant obstacle to employment for residents of rural communities and small towns as well. Rural residents often need to commute to other towns or metropolitan areas for jobs. Most rural areas have very limited public transportation options, and given the increase in gas prices, workers are becoming increasingly isolated from jobs, education, and training opportunities outside of their community.<sup>25</sup>

The forums included significant conversations about rural and small town residents’ aversion to driving or moving to metro regions for work and educational opportunities. The culture and networks established within these communities influence individual workplace decisions. For instance, many workers in the small cities of Eden and Concord, North Carolina, are multigenerational residents who value the community too highly to consider commuting to jobs outside of their immediate city. These sentiments were captured in comments by participants who

<sup>22</sup> Forum in Elkins, West Virginia, on December 5, 2011. Hosted by FRB Richmond.

<sup>23</sup> Forum in Elkins, West Virginia, on December 5, 2011. Hosted by FRB Richmond.

<sup>24</sup> Forum in Baltimore, Maryland, on February 13, 2012. Hosted by FRB Richmond.

<sup>25</sup> Forum in Dyersburg, Tennessee, on February 7, 2012. Hosted by FRB St. Louis.

noted the high value of living in small cities where family and community networks are strong, reassuring, and dependable. Some of these participants indicated a preference to avoid driving more than five miles from home to work or commuting via interstate highways.<sup>26</sup>

## Risk Management Practices

Risk management surfaced as a significant concern among employers. Participants stated that hiring decisions are frequently driven by employer perceptions. In Missouri, participants said the perception of the risks involved in hiring the long-term unemployed and the hard-to-employ has a definite impact on the willingness and ability of employers to hire them. Stricter regulations and an increase in risk management practices by employers are negatively affecting many of these populations.<sup>27</sup>

A common theme among forum participants was that the need to manage risk is a growing challenge that affects hiring. For example, in West Virginia, all of the participating employers have a regular stream of open positions. They prefer to leave positions vacant rather than to risk hiring an unreliable employee who leaves them vulnerable to liability issues. In other words, as facilities adapt to regulatory and legal changes, employers prefer to manage the vacancies rather than hire the wrong person. An example of a hiring risk could include a candidate with a nursing degree but who also has a checkered history of proper customer care or poor soft skills.<sup>28</sup>

In addition, many forum participants detailed the difficulties that ex-offenders face when seeking employment. Historically, individuals with a criminal record have experienced challenges in finding jobs, and under the current economic conditions, these challenges are particularly acute. Participants reported that there is no standard for how employers run or treat criminal background checks. Participants in Maryland stated that some employers reject any applicant with a criminal record. Other employers establish a “look back” period or consider the sever-

ity of the crime and adjust employment offers accordingly.<sup>29</sup>

## Balancing Wages and Benefits

Forum participants repeatedly noted that many workers struggle to find a job that pays a wage that they can subsist on, including covering the cost of being at the job. For example, many unemployed persons incur additional transportation and child-care costs if they accept a job. As a result, some LMI individuals balance the tradeoff between public assistance and low wage jobs. In many forums, participants noted that the need to manage wages to maximize total income and benefits keeps many individuals out of the workforce or from increasing their pay. For example, participants in Nebraska discussed the “cliff effect” experienced when employees receive an increase in wages that results in reduced support from income-tested public benefits, especially child-care subsidies. As a result, income tests that are too low or too stringent can be a disincentive for advancing in a job.<sup>30</sup>

## Barriers for Workers in the Health-Care Sector

A look at the growing health-care sector provides another example of barriers to employment. During the recent recession, when many industries were shedding jobs, the health-care sector continued to add jobs at a relatively vigorous rate, averaging 22,000 new jobs per year.<sup>31</sup> In fact, the health-care sector experienced robust growth throughout the last three recessions. Over the past year, employment grew in all major health-care settings, including a 4.4 percent growth in home health care and a 1.2 percent growth in hospitals jobs. This growth is expected to continue in the long run.<sup>32</sup> That being said, the health-care sector’s story varies greatly across regions.

In many communities, health-care positions go unfilled because local unemployed workers lack the

<sup>26</sup> Forums in Eden and Concord, North Carolina, on January 31 and February 1, 2012, respectively. Hosted by FRB Richmond.

<sup>27</sup> Forum in Kansas City, Missouri, on January 23, 2012. Hosted by FRB Kansas City.

<sup>28</sup> Forum in Elkins, West Virginia, on December 5, 2011. Hosted by FRB Richmond.

<sup>29</sup> Forum in Baltimore, Maryland, on February 13, 2012. Hosted by FRB Richmond.

<sup>30</sup> Forum in Omaha, Nebraska, on January 24, 2012. Hosted by FRB Kansas City.

<sup>31</sup> Nancy Condon (2011), “Examining Healthcare Employment: The Prognosis is Good,” Federal Reserve Bank of Atlanta, *Econ South*, (Third quarter), [www.frbatlanta.org/documents/pubs/econsouth/11q3\\_healthcare\\_employment.pdf](http://www.frbatlanta.org/documents/pubs/econsouth/11q3_healthcare_employment.pdf).

<sup>32</sup> Condon (2011).

requisite hard skills to fill these vacancies. As noted above, health-care administrators in West Virginia reported that applicants often lack basic computer knowledge. A perceived unwillingness to improve computer skills, even among incumbent workers, exacerbates the problem as the field constantly introduces new programs and software.<sup>33</sup>

Moreover, some communities do not offer enough training to keep pace with the labor demands of the health-care sector. For example, participants in Tennessee said that despite a high demand for nurses, there is a lack of available nursing educators to meet the need.<sup>34</sup> Meanwhile, employers in some communities find it difficult to keep health-care positions filled as a result of low salaries and demanding work conditions. In Alabama, participants stated that the local colleges and universities graduate substantial numbers of qualified workers for health-care openings, but workers often turn down offers due to low pay.<sup>35</sup>

Due to a lack of standardized credentials across regions and facilities, many potential health-care workers struggle to navigate the training systems and obtain the “correct” hard skills. In Maryland, participants mentioned the difficulty in placing workers

<sup>33</sup> Forum in Elkins, West Virginia, on December 5, 2011. Hosted by FRB Richmond.

<sup>34</sup> Forum in Memphis, Tennessee, on February 23, 2012. Hosted by FRB St. Louis.

<sup>35</sup> Forum in Birmingham, Alabama, on January 27, 2012. Hosted by FRB Atlanta.

with the “wrong” training. For example, they said that there is a steady stream of individuals being certified as Licensed Practical Nurses (LPNs); however, the local health-care sector places a higher value on trained nursing certifications other than the LPN.<sup>36</sup>

Another reason that available health-care positions often go unfilled is the lack of soft skills among potential health-care employees. Employer participants noted problems with workers’ punctuality, professional conduct, proper appearance, and patient service skills. Participants agreed that communication skills are a consistent shortcoming for entry-level employees as well as among some nurses. Furthermore, employers have challenges with employees missing work without an appropriate excuse and disobeying company policies and protocols that are essential in a health-care environment.<sup>37</sup>

Finally, rural communities find filling vacant health-care positions to be particularly challenging. Rural communities resort to competing with each other on a regular basis for nurses and technicians. As a result, these workers tend to cycle through different facilities, usually for more money, a perception of better benefits, or a better work place.<sup>38</sup>

<sup>36</sup> Forum in Baltimore, Maryland, on February 13, 2012. Hosted by FRB Richmond.

<sup>37</sup> Forum in Elkins, West Virginia, on December 5, 2011. Hosted by FRB Richmond.

<sup>38</sup> Forum in Elkins, West Virginia, on December 5, 2011. Hosted by FRB Richmond.





## Part III: Considerations and Further Research

Forum participants identified a number of considerations and recommendations to address the labor supply issues and barriers to employment discussed at the forums.

### Workforce Strategies Should be Targeted to Local Markets

Because the causes of unemployment are driven by different factors within geographies, broad national and statewide programs may not effectively address high unemployment rates that exist at the community level. Consequently, participants commented that workforce strategies need to be tailored and targeted to specific community (or neighborhood) needs. Additionally, these efforts need to be informed by current and reliable research and data. A more intense local focus will help mitigate a major concern expressed by participants regarding poor coordination and communication among workforce development organizations, industry, and educational sectors.

Considerations and research to support local workforce development efforts:

- providing data sets and analysis of local labor markets
- identifying new growth sectors for local markets
- reviewing identified best practices in workforce development
- developing strategies to enhance coordination among local workforce development programs and organizations
- analyzing the unemployment gap for disproportionately impacted groups including minorities, youth, and persons with disabilities
- identifying opportunities to mitigate the geographic challenges faced by LMI individuals seeking employment

### Sector-Based Approaches Should Focus on Career Ladders

Participants noted that helping individuals out of long-term unemployment should include not only access to employment but an opportunity to improve their future prospects and prosperity. For example, sector development should include structured “career ladders,” a workforce development strategy designed to guide workers from basic- to higher-level skills in the workplace. Successful career ladders rely on the expertise of industry leaders to develop appropriate paths. Furthermore, coordinating with educational and workforce institutions to build standard credentials to fill positions across regions and employers would improve the workers’ ability to benefit from these programs.

In the health-care sector, nursing programs provide a good example of a career with a ladder that helps workers to maximize both career advancement and income over time. Following this career ladder, new workers can be trained first as lower-skilled, home health workers, then as LPNs, then as registered nurses (RNs), and so on up the ladder. One strategy for developing a segment of the workforce like this is to have funding and programming that is easily accessible and provides stackable credentials, accreditations, or degrees.

Considerations and research for developing career ladders:

- developing projections of workforce demands for growth sectors of the economy, including skills gaps, potential wages, and opportunities for individual advancement
- analyzing educational and workforce resources needed to develop identified skills
- identifying appropriate performance measures for sector-based initiatives

- analyzing whether sector-based approaches increase the employability and earnings of LMI individuals and other disadvantaged workers
- identifying private funding streams for workforce certificate programs

## Mitigate Employer Risks

Participants commented on a notable shift in hiring practices. In recent years, hiring practices such as the use of drug testing, background checks, and credit checks have become more widely used in an effort to reduce employer risk. In Maryland, participants noted that stricter regulations and an increase in risk-management practices by employers are negatively affecting populations that are already vulnerable to high rates of unemployment.<sup>39</sup> Because the long-term unemployed face a substantial challenge when seeking work, participants recognized that these individuals often require intense services—in some cases, a costly and time-consuming prospect.

Some forum participants suggested that policy changes could mitigate certain risks or provide a financial incentive to the employer, and thereby lead to increased hiring of the persistently unemployed. The suggested policy changes include bonding programs for the long-term unemployed, tax incentives such as the Workers Opportunity Credit, and subsidies for on-the-job training.<sup>40</sup>

Considerations and research regarding employers risk management:

- studying the practices of pre-employment screening tools, such as background and credit checks, and their effects on employment decisions for different groups of long-term unemployed
- evaluating strategies targeted to improve opportunities for populations with particular barriers to employment
- analyzing the cost to “buy down”/bond the risk of difficult-to-employ populations, by sector

<sup>39</sup> Forum in Baltimore, Maryland, on February 13, 2012. Hosted by FRB Richmond.

<sup>40</sup> Forum in Kansas City, Missouri, on January 23, 2012. Hosted by FRB Kansas City.

## Clarify Use of Community Reinvestment Act in Workforce Development

Participants said that in order to broaden the use of the Community Reinvestment Act (CRA) for job creation and workforce development purposes, banks and communities need additional guidance from the regulators about how the CRA can be used to support these activities. In Oklahoma, for example, bankers noted the importance of guidance from their regulators when considering CRA investments. They said that clarification of CRA treatment of workforce development support would be useful, especially regarding documentation and consideration of activities outside of assessment areas. These participants added that incentives for supporting workforce development programs need to be clarified and tied to CRA requirements, broader bank goals, or, ideally, both.<sup>41</sup>

Consideration and research for the CRA:

- explaining to CRA examiners and financial institutions the usefulness of CRA as a tool to assist with workforce development
- developing a compendium of examples where workforce development activities have been CRA-eligible
- convening financial intuitions and workforce development stakeholders to discuss ways in which they can collaborate to support common missions and business practices

## Conclusion

The Federal Reserve System is committed to continuing to examine the issues facing the long-term unemployed. Appendix A includes a snapshot of key activities that the Community Development offices of the Federal Reserve Banks engaged in during 2012 in response to long-term unemployment and workforce development issues. Appendix B includes detailed notes about the discussions at each of the regional forum.

<sup>41</sup> Forum in Oklahoma City, Oklahoma, on November 16, 2011. Hosted by FRB Kansas City.

# Appendix A: Reserve Bank Community Development-Related Activities and Next Steps

Outlined below are key activities the Community Development offices of the Federal Reserve Banks have engaged in during 2012 in response to long-term unemployment and workforce development issues. This does not represent a comprehensive list of all Reserve Bank Community Development unemployment and workforce development activities in 2012.

## Federal Reserve Bank of Atlanta

### Events

- September 19-20, 2012: *The Future of Workforce Development Conference* (This conference was co-hosted by the Federal Reserve Bank of Kansas City.) ([www.kansascityfed.org/community/conferences/workforce/index.cfm](http://www.kansascityfed.org/community/conferences/workforce/index.cfm))

### Research

- The FRB Atlanta's Center for Human Capital Studies webpage features the *Human Capital Compendium*, which provides access to research published since 2008 by the Board of Governors and all 12 Federal Reserve Banks on topics related to employment, unemployment, and workforce development. ([www.frbatlanta.org/chcs/compendium/?d=1&s=ad](http://www.frbatlanta.org/chcs/compendium/?d=1&s=ad))
- FRB Atlanta established a series of podcast interviews which feature economic development experts sharing their important perspectives on a number of regional and national economic development strategies. ([www.frbatlanta.org/podcasts/economicdevelopment/](http://www.frbatlanta.org/podcasts/economicdevelopment/))
- In the first quarter of 2012, FRB Atlanta contributed to the *Econ South* publication with "Who Is the Most Unemployed? Factors Affecting Joblessness." ([www.frbatlanta.org/documents/pubs/econsouth/12q1\\_employment\\_recession.pdf](http://www.frbatlanta.org/documents/pubs/econsouth/12q1_employment_recession.pdf))
- In May 2012, FRB Atlanta conducted surveys and interviews to explore the formal and informal labor force participation of low-educational attainment

and low-wage individuals. ([www.frbatlanta.org/pubs/partnersupdate/12no4\\_labor\\_force.cfm](http://www.frbatlanta.org/pubs/partnersupdate/12no4_labor_force.cfm))

## Federal Reserve Bank of Boston

### Events

- May 9-11, 2012: *Reinventing Older Cities: Building Resilient Cities* (This conference was co-hosted by the Federal Reserve Banks of Boston, Chicago, Cleveland, New York, Philadelphia, Richmond, and St. Louis). The conference included a track on workforce development. ([www.philadelphiafed.org/community-development/events/2012/reinventing-older-communities/](http://www.philadelphiafed.org/community-development/events/2012/reinventing-older-communities/))

### Research

- FRB Boston is currently developing the *Transforming Smaller Industrial Cities* award in collaboration with Living Cities. FRB Boston will pilot a multi-year initiative beginning this year with smaller cities in Massachusetts. The goal is an ongoing "system change" and process whereby all smaller cities are better able to take advantage of their physical and human capital assets.

## Federal Reserve Bank of Chicago

### Events

- May 9-11, 2012: *Reinventing Older Cities: Building Resilient Cities*

### Research

- In 2012, FRB Chicago continued the Industrial Cities Initiative (ICI) to develop comprehensive community profiles of Midwestern industrial cities. They released the Working Paper and held the Symposium. The ICI community profiles are due to be completed in late 2012. ([www.chicagofed.org/webpages/events/2012/ici\\_symposium.cfm](http://www.chicagofed.org/webpages/events/2012/ici_symposium.cfm))

## Federal Reserve Bank of Cleveland

### Events

- May 9-11, 2012: *Reinventing Older Cities: Building Resilient Cities*
- June 28-29, 2012: *2012 Federal Reserve Bank of Cleveland Policy Summit on Housing, Human Capital, and Inequality* ([www.clevelandfed.org/Community\\_Development/events/PS2012/index.cfm](http://www.clevelandfed.org/Community_Development/events/PS2012/index.cfm))

## Federal Reserve Bank of Dallas

### Events

- May 8, 2012: *Community Development Investment Roundtable: A Means to Job Creation*. At the session, investors explained how their organizations are partnering with banks to put people back to work.

## Federal Reserve Bank of Kansas City

### Events

- September 19-20, 2012: *The Future of Workforce Development Conference*

## Federal Reserve Bank of New York

### Events

- May 9-11, 2012: *Reinventing Older Cities: Building Resilient Cities*

## Federal Reserve Bank of Philadelphia

### Events

- May 9-11, 2012: *Reinventing Older Cities: Building Resilient Cities*

## Federal Reserve Bank of Richmond

### Events

- During 2012: *Redefining Capital: A Forum Series on Baltimore's Next Economy*. This is a four-part series that studied a Brookings Institution study of job creation opportunities in Baltimore, Maryland; the economic importance of new immigrants to the

local workforce; and the role of key organizations in expanding economic growth. ([www.richmondfed.org/conferences\\_and\\_events/community\\_development/2012/redefining\\_capital\\_20120426.cfm](http://www.richmondfed.org/conferences_and_events/community_development/2012/redefining_capital_20120426.cfm), [www.richmondfed.org/conferences\\_and\\_events/community\\_development/2012/redefine\\_capital\\_20120607.cfm](http://www.richmondfed.org/conferences_and_events/community_development/2012/redefine_capital_20120607.cfm))

- May 9-11, 2012: *Reinventing Older Cities: Building Resilient Cities*
- September 12, 2012: *Economic Inclusion Conference: New Pathways to Financial Stability*. The conference included a session on strategies for increasing workplace success for low-income individuals. ([www.richmondfed.org/conferences\\_and\\_events/community\\_development/2012/economic\\_inclusion\\_20120912.cfm](http://www.richmondfed.org/conferences_and_events/community_development/2012/economic_inclusion_20120912.cfm))
- October 29, 2012: *Micro-Enterprise Conference*. This regional conference included workforce development sessions. Keynote speaker and Yale Law School Scholar Andrew Verstein discussed the implications of the American Jobs Act and its potential effect on small businesses and the local workforce.

### Research

- FRB Richmond is conducting research on *Community Resiliency in Southern Mill Towns: Concord and Eden, North Carolina*.

## Federal Reserve Bank of St. Louis

### Events

- March 20, 2012: *Livability and Jobs Conference*. The focus of the session was on the economics of sustainability, regionalism, and the new civics, equity, and jobs. ([www.stlouisfed.org/community\\_development/events/?id=344](http://www.stlouisfed.org/community_development/events/?id=344))
- May 9-11, 2012: *Reinventing Older Cities: Building Resilient Cities*
- July 13, 2012: *JOBS Act: How Regulation A, Small Cap IPO, and Crowdfunding can Help St. Louis* (co-hosted with the St. Louis Regional Chamber and Growth Association). In addition to an overview of the Jobs Act, the meeting focused on its impact on the St. Louis region to address capital needs.
- September 12, 2012: Meeting the Challenge: Keeping Kids in School (conference in Louisville, Kentucky). Participants learned about Network for Teaching Entrepreneurship (NFTE) and innovative

approaches to reach today's youth. ([www.stlouisfed.org/community\\_development/events/?id=393](http://www.stlouisfed.org/community_development/events/?id=393))

## Federal Reserve Bank of San Francisco

### Events

- August 15, 2012: Nevada Workforce Development Forum (in Las Vegas, Nevada). ([www.frbsf.org/community/resources/2012/0815-Nevada-Workforce-Development-Forum/index.html](http://www.frbsf.org/community/resources/2012/0815-Nevada-Workforce-Development-Forum/index.html))
- December 4, 2012: FRB San Francisco hosted a workshop on workforce development issues at a California Asset Building Symposium in Fresno, California.



## Appendix B: List of Forums and Forum Summary Notes

Between October 2011 and May 2012, the Community Development staffs at nine of the regional Federal Reserve Banks conducted forums that brought together various workforce development stakeholders. Below is a list of the forums by date, location, Reserve Bank host, and theme. Detailed notes on the discussion that occurred at each forum is also available in this appendix.

Federal Reserve System Local Forums			
Date	Location	Reserve Bank host	Theme/description (Location of forum summary notes)
10/24/2011	Atlanta, GA	Atlanta	Labor, Education, & Health Advisory Council (pg. 18)
11/2/2011	Atlanta, GA	Atlanta	Self-employment (pg. 19)
11/16/2011	Oklahoma City, OK	Kansas City	CRA and workforce development (pg. 19)
12/5/2011	Elkins, WV	Richmond	Rural health-care sector (pg. 20)
12/13/2011	Albuquerque, NM	Kansas City	CRA and workforce development (pg. 22)
1/9/2012	Miami, FL	Atlanta	United Way (pg. 22)
1/17/2012	Jackson, MS	Atlanta, St. Louis	CRA Roundtable (pg. 23)
1/17/2012	Jackson, MS	Atlanta, St. Louis	Historically Black Colleges and Universities (pg. 24)
1/20/2012	Pelion, SC	Richmond	Rural (pg. 25)
1/23/2012	Kansas City, MO	Kansas City	Metropolitan collaboration (pg. 25)
1/24/2012	Omaha, NE	Kansas City	Chronic unemployment & workforce development (pg. 27)
1/26/2012	San Antonio, TX	Dallas	Chronic unemployment & workforce development (pg. 28)
1/27/2012	Birmingham, AL	Atlanta	Workforce development (pg. 30)
1/30/2012	Eden, NC	Richmond	Displaced workers (pg. 30)
2/1/2012	Concord, NC	Richmond	Displaced workers (pg. 30)
2/1/2012	Little Rock, AR	St. Louis	Workforce development (pg. 31)
2/1/2012	Mobile, AL	Atlanta	Advanced manufacturing sector (pg. 33)
2/2/2012	New Orleans, LA	Atlanta	Digital media sector (pg. 34)
2/7/2012	Dyersburg, TN	St. Louis	Rural (pg. 35)
2/8/2012	Denver, CO	Kansas City	Metropolitan collaboration (pg. 36)
2/13/2012	Baltimore, MD	Richmond	Barriers to employment (pg. 37)
2/14/2012	Louisville, KY	St. Louis	Chronic unemployment & workforce development (pg. 39)
2/16/2012	Jacksonville, FL	Atlanta	Persons with disabilities (pg. 40)
2/17/2012	Jacksonville, FL	Atlanta	Persons with disabilities (pg. 41)
2/23/2012	Memphis, TN	St. Louis	African Americans (pg. 42)
2/28/2012	Trenton, NJ	Philadelphia	Workforce development (pg. 43)
2/28/2012	Atlanta, GA	Atlanta	Workforce development (pg. 44)
3/7/2012	Melbourne, FL	Atlanta	Space coast (pg. 45)
3/27/2012	Minneapolis, MN	Minneapolis	Workforce development (pg. 45)
3/29/2012	Newark, NJ	New York	Chronic unemployment & workforce development (pg. 46)
5/2/2012	Phoenix, AZ	San Francisco	Chronic unemployment & workforce development (pg. 47)
5/8/2012	Nashville, TN	Atlanta	Financial sector (pg. 47)

## 1. A Labor, Education and Health Advisory Council Meeting

**Atlanta, Georgia on October 24, 2011. Hosted by the Federal Reserve Bank (FRB) of Atlanta.**

*FRB Atlanta's Labor, Education and Health Advisory Council (LEHAC) members participated in a discussion on education, workforce, and health sector issues. The LEHAC is composed of members representing K-12, technical colleges and universities, employment agencies, state employment entities, healthcare, and organized labor.*

Meeting Summary:

Healthcare industry participants' observations:

- According to the participants, a shortage of highly-skilled workers is limiting employment growth, especially in certain occupations within the healthcare system. In many cases, the inability to hire a key staff member has “downstream” impacts resulting in fewer new potential jobs created. One respondent reported a lack of neurologists, for example, prevented the opening of an entirely new procedural program that anticipated hiring many support staff personnel.
- Patients continue to delay elective surgeries and other non-emergency and preventative visits due, at least in part, to uncertainty regarding the implementation of the Affordable Care Act ([www.healthcare.gov](http://www.healthcare.gov)).
- A consistent decline in the general birth rate has caused a shift toward better care for teenagers and young adults.
- More programs and funds for healthcare training would be valuable as this sector continues to grow, yet training budgets have not matched overall employment growth in this sector.

Employment agencies' participants' observations:

- Agency staff reported that successful placements were up overall in 2011, but they were not optimistic that conditions would improve going into 2012.
- Some participant's commented on employers' “perfect person syndrome,” where they expect to find a candidate with all of the unique qualities, skills, and experience for their particular vacancy. Furthermore, job candidates are slow to realize it is a

different and more competitive job market than the last time they looked for work.

- Employers continue to show a preference toward candidates that are currently employed, and are generally not willing to increase wages for “hard-to-fill” positions.
- Employment agencies observed graduates taking jobs below their skill level, and have also observed a decline in the reservation wage—in brief, the lowest wage rate at which a worker would be willing to accept a particular type of job—especially among those who have exhausted unemployment benefits.
- Failed drug tests, credit checks, and background checks were cited as important reasons why some job candidates are not gaining employment.
- Employers in some industries said they are willing to train people on the job as long as the candidates have basic soft skills, including reading comprehension and the ability to follow instructions. Nonetheless, these employers are having a hard time filling vacant positions.

Higher education participants' observations:

- Degree enrollment in technical schools was reportedly down slightly from previously elevated levels, with many students valuing certifications within programs more than an actual degree. This resulted, in many instances, in low degree completion rates.
- There is an increased emphasis on technical school partnerships with manufacturers and other large employers for development of skilled workers. Applied skills are increasingly important in today's job market.
- During the recession, the student mix was skewed toward the “nontraditional” student.
- There is continued emphasis on on-the-job-training and soft-skill training, including arriving on time, teamwork, and respect for management.
- Many states have begun subsidizing internships.
- There is a need for more cooperation and collaboration between for-profit and nonprofit institutions in terms of providing people with adequate training and experience.
- “Workforce Readiness” exams and certifications are gaining traction as a means of providing validation to an employer about a candidate's skills.



## 2. Forum on Innovations in Economic Development: Self-Employment as a Jobless Recovery Strategy

**Atlanta, Georgia on November 2, 2011. Hosted by FRB Atlanta.**

*The Forum, sponsored by the Enterprise Innovation Institute of the Georgia Institute of Technology (Georgia Tech) brought together faculty, researchers, students, economic development practitioners, and policy-makers to discuss issues related to unemployment, labor markets, job creation, and self-employment as an alternative job strategy.*

Meeting Summary:

- While 38 percent of the 23 participants were of the view that employment conditions had improved somewhat in their communities over the past six months, 33 percent said the conditions stayed the same in their communities, and 25 percent of the participants said the conditions had worsened somewhat.
- Participants were asked about their expectations of local employment conditions in the following six months: 57 percent of the participants expected the conditions to improve somewhat, 22 percent expected the conditions to stay the same, and 17 percent expected the conditions to worsen somewhat.
- When the participants were asked what the main barrier to employment was in their communities, 44 percent responded that the lack of jobs was the main reason for high unemployment, followed by a skills mismatch (30 percent) and poor soft skills (17 percent).
- Participants pointed out that the main barrier to employment is the lack of demand from employers.
- Participants mentioned that drug tests and criminal background checks were barriers to employment, especially in rural areas.
- Employment opportunities are available in the healthcare industry, but retraining is needed before more people can be employed in this sector.
- Some noted that there may be opportunities in green jobs, but these positions require very high skill levels.

- The Georgia Work Ready Initiative is a program that provides companies with an understanding of the skills of their company's current workforce, a roadmap for developing training programs, and hiring criteria to find the best talent to meet specific needs. They also provide job seekers with an assessment and training to achieve various levels of a Work Ready Certificate ([workforce.georgia.gov/what-georgia-work-ready](http://workforce.georgia.gov/what-georgia-work-ready)).
- Participants were asked about the main barriers to self-employment. Sixty-four percent of the participants responded that lack of access to capital is the main barrier, followed by lack of access to information and technical assistance (14 percent), lack of entrepreneurial spirit (nine percent), and local and state economic development policies (nine percent).
- Participants felt that most self-employed individuals do not know where to find affordable technical assistance.
- For some self-employed persons, credit scores and a lack of a business plan pose problems for accessing credit.
- Some participants suggested that the state of Georgia adopt the voluntary Self-Employment Assistance available from the U.S. Department of Labor (DOL) ([workforcesecurity.doleta.gov/unemploy/self.asp](http://workforcesecurity.doleta.gov/unemploy/self.asp)). This program is designed to encourage unemployed people to create their own jobs by starting a small business. States can pay a self-employed allowance, instead of regular unemployment insurance benefits, and participants receive weekly allowances while they get their businesses off the ground.

## 3. The Community Reinvestment Act and Workforce Development: Connections and Opportunities

**Oklahoma City, Oklahoma on November 16, 2011. Hosted by FRB Kansas City.**

*Community Reinvestment Act (CRA) officers and senior bank managers discussed opportunities for banks to engage in workforce development programs.*

Meeting Summary:

- The need for increased for workplace-based financial education programs was cited. Financial educa-

tion was mentioned as an important contribution from banks that can help improve the employability of an individual and make them a better employee.

- Several bankers mentioned the need for credit repair programs as well as education on credit and credit reports. Blemished credit reports were viewed with increasing concern, due to their impact on employment opportunities and access to a wider range of services and opportunities.
- Participants saw increasing levels of debt as a significant problem for graduates of post-secondary education and training. Participants also expressed a need for improved options and support in financing post-secondary education and training.
- Bankers mentioned partnerships with local organizations as one avenue for engagement, such as (1) Junior Achievement (JA) ([www.ja.org](http://www.ja.org)), a non-profit organization that brings the real world to students through hands-on curriculum delivered by a trained classroom volunteer, (2) the Boys and Girls Club ([www.bgca.org](http://www.bgca.org)), a nonprofit organization working to enable all young people to reach their full potential as productive, caring, responsible citizens. The Boys and Girls Club programs were cited as an example of providing education about career choices and skill development, (3) YouthBuild ([www.youthbuild.org](http://www.youthbuild.org)), which enables low-income people between the ages of 16 and 24 to work full-time for six to 24 months toward their GEDs (General Educational Development) or high school diplomas, while learning job skills by building affordable housing in their communities. Partnering involves both staff time and grant support from banks.
- Several participants mentioned that none of the grants they made to organizations for CRA compliance were directly related to workforce programs.
- Participants had little recognition of workforce development organizations and programs. One participant mentioned community colleges, and specifically Redlands Community College, as an important organization in her area. The community college provides useful data on local economic workforce issues and offers responsive training programs for employers. Participants mentioned Small Business Development Centers (SBDCs) ([www.sba.gov/content/small-business-development-centers-sbdc](http://www.sba.gov/content/small-business-development-centers-sbdc)), but as a general category rather than specific organizations.
- Information about local workforce development goals, strategies, and actors would be of interest to the participants. The participants had very little knowledge of existing programs in their communities.
- None of the participants had knowledge of their local Workforce Investment Board (WIB), or WIBs in general, which were created nationally to implement the Workforce Investment Act (WIA) of 1998 ([www.doleta.gov/usworkforce/wia/act.cfm](http://www.doleta.gov/usworkforce/wia/act.cfm)). The information provided by the two local WIB representatives about their structure, coverage areas, and activities was new to the participants. While participants had heard of unemployment offices, they were not identified as being part of the workforce development system.
- Bankers were concerned about the ability to document the CRA eligibility of assistance to WIBs or other workforce development programs. While on the face of it, grants to a WIB may seem to support CRA goals, the end use of the funds or other assistance needs to be clearly documented. For example, a grant to support a general job training program would have to show that the participants were low- and moderate-income (LMI) or came from an LMI area. If only a portion of the participants were from an eligible category, only a portion of the assistance would be qualified. The WIB representatives stated that their programs could provide rigorous documentation because of the reporting requirements they are subject to for the use of federal funds.
- Several participants mentioned that their assessment areas did not include significant LMI areas, or did not have known workforce needs or partners.
- Some participants cited a need to show a connection between support for workforce development and broader bank goals in addition to CRA. Possibilities could include connections between a strong workforce and strengthened local businesses.

#### 4. Rural Healthcare Workforce Development Forum

**Elkins, West Virginia on December 5, 2011. Hosted by FRB Richmond.**

*Workforce development discussion with a collaborative of 38 rural healthcare facilities spanning a nine-county*

*region, as well as representatives from training, education, and job placement services.*

#### Meeting Summary:

Summary of workforce issues facing healthcare providers:

- The healthcare professionals who attended this workforce forum were predominantly Chief Executive Officers (CEOs), Chief Operating Officers (COOs), and Administrators. The issues they raised about prospective employees can be classified into two main areas: 1) skills and 2) local norms.
- Participants noted that managing risk in the healthcare field is a growing challenge that affects hiring. Jobs exist but healthcare facilities are not filling them. As facilities adapt to regulatory and legal changes, Human Resource (HR) directors would rather leave positions open and manage the vacancies than hire an employee with the appropriate training, but a deficient record of customer care.
- Participants noted that soft skills are often the most deficient skills including, promptness, professional appearance, communication, and conduct. While all of the facilities stated that they had open positions at the time and have a regular stream of open positions, they choose not to hire people who lack soft skills because there is too much at stake for them in the area of healthcare regulations to have unreliable employees. Employees missing work without an excuse and disobeying policies and protocol were ongoing problems. The managers were clear about their need to manage risk, even if it meant keeping positions vacant.
- In terms of hard skills, participants said that some employees lacked basic computer knowledge and some are unwilling or unable to learn. Technology and the need for computer skills and competency was the only hard skill that was viewed as a challenge. There is a growing need for healthcare workers to keep up with new programs and software and to have a basic level of computer knowledge. Older workers were less willing to be trained and younger workers were distracted by technology, often disregarding policies and procedures about using cell phones and social networking during work hours.
- Rural healthcare facilities compete with each other on a regular basis for nurses and technicians. These workers tend to cycle through different facilities,

usually for more money or a perception of better benefits or a better work place.

- Drug abuse and the failing of drug tests were not viewed as a significant challenge in this industry because hiring procedures are explicit about introductory and ongoing drug tests for employees.
- Participants noted the challenges presented by employees seeking part-time work. They believe that many entry-level and minimum wage employees limit their work hours to avoid losing government benefits such as Supplemental Nutrition Assistance Program (SNAP) ([www.fns.usda.gov/snap](http://www.fns.usda.gov/snap)), medical assistance, cash assistance, and day care benefits. They stated that they believe in order to continue to receive these benefits, some employees call in absent or do not show up when they have earned the maximum amount allowable.
- Participants from healthcare facilities were not fully aware of the state and federal programs and resources available to them for training and job-readiness.

#### Summary of comments from training providers:

- The workforce and training professionals and the human services case workers that attended this forum described similar experiences with employees who balance benefits. They noted that some people in rural West Virginia are not likely to relocate even if retraining opportunities provided jobs in other parts of the state.
- Training and service providers talked about the lack of interest in being re-trained after a layoff or downsizing of staff. The nuance is that a notification of a job loss is *not* viewed as permanent. The history of layoffs in West Virginia, which, for decades, has had jobs concentrated in seasonal and cyclical industries (e.g., coal, wood, oil and gas, and construction trades industries), has led to a local belief that layoffs are temporary even when employees are told otherwise. Service providers stated that during “rapid response” events, employees receiving termination notices are provided with a host of training options. However, the terminated workers were not likely to sign up for training or other education benefits because they believed they would be rehired into their old job soon. Older workers were very unlikely to seek training in other fields after a layoff.
- Some employers, as well as the training service providers, agreed that the many forms of government

assistance available can create disincentives for people to fill entry-level positions.

- The education system was criticized by all in attendance. Both healthcare and training providers claimed that the K-12 education system was not preparing graduates with the skills needed in basic math and English, as well as soft skills development. They acknowledged that West Virginia has a low high school graduation rate, and a small percentage of those who graduate attend a four-year college. As a result, the state's education gap has worsened. As noted, Glenville State College offers a free four-year tuition scholarship to students in Braxton County, a poor, rural county in central West Virginia. However, in any given year, the college has had less than five applicants for this scholarship.

## 5. CRA and Workforce Development: Connections and Opportunities

**Albuquerque, New Mexico on December 13, 2011.**  
**Hosted by FRB Kansas City.**

*CRA officers and senior bank managers participated and discussed opportunities for banks to engage in workforce development programs.*

Meeting Summary:

Bank involvement in workforce development efforts:

- CRA officers see their banks as involved in workforce development through lending, investment, and services to microlenders, small business incubators, and job centers in the state.
- CRA officers see financial education as an important part of workforce development, particularly through the Jump Start coalition ([www.jumpstart.org](http://www.jumpstart.org)), charter schools, and public schools with free and reduced lunch programs. Continue to provide financial education services/awareness to youth and adults and utilize JA and school partnerships.
- Significant discussion took place regarding the grants and investments that banks are providing to nonprofit organizations serving LMI populations, including: ACCION ([www.accionm.org](http://www.accionm.org)), WESST Corp ([www.wesst.org](http://www.wesst.org)), and Prosperity Work's Individual Development Account (IDA) program ([www.prosperityworks.net](http://www.prosperityworks.net)).

- Banks promote and support programs like "City Play," where fourth graders own and operate stores and learn how to operate a business. The students receive ongoing support from Community Development Financial Institutions (CDFIs) and other small business support organizations. "City Play" was mentioned as a necessary program to promote entrepreneurship in grade school, similar to the JA's Biz Town ([www.ja.org/programs/programs\\_elem\\_biztown.shtml](http://www.ja.org/programs/programs_elem_biztown.shtml)).
- Participants recommended that the Federal Reserve meet with school districts to discuss the importance of job training and preparedness. The Federal Reserve could use its research capacity to identify the best use of job training funds. The students who are leaving high school early are not meeting future workforce needs. Solutions to this problem were not identified.

Barriers to banker participation:

- Bankers noted their belief that the local school district does not welcome their staff in the schools to teach financial education to youth.
- Furthermore, recent staffing and resource reductions at the banks limit their ability to work in the community on these workforce efforts. The bankers expressed a belief that the full obligation of funding workforce development is being placed on the banks, when others should participate and contribute as well.

## 6. United Way of Miami-Dade, Florida

**Miami, Florida on January 9, 2012. Hosted by FRB Atlanta.**

*FRB Atlanta and the United Way of Miami-Dade brought together a variety of stakeholders representing government, trade associations, education providers, foundations, community development organizations, credit counselors, private corporations, and financial institutions that work with LMI populations. They discussed a range of issues related to unemployment and workforce development.*

Meeting Summary:

- Participants said that college enrollment is up because area youth understand the need for a

degree and training. However, there is not enough career-counseling to ensure students are studying for a career in growth industries.

- Participants believe that a skills mismatch exists between available jobs and job seekers. Many job seekers do not have proficient English and Spanish skills, writing skills, math skills, and general soft skills related to customer service or professional etiquette.
- Participants commented on the high number of individuals that are underemployed. This is a particularly common occurrence for immigrant professionals and college graduates who have to recertify their degrees in the U.S.
- Miami-Dade County is a diverse community. There are pockets and neighborhoods where chronic unemployment has existed for years. The strategies for addressing the unemployment problem must be specific to the conditions and needs of the communities.
- Participants felt that despite a high proportion of bilingual residents, the lack of professional English and Spanish language skills is a challenge for employment of both immigrant and native populations.
- Immigrants face unique challenges. Targeted strategies to address unemployment should be considered to meet the needs of specific populations. Labor market data about subsets of the populations would be helpful in this endeavor.
- Participants said that companies should receive incentives to come to Miami-Dade County and hire within the communities with the greatest need.
- South Florida's small business economy is critical to economic growth and employment. Therefore, this segment of the economy should be fostered.
- There are many organizations, agencies, and corporations working on employment training and job placement initiatives, including economic development efforts to create jobs and bring employers to Miami. But these entities need a better framework to collaborate and leverage resources to address target goals efficiently and effectively.
- Employers, especially those with security issues, are reviewing employee credit reports and in many cases using these reports as a condition of employment.
- Felony backgrounds among job seekers are a barrier to employment in Florida.

- Participants believe that government statistics likely under-represent local unemployment due to undocumented residents and the self-employed.
- Participants expressed a need for more local data (more relevant and timely) to assess the level of unemployment and the environmental challenges that affect specific populations and market segments in Miami-Dade County. In addition, there is a need for more information that is easily accessible and well-dispersed on programs to address unemployment and workforce development.

## 7. Workforce and Employment Roundtable: CRA Officer's Banker's Roundtable

**Jackson State University, Jackson, Mississippi on January 17, 2012. Hosted by FRB Atlanta and FRB St. Louis.**

*Convened CRA officers of banks serving the state of Mississippi to discuss how banks can and do participate in workforce development and job creation in Mississippi.*

### Meeting Summary:

- Participants said that school drop-out rates can be reduced by intervening with information about relevant job opportunities. For example, the "Dream It Do It" program ([www.dreamitdoitms.org](http://www.dreamitdoitms.org)) in partnership with the Mississippi Manufacturing Association ([www.mma-web.org](http://www.mma-web.org)) matches students with employers to prepare young people for careers in manufacturing.
- Financial institutions should improve their offerings in the areas of financial education, credit repair products, and small dollar loans to preserve family wealth.
- Some banks are actively engaged in workforce development leadership, such as WIBs, school-to-career and internship programs.
- Banks participate in programs that contribute to workforce development. For example, banks teach financial literacy in job training programs, finance day care centers that provide child care to enable adults to engage in the labor market, and prevent foreclosures for families affected by loss of income.
- In a time of scarce resources, workforce development efforts compete with other requests for support under CRA.

- Participants commented that getting senior management at the banks to invest in CRA initiatives outside of the standard housing and small business areas has been difficult.

## 8. Workforce and Employment Roundtable: Historically Black Colleges and Universities

**Jackson State University, Jackson, Mississippi on January 17, 2012. Hosted by FRB Atlanta and FRB St. Louis.**

*Presidents, senior leaders, and research associates of Jackson State University, Alcorn State University, and Mississippi Valley State University, as well as the executive director of the Mississippi Department of Employment Security participated in a discussion focused on black unemployment and workforce training programs.*

### Meeting Summary:

- Some participants stated that many new entrants to HBCUs lack the academic readiness for college courses. Participants noted that even some honors students at HBCUs are entering unprepared for freshman coursework. As a result, these institutions must invest time and resources on remedial education for their students. The problem is most prominent in reading, science, and math.
- Financial issues preclude many students from attending college. Cuts in federal funding programs affect students' ability to afford college programs. For example, Pell Grants, which make college more affordable, have declined in the award size per student.
- According to the attendees, student debt is highest among the HBCU graduates. As the cost of college has increased and economic conditions have weakened, students tend to borrow more than just the cost of tuition, fees, and books. Students need more financial education so that they can better manage resources, avoid accumulating large amounts of debt, and ensure more consistent enrollment.
- Because HBCUs have a largely nontraditional student body, HBCUs must often provide support for students balancing family and additional financial commitments.
- Coordination among geographically proximate HBCUs on curriculum and coordinated workforce development and placement efforts could yield positive results.
- More needs to be done to develop alumni and business referral networks for job placement.
- Research projects that look at rates of matriculation are comparing "apples to oranges" when comparing HBCUs with traditional four-year, non-HBCU colleges that have a different student body composition. The methodology for comparison needs a broader and more long-term view of how to measure graduation success.
- While more African-American women are enrolled college than ever before, the percentage of African-American women graduating is significantly lower than women in other racial categories. The gap is even larger in science and engineering programs.
- Students' choices of majors depend on their exposure to education choices in general and their socio-economic background. Participants observed that households with greater financial security are more likely to have higher levels of education and are more likely to guide their children towards more lucrative and growing careers.
- The majority of HBCU students work full-time, so it is difficult for them to take on the course load of traditional, full-time students. Many HBCU students transfer from other institutions and take seven to eight years to graduate, due to a non-continuous enrollment. The extended time-frame creates additional financial issues.
- When determining curriculum offerings, HBCUs receive inputs from all the stakeholders, including alumni and advisory groups. They also look at market conditions.
- There is a general increase in demand for graduate education in HBCUs. STEM (science, technology, engineering, and mathematics) courses are in high demand. Some colleges reported an increase in demand for public administration, social work, and political science.
- There is very little connection between HBCUs and the economic development community at the state and local levels.
- HBCU leaders stated that their connections with alumni are limited. They have not had the resources to build a strong network on a consistent

basis. There is some input from alumni on offering students internships, but much more needs to be done to leverage alumni networks.

- Entrepreneurial opportunities, such as courses on starting a business, are limited at HBCUs. At Jackson State University some courses are conducted by the SBDC at the College of Business and the E-Center ([www.msecenter.com](http://www.msecenter.com)).
- Many HBCUs place an emphasis on soft skills, such as work ethic and teamwork, through the freshman year experience.
- Some private for-profit colleges have negatively impacted HBCU enrollment. In many cases, these programs have online options, the flexibility of which is attractive to many students who might normally attend HBCUs.

## 9. The Chronically Unemployed in Rural South Carolina

**Pelion, South Carolina on January 20, 2012. Hosted by FRB Richmond.**

*Twenty-five representatives from 13 rural nonprofit resource organizations as well as one foundation met to discuss the special workforce challenges facing rural South Carolina.*

Meeting Summary:

- One of the most resonant issues raised in the workforce discussion with rural leaders in South Carolina was immigration policy and its importance to the agricultural sector. Many of the jobs that exist for low-to-moderate skilled workers in rural South Carolina are in some form of agriculture. The work is hard manual labor, often seasonal, and participants said it has been difficult to attract and retain American workers to these jobs. Employers keep many of these jobs open for months with no success in applicants from the local labor market, and therefore, the agricultural sector has become dependent upon the hiring of H2A and H2B workers.
- This meeting included a tour of a family farm so that the group could see firsthand what business and operational challenges exist in this sector of South Carolina's economy.

- Another key issue affecting rural workforce development was shortfalls in training. The need for better thought-out training for rural workers was discussed in relation to the state of South Carolina's strategy for business attraction. South Carolina has had a successful strategy for supporting coastal and urban job creation and training by developing its coastal tourism and resort economy, and by attracting large manufacturing businesses, such as BMW and Boeing, in and around its urban labor sheds. As such, training programs offered through the state have been designed for the skills needed by the manufacturing sector. Rural South Carolina, the agricultural sector, and the rural small business sector cannot easily tap into those resources because they are often in urban areas and tied to the needs of a large business (e.g., machining and process training). The typical rural scenario of small class enrollment and isolation from the larger training schools creates barriers to using the broad state-funded programs.
- Lastly, overall job readiness in the rural areas was considered by the group to be a serious problem. Students are not coming out of the public school system with the necessary baseline skills (e.g., reading and math). Job readiness and poor soft skills were considered the bigger culprit of businesses not attracting well-equipped workers. Moreover, career guidance is said to be lacking. One person commented, "Even in agriculture, farming, and other natural resource type jobs—these skills are not being taught to the youth to the extent that could help kids consider it as an employment option in the future." In the recent past, many high schools and colleges in South Carolina (vocational-tech/vocational-agricultural programs) openly promoted agriculture-based research and curriculum, but they no longer promote careers and training in this way, which has left a void for training and job preparedness.

## 10. Workforce Development Roundtable: Metropolitan Collaboration

**Kansas City, Missouri on January 23, 2012. Hosted by FRB Kansas City.**

*Eighteen employers, skills training and education providers, funders, and workforce development professionals from the Kansas City area discussed opportunities for collaboration to improve workforce development outcomes in the region.*

#### Meeting Summary:

- Participants felt that the characteristics and needs of populations to be served should be clearly defined to develop appropriate responses. The long-term unemployed and hard-to-employ are broad categories that need to be further defined when considering policy and program options.
- The participants stated that the long-term unemployed face barriers to employment that include employers' negative perceptions of the long-term unemployed and rusty work skills.
- For older workers facing career changes due to layoffs, the barriers to employment include being over-qualified for low-skill openings and a lack of transferable skills for higher skill positions.
- Participants noted that people with low levels of education, limited skills, and a history of incarceration face additional barriers to employment including disqualification from some sectors and tight screening procedures from other sectors. Ex-offenders are often excluded from volunteer positions that offer work experience. In addition, the industries that have typically hired people with criminal records, such as construction trades, have been hard hit by the recession.
- For people with chronic and persistent problems such as homelessness, substance abuse, and mental illness, barriers to employment typically include limited availability of training programs, limited availability of social support programs, and negative perceptions by employers.
- Participants noted that for returning veterans, the barriers to employment are often concerns about Post-Traumatic Stress Disorder (PTSD) as well as skill and credential transferability.
- Participants repeatedly noted that the perception of risk matters greatly in hiring decisions. They believe that policies and programs are needed that reduce and mitigate risks.
- Hiring practices, such as the use of drug testing, background checks, and credit checks, have become stricter in an effort to reduce employer risk. Participants stated that the increased focus on risk mitigation has been driven by more stringent underwriting criteria of insurance companies as well as some stricter regulations following the September 11, 2001, attacks.
- Participants suggested that policies and programs that assist employers to mitigate risks could provide employment opportunities for additional workers. Examples cited include, bonding programs for felons; tax incentives such as the Workers Opportunity Tax Credit ([www.doleta.gov/business/incentives/opptax](http://www.doleta.gov/business/incentives/opptax)); and subsidies for on-the-job training and worker try-outs.
- Participants noted that training and education are key strategies for improving employment outcomes including, greater flexibility in delivery to fit learners' and employers' schedules; shorter courses that are more in line with business cycles; and greater emphasis on distance education.
- Programs that offer short-term, "stackable" certificates have been successful in meeting employer needs.<sup>42</sup> Students need to be informed about how stackable certificates can support different career pathways. Participants also noted that stackable certificate programs should receive greater support through federal funding sources such as Pell Grants.
- Participants noted that soft skill training needs greater attention. Funding for this approach is also scarce.
- Participants recognized a number of policy and program gaps affecting the hard-to-employ. Several participants saw state requirements for Temporary Assistance for Needy Families (TANF) participation and related programs as being too restrictive due to the "cliff effect" facing beneficiaries when wage increases are not enough to make up for benefits that are lost due to exceeding income eligibility thresholds.
- The need for greater financial education and access to mainstream financial services was also noted as an important factor in increasing employability.
- Many participants expressed a need for greater focus on creating more local jobs. Participants recognized that it is often difficult for businesses to get involved in workforce programs because of the economic pressures and uncertainty they face. However, participants suggested that economic develop-

<sup>42</sup> A stackable certificate is obtained after a sequence of credentials that is accumulated over time to build up qualifications and move up a career ladder to different, and potentially, higher-paying jobs. See <http://wdr.doleta.gov/directives/attach/TEGL15-10a2.pdf>



ment incentives need to be adjusted to encourage the creation of local jobs filled by local hires. These policies would include incentives to bring off-shore jobs back to the U.S. and requirements for companies to hire locally.

- Participants noted that public/private partnerships are important to addressing workforce development.
- Participants said that better and greater communication is needed to inform employers of the role their businesses play in meeting social responsibility goals. Several participants characterized the issue of social responsibility as a pendulum that swings between extremes of attention. Participants felt a need to communicate a steady and reasoned approach to workforce development issues that balanced social and private commercial interests and goals.
- New organizational sectors identified as needed in expanded partnerships included economic development programs, entrepreneurship programs, insurance companies, and the legal system. Participants saw the WIA as a useful legislative tool for supporting workforce development efforts. However, participants suggested a need for improvements that increase: WIA's responsiveness to the needs of all stakeholders, especially employers and educators; the pressure it exerts at state and local levels to make things happen; and the local discretion needed to target the money for local needs.

## 11. Workforce Development Roundtable: Chronic Unemployment

**Omaha, Nebraska on January 24, 2012. Hosted by FRB Kansas City.**

*Twenty executives and senior managers from social service agencies and nonprofit organizations providing workforce development training and services from the Omaha area discussed programs, constraints, and opportunities for improving workforce development outcomes for the chronically unemployed in the region.*

Meeting Summary:

- Participants differentiated unemployed individuals that had lost a job due to layoffs during the recession, from the long-term unemployed, and the hard-to-employ. The participants were most familiar with the latter group through work with individuals with disabilities, the homeless, ex-felons,

victims of domestic violence, single-parents, growing senior populations, and refugees.

- Participants noted a number of barriers facing the chronically unemployed including: challenging lives compounded by limited resources, which can lead to small issues quickly becoming big problems; lack of stability at home or work due to intergenerational poverty; and lack of basic skills and soft skills.
- Ex-offenders were seen as one group that needed attention from workforce development programs. They face many barriers, in addition to the ones listed above, such as limited work history, lack of relevant skills and credentials, legal barriers to many occupations, and a perception of higher risk by employers. Many employers that would have hired ex-offenders in the past are more reluctant now due to greater emphasis on risk mitigation by their insurance providers. A "Ban the Box" campaign in Omaha has been trying to remove the questions about past convictions from initial employment applications to give ex-offenders a better chance of getting an interview.<sup>43</sup>
- Participants recognized that the chronically unemployed need a high level of services, which is both costly and time-consuming. The more recently unemployed provide a greater return on investment in terms of producing employable workers for jobs. A focus on this group is needed to ensure greater benefits to employers and the economy. Workforce development programs need to balance efforts and resources targeting chronically and recently unemployed groups to ensure optimal outcomes.
- Participants said that Tax Increment Financing (TIF) should be used to match incentivized business with the skills of the workforce in the community. TIF and other economic development incentives should be used as leverage with businesses coming into a community to hire from that community. Employer tax credits could be useful but employers often find them too difficult to use and they often feel it may put them at risk with the Internal Revenue Service (IRS).
- The Earned Income Tax Credit (EITC) ([www.irs.gov/Individuals/EITC,-Earned-Income-Tax-Credit,-Questions-and-Answers](http://www.irs.gov/Individuals/EITC,-Earned-Income-Tax-Credit,-Questions-and-Answers)) was viewed as a useful program for low-wage workers. However,

<sup>43</sup> Refers to attempts to pass a bill in the Nebraska state senate called "Ban the Box," which would prohibit public employers from inquiring about criminal records on initial job applications.

participants expressed concern that many of the eligible beneficiaries do not use program. Also, some beneficiaries do not maximize the value of the EITC because they do not have a bank account in which to deposit and save the funds. The participation of banks in financial literacy and outreach was viewed as needed.

- Another issue related to individual work supports was the “cliff effect” experienced when an employee received an increase in wages that resulted in reduced support from income-tested public benefits. Income tests that are too low or stringent can be a disincentive for advancing in a job.
- Participants noted a need for schools to restructure curriculums to place a greater focus on entrepreneurship and vocational training options. Greater use of tools like “Work Keys” ([www.act.org/workkeys](http://www.act.org/workkeys)) should be used to certify skill sets of high school students and others in the workforce. Participants noted a need for increased services to help challenged students complete high school and access other training.
- There has been limited collaboration among organizations and agencies concerned with workforce issues in Omaha. The service providers expressed interest in greater networking and collaboration with economic development organizations, educators and employers. Such collaboration should place a greater emphasis on identifying and meeting employer needs to ensure the supply of employees for jobs. In addition to large employers, other organizations that should be included are small and mid-sized businesses, labor unions, and community colleges.
- Refers to attempts to pass a bill in the Nebraska state senate called “Ban the Box,” which would prohibit public employers from inquiring about criminal records on initial job applications.

## 12. Workforce Development Meeting

**San Antonio, Texas on January 26, 2012. Hosted by FRB Dallas.**

*FRB Dallas hosted 21 participants representing banks, local employers, workforce trainers, job placement agencies, the chamber of commerce, and the city met to discuss chronic unemployment and workforce development in San Antonio, Texas.*

### Meeting Summary:

- New players are participating in economic development activities. For example, the housing finance authority, the metropolitan health department, and the local school districts are being asked to take a more comprehensive approach to planning when applying for federal and local funds.
- Because the military is a large employer in San Antonio, participants were concerned about the possibility of significant budget cuts to the U.S. Department of Defense (DoD).
- Participants said there is a definite mismatch between the skills that employers demand and the skills available from workers.
- Participants said that most people seeking employment have no more than a high school diploma. Workers need more education to obtain better jobs. Some workforce development program clients have a difficult time meeting requirements to qualify for federal job training programs.
- Participants said that when people lose their jobs, their mindset is to find a job with the same wage, but most of the time these individuals will earn a lot less.
- Teaching resume writing and interview skills has become imperative. Participants noted some common problems with the resumes submitted by job seekers, including “not telling their stories well” and not properly describing their competencies in the application.
- San Antonio is attracting many new residents who are qualified for local jobs. As a result, job competition is increasing.
- The education system is not meeting the needs of local employers. Participants mentioned a lack of basic math and reading skills among job seekers. The community seems to lack an appreciation for trade skills.
- Some financial issues, such as delinquent rent payments, bankruptcy, and foreclosure, carry long-term consequences for employability. Employers may view applicants with this history as unstable.
- Participants noted that some specific populations, such as women re-entering the workforce, lack professional skills, including basic computer skills. The best opportunity for these job seekers is on-the-job training, but such programs impose a cost on employers.

- Industry needs quicker options for training the workforce. Businesses must remain nimble to keep up with the fast-paced changes in technology, marketing, and economic forces. The workforce training and education systems do not appear to be nimble or flexible enough to meet this demand.
- Participants said that many people do not know where to access jobs. They do not know how to navigate the innumerable systems and providers. Workforce development entities need to teach people how to navigate the system.
- According to the participants, the DOL funding does not address the issue of skills. They said that workforce development programs would be more productive if they first identified the skills needed.
- Many unemployed people have grown tired of the system of filling out forms and other formalities. Some have become so disillusioned that they have left the workforce.
- Some participants described the demand for job skills as moving targets. Currently, resources are allocated for training people for specific jobs rather than specific skills. As a result, when a specific job is no longer available, individuals require retraining again to land a job.
- Participants said it is difficult to find highly skilled blue collar workers to fill some positions. Retirees are being brought back into the workforce and interns are being hired to help address this problem.
- Participants emphasized the need for apprenticeship programs. They cited the Toyota model in which associates of applied science get an internship from the company and certification. This process translates into a multi-skilled workforce (engineering, programming, maintenance, etc.).
- Participants noted the success of an internship program that improves the job-readiness of graduates from two local universities. The program allows students to go back and forth between classroom study and an on-the-job internship, spending six months periods in each setting.
- A local financial institution said that it works with schools in its community, conducting a career day, teaching life skills, and showing children from LMI families how to move into different career paths.
- Participants characterized CRA as antiquated and restrictive. Bank examiners may not see the gray area of CRA, which may include workforce development. Participants noted that bank examiners may interpret CRA differently, so enforcement is inconsistent.
- A participant from a financial institution commented that the bank has worked with Workforce Solutions for the past two years through its Young Adult Employee Program ([www.workforcesolutionsalamo.org](http://www.workforcesolutionsalamo.org)). It hired 17 young adults during the summer months to work in various entry-level positions. At the end of the term, 14 were hired for part-time and full-time positions.
- The federal Empowerment Zone ([http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/economicdevelopment/programs/rc](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/economicdevelopment/programs/rc)) has been active in San Antonio for about 10 years. The future of the zone is in limbo and a forum participant expressed the importance of its continuation. The Empowerment Zone created two major incentives for businesses to invest, and create jobs, in the designated area. First, if a business locates in the Zone and hires a local worker, the employer can get a \$1 wage tax credit for every dollar spent on that person's wages, up to \$3,000. Second, the zone provides below-market-rate bonds. The bonds serve as an incentive to hire people who live in locally.
- New players are collaborating in economic development activities. For example, the housing finance authority, the metropolitan health department, and the local school districts are being asked to take a more comprehensive approach to planning when applying for federal and local funds. The more comprehensive system is able to collaborate, fund, and produce productivity.
- Junior college enrollment has increased substantially in recent years. As a result, junior colleges have expanded their services to provide day care, English language classes, computer classes, and vocational training. They now play an active role in workforce development with classes such as plumbing, film, electrical, and welding.
- Participants said the mayor's top priority is education. The city is partnering with local service providers on college readiness through mentoring. Over the last three to four years there have been some initiatives to address education comprehensively. However, there is no overarching committee or taskforce that can make this happen. Reforming education is a long-term process.

## 13. Meeting of the Central Six Workforce Development Council

**Birmingham, Alabama on January 27, 2012. Hosted by FRB Atlanta.**

*Convened local employers, nonprofits engaged in workforce development activities, local community colleges, state workforce development staff, and Chamber of Commerce representatives for a discussion on workforce development.*

### Meeting Summary:

- Participants said training programs need to be developed and expanded to address skill gaps, youth unemployment problems, and soft skills.
- The training programs need to be coordinated with and conducted in collaboration with local employers. There are many organizations, agencies, and corporations working on employment training and job placement initiatives, but these entities need to better coordinate their activities and leverage resources to address workforce development goals. A more robust infrastructure should be developed to help these entities work together.
- More coordination between economic developers and workforce developers is needed and strategies need to be better aligned.
- Policies and programs that support entrepreneurship and self-employment in the community can be a sustainable employment program for the community. Access to start-up and operating capital is a major barrier to entrepreneurship. The role of SBDCs should be strengthened and expanded.
- Rural areas face a critical lack of organizational reach, programs, and resources in workforce development.
- The most important employment barrier facing the chronically unemployed in the community is the lack of required hard skills and education. The other major barriers include fewer job openings and a lack of soft skills.
- Participants noted that ex-felons face challenges in the labor markets. Although there are programs available to help ex-felons, businesses are not inclined to hire these individuals because of perceived risks.
- The most chronically unemployed groups in the community are young adults and minorities. Young adults often lack soft skills and have to compete with older adults for the same jobs. Most employers require young adults to have internship experience, and there are not a lot of opportunities available in the community to meet the demand.
- Underemployment is a problem in the community. College graduates are working in jobs that are not up to their level of training and education. Qualified people who may be able to find a more suitable job, based on their education and experience, somewhere else have decided to take a lower-paying job rather than relocate.
- Participants said that the most pressing problem for workforce development and training organizations is lack of funds, followed by demand for additional service needs beyond their organizations' areas of expertise or capacity. Another problem is lack of qualified human resources.
- The organizations in the community rarely coordinate workforce development activities. One participant said: "People don't know who is doing what."
- Employers are not invested in current formal workforce development activities.
- Rural areas face special challenges, including fewer jobs and limited transportation options for employees to access work centers.
- The main barrier to entrepreneurship and self-employment in the community is access to capital (start-up and operating), followed by access to information and technical assistance. Lack of "entrepreneurial spirit" in the community can also be a barrier some times. Local, state, and federal regulations are not seen as a barrier.
- The healthcare sector will likely be demanding the greatest numbers of workers over the next 10 years and clearly there is an insufficient supply of trained workers to fill these jobs. Colleges and universities in the region graduate a substantial number of qualified candidates for these jobs, but the jobs often do not pay an attractive wage.
- Soft skills (coming to work on time, teamwork, etc.) are a significant barrier to employment.

## 14 and 15. Small Manufacturing Cities and Displaced Workers in North Carolina

**Eden, North Carolina and Concord, North Carolina on January 30, 2012, and February 1, 2012. Hosted by FRB Richmond.**

*FRB Richmond hosted workforce development practitioners and business service coordinators for two discussions of local displaced workers.*

#### Meeting Summary:

- The two cities in North Carolina that were selected for this workforce meeting experienced a loss of manufacturing (e.g., Field Crest, Pillowtex) during the textile decline in the south. Eden is about an hour-and-fifteen-minute drive from Greensboro and Winston-Salem. Concord is part of the larger metropolitan region that is anchored by Charlotte, so its proximity to a metropolitan area is much closer than that of Eden's. The southwestern end of Concord extends toward metropolitan Charlotte as a bedroom suburb.
- Historically, Eden's workforce has been composed of textile workers who farm tobacco for additional income and who are closely tied to the community. Workers have had a hard time adjusting and retooling themselves for jobs outside of traditional manufacturing. Concord was also home to textiles companies that shut down during the downturn of the textile base. Concord has been in a better position to diversify its economy, due to the city's proximity to tourism venues including historic areas, the Charlotte Motor Speedway, and a major shopping mall.
- A strong theme of these southern small cities is the connection to place and family, which has led to a mindset of not wanting to relocate or commute to other areas where the quality of life is considered to be lower. This translated into comments about not wanting to drive more than three to five miles from home and not wanting to drive on interstates. The crux of the issue seemed to be a very high value being placed on living in these small cities, where family and community networks are strong, reassuring, and dependable.
- Dislocated worker retraining initiatives and programs faced hurdles. In Eden, only a small fraction of the dislocated workers eligible to receive training was pursuing training. The interviews with city and workforce officials suggested that school and community college-based programs are often intimidating for dislocated workers who have not been inside a school in years. Interviewees said that dislocated workers are hesitant to leave their respective towns for college or community college. The age gap is an intimidating factor for the older displaced workers who cannot imagine being in a classroom with 18-

to 20-year-olds. Another anecdotal comment is that in rural areas, people are brought up with the understanding that "nothing is free." The free training programs offered for dislocated workers are held in great suspicion and are often not used. There was a general sense that the workers who followed through with training usually had strong support from a spouse or family members to broaden their education and training, which again shows the important role that family and community play in long-term decision making.

- Older mindsets are thought to influence some of the decision making. One interviewee said that the mindset was that "everything you need was found in your small town." The evolution of these small cities as "mill towns" perpetuated such a mentality, because generations grew up working at the mills and getting all of their needs met within the community.
- There is a disconnect between employers' needs and the classes offered. Advanced manufacturing skills are viewed as one of the job needs of the future, and training is not aligned well enough. Class capacity is a struggle with the community colleges; the classes may only hold 10 students, while 20 wish to enroll immediately after a layoff. It was said that there can be a three-year wait for community college classes in nursing. Participants stated that, in Concord, the interest from eligible candidates outpaces the college's ability to offer classes. Therefore, many people cannot secure slots in the training programs they most desire. Community college systems face challenges in aligning classes with need and adapting in times of change. In addition, the community college system does not always award course credits that are transferable to four-year colleges.
- Participants noted that access to high-speed Internet is a barrier to working from home. The rural areas do not have reliable high-speed Internet, so higher-paying professional jobs that are home-based are not taking root.

## 16. Workforce Development Roundtable: Issues and Opportunities

**Little Rock, Arkansas on February 1, 2012. Hosted by FRB St. Louis.**

*Leaders in workforce development across the state of Arkansas participated in a discussion of current issues*

*and opportunities for creating a more competitive workforce in the state.*

Meeting Summary:

- The workforce development system is able to respond to the needs of industry and the workforce.
- According to participants, the Arkansas Works Career Facilitator Program (<http://ace.arkansas.gov/cte/arkansasWorks/Pages/default.aspx>) is working well. Under this program, certified individuals supplement the work of school counselors to help kids identify career goals, understand what is required, and prepare early. At the time of the meeting, the program had been in existence for 18 months and had been adopted by about 75 to 100 schools statewide.
- The green industry Weatherization Training Center ([www.pulaskitech.edu/green\\_tech](http://www.pulaskitech.edu/green_tech)) is working well through Pulaski Tech, a community college. The program has not scaled up to the national level. The industry needs to be transformed with the incorporation of realtors, appraisers, and other stakeholders.
- Legislators are setting up a taskforce and putting up some funds to address education issues, which is critical to improving workforce development.
- Recruitment of new companies has been a highlight of recent economic development in the area.
- There are a lot of opportunities to improve local business retention and expansion.
- Some participants asserted that the average citizen does not know how the labor market works or the type of training he or she needs. The high-end and the low-end jobs can be filled easily, but not the middle-skill jobs. The middle-skill jobs are usually those that cannot be outsourced. There is no focus on these opportunities by the policymakers and practitioners.
- There is a need for better communication with the business community and those working in K-12 education. Input is needed on what is lacking, what is working, and how to bridge the gaps.
- It is challenging to identify core skills the dislocated workers need to match with the openings that employers have available.
- There is a need to find ways to keep technical graduates and other educated, skilled workers in

the state. There are a lot of piecemeal things going on in rural development, without much integration.

- One participant commented: “We have a lousy track record with entrepreneurship and innovation, which are critical. If companies don’t start being innovative, we will fall behind.”
- Some participants expressed concern over hiring people who have been incarcerated. The Arkansas Energy Sector Partnership Program (<http://dws.arkansas.gov/PDF/AESP.pdf>) trains ex-felons to work in green jobs (retrofitting of homes). But, one participant commented: “Who wants inmates in their homes?”
- Prison Industry Enhancement program, where corrections departments may apply inmate labor to contract with employers to provide goods and services, is working well. This is an opportunity for prisoners to gain a skill, but there have been complaints. For instance, the creation of cheap labor competing with the private sector.
- The American Recovery and Reinvestment Act (ARRA) ([www.recovery.gov](http://www.recovery.gov)) helped create jobs, but those jobs are not being retained. This will create problems as the money runs out and programs are terminated.
- Arkansas would have seen many more companies downsizing, if not for the stimulus that went to producers of automotive parts.
- The movement of some energy sector companies to Arkansas has not resulted in job creation because sound policies have not been implemented to support these companies. Existing programs focus on new products, services, and skills in the construction industry, rather than supporting entry-level positions in energy.
- The Manufacturing Extension Partnership (MEP) ([www.nist.gov/mep/about.cfm](http://www.nist.gov/mep/about.cfm)) is a federal program in partnership with the National Institute of Standards and Technology (NIST) ([www.nist.gov](http://www.nist.gov)) and the U.S. Department of Commerce (Commerce Department). The MEP has decided to continue some of the programs funded by the ARRA, covering the expenses when that funding ends.
- The extension of unemployment benefits has helped workers. Some participants were of the view that it is really the state that drives most workforce development. They do not see many national programs.

- Youth unemployment is a big problem. Hundreds of applicants apply for each vacancy. Some of the Main Street programs ([www.preservationnation.org/main-street](http://www.preservationnation.org/main-street)) work with AmeriCorps Vista ([www.americorps.gov/about/programs/vista.asp](http://www.americorps.gov/about/programs/vista.asp)) to address youth unemployment problems.
- Participants also mentioned the competition to fill job vacancies between young people and older people with more skills and experience. Some older people seem to be coming back to work after a few weeks of retirement.
- Some family businesses are closing because the younger generation does not want to come back to a small town.
- One manufacturer said they would have to drug test 20 people to find one to pass. Community colleges are also seeing this, saying: “One could be a very good student, but he or she cannot pass drug tests. This in fact is a problem across all age groups.”
- It was suggested that kids be exposed to STEM when they are young so that those with an interest in STEM can develop skills early and be nurtured well.
- Participants commented that there is a need for job sharing and mentoring. This will help young people learn about careers.
- The state is very engaged in getting people back to work, but there is a disconnect with the local communities. There is a lack of coordination between state and local government.
- Some mayors in rural communities do not realize that they are the economic developer in the community, responsible for job creation and workforce development. In rural areas, there may be only a few staff or part-time mayors. In these cases, other community leaders and the private sector have to be involved.
- There is a heavy focus on industrial recruitment for local economic development. Participants said that more focus should be given to business retention and expansion.
- Companies and communities must be ready to expand before financial institutions and angel investors can be invited to participate in workforce development.
- There are a lot of jobs that could be created around weatherization/energy, and there may be

opportunities here for lenders through energy efficient mortgages.

- The financial community needs to buy into innovation and growth. They can help create an environment with their customers to get more involved.
- The financial community has to understand that vibrant communities are better for business. The community should make room for collaboration between financial institutions and other business.

## 17. Workforce in Advanced Manufacturing and Shipbuilding

**Mobile, Alabama on February 1, 2012. Hosted by FRB Atlanta.**

*Members of the Southwest Alabama Workforce Development Council (SAWDC) explored recruiting, training, and retention for advanced manufacturing, particularly among hard-to-serve populations along the Gulf Coast.*

Meeting Summary:

- The Southwest Alabama Workforce Development Council (SAWDC) ([www.sawdc.com](http://www.sawdc.com)) is a consortium of business leaders and economic development organizations that intend to institutionalize long-term efforts to support the region’s workforce development.
- Council members helped to change the state funding stream for technical and community colleges so that funding requests require the involvement of SAWDC. This change fosters business input and better delivery of training to better meet the workforce needs of local advanced manufacturing and other industries.
- SAWDC established a “Wouldn’t it be Cool?” program ([www.sawdc.com/programs/k-12-career-awareness-program](http://www.sawdc.com/programs/k-12-career-awareness-program)) to educate fourth grade students about the variety of attainable good-paying jobs, to encourage staying in school, and to form good learning habits. They continued with an eighth grade program featuring a hands-on career fair and life skills training. Local businesses are actively engaged in the process, and send employees to interact with the students.
- SAWDC developed and has begun implementing a “Strategy Map” to achieve progress in workforce development. They noted a commitment to con-

tinuous feedback, evaluation, and revamping to refine a strategy for success.

- A competitive grant from the Social Innovation Fund (SIF) ([www.nationalservice.gov/about/programs/innovation.asp](http://www.nationalservice.gov/about/programs/innovation.asp)), a program of the Corporation for National and Community Service, is sponsoring a thorough analysis of the southwest Alabama workforce development system and future employment needs and trends.
- Business leaders have a thorough understanding of the factors affecting a qualified local workforce, and have embraced and assertively pursued the employer-educator relationship as a business survival and growth strategy.
- Business leadership actively engages with students in K-12 to educate them on local, well-paying career opportunities, and to provide them with life skills training, encouragement, and motivation.
- Participants noted several challenges with the local workforce: high rate of local high school drop-outs, disconnected and reluctant WIB, high number of future retirees, lack of a trained and work-ready pipeline of employees, high rate of rejection for job applications in the advanced manufacturing sector, lack of retraining programs for dislocated workers, difficulty getting federal dollars to the local level
- The advanced manufacturers can no longer recruit from nearby states, such as Mississippi and Louisiana, because these states are facing the same labor shortages. These states are engaging in a collaborative effort to share training resources and grow workers from within the states organically.

## 18. Workforce in Digital Media

**New Orleans, Louisiana on February 2, 2012. Hosted by FRB Atlanta.**

*Local economic developers, employers, and educators explored the barriers to workforce participation, talent development, and training in the expanding digital media field.*

Meeting Summary:

- The digital media industry is in the early stages of development in the New Orleans area. Hiring locally is viewed as a sustainable model, but there is a lack of trained workers.

- Marketing the industry at the high school level and college level is relatively new, but it is critical in ensuring a flow of locally trained workers.

Participants' comments on favorable factors for growing the local digital media industry:

- The local community college will provide Fast Start job training for digital media.
- St. Charles Parish school system's School-to-Career office ([www.stcharles.k12.la.us/destrehan.cfm?subpage=282](http://www.stcharles.k12.la.us/destrehan.cfm?subpage=282)) will offer digital media classes to high school students.
- Greater New Orleans ([www.gnoinc.org](http://www.gnoinc.org)), an economic development organization, has targeted digital media as a sector for development.
- Many educated workers in other sectors have skills that are transferable to the digital media sector.
- The New Orleans metropolitan area provides an attractive quality of life environment and a networking system for young entrepreneurs and talent. There is evidence that local and out-of-state entrepreneurs are interested in locating their digital media companies in the metro area.

Participants' comments on challenges to growing the local digital media industry:

- The composition of employees in the digital media industry does not reflect the demographics of the community. More recruitment and training opportunities are needed with a wider variety of partners, especially those that service minority and immigrant populations.
- Participants said there is a lack of local, qualified teachers and professors to scale up digital media locally.
- Employers expressed difficulty with finding local candidates with the appropriate critical thinking, problem-solving, verbal communication, and teamwork skills. Sometimes, employers look for a potential employee's capacity to learn when they cannot find the necessary skill sets.
- The employers found that four-year college graduates are generally more work-ready than technical college graduates.
- Most of the current digital media workers are self-taught.



- Many job applicants possess qualifications consistent with administrative positions. Few applicants have the skill sets needed by the industry, such as web-design.
- Digital media companies offer a lot of internal training.
- Few training programs exist that are accessible and relevant to existing workforce have offerings to develop the skills needed in digital media industry.
- High school guidance counselors lack the knowledge of the digital media industry to counsel students about this career option.
- Efforts for coordination around this sector need to be revitalized and systematized. Grassroots workforce development efforts to support this industry have occurred, but more focused attention is needed.

## 19. Workforce Development Roundtable: Issues and Opportunities for Rural Tennessee

**Dyersburg, Tennessee on February 7, 2012. Hosted by FRB St. Louis.**

*Convened workforce development professionals, academics, funders, and employers from nine rural counties in northwest Tennessee to discuss issues and opportunities to improve workforce development outcomes.*

### Meeting Summary:

- Lack of transportation is a big issue in rural communities and small towns. Often, workers are commuting to another town or metropolitan area for jobs. This is especially a problem given the increase in gas prices.
- Broadband is not widely available in rural areas. This is a problem since many employers have online applications only. This is also a barrier for home businesses and micro-enterprises.
- Substance abuse is a big challenge. Participants said there were not many attendants at a recent career fair who could pass the drug test.
- Employment of felons and those with criminal records were recognized as issues that need to be addressed, but no solutions were offered. There are some local efforts, but it has been difficult getting employers to hire them.
- Recruiting employers to rural communities and offering competitive wages remain a challenge. Participants said adjusting to the rural culture is a challenge for employers. Another deterrent is the perceived lack of social activities in rural communities.
- It is hard to retain talent in rural communities. Young people are attracted to all the things that urban areas have to offer. The young people with education and skills who want to stay in the rural communities are forced to relocate to urban areas to find jobs because there are not many opportunities in the rural areas.
- Social issues such as the breakdown of the family and lack of parenting (no home training for young adults) were mentioned as contributing factors in chronic unemployment.
- There has to be more respect for trades-people, such as plumbers, electricians, etc. These careers provide a decent living for families and should be introduced to young people as alternatives to college. There is a need to teach vocational education in high schools.
- Some of the common barriers to employment in rural west Tennessee are transportation, broadband access, drug abuse, lack of a skilled workforce, and criminal background.
- Attracting businesses to rural areas is a challenge. Lack of social activities is one of the main reasons. Those with education and skills who want to stay in the rural community have to relocate to urban areas to find jobs.
- Rural areas need more competitive wages to stem the tide of residents travelling to metropolitan areas for short-term work periods. For example, some nurses will travel from rural areas to work in Memphis or Nashville for three days for better pay than a full week of work in the local area.
- Several specific groups are experiencing high levels of unemployment. For seniors, lack of understanding of the process to find employment, discrimination, and lack of training are the major barriers. For young people, lack of understanding of the process to find employment, discrimination, elevated high school dropout rates, teen pregnancy, and substance abuse are some of the barriers. For dislocated workers, some of the barriers are limited transferable skills and unemployment benefits or the safety net.

- Some of the effective national policies and programs for getting the unemployed back to work are the WIA, Community Development Block Grants (CDBG) ([http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/communitydevelopment/programs](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs)), and the National Career Readiness Certificate ([www.act.org/products/workforce-act-national-career-readiness-certificate](http://www.act.org/products/workforce-act-national-career-readiness-certificate)). Participants also commented that communities need to use their own initiatives to produce jobs, and often national policies for job creation are unfriendly to the local employer.
- Some of the local programs that are working are the Jobs4TN Regional Entrepreneurial Accelerator Program ([http://utrf.tennessee.edu/PDF/Regional\\_Entrepreneurial\\_Accelerators.pdf](http://utrf.tennessee.edu/PDF/Regional_Entrepreneurial_Accelerators.pdf)) in the northwest region of the state, the Regional Economic Development Initiative (REDI) program ([www.reditn.com](http://www.reditn.com)), job shadowing, the local SBDCs, church programs with outreach, and summer youth programs.
- Tennessee's Complete College Act ([http://tn.gov/thec/complete\\_college\\_tn/ccta\\_summary.html](http://tn.gov/thec/complete_college_tn/ccta_summary.html)) makes it easier to transfer from state community colleges to four-year colleges/universities. Dual enrollment helps accelerate college completion.
- Participants said more hands-on vocational training is needed to show young people options for their future.
- Most high skilled and healthcare sector jobs are in high demand. Jobs in general manufacturing and the agriculture sector are declining.
- Partnerships among workforce development entities work well locally, but there is room for more improvement.
- Better communication is needed between state and federal governmental officials and the people who work with the public in rural areas.

## 20. Workforce Development Roundtable: Metropolitan Collaboration

**Denver, Colorado on February 8, 2012. Hosted by FRB Kansas City.**

*Employers, skills training and education providers, funders, and workforce development professionals from the Denver area discussed opportunities for collabora-*

*tion to improve workforce development outcomes in the region.*

### Meeting Summary:

- Training programs need the input of employers in their design and delivery to ensure that graduates have the skills needed for available jobs. A focus on connecting workers to career pathways through training, rather than on a short-term job opening, is needed.
- Partnerships are needed to ensure effective workforce development outcomes. Educators and employers need to work together to ensure that training programs are relevant and that appropriate employment opportunities are available for graduates. Such collaboration should help better clarify and define skill needs, as well as needs for soft skills development. This collaboration needs to be continuous and not just when there is a spike in employment needs.
- Another effective area for partnership discussed was nesting workforce development programs within economic development programs. This would allow greater coordination of the supply and demand of workforce needs. Sectoral approaches were seen to work well, and are a key strategy in Colorado. These approaches are a win for both workers, who are more readily able to find jobs, and employers, who are able to find workers with the appropriate skills.
- Employers need to provide supplemental on-the-job training and “earn while learning” initiatives.
- Funding sources for training need to allow for a wider range of training opportunities to meet the needs of unemployed workers and employers. Currently, a number of funding issues affect the delivery of training programs. Long-term training requires more funds per person and results in fewer (though often better) job opportunities. Federal funding sources often have pressure for developing quick skills and getting people into jobs. Funding is often limited for soft skills development, which is often an expressed need of employers. WIA funds also place limits on how long a person can be enrolled in training.
- For many unemployed workers, it is difficult to make time for training because of the need to get back into employment.
- Banks are involved in workforce programs, but their engagement could be expanded through addi-

tional information and education on connections with the Community Reinvestment Act (CRA). Banks on WIBs were noted to be providing some funds. It was suggested that human resource staff from banks should be engaged in broader workforce initiatives. Also, CRA roundtables could be held to discuss workforce opportunities.

- Participants stated that unemployed workers would benefit from a better understanding of their unemployment insurance benefits. Beneficiaries could make better use of their unemployment insurance benefits to assist with training opportunities.
- Participants also discussed the disincentives faced by low-income families to increase their income. Low-income families may lose eligibility for means-tested work supports such as the EITC and child care assistance as their income increases. The increased income is often not sufficient to replace the reduced benefits. This results in a “cliff-effect” that can reduce a family’s economic stability even with increased income. The participants noted the need for a transition time to allow workers the ability to become more stable before reducing needed supports.

## 21. Overcoming Barriers to Employment in the City of Baltimore

**Baltimore, Maryland on February 13, 2012. Hosted by FRB Richmond.**

*A convening of large employers, major service providers, and funders of workforce training programs to discuss inner city workforce issues and opportunities.*

Meeting Summary:

- Two overarching themes emerged from this workforce meeting on the challenges to employment in an urban setting: economic inclusion and disconnected systems. These themes emerged partly because the meeting had in attendance knowledgeable leaders from a broad range of businesses and organizations who hire, train, and work with minorities, ex-offenders, youth, and people with a range of challenges. Two other issues that will be discussed in this summary are: 1) the strain being placed on organizations where higher skilled jobs exist, and 2) the lack of significant career coaching and development.
- The participants spoke of the need to use existing policy and programs to achieve more economic

inclusion. There was discussion about structural racism, policies that limit economic opportunity, and the disproportionate number of minorities in Baltimore who are incarcerated, unemployed, and not achieving the educational attainment levels of their white counterparts.

- The participants noted that public transportation is a specific example of a service that is seemingly positive, but ultimately a structural inhibitor for the unemployed and under-employed. The issue is that public transportation favors standard rush hour schedules for the nine-to-five worker. For those people with basic skills struggling to get or keep entry-level employment, relying on public transportation is not always convenient. Many of the cases described were of people who work shifts (e.g., cleaning) or may have early report times (e.g., construction). The bus and train schedules are not suitable for these hours. Moreover, shift work, which is often minimum wage, makes it hard logistically to take on a second job, juggle childcare responsibilities, or attend job training programs. As a result of transportation delays, people miss work or spend more time than can be justified commuting to their jobs.
- The logistics of transportation are a major hurdle for the chronically unemployed, the urban poor, and the economically disenfranchised. Unreliable vehicles or the total lack of owning a vehicle is a known issue for poor families, who thereby generally count on public transportation, particularly as jobs are pushed out to the suburbs.
- Poor or ruined credit as a result of job loss, incarceration, or child support was another barrier to economic inclusion. It was emphasized that this adversely affects minorities and their ability to gain employment and credit. Other structural issues around ex-offenders were how criminal records are treated by employers. Some reject all applicants who have a criminal record of any sort, even if it is decades old; some have a set period of time that they scan for criminal offenses; others look at the severity of the crime and adjust employment positions accordingly. Criminal records can be a life-long hurdle even for the rehabilitated.
- Participants discussed what comprises a livable wage in an urban setting. From shift work to jobs in the healthcare sector, it was clear to the representatives who assist the unemployed in training and job searches that minimum wage jobs are not enough without other earners in the household. This sentiment creates an obvious problem for

single parent households. The result of this dilemma is that the people struggling to maintain employment feel stressed and forced to make short-term decisions on things like housing, jobs, and which bills to pay, rather than being guided to focus on long-term decisions like affordable housing, paying off debt, and job training.

- The topic of “systems disconnect” was repeated throughout this forum. There was an awareness and understanding of how many organizations serve the people making up the unemployed and underemployed, but that their efforts are not coordinated. This is an unwieldy topic. The conversation was future-looking regarding minorities and youth who are a growing segment of the population in urban areas and are likely to continue to struggle in the labor market. The full discussion involved the importance of aligning the state’s K-12 public education, technical schools and community colleges, workforce agencies, employers, anchor institutions, social services, and family support networks as the necessary “systems” that must interact better to build complete hard and soft skills. Independently, these “systems” are working hard to make positive contributions to education, training, and job linkages, but their alignment as an integrated system is not there.
- The participants felt that making gains in better connecting systems was germane to the future success of the American workforce. Examples brought out in the Baltimore market show how aspects of the system do not work. In the healthcare field, Licensed Practical Nurses (LPNs) are being trained and graduated with certifications. However, they represent a nursing position that is not in demand according to workforce representatives, due to the higher value of other trained nursing positions. A structure that works in better sync with in-demand career paths was seen as achievable.
- While this workforce discussion was centered on the unemployed and under-employed, a drill down from the large employers’ perspective led to comments on recruiting highly skilled professionals. The impact of employers who are hiring for higher-skilled positions in the Baltimore area was discussed in terms of the pressure it puts on the positions below them. The University of Maryland, Johns Hopkins, and other anchor institutions acknowledged that they can pick and choose from some very qualified candidates right now, which increases the competition down the line for lesser-skilled positions. They can hire people (some who they called over-qualified for the job) with a broad range of hard and soft skills. Unskilled applicants have little chance with some of these organizations in light of the competition. An additional factor affecting job demand is that people are not retiring in the way they once had. Many people who are eligible for retirement are staying on, or working part time, rather than fully vacating their position.
- A challenge right now for companies hiring top skilled professional positions is the reluctance by those professionals to relocate for fear of not being able to sell their current home. According to a recruiter for a particular company, the lack of confidence in home sales is holding back some professionals who would be required to relocate.
- Career development programs that effectively provide coaching and job development assistance continue to be viewed as a valuable piece of the model that is underdeveloped and underutilized. In the healthcare field, coaches are being used more and more as a way to work with clients. With the expected growth and demand generated by national healthcare changes, employers and service agencies need to efficiently train, mentor, and educate workers. More effective on-the-job training as well as in-school job training for high school and college students was viewed as an effective method for career development.
- According to the participants, the workforce development need is part building career skills and sector knowledge, and part mental health for those who get discouraged along the way. The career coach is viewed as playing a critical role in helping clients enter low-skilled jobs. They need direct involvement in developing soft skills and staying committed to the job long enough to see advancement in the workplace. It reiterates the benefit of providing the hands on approach to aid with long-term thinking and planning. Otherwise, short-term decision-making results from frustration and stress in the early stages of low paying jobs. The role of the career coach was identified as especially critical for those aiding ex-offenders because of the mental health component.

## 22. Workforce Development Roundtable: Chronic Unemployment

**Louisville, Kentucky on February 14, 2012. Hosted by FRB St. Louis.**

*Workforce development professionals, academics, funders, and employers from the Kentuckiana region discussed opportunities to improve workforce development outcomes.*

### Meeting Summary:

Participants' comments on local barriers to employment for the unemployed:

- Funding cuts at the federal, state, and local levels have impacted opportunities for post-secondary education and for training job seekers to learn a different set of skills relevant to today's technology.
- Employers are also cutting the amount of funding available to keep current employees trained on the latest skills and technology.
- The "employer's market": employers can be very selective in hiring, starting salary, and benefits.
- Due to difficult economic conditions, small business owners are hesitant to hire additional staff.
- Limited options for persons with disabilities.
- Individuals with low credit scores or no credit files encounter employers that pull credit reports as part of their pre-screening of applicants.
- The language needs of immigrant and refugee populations are not always met by training centers.
- Lack of the required skills needed for open positions.
- Due to funding cuts to public transportation, many local routes have been changed or removed from service in the past 18 months. These changes present a huge barrier for those without an automobile because many employment opportunities are located outside of the county lines. Rural areas have been particularly impacted by lack of public transportation.
- Childcare is an issue, especially among single mothers. Many opt to remain unemployed and retain benefits such as medical, childcare, and housing

instead of accepting a low-wage position without these benefits.

Participants' mentions of common characteristics of the unemployed in Louisville:

- Senior citizens need training for new and/or different skill sets.
- The recently unemployed start careers in new fields, but expect the same wage/salary they received from their previous employer. Many choose to stay unemployed and collect unemployment benefits rather than take a pay reduction.
- The long-term unemployed often experience depression and emotional stress.
- Many unemployed persons lack the soft skills necessary to maintain a job.
- Many individuals are underemployed, and in need of training.
- The need for financial education and budgeting is critical for this population.

The participants responded to the question, "Are felony records a significant barrier to gaining employment?"

- Felonies continue to be a barrier to employment.
- The participants noted there are an increasing number of women with felony records.
- A local group is pushing to remove felony questions from job applications.

Participants' comments on opportunities for improvement in the workforce development system:

- Relationship-building among employers, workforce development practitioners, colleges and universities, the WIB, and human resources staff from various sectors is needed.
- Address the need for more opportunities for technical training and access to capital for persons interested in self-employment and entrepreneurship.
- Focus on skills gaps for veterans.
- Engage the immigrant and refugee population with advanced education. The discussion mainly focused on how degrees and transferrable skills from other countries can be applied in the U.S.

## 23. Workforce Development for Persons with Disabilities (Nonprofits)

**Jacksonville, Florida on February 16, 2012. Hosted by FRB Atlanta.**

*Convened local nonprofit agencies providing services to persons with disabilities for a discussion of workforce issues affecting them.*

### Meeting Summary:

- Published unemployment rates do not reflect the true picture of unemployment for persons with disabilities. Agencies estimate that 75 to 80 percent of persons with disabilities are not employed, as many people with disabilities are discouraged from seeking employment and are not actively looking.
- Additionally, many individuals with disabilities do not “self-disclose” their disability. Having a disability is still considered a stigma; individuals are reluctant to disclose because of fears about discrimination and unauthorized release of specific medical information.
- Students with disabilities may remain in school until the age of 22 (receiving a certificate of completion in lieu of a high school diploma).
- Participants stated they believe a lack of interpersonal skills is a primary barrier to employment for some persons with disabilities. This is true across the spectrum of educational attainment, including those persons with advanced degrees. Education is often obtained with little opportunity to develop interpersonal skills. It was pointed out that “degrees do not translate to professional skills.” As a result, attaining an advanced education has not necessarily translated to employment opportunities.
- Internships were cited as a best practice leading to employment for persons with disabilities. Internships allow people to demonstrate their abilities while providing a comfort factor for employers.
- More flexible work schedules and increased part-time employment was indicated as a need for persons with disabilities.
- Employer attitudes and beliefs around the disabled individuals represent barriers to employment and more education is needed to counteract this. For example, many employers still think that the costs of accommodations for a disability are too expensive. Larger employers are seen as more willing to

hire persons with disabilities. There is a need for better coordination and cooperation between employers and agencies providing services for persons with disabilities.

- More alignment is needed between nonprofits who serve disabled populations with employers. These groups need to develop a framework for positive, constructive engagement.
- The use of technology has provided more employment opportunities for persons with disabilities, and the cost of many technologies has decreased. An international transportation company was cited as a best practice employer with great resources and accommodations for persons with disabilities. The Disabilities Program Navigator program at WorkSource ([www.worksourcefl.com/employers/hiring\\_disabilities.aspx](http://www.worksourcefl.com/employers/hiring_disabilities.aspx)) was also cited as a best practice.
- Access to technology has both helped and hindered employment opportunities. While technology is cited as a best practice to enhance the skills of persons with disabilities, it may serve as an impediment if the person does not have access to the technology or the skills to use it. As an example, most job applications are now only available online, making even the recruitment process difficult for some persons with disabilities who do not have computer skills or access to a computer.
- According to the participants, the recession has hit persons with disabilities harder than the general population. Many jobs traditionally filled by persons with disabilities are now being taken by non-disabled individuals not able to obtain employment in their fields.
- The developmentally disabled have fewer employment options than individuals that are physically disabled. The agencies serving the developmentally disabled population state that younger clients are not utilizing their services, particularly the sheltered workshop programs/work centers.<sup>44</sup>
- Individuals with brain injuries, as well as persons with mental health issues and multiple disabilities, are frequently underemployed. Employer attitudes and flexibilities are a key to serving all of these populations. A newly emerging group of persons with disabilities is combat wounded soldiers who

<sup>44</sup> The term sheltered workshop refers to an organization or environment that employs people with disabilities separately from others. These types of programs allow employers to hire workers with disabilities at sub-minimum wages. For more information, see [www.dol.gov/whd/FOH/ch64/64b00.htm](http://www.dol.gov/whd/FOH/ch64/64b00.htm).

will require additional services and employment linkages.

- Participants noted that younger clients are either staying at home or working with the small “mom and pop” businesses. They do not have the network to obtain their first job and gain experience in the broader workplace.

## 24. Workforce Development for Persons with Disabilities (Employers)

**Jacksonville, Florida on February 17, 2012. Hosted by FRB Atlanta.**

*Workforce development meeting with local employers, financial institutions, city government, FDIC, disabilities consultants, and National Disabilities Institute, focusing on issues affecting persons with disabilities.*

### Meeting Summary:

- Published unemployment rates do not reflect true picture of unemployment for persons with disabilities. It was the opinion and the consensus of the attendees that the Department of Labor survey does not capture underemployment for persons with disabilities. For example, people who are not actively looking for work are not counted as unemployed.
- A large number of persons with disabilities do not have a college degree, precluding them from even being considered for many available jobs.
- The lack of affordable, accessible transportation is a barrier to all types of employment for the disabled community.
- The failure of individuals to self-disclose their disability remains an issue, and continues to prevent employees and prospective employees with disabilities from receiving the services and support that they need.
- Participants noted the lack of interpersonal skills among some persons with disabilities as a barrier to employment.
- According to the participants, the healthcare industry is most likely to provide employment opportunities for persons with disabilities. Additionally, this sector has a wide range of job opportunities with varying levels of educational requirements.
- Retail services were also reported as a sector with employment opportunities for disabled persons.
- There are very few persons with disabilities in the information technology industry. However, many of these roles can be filled remotely, which would help mitigate transportation issues for persons with disabilities.
- Participants said that some employers fear hiring persons with disabilities. One participant mentioned fears of hiring disabled veterans with PTSD.
- Not every employer is willing to work to make the hire the disabled because of the additional work and investment needed. It is easier for the large employers with human resources staff to make adjustments. These changes are a bigger challenge for small and mid-size employers that do not have the appropriate resources and staff in place.
- Participants said that there needs to be more networking between employers and the agencies that serve persons with disabilities. It was stated that “building bridges” is needed. A majority of the employers present stated that the agencies that serve persons with disabilities were not very effective in developing relationships with private employers. One large corporation in attendance indicated that it has limited its contact to only three local agencies due to prior poor performance experienced with other agencies. Information provided by the agencies does not always match employer information. For example an agency may tell a job applicant that a software program they need for accommodation can be provided by the employer, but the employer cannot utilize the software because of incompatibility with their computer system. The agencies do not always understand the employer’s position and feel that they cannot reach out to the employers.
- Many unemployed persons do not know what services workforce development agencies offer. Persons with disabilities do not always have access to these support systems.
- Participants believe that the Chamber of Commerce is doing a better job of working with the agencies that serve persons with disabilities on workforce development issues than employers directly.
- The participants stated that the quality of education and graduation rates of the disabled is hurting recruitment. Many applicants are not qualified and

have difficulties with necessary skills such as reading comprehension.

- Persons with disabilities are often concerned with losing public benefits if they become employed, particularly healthcare benefits. Persons with disabilities need to be educated, so that they understand the impact on their benefits and the concept of “rapid reinstatement” (re-instating public benefits without re-adjudicating the applicant's disability).
- Employees with disabilities need to learn how to develop career development paths.

## 25. Workforce Development Roundtable: Issues and Opportunities

**Memphis, Tennessee on February 23, 2012. Hosted by FRB St. Louis.**

*Workforce development professionals, academics, funders, and employers from the Memphis area discussed issues and opportunities for improving workforce development outcomes for African Americans.*

### Meeting Summary:

Participants' comments on common barriers to employment:

- Lack of transportation is a significant barrier to employment and workforce development. Urban sprawl in the Memphis region has resulted in the car as the predominant mode of transportation. Participants said the public transportation system does a poor job of connecting LMI communities to jobs.
- The lack of soft skills is a significant barrier for employment. Discussants emphasized the need for churches, parents, other nonprofits, and the entire community to embrace this challenge.
- Participants said the education system is unsuitable for job placement. Education is focused more on college than non-college options. There is an absence of vocational training in schools.
- Some workers lack hard and soft skills, or have felony records, a history of substance abuse, language barriers, and/or mental health issues.
- There is a lack of information about available training, grants, and funding for job seekers.

- There is a lack of partnering among workforce development players and a resources mismatch.
- Insufficient transportation services are also considered barriers to secure employment.
- African Americans, ex-offenders, youth, seniors, and the unskilled or uneducated experience high levels of unemployment.
- Some employers accept applications only from people who are already employed.
- Some causes of underemployment are a lack of required hard and soft skills, staffing agencies not pursuing permanent position offers, and the limited perspective of workers.

Participants' comments on effective policies and programs for job creation and workforce development:

- Participants mentioned a past U.S. Department of Education (ED) program for nursing education.
- They also mentioned a recent grant from the DOL for green energy jobs. Under this program, students received a certification and then chose whether to continue on to a four-year college.
- Participants also noted grants they received from the National Science Foundation (NSF).
- The discussion covered several local programs targeted toward chronically unemployed and hard-to-employ populations, including grants to train individuals in bioscience, employers' training programs, and programs by the Chamber of Commerce.
- Employment of ex-felons and those with criminal records was recognized as an issue that needs to be addressed. In the past, there were programs that were working, but on a small scale. Employers seem to lack a willingness to hire ex-offenders, no matter how long ago the offence occurred. Relationships and collaborations are seen as key for placement of ex-offenders.

Participants' comments on curricula and structure of technical, vocational, community, and state colleges in the community:

- Participants cited a tremendous need for vocational training.
- There is also a need for better counseling in the schools.
- Some companies require the Career Readiness Certification (CRC) ([www.tennessee.gov/labor-wfd/et\\_](http://www.tennessee.gov/labor-wfd/et_)



[services\\_crc.html](#)), which is taken in high school in order to be considered for employment.

- Some employers feel that the CRC is valuable, but is not helpful without soft skills.
- Participants did not favor discontinuing WorkKeys, which is the vocational arm of the ACT test. Passing students receive an award called a National Career Readiness Certification ([www.act.org/products/workforce-act-national-career-readiness-certificate](http://www.act.org/products/workforce-act-national-career-readiness-certificate)).
- Participants said that the vocational trades are no longer offered in high schools and the vocational schools have moved more toward technology-related programming. For example, the Tennessee Area Vocational Technical School became the Tennessee Technology Center. Meanwhile, classes like dry cleaning and upholstery, have been discontinued. One participant said, “Vocational education is a mainstay, but we are not valuing the trades.”
- Parents and students lack knowledge about the type of training, education, and certifications students should be earning.
- Advanced, high-tech equipment and machinery is expensive. Community college training programs are not resourced to keep up with the technology that the employers require.
- The Chamber of Commerce is conducting a pilot transportation, distribution, and logistics job training program at Sheffield Career and Technology Center ([www.mcsk12.net/schools/sheffieldvotech.vt/site/index.shtml](http://www.mcsk12.net/schools/sheffieldvotech.vt/site/index.shtml)) in partnership with the Tennessee Technology Center at Memphis. They hope to have 150 participants to train.
- The sectors that are expected to be in high demand in the community for next 10 years are advanced manufacturing, transportation, distribution and logistics, biomedical and biosciences, information technology, and hospitality.

Participants’ comments on alignment:

- Participants noted that state and local economic development efforts should be aligned with community skills and employer needs. This can be achieved by developing better relationships, collaborations, and communication.
- In order for financial institutions to play a role in promoting workforce development and job growth in the community, participants said the banks should be able to relax their lending criteria to make it easier for small businesses to get loans.

They also should support entrepreneurial technical assistance programs, and conduct financial literacy classes in schools.

## 26. A Grassroots Look at Workforce Development

**Trenton, New Jersey on February 28, 2012. Hosted by FRB Philadelphia.**

*A full day forum included presentations and discussion from Federal Reserve staff, academics, job trainers and state government employees on chronic unemployment and workforce development in New Jersey.*

Meeting Summary:

- Providers of government-funded workforce development services struggle with the fact that there are more than 40 separate federal programs with separate funding streams and eligibility criteria. Providers are constricted in putting together comprehensive programs in this field, which is fractured and divided. Even state agencies are hampered by the separate federal programs and funding streams.
- Workforce development programs are funded on a short-term basis of up to 36 months, making it impossible for nonprofits to plan such programs for the long term. Funders were described as having “short-term thinking.”
- Funding for the education component of education and training services is hard to obtain, although many hard-to-employ populations such as ex-offenders especially need educational services, including soft skills such as reporting for work on time and communicating effectively. Much of this kind of education now delivered by nonprofits is unreimbursed. Basic literacy services, including English as a second language, are much needed by these populations. Funders do not understand the full scope of education needed by hard-to-employ populations. Nor do they understand the need to support education for hard-to-employ populations that is different from traditional education, as delivered in high school or college.
- Many government programs are not effective because the people designing them do not understand the broad impact of poverty individuals and families. Such clients have scarce resources, cannot afford to make mistakes, and are distracted by stressors in their lives. They have weakened confidence in their ability to be successful. These indi-

viduals may not enter or persist in programs, especially when the programs are complex and government representatives discourage applicants or give negative cues.

- It has been generally difficult to interest employers in workforce development programs, and it is getting harder to do so, because more employers now seek employees on the Internet rather than through job fairs. However, the four nonprofits featured in the forum have had some success in approaching employers. One nonprofit found that forming an employer advisory council helped assure good two-way ongoing communication with employers. Another nonprofit has a close relationship with area businesses that enables the nonprofit to advocate on behalf of clients. Two of the nonprofits have had some good experiences with a number of employers on energy-related training programs. Another nonprofit has worked on training programs with large employers such as automakers, and with hospitals on nursing programs.
- Funders encourage employees to acquire “stackable credentials”—a sequence of credentials that can be acquired over time—that enable them to move up a career ladder. Such a ladder, however, rarely exists for entry-level workers.

## 27. Banker’s Roundtable on Workforce Development and CRA

**Atlanta, Georgia on February 28, 2012. Hosted by FRB Atlanta.**

*Discussion with regulators and bankers on how financial institutions can and do participate in workforce development and job creation in their markets as a CRA strategy.*

Meeting Summary:

- Participants said that a lack of required hard skills is the most important employment barrier facing the chronically unemployed in the community, followed by soft skills and a lack of job openings. Government regulation, lack of mobility due to housing market, lack of motivation, and spatial mismatch (jobs being located outside of workforce housing) were also mentioned as barriers.
- The majority of participants responded that improving hard skills and improving general educa-

tional attainment as workforce development needs in their communities. Improving soft skills was also a priority.

- Community colleges scored the highest among participants as the most effective workforce development organization, followed by WIBs and the state workforce development entities. The other organizations included high-performing nonprofits, such as United Way.
- Half of the participants said that the coordination of workforce development activities among various organizations in their community is not effective. The participants commented that there are a lot of inefficiencies within the system. Development of a funders collaborative may be one solution.
- Coordination among workforce development entities is even a bigger problem in rural markets.
- While more than half of the bankers responded that their respective institution is involved in workforce development or job creation efforts as part of its CRA strategy, one-third of participants responded in their institution is not involved. Smaller banks have limited capacity and resources to get out and serve communities.
- When asked what activities banks might be best positioned to undertake to address workforce development needs, participants mentioned partnering with community organizations, providing grants, and improving consumer credit scores.
- One major national bank in the forum is involved in workforce development in a number of ways. For example, they have partnered with the Workforce Development Funders Collaborative ([https://peerta.acf.hhs.gov/uploadedFiles/Diane\\_McCants.pdf](https://peerta.acf.hhs.gov/uploadedFiles/Diane_McCants.pdf)), which is involved in stabilization of communities in Los Angeles, Boston, Chicago, Bay Area, and Atlanta utilizing a 10-year, \$2 billion program for jobs, housing, and hunger. They partner with employers and high-performing nonprofits, such as United Way.
- Another major national bank mentioned that they strongly believe that housing and jobs are interconnected. They fund National Workforce Funders Collaborative and viable programs that are faced with federal budget cuts. In response to the local government budget cuts for many programs, they look for innovative ways to get involved in such programs and work with K-12 schools in LMI communities to increase graduation rate.

## 28. The Space Coast and Unemployment

**Melbourne, Florida on March 7, 2012. Hosted by FRB Atlanta.**

*Discussion with the Business Leaders Network.*

Meeting Summary:

- Participants expressed concern with the validity of published unemployment data. Because large numbers of jobs were lost in the space sector, many individuals have physically left the area, and this is not reflected in the data. There was consensus that the rate of unemployment is much higher than reflected in the published numbers.
- Participants expressed significant concern about the increase in underemployment, specifically for those skilled workers that previously were employed in the space sector. This trend may have a long-term impact on the economy if it continues.
- Additionally, underemployment is a concern for self-employed business owners who are now paying themselves less, due to financial constraints caused by the economic downturn. Job loss due to enhancement of productivity gains was another factor cited as leading to unemployment and underemployment.
- Many workers in the area were highly compensated at their NASA-related jobs and they are now refusing to take lower paying jobs until their personal financial resources are depleted.
- Internships were cited as a best practice. Another best practice is the effectiveness of all the sectors—local government, workforce development, economic development, private sector—working together to find solutions to the employment problems. Working together enabled the area to leverage the political environment to receive funding to address the pending unemployment.
- The lack of cooperation among most of the area's secondary schools was cited as a barrier to improving the workforce along with the lack of a high school manufacturing academy.
- Transportation and child care were also cited as barriers to employment in Brevard County.
- A majority of participants stated that the biggest barrier to employment is fewer job openings.

- There was also agreement that workers lack the appropriate hard skills and education. Displaced space workers do not always possess the skills that transfer to other industries. Many of the engineers in the area have a very narrow skill set and a job title of “engineer,” which, in reality, is more of a technician position. These workers will have to upgrade their skills to meet the needs of area employers. Because of this skill deficit, the Workforce Development Agency has difficulty finding appropriate candidates for job openings.
- Soft skills are a problem for the under-24 age group.
- A manufacturing group has been established to identify what skills are needed for future employment in the area. The challenge is to get the schools to update their curriculum to reflect the new job sectors.
- Displaced space sector employees possess skill sets that are closely correlated to the needs of the aerospace industry. Other sectors mentioned as likely sources of employment included biomedical and software.
- There was a lot of optimism about the future of the space program. Attendees also are seeing interest in entrepreneurship among displaced space workers, driven in part by the lack of comparable paying jobs. Participants pointed out that the major barrier to business start-ups is access to capital.

## 29. Workforce Strategy Executive Luncheon

**Minneapolis, Minnesota on March 27, 2012. Hosted by FRB Minneapolis.**

*Educators, job trainers, bankers, funders, local government employees, and Federal Reserve staff convened to discuss chronic unemployment and workforce development.*

Meeting Summary:

- Participants said that the declining global stature of the U.S. educational system is a major contributor to current and future workforce and employment challenges.
- State government departments and state higher education institutions are making serious efforts to

gather, analyze, and understand the data on jobs and education in Minnesota, and to bring that data to bear on issues in education and workforce development.

- Several local foundations are working toward a common approach to workforce development, possibly including some common metrics and evaluation tools.
- Community college workforce development programs require a strong partnership between community-based organizations, colleges, and employers. The community-based organizations usually assist with pre-employment work skills and wrap around services when participants are in training or starting work. Colleges generally provide specific skill-based courses. Employers must be willing to work with colleges and nonprofits and committed to the participants' success.
- The most successful partnerships are those that are authentic and locally based; there is no "cookie cutter" formula for success.
- Workforce development programs face three key challenges, namely: funding, organizational capacity, and management information systems and data alignment.
- Participants described the Aspen Institute's Courses to Employment Initiative ([www.aspeninstitute.org/topics/courses-employment](http://www.aspeninstitute.org/topics/courses-employment)). The Initiative is a learning demonstration involving six community college-nonprofit program collaborations. It is focused on how adult students can achieve education and employment goals through the coordinated work of community institutions. The program is funded by the Charles Stewart Mott Foundation ([www.mott.org](http://www.mott.org)).
- Participants discussed outcomes from programs at two community college partnerships (Fairfax, Virginia and Austin, Texas). Challenges included a lack of resources and timing of funding as key issues that emerged.
- Themes emerging were the importance of having different systems (nonprofit, college and community college, funders, and employers) speak to each other and work together. Funders agreed to discuss how they might collectively gather to determine what outcomes they would like to see as a whole, versus creating unique sets of outcomes from every funder which vary slightly but create a drain on resources for nonprofits and colleges.

### 30. Roundtable on Workforce Development for the Chronically Unemployed

**Newark, New Jersey on March 29, 2012. Hosted by FRB New York.**

*Members of a local Workforce Investment Board (WIB), large employers, small businesses, state labor department and community colleges met to discuss chronic unemployment and workforce development.*

#### Meeting Summary:

- Participants said that workforce development is not about implementing WIA. Rather, it is about helping employers get the talent they need to be competitive, and helping workers get a wage that will support their family's needs.
- While many focus on training workers, the key to workforce development is focusing on employer engagement, developing strategies for specific industry sectors, and building career pathways.
- Participants noted that Newark's workforce is viewed as uncompetitive and unskilled.
- There is a lack of employer transmission of skill needs to local schools. As a result, high school and post-secondary education is not aligned to employers' needs.
- Ex-offenders face significant challenges obtaining employment. Participants said that re-entry and "second chance" programs do not meet the needs of ex-offenders and disabled job seekers. Wage garnishments for ex-offenders with outstanding child support obligations leads to disincentives to work. Inflexible policies of some companies to accept second chance limits opportunities for ex-offenders.
- Participants said that many local programs are focused on entry-level job placement, despite growing trend of mid-career dislocated workers.
- The Port of Newark is expected to be the greatest provider of jobs over the next 10 years (due in part to the widening of the Panama Canal); approximately 150,000 new jobs will be created (e.g., fork lift, diesel, and refrigeration mechanics).
- There is a need for aircraft mechanics; airlines/carriers regularly fly in workers to service aircrafts.
- The vast majority of the 2020's workforce has already left school. Therefore, there is a need to

develop relevant technical training and change the momentum and skill set of the current workforce (e.g., train auto mechanics to be aircraft mechanics).

- Participants recommended aligning workforce training with the needs of six major industries.
- They also recommended fixing the flow of funding to better facilitate the hiring of new training vendors.
- Participants suggested that the creation of a master planning process and a career pathways plan would increase retention in growing sectors, such as manufacturing.
- Government should align tax credits to support growth and create more job opportunities in growing sectors, such as film and media.
- Finally, educators should make it easy for employers to fill open jobs by providing them with a relevantly skilled workforce.

### 31. Arizona Workforce Development Forum

**Phoenix, Arizona on May 2, 2012. Hosted by FRB San Francisco.**

*Fifty senior level representatives from nonprofit organizations, local government and financial institutions in the Phoenix and Tucson metro areas convened to discuss chronic unemployment and workforce development.*

Meeting Summary:

- Participants said that Arizona experienced greater economic decline than other states in the West. The unemployment rate remains high. Discouraged and marginally-attached workers remain prevalent in Arizona.
- Migration flows are increasing, and the pace of the housing market recovery will likely continue to influence the labor market.
- Nonprofits that specialize in workforce development programs and strategies are targeting the chronically unemployed, victims of domestic violence, ex-offenders, veterans, the homeless, and lower education young adults, among others.
- The existing programs by nonprofit organizations provide financial institutions with the best oppor-

tunity to engage with workforce development activities and report them under CRA. Some of the nonprofits shared details about how financial institutions have assisted their programs, both in service and investments.

- Some financial institutions have expressed interest in CRA activities within the workforce development arena. Those opportunities primarily are with local nonprofit organizations, sponsoring programs for targeted populations.
- The barriers to employment facing the chronically unemployed in Arizona include insufficient education, lack of reliable transportation, criminal and/or substance abuse history, lack of affordable childcare, and poor credit.
- The participants emphasized the following needs financial education (including credit repair) and job readiness training, business community openness to offering a second chance to ex-offenders and people recovering from substance abuse, a bridge program to help people transition from relying on public benefits to self-sufficiency, education programs for those “left behind” by public schools, and programs to assist with transportation needs.
- Some of these “needs” are potential opportunities for CRA programs and, in a few cases, banks in attendance at this forum are already partnering with nonprofits to help fill gaps.

### 32. Workforce Development Challenges and Opportunities in the Nashville Financial Sector

**Nashville, Tennessee on May 8, 2012. Hosted by FRB Atlanta.**

*Job trainers, youth services directors, bankers, and credit union representatives gathered to discuss chronic unemployment and workforce development.*

Meeting Summary:

- Local data from the Chamber of Commerce and other sources indicate job openings in the financial sector have increased in the last few years. Participants from the financial sector indicated that additional teller and other customer service jobs will be available as new branches are opening in the next year. These representatives indicated that they are having no difficulty in filling open positions as they arise.

- Career fairs have been well received by the workforce development providers and the individuals they serve, but they would like to see more active participation by more employers in the financial sector.
- Another best practice is the effectiveness of the structured programs within schools (particularly the Career Academies program in the Metropolitan Nashville Public Schools ([www.mnps.org/AssetFactory.aspx?did=42483](http://www.mnps.org/AssetFactory.aspx?did=42483)) to prepare students for jobs in the financial sector. However, participants mentioned that an historical problem in the Davidson County high school curriculum has been the lack of dual pathways for simultaneously pursuing both vocational and academic skills. Currently, students select one path or the other, with no hybrid option.
- Participants confirmed a concern that communication skills and other soft skills are the two areas that need significant improvement in the local workforce. The participants from the financial sector described the types of qualities they are seeking in individuals, including people who can interact with customers in a consultative, professional, and highly polished manner. Other important soft skills mentioned included interpersonal skills (both greeting and listening), ability to be a team player, timeliness and dependability, and ability to pass drug testing. Some of the workforce development providers indicated that this is an area for future consideration in terms of improving their offerings.
- Participants discussed generational differences in work and communication styles and how they need to be built into the format, style, and even content of training programs. Also, several participants commented on the need for additional structured training programs for those not currently enrolled in school. They cited a lack of funding as a barrier to establishing programs such as these.
- The need for additional internship programs was cited as one area that could benefit both employers in the financial sector as well as those seeking jobs. Participants also discussed the importance of earning some money as an incentive in these internship programs (versus internship programs with no money earned).
- Access to and availability of transportation continues to be a barrier for LMI populations in the Davidson County area, and as one attendee put it, “this area has a regional economy but a local transit system.” LMI individuals are using a large percentage of their income for transportation costs.
- Participants noted that it would be beneficial to have a current list of the various organizations and their focus areas and related training programs and events, in order to serve as a better referral network among entities as needed. A redacted version of this may also be useful for CRA officers.

