

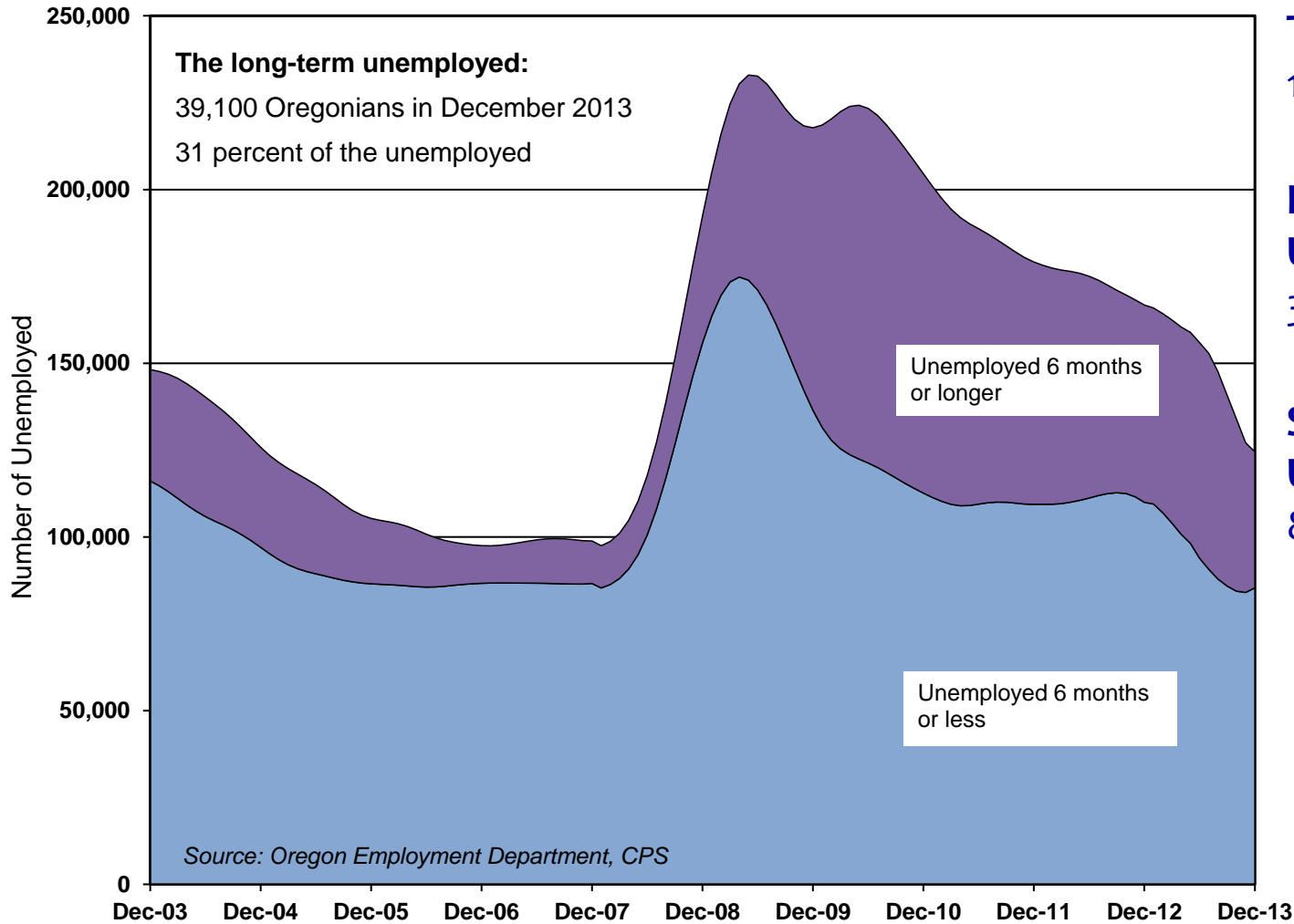


# Characteristics of the Long-Term Unemployed

House Committee on Business and Labor

February 5, 2014

# Unemployment in Oregon is falling... for both short-term and long-term unemployed.



**Total Unemployed:**

124,500

**Long-Term Unemployed:**

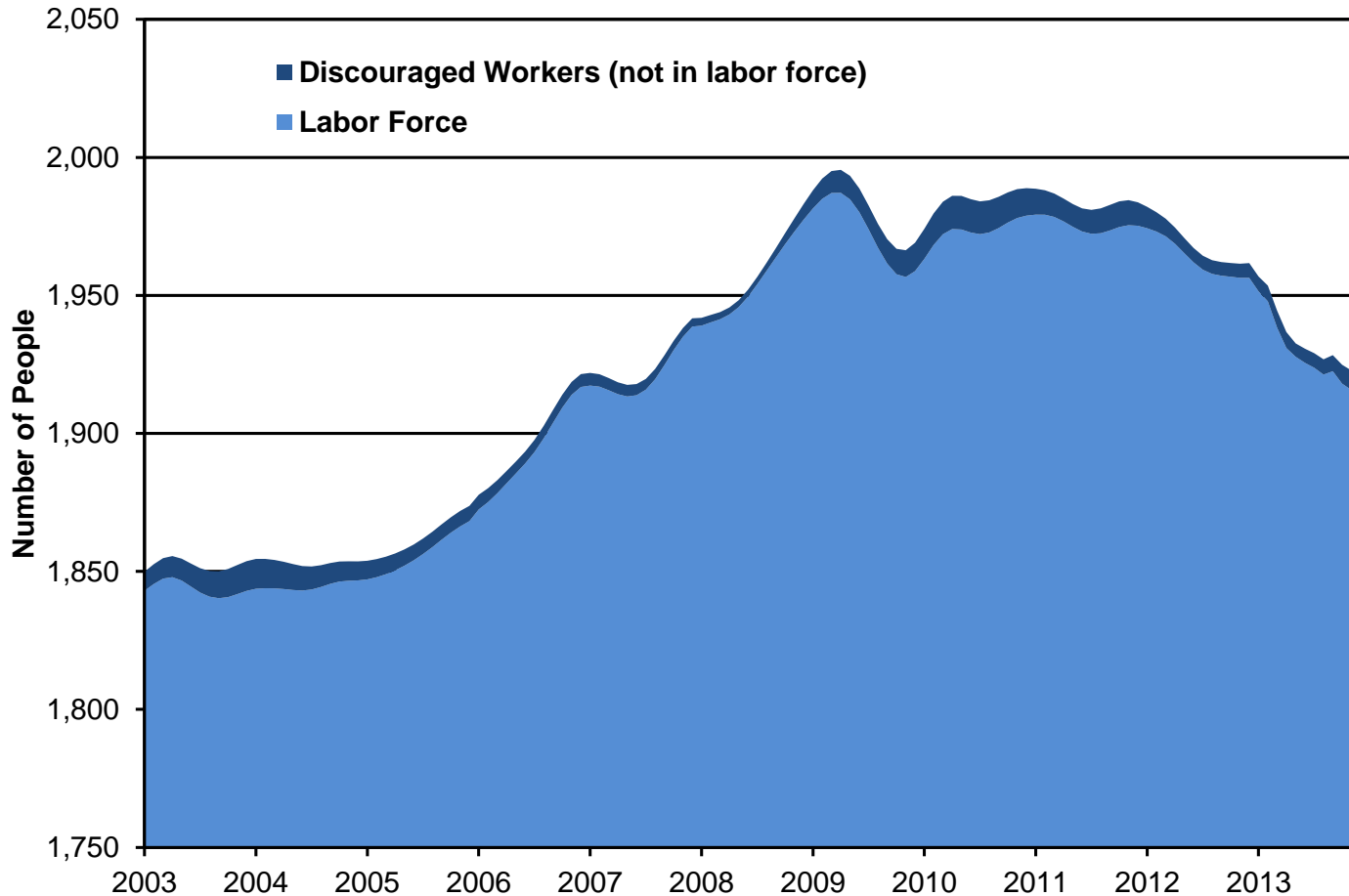
39,100

**Short-Term Unemployed:**

85,400

# The unemployed are not giving up looking for work. The number of discouraged workers is near pre-recession levels.

## Discouraged Workers Who Quit Looking for Work in the Last 12 Months are a Small Part of Oregon's Falling Labor Force



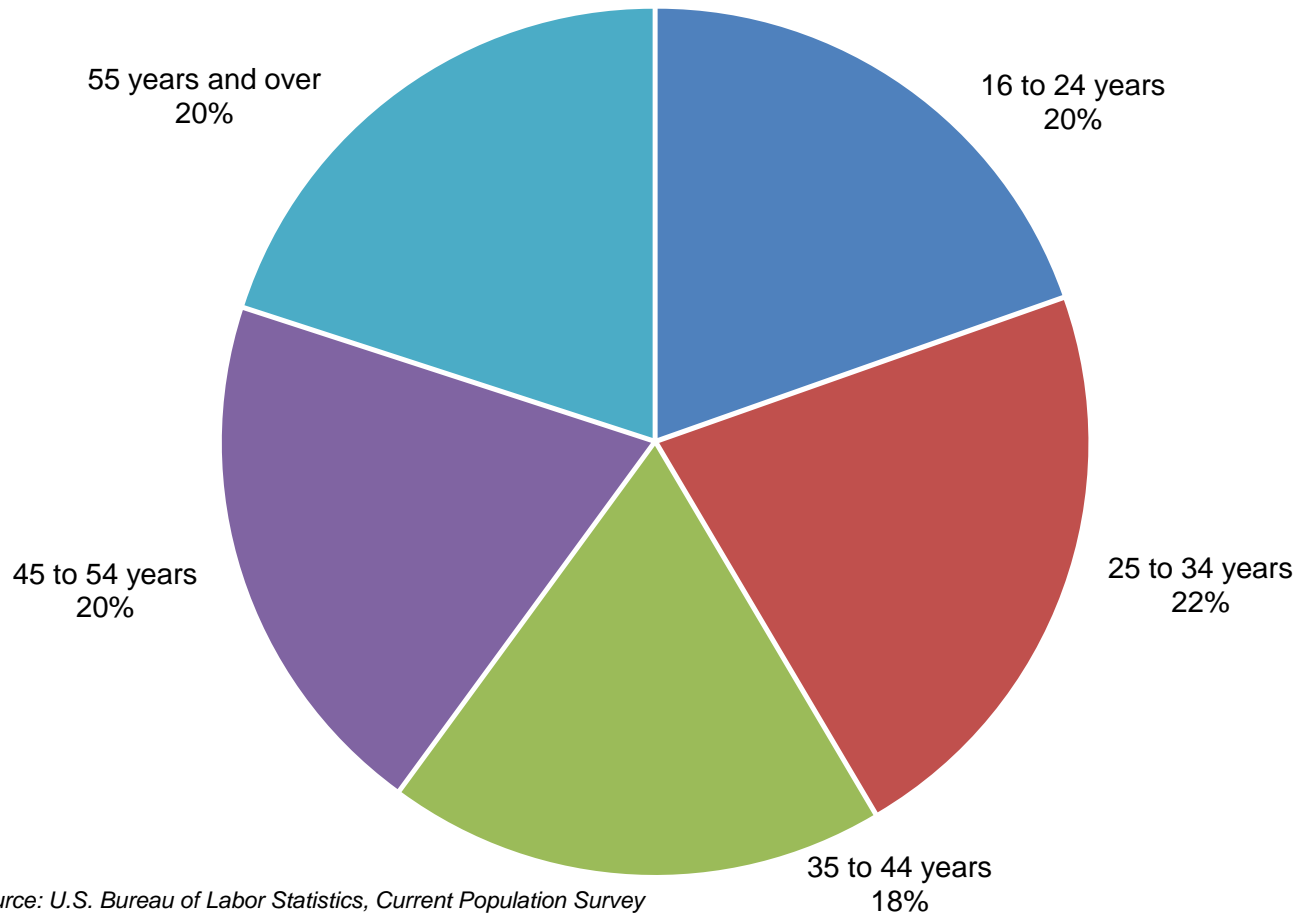
**Discouraged Workers:**  
6,600 in Dec. 2013

The drop in the labor force is due to more retirements and fewer young people joining the labor force. (We've talked about this before).

Source: Oregon Employment Department, Current Population Survey

# Long-term unemployment is an issue for all age groups.

Share of Long-Term Unemployment by Age Group  
United States, 2013



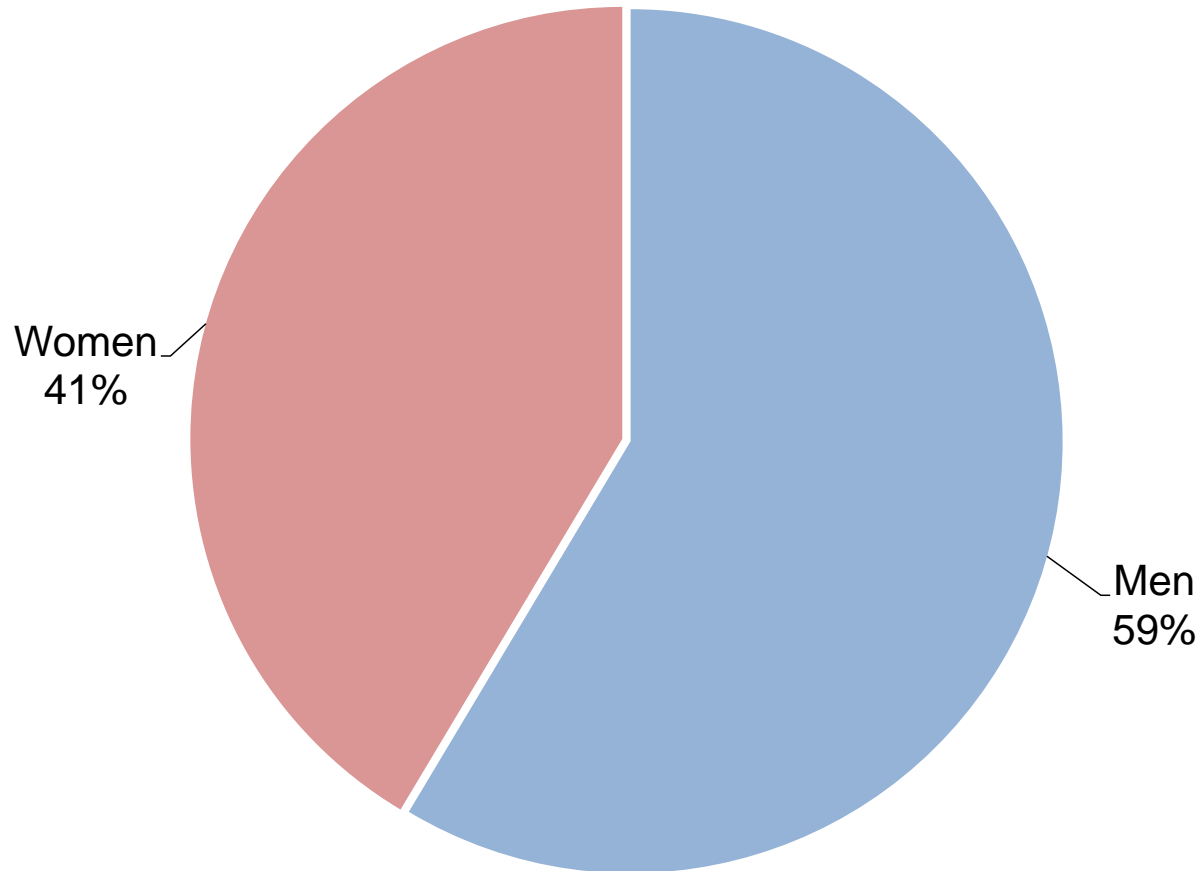
## Share of unemployed that are long-term:

55 and over:	49%
45 to 54:	44%
35 to 44:	42%
25 to 34:	38%
16 to 24:	25%

Source: U.S. Bureau of Labor Statistics, Current Population Survey

# Men are overrepresented among the unemployed and the long-term unemployed.

Share of Long-Term Unemployment by Sex, Oregon, 2013



Share of unemployed that are long-term:

Men: 37%  
Women: 34%

Source: U.S. Bureau of Labor Statistics, Current Population Survey

## Long unemployment spells make it more difficult for even more experienced applicants to get interviews.

- \* Research shows that those without a job for longer than 6 months are less likely to be invited for job interviews.
  - \* Out of work 1 month - Average 10 résumés per interview.
  - \* Out of work 7 months – Average 35 résumés per interview.
- \* Some employers may be hesitant to hire applicants who are unemployed because:
  - \* The long-term unemployed may have a bad attitude and/or lack motivation.
  - \* They may lack interview skills and/or do not properly prepare for an interview.
  - \* In some cases, the laid-off “weren’t the cream of the crop” to begin with.
  - \* Their skills may have become stale.
  - \* In some cases, they lack soft skills, i.e. time management, self-confidence, acting as a team player.



# The Long-Term Unemployed and Unemployment Insurance

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# Unemployment Insurance and Extensions

- \* “Regular” Unemployment Insurance (UI) benefits are for up to 26 weeks and are paid from the UI Trust Fund
- \* UI Trust Fund is funded by Oregon employer payroll taxes
- \* Federally funded extensions during the recession allowed up to an additional 73 weeks of benefits
- \* There were also state UI extensions during the recession
- \* All extensions expired as of the end of 2013



# Impact of UI Extensions Ending

- \* About 17,500 people lost UI benefits at the end of 2013
- \* An average of another 900 people per week would have received extensions in 2014, but instead will not receive any UI benefits

# Selected State UI Extension Scenarios and Estimated Impacts

Option	People Receiving Benefits	Avg. Weeks of Benefits per Person	Cost to Pay Benefits	Cost to Administer
\$30 million capped program	22,000	4 weeks	\$30 million	\$600,000
\$50 million capped program	30,000	5.5 weeks	\$50 million	\$879,000
13 week program	42,000	11 weeks	\$135 million	\$1.3 million

# Trust Fund Projections

Expenditures from the UI Trust Fund make it more likely we will either:

- \* Move to a higher tax schedule sooner; or
- \* Stay in the current tax schedule longer when we would otherwise move to a lower schedule

Year	Margin to Higher Tax Rates	Margin to Lower Tax Rates
2015	\$239 million	\$11 million
2016	\$171 million	\$182 million
2017	\$369 million	\$8 million

Based on December 2013 forecast



# Promising practices for getting people re-employed

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# What works

- \* Taking the “risk” out of hiring those who have been out of work for an extended time
- \* “Work attachment” via volunteer and paid experiences
  - \* individuals learn new skills
  - \* Businesses develop relationships with potential employees
- \* Cognitive behavioral approaches help unemployed reset their thinking and attitudes

# Promising Programs

- \* Claimant Re-employment
  - \* Reduces UI by 1.1 weeks
- \* Back to Work Oregon
  - \* NCRC and On-the-Job Training Subsidy results in 90% hire rate
- \* Work Opportunity Tax Credit (plus)
  - \* Provides tax credits for hiring special populations
- \* Jobs Plus for the UI exhaustees
  - \* Paid internships for “hard to hire” workers

# Promising program continued

- \* Self Employment Program
  - \* Helps people on UI start businesses
- \* Platform 2 Work
  - \* Cognitive behavioral training
  - \* Paid Internships
  - \* Companies committed to hiring



# Considerations

- \* Challenges: Costs of administration, start up time
  - \* There is a cost for coordination and managing relationships with both jobs seekers and businesses
  - \* Staff training and administrative systems updates take time & money
- \* Opportunity: trades unemployment insurance for employment

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