



## **American Workforce Policy Advisory Board**

### **Working Group: Modernizing Candidate Recruitment and Training Practices**

Employers often struggle to fill job vacancies, and both job seekers and employers need better information to guide recruitment and training. To acquire a talented workforce, employers must better identify the skills needed for specific jobs and communicate those needs to education providers, job seekers, and students.

The Modernizing Candidate Recruitment and Training Practices Working Group focused this set of recommendations on its first identified objective of improving the Labor Force Participation Rate. If implemented, the following recommendations would better identify untapped talent pools and optimize geographic job creation efforts to expand employment opportunities for those still on the sidelines.

#### **Goal**

##### **1. Provide Employers, Job Seekers, and Policymakers with the Tools Needed to Better Identify Job Openings by State**

State-specific job vacancy data will assist efforts to move individuals from the sidelines and into in-demand occupations.

#### **Background**

The Bureau of Labor Statistics (BLS) administers the Job Openings and Labor Turnover Survey (JOLTS) to identify job vacancies. Since December 2000, this monthly survey has produced national estimates of job openings, hires, and separations by major industry as well as estimates by region. Currently, policymakers use JOLTS to better understand the dynamics of the U.S. labor market, in particular the flows of workers in and out of jobs. The openings and hires data are frequently used as proxy measures of labor shortages. Since March 2018, for example, the number of job openings has exceeded the number of unemployed workers for the first time in the history of the data series.

The first objective of this working group has been to improve the Labor Force Participation Rate across demographic groups. More detailed job openings data would help pinpoint existing and

emerging labor shortages. However, the relatively small JOLTS sample size of 16,000 establishments has not supported more granular estimates until recently. In the spring of 2019, BLS began to publish experimental, model-assisted estimates by state of job openings, hires, and separations for public review and input. The new data show that the number of job openings exceed the number of job seekers across the country. In the 4th quarter of 2018 (the most recent data available at the state level), there were more job openings than unemployed workers in 44 states and the District of Columbia.

This data provides a valuable new tool for policymakers, and more importantly for employers and job seekers, to better understand which geographic areas have the best opportunities for moving individuals from the sidelines and into in-demand occupations. The new model-assisted estimates also provide a new methodology to derive more geographically-specific statistical data without having to expand government surveys and the burden on survey respondents.

The Working Group recognizes that there are limitations to how much BLS data can provide a complete understanding of the jobs of the future, and the Working Group firmly believes there is a need for correlating information for assessing the skills of those not employed compared to the skills needed in the labor market. However, these data will help policymakers, employers, and job seekers respond more quickly to market demands.

#### **Recommendation to be submitted to the National Council for the American Worker**

- **Permanently Extend the Bureau of Labor Statistics Job Openings and Labor Turnover Survey Experimental State Data Project.** In recognizing the importance of this survey, the National Council for the American Worker should ensure the prioritization of this work within BLS. In addition, the Advisory Board encourages Congress to support this work and provide additional resources as appropriate.

## Goal

### 2. Improve Availability and Usability of Education and Labor Market Data for Job Creators.

A central repository and improved coordination of state and federal labor market, employment, and education data will better enable employers to hire based on skills.

## Background

A lack of data and information on labor quality and the characteristics of individuals not in the labor market undermines the work of employers and community stakeholders to engage with untapped talent pools. Information on the country's potential labor supply—in particular, persons outside the labor force—is lacking. The federal government regularly reports on the national employment situation, but fails to provide a comprehensive, comparable summary or analysis for states and local areas. It also fails to help the public fully appreciate, understand, and use comprehensively the numerous datasets that federal statistical agencies produce on the U.S. labor market.

The Jobs Kit (<https://opportunity.census.gov/jobkit.html>) created by the National Council for the American Worker represents an important reform by consolidating and organizing different jobs-related data sets for developers and the tech sector to harness. An expansion of those efforts will benefit American workers and employers.

## Recommendations to be submitted to the National Council for the American Worker

- **Publish a Single Inventory of Labor Market and Education Data Housed on a Central Website.** This data should reflect both the current and potential labor force, including underutilized and disconnected working-age individuals. The Departments of Labor and Education should better coordinate and update more frequently Labor's Standard Occupational Classification (SOC) system and Education's Classification of Instructional Program (CIP) codes to allow better alignment of education programming with actual labor market needs.
- **Produce Regular State and Local Area Reports that Provide Labor Force Information Similar to the "Employment Situation" Report.** The Bureau of Labor Statistics, Census Bureau, Institute of Education Sciences, and other agencies should collaborate on these reports. The reports should include labor force status by sex, age, race, ethnicity, nativity, disability status, and veteran status as well as data on persons not in the labor force.

## Goal

### 3. Increase On-Ramps to Employment by Optimizing the Talent of All Americans

Improve labor market outcomes for untapped populations by realizing the full potential of Opportunity Zones.

## Background

Since the Great Recession, the economy has experienced record expansion and historic unemployment. However, the distribution of this growth has been uneven state-by-state. Areas hit hardest have experienced population loss, job loss, and business loss. These challenges have made it more difficult for employers to discover the human capital of these regions.

As part of the Tax Cuts and Jobs Act of 2017, Congress established a new, federal tax incentive program, Opportunity Zones, to spur economic development in distressed communities across the country. Governors selected 8,776 qualifying low-income census tracts where individuals can invest eligible capital into qualified Opportunity Funds. These Funds can be used to establish new companies, accelerate business expansion, create jobs, and improve housing in these designated areas. There are a number of benefits to investors, but arguably, the biggest benefit is the permanent exclusion of taxable income on new gains for those investments held for a minimum of 10 years.

The working group believes focusing on Opportunity Zones is a way to quickly identify geographic areas where the prospects for optimizing employment for untapped labor pools is high. Thirty-six percent of prime age adults residing in Opportunity Zones are out of work – and in 12% of Opportunity Zones, at least half of the prime age adult population is not working. In addition, more adults in Opportunity Zones lack a high school diploma (22%) than have a four-year college degree (18%).

However, the opportunity is great. There are more than 350 two- and four-year colleges and universities, including half of all Historically Black Colleges and Universities, located in Opportunity Zones. Leveraging these institutions to increase on-ramps to employment is a key strategy in the successful revitalization and economic development of these designated communities. Intentional engagement and investment in Opportunity Zones, combined with the recommendations outlined above, will render the underutilized human capital in Opportunity Zones more discoverable.

## Recommendations to be submitted to the National Council for the American Worker

- **Create an Opportunity Zone Workforce Development Playbook.** The federal government, along with state and local counterparts and key experts, should create a framework for communities to ensure a strong correlation between workforce development and economic development. As part of this framework, there should be

a focus on scalable entrepreneurship, apprenticeship expansion, and accelerating growing companies.

- **Align Funding and Prioritize Outcomes.** Federal, state, and local governments should prioritize existing workforce development activities, including scholarships at postsecondary institutions, towards those residing in Opportunity Zones. This can be done through competitive preferences in awarding grants or states incentivizing companies and organizations to up-skill and re-skill residents in these areas. These funds should be designed to focus on outcomes and performance with the goal of providing a return on the investments made from public or private sources. These activities should also be rigorously evaluated to replicate the most effective strategies for helping those on the sidelines to gain and retain employment.
- **Urge Corporate and Philanthropic Investment.** Companies in similar industries, especially those facing workforce shortages and skills gaps, should invest in distressed communities, which may include the use of unrealized capital gains in an Opportunity Fund targeted toward workforce development. Foundations should also be encouraged to invest in these communities to scale these investments.