

Standards of Practice

by

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INTRODUCTION

Appalachia and much of the non-Appalachian South face the paradox of increasing under-employment amidst persistent and soon-to-be widespread labor shortages. The chief reasons are:

Education—persistently low educational attainment relative to rising skill requirements;
Brain Drain—the impending retirement of large numbers of highly skilled and experienced baby boom workers and a continuing migration of skilled youth to urban centers; and
Demographics—little or no growth in the total number of children in the region, combined with the fact that traditionally disadvantaged populations will account for a growing share of the future workforce.

As a result, Appalachia and the South as a whole must redouble efforts to make everyone count.

This report summarizes findings from a series of meetings, focus groups, and research, on the role of special populations in the region's workforce. It concludes with recommendations and a draft of a Workforce Index by which states can benchmark progress—and set new standards of practice—in addressing these and other critical matters in workforce development.

THE RESEARCH FRAMEWORK

In its June 2002 Report on the Future of the South, *The Mercedes and the Magnolia*, Southern Growth made three recommendations for building the workforce of the future, one of which was to “fully utilize all potential sources of workers and identify and develop underutilized sources of workers and talent.” To implement this recommendation, Southern Growth's Council for a New Economy Workforce (CNEW), with the support of the Appalachian Regional Commission, sought to identify the scope of lost human capital, the barriers facing special populations (such as dislocated workers, elderly workers, immigrants, the disabled, and ex-offenders) and possible solutions.

The initiative involved the following activities:

- Two meetings of the full CNEW, where concepts and potential benchmarks were proposed and discussed, and a follow-up working group meeting to further refine them.
- A focus group session in each of three ARC states, each involving 15-20 public/private/academic leaders, and aimed at specific populations of under-utilized workers. The sessions ran for two hours, and included a Powerpoint presentation summarizing research on the data, trends and issues relating the particular population. The resulting discussion was distilled and a report, with recommendations, returned to the participants.
- Follow-on support to West Virginia, as requested by the state, to assist it in developing further dialog and new strategies to address benchmarking and the development of special populations.
- Presentation of the findings to CNEW and other workforce groups, such as the South Carolina Business & Education Summit.
- Production of three mini-papers outlining the issues, findings, and policy recommendations stemming from the state efforts, a draft Workforce Index, and a final report.

Specifically, Southern Growth worked with the following ARC states:

- South Carolina—Convened an assembly of top agency leaders, for the first time, to discuss the issue of dislocated workers. Follow up work was delayed due to a transition in the Governor's office, but picked up in late July with a visit to the Deputy Chief of Staff for Governor Mark Sanford. After the briefing, Chad Walldorf asked for an informal assessment of the state's Web site to see whether it could be user-friendlier to special populations. That work will continue beyond the grant period.
- West Virginia—Held a focus group with state and regional workforce leaders, plus the Department of Health and Human Resources, to discuss the issue of both dislocated workers and elderly workers. The group decided it could make substantial improvements in serving special populations, and recommended holding a series of daylong summits on each special population. A regional foundation will likely support the effort. The summits have not yet been scheduled, but the Office of Workforce Investment has asked Southern Growth to assist it in applying the Workforce Index to its own Vision 2030 initiative. A phone conference call on the subject was held on July 21, and an agreement made for Southern Growth to go to West Virginia in mid-August to meet face-to-face with them and the other planners.
- Kentucky—A focus group was convened to discuss the disabled in the workforce. Again, many of the participants only had passing familiarity with each other. This session provided excellent insights but did not result in follow-up activities.

Preliminary findings were shared with most other ARC states via the Council for a New Economy Workforce.

MAJOR FINDINGS

The Workforce Index

ARC support enabled Southern Growth and its CNEW to craft the basic structure and elements of a Workforce Index. The Index is designed to supplement existing state education and workforce benchmarks, built around the three unique recommendations of the *Mercedes and The Magnolia* report. As such, the Index differs from most other benchmarking efforts in that it is geared to evaluate *system* processes and practices (not just individual programs) and client outcomes over a span of time (not just following a training event). It is also designed to offer states the opportunity to measure their performance vis-à-vis their fellow states at a pace and focus of their own choosing. Like Southern Growth's Innovation Index, there will be no attempt to grade states on their performance—each state will set its own target on the benchmarks.

Although the Index will not be finalized for at least several months—the time necessary to identify ways to measure the desired indicators—this intermediate draft can serve as a good starting point for discussions among state leaders reforming their workforce systems. West Virginia is doing just that.

Scale of Lost Workers

The scale of wasted human capital cannot be accurately determined, but rough calculations show it can be quite large. In the case of South Carolina, the number of people *totally* lost to the workforce might amount to the equivalent of 11 percent of the workforce, or over a quarter of a million people in any given year. (This isn't even counting those who have a job but are *under-employed*.) The crude estimate is derived as follows:

- Unwilling young retirees—37,000. South Carolina has 369,453 people ages 55-64, of which 25 percent are not working. According to national estimates, 40 percent of the non-working in this age group want jobs.
- Deaths in excess of the national average—60,000. South Carolina's death rate per 1,000 was 9.2 in 1998, versus 8.2 for the Non-South. The Non-South was used for this comparison since the "South" (without Florida or Texas) represents a more comparable demographic for rural Appalachia. The one extra death per thousand, accumulated over a 30-year period, amounts to 120,000 people that should otherwise be among the living, in any given year. Since about half of the South Carolina population is in the labor force, one could estimate that 60,000 of the deceased would now be in the workforce.
- Unemployed disabled—100,000. This is calculated based on the difference between the labor force participation rates of the disabled and able bodied of working age.
- Prisoners and "untouchable" ex-cons—40,000. South Carolina's incarceration rate is 90 people per 100,000 greater than the U.S. average (which in itself is the highest among industrialized nations). If one counts only these "excess" prisoners, and uses the national average of about a third of all prisoners being released each year, then over a 30 year period a cadre accumulates of some 40,000 people who likely would be in the workforce under better circumstances. If this estimate included just half of all the other prisoners and ex-cons, the number of people lost to the workforce would climb into the hundreds of thousands. (Ex-cons are considered lost since a felony record renders them nearly unemployable.)

The above numbers total to 237,000 people who, in any given year, are all but lost to the workforce in South Carolina.

Major Barriers to Workforce Participation

There is a surprising similarity in the barriers facing special populations in accessing education, training and jobs. Aside from the well-known factors facing the general population in the Appalachian and Southern region, including low educational attainment, inadequate learning and work habits, and reduced access to key infrastructures, some of the crosscutting themes are:

Fear is pervasive, and sometimes warranted. It may also be the biggest barrier to change. For instance, in the case of the disabled, firms are afraid of getting stuck or sued, parents and clients are afraid of losing life-sustaining benefits, advocacy groups are afraid support will be reduced overall or diverted to a different disability group, and government officials are wary of losing control over costs or the mission. Pride, turf, and ignorance contribute to all of these fears, but most of those clinging to the status quo simply assume that change will bring more harm than good. There is little dialog among all the stakeholders and, thus, little reason for trust. In such circumstances, anecdotes of abuse and back-stabbing keep people on the defensive.

Discrimination exists for all these special populations. Lacking first-hand experience, information or success stories, popular negative stereotypes, reinforced by anecdote, keep many special populations out of the workforce. For instance, older workers are assumed to cost more in health benefits, be short-termers, and be unable to manage new technologies. Their wealth of experience, social skills, and work ethic are not considered. Similarly, in the case of the disabled, firms believe they would have to make expensive adaptations in the workplace (which is generally not the case) and create disharmony among other workers who might perceive the disabled as getting more favorable treatment.

Special populations slip through program cracks. Programs are still structured to deliver standard services. Special populations often do not fit within these client norms. Many older workers, for instance, want part-time jobs, yet the current system for measuring performance penalizes programs when they fail to place clients in full-time work at a wage similar to the last job. Meanwhile, the one small federal program targeted to older workers is designed only to place older, low-income people in CETA-like subsidized government jobs. For their part, dislocated workers often need a full two years of training to earn a certificate or degree, yet many training programs are not set up to see them through—some training funds are for 18 months versus 24 months, some allow little or no income support to enable dislocated workers to live while studying, and quirks in the law render some truly needy people ineligible. The disabled, too, tend to be “tracked” into jobs traditionally seen as accessible to the impaired, such as secretarial service, rather than into occupations more fitting to their interests and skills. Modern technologies now make a much wider array of occupations accessible, such as newspaper editing and Web research. And in one case in Kentucky, the one-stop center was not even handicap-accessible.

Poor communication within the field. In each focus group, policy and program officials were surprised to learn about the existence of others’ programs, much less how the programs were operated. Moreover, each special population is fragmented, and sub-groups can be pitted against each other. In Kentucky, there are two major advocacy groups for the blind, each struggling with the other for top status. Cross-advocacy is also stifled; the national AARP, for example, is alleged to be loath to associate with advocates for the disabled out of fear that “old” may be equated with “incapacitated” and thus turn off their members.

The “workforce system” is way too complex. There are so many regulations, eligibility caveats, legal rulings, and program schisms that disadvantaged populations cannot realistically serve as self-advocates to ensure their situations are understood and all options examined. Program administrators

suffer just as much, struggling to keep up with existing requirements, program and regulatory changes in the field, and figuring out how to “bend” the rules to meet client needs when program missions don’t mesh.

The system fails to address critical needs. For many special populations, success depends not on resume writing and a job lead but on the “soft stuff” of psychological support and help in *staying* employed. Particularly for the disabled, immigrants and ex-felons, social skills and self-confidence may be severely deficient. Many falter early on, hung up on a small catastrophe, such as the death of a guide dog or a misunderstanding with a supervisor. By contrast, most workforce services end when the clients get placed.

Some state workforce Web sites are not user-friendly. This is especially the case where the Web sites are only in English and assume the user is an expert at surfing. It is also the case when Web pages are designed and linked based on programs rather than user needs. In those cases, only an insider would know where to look. In still other instances, the job-seeker is referred to a dozen job information sites, many at the national level, each of them as cluttered, baffling and impersonal as the next. From a practical standpoint, the low-skill user has little option but to track down an advisor in a one-stop center, and hope the advisor is knowledgeable and understanding.

Business is not systematically involved. As might be expected, larger corporations are more informed and active at integrating special populations into the workforce. The difficulty for Appalachia and the rural South is there may only be a handful of companies as enlightened and energetic to pursue real change. In Kentucky, the Business Leadership Network (BLN), consisting of 21 companies, was recently formed to promote the hiring of the disabled. The BLN held a series of luncheons inviting other CEOs to talk about the disabled as potential workers. Nevertheless, at this point BLN is just a dot on the horizon. Most job growth comes from small businesses, but small businesses are too busy to learn or get involved.

Technology could play more of a role. The entire workforce system is in dire need of interoperability of client record systems, but there are other ways in which technology could be applied to help special populations access jobs. To begin with, technologies to assist the physically challenged are fast advancing and need to be made known to one-stops, educators, and others. Translation services for immigrant populations, distance learning for incumbent and incarcerated workers, and more powerful and discerning Web resources would also help level the playing field.

Special populations in rural areas are similar but also different. Rural residents in general have a greater disinclination to move to find work, but even where a job might be within commuting distance, a personal car is generally required. In addition, faced with fewer local job options, and lacking competitive skills, the dislocated rural worker is more apt than their urban counterpart to drop out of the labor force and take whatever job is there, even if it pays considerably less. As a result, it appears that some rural dislocated workers, and possibly former welfare recipients, have been transferred to the ranks of the disabled for protection. Rural rates for disability are double that of urban areas.

RECOMMENDATIONS

Even though progress is being made in improving the quality of education and training in Appalachia, the region's workforce remains at grave risk of diminishing in size and average educational attainment. Full implementation of the "Leave No Child Behind" legislation, and additional reforms in training and welfare-to-work programs will be necessary but not sufficient to address the challenge. Special populations will continue to slip through the cracks.

This paper recommends the ARC consider a region-wide initiative on special workforce populations. Given the circumstances of tight funding, the initiative could take the form of additional research and a pilot project, perhaps attached to a complementary initiative already underway. West Virginia, for example, is one of four contiguous states that are working together with the U.S. Department of Labor to develop a highly detailed and flexible regional Labor Market Information (LMI) system. A powerful analytical tool of this nature could go far to identify pockets of special populations, their participation in the labor market, and progress in bringing them into the mainstream.

Specific goals and research that could be explored in follow-up research and a pilot project would include the following:

Put a Face on Those Unseen

More research needs to be done to specify the scale and scope of the special populations. First, further research needs to be done on other special populations that this project could not cover in the limited time available, especially immigrants and youthful offenders. Second, the rough assessment of a state's "missing" workforce, as done above for South Carolina, needs to be recalculated using more rigorous methods, and expanded to include estimates of under-employment and the cost to the economy of both missing and under-employed individuals. Third, the assessment should be made for each ARC state and, if possible, the Appalachian sub-regions of those states.

Integral to this effort is support for the development of stronger Labor Market Information (LMI) systems. An LMI system that can track, compare and flag trends will require deep inter-agency collaboration, and surmounting the privacy concerns over sharing client records. For instance, some if not all state Employment Security Commissions (ESC) could easily report the earnings outcomes of students five years out of high school if the schools were willing to give them lists of social security numbers. The ESCs could also track career changes (income, occupation). Such matching has been done before, but usually as a one-time research project. The ARC could encourage states to develop stronger reporting systems, perhaps through sharing experiences at workshops or providing seed funds for a pilot.

Create Knowledge and Trust

Fear may be the biggest barrier to transitioning special populations into the workforce at levels appropriate to their individual potential. Fear arises primarily from a lack of familiarity with the stakeholders and legal environment, but pejorative stereotypes and "silo" program practices are also major contributors. Egos and power issues are less benevolent forces against change, but so too is the hard reality that there is often good reason to fear—true stories of abuse by and of the system abound.

Therefore, an ARC pilot project might direct part of its effort into creating a baseline of trust through increased contact, knowledge, and deliberation among all the stakeholders. Based on the limited experience with the focus groups, it appears that new knowledge and sensitivity are enough to elicit cooperation from most policy and program leaders...at least for the easiest measures.

Building trust and support could be managed in a number of ways, two of which are offered here.

Develop a community education toolkit.

Ultimately, the community at large needs to support the movement of special populations into the mainstream of the labor force. Exclusively leadership-driven solutions risk raising resentment in the public, making life harder for those receiving “special treatment.” The Kettering Foundation, based in Ohio, has long advocated for citizen deliberation as a way to inform leaders, build community understanding on an issue, and generate more citizen involvement in finding and implementing solutions. Kettering’s citizen deliberation guides, each of which consist of a short video and discussion booklet, are designed to be led by a non-specialist moderator in nearly any small group format. The discussion book offers general policy choices, and pros and cons under each approach. The discussion is managed in a way that it is non-confrontational and forces discussants to consider the consequences of their proposed choices. Such a toolkit could be directed to those communities where a particular population is concentrated, such as dislocated or older workers. With further targeting, such as a chamber breakfast club or Rotary club meeting, the small business community could be informed and engaged in designing approaches to the issue. A sample of such a toolkit, produced for Kettering by Southern Growth, accompanies this report.

Hold state summits and create advisory channels.

A more systematic, state-led approach (compatible with the community dialog approach above) would be to organize and convene several different levels of stakeholder advisory groups. Specifically, the pilot state could:

- Hold a series of statewide summits, one per special population, to get a wide cross-section of stakeholders educated on the issue, identifying general priorities, and identifying easy first steps, both through internal agency reform as well as inter-agency collaboration.
- Form a short-term task force composed of a cross-section of leading and lay stakeholders to articulate the issues and barriers in detail, recommend types of collaborative relationships and actions, and spell out the long-term implications of under-employment of special populations.
- Create a standing advisory council that could serve as a common voice for special workforce populations. This could be composed of a cross-section of experts, advocates and decision-makers, and charged with developing a unified vision and legislative initiative (versus one for every group).
- Organize an awareness campaign for businesses, program staff, and members of the special population. All three need to have equal levels of expectations, knowledge about their options, and awareness of the consequences of their decisions. One potential action would be to use Southern Growth’s *Seeing the Future* toolkit, which was developed with ARC support, which explains the broad implications of transitioning to the knowledge-based economy, including the looming workforce shortage.

This approach could offer the added benefit of encouraging stronger ties between workforce and education service providers, enabling them to address other critical issues in the workforce development system. States could also utilize the Workforce Index as the framework for addressing the issues of special populations.

Target Youth in Special Populations

Prevention is, of course, the lowest-cost and most effective and humane means of removing barriers to education and good jobs. It can also be the hardest for which to get funding, as the benefits are often unseen and un-measurable in the short term. For example, the cost of housing a felon is \$20,000 or more a year. This contrasts sharply with the \$5,000 a year needed to make a deep intervention into a troubled child's situation at home and school. Early childhood interventions might need to continue for up to 10 years; yet the \$50,000 pales in comparison to the average cost of an individual's lifetime court costs and imprisonment of well over \$1 million.

Fortunately, youth are starting to receive more attention at the national and state levels (e.g., Youth Councils that are part of the state and regional Workforce Investment Boards). The ARC could piggyback on that interest and invite closer examination of those who are in a special population, or at risk of joining one (e.g., disabled or felon). This report therefore recommends that the ARC focus on four particular aspects of career preparation for special populations:

Leadership training.

In *Reinventing the Wheel*, Southern Growth calls on educators and other community leaders to "start early" to ensure the next generation of leaders is more diverse and more knowledgeable about the global economy and techniques for citizen engagement. The report notes that most of the youth leadership opportunities go to kids who are natural leaders, typically the academic or athletic elite, or those with the confidence to interact with adults as peers. Yet every child needs a leadership experience if we are to have a more diverse, more capable, and larger number of leaders. Rural areas are especially pressed for fresh leadership. Among the suggested measures that could be explored are:

- Convening youth-serving organizations, workforce agencies, juvenile justice authorities and others in meetings to explore a holistic approach to youth leadership development and ensuring that all youth have formal or informal leadership training, specifically including the disabled, delinquent, and foreign-born.
- Asking. Research shows that when asked, the vast majority of kids will gladly volunteer. By contrast, only 12 percent of youth ages 15-25 had been personally approached about volunteering. Odds are, the youth that are on the social sidelines due to a disability, language deficiency, or other characteristic will be among the last to be asked. A deliberate effort could be made to approach them on a personal basis.
- Giving real responsibility to youth. Youth are quick to discern when they are being given make-work tasks. Even for the very young, educators and others can find ways to nudge kids into real leadership roles, such as collecting class money for a field trip. Adult mentors can ensure the youth are not simply thrown into an impossibly challenging role. (There is also anecdotal evidence suggesting delinquent youth can blossom with leadership responsibility and good adult guidance.)
- Promote civic education, preferably including an experiential lesson, such as community service. An interesting twist on this would be to place "mainstream" students in settings they usually don't see, such as a group home for the disabled, soup kitchen, or minority nonprofit organization, and to place the special youth in volunteer situations they rarely find themselves in, such as helping out in the Mayor's or principal's office.

Enriching early work experience.

Every young person should be given a meaningful, structured learning experience in the world of work. This includes internships, job shadowing, and excursions into area businesses. Some rural areas lack businesses or business volunteers to support such activities, much less so for disadvantaged youth. ARC could both encourage the practice of early work experiences and offer seed grants to school districts to invest the extra time that may be needed to cultivate placements willing, able and meaningful for special populations. For example, a local business may be reluctant to take in a student with little English-speaking ability, but with a little more persistence, the school may be able to find an employee in the firm that speaks the student's native language. A little extra persistence and creativity might also overcome a firm's hesitation to accept a student with a physical handicap, such as epilepsy or asthma.

Individual Graduation Plans.

The "Leave No Child Behind" legislation has already put strong pressures on school to track the progress of special populations. A complimentary measure that would be especially beneficial to disadvantaged populations is an Individual Graduation Plan (IGP). The Lexington school district in South Carolina is piloting an IGP that, for every single child, will tie K-12 coursework and extra-curricular activities to post-secondary education and career choices. The process involves intensive counseling, creating student portfolios, and annual updating. The IGP is based on the 16 "career clusters" identified by the U.S. Department of Education. Most of the clusters have sub-clusters, 34 in all. So, for example, someone in the business cluster could choose among several sub-clusters to prepare for a career in accounting or management. Beginning in 8th grade, students are told by their counselors about various career options and post-secondary education requirements within the sub-cluster. (This may help to eliminate the pause between high school and post-secondary education that is so devastating to degree completion.) Plans are to eventually go even farther back into middle and elementary school, "packaging" existing course options into coherent career tracks. ARC could encourage this technique, and offer a workshop on how to design and implement an IGP program. The benefits are not exclusive to special populations, but by definition, the IGP model treats every child as an individual and organizes any additional assistance needed to guide them to success in post-secondary schools or jobs.

Life-long learning habits.

Job dislocation seems to be the hardest on those who didn't see it coming. Most youth of today recognize there are no more lifelong jobs, but this has not necessarily translated into a commitment to lifelong learning or an awareness of how to go about doing it. Although experts agree in principle to lifelong learning, there is no "manual" on how to change learning attitudes and practices. ARC could make a significant contribution to dislocation prevention by sponsoring research into strategies and best practices.

Identify Funding & Program Vehicles

Naturally, ARC's funds are quite limited, as are those of the states and communities within the ARC. Therefore, the ARC might take a proactive role in bringing new partners to the table to support some of the research and pilot projects suggested above. Some strategies might include:

Convene the tobacco indemnity funds.

Although a number of states have spent all their funds on filling budget holes, not all have. Indeed, Virginia's fund has taken the lead, under the auspices of Southern Growth, to bring the state funds together to discuss good investments in rural development. Workforce development is naturally a major priority.

Convene a meeting of regional foundations.

There are any number of community and regional foundations in Appalachia, or in Appalachian states. ARC could call them together to discuss collaborative workforce efforts in the region. This could be a great service to the foundations as well; many complain that their regions are too fractured and rarely come together as one with a single coherent proposal.

Assist leadership development organizations in recruiting special populations.

Many leadership programs are dedicated to increasing the diversity of local leadership, yet virtually all have trouble identifying potential members or keeping them involved. The ARC could have a major impact in this area if it invested in research on how leadership groups can access and retain diverse leaders, and, at the same time, how mainstream leadership groups could collaborate with the natural leaders in minority communities to help them accomplish *their* objectives.

Support workforce intermediaries.

Workforce Intermediaries (WI) are an emerging type of organization that may soon get funding support from major national foundations (Ford, Rockefeller, Casey) and the federal government. A WI is not a single type of organization, but one that serves a dual client—the worker and the employer—through highly tailored packaging and delivery of services. They cut across program boundaries to deliver what the firm and worker need, not just what a given program has to offer. WI's tend to serve special populations, such as dislocated and very low-income workers. ARC might consider tracking this emerging field, and participating in their strategic planning sessions. In this manner, the ARC could quickly diffuse the practice, leveraging its resources with those of the foundations. A brief description of WI's is attached. (Southern Growth is part of the strategic planning team for this effort. Although it is being led by Jobs For the Future, top officers in the foundations are closely involved, attending all meetings.)

CONCLUSION

Apart from the metro areas, the ARC region has relatively few African-Americans or immigrants, but a disproportionately higher share of disabled, older, and low-skilled individuals at risk of dislocation and under-employment. Moreover, although now few in number, the ARC region is likely to see rapid growth in its foreign-born population, as has already happened in certain communities. As such, special workforce populations may warrant further investigation and the development of remediation strategies.

The ARC is well positioned to tackle this issue. Addressing special workforce populations is likely to require state-local-federal collaboration, as well as public-private interventions. Its location in Washington, D.C. and status as a federal agency gives it ready access to the foundations and decision-makers who can provide funding and regulatory changes.

The ARC could begin by supporting a small amount of additional research and convening statewide summits on the special populations. By bringing all stakeholders together, and giving them a grounding in basic facts and trends, states and communities will be likely to identify a few actions they can take immediately to improve service, and identify areas that will need sustained dialog and knowledge of best practices.

Observations and recommendations for specific special populations are provided in the individual reports, attached.

BACKGROUND REPORT ON DISABLED WORKERS

(Based on research and focus group input from Kentucky)

Southern states have a larger share of disabled people than might be expected, 16.2 percent versus 14.2 percent nationally and 13.6 percent in the Non-South.ⁱ A recent study by the U.S. Department of Agriculture also suggests that rural dislocated workers wind up on disability at twice the rate of those in urban areas.ⁱⁱ The reasons are not established, but several observations provide clues:

- The South's population is aging, particularly in rural areas that have experienced out-migration of youth. Since most disabilities arise in people over 40, and roughly half of all people over 65 are disabled, one might expect a higher rate of disability.ⁱⁱⁱ
- Southerners as a whole suffer more ill health. Not only does the South have higher rates of certain diseases, it has notably higher mortality rates as well, even when age-adjusted. (See Table 1.) Personal habits, poverty, environmental hazards and lack of health care may be more pronounced in Appalachia and the South.
- Rural people may be given a disability label more often than in urban areas. Until recently, a large number of those losing welfare benefits were relabeled as disabled and thus made eligible for disability benefits. This may be a common "out" for dislocated workers. In Kentucky, over 50 percent of the dislocated workers tracked in the study ended up on disability.^{iv} Disability therefore remains of high economic importance in some communities. In some Kentucky counties, as many as 1 in 5 people get a disability check. Participants in the focus group said that the drift of disability benefits into another form of welfare offends many professionals and the seriously disabled.^v

Kentucky has recently made commendable progress in moving Vocational Rehabilitation clients into good quality jobs. The state has also just begun several important initiatives designed to bring stakeholders together and raise awareness in the business community. Yet, as this focus group pointed out, there is far more that needs to be done to bring the disabled more fully into the workforce, especially those in rural areas.

The trouble is, no single group can bring about large-scale change. Instead, fear seems to be the main driver of disability policy. Businesses fear lawsuits, governments fear losing control (cost or turf), advocates fear each other, and clients fear abandonment. In an environment where everyone seems frozen into their position, the disabled are likely to remain marginalized and continue to be viewed more as charity cases than as productive citizens.

Helping the working age disabled become fully employed will do more than alleviate an impending workforce shortage. It will restore dignity and hope for disabled of all ages, raise the bar for personal goals, and in some disabled-intensive communities, reinforce the notion that work is better than welfare and better than giving up.

Table 1
Death Rates Per 100,000, By All Causes, 2000

State	Deaths	Age-Adjusted Rate	“Excess” Deaths
Alabama	1,027	1,013	141
Arkansas	1,095	1,002	130
Georgia	804	1,003	131
Kentucky	991	1,005	133
Louisiana	940	1,020	148
Maryland	838	912	40
Mississippi	1,028	1,074	202
Missouri	997	928	56
New York	866	809	63
North Carolina	929	964	92
Ohio	959	923	51
Oklahoma	1,038	987	115
Pennsylvania	1,092	904	32
South Carolina	942	995	123
Tennessee	998	1,020	148
Virginia	807	900	28
West Virginia	1,172	1,013	141
ARC States	958	964	92
SGPB States	982	994	122
United States	873	872	0

Source: www.cdc.gov/nchs/data/nvsr/nvsr50/nvsr50_15.pdf (Table 33)

Understanding the Disabled

One should ask, “What is disabled”? Professionals know there’s a world of difference among the various types of disabilities, but the public and lawmakers tend to lump them into one group.

Secrecy and porous definitions make it hard to get an accurate estimate of the disabled population. Census estimates are based on the long form questionnaire. It asks such things like, “Are you able to go upstairs? Have you not been able to hold a job due to a physical or emotional difficulty?” Self-reporting is subjective and open to cultural interpretations. For example, in some foreign cultures deafness is not considered a disability. And the most common disability of all is something not all people would think to label as such—mental illness, including clinical depression.

States can make their own estimates based on client assessments, but they tend to be smaller than Census figures—many people prefer to hide their disability for fear of being rejected by employers.^{vi} In an effort to get a better handle on its disabled population, Kentucky is the first of three states that will allow people to list “disability” as a job description. Meanwhile, the University of Louisville can tabulate program usage by county and zip code, answering questions such as how many people are enrolled in the federal “Ticket to Work” program, or how many working age people get disability checks.

Neither the state nor university methods, however, can tell much about *employment* of the disabled. Companies are not required to report on disabilities in their workforce, and a lot of people would not admit their disability to the boss anyway.

When all is said and done, professionals estimate that about one-quarter of the population has a disability. Why are there so many? For one thing, technology has cut both ways in the numbers

game. Premature infants and people with traumatic injuries that would have died before are now surviving, often with serious permanent damage. Medical innovations have also allowed many disabled who would have died in childhood, such as those with Down Syndrome, to live longer.^{vii} On the other hand, innovations have eliminated some causes of disability, such as polio, and are fast liberating the blind, deaf, the mobility impaired, and mentally ill from their handicaps. Another reason for the high number is that the disabled are more apt to be counted these days. Generations ago, they were hidden from mainstream society, or working on farms.

Why Do So Few Disabled Work?

The overwhelming majority of people with disabilities want to work. There are 54 million Americans with disabilities, but two out of three who could work are unemployed.^{viii} Nationwide, the employment rate for working-age disabled is barely 50 percent, which professionals and advocates view as unconscionably low.^{ix} Yet the South has far smaller shares of its disabled in the workforce; for Kentucky, the rate is merely one-third. (See Table 2.)

Employer discrimination is a major factor. Many attitudes towards the disabled are based less on experience than fear—fear of lawsuits, of the cost of special accommodations, the impact on workers compensation, on company image and morale, and of extended absences. Professionals admit that some of the fear is justified. An MIT study done some five years ago showed that hiring the disabled did indeed result in greater expenses, though it also showed the disabled used less sick leave and had fewer accidents. Nevertheless, many small businesses don't have a cushion to withstand a major disruption. For example, if a guide dog dies, the employee will have to be absent from work for at least six weeks to train with a new dog. And even though the incidence of major disruptions is little more than that generated by the non-disabled population, it only takes one or two anecdotes circling through the business community to validate the negative stereotype of disabled workers. And, during an economic downturn, companies have plenty of other candidates from which to choose.

Job availability is likely a factor as well, particularly in rural areas. Handicapped-accessible jobs may be available in the city, but many disabled are stopped dead in their tracks for lack of local job options and transportation. In one case cited in the focus group, a blind person in a rural area had the single option of using a van service to get to her job. It would have cost her \$60 a day, far more than what she could afford and more than what human services agencies would cover.

Table 2^x
Percent of Disabled Ages 21-64 Working, 2000

ALABAMA	41.4	OHIO	56.0
ARKANSAS	40.8	OKLAHOMA	47.7
GEORGIA	45.2	PENNSYLVANIA	54.8
KENTUCKY	36.9	SOUTH CAROLINA	44.3
LOUISIANA	43.9	TENNESSEE	43.7
MARYLAND	61.7	VIRGINIA	49.0
MISSISSIPPI	43.9	WEST VIRGINIA	32.1
MISSOURI	53.0	ARC STATES AVERAGE	47.0
NEW YORK	54.1	SGPB STATES AVERAGE	44.6
NORTH CAROLINA	48.0	U.S. AVERAGE	48.7

Culture may play a major role as well. In many areas, the disabled—and employers—lack role models to demonstrate that the disabled can be productive workers. A lot of folks have never worked because they didn't know they could. It's also important to note that many business owners grew up in a time when the disabled were segregated from mainstream society, and largely dismissed. Another cultural aspect may be the willingness to collect disability payments. In communities where disability (and welfare) checks are a major source of income, unemployment and disability benefit checks carry less of a stigma. Yet another cultural factor for rural areas may be a higher disinclination to move to find work.^{xi}

The sheer complexity of the workforce and disability system is another disincentive to going to work. People are afraid of accidentally violating a rule and losing all their public benefits.^{xii}

Finally, some disabled may be too discouraged to ask for assistance. Many believe the system will automatically track them into dead-end, low paying fast food jobs.

No Game Plan: Fragmented Programs and Splintered Advocates

Figuring out what all a person could be eligible for is quite a challenge. Eligibility for disability services varies by program as well as by the person interpreting the rules. Some criteria are clear-cut, such as Social Security designations. The Americans with Disabilities Act (ADA) definitions are also very clear, but eligibility keeps changing with every new bit of legislation. The Social Security Administration is beginning to look at its own qualification process, and is looking for commonalities with other programs.

Focus group participants noted that there's a "flavor of the month" mentality in terms of disabilities. Right now, autism is the new "epidemic." This may detract from a balanced and comprehensive approach to funding and managing disability services.

Advocacy groups for the disabled are badly splintered, which weakens their voice in the political process. In Kentucky, for instance, there are two main advocates for the blind—the National Federation of the Blind and the American Council for the Blind. Each has its own unique philosophy and ability to push its agenda with legislators and other organizations. Moreover, legislators are apt to cross "disability support" off their list after funding those groups who got to them first.

Groups representing people with mental retardation, and their parents, are also splintered. One organization might say the state should maximize mainstreaming—give the adult children as much independence as possible. Another group will say that their children need total care under the protection of government. This view is motivated by fear—fear that their children will be put at risk living and working in the wider community, fear that benefits will be withdrawn, fear that they will slip through the safety net when the parents die, leaving no one to advocate for them.

Many times, of course, all disability groups could benefit from a particular piece of legislation. Kentucky recently created a coalition of state agencies that touch upon the disabled. At the time of the focus group, the coalition was working on issue papers for the 2003 legislative session. The scope of their work was wide—all people who reported to the U.S. Census Bureau as having a disability. The coalition planned on having a legislative breakfast to address disability needs in a more comprehensive fashion. If successful, it would be the first time that various disability groups in Kentucky would go as one before the legislature. As a case in point, disability advocates planned to ask the Kentucky legislature for authorization to allow people on disability to earn more income

without losing Medicaid coverage. It wouldn't be free—people would have to purchase their Medicaid premium. The last time the idea was broached, a single, key state human services agency worked to reject it. Perhaps with a relationship-building process, the agencies might come together before any legislation is proposed.

The American Association of Retired Persons (AARP) would seem to be an excellent ally for disability advocates, but the AARP's policy is to avoid affiliation with disability groups. They do not want to create the impression that older people are disabled. They do sometimes work in broad coalitions to preserve Medicaid and personal care services.

Where is Business on this Subject?

Most business leaders are aware of the impending workforce crunch, and the need to be more aggressive in hiring the disabled. But small businesses are much less aware.

An alliance of businesses, The Kentucky Business Leadership Network (BLN), was recently formed to promote the hiring of the disabled. Bank One, the leader of 21 companies in BLN, held a series of luncheons where they invited other CEOs to a "plush club" where they talk about the disabled as potential workers. The effort is entirely business led. (Oregon and Colorado are said to have even stronger business leadership networks for the disabled.) The BLN started out in Central Kentucky to test its success, and is now spreading the model throughout the state.

Nevertheless, at this point BLN is just a tiny blip. Because most job growth comes from small businesses, there needs to be some way to get the small businessperson involved. Yet they are typically so stressed they reject the idea out of hand—they assume it will take too much time or money for making accommodations or reorganizing the job. Many businesses believe it's a lot cheaper to not hire a disabled person than it is to fire them. On-the-Job Training (OJT) apparently does not alleviate those concerns. The fear factor is still there (i.e., what if the person gets injured). Besides, Vocational Rehabilitation officials would rather see the disabled get a durable skill; OJT is viewed as imparting non-transferable skills.

In a 1998 research project commissioned by the University of Tennessee and Georgia State University, consultants from The Lewis Group surveyed over 800 businesses from a seven-state region on entry-level hiring practices.^{xiii} The survey included a set of questions regarding the disabled. Among the findings were:

- Nearly 60 percent of the firms employ or have hired someone with a disability. Larger firms and firms on government contracts were more likely to hire disabled workers. Firms with a predominantly local sales base were among the least likely to do so. Respondents who were senior managers were significantly less likely than Human Resource (HR) managers or others to say they hired disabled people.
- Half said they know a personal acquaintance with a disability. Interestingly, this too varied by firm size, with respondents from larger companies reporting more contact with the disabled.
- Six percent of the respondents were themselves disabled, a majority of whom worked in larger companies. Few HR manager respondents had a disability themselves.
- Forty percent of the firms have a formal initiative to hire disabled—mostly in large companies and in firms where HR managers responded to the questionnaire. Firms in South Carolina made the biggest effort, while Florida and Kentucky were the least likely to report having a formal policy.

- Nearly 70 percent said certain types of disabilities would be incompatible with the entry-level tasks required. Visual impairment and substance abuse were the most commonly named barriers to hiring.
- Of seven possible reasons for hiring a disabled person, the lowest ranked was “financial incentives.”

The top reasons not to hire a disabled person related to job safety, ability to do the job, concerns about absenteeism, and concerns about the impact on worker compensation rates. Concerns about costs, absenteeism and worker morale were much lower among those respondents who had actually hired a disabled person.

The U.S. General Accounting Office (GAO) just released a report on the effect of tax incentives on employer hiring of the disabled.^{xiv} The effect? Not much.

How Well Does the System Serve the Disabled?

The normal channels for workforce development are not always open to people with disabilities. In many one-stops disabled clients get referred automatically to Vocational Rehabilitation. A few one-stops aren't even wheelchair accessible, causing some disability advocates in Kentucky to call for the removal of Vocational Rehabilitation from the Workforce Investment Act, which would separate them from the one-stops. Perhaps in response, the state's Workforce Investment Board recently held a special training session to sensitize one-stop staff to the special needs of clients with disabilities as well as older workers and those with limited English ability.^{xv}

Many programs are run on the assumption that helping a disabled person is a one-time event. Rarely is that true. For instance, placement services might find a job for a disabled person, and secure funding for equipment modifications, but then there is nowhere to turn when the company changes its technology, even if it's as simple as a software upgrade. Tasks and technology are constantly changing in most occupations, and glitches happen (such as the death of a guide dog). The system needs to support disabled workers throughout employment. Indeed, this is another reason employers fear hiring the disabled—they don't trust the system to support the worker and company during job adjustments, leaving the employer no option but to fire the person or keep them on out of fear of a lawsuit. To the extent people do get follow-up assistance, it is more out of kindness and rule-bending on the part of the individual provider rather than the rules on the books.

For those who are severely but possibly only temporarily disabled (say, with a broken back) there is a huge waiting period between eligibility for disability benefits and actual receipt of benefits. Even once approved for disability, he or she would have to wait five months to receive payments, and two years to get medical benefits. By contrast, if a person is clearly permanently and fully disabled they can meet the eligibility criteria for SSI (federal supplemental income) and receive all benefits immediately. There's nothing for permanently partially disabled.

Less than one-half of one percent of those who receive disability payments ever abandons the disability check for a paycheck.^{xvi} The U.S. Department of Labor's new program, Ticket to Work, which lets the clients choose their service provider, is an effort to increase the rate of those returning to work by a mere one percent. Modest as it is, attaining the goal would save \$3.5 billion over the lifetime of those individuals.^{xvii} Oregon did a survey of what would cause people to go back to work with a disability. Males in the range of 35 years old are most likely to take advantage of government incentives to return to work.

Kentucky is one of the few states that still support sheltered workshops, with about 20 in all employing some 1,000 people. Although sheltered workshops were a progressive breakthrough in the 1950s, workshops are now frowned upon for various reasons, including very low pay based on piece rates. Some companies, such as Toyota, refuse to outsource to the workshops. The workshops are sometimes unofficially referred to as “plantations” to suggest that the clients verge on indentured labor. The workshop system is starting to change, though some worry that shutting down “plantations” without a better alternative would do existing clients more harm than good.

Other Major Clusters of Focus Group Comments

Get the Education System Focused on Life After School.

Kids with serious disabilities (e.g., retardation) are coming out of high school with certificates of completion, which are as one person put it, “meaningless.” An effort should be made to find alternative ways for them to achieve and certify skills, not necessarily through a degree.

The Vocational Rehabilitation agency works with schools on the school-to-work transition, but transitioning needs to start at home. Too many parents shield their child. For their part, educators feel they’re not trained enough, and so focus on other students who can respond. At the same time, the Individual Education Plans (IEPs) required for disabled students often don’t address the transition issue adequately. The goal of IEPs should be to prepare the individual for independent living.

Another person added, “Take the GED out of the school system.”

Work with employers to eliminate the fear factor.

- Get employers involved in developing state legislation. Get them to help advocate for the support systems (such as Medicaid buy-in and housing, etc.) that enable the disabled to work.
- Ask employers to describe their outreach efforts for the disabled as part of the requirement for receiving incentives. It is not enough for them to simply promise to not discriminate.

Make serving the disabled a pan-government activity.

- Create a coordinated way to look at the 800,000 disabled people in Kentucky. Kentucky should develop a governor-level council on disabilities with representatives from offices in state government that have a role to play.
- Clearly define the parameters of the problem. We need to know the percent of people that are capable of working but don’t (for lack of support). “We learned today how broad this issue is in terms of councils, associations, and agencies,” said one participant, “We need to get them together with a common voice, initiatives, shared strategy and resources.”
- The system also needs to look more at retention. People can get jobs, but can they keep them? A lot of employers want to keep disabled employees but don’t know how. The employer must be able to trust that services will be there to help them again and again. Trust also means telling firms when not to hire a certain disabled person.

- Transportation is a major issue for this population. It's talked about but never addressed. The blind in rural areas have no means to get to a job. The human services system doesn't always fill the gap in complex cases.

Explore Options

- Work on building sustainable services for the disabled in the nonprofit sector.
- Target youth. Drop out rates for disabled youth are higher than for any other group.
- Get Medicaid buy-in. People want to work but can't afford to give up their medical coverage. They need to be able to buy their own policy.

Follow Up Suggestions

Perhaps the first step is to acknowledge that the fears are exaggerated but not unfounded. The fears need to be addressed with respect and frank honesty, perhaps in the environment of a stakeholder summit, followed by a policy advisory council. Second, we need to reject the notion that the conditions causing the fears are incurable. Business, government, customers, and community organizations *can* come together in a unified effort to replace fear with positive action. And many actions can be inexpensive. Information, modeling, and deliberation can be conducted through existing organizations, knit together in different patterns.

Actions to be taken might include:

Create a common voice. This could be done through a governor-level advisory council consisting of representatives of business, workforce development, advocate, and community-based organizations, together with government representatives from the executive, legislative and judicial branches. The group could:

- Define the scope and scale of disability in the context of workforce needs and policies. (Who are the disabled, and why does it matter?)
- Address the fears of each stakeholder group. (What needs to be done to raise the comfort level?)
- Create a common image of, and message about, disabled workers. (How can the disabled be productive team members at work?)
- Articulate issues that need to be addressed collaboratively across agencies and/or sectors.
- Catalog available technology tools to assist the disabled, including decision support software designed to help people with disabilities and others understand and explore all the different work incentives and support services.^{xviii}
- Fashion a comprehensive strategic plan that gives equal emphasis to preparing the disabled for good jobs and keeping them employed.
- Examine the more serious glitches in disability services, such as the lag between eligibility and payment of benefits to the severely but temporarily disabled, and the inaccessibility of some one-stops.
- Develop benchmarks for measuring progress.

Task business organizations and workforce boards with a lead role to play in reaching out to small businesses.

- Consider using chambers of commerce and business clubs to spread the common, “frank and honest” message about the disabled in the workplace. Leverage the existing efforts of the BLN, and target smaller firms, particularly single-location firms (local sales base).
- Consider using the BLN to identify and promote model hiring policies.
- Identify local role models, and market them (firms and workers).
- Identify the barriers in the workforce service system that prevent optimal and continuous service to the disabled and their employers.

Task community and advocacy organizations with a lead role in changing the culture of dependency on disability checks.

- Educate one’s own staff and members about the issues pertaining to the disabled in the workforce.
- Educate one-stops about the potential of the disabled for work, and their ability to acquire education and training that will permit them to secure good jobs.
- Promote health initiatives to prevent or mitigate disabilities and to remove myths about the largest groups of rejected disabled workers—such as recovering substance abusers and the mentally ill. (Albert Einstein struggled with depression all his life.)
- Promote case management and use the new Ticket-to-Work program as a way to increase client involvement and choice.
- Review transportation needs, especially for rural disabled workers.
- Participate in actions designed to reduce fears among clients and businesses.
- Identify and train leaders with disabilities.

Encourage local workforce boards and their youth councils to seek work readiness for all disabled youth.

- Collaborate with K-12 education institutions to improve the school-to-work transition in the IEPs.
- Also focus on helping the academically prepared disabled to enter college. Research shows disabled college students are older than non-disabled college students, and less likely to enter a public 4-year degree program.^{xix} This suggests that college-bound disabled are steered away from the traditional route into college.
- Encourage local businesses to play a major role in the school-to-work transition for disabled youth, such as taking on interns or work-study students.

- Develop channels of communication between parents of disabled children and the future providers of services for their children (such as Vocational Rehabilitation, housing groups, etc.) to reduce fears and help them make informed (wiser) choices.
- Set up a (non-punitive) test of the *non-disabled* workforce service system by tracking the experiences of volunteer disabled youth. Use the findings to educate staff, identify policy and program bugs, and improve the outcomes.

ⁱ 2000 Census

ⁱⁱ Karen S. Hamrick, "Displaced Workers: Differences in Non-metro and Metro Experience in the Mid-1990s," Economic Research Service, U.S. Department of Agriculture, October 2001, page 10.

ⁱⁱⁱ The "over 40" figure was provided by one of the disability experts in the focus group, and "over 65" figure was derived from the 2002 Statistical Abstract of the United States.

^{iv} From focus group comments.

^v Some people think many parents coach their kids to mimic a disability, thus paving the way for lifelong disability payments. This was viewed as unlikely. The people testing the kids would probably recognize most of the fakes.

^{vi} In one case currently in the courts, an employee of a well-known national retailer was fired when a fellow worker saw him, on his break, taking prescribed medications for mental health. A dismissal on his record also means he will have a much harder time finding the next job.

^{vii} Down Syndrome often includes heart defects that could ultimately be fatal. Surgery can now correct many of the defects.

^{viii} Sacha Cohen, "High-Tech Tools Lower Barriers for Disabled," *HR Magazine*, Society for Human Resources Management, Virginia. The article gives an example of falling costs: "Voice recognition software could have cost up to \$7,000 10 years ago, but now it's down to around \$250."

^{ix} U.S. Census Bureau at www.census.gov/hhes/www/disable/cps/cps202.html.

^x Source: http://factfinder.census.gov/servlet/BasicFactsServlet?_basicfacts=1&_mult1=8569822&_geo2=040&_current=&_action=SLSelected&_child_geo_id=undefined&_lang=en.

^{xi} The evidence is mixed on this. A report by the Economic Research Service (noted above) finds rural dislocated workers more willing to move, not less.

^{xii} Those that are denied benefits by the Department of Disabled Services can, after several appeals, hire a lawyer who, in most cases, is able to get an administrative law judge to mandate coverage.

^{xiii} Christine Lewis, "Final Report of A Study of Employers Perceived Needs and Attitudes in Region Four," The Lewis Group, July 28, 1998.

^{xiv} "Business Tax Incentives: Incentives to Employ Workers with Disabilities Receive Limited Use and Have an Uncertain Impact," U.S. General Accounting Office, December 2002 (GAO-03-39).

^{xv} California inasmuch admitted to the same problem. A sweeping law passed in November 2002 (AB 925) requires, among other things, that one-stop centers must be accessible to people with disabilities.

^{xvi} Quoted from one of the focus group participants.

^{xvii} *Ibid.*

^{xviii} One such tool is available through Richmond-based Work World. See: www.ssa.gov/work/Advocates/workworld.html. Another Web site worth investigating is National Center on Workforce and Disability/Adult, at www.onestops.info.

^{xix} "Postsecondary Students With Disabilities: Enrollment, Services, and Persistence," National Center for Educational Statistics, *In Brief*, June 2000.

BACKGROUND REPORT ON DISLOCATED WORKERS

(Based on research and focus group input from South Carolina and West Virginia)

The news is filled with stories of mass layoffs and painfully high unemployment rates. For Appalachia, much of the job destruction has taken place in the manufacturing sector. Many people attribute this to import competition, but the actual causes of job loss are far more complex, as evident in the recent case of Pillowtex.ⁱ Still, there is no escaping the fact that traditional, lower-skill industries are the first to fall to foreign competition and labor saving technologies.

This is true for other regions of the country as well, but Appalachia and the rural South are particularly hard-hit because traditional industries have been the backbone of their economies for several generations. The bulk of workers did not need post-secondary education to earn good money in the factories. If one factory closed, they could quickly find a job in the next. Today's dislocated workers, however, find themselves unqualified for even entry-level jobs in modern manufacturing.

For West Virginia, the waves of job loss began some 20 years ago, with the decline of the cut-and-sew industry. Later it was coal, then steel, and then glass. Now the same disappearing act is starting in the chemical industry.ⁱⁱ Yet these individuals retained many of their fine qualities, such as a strong work ethic, that could make them attractive to future employers, provided they received excellent career counseling and training. The question is, then: how well is the system preparing them?

West Virginia's Dave Lieving, director of the Governor's Workforce Investment Division, and co-chairman of the Council for the New Economy Workforce, observed that throughout the decades of job loss there have been some reforms in workforce development programs. "But," he added, "they haven't always worked to the advantage of the unskilled or unemployed." "Instead," he continued, "we need to refocus and approach it like a consortia. This discussion is the first step."

Who Are the Dislocated?

The standard definition of a dislocated or displaced worker is anyone who has permanently lost his or her job for reasons other than personal performance. In other words, no quits, no firings, no temporary lay-offs. The Economic Research Service (ERS) of the U.S. Department of Agriculture refines this definition, saying dislocation is structural unemployment arising from a geographical mismatch in labor demand and supply; it does not include unemployment due to economic cycles or to the normal delays inherent in the matching process that goes on between workers and employers.

In 1999, the typical displaced worker was a white, married male with 12.8 years of schooling, who lost his job in the service sector, after working in that job for a little more than 5 years.ⁱⁱⁱ Yet the manufacturing sector was hit harder than the service sector. In her book, *Job Loss from Imports: Measuring the Costs*,^{iv} Dr. Lori G. Kletzer found that while the entire manufacturing sector employed an average of only 18 percent of the total nonagricultural workforce in the U.S. between 1979 and 1999, it accounted for about 37 percent of all displaced jobs.^v Manufacturing workers suffered disproportionately, hence, so did Appalachia and the rural South.

Compared to people displaced from service jobs, Kletzer found displaced manufacturing workers were significantly older and less educated, and had higher job tenure.^v In its study, which used the Census Bureau's 1998 Dislocated Worker Survey (DWS^{vi}), the ERS analyzed dislocated workers along a wide range of variables, including rural versus metropolitan residence.^{vii} Some of the more interesting findings are reflected in the tables below.

Table 1
Characteristics of displaced workers who had found a job by the time of the DWS survey

	Rural	Metro	All
Number of weeks unemployed	12	14	14
Took job at lower wages (%)	53	49	50
No high school degree (%)	89	70	73
Lost job was low-skill (%)	52	46	47
Job in different industry (%)	54	52	52
Job in different occupation (%)	54	45	47
Switched to part-time work (%)	14	11	11

Table 1 shows that the overwhelming majority of the formerly jobless lacked a high school degree. Living from paycheck to paycheck, many took any job available, even if it meant a pay cut. Only about half found their new job in the same industry or same occupation. Rural dislocated workers seemed to fare worse, likely due to fewer job options.

Table 2
Characteristics of displaced workers who were still unemployed at the time of the DWS survey

	Rural	Metro	All
Average age	17	25	24
Weeks out of work	42	43	43
Lost job was low-skill (%)	65	54	56
Living in poverty (%)	38	28	29

The people in Table 2 were still looking for work nearly a year after being dislocated. Most had lost low-skill jobs, about a third were living in poverty. This appears to have been a young cohort; perhaps many were able to live with relatives, enabling them to take more time in finding a job. According to Kletzer’s work, family status makes a difference. Married men are faster than women in replacing a lost job. This may be because married women tend to hold the secondary job, and have responsibilities for dependent care that limits their re-employment options.

Table 3
Characteristics of dislocated workers who had stopped looking

	Rural	Metro	All
Average age	48	46	46
Percent male	48	31	34
Lost job was low-skill (%)	62	63	63
Living in poverty (%)	38	18	22
Stopped due to disability (%)	22	10	12
Stopped due to retirement (%)	28	30	30

The cohort in Table 3 was significantly older, though at 46 one should be able to work at least another 10 years. That most of these were men suggests a special reluctance or inability on the part of males to take measures that would enable them to transition to a new occupation. For many in rural areas, the result is living in poverty. One can only speculate why: fear of schooling, embarrassment, and irrelevant or inaccessible training are some possibilities. Note that 22 percent of rural dislocated workers who had stopped looking for work left the job market due to disability; this is in sharp contrast to only 10 percent in urban areas. The difference may be attributable in part to variances in attitudes or administrative decision-making, but the largest reason may be that dislocated rural workers have fewer job and transportation options than do their counterparts in a metro setting.

Table 4
Dislocated Worker “Hardship Cases”

	Ages 55-64	High School Dropouts	Living in Poverty
Unemployed (%)	33	9	17
Employed (%)	45	70	56
Not looking (%)	21	21	26
Total (%)	100	100	100

In Table 4 we see that a third of the oldest workers were unemployed at the time of the survey, much higher than the other two hardship categories. As is described in the companion report on older workers, about 40 percent of unemployed older workers would like to have a job. Very few high school dropouts were unemployed, likely because they had to have an income (or had retired). Of those living in poverty, the majority were working—these are the working poor.

Finally, a word on those dislocated by import competition. Kletzer’s research shows that a dislocated manufacturing worker looks about the same regardless of the cause of job loss. At the time of the DWS survey, 63 percent of import-displaced manufacturing workers were employed versus 65 percent of other manufacturing workers and 69 percent of service workers.

The main difference is that import displacement hits women especially hard, particularly women over the age of 44. In some industries the effect has been pronounced: 79 percent of displaced apparel workers were women, as were 80 percent of displaced knitting mill workers. Of the dislocated workers that got new jobs, the import-displaced saw an average cut in earnings of 12 percent, versus 0.3 percent for workers displaced from the service sector. The variation by individual, however, was large. (See Table 5.)

Table 5
Earnings of the Import-Displaced in Subsequent Job

Range of Earnings	Percent of Workers
No decline, or even an increase	39
Cuts of 0-30 percent	36
Cuts of more than 30 percent	25

Only a small proportion resorted to “hamburger flipping” jobs—half of the import-displaced went back into manufacturing and only 10 percent went into retail jobs. Rather, much of the earnings drop can be attributed to people shifting from full-time work to part-time work, either by choice or due to a lack of options. Kletzer cites other research showing that only 12 percent of the displaced workers were in part-time jobs beforehand, compared to 17 percent among those re-employed.^{viii}

Major Clusters of Focus Group Comments

Psychology of Dislocated Workers

The key observation of both West Virginia and South Carolina focus groups is that dislocated workers are not a homogenous group. They are young and old, well-to-do and poor, educated and illiterate, rooted and mobile. Many are middle class, and have assumed debts based on an expectation of lifelong work at current or rising wages. Accustomed to a different lifestyle, they are unprepared for the shock of unemployment. Many rural communities are built on small firms, and as such, these dislocated workers may not be able to find a comparable job with a big company.

Dislocated workers generally want to get back to work as soon as possible. Most do—55 percent find a new job within two months, and 30 percent go into training programs.^{ix} “It’s the 15 percent that don’t transition that we should worry about,” said one participant. Discussants felt that the hardest job is to identify and motivate dislocated workers who are angry or depressed and sitting at home. Some suggested that it may be better to focus on service quality rather than quantity, helping some dislocated workers more intensively.

They also theorized that it was men more than women who would throw in the towel. Women are often in the majority in training programs, perhaps because there is less of a stigma in going back to school, or taking a desk job. This suggests some effort is needed to find a way to entice men to venture back into education and training.

The psychological factors are also impairing many of the 85 percent that enter training or take a new job. According to one participant in West Virginia, “it takes a lot of work just to get a dislocated worker to make training plans and enter the education system, though once they do, they become eager learners.” The same observation was made by a training specialist in South Carolina. Other dislocated workers have unrealistic expectations; they expect to walk right into another job at the same pay. Still others have lost self-confidence, perhaps having gone through training for non-existent jobs. And, in some areas, shifting into “disability” status is an acceptable means of replacing a lost job.

Most new jobs require higher-level math and reading skills; many dislocated workers lack these skills and find remedial education scary and frustrating. Colleges are not geared to provide psychological encouragement and support for these reluctant learners. Community colleges tend to be structured for traditional students—they have rigid hours, no summer programs, and do not counsel students against pursuing certifications and degrees in little demand in the local job market.

The West Virginia group was especially concerned about the older dislocated workers. As one participant put it, “The older dislocated workers deserve better. They have been good citizens, paying taxes all their life and probably have a number of debts to pay. Yet most programs seem geared to the young.” Many of these workers are completely unfamiliar with social services and don’t even know what questions to ask. Dislocated workers, it was felt, should be thoroughly briefed on their options. Discussants suggested that community organizations could help with the outreach and moral support.

Program Priorities

The “system” itself often impedes transitions for dislocated workers. West Virginia, for example, has some very good programs in place or under development, but even the Workforce Investment Boards don’t know about all of them. Participants shared examples of good programs that few were aware of. One was “Hit the Ground Running,” an intensive, confidence-building skills certification program. The other was a Fairmont State College program that enables a person to attain a full Associates degree in half the time.

Government programs can also act at cross-purposes. Unemployment insurance, for example, usually stops after 26 weeks, causing many dislocated workers to drop out of training. Only the Trade Adjustment Assistance program is able to carry a dislocated worker through to a degree.

Under the now-defunct JTPA (Jobs Training Partnership Act), the emphasis was on training people before sending them into the job market. Under WIA (Workforce Investment Act) and TANF (Temporary Assistance to Needy Families) the emphasis is now on jobs first—placement matters more than skill-building. WIA is not aimed to assist older, life-long workers who have lost their jobs. The discussants felt that a “jobs first” approach simply perpetuates the dislocation cycle. More than that, some say that repeated failure in minimum wage, dead-end jobs can create despair, eroding the individual’s commitment to work and a clean life. Studies on the long-term earnings impact of training versus placement are contradictory and the debate contentious.

In addition, service providers are often in competition with each other for funds. As one participant noted, “Funding needs to be tied to collaboration.” Conversely, a surplus in one area is not likely to be shared with another. In West Virginia, some regions have had a surplus of funds for dislocated workers because they had few clients or no programs to offer. At the same time, other regions ran out of funds and suffered unmet needs. As another participant said, “The organizations and agencies aren’t coming together, so there’s no holistic approach to workforce development. All of the stakeholders, including community and faith-based groups, need to come together so there can be a comprehensive strategy and plan put in place.”

The West Virginia focus group did concede that it might be best to focus on job placement for older, less-skilled dislocated workers. If there had been more time, no doubt there would have been a longer discussion about the age cut-off and the concept that the individual client should share in the decision.

Several in the South Carolina group asked whether it would be better to focus scarce public resources on turning businesses around and creating new firms, rather than focus on retraining dislocated workers. One person remarked, "Saving an industry saves jobs for generations, not just for one set of workers."

Financing training

It used to be that state scholarship funds were more need-based than merit-based. But it's the reverse now. Dislocated workers are essentially ineligible for state lottery funded scholarships since many do not have a high school degree (a requirement for eligibility). Some discussants observed that the state lottery funds, which are disproportionately collected from lower income people, support the education of mostly middle- and upper-class kids, not adults who, by lack of education, have low incomes.

There are some 30 "Quick Jobs" training programs that can prepare people for a trade in just a few months of intensive training. But this is considered continuing education, and doesn't qualify for lottery-derived funding. A South Carolina discussant said that the state should apply for READ Act funds (from the National Unemployment Insurance Trust Fund) to pay for Work Keys or other training needs. In the first round, the READ Act funds went to build one-stops.

Financial aid programs don't stitch together well enough to cover living and education expenses for two years. Dropping in and out of training programs is the norm for adult students, a cycle that reduces the chances of ever getting a degree or certificate. Dislocated workers may need a stipend to stay in training. In Georgia, students must go to school full time to receive scholarships. In South Carolina, people can still be eligible if they are going part-time (as little as 6 credits).

In some states (not South Carolina) a dislocated worker's severance pay can cut into the receipt of Unemployment Insurance benefits.

Demand for Training

Women are more inclined to go through training, perhaps because many are single mothers with kids to support and because women find it easier to transition to new social situations. By illustration, 70 percent of dislocated workers attending Orangeburg-Calhoun Technical College are female. As one trainer put it, "Dislocated workers are the most dedicated of students...and many of them are saying, 'Thank god I lost my job. I didn't know I had choices.'"

Men participate less in training, perhaps out of fear, pride, lack of affordability, or older age. It's up to us to go out and bring them into the system. People lose their self-esteem and stop trying as they repeatedly encounter failure, such as interviewing for weeks with no offer.

Market Relevance

People may not so much resist training as doubt that it will result in a job. The training is too often detached from the realities of the local job market. Providers need to survey area business first, then train for jobs that are there or will be coming.

“Special schools” that are closely linked to a hiring event might be an answer, though at present these schools screen out all but the cream of the crop and are geared at new rather than existing jobs. One way around this is to take those that fell just below the qualifying level through an intensive eight-week remedial course. This experiment was successful in Spartanburg. A Special School to help hospitals fill vacancies might be tried.

Marketing Services

There appear to be many existing services to help dislocated workers, but they are virtually unknown. The focus group agreed that programs should be catalogued and marketed as such. This includes services available through the Department of Social Services (for those up to 200 percent of the poverty level), which can help with some of the major stumbling blocks, such as transportation.

Businesses also need to be better acquainted with hiring and training options. Discussants noted that this kind of marketing might require knocking on doors since most small firms are too busy to research the options. For instance, under WIA, the state could pay up to half the wages of a dislocated worker, for up to six months, in support of on-the-job training (OJT). Knowledge about this program seems very limited. Awareness may not be enough, however, as some firms complain about the paperwork and others discount the value of OJT. (Currently, about ten percent of those firms approached during a layoff situation still won't work with state programs.)

The group raised the possibility of using community organizations and community leaders, such as pastors, to get the message out to dislocated workers. One discussant suggested that the regional WIA boards put community groups on their board. They also suggested it would be helpful to highlight successful stories of incumbent worker training, and establish an award or benchmarking system for companies that promote from within or invest in non-executive training.

Data

Surprisingly, there aren't good records of who are the dislocated workers, as individuals, what they are going through, and where they are located. The application for Unemployment Insurance may be a good place to capture information, and, though follow-up research, find out why people don't come forward for training or other assistance. Said one participant, “the state's Labor Market Information (LMI) people should be able to help identify dislocated and potentially dislocated workers, especially older workers without formal education, and with long job tenures in mature industries.” (On a later visit, this writer found the LMI willing and eager to comply, but unable to do much without access to social security numbers and permission to use them to access other records.)

Use of Standards and Certifications

Most training manuals are written at the 9.5 grade level or above. Because a high school degree has not always been a good gauge of skill levels, many businesses have used industry certifications to screen out people believed incapable of the minimum proficiency. There are several locations in South Carolina where people can train to meet an industry standard, but these programs require an independent source of income to live on during training. Some participants noted that, "Work Keys is a great program, but it's also very expensive."

"Special schools" that are closely linked to a hiring event might be another way to train people to a standard, but at present these schools screen out all but the cream of the crop and are geared for new rather than existing jobs.

Industry-developed assessment, training and certification systems are increasing, however. Kentucky and Louisiana, to name two states, have been actively encouraging the development of industry-driven certifications. Kentucky's is perhaps the most sweeping effort (see box). Other such industry standards are evolving at the national level as well, under the auspices of the National Skills Standards Board.

Follow-Up Suggestions

The participants themselves made a number of the following recommendations:

Get solid information on dislocated workers.

- Hold a focus group of dislocated workers. Gather a number of dislocated workers and service providers in hard-hit areas to talk through barriers to success. Encourage the informal exchange of personal stories in order to give light to issues that might not be recognized in professional circles. For instance, people may not so much resist training as doubt that it will result in a job. The training is too often detached from the realities of the local job market. People might also become demoralized and stop looking for work if they repeatedly encounter failure, such as interviewing for weeks with no offer.
- Survey a sample of dislocated workers. Identify what might be key elements in a profile of personal and family circumstances, probe the reasons behind their work and training decisions, and track and record their work and training actions over a period of time, such as six months.

Bundle and market dislocated worker assistance and prevention.

- Bring policy-making stakeholders together to focus on dislocated worker issues as a team, much the way interagency Rapid Response teams go into an area where there is a large mass dislocation event. (Not all mass layoffs trigger a Rapid Response initiative.) Include a review of the safety net for dislocated workers.
- Identify and catalog training resources. A "site map," to borrow the term from the World Wide Web, can help policy-makers and service providers see and understand the whole picture. This could be done with the aim of encouraging service coordination and partnerships.
- Use lottery advertising to carry the message to the general public. South Carolina's educational television station could use its new "Stateline" program to educate people on the knowledge economy, and its "Connections" program to reach out to minorities on this topic.

- Targeted marketing to dislocated workers, with follow up by in-field counselors, might also be effective. Chambers of commerce could also be used to reach the business community. Smaller businesses might be reached more easily through this vehicle than one-on-one awareness-raising efforts.

Put business in the driver's seat.

- Encourage the formation of business training alliances and certifications. States might encourage the development of geographic and sector alliances. In the case of Louisiana, industries in a specific region get together once a month to compare training needs and, where they match, collectively ask service providers to work with them as a group. Industry clusters, where they exist as a policy mechanism, would also be an excellent vehicle for creating training alliances and, perhaps, certification programs. This would also be a way to more accurately determine current and future skill needs, and to better link them to education and training programs.

Recruit direct business involvement in the schools.

- Ask local businesses to provide internship, apprenticeship and other training options for students, teachers, and counselors.

Work on preventing dislocation.

- One can't stop market forces, but one can prevent the frequency and severity of dislocation. The Manufacturing Extension Program (MEP) of the National Institute of Standards and Technology, for example, is set up in every state to provide modernization services to smaller firms, including layoff aversion strategies. The MEP should be a part of any strategy aimed at dislocated workers.
- Treat the spouse and children of dislocated workers as well. Their vulnerability to layoff and educational failure may be correlated to, and endangered by, a layoff in the family. For example, where applicable, the adults in the family could be supported in attaining a GED or certification, and the children could be flagged for extra help in achieving good school performance, such as through subsidized after-school programs.
- Identify and certify those skills that are transferable from one occupation to the next.

ⁱ Pillowtex closed its doors in August 2003, rendering some 6,000 textile workers unemployed, most of whom were in a concentrated region of one state. Although import pressure from China was high—imports had increased by 600 percent in the wake of lowered trade barriers, agreed to years ago—much of the business failure had to do with company management and banking misjudgments. Pillowtex was carrying enormous levels of debt, built up with each new merger and acquisition. Pillowtex and its antecedents had offered high bid prices, backed by loans from bankers who agreed with industry's rosy growth scenarios in the late 1990s. There was no provision, however, for any downturn in the economy. (From research by Dr. Patrick Conway, University of North Carolina, 2003.)

ⁱⁱ From comments made in the focus group.

ⁱⁱⁱ Dr. Lori G. Kletzer, "Job Loss from Imports: Measuring the Costs," Institute for International Economics, 2001.

^{iv} Dr. Lori G. Kletzer, "Job Loss from Imports: Measuring the Costs," Institute for International Economics, 2001.

^v Higher job tenure actually works *against* the displaced since their greatest skills—and value added—are highly specific to the job. Their skills are not generic enough to keep up with occupational and skill changes in the market.

^{vi} The Dislocated Worker Survey contacts people at a date that could be anywhere between one month and three years after the initial job loss.

^{vii} Karen S. Hamrick, "Displaced Workers: Differences in Non-Metro and Metro Experience in Mid-1990s," Economic Research Service, U.S. Department of Agriculture, October 2001.

^{viii} Note that part-time work may not be a forced option in all cases. Many people may cut back on their work schedules voluntarily.

^{ix} From a participant comment.

BACKGROUND REPORT ON OLDER WORKERS

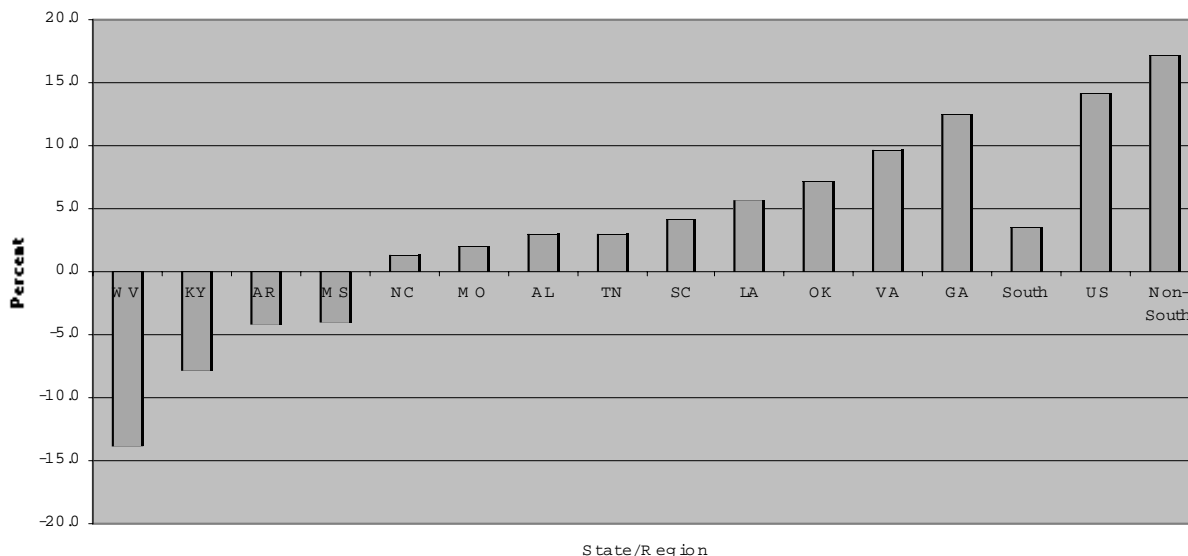
(Based on research and focus group input from West Virginia)

In 2000, the U.S. had approximately 59 million people over 55, of which 18.4 million were in the labor force. By 2015, the Bureau of Labor Statistics projects the number of older workers will nearly double to about 32 million. This means older workers will comprise almost 20 percent of the total labor force in 2015.

Why? Nationally, some 76 million baby boomers will retire over the next 30 years, but only 46 million GenXers will be available to fill the vacancies. By 2010 there may be a shortage of four to six million workers, even assuming continued immigration and more labor saving technologies. Many manufacturing jobs may go vacant. "Although manufacturing will not grow much overall in the next decade, a rapidly aging workforce will create more than 2 million job openings."

Moreover, regional differences do not favor Appalachia. Using the Southern Growth states as a barometer for all of Appalachia, the region cannot expect to see much growth in the number of people under the age of 45. As shown in Tables 1 and 2, not a single Southern Growth state will approach the national average growth rate for youth or prime age workers. West Virginia, which already has the highest median age in the nation, faces a severe contraction in both age groups. Conversely, as shown in Table 3, the South will see a sharp rise in the number of people ages 65 and older between 2000 and 2025-in some cases even doubling. Interestingly, West Virginia will have the least growth in people of retirement age.

Table 1
Percent Change in Numbers of Children, 2000-2025
(under 18 years old)



Therefore, one of Appalachia's major workforce goals might be to keep its older individuals in the labor market for as long as they are willing and able to do so. So far, only a few states have comprehensively addressed older workers and retirees as a key source of future skilled labor.

Table 2
Percent Change in Prime Age Workers, 2000-2025 (18-44 year olds)

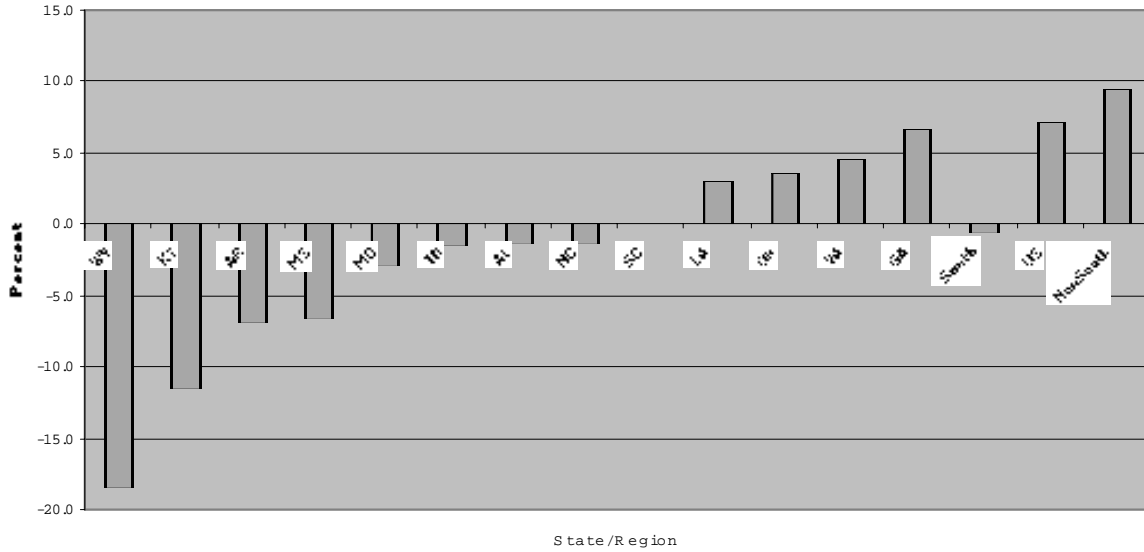
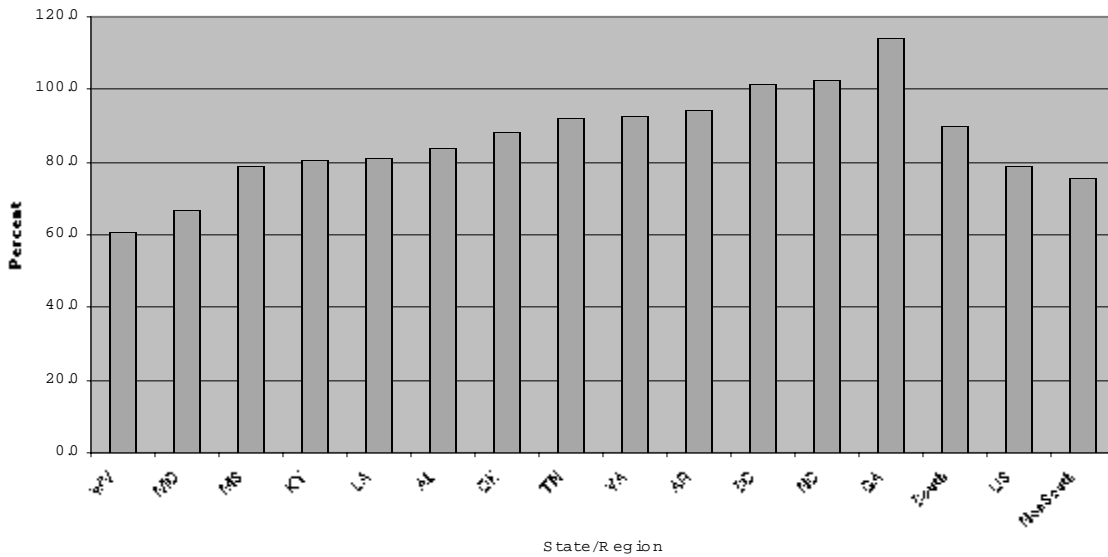


Table 3
Percent Change in the Number of Retirees, 2000-2025 (age 65 and over)



Who Are the Older Workers?

First one has to ask, "what is old"? To some employers, "old" is anything above 45-the presumed point at which the worker starts counting the days to retirement. These workers, so stereotype goes, are less attached to work, develop more health problems, require more accommodations, and may not return the company's investment in their training. The reality is not so simple-not only are more people retiring later in their career, these older workers and early retirees often change to, or resume, work in another occupation.

The aging workforce could cause severe shortages in high-skill occupations (see Table 4). In West Virginia, half of all teachers will retire within five to ten years.

Most men work year-round and full-time until the age of 65. After 65, only half work full-time and all year long. Women work about as long, but are more apt to be seasonal or part-time workers. Workers 55-74 are less likely than younger people to lose a job but, of those older people that do lose a job, 39 percent never return to work.

The majority-62 percent-of young retirees (ages 51-59) still want a job. Only 38 percent said they wanted to leave the labor force. The early retirees tend to be female, in poorer health, less educated, white, married and have less wealth. Many are dislocated workers with all the vulnerabilities outlined in the companion paper on dislocated workers. The major difference is older workers are less likely to need the soft skills training.

By contrast, most people retiring at 60 and over appear to leave the labor force of their own volition. This group tends to be male, better educated, white, married, in better health, skilled, and possess wealth.

Of people 65 and older, 15 percent are employed and constitute three percent of the labor force. They are about 50 percent more likely to work part time than younger workers, largely by their own choosing. At this age, the vast majority of those working enjoy their job, and consider their job less stressful than that which they have experienced before. Disability can be a big factor in the decision to keep working-in West Virginia, for example, half of those 65 and older are considered disabled. (Astonishingly, almost a quarter of people 20-64 are disabled as well.)

Table 4
Percent of Workers 55 or Older (Selected Occupations)

Occupation	2000	2008
Postsecondary Teachers	23	27
Lawyers/Judges	17	26
Doctors/Diagnosticians	19	26
Executives/Managers	15	22
Scientists/Engineers	13	16
All Occupations	13	17

What is Available for Older Workers?

The three main programs designed to assist older workers are:

1. Senior Community Service Employment Program (SCSEP). SCSEP was designed as a "work-fare program." Participation is limited to people 55 and older with incomes at or below 125 percent of the federal poverty level. These are usually placed in low-wage public sector jobs.
2. Workforce Investment Act (WIA). WIA allows funding for services targeted to dislocated workers. The amount is determined in part by state choice. WIA is said to integrate older workers better than the old JTPA (Jobs Training Partnership Act) program because there's no strict set-aside, and because clients get to choose their own training providers.
3. Trade Adjustment Assistance (TAA). Designed to help workers losing their jobs to import competition, TAA can provide a range of training and employment services to older workers.

During the year ending June 2001, all three programs together reached less than one percent of the total population 55 and older. This is not necessarily wrong, but it demonstrates why potential clients-firms and the unemployed-are largely unaware of their options. Most people never encounter them. The programs operate at the fringes of the labor market.

During the year ending June 2001, of the 1.3 million older people not working and wanting a job, only about 12 percent were enrolled in one of the three main programs. Most of those assisted, 68 percent, received subsidized jobs through the SCSEP. Yet this represents only about one percent of adults eligible for SCSEP. Meanwhile, most of those enrolled in WIA or TAA received only job search assistance, such as interviewing and resume writing workshops. Another way to look at it is that of all older people involved in mass layoffs, it is estimated that WIA serves only 14 percent. For TAA, the number is just four percent.

SCSEP is beginning to switch its role from placing people in permanent, subsidized jobs to temporary placements where clients can gain work experience. The target is to have at least 20 percent of SCSEP clients placed in unsubsidized jobs. Still, that only works out to about 20,000 people.

Major Clusters of Focus Group Comments

Program Barriers

- One of WIA's performance measures is change in earnings. Ideally, the new job should bring in earnings higher than in the old job. Because many older workers end up in jobs with fewer hours or that pay less than their previous job, there is a clear disincentive to enrolling this group. In the WIA dislocated workers program, younger workers experience an increase in income by an average of seven percent; older workers in the same program average a 17 percent decline.
- Research is mixed about whether older people benefit from separate training programs. In some cases, such as computer training, the older people may need slower-paced, hands-on instruction. But for things like nurse training, it's not needed, and may serve to isolate older workers even more.

Employer Barriers

- Most employers simply haven't given the issue much thought. For their part, the unions haven't pushed it either. The default assumption is that an older worker is less productive, costs more in health insurance and is a short-term employee. Even in white-collar occupations like marketing or executive management, some assume that an older person may not present the "right image" (e.g., for those trying to project a hip, innovative, health or sports culture) or fit in with the "corporate culture" (e.g., where long hours are expected and much work is conducted through the latest technology).
- Flexible hours in manufacturing are not always easy.
- Pension regulations can make it hard for an employer to rehire a retiree as a consultant or part-time worker.

Programs for Older Workers

- Workers over 60 are falling through the cracks. Services are in place to help those 55-60 as dislocated workers or as low-income workers, but little else.
- Some states (not West Virginia) seem to be investing in their seniors, such as by providing tuition waivers. We look at the older workers and retirees primarily as charity cases, not as valuable resources to be tapped. In a state where professionals such as doctors and math teachers are in short supply, those who have retired once could be made welcome to return on their own terms. Many of these people don't have to work—they want to, for purposes of social connection or a desire to give back to the community.
- Some program innovation is beginning to occur in West Virginia. The Bureau of Senior Services is working with the senior centers in each of the 55 counties, looking to develop a comprehensive package of services. It also plans to redesign its Web site so seniors wishing to work can easily search their options. Future retiree attraction initiatives will include information about job availability.
- But other senior programs have fallen by the wayside. A now defunct program developed ten years ago, "This is the 'on' button," was specifically designed to help seniors acquire skills needed to work with cash registers, calculators, and computers.

Special Conditions of Rural Areas

- There may be insufficient critical mass to deal with this issue in some rural areas. In addition to fewer senior-friendly jobs in rural areas, it may also be harder to maintain the infrastructure necessary for seniors. Transportation and medical services may be inadequate, especially for seniors with disabilities.
- In some areas, the local culture may encourage permanent retirement, even if it translates into a lower standard of living. For example, a disability may be considered a career-ending condition, with no expectation that the person could or should continue to work. (See the companion paper on the disabled as a special population.)

Next Steps

Follow-Up Suggestions

1. Hold summits.

The West Virginia focus group strongly supported the idea of a series of summits on special populations. The rationale is that: (1) the special populations require somewhat different responses and, (2) it would be easier and faster to get action and collaboration around a narrow subject rather than try to tackle the whole workforce system at once. Many of the changes needed will require collaboration: inter-agency, intergovernmental, and public/private. Participants in the summit should therefore include not only the people that participated in this focus group session, but also representatives from other relevant agencies, the AARP, business, labor, the extension services, the legislature, and clients in the special populations. Some participants noted that collaboration could also be a way to make up for the recent budget cuts.

2. Raise public and private sector awareness.

Businesses need to know about the ramifications of baby boom retirements. States might launch a media campaign that carries the message while also portraying older workers and retirees as valuable, experienced workers. Other positive traits (e.g., work ethic, community leadership) could also be featured with the aim of raising the public image of older workers. Such a campaign could also serve the purpose of preventing under-employment among future older workers by encouraging middle-age workers to refresh skills and get credentials.

3. Develop cluster-specific strategies.

As with any other special population, states that use cluster-based economic development strategies could put this issue to cluster leaders. This might allow for industry-specific approaches, such as might be needed to get around pension barriers, or to offer specific kinds of refresher courses or certifications.

4. Find partners to support an older worker initiative.

The military, AARP, and unions are several likely candidates. Regional foundations might also be supporters. Certain kinds of corporations, such as private placement agencies, might take an interest. The U.S. Department of Labor should also support this, as it has made older workers one of its priorities.

5. Assess the impact of various regulations on older workers and retirees.

Track the work and learning experiences of age cohorts to detect patterns and evidence of service impact.

6. Make services more user-friendly for senior workers.

This could be as simple as reviewing Web site formats and linkages such that seniors of varying needs and motivations (and their service providers) can more easily see what is available. Staff in the one-stops might also need training. Without it, some seniors may be shunted into services, such as SCSEP or disability, without full consideration of their options.

Council for the New Economy Workforce

The Workforce Index (DRAFT)

Recommendation #1:

“Create seamless workforce systems that maximize client control over the outcomes.”

Measurements

Overall system effectiveness

- Worker productivity rates (statewide or by sector)
- Percent of people with a college degree or certificate
- Percent of population 25-50 enrolled in postsecondary education
- Percent of incumbent workers receiving training (all, or just with public support)
- Percent of workers in jobs paying more than \$15 an hour
- Weeks between jobs, normalized to national conditions
- Wage rate change between jobs

High school to college transition

- Percent of high school students enrolling in college right after graduation
- Percent of high school students earning college credit
- Percent of college applicants meeting entry-level requirements
- Percent of college freshmen in remedial courses
- Percent of students who retake courses when they transfer between colleges

School-to-job

- Job applicant rejection rates (statewide or by sector)
- Duration of job vacancies in selected occupations

Program-to-program movement

- Number of programs sharing client information
- Percent of public training funds available through one-stops
- Number of performance measures in common (for all relevant services)

Business control

- Number of business training alliances or clusters
- Percent of firms using training services

Standards & Practices

- **Skills alignment.** Each school district has a system to match high school exit exams to area college entry exams, and to align courses such that there is steady vocational skill progression from elementary to high school.
- **WIB good health.** WIBs monitor themselves for “good health,” not just compliance, by watching volunteer drop out rates, getting CEOs as members, noting the extent to which WIB board members use WIB services, recruiting the non-traditional discussants, closely interacting with the Youth Councils, and directly involving K-8 officials.

- **Money map.** States have a comprehensive picture of the sources and destinations of all major sources and destinations of workforce funding.
- **Joint projects.** Agencies and institutions are encouraged to undertake joint education and training projects, or study activities.
- **Borderless services.** Clients can readily access and integrate services from more than one service area.
- **Distance learning.** K-16 students can earn credit for a wide range of distance learning courses as a way to increase scheduling flexibility, access unavailable subjects (such as little-taught foreign languages) and accelerate the learning calendar.
- **Fused goals.** Economic development and workforce plans are jointly created, with some common goals (e.g., job retention and creation).
- **Record sharing.** Client data moves effortlessly with the client, based on common measures and a common system for collecting, sharing and reporting the data
- **Parent surveys.** Parents of recent high school graduates are routinely surveyed on system transparency and seamlessness.
- **Synchronized community colleges.** The state's community colleges collectively develop a vision and strategic plan for the system.
- **Workforce intermediaries.** States and regions support these dual-client nonprofit organizations as a way to tailor services, especially for disadvantaged populations.
- **Industry alliances.** Industry sectors work amongst themselves to identify needs, set standards or certifications, and drive service development and delivery.
- **Client choice.** Businesses, students and workers can fine-tune the content and delivery mode of services to be delivered. Clients get what they need, not just what the system has to offer in the way of standard programs.
- **Open doors.** The business community is a constant working presence among students and teachers, and vice versa.
- **Learning incentives.** Incumbent workers are actively encouraged and supported to further their education, either on their own or through the firm.
- **Ombudsman.** There is a way for firms and students to turn to "blow the whistle" without having to sue.

Recommendation 2:

"Identify and develop underutilized sources of workers and talents."

Measures

Incumbent Workers

- Percent of people ages 25-55 in full-time, year-round employment
- Percent of people 50-65 not working
- Percent of workers earning less than \$10/hour (in the poorest third of all counties)

Lost Workers

- Percent of people ages 5-18 not enrolled in high school or college
- Death rates of people 0-65 years old
- Death rates of youths under 25
- Incarceration rates/institutionalization rates of youths under 25

Special Populations (immigrant, disabled, minority, dislocated, elderly)

- Labor force participation rates
- Average earnings
- Enrollment and completion rates
- ESL enrollments as a percent of the population that does not speak English "well"
- As a percent of WIA and TAA clients
- Percent of dislocated workers receiving Rapid Response services
- Percent of WIA/Rehab clients losing their job within 6 months of being hired

Standards & Practices

- **Student aid reality check.** A regular review of accessibility of student aid to so-called "non-traditional students" (such as people over 25...which is the majority now).
- **Regulatory review.** Periodic review of regulatory barriers that affect special population access to services and participation in the labor force.
- **Track real people.** Collect and report demographic and employment data on a longitudinal basis (individuals or groups of individuals, over time). See how people progress over time through education and work.
- **"Accessibility and admissibility."** Watch existing reports that measure each institution of higher education's average cost and acceptance rates.
- **Public awareness.** An initiative to raise awareness about special populations as workers.

Recommendation 3:

“Create a self-directed workforce with the attitudes, learning habits, and decision tools necessary for making wise career choices throughout life.”

Measures

Attitudes

- Percent of high school sophomores with unexcused absences or suspensions
- Percent of 7-12 grade students in an ethics or leadership class
- Percent of high school students doing community service
- The percent of all seniors believing they are going to college

Learning Habits

- Percent of 4-year-olds in pre-kindergarten
- Percent of 4th graders with library cards
- Percent of middle school children with access to the Internet
- Percent growth in newspaper subscriptions
- Percent of college freshmen completing their first year
- Percent of college freshmen that earn a 2- or 4-year degree in 2 or 4 years
- Summer school attendance in middle school

Career Decisions

- Guidance counselor-to-student ratio
- Percent of high school students with an Individual Graduation Plan
- Percent of middle school students in an economics course
- Percent of adults receiving training through distance learning
- Percent of high school kids in a structured work experience
- Percent of teachers in a structured internship
- Percent of graduating seniors having taken a course beyond Algebra 2
- Enrollments in business-developed certification programs
- Earnings 10 years after high school

Standards & Practices

- **High touch business involvement.** A constant and direct business presence in the classroom and a student/teacher presence in the workplace.
- **Average students count too.** Look at the share of time counselors spend with the middle-performing group of students.
- **Career education.** Deliver age-appropriate career awareness, exploration, counseling, and preparation, starting in kindergarten.
- **Small high schools.** Aim for class sizes (not classroom) of less than 100, or provide an equivalent structure to generate a sense that teachers really know the students.
- **Accurate LMI data.** Work to make it available all the way down to the local/regional levels.
- **User-friendly service.** Surveys of the client and general population on the rate of usage and degree of difficulty in navigating the service structure (e.g., Web sites).

