

Helping More Unemployed Workers Find Jobs and Build Skills

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Overview

1. Lessons from psychology and behavioral economics
2. Implications for Workforce Investment Act reauthorization
3. Strengthening research capacity in the labor sciences

Labor policy through the lens of behavioral economics

General lessons include:

- Take advantage of the way people process information
- Acknowledge limited abilities to manage complexity

Policy recommendations include:

- Provide more accessible occupational projections
- Simplify training program take-up and provider quality data

Valuable demonstrations include:

- Study methods for managing of wage expectations
- Experiment with counseling provider competition

Behavioral economics of job search assistance

Speed & quality of matches hindered by
search complexity, biases, errors, and procrastination

In thinking about immediate employment & career planning
people need accessible info on market conditions
and occupational projections

Framing matters, e.g. for wage expectations
have people question own judgment by explicitly
considering counterarguments to their own thinking

Behavioral economics of job training

When individuals have funding to pursue training
markets solve some problems and create new ones

Complexity makes it hard to choose well – so simplify
easy to procrastinate – so integrate to improve take-up

Competition among counselors could drive innovation
counseling provides guidance on career & training choice
firewall so counselors have no connection to providers
incentives for take-up, completion, employment, earnings
reward performance with greater market share

Workforce Investment Act reauthorization

WIA links disparate policies like green jobs
recovery in the labor market; demographic transition
transitions in the auto industry & future of manufacturing

Proactive role for government in
improving occupational projections and training info
making this personalized and easily accessible

Improved matching will increase returns to training

Performance measurement and incentives could encourage
most beneficial assistance to individuals

System needs to rapidly scale up or down with demand

Getting performance data and making it useful

Data for decision-support & performance measurement services provided; employer follow-up; UI claims training and education enrollment; quarterly earnings

Value-added measurement would need refinement

Internet tools (supplemented by call center) as first contact

Use incentives for counseling and training effectiveness

Building research capacity in the labor sciences

Matching individuals to opportunities relies on analysis

Sustaining quality work over time requires institutionalization

Scale – continuous refinement of assessments are needed

Capacity building –

data accessibility, grant-funded research, graduate study

Leadership – driving forward with one integrated group

needs a high-level leader

Independence – insulate from external pressure to conform

Building research capacity in the labor sciences, continued

Scope – expand in occupational health and safety,
employment standards, pensions, other benefits

Options for building research strength
increase resources in existing offices
consolidate in BLS
elevate existing research divisions
consolidate under new leadership