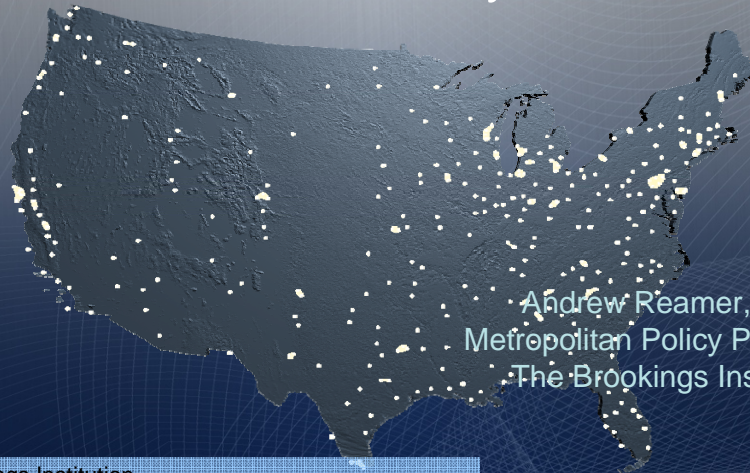


# Labor Market Decision-Makers' Need for Information in Today's Economy



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## Labor Market Participants

Students deciding a career path, whether to obtain additional education and training, and, if so, at which institution

Workers determining what job openings to seek, what job to take, how to advance in a career, whether to change a career, how additional education and training would help

Employers making site location, operational, hiring, and wage and salary decisions

Educators and trainers figuring out program offerings, curricula, and size

## Orders of Magnitude

The number of participants in the U.S. labor market is massive:

- 140 million jobholders are determining next career steps
- 39 million students are making career decisions and 276 thousand counselors are advising them
- 14 million unemployed people are looking for work
- 6 million businesses are making location, operations, hiring, and compensation decisions
- 4,400 degree-granting postsecondary institutions and 19 thousand business and technical training institutions are making program decisions

## Labor Market Activity

In any one year, the magnitude of labor market entry, exit, and career path decisions is extraordinary:

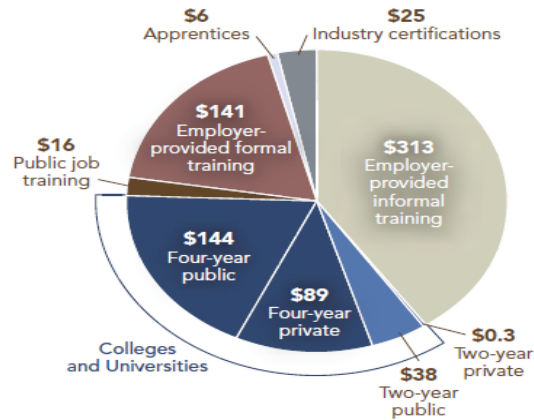
- In 2009, employers hired 49 million workers and laid off or discharged 28 million others. Another 22 million workers quit their jobs.
- In 2007, 3.3 million high school students decided to drop out, 3.0 million students finished public high school, and 3.0 million people received a postsecondary degree.
- In 2005, 70 million workers were involved in formal work-related learning--primarily work-related courses but also degree and certificate programs and apprenticeships.



FIGURE 1

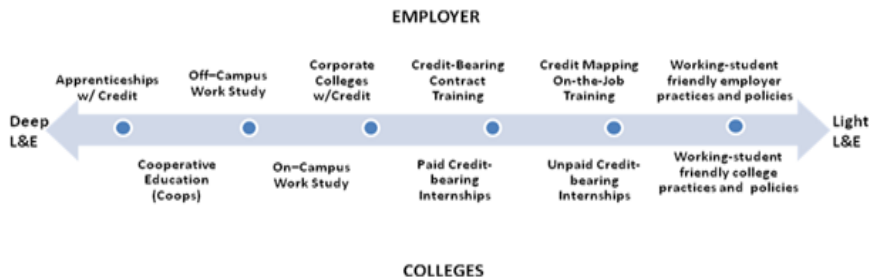
\$772 billion is spent annually on postsecondary education and training. About 65 percent of these dollars are spent outside of the formal postsecondary education system.  
(in billions of dollars)

Source: Authors' calculations using data from Integrated Postsecondary Education Data System (IPEDS), Department of Labor Employment and Training Administration (DOLETA), American Association of Community Colleges (AACQ), Office of Vocational and Adult Education (OVAE), Survey of Employer Provided Training (DOL), and Bureau of Labor Statistics (BLS)



Further, options for students and workers to obtain postsecondary credentials while earning are expanding

The Learn & Earn Continuum...for ALL students who work while going to college



## More, and More Complex, Decisions

Economic and occupational change is constant

- Increasingly, a postsecondary credential is necessary to sustain a middle class existence
- Individuals now need to manage their occupational path throughout their working lives

Consequently, all labor market participants are faced with decisions more numerous and complex than before

To make effective decisions, labor market participants need access to current, accurate information

## Public Policymakers

Multiple federal organizations influence labor market activities, including Congress, OMB, the Federal Reserve, and departments such as Treasury, Labor, Education, and Commerce

State governments make important investments in education and workforce and economic development

More than 600 local workforce investment boards and more than 7,000 regional economic development organizations make decisions in the hopes of encouraging good jobs, sustainable businesses, and economic well-being

## Labor Markets and Competitiveness

The nation's economic health is a function of the vitality and competitiveness of its regions, particularly industry clusters

Due to technological change and international competition, the nation's regions face, and must respond to, ever-changing economic threats and opportunities

Regional competitiveness depends largely on workforce skills, knowledge, creativity, and adaptability

Policymakers require good data to guide investments in regional workforce and economic development

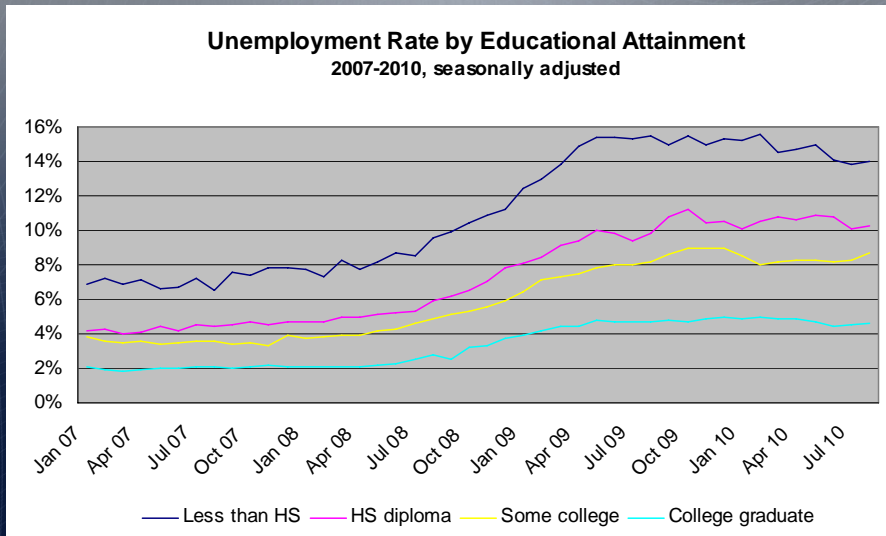
## The Recession's Impact on Labor Markets

The recession is accentuating the differences in labor market opportunities between workers with and without postsecondary credentials and skills in demand

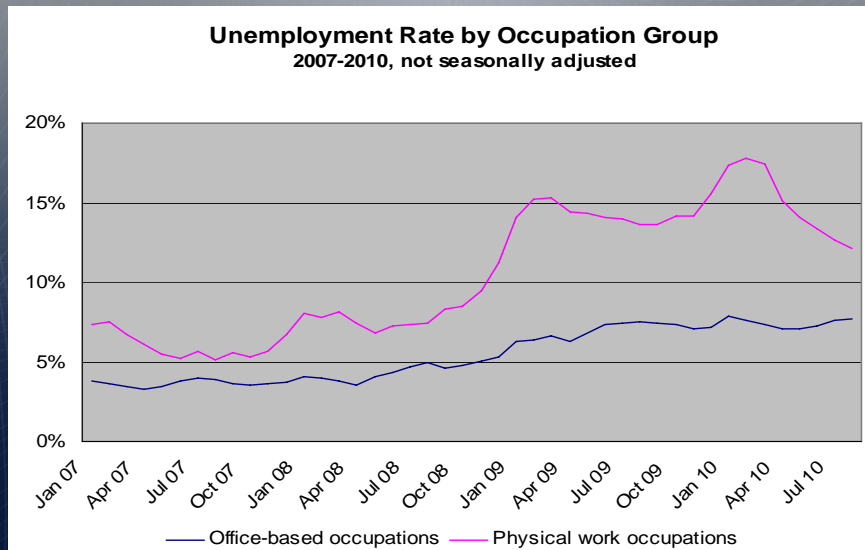
First, let's look at trends in unemployment rates . . .



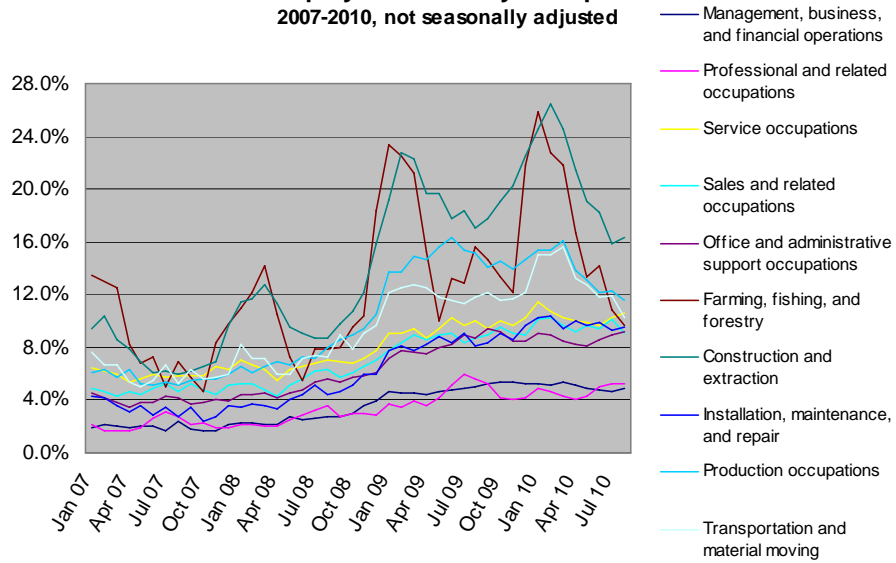
Workers with less education have borne the brunt of increased unemployment



Those working in physical labor occupations have been hit particularly hard

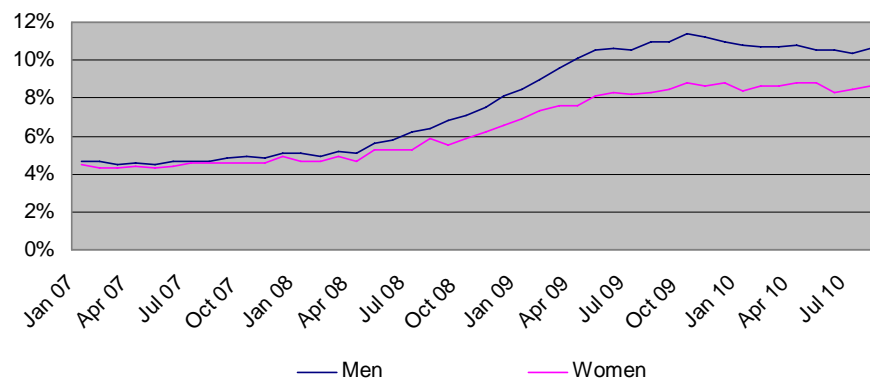


**Unemployment Rate by Occupation**  
2007-2010, not seasonally adjusted

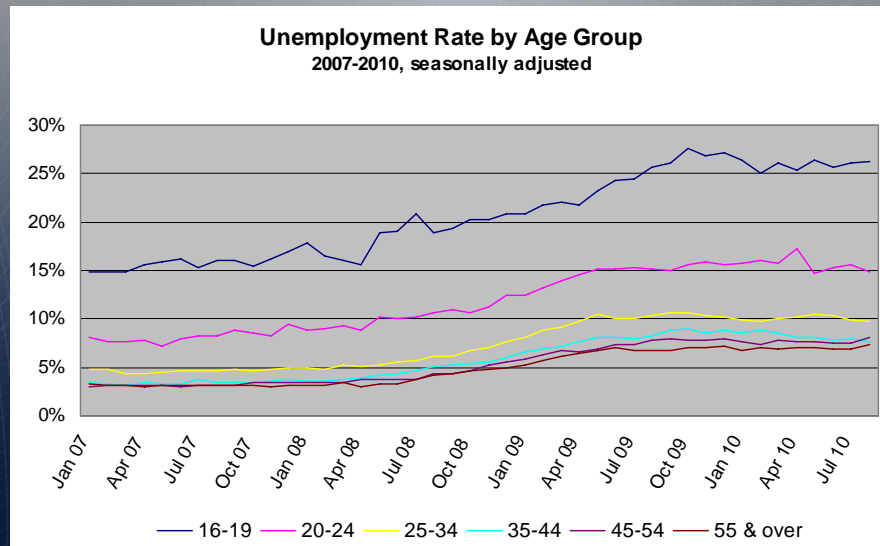


As men dominate physical labor occupations, they are experiencing greater job loss than women

**Unemployment Rate by Sex**  
2007-2010, seasonally adjusted



## Unemployment hits the youngest workers the hardest



## Recession and Occupational Change

The recession has instigated the replacement of lower-skilled jobs by workers overseas or by higher-skilled, technology-enhanced positions at the same company

At the same time, as employers emphasize higher-skilled jobs, many cannot find the skilled workers they need among the large pool of unemployed, even in the midst of the recession

“The chief hurdles to more robust technology hiring appear to be increasing automation and the addition of highly skilled labor overseas. The result is a mismatch of skill levels here at home: not enough workers with the cutting-edge skills coveted by tech firms, and too many people with abilities that can be duplicated offshore at lower cost.” (New York Times, September 7, 2010)



## Persistent Unemployment

Compared to the last severe recession, in 1980, the effects of the current recession are hitting a smaller percent of the workforce for a longer period of time

Occupational change is partly responsible for the record median length of unemployment (25.3 weeks in June 2010, compared to 8.4 weeks in December 2007)

Economic research indicates that people who are out of work longer are less likely to find work in the next month

## Persistent Unemployment

“(W)hen job openings rise, the unemployed can find jobs more readily, and the unemployment rate typically falls. . . . (T)he relationship between unemployment and job openings was stable from December 2000 through June 2008. Were that stable relationship still in place today, and given the current job opening rate of 2.2 percent, we would have an unemployment rate of closer to 6.5 percent, not 9.5 percent. Most of the existing unemployment represents mismatch that is not readily amenable to monetary policy.”

Narayana Kocherlakota, President, Federal Reserve Bank of Minneapolis, “Inside the FOMC,” August 17, 2010

## Looking Ahead

Consensus is that full recovery could take another five years. As future employment and wages are inversely related to length of unemployment, many Americans without valued skills face bleak futures.

“Some economists fear the U.S. could end up with a permanent caste of long-term unemployed . . . . (New York Times, August 9, 2010)

The toll of persistent unemployment goes beyond individuals to the economy at large in terms of skills development, productivity, and economic timidity

## Twin Challenges

The first is structural and long-term—enabling workers and regions to adjust to the ongoing shift in occupational structure towards greater skill requirements and higher educational attainment

The second is cyclical and near-term—increasing the number of job openings and the match between skills supply and demand

Current, reliable, accessible data are crucial addressing these challenges

## Romer's parting remarks

"The pressing question, then, is what can be done to increase demand and bring unemployment down more quickly. Failing to do so would cause millions of workers to suffer unnecessarily. It also runs the risk of making high unemployment permanent as workers' skills deteriorate with lack of use and their labor force attachment weakens as hope of another job fades. Policymakers should certainly try innovative, low-cost policies. . . ."

Christina Romer, "Not My Father's Recession," National Press Club, September 1, 2010