

Long-Term Unemployment: Its Causes, Consequences and How to Move Forward in St. Louis, Missouri

A summary of the SSHRC Research Project: *Possibilities and Boundaries in the Socio-Political Shaping of Unemployment: How Service Seekers and Service Providers Negotiate Long-Term Unemployment*.

Long-term unemployment presents significant challenges for individuals, families and communities, and it has continued to persist at high levels since the 2008 recession. This summary presents on-going findings from a collaborative research project on long-term unemployment. This research was conducted in order to inform policy and program changes and more fully support persons experiencing long-term unemployment to engage in the range of activities they need and want to do to support themselves, their families and contribute in meaningful ways to their communities.

Possibilities and Boundaries is collecting data between 2014 and 2017 in London, Ontario and Saint Louis, Missouri. It aims to illuminate how policy and program changes since the 2008 recession shape possibilities and boundaries for the negotiation of long-term unemployment by employment support service organizations and individuals who are without work.

Within this report, we provide a summary of insights gathered from interviews conducted in phase 1 of the study with persons identified as key stakeholders in the employment sector and employment services sector in St. Louis, Missouri. Stakeholders tackled the pressing questions of how to adequately define long-term unemployment, the limits and strengths of existing policies, and put forward new proposals that aim to create and sustain opportunities for the unemployed in more effective and socially just ways.

Broadening the Understanding of Long-Term Unemployment

According to the US Bureau of Labor Statistics, long-term unemployment is defined as the proportion of the labor force aged 16 and older who did not have

a job at any point during the current or previous 27-weeks, and have been actively looking for work in the past 4-weeks. The state of Missouri, however, defines long-term unemployed individuals as those who have not worked for at least 20-weeks, and are actively looking for work. As Kosanovich and Sherman (2015) have illustrated, long-term unemployment is inequitably distributed across the United States in relation to gender, race and ethnicity. Overall, men are slightly more likely than women to be unemployed 27 weeks or longer (34.0 versus 32.8%). When considering race and ethnicity, 39.6% of unemployed Blacks or African Americans and 37.7% of unemployed Asians had been looking for work for 27 weeks or longer, compared with 31.5% for Whites and 29.9% for Hispanics, respectively. These findings point towards the racialized and gendered forms that long-term unemployment often takes.

According to the Department of Labor's Bureau of Labor Statistics, long-term unemployment rates **REMAINED ELEVATED**, with 26.6% of unemployed individuals still looking for work after 27-weeks at the midway point of 2016. As Figure 1 shows, although this measure has trended downwards since its 2014 peak of nearly 6.7 million persons, long-term unemployment still remains high by historical standards.

When asked **HOW TO DEFINE** long-term unemployment, stakeholders raised concerns with sole reliance on a quantifiable, homogenous measurement of unemployment. Rather, many noted how understandings of unemployment need to be much more fluid given variations tied to individuals' self-perception and resources, sectoral experiences, workplace history, citizenship status, age and educational status.

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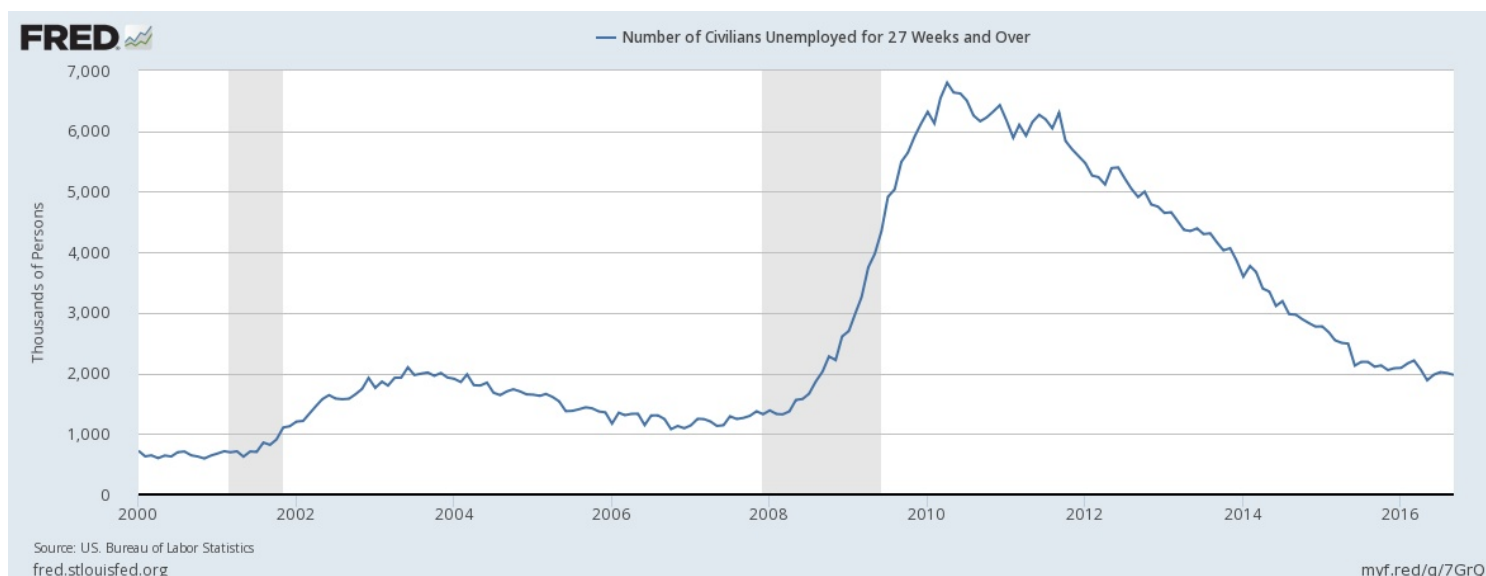


Figure 1

"I know what [the technical definition of] long term unemployed is but to the job seeker, to me, it would be anytime you can't pay your bills, when you start losing your home and your cars, can't put food on your table, can't pay your utility bills."

Some respondents also noted that it was necessary to take a **BROADER MEASURE** of the unemployment rate, referred to as the U6, which includes those who have given up looking for work and those who are working part-time but would prefer to work full-time.

"The official [U3] unemployment rate doesn't include all the people we don't count like discouraged workers, marginally attached workers, underemployed workers, all of that U6 category. It's chronic unemployment in some of our communities because it's from generation to generation."

Stakeholders noted that a 'one-size-fits-all' definition of long-term unemployment does not work given that older workers, newcomers, historically racialized groups and communities, and persons with fewer years of formal education are more likely to experience extended periods of long-term unemployment, accentuating other forms of labour market disadvantages and intergenerational poverty.

"There is prejudice in our community. I think that employers are reluctant to hire somebody who lives in North City based on [racial] demographics alone...so then they sort of typify this entire population within this entire geographic area as being such-and-such a way."

A Shifting Labour Market

Stakeholders noted that the **EROSION OF MANUFACTURING** in the greater St. Louis region has been a major contributing factor to unemployment and the absence of well-paying jobs. Likewise, downsizing, global competition and new technologies have also eliminated jobs once prevalent throughout the region.

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"Certainly the outsourcing of jobs that used to offer opportunity for middle-skilled, middle-income jobs and that can be outsourced in terms of manufacturing jobs going overseas, but it's also how technology has eliminated a lot of jobs."

Respondents also noted that work is becoming **LESS SECURE AND LOWER-PAID**, negatively effecting the well-being of citizens in the area.

"There are a lot of jobs. But they're low paying jobs...Main Street is suffering."

Some respondents stated that the recession of 2008 was unprecedented, with the composition of unemployment shifting drastically and leaving a lasting influence across the economy.

"Even when we had the recession in the late 1980s, it was not as bad as it is now. We're seeing more professionals. It used to be, when there were layoffs, it was always entry level or production, automotive, factory type employment. We were seeing a lot of blue-collar workers, but in the last 3-4 years, we have IT individuals, HR people, teachers. We have never seen teachers. We have all these school districts on both sides of the river in Illinois and Missouri closing down schools. So, we have never seen that."

Addressing Long-Term Unemployment in the Region

There was wide-ranging consensus among stakeholders that the **SOCIAL AND POLITICAL FRAGMENTATION** of the greater St. Louis region played a major role in how individuals accessed unemployment services. Stretching across ninety-six municipalities, twenty-seven school districts and two counties, many noted that unemployment across the state was very localized, differing sharply across communities and neighborhoods.

"St. Louis is very compartmentalized... It all depends on where you reside. Also it would determine how quickly, if you lose a job – how quickly you could be hired, or find another job."

These challenges were compounded by the differential availability of **PUBLIC TRANSIT**, which made it more difficult in some areas to access social, employment and health services, childcare, educational facilities and jobs.

"We don't have public transportation going West...Buses don't run in my neighborhood, don't run out there at midnight. So now on a late shift you're like, do I take the job or do I just stay at home?"

Although the Department of Labor is the major source of funding for most employment services agencies, stakeholders noted that local, private and state grants play a significant role in sustaining the work they do. For some stakeholders, the fragmentation of the St. Louis region made it more difficult for employment services agencies and unemployed individuals to access grants and services and, for some, led to the unnecessary duplication of services.

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"We have St. Louis city and St. Louis County. Now in most areas you wouldn't have two workforce investment areas in the same labor market. Essentially St. Louis city is not a different labor market from St. Louis County. And so a lot of folks don't understand where to go for what. There's overlapping recruitment...it's led to basically some level of duplication of services, some different process that people go through and it's not really all that functional."

There was broad consensus among stakeholders that one of the most significant challenges confronting employment services agencies' ability to offer services have been rising job losses combined with **CUTS TO FUNDING** that have put pressure on the abilities of organizations to adequately meet service demands.

"The resources that are available through the federal government, which is the primary source of funding for the unemployed, is being restricted. Obviously the entire federal budget cuts have impacted the career centers. There are just not nearly the dollars out there for training or for services."

For several participants, it was necessary to expand the scope of public funding and services available for chronically long-term unemployed individuals, which in the eyes of many have traditionally been pushed to the margins.

"I think historically, to some extent, the funding for dislocated workers has been more politically acceptable than the funding for long term, chronically poor, unemployed people."

Addressing Unemployment Today and Into the Future

Respondents noted that while there has not been a lot of historical **COLLABORATION** among employment services organizations, one of the silver linings of the recession is that it has compelled many organizations to work more closely together to deliver services and submit proposals.

Many noted how such collaborations have recently strengthened ties amongst community-based groups, churches, and other organizations such as America's Job Centers, Catholic Charities, MERS Goodwill, Urban League, Better Family Life and Fathers Support Centers, just to name a few.

"Working with your neighboring counties in Missouri, to see what opportunities can be created, that's exciting to me. Because that will give us an even better opportunity and chances of serving a greater population, when we combine our resources, and really work together."

Deeper consultation is also occurring between SLATE (St. Louis Agency on Training and Employment), Missouri Career and Workforce Investment Board job centres. This has strengthened regional collaboration and reduced the duplication of services in some areas, while building partnerships across the state.

"We've made this modest step of this economic development partnership between the city and the county where they economic development apparatus of each combined in one office, and we're not competing against one another so much."

Stakeholders proposed four broad ways to help remedy the impasse of long-term unemployment and strengthen the St. Louis region labor market as a whole.

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1. Greater Resources and Personnel

A good many respondents stated that it was necessary for federal, state and local governmental bodies to proactively invest in greater social services to counter the ruinous effects of unemployment. This includes: (a) significant investments in public transit to enable access to social and employment services as well as childcare, and job opportunities.

"You're going to need some kind of transportation system that will be required in order to help people find jobs, particularly those stable jobs that may even require them to work different shifts, evening, night shifts."

(b) A higher minimum wage, so that individuals have a measure of social security and financial stability.

"The movement to increase the minimum wage has been something that has gotten some traction here, and there is broader recognition that something more closely approximating a living wage, is not only the fair and right thing to do, but promotes economic conditions in ways that help everybody."

(c) More public sector jobs to set a precedent for the broader labor market, and stimulate the economy through enhancing disposable incomes resulting in greater investments in local communities.

"Let's create a public workforce where infrastructure becomes the major issue and gives people skills. We build because you build it, you give them money, they're going to put it back into the economy."

(d) Finally, stakeholders noted that a broader suite of social services, especially in regards to chronic unemployment, homelessness and housing, is necessary to improve the work and living conditions of individuals and families.

"Employment is the single most important social ballast – the second one is housing. And in some cases, without the housing you can't get the employment because you don't have the situational stability that enables you to come and go to work every day because you're so busy navigating the world in the absence of a stable place to live. So, the two are intertwined in a way."

This includes streamlining and simplifying the process to access grant funding, easing eligibility and spending restrictions, and targeting resources to populations historically limited in their access to services, such as veterans and reentering offenders who are at a greater risk of poverty.

"Everybody says, well, I want to hire a veteran but the stumbling block is do you have skills? I did this for ten years, 15 years in the military. Where's your certification? Well, veterans aren't certified. They just do the job."

While stakeholders expressed that significant expansion of funding opportunities would go a long way in addressing some of the challenges noted above, several respondents stated that it was also necessary to hire more frontline staff to deliver services in order to improve labor market outcomes.

"More resources would definitely help. And not just staff, but also locations. I mean, when I talked about how dramatic the changes have occurred over the past 15 years, with the closures and consolidation of offices, and that's not just

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all in St. Louis, that's throughout the state. It would give our customers a wider variety of access. Secondly, staff. What we were able to do 15, 20 years ago, time wise, to spend time with the clients and customers, we don't have that today, because we have fewer resources available to work with those clients."

2. Grants for Small- and Medium-Size Business

Stakeholders noted that it was necessary to make enhanced investments in small- and medium-sized businesses. This included new subsidies to attract investment and job specific training.

"We need to help the small and mid-size businesses more and help them create jobs so we can get these people employed again."

At the same time, many respondents noted that private sector employers – from small- and medium sized workplaces to major corporations – in turn needed to do more to pay their workers a sustainable wage, which would also lessen the dependence on various government-funded social programs.

"We need more jobs that have self-sufficient wages, and what I mean is not minimum wage positions. We need jobs that pay at least \$15 an hour."

3. Breaking Down Barriers: Addressing Poverty and Education

Many respondents stated that it was necessary to address the patchwork of challenges confronting the educational system from lack of financial

investments in (primarily Black and Latino) communities, to school closures, underperforming school districts, and an absence of school materials.

"A lot of it is balled up into poverty, and poverty is the most accurate predictor of school performance."

Several stakeholders also noted that it was necessary to develop more opportunities for short-term certificate training programs, and make significant investments in apprenticeship and internship programs, particularly for impoverished and racialized communities. Some also noted that greater collaboration between universities and career colleges, informed by community and labor groups, could go a long way to improving community-identified needs.

"We need more certificate-training, non-degree training. We're trying to get the colleges and schools to do more apprenticeships, more internships, more short-term, quality certification programs and less requiring them to go through a whole degree."

Last but certainly not least, there was wide-ranging consensus that greater efforts must be made to break down the racial and class segregation that has been a hallmark of the St. Louis region as a whole. In order to do this, stakeholders noted it was necessary to bring together community-based organizations, churches, educational institutions, government and the private sector to collectively breakdown barriers.

"The race issues have been going on for years and years and years, and now the ugliness is out there nationally. In order to address that, you've got to address education, you've got to address joblessness. All these other things need to be addressed along with the racial divide."

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Moving Forward

MEETING THE CHALLENGES of long-term unemployment requires a multifaceted approach. Stakeholders, community organizations, labor, government, business and educational institutions all have a role to play in facilitating evidence-based policy making. The data collected here counters prevailing understandings and depictions of long-term unemployed workers as having chosen their destiny, or as somehow deficient.

Some six years into a so-called post-recessionary period, structural long-term unemployment remains significantly elevated. The data collected here, informed by the firsthand experiences of stakeholders involved in the business community, municipal and state governments, and employment support organizations, is a critical first step toward identifying and addressing such public policy concerns.

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For further information visit: possibilitiesandboundaries.ca

