

Recommendations to Improve the Workforce and Labor Market Information System

Recommendations of the Workforce
Information Advisory Council to the
Secretary of Labor



WORKFORCE INFORMATION ADVISORY COUNCIL
January 26, 2023

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Workforce Information Advisory Council

WASHINGTON, DC

January 26, 2023

The Honorable Martin J. Walsh, Secretary
U.S. Department of Labor
Frances Perkins Building
200 Constitution Ave., NW
Washington, DC 20210

Dear Secretary Walsh:

Pursuant to the Workforce Innovation and Opportunity Act of 2014, the Workforce Information Advisory Council is pleased to provide, for your consideration, our latest set of recommendations to continue to improve the nation's Workforce and Labor Market Information System.

These recommendations were unanimously approved by the Council and were informed by the input from numerous subject matter experts and members of the public. They support the intent of Congress and your efforts to ensure that individual students and workers have the information they need to make good decisions regarding their education and employment.

This is particularly important as America faces unique challenges in the wake of the COVID-19 pandemic. The Council's recommendations focus on two critical areas where workforce and labor market information can provide essential support: addressing the record-setting low levels of labor force participation; and America's renewed focus on the design and implementation of industrial policy.

The Council continues to believe that improved workforce information will drive more effective workforce investments, improve the efficiency of labor markets, and result in a more fully employed labor force across the nation. Improved data provides the foundation for illuminating a pathway to the middle class, particularly for historically underserved communities.

We as Council members have been honored to serve in this capacity and look forward to supporting you in ensuring that these recommendations become a reality.

Respectfully yours,

A handwritten signature in blue ink that reads "Bruce R. Madson". The signature is written in a cursive style with a large, prominent "B" and "M".

Bruce Madson, Chair



Workforce Information Advisory Council

Representing	Name	Organization
State Workforce Investment Agencies	Daryl Bassett	Arkansas Department of Labor and Licensing
State Workforce Investment Agencies	Deborah Carlson	Texas Workforce Commission
Providers of Training Services	Alicia Crouch	Kentucky Community and Technical College System
WLMI Directors	Lesley Hirsch	New Jersey Department of Labor and Workforce Development
WLMI Directors	Adrienne Johnston	Florida Department of Economic Opportunity
Workforce Development Boards	Dean Jones	Greenville County Workforce Development Board
State Workforce Investment Agencies	Tamika Ledbetter	Alaska Department of Labor and Workforce Development
National Business or Trade Organizations	James MacKay	MacKay Construction Services
State Workforce Investment Agencies	Bruce Madson	Ohio Department of Job and Family Services
National Labor Federations	Chelsea Mason-Placek	Washington State Labor Council, AFL-CIO
Research Entities	Andrew Reamer	George Washington Institute of Public Policy, George Washington University
WLMI Directors	David Schmidt	Nevada Department of Employment, Training, and Rehabilitation
Economic Development Entities	Jennifer Zeller	Georgia Power Community & Economic Development

Labor Force Participation

PROBLEM STATEMENT

The labor force participation rate in the United States fell sharply during the COVID-19 pandemic and has only partially recovered after falling to 50-year lows at the onset of the pandemic. This decline in participation has significant economic ramifications for the productive potential of the United States. Consequently, an understanding of the likely causes of lower participation is necessary for policymakers, employers, and individuals from the national level to local labor market areas. Currently available workforce information about reasons for nonparticipation is inadequate and limits the effectiveness of programs and strategies designed to attract potential workers into the labor market.

The Current Population Survey (CPS) provides some insight into the underlying reasons for falling labor force participation rates, including the role played by an aging population. While the age and gender mix of the population accounts for a large portion of the decline in the past 20 years, there are still tens of millions of additional people sitting on the sidelines, many of whom are in their prime working years.

Currently available data are not sufficiently detailed or granular, nor can they uncover how individuals move in and out of the labor force over time. Among those who say that they are available for work but are not currently searching, the reasons can include discouragement, family care responsibility, school, ill health or disability, and “other.” Among those who say that they are not available, the reasons can include that they are retired, have family responsibilities, are in school, because of ill health or disability, and other. When these two groups are combined, more than 25 percent of people cite “other” as the reason for non-participation. Without this information, the workforce system cannot accurately or effectively conduct outreach to these individuals, nor can policy interventions or employer-driven strategies be devised that address the underlying reasons for nonparticipation.

Our lack of reliable information concerning labor force participation impacts a broad range of parties:

- **Individuals:** Because one of the most powerful predictors of future labor force attachment is current or historical labor force attachment, it is critical that the nation find ways to prevent nonparticipation and bring people back before it becomes an even greater challenge to do so. Only those actively engaged in the workforce can enjoy the benefits and protections that accompany employment.
- **Demographic subgroups:** Labor force participation brings greater independence and empowerment such as was experienced by women when they entered the labor force in greater numbers in the 1960s and 1970s.
- **Society as a whole:** While productivity gains can be achieved through technological advancement (i.e., without growth in the labor force participation rate), the direct and induced economic impacts of growth require a sufficient workforce to sustain economic activity. Women’s labor force participation was an

Labor Force Participation

important factor in the post-war period of economic growth. Maintaining a high labor force participation rate is especially important to the future economic health of the United States as birth rates decline, further limiting the future supply of potential workers.

- International competitiveness: Over the past 20 years, the United States decreased from 16th to 25th in overall labor force participation among the Organization for Economic Cooperation and Development (OECD) nations, from 16th to 26th in female participation, and from 18th to 27th in male participation. Indeed, the United States is the third lowest among OECD-member nations for prime-age male labor force participation.

Addressing labor force participation and overcoming barriers that prevent willing individuals from seeking work is a critical element of the workforce system for federal, state, and private workforce system partners. It is an area where improved workforce information is urgently needed to better inform the workforce system, including education partners, and the recruitment, job structuring, hiring and retention strategies of employers. The recommendations below include both short-term and long-term opportunities to improve workforce information about labor force participation.

DATA COLLECTION

Framework for Addressing

Data on labor force participation are challenging because by definition we are trying to measure people that are not engaging with the workforce system, and therefore have to use either surveys or other longitudinal data to solicit information from the broader population. The most common measures of participation both come from the Census Bureau—the CPS and the American Community Survey (ACS). The CPS is a monthly survey used by the Bureau of Labor Statistics (BLS) in the calculation of household employment and unemployment data in the nation and is combined with other sources to produce unemployment estimates for the states through the Local Area Unemployment Statistics (LAUS) program. The ACS is an annual survey using a larger population that allows more detailed demographic data with a much lower frequency.

The CPS provides a critical tool as a method for gathering information from the perspective of worker, not businesses. Several of the most critical and high-profile measures of labor market activity are sourced from information collected from employers. The Quarterly Census of Employment and Wages (QCEW), Occupational Employment and Wage Statistics (OEWS), Current Employment Statistics (CES), Job Openings and Labor Turnover (JOLTS), and the programs that depend on these data, such as Business Employment Dynamics (BED) and Local Employer Household Dynamics (LED), are sourced from employers and are geared toward an employer perspective. Employers are the key providers of data and are easier to contact due to their required participation in a number of programs such as unemployment insurance. However, this limits the opportunity to explore aspects of workers' experience that affect both the willingness and ability of potential workers to become connected to employment.

Labor Force Participation

Labor force participation has recently been in focus but other areas that affect the ability of workers to find jobs include barriers to accepting employment such as transportation, healthcare, and family care needs; the desire for flexible schedules or remote work; and a lack of information about why candidates for jobs may be excluded from consideration.

The CPS includes questions about participation in the labor market and reasons for nonparticipation, which help to accurately define individuals in the labor market, but which are also used to describe some aspects of nonparticipation. These data are used, in part, to create other measures of labor underutilization which describe discouraged workers (individuals who say they did not look for work because they do not believe there are any jobs available for them) and marginally attached workers (individuals who say they want a job, did not look for work, but did not look for work for a reason other than being discouraged).

From a workforce perspective, an individual's motivation to secure employment is a critical piece of information for the workforce system. One of the largest reasons for nonparticipation is that individuals are retired, or otherwise report that they do not want a job. While life experience is not binary, the most practical target for increasing labor market participation is those individuals who report that they do want a job. Focusing on this group affords an early target of opportunity—publishing similar demographic information for this group of nonparticipants who want a job similar to what BLS already publishes for the unemployed population.

Moving beyond these existing data, additional information is needed to help identify more reasons for nonparticipation than are currently available. The most direct path to collect this information is to use the CPS and its supplements to collect information, as nonparticipants are a population not engaging in employment or work search, where we may measure their activity—to some extent—through administrative records. However, making changes to the structure of the CPS survey is a complicated and potentially expensive option. Further, survey responses have been growing more challenging to collect. Expanding or modifying the CPS is not a quick fix, but nonparticipation is a challenging question because of its challenging-to-observe elements, and only a national survey is comprehensive enough to potentially provide answers at the national, state, and local levels of the workforce system.

Additional options to further explore nonparticipation could include targeted research grants, which may help to provide snapshots of labor markets to help understand reasons for nonparticipation. Such research would likely not have the scope or permanence of changes to the CPS, but may provide additional perspective on the challenges and barriers faced by nonparticipants. Further, longitudinal data analysis could help to provide information about workers who are transitioning into and out of the workforce, but data collection from nonparticipants would be a necessary component to address why individuals who want a job may not be searching for work and what supports might help maintain their connection to the labor force.

Labor Force Participation

Specific, Individual Itemized Recommendations

- The WIAC recommends that the Secretary invest in in-depth qualitative research to identify, update, and refine understanding of the reasons why individuals leave the labor force and why they remain out of the labor force. This could take the form of a competitive bidding process for focus groups organized by need, region, and/or population group. Such research should embrace principles of qualitative research that facilitate self-identification of issues and problems from among the respondents.
- The WIAC recommends that the Secretary engage in stakeholder discussions to identify gaps in existing labor market information that impede our understanding of labor force participation. This may include state and federal health and human services agencies, the Federal Reserve system, think tanks and advocacy organizations focused on the dynamics of labor force participation, and a cross-section of state, tribal, and local governments.
- The WIAC recommends that the Secretary direct the Bureau of Labor Statistics to publish additional demographic data from the existing Current Population Survey about individuals who are nonparticipants but indicate that they want to work.
- The WIAC recommends that the Secretary direct the Bureau of Labor Statistics to investigate opportunities to expand the data that can be published about reasons for nonparticipation that are collected and categorized under “Other.” One opportunity may be improving the clarity of the question or explaining the answer options.
- The WIAC recommends that the Secretary explore opportunities to expand the questions in the Current Population Survey or supplemental surveys to capture additional details about labor force nonparticipation, particularly for individuals who report that they want a job.
- The WIAC recommends that the Secretary fund efforts to assemble a data system focused on answering questions about labor force nonparticipation. Such a system should consider the feasibility of combining existing and alternate data sources to assemble longitudinal data systems that reflect the workforce system’s need to understand people’s journeys into and out of the labor market and the underlying reasons, barriers, and opportunities for workforce system intervention to promote success for all workers.
- The WIAC recommends that the Secretary direct the Bureau of Labor Statistics to consider increasing the Current Population Survey sample to provide greater coverage at the state level so that states may leverage the benefits of the survey as it currently stands as well as the new questions to address labor force nonparticipation. The Secretary should also direct the Bureau of Labor Statistics to estimate the cost of expanding the sample on a state-by-state basis so that states may provide funds to increase the sample size for their state.

Labor Force Participation

OUTREACH

Framework for Addressing

At the national, state, and local levels, existing labor market information provides resources for job seekers, career counselors, students, and those seeking training. The WIAC recommends the Secretary of Labor supports the efforts of states and local American Jobs Centers (AJCs) to utilize available data on labor force participation to encourage those who are eligible to work but not actively participating in the labor force or workforce development activities to become active participants in the workforce. Without understanding why people leave the labor force and why they remain out of the labor force, we cannot devise interventions that address the underlying reasons let alone accurately target our programs and services to those who need them.

Specific, Individual Itemized Recommendations

The WIAC recommends that the Secretary of Labor encourage states to actively pursue workforce and labor market information (WLMI)-driven marketing and outreach strategies to enhance and focus job, career, and training searches.

Specifically, the Department should compile and promote effective WLMI-based marketing and outreach strategies throughout the public workforce system, including:

- Providing Unemployment Insurance (UI) filers (not just recipients) with information on job postings, training, and the location of AJCs (with perhaps even a contact name at the AJC). This information should be provided multiple times either through email or text messages to act as a catalyst to promote employment.
- Utilize existing WLMI to implement focused marketing strategies to reach those individuals who may be unemployed but have not filed for UI and provide them with information on jobs, training, and the availability of the AJC's and the services they offer. Similar marketing efforts should also be developed to target individuals with disabilities, with a special emphasis to connect them with AJCs so they can have access to the wide range of services an AJC can provide.
- Encourage apprenticeship and training agencies within the states to work with unions and trade schools to promote apprenticeship opportunities and trade school curriculum that can lead to lucrative careers. Contacting high schools and conducting outreach activities to students in their early high school years is important so students are aware of career options other than those that require a college education.

- Encourage AJCs to utilize social media or other non-traditional means to conduct marketing and outreach of WLMI to reach populations that may not be responsive to traditional outreach efforts. This would include the Department of Labor providing the AJCs with tools and technical assistance toward that end. As an example, during the COVID-19 pandemic, CareerOneStop conducted a successful social media marketing campaign through YouTube, Spotify, and Pandora to reach populations that were unaware of the resources that CareerOneStop provides.
- Both the U.S. Department of Labor and the state workforce agencies should conduct marketing and outreach activities specifically targeted to promote how workforce agencies can use WLMI with employers to enhance their recruitment, hiring, and retention. By making employers more aware of the types of business concerns that can be addressed by workforce agencies and the AJCs, workforce agencies can provide a value-added service to enhance the human resource component of business—emphasizing enhancement rather than enforcement.

Industrial Policy

PROBLEM STATEMENT

Since January 2021, the White House National Security Council and the National Economic Council have said that for purposes of national security, the nation needs an industrial strategy that effectively promotes the competitiveness of key U.S.-based industries in global markets. In October 2022, the White House provided further specificity on its approach through publishing the following:

- **National Security Strategy:** “The Biden-Harris Administration has broken down the dividing line between domestic and foreign policy because our strength at home and abroad are inextricably linked. The challenges of our age, from strategic competition to climate change, require us to make investments that sharpen our competitive edge and bolster our resilience.”
- **Remarks on Executing a Modern American Industrial Strategy by NEC Director Brian Deese:** “About six months ago, I posited that it was long past time for America to embrace a modern industrial strategy. At its core, the idea is a simple one: strategic public investments are essential to achieving the full potential of our nation’s economy Here’s what a modern American industrial strategy does. It identifies areas where relying on private industry, on its own, will not mobilize the investment necessary to achieve our core economic and national security interests. It then uses public investment to spur private investment and innovation.”
- **National Strategy for Advanced Manufacturing:** “To help the United States remain a global leader, the Biden-Harris administration is focused on efforts that revitalize the manufacturing sector”

In February 2021, President Biden ordered the **assessment of supply chains** of 10 industrial sectors. **Completed** in February 2022, each industrial base assessment includes a review of “current domestic education and manufacturing workforce skills for the relevant sector and identified gaps, opportunities, and potential best practices in meeting the future workforce needs for the relevant sector” and identification of “education and workforce reforms needed to strengthen the domestic industrial base.” The reports are serving as a basis for action.

At the same time, Congress has passed five bills—the FY2022 Omnibus Appropriations Act, the Bipartisan Infrastructure Act, the CHIPS and Science Act, the Inflation Reduction Act, and the FY2023 Consolidated Appropriations Act—that collectively authorize the Administration to take substantial steps forward in the design and implementation of industrial policies. As with the supply chain assessments, the industrial policies, strategies, and programs called for in each of these laws include efforts to see that employers gain adequate access to workers with the knowledge, skills, and abilities needed to be competitive.

Industrial Policy

Such access requires well-functioning labor markets and education and training markets. In a number of instances, Congress and the Administration are directing efforts to facilitate such markets. For example:

- Congress has directed the Office of Science and Technology Policy (OSTP) to craft and guide implementation of a government-wide STEM and CTE Pipeline Strategy.
- The CHIPS and Science Act creates a new NSF **Technology, Innovation, and Partnerships (TIP) Directorate** with a mission that includes to “grow the domestic workforce in key technology focus areas, and expand the participation of United States students and researchers in areas of societal, national, and geostrategic importance, at all levels of education.
- Under the direction of the National Science Board, the National Science Foundation (NSF) is implementing a **Skilled Technical Workforce Initiative**.
- Each of the 16 research institutes sponsored by the Commerce Department’s ManufacturingUSA has a **workforce development initiative** “to define the skills and training needed to satisfy manufacturers’ future requirements.”
- The Energy Department created an **Office of Energy Jobs** that supports the creation of jobs in the energy sector. Energy Jobs “works collaboratively across [DOE] . . . and with other federal agencies and regulatory bodies to ensure the successful transition to a zero-emissions economy while creating meaningful job opportunities for all Americans.” Examples of DOE workforce development programs include **solar, vehicle technologies, bioenergy, and green buildings**.

Framework for Addressing

As indicated in the box below, ETA and BLS have numerous valuable information resources that can significantly contribute to the success of the Administration’s industrial strategy efforts. However, as most of these resources were created for the purposes of program management or traditional macroeconomic policy, the WIAC perceives that they are not well known among the agencies responsible for industrial strategy and, further, their use by such agencies might benefit from user-guided adjustments and enhancements.

Industrial Policy

DOL WLMI RESOURCES FOR SECTOR-SPECIFIC INDUSTRIAL STRATEGIES

Employment and Training Administration

- CareerOneStop toolkit
- Occupational Information Network (O*NET)
- Competency Model Clearinghouse
- Trainingproviderresults.gov
- Registered Apprenticeship Partners Information Database System (RAPIDS)
- Characteristics of the Unemployment Insurance Claimants

Bureau of Labor Statistics

- Occupational Outlook Handbook (OOH)
- Occupational Employment Statistics (OES)
- Employment Projections (EP)
- Modeled Wage Estimates (MWE)
- Local Area Unemployment Statistics (LAUS)
- Current Employment Statistics (CES)
- Quarterly Census of Employment and Wages (QCEW)
- Job Openings and Labor Turnover Survey (JOLTS)
- Business Employment Dynamics (BED)
- Standard Occupation Classification (SOC) system

Specific, Individual Itemized Recommendations

The WIAC recommends that the Secretary of Labor take steps to encourage greater government-wide use of the Department of Labor’s WLMI resources in policies and programs aimed at enhancing the competitiveness of key U.S.-based industries in global markets. In particular, the WIAC recommends that the Secretary direct the Office of the Secretary, with the support and involvement of ETA and BLS, to:

- Create and regularly update a comprehensive list, by federal department and agency, of industrial policy efforts that depend on WLMI provided by the Department of Labor;
- Take steps to ensure that the agencies responsible for these efforts are fully aware of the Department of Labor’s WLMI resources and how to access and use them; and
- On a regular basis, gather requests from these agencies for improvements in WLMI that would enhance the effectiveness and efficiency of their efforts to promote the ability of U.S.-based industries to compete in global markets.



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