TRAINING AND EMPLOYMENT NOTICE	NO. TEN 37-08
	DATE March 23, 2009

TO: ALL STATE WORKFORCE LIAISONS
    ALL STATE AND LOCAL WORKFORCE AGENCIES
    ALL STATE ONE-STOP CAREER CENTER SYSTEM LEADS
    ALL STATE AND LOCAL WORKFORCE INVESTMENT BOARDS

FROM: THOMAS M. DOWD /s/
    Administrator
    Office of Policy Development and Research

SUBJECT: Release and Availability of the Report entitled: Trends in the Structure of the Labor Market and Unemployment: Implications for U.S. Unemployment Insurance

1. Purpose. To announce the release and availability of the Employment and Training Administration's (ETA) Occasional Paper 2009-9: *Trends in the Structure of the Labor Market and Unemployment: Implications for U.S. Unemployment Insurance.*

2. Background. In June 2004, ETA contracted with IMPAQ International of Columbia, Maryland, for a series of analyses to examine the effectiveness of the Federal-state Unemployment Insurance (UI) benefits program.   Since the inception of the UI program in 1935, many aspects of the U.S. labor market have changed. The overall purpose of this effort is to gain an understanding of the dynamic effects of these changes and their implications for job-seekers and employers and the Unemployment Insurance System.

3. Publication Description. This report provides a timely review of the internal and external forces of change affecting the U.S. labor force within a global economy and the implications for the U.S. UI System. Author, Gary Burtless of the Brookings Institution, explores observed industrial shifts, trends in the U.S. business cycle, changes in the composition of the U.S. labor force, trends in the nature and cost of unemployment, and the current effectiveness of UI, since the program's inception in 1935. Through the use of a variety of data sources, the report describes observable trends in the structure of the labor market.

The report concludes with policy suggestions for enhancing UI program effectiveness in the new economy, while accurately identifying three competing objectives of the UI program that policy makers should take into account: provide adequate income to eligible claimants; control total program costs; and minimize the adverse incentive effects of the UI program on workers' job search behavior. Changes in the system that improve the protection available to laid-off workers will often increase program costs or increase the adverse incentives to delay seeking employment.

The current composition of the U.S. labor force indicates on average, an older, more educated, and racially and ethnically diverse workforce. There has also been a significant geographic shift in the distribution of the population to states where the UI tax burden and coverage rates are lower. Industrial shifts in employment from traditionally high-paying industries, such as mining, manufacturing, and public utilities, and increases in employment in retail trade and services has made temporary layoffs less common and permanent layoffs more so.

A number of changes in the nature of employment and in the wider economy have affected the challenges workers face when they are laid-off. Some have made it easier to maintain an individual's standard of living when earnings drop as a result of a job loss, while others have increased the cost of joblessness, like loss of health care benefits; that make it more costly for workers to experience long spells of unemployment.

4. Availability. To download a PDF, or view or print an abstract or full report, visit the ETA Occasional Paper Series Web site at http://wdr.doleta.gov/research/keyword.cfm.

5. Inquiries. Questions on the content of the report may be directed to Wayne Gordon, Division of Research and Evaluation, Office of Policy Development and Research, Employment and Training Administration, U. S. Department of Labor, Constitution Avenue, NW, Room N-5641, Washington, DC 20210. Telephone: (202)693-3179.

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