

Update: May 2011

# Reemployment Update

## Finding Jobs for the Unemployed

Each and every state now finds itself faced with a huge challenge: "Where do we find money to create jobs?" In 1935, with unemployment at 18%, President Roosevelt faced a similar question and decided to fund the Works Progress Administration (WPA), through which 8.5 million people reaped the financial, social and psychological benefits of work. The modern-day progeny of the WPA are subsidized wage and tax credit programs, which are designed to stimulate growth through hiring incentives and often use prior committed money in more efficient ways by targeting job seekers who would otherwise draw on public support.

### State Innovators

Texas has led the way in these efforts with its Back to Work program which earned it the US Department of Labor's Innovation Award this past fall. Over 12,000 unemployment claimants have participated and 89% of those completing the program have landed a job. Not only does it create jobs, it largely pays for itself by reducing unemployment benefits paid out. Oregon had a similar experience in the 1990s and even saw increased wages compared to non-participants whose new wages were lower.

The savings equation is as follows:

- In 2010, over half of US unemployment insurance claimants exhausted their claims without finding work, costing over \$6,000 each for most claimants – US Department of Labor
- An average wage subsidy can be fully funded with about \$2,500

Georgia's model program – Georgia Works – was designed to allow claimants to continue receiving unemployment benefits while also training at least 24 hours a week with participating employers. The program lasts six weeks, gives both jobseeker and employer a chance for a "test drive" and often results in full-time employment. Other states operating or launching wage subsidy programs for their unemployment insurance claimants include: Utah, Florida and Nevada.

### Economic Development

State programs can amplify federal tax credit, training programs and other hiring incentives that offer \$1,200 to \$9,000 in tax relief for hiring certain jobseekers. These programs can be effective in fostering business growth while giving job seekers the training and new job experience they need. According to the W.E. Upjohn Institute for Employment Research, subsidized wage programs can be effective in increasing both the employment and the earnings of the disadvantaged.<sup>1</sup> And now more than ever, employers have the opportunity to use hiring incentives to help solve our nation's unemployment woes.

TALX can assist you in finding out more about hiring incentives and reemployment strategies. Our tax credit and incentive services and online, on-demand reemployment solutions can help lower both employment and unemployment costs. For additional information regarding this article and other unemployment or reemployment updates, please visit our blog at <http://blog.talx.com/> or contact Pete Krieshok at 314-214-7325, or by e-mail at [pkrieshok@talx.com](mailto:pkrieshok@talx.com).

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<sup>1</sup> "Jobs for the Poor: Can Labor Demand Policies Help," 2001, Upjohn Institute, Timothy J. Bartik, Senior Economist.