Unified Training Program to Aid the Unemployed
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I. Introduction

Beyond impacting the economy, unemployment has undeniable health consequences on the U.S. population. Time and time again, many studies have shown that unemployment has negative physical and mental health impacts [1]. Unemployment can also lead to risky health behavior, creating a negative feedback loop to which low income and minorities are especially vulnerable [2]. Overall, unemployment places an unnecessary burden on public health.

In order to mitigate unemployment and its health consequences, government training programs exist to help the unemployed transition to new jobs by providing avenues for training. However, with over 40 different federal training programs administered by 9 agencies, the training programs have become a maze difficult to navigate, especially for those who require the most help [3]. Instead of providing a streamlined process to allow unemployed to gain new skills to aid transition to new jobs, the disjointed programs commonly overlap each other in terms of scope and remain weak and limited individually [4]. As a result, government training programs are currently failing the unemployed in the U.S.

There is a pressing need for a coherent, unified government approach to retraining programs. Not only can retraining straightforwardly reduce unemployment, it can have positive public health effects as well. Of course, training allows the unemployed to gain new skills and transition to new jobs, and creates new options for those who left the job market due to the difficulties in finding new jobs. In addition, training programs can also provide workers to fill middle-skilled jobs--jobs that require post secondary education or even a college degree [1]. Yet most importantly, retraining programs can benefit workers’ health, both physical and mental [5]. Successful retraining programs can directly help address the health ramifications of unemployment--and thus be a very valuable component of a broader public health strategy.

II. Background and Research Findings

A. Health impact of unemployment and training

Currently it is known that unemployment has a significant impact on health. Not only does unemployment impact health by depriving people of a stable source of income (and all the benefits that come from that), but it is also associated with poor mental health due to reduced social status, lowered self-esteem, increased stress, and increased risk of mental health problems [6]. Unemployment has physiological health ramifications as well; unemployed people have increased levels of cholesterol and other adverse biochemical markers in addition to a decreased immune response [5]. Also, unemployment can increase self-damaging behaviors, such as alcohol consumption, tobacco use, poor dieting, etc. Unemployment furthermore significantly increases the risk of heart attack and other cardiovascular disease [7] [8]. Low-income workers--especially those who are also minorities--are particularly impacted by unemployment and its concomitant negative health outcomes [2].

Ostensibly, job training as an intervention can help improve health, especially for low income workers [9]. Not only can job
training help ameliorate inequalities in income and education, it can also help lessen health inequity. Major avenues of improving health equity lie in improved access to health services and goods, reducing psychological stress from social exclusion, and giving political power to the working class and socially excluded [10]. Job training aims to improve education, wages, employment, and class position making it a solution suited to both tackling health inequity and directly benefitting the economy [9].

Unfortunately, current government retraining programs inadequately handle unemployment--and thus do little to address the negative health effects that stem from it. Many of the retraining programs have been shown to be expensive and ineffective in helping workers transition [4]. All together, the 47 federal training programs cost $18 billion annually but have mixed results. For example, the Labor Department's Trade Adjustment Assistance program (TAA) provides qualified workers retraining, mainly through community college programs [3]. At the cost of $11,500 per participant, only 85% successfully received a certificate or degree and after 4 years only 37% continued to work in their field. While some workers found success, a cost-benefit analysis by Mathematica found the net gain for society to be negative $53,000 because of high program costs coupled with low success rates [11]. Admittedly, TAA is only one of the existing 47 programs, but their success rates are by and large similar. Overall, training programs have not satisfactorily accomplished their primary aim--reducing unemployment by re-educating workers--and consequently have failed to remedy any of unemployment’s accompanying negative health effects [4].

B. Qualities of effective programs

While most programs are largely ineffective, the few that have been shown to benefit workers do at least one of the following: facilitate cooperation between local educational institutions and employers in the region, integrate classroom education with application in real or simulated setting, and focus on long-term career development instead of mere first-job training [1]. Apprenticeship programs, for example, are retraining programs that accomplish all of the above. Generally, apprenticeships not only integrate classroom education with application but are also coordinated with employers to create new career paths for employees [9]. Data from the 360,000 apprenticeship programs registered with the U.S. Department of Labor indicates that graduates of apprenticeship programs enjoy an increase of up to $250,000 in lifetime income and provide a 38% return-on-investment to their employers [1]. That said, apprenticeships represent only a small fraction of government retraining efforts, which are broadly ineffective in their current state. Revisions to these retraining efforts to incorporate the characteristics of successful programs are still sorely needed.

III. Policy Implications and Recommendation

Retraining programs are one of the most direct ways of tackling the health consequences of unemployment across the U.S. Not only do they have the potential to create new sources of income for the disadvantaged, they can improve both physical and mental health by tackling the health risks associated with unemployment [5]. However, to accomplish this there must be a focused retraining effort that involves cooperation with employers, integration of application, and career development focus as discussed earlier [1].
More specifically, my policy recommendation is to transition away from the current 47 federal training programs towards a centralized, sector-oriented federal training program. More specifically, the new federal training program will work closely with regional employers in order to help train the unemployed towards future careers instead of aiming to only teach new skills. Since the cooperation benefits the employers as well, the cost of the training program can be partially underwritten by participating companies. After all, it is a direct investment in their employees and can enable these companies to fill the rapidly-growing number of middle-skilled positions [1].

I propose the policy be centrally and actively administered by a federal body due to nature of the unemployment problem. While it is possible to give money to states and local bodies and allow them autonomy in implementing training programs, historically this has lead to dramatic variations in both regulations and results. Unemployment is a nationwide issue. Thus, to ensure the training program is held to an appropriate standard nationwide, the federal government must take a leading role. It is also certainly worth noting that the advent of the Internet and other innovations have made the U.S. economy increasingly decentralized, especially with regard to the blue-collar labor. Many companies no longer design, prototype, and manufacture products at the same location. Often, company pipelines span not only cities but also states—even nations. The federal government is thus particularly well-situated to administer a single, centralized retraining effort.

The federal program I envision will also focus especially on implementing the features of successful retraining programs on a national scale. While the specifics of training are flexible and will largely be determined by available resources such as regional companies and differing development, it is essential to incorporate application within the retraining. This can be accomplished in a real or simulated environment through internships or co-ops. Furthermore, while physical resources will vary dramatically from locations all across the U.S., access to online education such as edX can provide much of the required classroom education. By combining education and application for training done in cooperation with the private sector, the program I suggest will allow the government to broadly tackle retraining from multiple approaches. This promises to be a welcome benefit over the limited, piecemeal improvements made by current programs.

If successful, the program will be able to provide twofold returns; not only will it raise government revenues by increasing the income tax base and getting people off of welfare, it will reduce the running costs to the economy imposed by unemployment-related poor public health. Moreover, a single program promises to be much easier for disadvantaged and low-income people to navigate. Through retraining, both health and health equity can be improved since a larger portion of low-income minority works will be able to benefit [9].

People leery of increased government involvement in the free market might be unreceptive to a federally-administered centralized program, but they have no readily-applicable alternative. Privatized retraining, for instance, is often profit and market-driven and may leave workers in debt after the training or may not put in the necessary work to build connections with regional employers to enable successful
transition to new careers [12]. Additionally, the goals of privatized training may not completely align with the goals of the unemployed looking to enter the workforce. Privatized training programs tend to focus on short-term job placement, while the unemployed in retraining programs tend to want long-term career paths [1]. Centralized government implementation will enable broader, fairer access to training across the U.S. and enforce standards to ensure training quality.

Admittedly, however, the ultimate success of even a single centralized retraining program will rely upon the cooperation of the private sector with the government. Cooperation promises benefits to both sides; the government will be able to make the money allocated to retraining programs go much further, and the private sector will receive employees well-suited to a variety of jobs (rather than just one) over the course of their careers. Most importantly, an effective centralized retraining program will provide the unemployed with improved health and quality of life.

IV. References


