

STAYING POSITIVE

by James Neeley

Willem Lust from NOVA, a TV station in the Netherlands, asked “What can you say about those who are trying to survive on \$275 a week of unemployment benefits? What about when they run out ... what then?” It was an unusual visit from Dutch reporters, but common questions our department’s Employment Security Administrator Don Ingram has faced for the past year and a half. He thought for a minute and answered positively, “Tennesseans will do what they have to do. Whether it’s dipping into savings, taking any work that is available, or even seeking training credentials while there isn’t much work available. It’s just a matter of time before things get better.”

In my past 35 years in state government, I’ve never seen anything like the current economic downturn we are experiencing. And yet in these difficult times, like Don Ingram, I can still find reasons to stay positive and hopeful that there is relief on the horizon. I’m optimistic about the resourcefulness of our workers, the resilience of Tennessee’s economy, and what our department can do to assist recovery from this recession.

It’s clear Governor Bredesen has shown commitment to managing state government so that it operates within its means. The state is reducing spending by a billion dollars during next fiscal year — and that’s on top of a half-billion dollars in reductions that were made in this year’s budget. Despite the recession and declining revenues, our state’s financial position is strong, thanks to the governor’s stewardship, and he continues to look for ways to move Tennessee forward in priority areas like education and job creation.

Our department has had to make our share of cuts as well, but there is more reason than ever to work with our existing resources to carry on with important initiatives. With fewer people and funding, now is a difficult time to take action, but it’s more important than ever to be successful in job creation and retention.

- One of the most recent grants we’ve received may generate one of the most valuable marketing information tools of 2011 ... the Tennessee Recovery Act LMI Improvement Grant. This \$765,000 grant will create labor market data to assess economic activity in 10 green sectors including the energy efficiency and renewable energy industries and identify occupations and skill requirements within those industries. The focus of the research is to assist workers affected by significant automotive-related restructuring to connect to career pathways in green industries. This groundbreaking research will enhance the department’s ability to bring job seekers and training providers up-to-date on the required job skills and growing needs of the energy efficiency and renewable energy industries. The success of this information is based on a survey of approximately 6,000 businesses who participate in green jobs, so we will depend on those employers to participate.
- A Tennessee Career Readiness Certificate (CRC) is a portable credential based on the WorkKeys assessments, demonstrating to employers that an individual possesses the basic workplace skills required for 21st century jobs. Since the implementation of the Tennessee Career Readiness Certificate in 2007, more than 45,000 Tennesseans have received this credential, and more than 150 Tennessee companies use this tool to make hiring decisions. Even if a job seeker has a GED, high school diploma, or postsecondary degree, the CRC further verifies that he can handle tasks such as finding information, reading instructions and directions, and working with numbers that are common in today’s workplaces.
- The Incumbent Worker Training Program provides grant funding for customized training for existing for-profit businesses. Training in portable skills results in a more highly skilled and versatile workforce that contributes to Tennessee’s ability to attract new business and creates an environment conducive to expansion and layoff aversion.



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The business may use public, private, or its own in-house training provider based on the nature of the training. The Incumbent Worker Training Program has provided customized training for over 40,000 employees for more than 500 businesses with a total investment of \$26 million including employer matches.

- Labor is part of a team of state agencies who participate in FastTrack proposals. This important initiative combines incentives from multiple state agencies to assist in a company's job growth if it is making an investment in our state. When our department comes to the table, we bring federal dollars to provide on-the-job training. A company will agree in the plan to hire a number of workers over a certain period of time. We use a formula to look at the number of projected hires in two years, and we pay 50% of wages for 25% of new hires during the training period. Since implementation of the governor's FastTrack program in 2004, the department has issued 624 project proposals, processed 118 contracts with new or expanding companies, and created 11,000 new jobs at companies such as Nissan North America, Volkswagen, and Hemlock Semiconductor.
- The recession has created a great demand for the few jobs that are available, and youth unemployment rates in the summer months are more than double the rates for older individuals. Last year we accomplished a tremendous feat by expanding our Summer Youth Program. The program used \$25 million in funding from the American Recovery and Reinvestment Act and provided wages for nearly 12,000 disadvantaged youth between the ages of 14 and 24. Our program paid 100% of the wages for youth to be placed in public, nonprofit, or private work sites. All of those youth must meet eligibility criteria that define them as at-risk and economically disadvantaged. The program will continue this year, and we are anticipating additional federal funds to put as many kids to work as possible.

These are some of the programs that will continue to affect the stability and continued growth of a wide variety of industries in Tennessee, but true recovery will take time. The *Economic Report to the Governor of the State of Tennessee* prepared by the Center for Business and Economic Research at the University of Tennessee suggests that jobs may not return to the annual average peak reached in 2007 until 2014 or 2015. There is no denying this recession has taken a cumulative toll on Tennessee's economy: the loss of nearly 57 thousand manufacturing jobs since December 2007. While industries like manufacturing have shown declines over the past decade, the rate of jobs lost in the past two years has been unprecedented. Economists say unemployment has always been a lagging indicator of the economy. During the last large recession we experienced in the early '80s, it took nearly a three-year cycle before employment reached pre-recession levels, but this time we have a million more people in the workforce.

Here at the Department of Labor, we are not economists. We operate more as a triage unit to a bloodied economy. We've got our Tennessee Career Centers on the front lines and support everywhere in the state. I'm proud of our employees who go the extra mile and do the right thing every day in the face of great difficulties. Other states are fighting their own battles, but many haven't managed their resources as well as Tennessee. While our government and business community are struggling during this down period in the economy, I believe we'll be stronger and in a better position for the next recession. Yes, it will take time, and there is a great deal of work to be done. We have to reorganize and streamline for a much leaner future — to practice good stewardship for Tennessee's business community until we return to better days.

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IN A DEPRESSED ECONOMY