



ECONOMIC DEVELOPMENT
RESEARCH PARTNERS

*International Economic
Development Council*

Growing Your Workforce: Strategies to Raise Local Labor Force Participation



INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL

TABLE OF CONTENTS

Executive Summary	3
Introduction	4
Understanding labor force participation rates	6
Barriers impacting labor force participation for individuals and groups	11
Solutions from EDOs and their partners	13
Facilitating childcare for working parents	13
Encouraging worker- and family-friendly business practices	16
Providing transportation	17
Assisting justice-involved citizens	18
Youth and opportunity youth	20
Addressing the benefits cliff	22
Assisting veterans and military families	24
Creating opportunity in economically distressed neighborhoods	25
Strategies for improving local labor force participation	27
Gather data to determine specific barriers	27
Encourage employers to adopt worker- and family-friendly workplace strategies	28
Work with businesses to gain comfort around hiring workers with barriers to employment	29
Advocate for broader solutions to common barriers	30
Engage community partners in creating solutions	31
Conclusion	32

Contributors

Louise Anderson, Senior Director of Research, IEDC
Hannah Burke, Research Associate, IEDC
Monica Brimm, Research Intern, IEDC



Acknowledgements

Thanks to the economic and workforce development professionals who shared their experience and insight for this report: Leila Melendez, CEO, Workforce Solutions Borderplex; Lisa Finaldi, Community Engagement Leader, NC Early Childhood Foundation; Emily Swartzlander, Co-creator and Chief Strategist, Family Forward NC; Donny Jones, Executive Director, West AlabamaWorks; Missy Hughes, Secretary and CEO, Wisconsin Economic Development Corporation; Kristen Walker, Senior Manager of Adult Programs, San Diego Workforce Partnership; Lee Umphrey, CEO, Eastern Maine Development; Rick Sullivan, President and CEO, Western Mass Economic Development Council; Tom Guevara, Director, Indiana University Public Policy Institute; Melissa Anderson, Development Coordinator, Digital Works; Tammy Spring, Operations Manager, Digital Works; Heather Gate, Vice President of Digital Inclusion, Connected Nation; Olga Torres, Director of Research and Business Intelligence, Greater Fort Lauderdale Alliance

International Economic
Development Council

IEDC would like to thank the following EDRP members for participating in the task force that guided this research: Jeanine Jerkovic, CEcD; Becky Klein-Collins; Marlena Bandurski; Jaksa Petrovic; Rich Werner; and Ama Abrokwhah, Ph.D.

EXECUTIVE SUMMARY

To help businesses solve their ongoing labor shortage problems, economic development organizations are pursuing strategies to expand the pool of locally available workers. One approach they are using is to raise labor force participation – the percentage of the working-age population that is either employed or looking for work – among residents by removing barriers for people who want to work but face constraints.

“Growing Your Workforce: Strategies to Raise Local Labor Force Participation” begins by exploring how labor force participation is defined and measured, trends over the past 75 years, and data sources and limitations.

The report then profiles 10 case studies that illustrate actions that economic development organizations, their partners and businesses are taking to reduce barriers so more individuals can join the workforce. Issues addressed include facilitating childcare; encouraging worker- and family-friendly business practices; providing transportation; assisting justice-involved citizens; engaging youth; addressing the benefits cliff; assisting veterans and creating opportunity in distressed neighborhoods.

Based on interviews with leaders in economic and workforce development, the report provides five recommendations for economic developers who seek to implement similar initiatives in their communities:

- Gather data to determine specific barriers
- Encourage employers to adopt worker- and family-friendly workplace strategies
- Work with businesses to gain comfort around hiring workers with barriers to employment
- Advocate for broader solutions to common barriers
- Engage community partners in creating solutions



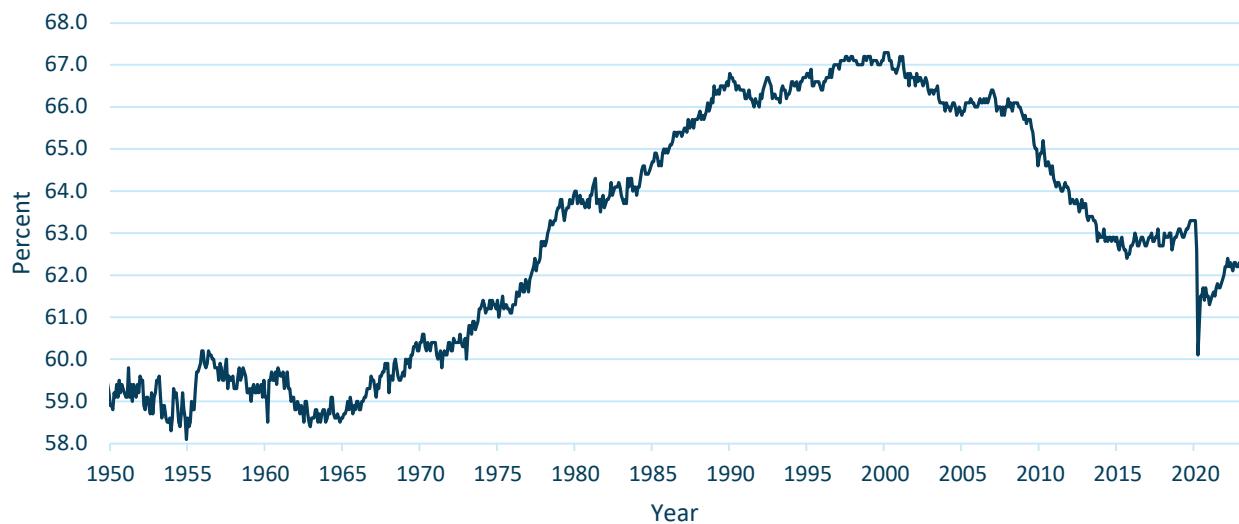
Talent remains businesses’ most important asset, as well as their greatest pain point. As the labor shortage persists due to demographic changes and other trends, economic development organizations can play critical roles to boost the labor force in their communities.

INTRODUCTION

Businesses across the country, in communities large and small, have been struggling to find workers since well before the pandemic. The theory that the labor shortage is due largely to people not wanting to work is belied by the size of the jobs-to-people mismatch: Today there are about 4 million more job openings than there are available workers, equal to 1.7 open positions for every person looking for a job.¹

One contributing factor is the decline in the U.S. labor force participation rate – the percentage of the working-age population that is either employed or looking for work. Since its peak in 2000, events such as the Great Recession, the covid-19 pandemic and the aging of the baby boom generation have contributed to this trend, but there are many other factors as well.

Figure 1: U.S. labor force participation, 1948-2022



Source: [FRED, St. Louis Federal Reserve](#)

The labor shortage is a major problem for businesses, lowering productivity and profits, and in some cases threatening their ability to continue operating at all. That makes it a priority for the economic development organizations (EDOs) who serve them. Raising the labor force participation rate – by facilitating the entry or return to the labor force of people who want to work but face some kind of barrier – has become a key talent strategy in many places. EDOs have an important role in helping identify who is out of the labor force in their communities and why, and seeking solutions to the barriers those potential workers face.

There are approximately 4 million more job openings in the U.S. today than there are available workers – that's 1.7 job openings for every person looking for a job.

¹ [Inflation and the Labor Market](#), The Federal Reserve, Nov. 2022

To explore EDO responses to today's talent environment, IEDC's Economic Development Research Partners program identified three workforce-related research topics to explore in 2022 and 2023:

- The first, [Effective Economic Development Roles in Workforce Partnerships](#), focused on the ways that EDOs are partnering with other organizations to build capacity and improve coordination of workforce initiatives, and to develop new ones such as talent pipeline and training programs.
- This paper, the second in the series, looks at initiatives EDOs are taking to increase the labor pool in their communities by removing barriers that keep people out of the workforce.
- The third project will focus on impacts and responses related to broader trends in economic and workforce development.

This paper begins by exploring the topic of labor force participation – how it is defined and measured, trends over time, its uses, and data sources and limitations. It then discusses common barriers to workforce participation and groups impacted by those limitations, along with case studies of EDO initiatives to reduce those barriers and create pathways that help people join the workforce. The paper concludes with recommendations for economic developers who seek to implement similar initiatives in their communities.



Understanding labor force participation rates

Definition

The labor force participation rate (LFPR) measures an economy's active workforce – the proportion of the working-age population (i.e., ages 16 and older) that is either working or actively looking for work. The figure is determined by adding the number of employed and unemployed people and dividing that number by the working-age, noninstitutionalized population.

Figure 2: Calculating total labor force participation rate

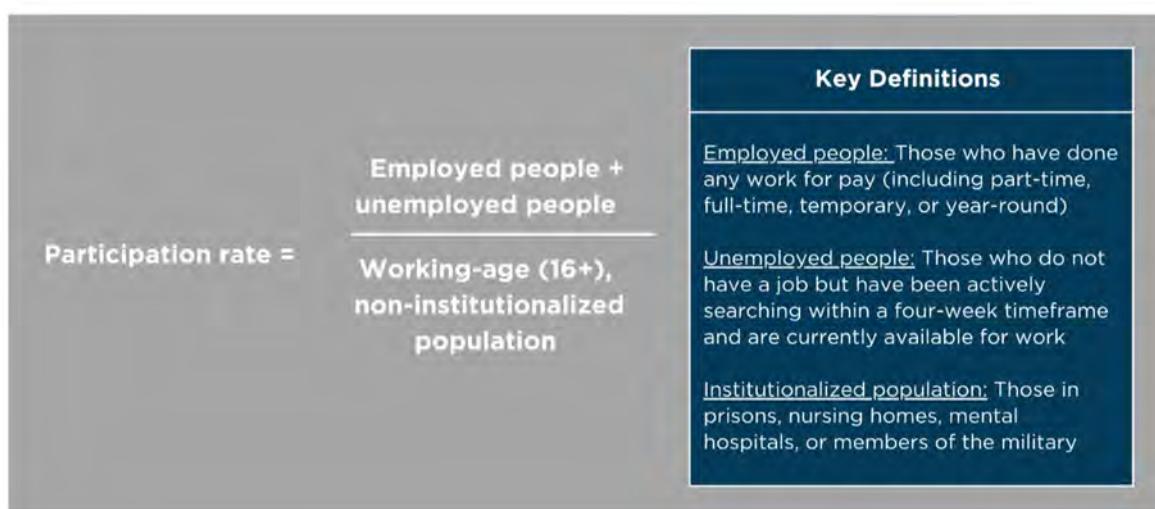
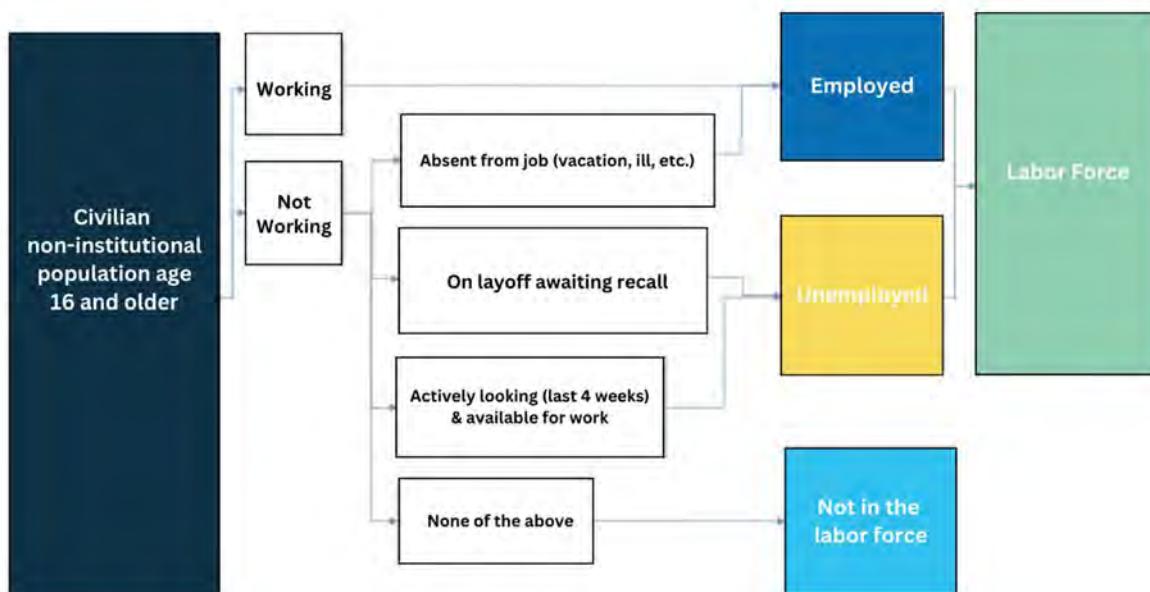


Figure 3: Components of the labor force participation rate



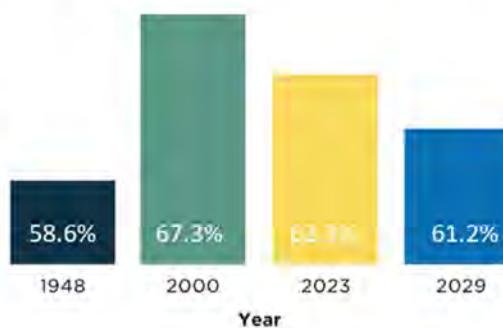
Source: [U.S. Bureau of Labor Statistics](#)

Labor force participation trends over time: Growth, decline and outlook

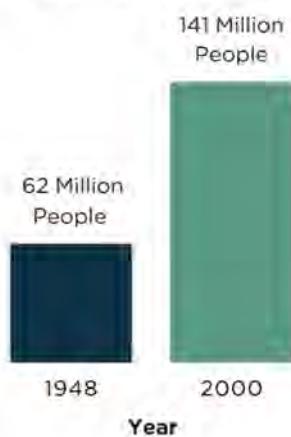
The U.S. labor force participation rate was 58.6 percent in 1948, the year when consistent measurement at the federal level began. The rate steadily increased until 2000, when it peaked at 67.3 percent. Today, the national LFPR is 62.3 percent. Social, demographic, and economic trends have contributed to this fluctuation over time.^{2,3}

Factors contributing to growth. Much of the growth from 1948 to 1999 is related to overall population growth and the entry of more women into the labor force. According to the Bureau of Labor Statistics, the civilian labor force was 62 million people in 1950 and grew to 141 million in 2000. That increase of nearly 79 million workers equated to a growth rate of 1.6 percent per year.⁴ The baby boomer generation (born between 1946 and 1964) significantly increased the size of the population and thus the labor force.

US Labor Force Participation Rate

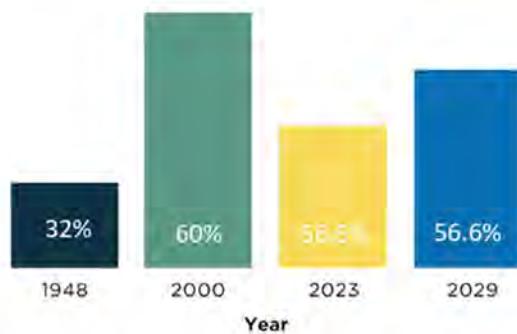


US Civilian Labor Force



From 1948 to 2000, women's participation in the labor force almost doubled, from 32 percent in 1948 to a peak of 60 percent in 2000 (today's rate is 56.5 percent). This rise can be attributed to growth in educational attainment for women, as well as social and legal advancements.

Women's Labor Force Participation Rate Over time



Factors contributing to decline. The decline in LFPR since 2000 is related to slower population growth (fewer births and immigrants), the aging of the baby boomer generation, and economic shocks.⁵ After labor force participation began declining in 2000, it then appeared to level off and even increase slightly before 2008, when it dropped steeply after the start of the Great Recession. Its decline slowed again around 2015 until the sudden and sharp drop in March 2020 at the start of the covid-19 pandemic.

² [Labor Force Participation Rate](#), U.S. Bureau of Labor Statistics, FRED, Federal Reserve Bank of St. Louis, Jan. 2023.

³ 2029 projections in the graphs on this page are sources from [Projections overview and highlights, 2019–29](#), Bureau of Labor Statistics, Sept. 2022

⁴ [A century of change](#), U.S. Bureau of Labor Statistics, May 2002

⁵ [Labor force participation: what has happened since the peak?](#), U.S. Bureau of Labor Statistics, Sept. 2016

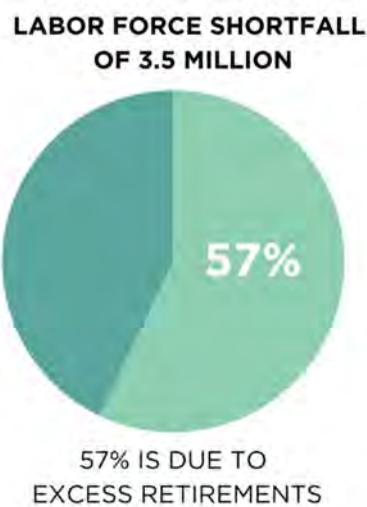
The change in age distribution of the general population has had the greatest impact on the decline of the LFPR since 2000. According to AARP, 10,000 people turn 65 every day, and though they don't all retire at 65, labor force participation drops significantly after that age.

Covid-19 had a major impact on LFPR. In April 2020, a month into the pandemic's onset, the rate dropped to 60.2 percent, the lowest level since 1973.⁶ Much of this was due to sickness, caregiving responsibilities, and fear of infection. Though it has recovered significantly since, the December 2022 LFPR of 61.3 is 1.4 percent lower than it was in February 2020, and 5.2 percent lower than the 67.3 peak in 2000.

Post-pandemic, a Congressional Budget Office analysis reveals a current labor force shortfall of roughly 3.5 million "missing workers".

Excess retirements during the pandemic – retirements exceeding what would have been expected from simple population aging – account for an estimated 2 million of the 3.5 million shortfall.

Prompting these early retirements are health concerns, the cost of finding new employment (for those who may have been laid off), and rising investment and housing values that increased wealth. Slower than expected growth in the working-age population, primarily due to lower immigration levels and a surge of deaths from the pandemic, accounts for much of the rest of the shortfall.⁷



Outlook. BLS projections show labor force participation dropping further through 2029 to 61.2 percent, for multiple reasons:

Compared with the prior decade, population growth is expected to slow from 2019 to 2029, in part because of the slowed growth among the Hispanic population. The median age of the population will continue to rise, with all baby boomers reaching ages 65 and older by 2029. This increase in median age and an increase in the number of younger people choosing to pursue education before entering the labor force are expected to contribute to a decline in the labor force participation rate in 2029.⁸

A key part of planning for the workforce of the future requires EDOs to have a granular view of labor force participation trends in their communities to understand how they will impact local businesses and industries. Comparing projections with national averages and those of other communities is useful for benchmarking competitiveness.

⁶ [Labor force participation rate down, employment–population ratio little changed in September](#), Bureau of Labor Statistics, Oct. 2020

⁷ [Inflation and the Labor Market](#), The Federal Reserve, Nov. 2022

⁸ [Projections overview and highlights, 2019–29, Bureau of Labor Statistics, Sept. 2022](#)

Segmentation and measurement

LFPR can be segmented in many ways – by geography, gender, race, and age group, for example. Men participate in the labor force at a higher rate than any other group (11.5 percentage points higher than women), yet over the past 20 years their participation has fallen more than any other group except those aged 16-19 (see chart below). Segmentation by demographic characteristics can provide hints to the barriers that different groups face. For example, lower LFPR rates for women reflect typical societal roles as caregivers, but also may offer a window into solutions such as better access to childcare.

Figure 4: Civilian labor force participation rate, seasonally adjusted, Dec. 2002-Dec. 2022



Source: [U.S. Bureau of Labor Statistics](#). Shaded areas reflect recessions.

Labor force participation rates also vary widely by geography. As of November 2022, labor force participation was highest in the Midwest (63.7) and lowest in the South (60.8).⁹ Rates are lowest (mid to upper 50s) in Alabama, Mississippi, West Virginia, New Mexico and South Carolina, and highest in the Dakotas, Colorado, Nebraska and the District of Columbia (high 60s and low 70s).

Particularly useful for communities to discern is the *prime age* LFPR – i.e., the 25 to 54 age group, which has the highest participation rate. This metric is more useful than the 16-plus metric, for example, when comparing metros that have large groups of younger or older people, such as college students or retirees, who would skew participation rates lower.¹⁰

Prime age LFPR – ages 25-54

⁹ [U.S. Rate, and Over-the-Month Rate Changes with Significance Indicators](#), Bureau of Labor Statistics, Nov. 2022

¹⁰ [Prime-Age Participation Rate](#), Chmura, March 2019

Marginally attached workers are a key group to tap to raise labor force participation rates. They are not counted as part of the labor force because, although they want a job and have looked for one within the prior 12 months, they have not looked for work in the most recent four weeks. A subset of marginally attached workers is *discouraged workers*. Discouraged workers haven't actively looked for work in the most recent four weeks because they believe no jobs were available, or none for which they would qualify, or that employers wouldn't hire them because they are too young, too old, or subject to some other type of discrimination.¹¹ As of December 2022, there were 1.3 million people marginally attached to the labor force, of whom 410,000 were classified as discouraged workers.¹²

Data sources

At the federal level, LFPR data are gathered through the Current Population Survey household survey conducted by the U.S. Census Bureau for the U.S. Bureau of Labor Statistics (BLS). Data updated monthly and segmented by demographic characteristics can be found via BLS's ["Employment Situation" Economic News Release page](#).

From the BLS's [Local Area Unemployment Statistics page](#), the [Expanded State Employment Status Demographic Data](#) page provides a link to state-level annual averages of employment status of the civilian noninstitutional population by demographic characteristics, allowing for calculation of LFPR by sex, race, Hispanic or Latino ethnicity, marital status, and age group (see the most recent data, from 2021, [here](#).) Shortcomings of this data source include the time lag between time of focus and publication, and lack of granularity below the state level.

The Department of Labor's Women's Bureau provides an interesting [breakdown of selected labor force characteristics](#), including educational attainment and parental status for both men and women, with annual averages for 2020 and projected to 2029.

The Federal Reserve Bank of St. Louis's [FRED data tool](#) also provides monthly updates of LFPR by state using BLS data. State-level departments of labor are a key source of information as well, typically tracking labor force participation rates at more granular and frequent levels.



Proprietary sources of labor market information such as JobsEQ and Lightcast also are useful in understanding dynamics at the smaller and more segmented geographies. While many EDOs may not have access to these products, regional EDOs, local and state workforce development boards, and state departments of labor typically have sophisticated data tools and will provide specific information on request. In addition, locally conducted surveys can be an effective and insightful research method.

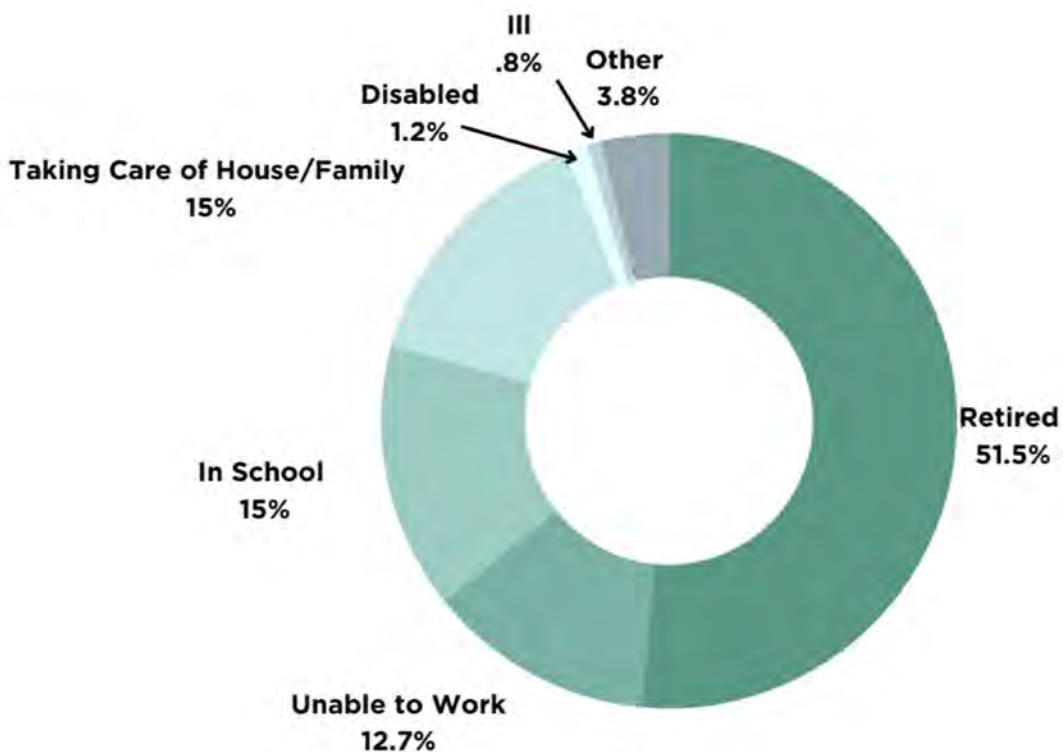
¹¹ [Labor Force Statistics from the Current Population Survey](#), Bureau of Labor Statistics

¹² [The Employment Situation](#), Bureau of Labor Statistics, Jan. 2023

BARRIERS IMPACTING LABOR FORCE PARTICIPATION FOR INDIVIDUALS AND GROUPS

The Current Population Survey, the key source of data for BLS's monthly job reports, asks respondents who report being out of the labor force to choose a primary reason why. The chart below shows the reasons provided and the percentage of respondents who identified with each (as of February 2022):¹³

Figure 5: Reasons for being out of the labor force



Many people out of the labor force are there by choice – they are retired or otherwise choose not to work for pay outside of the home. However, many others are out of the labor force involuntarily, for reasons cited in the figure above. By helping people who want to work overcome barriers, EDOs, businesses and communities can expand the pool of workers available locally.

Looking at common barriers more closely, they can be grouped in the following categories.

Employer bias. This affects groups that some employers historically have perceived as not trustworthy, reliable, or hard-working. Groups that commonly face these attitudes include the formerly incarcerated, older and younger workers (those above and below the prime working ages of

¹³ [Why Are Workers Staying Out of the U.S. Labor Force?](#), Federal Reserve Bank of St. Louis, Feb. 2022

25-54), people with disabilities, people with substance abuse histories, immigrants, and parents of young children, especially mothers.

Logistical barriers. Some people are unable to work because there is no one else to care for children or other family members. Another common logistical barrier is lack of transportation to get to a job among those who don't own a reliable car or live in a place with access to public transit. Also included here is the financial barrier of the "benefits cliff" – the point at which people who are on public assistance earn enough money to lose their benefits, yet the money they earn does not make up for the lost public support.

Skills mismatch. Many people remain out of the labor force because they lack the hard or soft skills to enable them to get a job, and don't or can't access opportunities to upgrade those skills.



Job quality. Some people stay out of the labor force because the pay for available jobs is too low, or working conditions are poor or inflexible (e.g., for working parents or people with health problems or physical limitations).

Health-related barriers. It can be difficult for people with disabilities to find employers who can accommodate their needs. Others are too ill to work due to chronic disease or injury. Substance use disorders also prevent people from participating in the workforce.

At the community level, economic developers often will have a pretty good idea of the major barriers to local labor force participation. However, further exploration of data can confirm or deny assumptions and provide insight into which solutions will provide the greatest return on investment.

SOLUTIONS FROM EDOS AND THEIR PARTNERS

The strategies to respond to these barriers vary widely. Some can be addressed by supportive programs, some by public policies, and others by employers themselves through changes in working conditions, wages, and attitudes. Economic development organizations can play a role in each of these types of solutions. This section of this paper highlights strategies that address a number of the barriers mentioned above, including:

- Facilitating childcare for working parents
- Encouraging worker- and family-friendly business practices
- Providing transportation
- Assisting justice-involved citizens
- Engaging youth
- Addressing the benefits cliff
- Assisting veterans and military families
- Creating opportunity in economically challenged neighborhoods

The list of strategies below does not address all of the potential challenges to labor force participation, but instead focuses on a handful of implementable solutions that can have impact at scale. The most significant barrier not addressed here is skills mismatches (except in the section on assisting veterans and military families). Training is excluded from the scope of this section because it includes its own vast web of delivery models that are present in some form or another in all communities. (Many skills development case studies are available in [previous EDRP reports](#) on workforce development and other sources.¹⁴)

Each issue and solution discussed below is illustrated with one or more case studies.

Facilitating childcare for working parents

The pandemic wreaked havoc on childcare providers and systems, already in short supply in many communities and out of economic reach for many families. (In most U.S. states, the price of childcare for two children costs more than average mortgage and rental payments, or the annual cost of in-state tuition at a public four-year university.) According to a 2020 study by the U.S. Chamber of Commerce, state economies lose millions – in some cases billions – of dollars a year due to absences and employee turnover costs, as well as lost tax revenue, as a result of childcare issues.¹⁵



¹⁴ EDRP's November 2022 paper "Effective Economic Development Roles in Workforce Partnerships" includes a list of workforce-focused reports on page 4.

¹⁵ [Untapped Potential: Economic Impact of Childcare Breakdowns on U.S. States](#), U.S. Chamber of Commerce Foundation, Feb. 2020

EDOs and communities are engaging in a variety of solutions to solve childcare problems – quantifying the gap and its impact; encouraging employers to adopt flexible, family-friendly policies; advocating for childcare subsidies and tax breaks; helping new childcare providers enter the industry; supplementing the wages of childcare workers; and creating facilities to lease as childcare centers, for example.

Childcare case study: Workforce Solutions Borderplex, El Paso, Texas

In many ways, Workforce Solutions Borderplex (WSB), a workforce development board in El Paso, Texas, is like a typical workforce board – focused on connecting job seekers with employment opportunities and training, and employers with qualified candidates. WSB, like Texas's 27 other regional workforce development boards, also is tasked with providing state-funded childcare subsidies to qualified families in its six-county region near the Texas-Mexico border.

But unlike many workforce boards, WSB has doubled down on building childcare capacity, seeing it as one of the most significant barriers to growing the region's workforce and as a substantial driver for economic development. Since the beginning of the pandemic, WSB expanded eligibility guidelines to allow more families to access subsidies, but has taken many additional steps over the past several years to grow childcare capacity.

It began by analyzing data on the regional childcare landscape – who was using the subsidies, the occupations and industries of the parents, their employers and annual incomes. With the goal of helping employers understand the barriers that childcare presents to their current and potential workforce, WSB had conversations with businesses that highlighted the steep cost of childcare in relation to employee wages, as well as the lack of regional childcare providers.

WSB also focuses on the business side of running a childcare facility, trying to improve quality and technological capability. Childcare is a tough business model, with many rules and regulations to meet on top of a thin margin between the cost of care and what families can afford. Pay for childcare workers is extremely low – often at or just above minimum wage. “[Childcare providers] see themselves as providing personal services,” said Leila Melendez, the organization’s CEO. “We approach them as businesses and educators. You have payroll, P&L, etcetera, *and* you need to teach children.”

WSB provides mentoring, coaching and resources to providers to help them raise the quality of care and accelerate credentialing among staff. They also help providers apply for state grants (from American Rescue Plan funds) specifically designed to boost the capacity of childcare businesses via staff training and equipment purchases, for example.

In 2021, WSB won an IEDC award for the organization’s work in removing barriers into the workforce through a one stop “Job Toolbox on Wheels” which includes applying for a job, finding training and securing childcare.

Childcare case study: Downtown Des Moines

Families tend to prefer childcare options that are near their place of employment, but many downtowns are ["childcare deserts"](#) – a term used to refer to places where the number of children outnumbers licensed care slots at least three to one.

Downtown Des Moines, Iowa, qualifies as a childcare desert. In response, the Greater Des Moines Partnership formed a Downtown Child Care Task Force, led by the CEO of local company Ruan Transportation. The task force aimed to build support for addressing the problem, create a Downtown DSM Employer consortium, apply for funding, and identify a local operator for the proposed facility.

Though it's still a work in progress, the strategy has had some early success. Ruan Transportation established a partnership with eight other employers and applied for funding from the state's Child Care Business Incentive Grant program. As a result, it won a \$940,000 infrastructure grant in September 2022 that will go toward developing a new facility to offer 150 slots of quality and affordable childcare for employees of employers in and around downtown Des Moines. At present, the consortium is reviewing potential locations and additional partners as it begins to execute the project.

In addition to local and regional efforts to improve childcare options, state and federal policies and programs can have a major impact. Though not all EDOs are able to engage in policy advocacy, many of those that do include childcare solutions in their agendas.

For example, the [Blount County, Tenn., Chamber of Commerce](#), in collaboration with other regional chambers, develops a list each year of state legislative priorities surrounding job creation and business growth. Under the agenda's education and workforce development section, the document notes the importance of access to quality and affordable childcare to ensure a high-quality workforce and calls for incentives for businesses to offer childcare options to their employees or the general public.

The [Birmingham Business Alliance's](#) state legislative priorities document includes support for childcare tax credits. Alabama projects a need for 500,000 skilled workers in the next five years, and BBA and others see addressing childcare needs as an important tool.



Encouraging worker- and family-friendly business practices

In addition to childcare, other worker- and family-friendly business practices are proving important to attract and retain workers for whom certain benefits, schedule flexibility and other accommodations have become critical for staying in the workforce. As these employer practices became more common since the pandemic began, many workers are unwilling to stay in jobs that don't provide such benefits.

A recording-setting 47 million Americans voluntarily quit their jobs in 2021.¹⁶ Just under half cited childcare as the reason they quit (48 percent among those with a child under 18); 45 percent cited lack of flexibility around hours; and 43 percent cited the lack of benefits such as health insurance and paid time off as the primary reason.¹⁷

Organizations such as Family Forward NC and The Best Place for Working Parents are coordinating with EDOs, employers, and government officials to promote employee policies that improve workplace participation and productivity. The figure below, developed by Family Forward NC, shows workplace practices that businesses can adopt to promote employee retention and recruitment.

Figure 6: 19 Research-Based Workplace Policies

WAGE AND PAID LEAVE POLICIES	SCHEDULING	ACCOMMODATIONS AND SUPPORT	CHILD CARE	HEALTH AND WELLNESS BENEFITS
Parental Leave	Flextime	Support for Breastfeeding Mothers	Backup or emergency care	Health Insurance and Wellness Benefits
Sick and Safe Leave	Working from Home/ Telecommuting	Babies at Work	On-site or Consortium Child Care	Flexible Spending Accounts (FSA)
Family and Medical Leave	Job Sharing/ Part-time work	Pregnant Worker Accommodations	Subsidized/ Reimbursed Child Care	Employee Assistance Plan (EAP)
Parental Involvement Leave	Predictable Scheduling		Child Care Resources Referral	
Family Sustaining Wage				

Source: The NC Early Childhood Foundation, [Family Forward NC](#)

¹⁶ [The Great Resignation Didn't Start with the Pandemic](#), Harvard Business Review, March 2022

¹⁷ [Majority of workers who quit a job in 2021 cite low pay, no opportunities for advancement, feeling disrespected](#), Pew Research, March 2022

Encouraging family-friendly policies case study: Family Forward NC

Family Forward NC is a business-led initiative to promote research-based, family-friendly, industry-appropriate employer practices. Housed within the North Carolina Early Childhood Foundation, its aim is to improve workplace productivity, recruitment, and retention while supporting the healthy development of children. Family Forward NC does this by helping companies develop policies that are good for both business and for workers with family responsibilities, because studies show that working parents increasingly consider family-friendly offerings when determining their employment.

Through partnerships with workforce and economic development organizations, the initiative works to generate awareness among businesses of the opportunities, benefits and methods around providing family-friendly benefits. It divides policies that can encourage workforce participation into five categories: wages and paid leave, scheduling, accommodations and support, childcare, and health and wellness. Examples of these policies include parental leave, job-sharing models, and childcare referrals.

The pandemic highlighted and heightened the need for workplaces to reevaluate policies around family care. In response, Family Forward NC launched a Rapid Response Program, which provided HR experts to help employers identify family-friendly workplace benefits that would help retain workers.

Businesses can receive a Family-Friendly NC Certification to use as a tool in employee recruitment. To be certified, employers with more than five employees must offer best-practice policies in one or more of the five categories listed above. Through the initiative, the organization has engaged with more than 7,000 employers across the state. It also has produced a playbook of materials customizable to other states, and has consulted for Minnesota, Montana, Florida, and Pennsylvania.

Providing transportation

Getting to work can be a hard job in itself for people who don't own a car or are unable to drive. Public transit is a solution for some, but is impractical, inaccessible, unsafe, or nonexistent for others. Even though every \$1 invested in public transportation generates \$5 in economic returns,¹⁸ millions of Americans - 45 percent - have no access to public transportation.¹⁹

In metro areas, many low- and middle-skill jobs have moved out to suburbs poorly served by public transit, making access more difficult than it is to more centrally located employers. Transportation is a major issue in rural areas as well, where population and employers are widely dispersed and which may have little or no transit service at all.

¹⁸[Economic Impact of Public Transportation Investment](#), American Public Transportation Association, April 2020

¹⁹[Public Transportation Facts](#), American Public Transportation Association

Where transit is an option, many community colleges and workforce boards offer assistance such as free transit cards or alternate transit options. For EDOs, involvement in transportation issues varies, depending on the type of organization and the community. Economic developers sometimes play roles in planning and advocacy, sitting on regional boards or councils. With today's acute need to facilitate access to jobs, however, EDOs are becoming more engaged in transportation solutions.

Transportation challenges are also addressed below in the section on *Creating opportunities in economically challenged neighborhoods*.

Transportation case study: Wisconsin Economic Development Corporation and MobiliSE, Milwaukee

Urban Milwaukee includes a dense number of workers and potential workers. But many of the city's manufacturing jobs are now spread across suburban areas, and many of those employers have struggled to get city residents to their locations to work.

The Wisconsin Economic Development Corporation and the Wisconsin Department of Workforce Development chose to address this issue through the Workforce Innovation Grant Program, a joint effort to fund sustainable programming that addresses regional workforce challenges.

The program provided a \$4.2 million grant to MobiliSE, a transportation advocacy group, to fund an expansion of its FlexRide Milwaukee program. FlexRide is an on-demand rideshare service currently connecting Milwaukee workers with jobs beyond the reach of bus lines in the city's south and west suburbs. The service works similarly to a traditional rideshare service such as Lyft or Uber: riders in selected neighborhoods can use an app to request a ride to a job or job interview. The cost ranges from free to \$1.50 for a one-way drive. The grant will sustain the service, expand it to other parts of the region in 2023, and will fund long-distance shuttles to select job sites.

Assisting justice-involved citizens

The statistics on justice-involved individuals in the United States are sobering. As the country with the highest incarceration rate in the world, as many as 1.9 million people are behind bars on any given day.²⁰ Nearly 6.9 million people are on probation, in jail, in prison, or on parole in the United States at any one time, and 600,000 people are released from state and federal prison each year.²¹

According to a study from the University of Georgia, people with felony convictions account for 8 percent of the overall population and 33 percent of Black males.²² Despite the growing number of

The term “justice-involved” refers to people who have had interactions with the criminal justice system as a defendant.

²⁰ [Mass Incarceration: The Whole Pie 2022](#), Prison Policy Initiative, March 2022

²¹ [Incarceration & Reentry](#), U.S. Department of Health and Human Services,

²² [Study estimates U.S. population with felony convictions](#), University of Georgia, Oct. 2017

justice-involved individuals and the proliferation of re-entry programs, an estimated 33 percent of re-entering citizens can't find a job during the first four years after release.²³

Movements such as "ban the box" aim to remove the stigma of conviction and arrest history by removing such questions from job applications and moving background checks further into the hiring process.²⁴ EDOs, workforce boards, community groups and governments also are scaling up programming to better engage this community and provide the support they need to succeed in the labor market. They are providing training and education, facilitating wraparound services to remove barriers to employment (such as obtaining an identity card or stable housing), and educating employers on how to engage justice-involved hires.

Many EDOs that engage in policy advocacy have identified removing barriers for justice-involved people as a key strategy to boost workforce participation. On [Greater New Orleans, Inc.'s](#) policy agenda to create a stronger business climate for the region is a call to "reduce incarceration rates, ensure fair sentencing, and support successful re-entry into Louisiana's workforce." Due in part to a bipartisan taskforce that included members of the business community, Louisiana enacted criminal justice reform in 2017 that has helped to reduce the state's prison population.

Re-entry case study: San Diego Workforce Partnership

In 2015, the San Diego Workforce Partnership received \$1 million from the Department of Labor's Reentry Employment Opportunity funding to establish a program called Reentry Works. By preparing formerly incarcerated people for reentry into the workforce, the program aimed to decrease recidivism rates, grow the labor force and support labor market equity.

Reentry Works and its partners provide the justice-involved population with pre-release support in employment and training services, links to jobs, and post-release support via wrap-around services such as transportation, housing and technology, employment services, and connections. An important aspect of the program's model is to develop long-term relationships with individuals that help will them build a career past the first job placement.

Reentry Works works closely with San Diego sheriff's department to establish program cohorts in regional jails. Thousands of former and current inmates have been served through mentorship or workshop services through the program. While the state of California has a recidivism rate of around 60 percent, the recidivism rate following one year of Reentry Works services was measured at just 10 percent.

As a part of the organization's advocacy work, the San Diego Workforce Partnership published a report titled "[Employer Attitudes Toward Hiring Justice- involved Workers](#)" in 2021. The report provides useful information for both employers and economic and workforce professionals to engage employers through programming focused on their interests and help them develop relationships with justice-involved individuals.

²³ [Employment of Persons Released from Federal Prison in 2010](#), U.S. Department of Justice, Dec. 2021

²⁴ [Ban the Box: U.S. Cities, Counties, and States Adopt Fair Hiring Policies](#), National Employment Law Project, Oct. 2021

Re-entry case study: Eastern Maine Development Corporation, Bangor, Maine

The Eastern Maine Development Corporation (EMDC) is combatting the state's ongoing labor shortage by targeting both retirees – the state has the highest median age in the nation – and individuals with barriers to joining the labor force. This includes formerly incarcerated people, those in recovery from substance use disorders, veterans, and people with disabilities. EMDC provides courses on technical and soft skills, connections with employers, and leadership in the business community to hire from these populations.

EMDC takes a grassroots approach to grow the labor force and create a welcoming economy. It engages employers in one-to-one conversations to help them gain comfort with hiring individuals they would not have interviewed in the past. EMDC aims to find employers who will champion this work and begin to facilitate business-to-business conversations that will lower stigmas and demonstrate the business case for expanding the hiring pool. Through partnerships with sober living organizations, community colleges, and the Maine Multicultural Center, among others, EMDC is training and placing over 500 workers in jobs.

Youth and Opportunity Youth

Labor force participation for people ages 16-24, like the LFPR for the total working-age population, has declined since 2000, but more sharply. The gap in labor force participation between the total population (16 and over) and ages 16-24 was 2.3 percent in 2001, 9.1 percent in 2011, 6.2 percent in 2021 and is expected to grow again to 9 percent by 2031, according to BLS data.²⁵

Figure 7: Labor force participation change ages 16-24 compared to total population, 2001-2031

Group	Participation rate				Participation rate change		
	2001	2011	2021	2031*	2001-11	2011-21	2021-31*
Total, 16 years +	66.8	64.1	61.7	60.1	-2.7	-2.5	-1.6
16 to 24	64.5	55.0	55.5	51.1	-9.6	0.5	-4.4

*Projected. Source: [BLS](#)

Participation rates and their trajectories vary among these age groups and by demographic characteristics (e.g., the 16-19 age group has a lower LFPR than those ages 20-24; of racial/ethnic groups, white youth have the highest participation rate and Asian youth the lowest). Researchers attribute the decline to a variety of reasons, such as more time spent pursuing education, competition with older workers, generous covid-era safety nets, and eldercare or childcare responsibilities.

²⁵ [Civilian labor force participation rate by age, sex, race, and ethnicity](#), U.S. Bureau of Labor Statistics, Sept. 2022

Of particular concern is a group commonly labeled as “opportunity youth” - those ages 16 to 24 who are disconnected from either school or work. Several sources estimate that there are as many as 5 million opportunity youth in the United States today: one in eight. Many of these youth may have experienced problems such as homelessness, substance abuse, teen pregnancy, or involvement with courts or foster systems.

Strategies for engaging opportunity youth typically include programs to increase work readiness and occupational skills; improving community college systems to better serve disadvantaged youth; addressing barriers to work and schooling; and demand-side policies that can improve job opportunities for youth (e.g., subsidized employment).²⁶

Additional Youth Workforce Case Studies

Multiple youth workforce initiatives, such as career pathways awareness, internships and apprenticeship programs, have been highlighted in previous publications on workforce development from IEDC (some may no longer be in operation).

From [Effective Economic Development Roles in Workforce Partnerships](#)

- JAXUSA Partnership: Career pathways program
- Lehigh Valley Economic Development Corporation: Career pathways program and internship program

From [The Future of Work and Inclusion](#)

- Dallas’s Pathways in Technology Early College High School (P-TECH): Career pathways, training and job placement
- San Antonio’s Project QUEST: Training and wraparound services

From [Great for Business, Great for Workers](#)

- Upskill Houston: Career pathways, training and placement

From [Opportunity for All: Strategies for Inclusive Economic Development](#)

- Tulsa Regional Chamber: Career pathways and expanding educational attainment
- City of Salinas Office of Economic Development: Technical skills for youth

From [Industry 4.0- Supporting Small and Medium-sized Manufacturers](#)

- Fayetteville, Arkansas Regional Chamber: Career awareness

²⁶ [Disconnected Young Adults](#), The Russell Sage Foundation, Dec. 2019

Youth and opportunity youth case study: West AlabamaWorks, Tuscaloosa, Alabama

West AlabamaWorks was created as a partnership between the Chamber of Commerce of West Alabama and the Region 3 Workforce Development Council. Based in Tuscaloosa, West AlabamaWorks is focused on preparing a workforce with the skills to meet business and industry needs in the region. Its work is done primarily through strong connections with the region's K-12 school systems and relevant industry leaders. West AlabamaWorks is especially motivated to deliver workers in the face of the current significant shortage and the impending baby boomer retirements that could deplete up to half of the region's workforce.

One program the organization created to accomplish this is the 'Worlds of Work' (WOW) and 'WOW 2.0'. In middle school, all students from the region attend Worlds of Work expos where regional employers provide hands-on experiences that give students a glimpse into local career options and what they entail. At the October 2022 expo, over 4,000 students and their guardians attended, along with more than 100 job exhibitors. Since the inception of Worlds of Work in 2015, the region has seen a 40 percent increase in career/technical course enrollment and a 15 percent decrease in student drop-out rates.

WOW 2.0 is an annual event that connects high school seniors from the nine-county region with regional employers who can offer jobs or advanced learning opportunities ahead of students' graduation. At the event, employers give interviews (for both full-time and part-time jobs) and often contingent job offers on-site.

This program is one of several touchpoints that West AlabamaWorks has created for the region's K-12 school systems to help students learn about job opportunities within reach and connect them with the training and education to pursue their desired career. Throughout their academic career, students have the opportunity to pursue specialized education and training through career readiness programs, and many come out of high school skilled and ready to take jobs in their industry of choice.

Addressing the benefits cliff

The "benefits cliff" occurs when a worker receives an increase in income or wages that results in a decrease in public assistance, and an accompanying decline in net financial resources. This decline in total income and benefits is a barrier that keeps some people out of the labor force; research has shown that low-income workers may be temporarily better off financially by not working than by taking a low-paying job.²⁷ In a 2019 survey, the Ohio Chamber of Commerce found that 18.6 percent

²⁷[Benefits Cliffs and the Financial Incentives for Career Advancement](#), Federal Reserve Bank of Atlanta, Jan. 2020

of businesses – nearly one in five – cited issues with hiring, promoting or raising wages for their employees due to potential impacts from the benefits cliff.²⁸

EDOs and their partners are working on solutions to the benefits cliff by helping workers understand and anticipate the cutoffs for different types of assistance, developing pilot programs that provide bridge funding to eliminate a steep drop-off in benefits, and advocating for legislation that reduces or removes the cliff entirely.

The [Career Ladder Identifier and Financial Forecaster \(CLIFF\)](#), created by the Atlanta Federal Reserve, is a set of tools that can be used to model an individual's total net financial resources, including both earned income and public assistance. CLIFF's purpose is to increase public knowledge of the benefits cliff and provide legislators and workforce providers with tools to decrease its impact. Communities in more than 22 states are engaged with the Atlanta Fed on this work, using CLIFF to create relevant policy and programming.²⁹ In Alabama, the state's workforce system has partnered with CLIFF to guide regional workforce planning and created its own Alabama-specific tool called DAVID (Dashboard for Alabamians to Visualize Income Determinations).³⁰



²⁸ [Businesses and workers are left frustrated by the “benefit cliff”](#), Ohio Chamber of Commerce Research Foundation, June 2019

²⁹ [Benefits Cliff: Effects on Workers and the Role of Employers](#), U.S. Chamber of Commerce

³⁰ [DAVID](#), AlabamaWorks

Addressing the benefits cliff case study: Western Massachusetts Economic Development Council

The Western Massachusetts Economic Development Council, in collaboration with Springfield WORKS (the local workforce development board), the local food bank, and state government, developed a pilot program to limit the impacts of the benefits cliff. The program will temporarily freeze the public benefits to participating individuals and families for whom a rise in wages otherwise would cut their eligibility and result in a net loss in total income of up to thousands of dollars. This common paradox has negatively impacted both workers seeking self-sufficiency and businesses that are struggling with labor shortages.

Starting in 2023, for three years, roughly 100 families will receive a Massachusetts Earned Income Tax Credit Adjustment (EITC) that will bridge the gap between earned income and benefits that otherwise would have been lost due to increased wages. The program will require enrollees to save their first year of state tax credits in a savings account available to them upon successful completion of the program or for emergency purposes. Participants will have access to case managers, coaches, and workplace mentors to provide intensive support, and their employers will play a role in the participant's upward mobility through job training and opportunities for advancement.

The program will be administered by the Western Massachusetts Economic Development Council, funded through \$1 million of state-allocated ARPA dollars in an economic development bill for the administrative costs. Depending on their current level of benefits at the beginning of the program, each family or individual will receive between \$15,000 to \$31,000. Following the successful conclusion of the pilot, the goal is to use impact data to scale up the program and provide more families and individuals with a gradual easing of benefits as workers earn more.

Assisting veterans and military families

For many veterans, transitioning to civilian life comes with challenges, and securing a new job or career can be a major hurdle. According to the Pew Research Center, 43 percent of veterans reported that it took six months or longer to find a job immediately after leaving the military. While veterans currently experience lower rates of unemployment than the general population (4.4 percent vs. 5.5 percent), they have significantly lower labor force participation rates (47.7 percent in 2021).³¹ Translating skills, terminology, and job positions from military to civilian applications, combined with lower levels of post-secondary degree attainment, comprise some of the challenges for veterans joining the workforce.

Despite being more highly educated than the average American, military spouses face very high rates of unemployment – 22 percent were unemployed in 2019.³² These high levels of unemployment are due in part to frequent geographical moves (typically every three years) and the need for flexible schedules due to family responsibilities.

³¹ [Employment Situation of Veterans, U.S. Bureau of Labor Statistics, April 2022](#)

³² [Data Deep Dive: Hiring Veterans and Military Spouses](#), U.S. Chamber of Commerce, Dec. 2022

Hiring our Heroes, a national initiative funded by the U.S. Chamber of Commerce Foundation, provides the military community – service members, military spouses, and veterans – with training and job connections to help them participate in the labor force. Hiring events are held in partnership with industries, local chambers and military support organizations.

Assisting veterans case study: Digital Works-Connected Nation, Kentucky

Connected Nation (CN) was founded to ensure access to and affordability of broadband internet, with the goal of improving economic opportunities and overall quality of life. In 2010, CN received federal funding to provide basic digital skills training, which it conducted through more than 300 partnerships with community organizations, community centers, and nonprofits. CN found that the need for job skills motivated many of the training participants, so in 2013 it founded Digital Works to help people prepare for and find telework positions. With a focus on rural communities, the program provides soft skills, career readiness, and access to a network of vetted employers, all of whom offer remote work opportunities.

In 2019, CN, based near Fort Campbell, Ky., realized a critical need for its services among the spouses of service members and veterans, as military families move frequently but still need steady income. In Fort Campbell, digital jobs training and placement assistance for remote work is offered specifically for military spouses, transitioning service members, veterans, and veteran spouses.

During covid, classes moved online, allowing the program to expand access to veterans outside of Fort Campbell and to offer more frequent, faster-paced courses free of charge. The program runs in two-week sessions and is targeted toward specific employer needs, covering customer service, career readiness, and knowledge of virtual applications. In 2020, Digital Works won a Gold Award as part of IEDC's Excellence in Economic Development awards.

Creating opportunity in economically distressed neighborhoods

Sometimes businesses will choose a location based not simply on economics but on *affinity of place* as well – places that “may have special meaning or opportunities for [the business], such as personal connection to the CEO, or a company’s founding in that place or state” – or a desire to make a positive social and economic impact.³³ One example is Viking Ranges, which located a manufacturing facility in Greenwood, Miss., because its founder wanted to improve economic opportunities in his hometown.

Bringing jobs and services closer to people who live in neighborhoods with high concentrations of unemployed residents can help alleviate other barriers, such as those related to transportation and childcare. The following case study illustrates how Cook Medical, a medical device manufacturing company, has been taking an approach to neighborhood improvement that will help it attract workers at a new facility in a distressed area of Indianapolis.

³³ [Strategically Building a Workforce](#), Indiana University Public Policy Institute, June 2022

Neighborhood improvement case study: Cook Medical

In Northeast Indianapolis, Cook Medical recently cut the ribbon on a medical device manufacturing facility at the corner of 38th Street and Sheridan Avenue – a part of Indianapolis that has lost economic opportunity, public investment, and neighborhood safety and security. According to Cook Medical President Pete Yonkman, the facility is not experiencing a shortage of potential workers; in fact, it had a waiting list of applicants who want to work there.

These potential employees live in the same community as the plant. Some of them also face employment barriers, such as having police records, substance abuse histories, or lacking a high school diploma. In partnership with Goodwill Commercial Services, local community foundations, IMPACT Central Indiana and the United Northeast Community Development Corporation (UNEC), Cook has created a project to extend employment, education, and career-growth opportunities to potential workers who have been overlooked or undervalued by other employers.

Through the project, these workers have access to many support services that can help them overcome barriers to employment. This approach increases their chances of succeeding in their jobs while reducing the employer's risks, both real and perceived. Key community-focused project details are below.

- The project intentionally seeks to hire operations employees from the neighborhood and nearby community where the facility will be located and provide wraparound services, such as health and education support, to the employees and their families.
- The project seeks to hire construction workers from the community and supply services from local, minority-owned businesses. Construction workers also will receive upskilling support and services from a minority-owned construction management firm.
- The project development partners are working closely with each other, and they have clear roles for engaging with the community and its stakeholders. Each partner is focused on economically and socially empowering community residents to help them succeed over time.
- A portion of funds generated by facility rental profits will be reinvested into the community through a managed fund held by Central Indiana Community Foundation.
- The project will include construction of a full-size grocery store, which has been identified as an important community need. The grocery store also will be operated by local residents who have operated a small grocery store and who will receive training and support to successfully own and operate the new full-size store.
- UNEC's role has been to help Cook Medical determine the site for the new manufacturing facility, as well as helping the company understand the neighborhood's needs and build trusting relationships.

Adapted from research by the Indiana University Public Policy Institute: [Strategically Building a Workforce](#) (2022) and [Cook Medical Manufacturing Facility: Understanding and tracking impacts of the 38th Street and Sheridan Avenue community collaboration](#) (2021).

STRATEGIES FOR IMPROVING LOCAL LABOR FORCE PARTICIPATION

Many of the case studies profiled above have similar components that contribute to their success. Five strategies that are common in multiple cases include the importance of defining the problem with data; working with businesses both to upgrade workplace policies and to encouraging hiring from non-traditional populations; advocating for broader responses to common problems, and engaging partners in creating solutions.

Gather data to determine specific barriers.

Collecting, analyzing and sharing data is a necessary first step to understand who is not in the labor force in a community and why. It's also a natural role for economic developers. Data analyzed to quantify the problem then can be used to identify potential solutions and apply for grants, start conversations with employers, advocate for new programs or policies, or create a community awareness campaign.

Workforce Solutions Borderplex, for example, analyzed data about users of childcare subsidies to better understand the industries and occupations that were most impacted by the high cost and low supply of childcare in the region. The industries that were the most impacted were retail and restaurant service, along with manufacturing, healthcare support, and entry-level occupations across the board.

In partnership with a local foundation in Texas, WSB created a survey for employers to determine how well their workplace meets the needs of working families. The survey was based on metrics including flexible hours, childcare and parental leave, and served as an educational tool for many local employers who were surprised to learn what a significant issue childcare was for their employees. The Greater Des Moines Partnership also used a survey to determine the need for access to childcare in its downtown.

Examples of data questions to consider are below. Many questions about barriers at the local level can be answered only with local sources of information such as surveys, or through partners such as local governments, workforce development boards and nonprofits that work with specific populations or on specific issues. For example, many communities have a childcare resource and referral organization that will have deep familiarity with local providers and challenges.

"The benefit that workforce development boards can bring to the economic development table is we are 100% data heavy. That data doesn't just reveal what's happening in the workforce, it reveals industry gaps, business gaps, skill gaps. They reflect what's happening in the business market and the market overall that might be hindering prosperity for the economy."

Leila Melendez, CEO, Workforce Solutions Borderplex

- What groups of people are not in the local labor force, and why are they not working?
- What is the state of childcare in your region? Number of providers, cost, location, and demand? In what industries are workers struggling the most with childcare? Are there significant needs for specialized services, such as after-hours care and emergency back-up care?
- Are many of the community's jobs (particularly entry-level and lower-skill jobs) located in places with no public transportation? What services are available for someone who doesn't have a car to get to their job?
- What other populations in your community need specialized services to overcome barriers to work?



Encourage employers to adopt worker-and family-friendly workplace strategies.

Only a company can control whether it is a place where people want to work – but businesses sometimes aren't aware of what makes them less competitive in attracting workers. EDOs can help them understand what workers are looking for by providing information on local and national trends or helping them conduct employee surveys. Changes businesses can make to become more attractive workplaces including raising pay, increasing flexibility regarding hours or the ability to work remotely, consistent or advanced scheduling, restructuring benefits packages, and facilitating access to childcare. Business leaders across the country recognize this and are increasingly offering family- and worker-friendly policies that improve their ability to attract and retain workers.

Family Forward NC is one example of an organization focused on this work. Engaging with individual businesses as well as EDOs, chambers, and other business associations, the organization has crisscrossed North Carolina sharing its research on the business case for family-friendly policies, and providing case studies and peer-learning opportunities. “There has been a very big shift in how family friendly practices are viewed. For employers, they have gone from ‘nice to have’ to essential business practices,” said Emily Swartzlander, co-creator and chief strategist of Family Forward NC.

Understanding that taking on family friendly policies can be challenging, especially for small businesses, the organization stresses to employers that there are many ways to begin this work. Most won't have the resources to provide on-site childcare, but they can start by simply providing information to employees on locally available childcare resources.

For the Wisconsin Economic Development Corporation (WEDC), encouraging these policies started with asking businesses to find out why employees were missing days at work or dropping out of the

workforce. When employers started asking these questions, the reoccurring answers of transportation and childcare as barriers were illuminating. This awareness has encouraged employers to help their employees address these challenges.

“If [employers] want to have a consistent workforce, they need to be at the table helping to support these kinds of services that help get people more secure,” said Melissa Hughes, cabinet secretary and chief executive officer of WEDC. Armed with information about their workers’ needs, employers are also better equipped to make the business case for state and federal policies and investments that improve access to services such as transportation or childcare.

Work with businesses to gain comfort around hiring workers with barriers to employment.

Most employers know that when hiring in today’s labor market, they can’t be as selective as they once could. This can mean using skills-based screening for hiring, instead of requiring a bachelor’s degree, or not asking applicants about criminal records early in the hiring process. Encouraging employers to hire from groups that they previously would have screened out can be one of the most impactful ways to grow the labor force participation rate in the short term.

One strategy the San Diego Workforce Partnership (SDWP) uses is to build relationships between employers and candidates, both when they are incarcerated and after release. “Being able to see the participants in action was crucial for employers to envision these participants at their workplaces,” said Kristen Walker, senior manager of adult programs at SDWP. This one-on-one connection helps dispel myths around hiring re-entering citizens.

Talking with businesses about hiring justice-involved citizens

The San Diego Workforce Partnership published “[Employer Attitudes toward Hiring Justice-Involved Workers](#)” for employers, workforce and economic development professionals to use when serving re-entering citizens. Recommendations below are sourced from the partnership’s report as well as other research done by business-led organizations focused on hiring justice-involved individuals.

- Start with facts to alleviate top concerns – for example, data show that a previous conviction doesn’t predict the likelihood of committing crime at work.
- Show businesses the benefits of hiring the formerly incarcerated, including the financial benefits.
- Provide guidance on how to increase and sustain fair second-chance hiring.

In Maine, the Eastern Maine Development Corporation (EMDC) has begun to consider re-entering citizens, those in recovery from substance abuse, and New Mainers (immigrants and refugees) as

potential new pools of workers that can be targeted to address the labor shortage. Through prior relationships and understanding what certain employers in the region are looking for in terms of job candidates, EMDC has begun to help employers gain comfort in hiring from these populations by dispelling myths and providing resources and education.

Opportunity@Work

Opportunity@Work is a nonprofit created to change hiring practices in the United States by advocating for the replacement of bachelor's degrees with skills as a way of screening job candidates. There are over 70 million adults in the United States who are skilled through alternative routes (STARs) such as community college, workforce training, bootcamps, certificate programs, military service or on-the-job learning, including the majority of Black, Hispanic, veteran and essential workers.

While these individuals may have the skills to succeed in many good-paying jobs, a bachelor's degree requirement often keeps these positions and the economic mobility that comes with them out of reach. The organization is focused on gathering and sharing data-driven information to change employer perceptions and increase the visibility of STARs as a promising candidate pool.

Advocate for broader solutions to common barriers.

There is a limited amount that individual businesses can do to address employees' barriers. Issues that are common across industries or types of employers are concerns for a community's overall business climate, meriting solutions that are community-wide or broader. EDOs are well positioned to initiate coalitions, public information campaigns, and sector strategies to address common barriers. West AlabamaWorks engages in all these initiatives across its region, among others.

"We in workforce development are educators, social workers, community leaders, thought leaders, religious folks – it takes all of us to solve the problem."

Donny Jones, executive director, West AlabamaWorks

Beyond solutions that can be pursued at the community level, some pieces of the puzzle can change only through state or federal legislation. Depending on the type of organization, some EDOs engage in advocacy efforts and others don't. Those that do typically collaborate with other EDOs in their region or state, as well as business leaders, chambers and local governments to advocate for policies and programs to ease many of the barriers mentioned in this report.

In Wisconsin, while WEDC is making programmatic investments to address transportation needs as a barrier to work, it recognizes the need for state legislative support to induce transformational change. WEDC is bringing "bringing businesses to the table so that legislators are aware that transportation is an issue for their employers," according to CEO Melissa Hughes. Criminal justice

reform and the benefits cliff are examples of two other issues most effectively addressed with legislative responses.

In part due to its unique structure (chamber of commerce and regional workforce development council), West AlabamaWorks can see and impact the workforce ecosystem from both community and business angles with its programming. Externally, it engages in public information campaigns to share why workforce development is critical to the region's growth and prosperity.

Engage community partners in creating solutions.

Each EDO interviewed for this paper described the importance of partners in this work. Some of the organizations they engaged in labor force participation work aren't traditional EDO partners, many (but not all) aligned with community-based and social services than business interests.

The primary partner for most EDOS is local workforce development boards, which bring data, expertise, funding, contacts and more. Two of the cases in this report have WDBs at their center – West AlabamaWorks and Workforce Solutions Borderplex. In the first, the WDB is integrated with the regional chamber of commerce, and in the second, the WDB maintains a close partnership with the Borderplex Alliance, the economic development entity for the region. (For more research on facilitating strong partnerships between economic development and workforce development, see the November 2022 EDRP report, [Effective Economic Development Roles in Workforce Partnerships.](#))

“We have one foot in economic development and the other in workforce development.”

Lee Umphrey, CEO, Eastern Maine Development Corporation

In addition to WDBs, most communities have existing groups that are focused on addressing barriers to employment. A common partner among many initiatives is Goodwill Industries, which provides career counseling, skills training, and many other services (depending on the community) to assist job seekers. In San Diego, the sheriff's department is a key partner in the San Diego Workforce Partnership's work assisting justice-involved individuals. The Eastern Maine Development Corporation is forging relationships with substance-abuse counselors and sober living facilities to help individuals with barriers to work due to addiction. The Western Massachusetts Economic Development Council partnered with its WDB, the food bank and state government to address the benefits cliff.

CONCLUSION

Removing barriers to work is a strategy that EDOs can use to expand the labor force in communities anywhere, and doing so benefits both employers and people. As the same time, it is not a silver bullet to solve labor shortages, and some barriers are more difficult and expensive to surmount than others. But in many cases, the intervention required to make a difference in whether someone is able to work is both relatively small and scalable, and provides net benefits to people, employers and communities. Successful strategies start with data that define and inform local challenges; combined with business engagement and partnerships with relevant groups, there are many ways for EDOs to get involved and have an impact.



ECONOMIC DEVELOPMENT RESEARCH PARTNERS

IEDC thanks the follow members of EDRP for funding this research.

Alabama Power Company
Albuquerque Regional Economic Alliance
Ames Chamber of Commerce
Ann Arbor SPARK
Baltimore Development Corporation
Baton Rouge Area Chamber
Birmingham Business Alliance
Blount Partnership
CDC Small Business Finance Corporation
Chattanooga Area Chamber of Commerce
CINDE – Costa Rica Investment Promotion
City of Austin Economic Development Dept.
City of Avondale
City of Cedar Hill - Economic Development
City of Columbus - Department of Dev't
City of Dallas Office of Economic Development
City of El Paso Dept. of Economic Dev't
City of Fort Collins
City of Surprise
Delaware Prosperity Partnership
Detroit Regional Partnership
Fayetteville-Cumberland Economic Dev' Corp.
Frisco Economic Development Corporation
Gilbert, AZ Office of Economic Development
GO Topeka Economic Partnership
Great Falls Development Authority, Inc.
Greater Des Moines Partnership
Greater Fort Lauderdale Alliance
Greater Houston Partnership
Greater Memphis Chamber
GREATER MSP
Greater Oklahoma City Chamber
Greater Phoenix Economic Council
Greater Richmond Partnership, Inc.

Greater Sacramento Economic Council
Greater Seattle Partners
Greater St. Louis Inc.
Greater Yuma Economic Development Corp.
Hillsborough County Economic Development
Invest Atlanta
Invest Buffalo Niagara
Invest Puerto Rico, Inc.
JAXUSA Partnership
Little Rock Regional Chamber of Commerce
Louisiana Department of Economic Dev't
Lubbock Economic Development Alliance
McKinney Economic Development Corporation
Michigan Economic Development Corporation
Minn. Dept. Employment & Economic Dev't
New Braunfels Economic Development
New Orleans Business Alliance
One Columbus
Orange County, California
Port San Antonio
Rutgers Center for Urban Entrepreneurship
Saginaw Future Inc.
Salt Lake City Corporation
St. Louis Economic Development Partnership
St. Tammany Corporation
Strada Education Network
Tampa Bay EDC
Team NEO
Texas Economic Development Corporation
The Economic Dev't Alliance for Jefferson Co.
Tulsa Regional Chamber
Upstate Colorado Economic Development
Virginia Economic Development Partnership