

Article 21: Unemployment and Workforce Development Programs

Unemployment and workforce development programs share a dynamic, interdependent relationship within the labor ecosystem. Effective workforce initiatives, such as training and career counseling, become crucial during periods of high unemployment to equip job seekers with necessary skills and address structural imbalances (Bollinger & Troske, 2025; Ratledge et al., 2023; Whitacre, 2025). Conversely, a robust and adaptable workforce, fostered through ongoing development efforts, prevents persistent unemployment (Avaradi et al., 2025; Brand, 2020; Hall & Kudlyak, 2022) by ensuring the labor pool can evolve with industry and technology shifts. This symbiotic link highlights how investing in human capital is an essential strategy for mitigating joblessness and fostering long-term economic resilience.

Causes and Scope of Unemployment in the United States

The U.S. labor market has been shrinking by a large margin in recent years. This trend is driven by persistent inflation, economic uncertainties, and the impact of tariffs, which have led to major corporate restructuring and mass layoffs in sectors such as technology and education, among others. Consequently, job creation has slowed across most industries, and the elevated U-6 unemployment rate reflects a slowing market with increased competition for fewer available positions (Avaradi et al., 2025; Brand, 2020; Hall & Kudlyak, 2022).

Following that lead, a study by the Federal Reserve Bank of San Francisco looked at the relationship between the recent rise in the U.S. unemployment rate and changes in how people move between employment, unemployment, and non-employment. Particularly, it explores whether the increase in unemployment is mainly due to more job losses or to fewer people finding new jobs. The researchers used data from the monthly Current Population Survey (CPS), which follows individuals over time to track their employment status. Using this data, they calculated how often unemployed workers became employed again and how often people left the labor force. Their analysis shows that the job-finding rate has dropped notably, and the average duration of unemployment has increased, both signs of a cooling labor market. These patterns resemble those seen in the early stages of past recessions. The authors conclude that while unemployment remains relatively low overall, the slowing pace of job transitions could be an early signal of weakening economic conditions, and policymakers should monitor this trend closely in the coming months (Avaradi et al., 2025).

Another study explored the relationship between the overall unemployment rate in the United States and the two types of unemployment that drive it—those who are unemployed but still have a job to return to (temporary layoffs) and those who are unemployed without any job connection (jobless unemployment). Using data from the monthly Current Population Survey (CPS), the authors tracked how individuals moved between employment, unemployment, and re-employment over time. The data were collected by following the same respondents across consecutive months, allowing clear identification of whether their unemployment was temporary or jobless. The results showed that during the 2020 pandemic, the share of temporarily laid-off workers spiked sharply but quickly declined as the economy reopened. By contrast, jobless unemployment rose and lingered, contributing more to long-term labor market weakness. The researchers concluded that jobless unemployment has deeper and longer-lasting impacts on the labor market and that economic policies should treat these two forms of unemployment differently when designing recovery strategies (Hall & Kudlyak, 2022).

Lastly, a study looked at the relationship between involuntary job loss in the United States and its long-term effects on workers' economic stability, health, and family well-being. Particularly, authors investigated how losing a job unexpectedly can shape people's financial, psychological, and social outcomes over time. Using long-term panel data from major U.S. surveys on displaced workers, the researcher followed individuals before and after they lost their jobs. This data allowed for tracking changes in employment, income, health, and family life across multiple years. The results show that job loss often led to extended unemployment, major and lasting income declines, and poorer-quality re-employment opportunities. It also caused declines in mental and physical health, strained family relationships, and negatively affected children's educational outcomes. The study concluded that involuntary job loss creates deep, wide-reaching disruptions that extend far beyond the workplace, highlighting the need for policies that address both re-employment and long-term well-being (Brand, 2020).

Effectiveness and Impact of Workforce Development Programs

Workforce development programs are often deemed an efficient tool to facilitate people's professional development and improve their quality of life. Furthermore, research consistently shows that participants in these initiatives are more likely to gain employment, earn higher wages, and experience greater job satisfaction. Beyond individual benefits, these programs also help bridge critical skills gaps for employers, improve overall workforce productivity and retention rates for businesses, and drive regional economic resilience by ensuring a skilled talent pipeline that can adapt to evolving industry demands (Bollinger & Troske, 2025; Ratledge et al., 2023; Whitacre, 2025).

For instance, a study examined the relationship between participation in the "New Choices" workforce-development program and participants' confidence, sense of belonging and job-search readiness. Following that lead, the authors used data from participants enrolled in a U.S. program offered by PA Women Work, comparing two formats—a 30-hour in-person version and a 10-hour virtual version introduced during the COVID-19 pandemic. The data were collected through surveys of participants' perceptions after completing each version, focusing on self-reported changes in self-confidence, belonging, and employment outcomes. The findings indicated that participants in both formats viewed the program positively, reported increased self-confidence and improved readiness for job searches and employment. The virtual format proved nearly as effective as the in-person version in those perceptions. The researchers concluded that workforce-development programs can successfully adapt to post-pandemic contexts while still producing meaningful gains in participants' psychosocial readiness and employment prospects (Whitacre, 2025).

On that same note, a review article from MDRC examined the relationship between "sector-strategy" workforce programs—those that train job seekers for specific high-demand industries—and outcomes such as credential attainment, earnings, and job placement. Hence, authors drew on nearly 15 years of evidence from U.S. programs, compiling data from evaluations of initiatives like Per Scholas, Year Up, and Project QUEST, each of which collected administrative records, survey responses, and earnings outcomes for participants over time. The authors reviewed findings showing that these sector-focused programs increased participants' receipt of industry-recognized credentials and boosted their earnings. For instance, Per Scholas (a national non-profit that provides free technology training to help people launch careers in the IT sector) saw a 46% improvement in credential receipt and an annual

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earnings bump around \$6,000. Similarly, *Year Up* (a program that offered training and an internship in IT and financial operations) significantly increased participants' likelihood of working in those sectors and led to an average earnings increase. Lastly, Project QUEST (a healthcare careers program) also boosted participants' earnings significantly for many years after enrollment. The authors noted, however, that not all credential gains translated into long-term earnings improvements, suggesting that short-term training in low-wage roles may have limited impact. Hence, they concluded that sector strategies can be effective—but they must target in-demand fields, provide robust support (such as tutoring, stipends, and employer partnerships), and rely on continuous employer relationships to deliver sustained economic mobility (Ratledge et al., 2023).

Another study explored the relationship between participation in the Louisville, Kentucky-based training program “Code Louisville” and subsequent labor-market outcomes such as employment and earnings. Hence, authors used administrative data from the program linked to the Kentucky Longitudinal Data System in order to track participant demographics, earnings, and employment status before and after program entry. The data were collected by matching program enrollee records (e.g., start dates and module completion) with statewide wage, employment records, and educational data. Furthermore, they compared a group of non-participants with similar observable traits. The results showed that the program helped participants improve their job and income outcomes. For men, employment rates rose by about 5 percentage points within a year, and their quarterly earnings were 5–10% higher by the third year. Women’s earnings increased by roughly 5% after one year and by 10–15% after three years, while their employment rates climbed about 3 percentage points over that period. Notably, the benefits were strongest among participants holding a bachelor’s degree or higher, with little statistically significant gain for lower-educated individuals. Overall, the researchers concluded that the Code Louisville program had a clear and meaningful positive impact on participants’ employment and earnings, demonstrating that targeted, skills-based training can effectively support workers’ long-term career growth in a wide range of sectors (Bollinger & Troske, 2025).

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