



## **Missing Piece in the Unemployment Debate**

WIPP Works in Washington  
By Ann Sullivan, WIPP Government Relations  
January 2014

A recent Roosevelt Institute study of data from the Bureau of Labor Statistics found that individuals who have been without a job for more than 27 weeks – the definition for the long-term unemployed – have just a 12% chance of finding a new job.<sup>1</sup> Today, of the ten million unemployed individuals in this country, about four million people are considered long-term unemployed. And the situation isn't likely to get any better for the unemployed: the Economic Policy Institute has calculated that there are 2.9 unemployed workers for every job opening.<sup>2</sup>

A debate about how to help the long-term unemployed has played out over the last couple of weeks in the Senate. Usually, a state pays the first 27 weeks of unemployment insurance (UI), and then the federal government picks up the tab for the next year. This part is called emergency unemployment assistance and it expired at the end of 2013.

But missing in the debate is an opportunity to reform the system and give the unemployed another employment option: starting their own business.

There is a national network of jobs training centers that provide skills training to individuals who are out of work and looking for a new job. They are typically called One Stop Career Centers. The problem is that the training they're providing fits an outdated definition of employment – get a 40-hour per week job at a large company. Government regulations reinforce that thinking by disallowing these jobs training centers from counting someone who starts a business as a “success.” No wonder that these job centers do not invest in offering entrepreneurial training as an option to the unemployed – they can't count them.

---

<sup>1</sup> Bureau of Labor Statistics, Current Population Survey, Unemployment Rate, <http://data.bls.gov/timeseries/LNS14000000>.

<sup>2</sup> Economic Policy Institute, *Ratio of Job Seekers to Job Openings Holds Steady*, November 22, 2013, <http://www.epi.org/press/ratio-job-seekers-job-openings-holds-steady/>.

But there's a simple fix: change the existing law to allow job training centers to recognize that starting a business is creating a job.

This change would simply allow the jobs centers to provide training they're already allowed (not required) to provide. They could also put together a partnership with government funded small business assistance programs provided by non-profits and Small Business Administration (SBA) offices.

The Congress should use the unemployment insurance extension legislation as an opportunity to make this change. It only requires a few sentences of text but it will make a big impact. Allowing jobs training centers to count starting a business as employment would result in more accurate unemployment numbers and assist the unemployed in exploring another way to find a job. In this do-it-yourself economy, starting a business is exactly the strategy many have used to earn income. The government ought to count and assist them.