



Who is out of work in Virginia?

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EXECUTIVE SUMMARY

The Virginia Board for Workforce Development has prioritized dual and complementary strategies that address the workforce needs of employers as well as the needs of those Virginians out of work. This study addresses the latter by examining the characteristics of out-of-work Virginians with particular attention to those who are out of work as a result of being unemployed or not being in the labor force (meaning neither having a job nor looking for one).

Data from the 2012-2016 American Community Survey¹ shows that 650,000 Virginians, ages 16-64, are jobless²; a quarter of them are unemployed but looking for a job; and the remaining three-quarters are not in the labor force. Understanding this sizable population is a worthy endeavor, and this study found two striking characteristics:

1. Low education is a powerful determinant for being out of work. People with less than a high school diploma are three times more likely to be out of work than those with a college degree or more.
2. Labor force participation rates among young people (ages 16-34) have been steadily declining. In fact, 40% of out-of-work Virginians (which excludes people in school) are in this age group.

Other major findings include:

1. Single parents, while more likely to participate in the labor force, are also more likely to be unemployed.
2. People with low English proficiency, mostly immigrants, are less likely to participate in the labor force; but, among those who do, they are no more likely to be unemployed than their English-proficient counterparts.
3. Many out-of-work people live in chronic poverty. The poverty rate is particularly high among the so-called “disconnected youth” who are neither in school nor working.
4. In some rural regions, the group quarters population (which consists mainly of people living in institutionalized settings, such as jails, prisons, or mental health facilities) accounts for a high percentage of the local out-of-work. While confinement in an institution generally prevents workforce participation, this data is included, as requested, in order to inform approaches to regional workforce needs.

¹ United States Census Bureau, American Community Survey 2012-2016

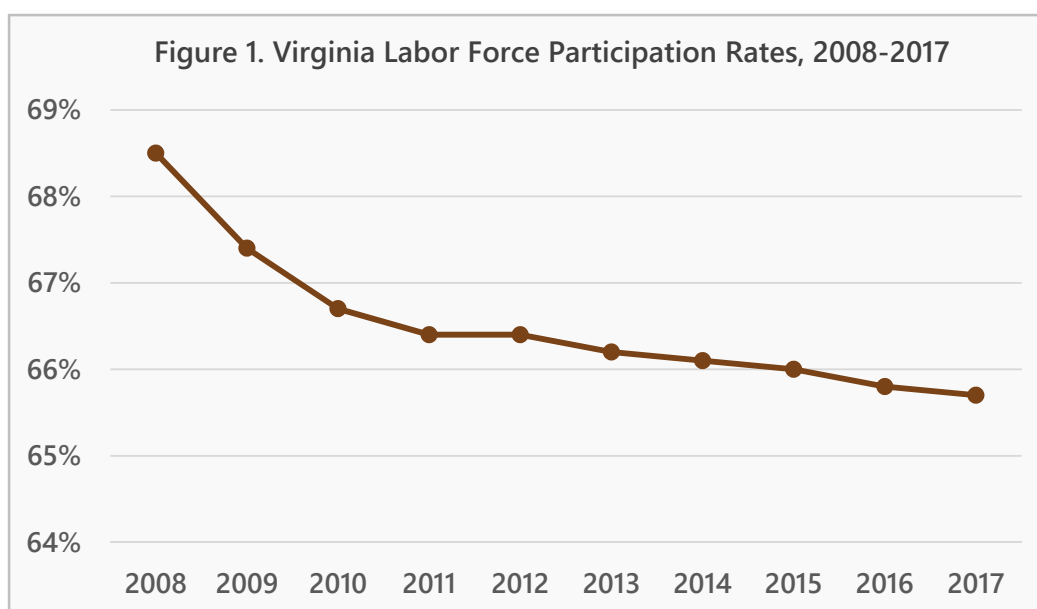
² Subtracting those who are in school, retired, with total permanent disabilities, or stay-at-home-parents with sufficient income

The analysis in this study is presented for two age groups: those ages 25-64, and those ages 16-24. In addition to statewide statistics, six regions, grouped by Local Workforce Development Areas, were also analyzed to identify the regional characteristics of the out-of-work population. Policy implications based on the findings are discussed at the end of the report.

INTRODUCTION

In its 2017-2019 Strategic Plan, the Virginia Board of Workforce Development endorsed a “dual-customer” model that strives to recognize and meet the needs of both businesses and job seekers in developing a strong state workforce that maximizes Virginia’s economic potential³. This model supports the idea that, while it is necessary to develop programs and policies that focus on aligning workforce skill development with employer needs and labor market demand, it is also important to understand the supply side of the workforce, including those who are out of work. The analysis in this report is offered to increase understanding of the supply side of the workforce, particularly those Virginians who are jobless.

Virginia, and the U.S. as a whole, while experiencing a much-welcomed decline in unemployment since the peak of 2010, has also witnessed a steady decline in labor force participation. Figure 1 shows that, labor force participation rates⁴ have been falling, from 68.5% in 2008 to 65.7% in 2017. While the drop is



driven primarily by the retirement of baby boomers along with slower population growth through immigration and immigration, shrinking labor force participation among younger workers also contributes. A declining labor force participation rate begs the questions: how many people ages 16-64 in Virginia are

³ Dunnigan, Sara J. 2018. “Building a Workforce System That Works for Virginia.” *Virginia Board of Workforce Development*.

⁴ According to the American Community Survey (ACS) data, collected by the U.S. Census Bureau

neither working nor looking for work? Who they are? What factors influence their lack of participation in the labor market? Is this population a reasonable target for policy and programmatic outreach?

QUESTIONS

This study aims to answer three questions:

1. Who are the out-of-work in Virginia?
2. What characteristics differentiate those who are unemployed and those who are not in the labor force?
3. Are there any regional differences among the out-of-work in Virginia?

DATA SOURCE

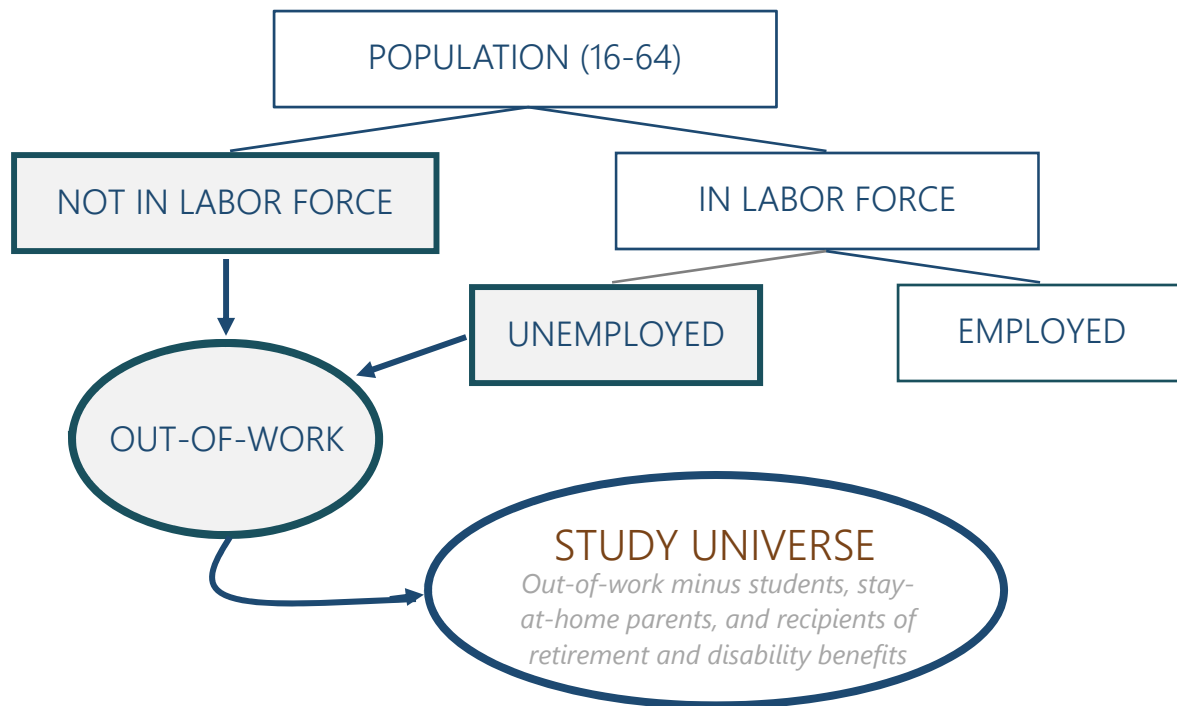
The 2012-2016 five-year American Community Survey data were used in this study. It is the most recent and comprehensive data available at state and regional levels.

POPULATION OF INTEREST

The labor force includes people ages 16 and older who are either employed, or unemployed, but looking for a job. Those identified as not in the labor force include people ages 16 and older who do not have a job and are not looking for one. In this study, the focus is on people ages 16-64 who are out-of-work, which includes both those who are unemployed and those who are not in the labor force.

In addition, the following groups were subtracted from the population studied:

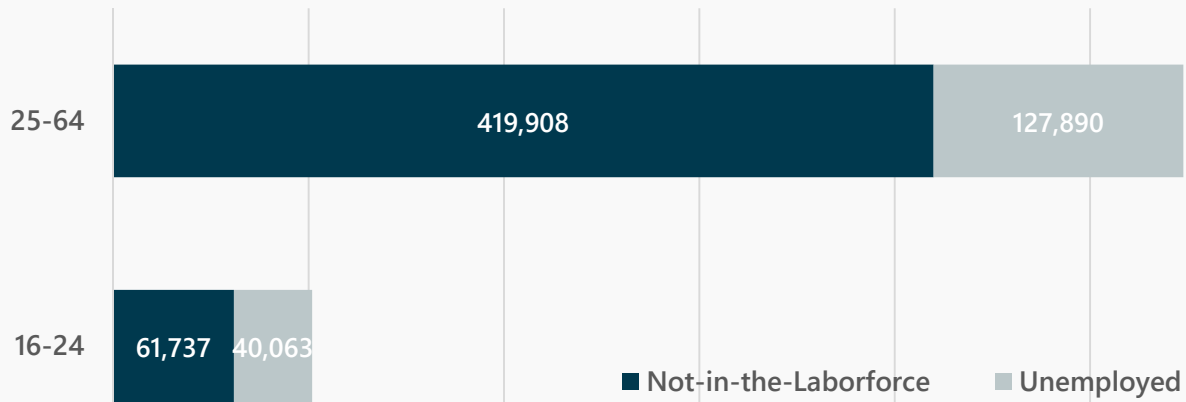
1. Students
2. Stay-home parents with sufficient income (defined as household income of at least 4 times the federal poverty threshold)
3. Retirees
4. Recipients of disability benefits



Among the 5.5 million Virginians ages 16 - 64, 3.9 million are employed; nearly 250,000 are unemployed but looking for jobs; and 1.3 million are not in the labor force. After excluding students, stay-at-home parents with sufficient income, retirees, and recipients of disability benefits, the total number of the out-of-work population is 650,000—the overall population analyzed throughout the study. Two age groups—25-64 and 16-24—were examined separately. The latter (which is often called disconnected youth, as they are neither in school nor at work) merited a separate look from their older counterparts.

Figure 2 indicates that, among the out-of-work population for both age groups (16-24 and 25-64), most are not in the labor force. Both age groups combined (16-64) account for three-quarters of the total out-of-work population. This suggests that, while the unemployment rate is often the focus for labor market analysis, perhaps more attention should be paid to those not in the labor market, which is far less understood.

Figure 2. The out-of-work population by two major age groups



THE 25-64-YEAR-OLDS

DEMOGRAPHIC DESCRIPTION

Overall, nearly 550,000 (or about 12%) of Virginians ages 25-64 are out of work. Among them, more than 77% are not in the labor force (not seeking work), while the remaining 23% are unemployed but looking for a job. Figure 3 highlights that, among four age groups between 25-64 years old, the youngest group is the most likely to be out of work. Nearly three out of ten people who are out of work are in their late 20s and early 30s.

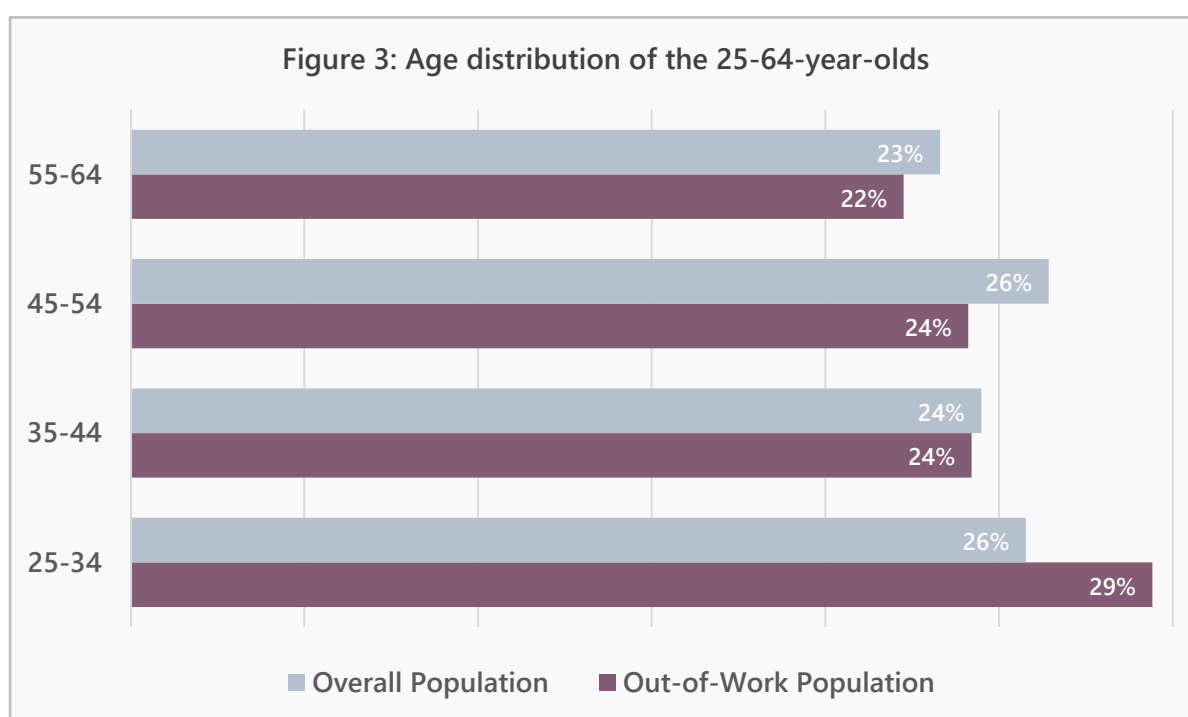


Figure 4 displays out-of-work status by race and ethnicity⁵. Compared to their shares in the overall population, whites and Asians are underrepresented in the out-of-work population. Blacks and Hispanics, on the other hand, are overrepresented.

⁵ Please note that Hispanic is not a race category. Hispanics can be of any race.

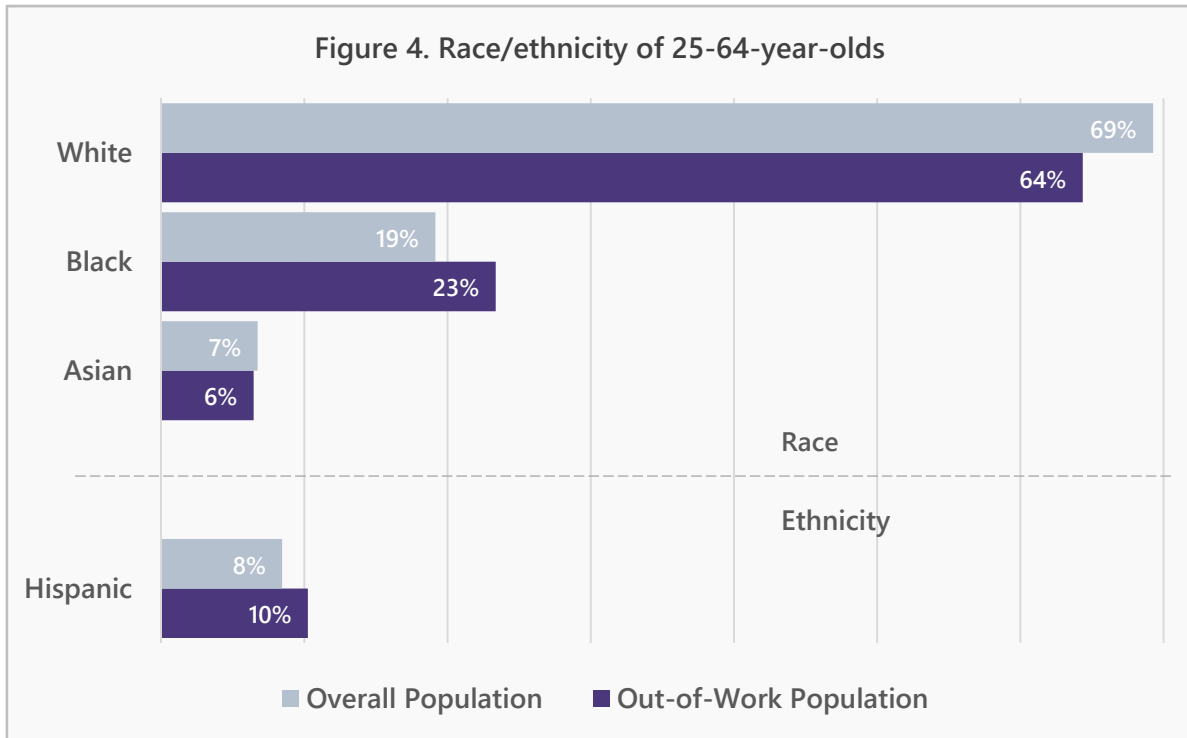
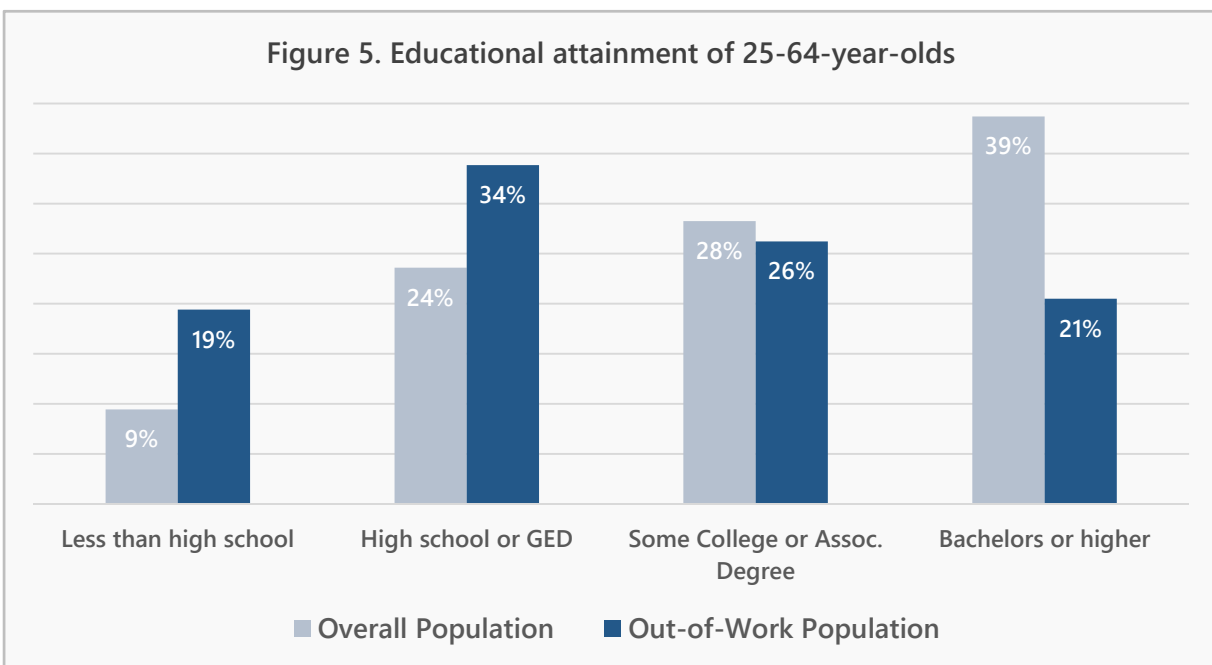


Figure 5 compares educational attainment of the overall population with that of the out-of-work. Among the out-of-work population, 53% have no more than a high school diploma or GED, compared to 33% of the general population. On the other end of educational spectrum, one in five of the out-of-work has at least a bachelor's degree, whereas one in three in this age group overall has a bachelor's degree.



In addition, the following statistics are worth noting:

- Females comprise 60% of the out-of-work population, even though they represent only half of the population overall.
- Thirty-eight percent of the out-of-work lives in poverty, compared to 11% of the overall population. It is not surprising that poverty and out-of-work status are strongly associated; the causal relationship, however, may be a “chicken vs. egg” situation.
- Twenty-three percent of the out-of-work population receives food stamps (SNAP), which is more than twice the state average rate of 10%.
- Nine percent of the out-of-work lives in institutionalized settings, such as jails, prisons, or mental health facilities. Though it may seem counterintuitive to include this group in the workforce population, some of them may return to seeking employment upon release.
- Foreign-born individuals represent 16% (roughly one in six) of Virginia’s 25-64-year-olds. They are over-represented in the out-of-work population (19%), indicating that immigrants may face additional barriers to employment, such as working visa requirements, English proficiency, or foreign educational degrees not recognized in the U.S.
- Seventeen percent of the out-of-work, compared to 10% of the overall population, have some disability (excluding those with total and permanent disabilities that qualify them for disability benefits).
- While veterans account for 10% of Virginians ages 25-64, they only account for 5% of the out-of-work.

DEMOGRAPHIC DETERMINANTS

Additional statistical modeling reveals demographic determinants of individuals’ out-of-work status by exploring two questions:

1. What characteristics significantly determine the likelihood of an individual being out of work?
2. What factors differentiate those who are unemployed from those not in the labor force?

The key findings are:

- **Women** are 1.5 times more likely to be out of work than men.
- **Blacks** are more likely to be out of work than other racial groups.

- People with **less than a high school education** are three times more likely to be out of work than those with a college degree.
- People with low English proficiency, disabilities, or with children ages 5 or under are more likely to be out of work.
- While those with **low English proficiency** are less likely to be in the labor force (which may indicate that the lack of English proficiency deters many from seeking work), those who are active in the labor market are no more likely to be unemployed than those with English proficiency.
- **Single parents** are more likely to be in the labor force but also more likely to be unemployed than non-single parents.
- **Pre-retirees** (ages 55-64) are more likely to be not in the labor force, while **younger people** (ages 25-34) are more likely to be unemployed.

THE 16-24-YEAR-OLDS

While it is common for most 16-19-year-old teenagers or young adults in their early 20s to be either in school or at work, more than 100,000 Virginia youth between the ages of 16 and 24 are neither attending school nor working. They account for 10% of the overall 16-24-year-old population, and are often called “disconnected youth”.

Figure 6 indicates that among the out-of-work youth population, the majority are between ages 20 and 24, but quite a few are also teens.

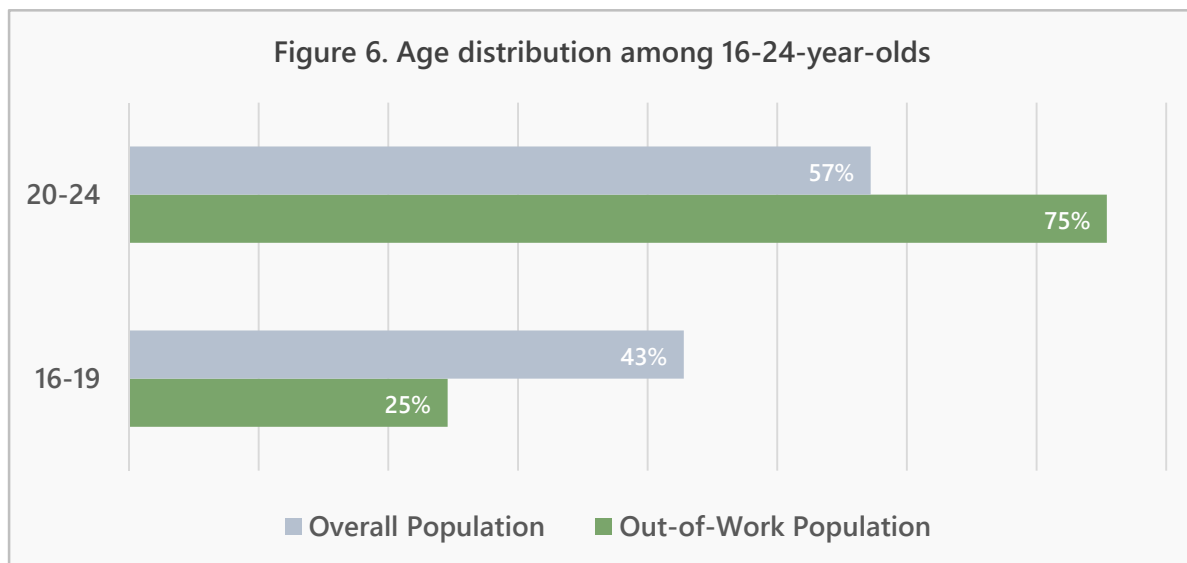


Figure 7 displays out-of-work status by race and ethnicity. Black youth are overrepresented among the out-of-work at 33%, while Asians and whites are underrepresented. Eleven percent are Hispanics, which is one percentage point higher than their share of the overall population.

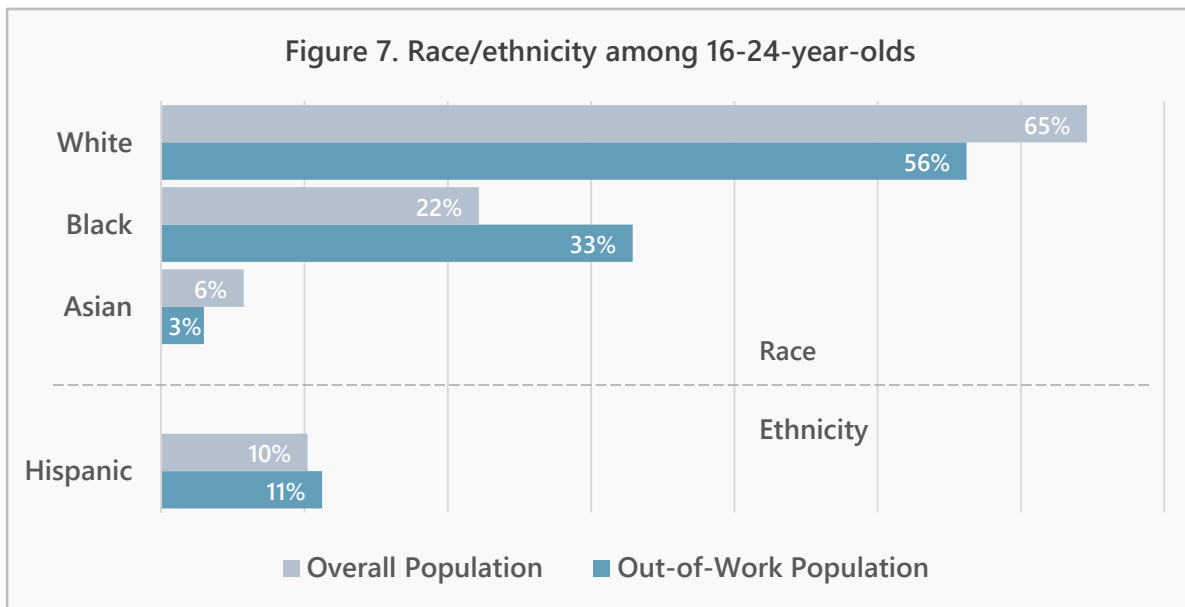
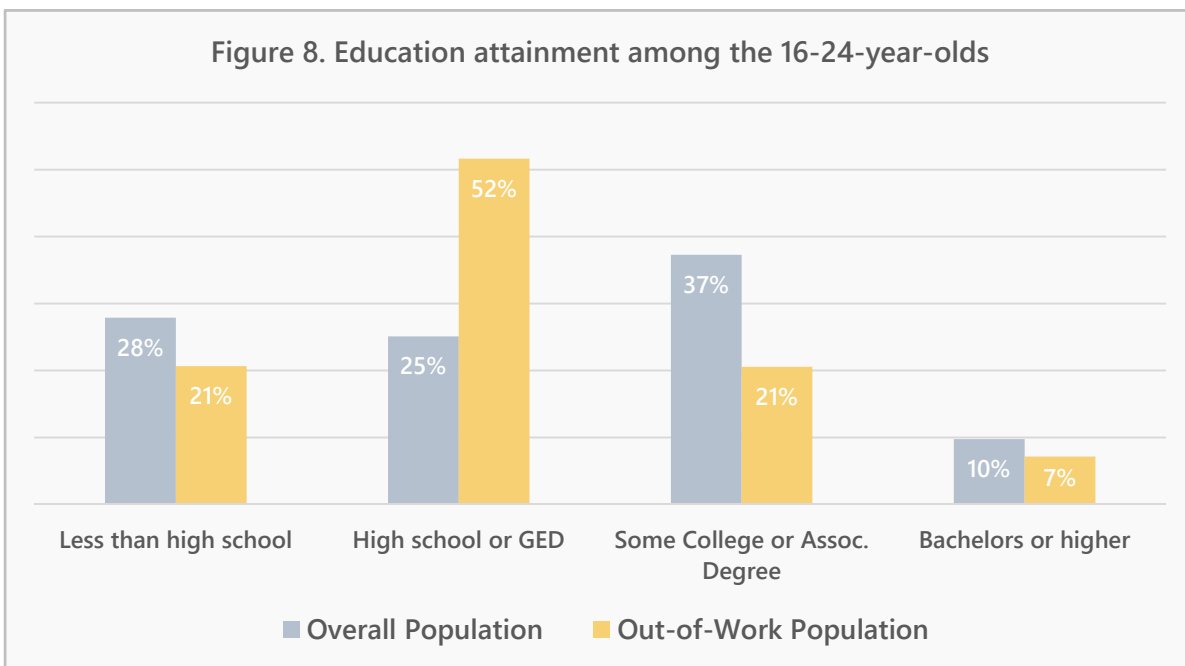


Figure 8 compares educational attainment between 16-24-year-olds overall with those youth in the out-of-work population⁶. Nearly three quarters of the 16-24-year-olds who are neither in school nor working have only a high school education or less. It is worth noting that recent college graduates make up 7% of the out-of-work population.



⁶ Education attainment data for the overall population of 16-24-year-olds only indicates a person's school status, rather than ultimate attainment, as many in this group are still in school.

Further analysis reveals that among the out-of-work youth:

- Sixty-one percent live in poverty, compared to 30% of the overall 16-24-year-old population (including many college students). More than one-quarter of the out-of-work youth receive food stamp assistance (SNAP).
- Nine percent are foreign-born; 3% report having limited English proficiency.
- Young adults ages 20-24 are more actively looking for jobs, or working in the prior year, than teens ages 16-19.
- Teen males are more likely to be out of work than teen females.
- Living arrangement patterns are identical for the 16-24-year-old population overall and for those out of work, with 60% reporting that they live with parents.

REGIONAL DEMOGRAPHIC CHARACTERISTICS

While the statewide data provides much information about the out-of-work population in the Commonwealth, distinct differences among the regions are further revealed by grouping 15 Local Workforce Development Areas (LWDA) into 6 workforce clusters (while maintaining data availability from the census geography).⁷

Table 1: Defining the out-of-work population, ages 25-64, in Regional Workforce Clusters

	Blue Ridge	Eastern	Northern	Richmond Area	Southside	Southwestern
Total population ages 25-64 (100%)	481,018	1,149,913	1,384,653	580,506	284,056	594,609
% Employed	74%	75%	82%	77%	64%	68%
% Retired/disability benefits recipients	9%	8%	4%	8%	14%	15%
% in School	1%	2%	1%	1%	2%	1%
% Stay-at-home parents	2%	2%	4%	2%	1%	1%
% Out of Work	13%	13%	9%	12%	19%	15%

Table 1 displays, for each region, the total population ages 25-64 and the percentage of the out-of-work.⁸ Some of the comparisons between regions are stark. For instance, 82% of the 25-64-year-old population in the Northern region is employed, while only 64% in the Southside region is employed. Conversely, a significant portion of the 25-64-year-olds (15%) in the Southwestern region receive retirement or total permanent disability benefits, compared to only 4% in the Northern region. In addition, the Northern region has a higher percentage of stay-at-home parents with sufficient

⁷ Due to the limited sample size at the regional level, only the overall 25-64-year-old out-of-work population was included in the regional analyses. The “Regional Workforce Clusters” used in this analysis consist of either a single, heavily-populated LWDA, or a group of multiple, adjacent LWDAs. The clusters were developed to identify regional patterns across the out-of-work populations in Virginia.

⁸ The percentage of the population in each of four exclusion categories (% employed, % retired/disability benefit recipients, % in school, % stay-at-home parents) is listed below the total for each region. Those percentages are subtracted from the total population to derive the percentage of those out of work.

household income than all other regions. Table 1 demonstrates that each region has its unique labor force participation patterns, suggesting the wisdom of geographically-targeted strategies.

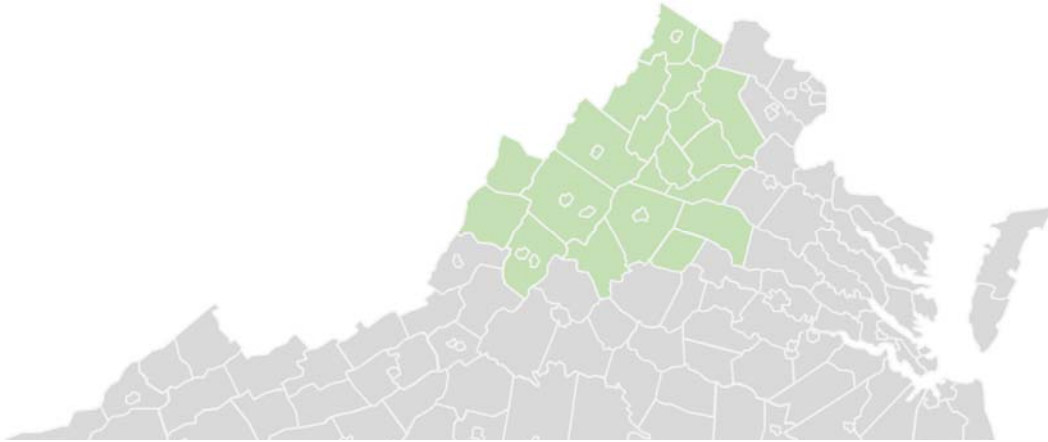
Table 2 provides a comparison of the characteristics for the overall population ages 25-64 and the out-of-work population by state and region. Across the board, two groups appear consistently among the out-of-work: younger people (ages 25-34), and people with low levels of education (high school or less). Other characteristics are of varying significance across the regional workforce clusters:

- The out-of-work population is economically disadvantaged and tends to live in poverty;
- Limited English proficiency reduces labor market engagement;
- Being a single parent or having young children depresses workforce participation.
- It is also worth noting that in some regions the group quarters population, which contains mainly the institutionalized population (such as inmates and those in residential treatment facilities), is quite prominent among the out-of-work. In Southside, for example, 30% of the out-of-work population lives in group quarters.

Table 2: Descriptive Demographic Statistics

Variables	Virginia Overall	OUT-OF-WORK						
		Virginia	BlueRidge	Eastern	Northern	Richmond Area	Southern	Southwestern
Population Ages (25-64)	4,474,755	547,798	65,734	145,989	123,586	67,271	56,989	88,229
AGE								
25-34	26%	29%	26%	32%	28%	29%	28%	30%
35-44	24%	24%	24%	23%	25%	24%	26%	23%
45-54	26%	24%	25%	24%	21%	24%	26%	26%
55-64	23%	22%	25%	20%	26%	22%	20%	20%
SEX								
Male	49%	38%	36%	37%	30%	39%	57%	42%
Female	51%	62%	64%	63%	70%	61%	43%	58%
RACE								
White	69%	64%	83%	59%	58%	57%	50%	84%
Black	19%	23%	10%	32%	13%	34%	45%	12%
Asian	7%	6%	3%	4%	18%	5%	1%	1%
Other	5%	6%	4%	5%	11%	5%	4%	3%
ETHNICITY								
Hispanic	8%	10%	8%	8%	23%	7%	5%	4%
EDUCATIONAL ATTAINMENT								
Less than high school	9%	19%	21%	17%	19%	20%	24%	21%
High school or GED	24%	34%	38%	36%	22%	34%	43%	38%
Some College or Assoc. Degree	28%	26%	23%	31%	21%	26%	26%	28%
Bachelors or higher	39%	21%	18%	17%	38%	20%	7%	13%
NATIVITY AND ENGLISH PROFICIENCY								
Foreign-born	16%	19%	12%	11%	50%	13%	5%	6%
Limited English Proficiency	3%	7%	6%	3%	18%	6%	2%	2%
WORK EFFORT								
Actively searching	4%	22%	21%	23%	24%	26%	18%	20%
Worked last year	81%	27%	29%	26%	26%	29%	26%	29%
POVERTY INDICATORS								
Below 100% Federal Poverty Level	11%	38%	39%	37%	25%	37%	61%	45%
Food-stamps	10%	23%	22%	24%	13%	25%	28%	30%
FAMILY								
Single Parent	12%	14%	15%	16%	12%	16%	13%	12%
Children under 5 present	13%	15%	15%	17%	17%	15%	9%	14%
IN GROUP QUARTERS	2%	10%	10%	9%	3%	8%	30%	12%
REPORTING DISABILITY	10%	17%	19%	16%	9%	18%	20%	23%
VETERAN	10%	5%	4%	8%	3%	5%	7%	4%

BLUE RIDGE WORKFORCE CLUSTER



Shenandoah Valley (LWDA 4) and Piedmont Workforce Network (LWDA 6)

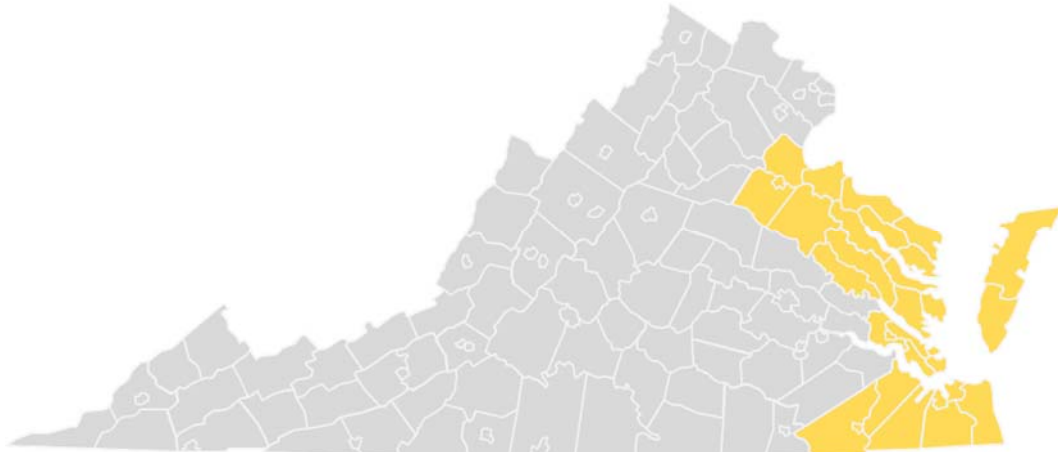
Located on the western border of Virginia, the Blue Ridge Workforce Cluster has nearly 66,000 out-of-work residents between ages 25-64. The out-of-work population in this region tends to be young (ages 25-34), less educated, or have some disability. Low English proficiency also plays a role in keeping some out of work. Nearly 40 percent of the out-of-work population lives in poverty.

 Young

 Disabled

 Less-educated

EASTERN WORKFORCE CLUSTER




Bay Consortium (LWDA 13), Greater Peninsula (LWDA14) and Hampton Roads (LWDA 16)

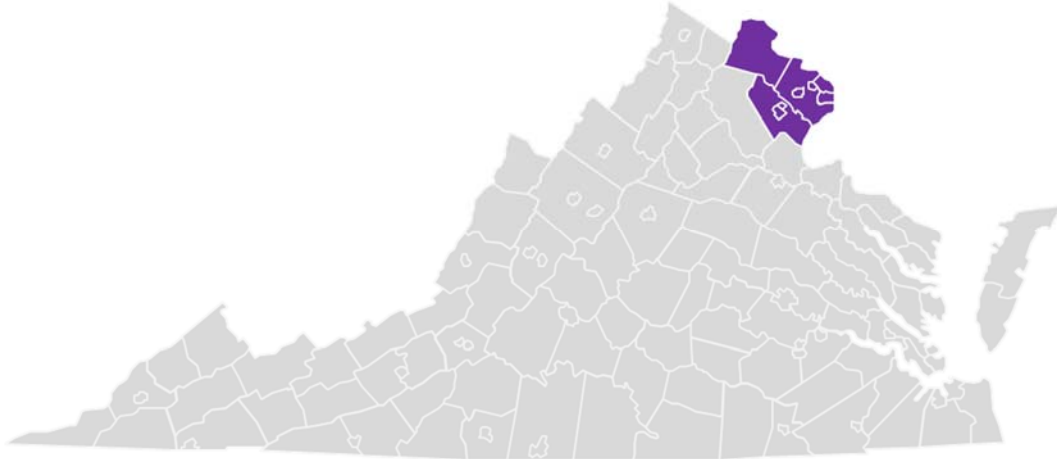
The Eastern Workforce Cluster covers the Eastern Shore, Northern Neck, and Middle Peninsula, as well as all of Hampton Roads, and is home to just under 150,000 25-64-year-olds who are out of work. The out-of-work population in this region tends to be young, less educated, black, or with very young children in the home. More than a third of the out-of-work lives in poverty. Notably 8% of the out-of-work are veterans, higher than any other region.

 Young

 ^{with} Young children

 Less-educated

NORTHERN WORKFORCE CLUSTER



Northern Virginia (LWDA 11) and Alexandria/Arlington (LWDA 12)

The Northern Workforce cluster is adjacent to the Washington Metro Area with about 124,000 individuals who are out-of-work, accounting for 9% of the 25-64-year-olds. A higher proportion of the out-of-work population in this region falls into the 25-34 and 55-64 age groups. Nearly a quarter of the out-of-work are Hispanic. The foreign-born account for half of the total out-of-work population, and many have low English proficiency. A significant portion of those with a bachelor's degree or above are out of work, a unique feature to the Northern region. Fewer people than in any other region are under the federal poverty threshold, due to the area's higher income level.



Foreign Born

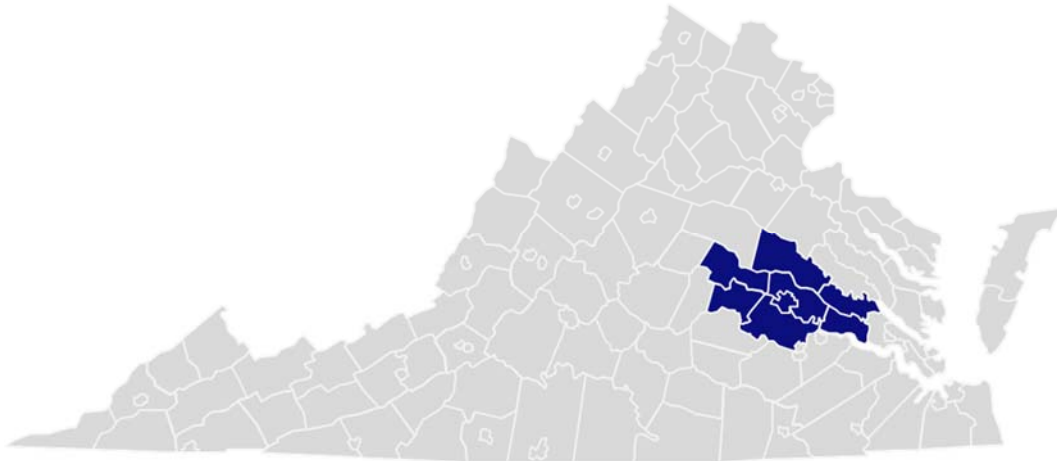


Hispanic



Pre-retirees

RICHMOND AREA WORKFORCE CLUSTER



Capital Region Workforce Partnership (LWDA 9)

The Richmond Area Workforce Cluster has a dynamic urban hub and is home to the state's capital, but it still has nearly 67,000 out-of-work aged 25-64. The out-of-work population in this region tends to be young, less educated, Black, or disabled. Across all regions, those who are out of work in the Richmond area are the most active in seeking employment opportunities, with 32% reporting that they looked for jobs or pursued opening their own business or professional practice within the past 4 weeks. More than a third of the out-of-work lives in poverty.



Young

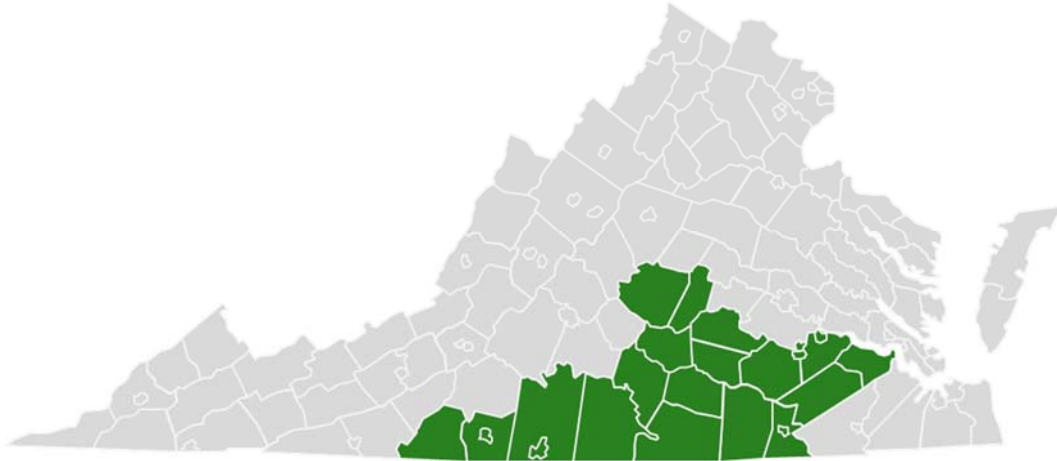


Black



Less-educated

SOUTHERN WORKFORCE CLUSTER



South Central (LWDA 8), Crater Area (LWDA 15) and West Piedmont (LWDA 17)

Apart from Danville and Martinsville, most of the Southern Workforce cluster is rural and sparsely populated. Its 57,000 out-of-work population accounts for nearly 20% of the overall 25-64-year-old population, the largest share across all 6 regions. The out-of-work population in this area tends to be young, less educated, or Black (45%). Three out of ten of the out-of-work, mostly males, are living in group quarters (mainly institutionalized facilities). As a result, unlike any other region, men (not women) in the Southern region account for more than half of the out-of-work population. The poverty level among the out-of-work is the highest in the state, with 62% living in poverty. Disability is also quite prevalent, with one in five of the out-of-work having some sort of disability.



Young

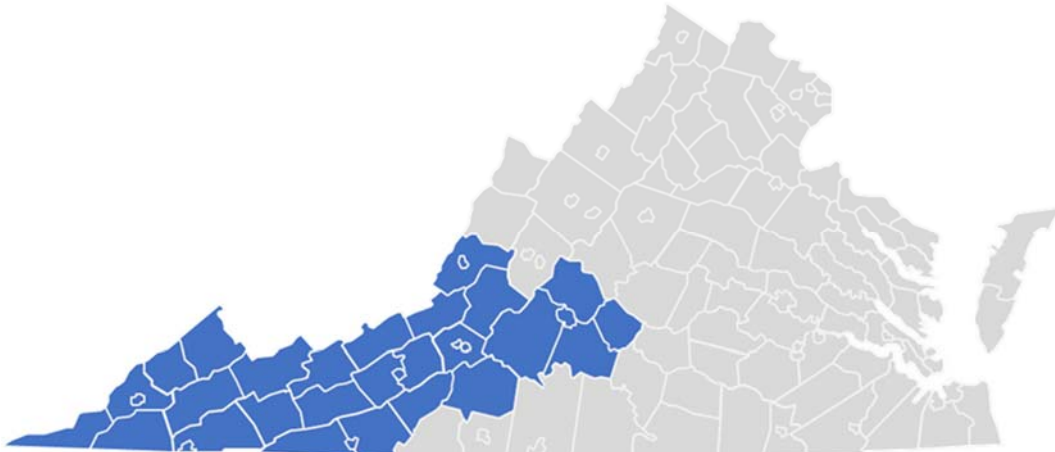


ⁱⁿ Group quarters



Less-educated

SOUTHWESTERN WORKFORCE CLUSTER



Southwestern VA (LWDA 1), New River/ Mt. Rogers (LWDA 2), Western VA (LWDA3) and Region 2000/ Central VA (LWDA 7)

Occupying the westernmost portion of Virginia, the Southwestern Workforce Cluster is comprised of 4 LWDA's and houses more than 88,000 residents ages 25-64 who are out-of-work. The out-of-work population in this region tends to be young, less educated, or have some disabilities. Whites significantly overrepresent the out-of-work population, while all minority groups are underrepresented. Twelve percent of the out-of-work lives in group quarters. The poverty level is high: 30% of the out-of-work receives food stamps (SNAP) and 45 percent lives in poverty.



Young



Disabled



Less-educated

POLICY IMPLICATIONS

This study provides a comprehensive analysis of the out-of-work population in Virginia. Two distinct age groups (16-24 and 25-64), two out-of-work statuses (unemployed and not in the labor force), and two levels of geography (state and region) were carefully examined, where sample size and data robustness requirements allow. Summarized below are a few key subgroups for policy considerations.

SINGLE PARENTS

Fourteen percent of those out of work between ages of 25 and 64 are single parents. While single parents are less likely to be out of the labor force than their married counterparts, they are more likely to be unemployed. Childcare availability and affordability, child activity schedules, and transportation access are usually the biggest obstacles for parents seeking employment. The adoption and expansion of workforce policies that reduce the conflict between work and family life would make it significantly easier for parents to remain employed. In addition to promoting policies among employers that expand parental leave and improve employee access to childcare, creative approaches to workforce development programs—such as “two-generation” programs that combine early childhood education programs with workforce development training for adults—could prove to be parent-friendly and effective.

In addition, employers may consider providing flexible schedules by allowing a later start time, or allowing work hours to be made up later. Work-life balance is critical in creating a compassionate working environment, retaining employees, and reducing turnover, as well as improving employees’ morale and productivity. The approaches suggested above benefit all employees, but especially serve those who are single parents, or have young children, as they have additional constraints and face greater odds of being out-of-work. In addition, engaging single parents or parents of young children in the workforce has positive trickle down benefits for the entire family and improves outcomes for children.

IMMIGRANTS

According to the Bureau of Labor Statistics, immigrants make up about 17% of the U.S. labor force, a sizeable and increasingly critical component—especially in light of the imminent aging and retirement

of baby boomers. In Virginia, of the overall population ages 25-64, 17% are foreign-born, yet slightly more (19%) of these are out of work.

Lack of English proficiency is a substantial barrier to employment for the foreign-born. In Virginia, 35% of out-of-work immigrants reported having low English proficiency. Not speaking the language at all or not well enough makes it much harder when seeking employment information, applying for positions, or interviewing for jobs. In addition to language barriers, immigrants who are eligible to work also face other challenges, such as educational credentials from their home country not being recognized in the U.S., social isolation, lack of information and access to formal employment opportunities, and limited resources to pursue their original careers. Policies and programs to address these unique barriers for the foreign-born out-of-work will allow this segment of the work force to more fully engage in and contribute to the Commonwealth's economy and vitality.

DISCONNECTED YOUTH

The sheer number (100,000) and share (10%) of the 16-24-year-old Virginians who are not in school or working is a matter of great concern. Studies have found that disconnected youth are more likely to be poor, to suffer from mental health problems and/or substance abuse, to be involved in violence, and to become teen parents. They are also more susceptible to suffer long-term consequences, such as lower lifetime incomes and an inability to find and keep steady jobs.

As this study shows, more than 60% of Virginia's disconnected youth live in poverty, and 27% receive food stamps. Nearly three-quarters have only a high school diploma or less (low educational attainment is a strong determinant of out-of-work status for workers of all ages). Policies that attempt to reduce the high school dropout rate, provide apprenticeships and training opportunities, and open up career pathways for this vulnerable youth population are an important priority. In addition to expanding post-secondary education and making it more affordable, other alternatives, such as providing career and technical education, are equally important. Career and technical education offered by the Virginia Department of Education and the Virginia Community College System, as well as programs like PluggedInVA, serve as examples of resources that equip students and potential workers with the training and credentials needed for the workplace.

Youth of today are the backbone of tomorrow's workforce; therefore, investment in their future is crucial, and engaging the disconnected youth in a meaningful way will yield a worthy return for these individuals and for society at large.

While the data used in this study offer the most recent and comprehensive information about Virginia's out-of-work population, many interesting questions remain. For example, the prison population, which makes up a sizeable portion of the out-of-work in some rural regions, is an important area of interest, requiring policies aimed to assimilate these individuals, upon release, back to society and productive roles in the economy.

As for items for further study, administrative data maintained by state agencies may be examined to deepen the knowledge and understanding of out-of-work individuals and their families. Unemployment Insurance data, for example, are likely to provide more detailed information and in-depth insights on unemployed workers. In conclusion, this study is an important and necessary first step; yet more data and research will be needed to tackle Virginia's changing workforce and ensure its long-term economic prosperity.