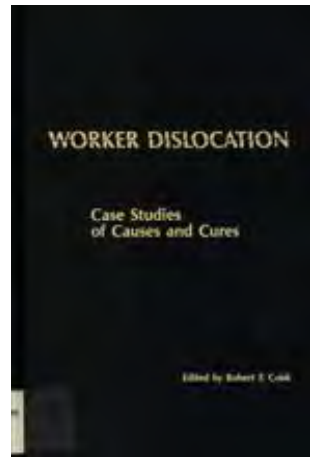

Upjohn Institute Press

Introduction

Robert F. Cook
Westat



Chapter 1 (pp. 1-14) in:

Worker Dislocation: Case Studies of Causes and Cures

Robert F. Cook, ed.

Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 1987

DOI: 10.17848/9780880996181.ch1

1

Introduction

The Dislocated Worker Problem

Since roughly 1980, the United States has experienced job losses in a number of basic and secondary industries resulting from technological change, world competition, and worldwide supply/demand imbalances adversely affecting prices of basic raw materials and foodstuffs. These factors have led not only to large scale layoffs in basic industries (oil and gas production, primary metals), and manufacturing and textiles, but to bankruptcies and decline in agriculture and related industries. The result has been that large numbers of experienced (often unionized and well paid) workers have lost not only their jobs but the prospects of reemployment in the industries where they have worked for most of their lives. They are the dislocated workers.

The numbers of workers affected were initially and continue to be in some dispute. Early proxy estimates suggested that, given re-employment following the recession, the range of the number of dislocated workers was 300,000 to 815,000.¹ Subsequently, a special supplement to the January 1984 *Current Population Survey* (CPS) questionnaire, analyzed by the Bureau of Labor Statistics (BLS), resulted in an estimate that 5.1 million people who had been employed at least three years in a particular firm had lost jobs between January 1979 and January 1984 as the result of a plant closing, major layoff, or the permanent loss of their particular job (the definition of a dislocated worker). Of these workers, 3.5 million had collected unemployment benefits, 1.3 million were looking for work in January 1984 and another 700,000 had left the labor force.² More recently, using the Bureau of Labor

2 Introduction

Statistics data, the General Accounting Office (GAO) has estimated that 2.3 million workers were dislocated annually between 1979 and 1984.³ A subsequent, comprehensive report by the Office of Technology Assessment accepted the CPS/BLS estimates.⁴

In response to the problem of dislocated workers, the Congress in October 1982 included in the Job Training Partnership Act, Title III, which was designed to respond to the problems of experienced but laid off workers.⁵

The Purpose of This Volume

This volume was designed with two basic objectives. The first is purely descriptive: what is being done in a set of varied Dislocated Worker Projects funded under Title III of the Job Training Partnership Act (JTPA). Title III concentrates on experienced workers who have lost jobs due to a layoff or plant closing, rather than inexperienced, economically disadvantaged individuals. Therefore, a straightforward description of what is being done may be of use to policymakers and others interested in employment and training policy and the problem of worker dislocation.

The second objective is to provide technical assistance to program operators or potential program operators by describing the experience of others who have operated these programs. The case studies examine some of the things that have been tried, and what has been learned from these experiences.

This chapter describes the nature of the Title III program under JTPA, provides background on how the particular projects were selected as case studies for this volume, and indicates the general nature of these projects. Each of the following nine chapters presents an individual case study written in a consistent format. The final chapter then looks across the case studies and examines what has been learned. Specific attention is given to the question of relative effectiveness: "What works for whom under what set of circumstances?" It is hoped that this examination will provide an understanding of the problem of worker disloca-

tion, as well as the results of experimentation with various solutions to that dilemma.

Title III of JTPA

The Dislocated Worker Program, authorized by Title III of the Job Training Partnership Act, has an entirely different focus from the rest of the Act. While other titles of the Act provide training resources for the economically disadvantaged, Title III is designed to assist experienced workers who have lost their jobs or are at risk of losing their jobs because of plant closings and layoffs due to technological change and world competition.

A major element of Title III is the role it gives the states in designing and implementing the program. Many responsibilities that were traditionally functions of the federal government have been shifted to the state level. The states have almost complete authority over how the program is targeted, how resources are distributed, and what services will be provided.

The legislation requires that 70 percent of all Title III funds be devoted to training activities. In addition, the U.S. Department of Labor (DOL) built into the Title III budget an estimated cost per slot of \$6,610 (\$3,305 per participant) for transition year (October 1983 to June 30, 1984) 1984 and \$6,864 for program year (July 1, 1984 to June 30, 1985) 1984 (\$3,432 per participant). These figures carried an implicit assumption that dislocated workers require significant retraining in order to become reemployed.

Many Title III eligibles held high paying jobs within a firm for a number of years. However, the skills learned in those occupations may be firm-specific and not transferrable to other jobs that pay similarly high wages. Therefore, project operators may find it necessary to provide counseling aimed at reducing participants' wage expectations. Other dislocated workers are in need of financial assistance and personal counseling. Still other eligibles prefer strategies that produce immediate employment, such as job search and on-the-job training (OJT) as op-

4 Introduction

posed to long-term training programs that might result in new career opportunities. Finally, in attempting to maintain seniority, skill levels and income, others may return to the same industry from which they were laid off or wait “for the plant gates to reopen.”

Allocation Provisions

Federal funds for Title III programs are allocated in two ways. The principal method, by which 75 percent of the money is distributed to the states, is a formula allocation based on three factors:

- (1) the state’s relative share of the number of all unemployed persons in the country;
- (2) the state’s share of the number of “excess” unemployed persons in the country, with “excess” defined as those above 4.5 percent of the civilian labor force; and
- (3) the state’s relative share of persons unemployed for longer than 15 weeks.

Each state must match these federal funds with an equal amount of nonfederal public or private funds, but the amount of the required match is reduced by 10 percent for each percentage point that the state’s average unemployment rate exceeded the national unemployment rate in the prior fiscal year.

Second, the Secretary of Labor can allocate up to 25 percent of the Title III funds at his discretion. States apply for these funds to meet special needs beyond those that can be met from the formula allocation. No state matching is required for grants from this discretionary fund.

Sources of Title III Funds

Title III programs in the early stages of JTPA were funded from four different sources:

- (1) For federal fiscal year 1983, more than \$18 million was distributed to the states by formula. Later, a second allocation

of over \$63 million was made from the Emergency Jobs Bill (Public Law 98-8).

- (2) In September 1983, the Secretary of Labor announced that the \$27.5 million discretionary fund was available to assist states particularly hard hit by conditions that led to worker dislocation.
- (3) During October and November 1983, more than \$70 million was distributed by formula for the 9-month transition period, from October 1983, through June 30, 1984. Another \$24 million was reserved for discretionary funding by the Secretary.
- (4) Funding for the 12-month program year 1984 (July 1, 1984 through June 30, 1985) of \$223 million (of which 25 percent was held in the Secretary's reserve) brought the total amount of Title III funding available to well over \$400 million.

Program Targeting

Governors are allowed considerable latitude in defining dislocated workers eligible for the Title III program in their states. The clear intention of Congress, however, was to concentrate Title III on experienced workers who have recently been laid off from jobs to which they are unlikely to return, rather than on persons who have just entered or reentered the labor force. Section 302(a) of the law authorizes the states to designate eligible groups from among those who:

- (1) have been terminated or laid off or who have received a notice of termination or layoff from employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation;
- (2) have been terminated, or who have received a notice of termination of employment, as a result of any permanent closure of a plant or facility; or
- (3) are long-term unemployed and have limited opportunities for employment or reemployment in the same or a similar occupa-

6 Introduction

tion in the area in which they reside, including any older individuals who may have substantial barriers to employment by reason of age.

These provisions, in effect, restrict Title III eligibility to the unemployed who have job experience. They thereby exclude new labor force entrants and welfare recipients with little employment history, two groups that form a prominent part of the eligible population for Title IIA.

Persons exhausting their unemployment insurance (UI) benefits are specifically mentioned as a target group. Stress on these unemployed persons is reinforced by Section 306, which specifies that UI benefits to an individual may be a source of nonfederal match. JTPA also suggests that states might target “substantial” groups of eligible individuals. Such targeting may be geographic, occupational, industrial, or along other lines, and may result in projects designed to serve these groups, rather than providing coverage to all individuals eligible on a statewide basis.

These provisions parallel the targeting of the Area Redevelopment Act of the early 1960s and the early period of the Manpower Demonstration Training Act from 1962 to 1967. The major differences rest in a governor’s latitude to shape the service programs and to distribute the funds among programs, services, and areas of the state.

The following three provisions explicitly limit this discretion:

- (1) Section 305 requires that Title III programs, other than statewide or industrywide programs, must be submitted for review and recommendations by the Private Industry Councils (PICs) and elected officials of any Service Delivery Area (SDA) in which they operate. If local authorities do not support the program, but the state chooses to operate it nonetheless, the state must document the reasons for the decision.
- (2) Section 306 requires “full consultation” with a labor organization before any Title III program provides services to a substantial portion of its members.

- (3) Section 308 explicitly reiterates that the statewide coordination plan mandated under Section 121 must address Title III activities.

The wide discretion allowed state officials may be illustrated by the issue of Title III allocation policy within the state. At one extreme, the state can choose to allocate all Title III federal formula funds to SDAs or units of governments by some state formula, reserving to the state the responsibility of ensuring that the money is spent on allowable activities for eligible individuals. At the other extreme, the state may use its Title III allocation to fund a single-site project serving a narrowly defined target group of eligible persons. Between these two extremes exist a multitude of options for targeting by geographic area, industry, or occupation.

Selection of Case Study Projects

The immediate purpose of this study was to produce a series of short case studies of individual Title III dislocated worker projects. Nine Title III projects were selected to represent a variety of circumstances: projects that are firm- and industry-specific as well as those that serve all Title III eligible individuals within a given labor market area; those that provide a variety of services from job search to classroom training, and from OJT to counseling; those operating in different labor markets, from a declining industry in an otherwise thriving labor market to ones operating within a generally depressed labor market; and projects operated by different organizations and with different strategies for providing services to dislocated workers.

We therefore selected relatively large projects (500 to 1,000 planned participants during the transition year) that appeared to be operating successfully and represented a range of different service strategies, target groups and labor market conditions.

The U.S. Department of Labor budgeted per participant costs for transition year 1984 and program year 1984 assuming that dislocated workers needed substantial retraining. Others have argued that the primary service under Title III should be job search assistance or that the primary

8 Introduction

need among experienced workers is for job finding skills and counseling aimed at reducing wage expectations. Although allowed, and used in some cases, relocation may be appropriate in generally depressed labor markets, but most studies have indicated that individual participants are not interested in relocation. Early reports indicated that potential participants were interested in jobs (implying a reliance on job search and OJT rather than classroom training). Yet, some projects are emphasizing relatively long classroom training programs through community colleges and vocational schools.

Different projects may have different eligible populations that require different services. For example, a plant shutdown may idle more experienced and older workers, while a partial layoff may idle younger, less experienced workers who may be more like Title IIA eligible (economically disadvantaged) participants. This may affect the particular mix of services selected by the individual projects.

The Design of the Project

In January 1984, Westat, as a part of a process study of the implementation of the Job Training Partnership Act, undertook the collection of information on the universe of Title III projects in the 50 states.⁶ That universe, along with additional information collected from the states by the field associates for the process study, formed the basis for the selection of the Dislocated Worker Projects for these case studies.

No attempt has been made to argue that these projects are representative of the universe of Title III Dislocated Worker Projects in the 50 states. Rather, the projects were selected to vary along four dimensions: the grant recipient or program operator; the eligible population for the project; the kinds of services provided by the project; and the nature of the labor market in which the program operated. Exhibit 1-1 lists the projects covered in this volume as well as certain information on each of them along the dimensions outlined above.

As an introduction to the projects, it is useful to look at the range of grant recipients—the organizations that received the funds to operate

the specific project from the state formula funds or the Secretary's discretionary money.

The Cummins Engine Company, a private firm in Columbus, Indiana, is the grant recipient for a project that operates in three counties in southern Indiana. The actual program operation, however, is subcontracted to another private firm.

The Metropolitan Pontiac Retraining and Employment program in Pontiac, Michigan is a joint union-management program with two co-directors, one from the management of General Motors Corporation and one from the United Auto Workers.

The Minnesota Iron Range project is operated by the Northeast Minnesota Office of Job Training, the grant recipient and administrative entity for a seven-county Service Delivery Area in the northeast quadrant of that state.

The Job Search Assistance, Inc. project in Missouri is operated by a private not-for-profit firm under subcontract to the Division of Manpower Planning which administers JTPA in the state. Job Search Assistance provides services to Title III eligibles in the nonmetropolitan areas of the state.

The Cone-Mills project in Hillsborough, North Carolina is part of a statewide Title III program operated by the Employment Security Commission in that state. Employment Security set up a temporary office in Hillsborough to staff the project.

The United Labor Agency project in Cleveland, Ohio is operated by a union social service agency in conjunction with the Teamsters Assistance Program, Inc. in that city.

The grant recipient for the Houston Community College-Texas Employment Commission project is, as the name suggests, a community college. In this case, the project is operated jointly with the Texas Employment Commission (the state Employment Service).

**Exhibit 1-1
Case Study Projects**

Project	Grant recipient	Eligible population	Primary services	Planned participants	Labor market unemployment rate (percent)
Cummins Engine Company Columbus, Indiana	Private company	Laid-off workers in a 3-county area	Assessment Job Club Classroom Training	850	12.2
GM-UAW Metropolitan Pontiac Retraining and Employment Program Pontiac, Michigan	Union- management	UAW members laid off from five General Motors plants	Assessment	2,280	20.2
Minnesota Iron Range Project Virginia, Minnesota	SDA	Laid-off iron miners and others in a 7-county area	Assessment Classroom Training Job Club Job Search Adult Basic Education Relocation	1,324	11.3
Job Search Assistance, Inc. Missouri	Nonprofit	Title III eligibles in the nonmetropolitan areas of the state	Assessment Job Club OJT	1,000	9.3-14.6
Cone-Mills Project Hillsborough, North Carolina	State Employment Security	Laid-off workers from a textile plant closing	Assessment Job Search Classroom Training OJT Adult Basic Education	400	3.1

United Labor Agency Cleveland, Ohio	Union	Title III eligibles in Cuyahoga County	Counseling & Assessment Job Search Classroom Training OJT	700	9.8
Houston Community College, Texas Employment Commission Houston, Texas	Community College	Laid-off workers from steel, oil, chemical, construction and food industries	Assessment Job Search Classroom Training	650	10.0
ASARCO Copper Smelter Project Tacoma, Washington	State Employment Security	Laid-off workers from the ASARCO Copper Smelter in Tacoma, Washington	Assessment Job Search Classroom Training OJT	300	8.4
Dane County Project Madison, Wisconsin	Community- Based Organization	Laid-off workers from closed foundry and other Title III eligibles	Assessment Job Search Classroom Training	218	4.8

12 Introduction

The grant recipient and administrative entity for the ASARCO Copper Smelter project is the state Employment Security agency which set up and operates the ASARCO Resource Center. The Center has an advisory board made up of local, state and federal government officials, local and state Employment Security officials, an ASARCO official, unions, local social service agencies and the local Service Delivery Area director.

The Dane County project in Madison, Wisconsin has as the grant recipient Over 55 Employment Service, Inc., a community-based organization (CBO). The project is operated in conjunction with Project Fresh Start and the Employment and Training Association, two other CBOs in the county.

The grant recipients and program operators for the projects included in this volume, then essentially cover the range of possibilities available under Title III.

The primary eligible populations for these projects are also indicative of the range of possible coverage for Title III projects. This range includes: workers laid off as the result of a specific plant closing, as in the case of the Cone-Mills and ASARCO projects; laid-off workers from a number of firms within an area, as is the case in the Cummins Engine Company project; workers laid off from a particular industry in the case of the Minnesota Iron Range project; union members laid off from specific plants in an industry in the case of the Metropolitan Pontiac Retraining and Employment Program; workers laid off from several industries in an area in the case of the Houston Community College-Texas Employment Commission project; and any Title III eligible within the service area, as in the Cleveland, Ohio United Labor Agency project.

As indicated in exhibit 1-1, the range of primary services provided (i.e., the service provided to the largest numbers of the participants) includes: assessment only; assessment and job search; assessment, job search, and classroom training or on-the-job training; and, comprehensive services that emphasize long-term institutional training, OJT, adult basic education, and relocation.

As also indicated in exhibit 1-1, the unemployment rates in the areas in which the projects operate vary from 3.1 percent in Orange County, North Carolina to 20.2 percent in Pontiac, Michigan. However, the unemployment rate in the project area does not fully describe the labor market conditions in which the projects operate since it does not take into account the conditions in the larger labor market in which the project is located. A full description of the labor market conditions for each project is provided in the individual case studies.

The original intention was to select projects of roughly the same size. These projects were to have 500 to 1,000 planned participants. However, as exhibit 1-1 indicates, the range of actual size varies widely. There are several reasons for this. First, some projects actually served more people than planned. Second, in some cases, the project was not completed at the time of the observation on which the case study is based. Third, in some cases, the number of participants served indicated in exhibit 1-1 is greater than the number served with Title III funds. Finally, some exceptions were made to include projects that were important to capture the full range of some of the other program dimensions.

All of these projects were of particular interest along certain dimensions. They were also thought to be successful by the Title III staff at the state level, although, in some cases, with reservations. Finally, upon inquiry by the authors of the case studies, these projects appeared to be relatively successful in what they were attempting to do. In all cases, project staff were enthusiastic about their programs.

The following nine chapters (2 through 10) are the individual case studies. Chapter 11 contains our analysis of lessons learned from them that might be useful in understanding the Dislocated Worker Program under Title III of the Job Training Partnership Act and the kinds of services that might be of use to dislocated workers.

14 Introduction

NOTES

1. Marc Bendick, "Government's Role in the Job Transitions of America's Dislocated Workers," testimony at joint hearings on Technology and Employment, U.S. Congress, House Committee on the Budget, June 9, 1983.
2. Paul O. Flaim and Ellen Sehgal, "Displaced Workers of 1979-83: How Well Have They Fared?" *Monthly Labor Review*, June 1985, p. 3.
3. U.S. General Accounting Office, *Dislocated Workers: Extent of Business Closures, Layoffs, and the Public and Private Response* (GAO/HRD 86-116BR), July 1986, p. 11.
4. Office of Technology Assessment, *Technology and Structural Unemployment. Reemploying Displaced Adults*, Congress of the United States, Washington, D.C., p. 3.
5. U.S. Congress, *Job Training Partnership Act*, Public Law 97-300, October 13, 1982.
6. Wayne Turnage, Robert F. Cook, Ronna Cook and Associates, *The Organization of Title III of the Job Training Partnership Act in Fifty States*, Office of Research and Evaluation, Employment and Training Administration, U.S. Department of Labor, Washington, D.C., May 1984.