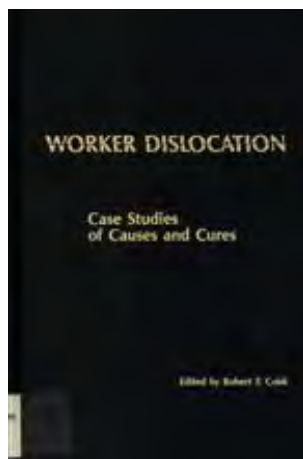

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The Cleveland, Ohio United Labor Agency Dislocated Worker Project

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The Cleveland, Ohio United Labor Agency Dislocated Worker Project

Introduction

The United Labor Agency operates this project in conjunction with the Teamsters Service Bureau; both are union-sponsored social service agencies. The project was funded with FY 1983 discretionary money to provide assessment counseling, job search, classroom training, and on-the-job training to 700 Title III eligible laid-off workers in Cuyahoga County, Ohio.

The Origin of the Project

The Greater Cleveland labor market is defined in this case study as the SMSA (Cuyahoga, Lake, Medina, and Geauga counties) unless otherwise noted. The unemployment rate as of August 1984 was 9 percent. Between June 1978 and June 1982, there were 21,153 plant closings with a loss of 262,314 jobs in the area. A majority of these closings occurred in 1981 and 1982. Types of industries affected included:

Industry	Jobs lost
Manufacturing	72,799
Construction	24,995
Transportation/Utilities	10,297
Wholesale	21,679
Retail	57,712
Service oriented	58,375

Obviously, the largest share of those affected went into other jobs but the magnitude of the numbers gives a sense of the lack of stability in this labor market. The labor market is generally depressed, with unemployment rates consistently higher than the national average.

The four-county area has a mixed labor force. As of August 1984, manufacturing constituted 25 percent of the labor force; services, 24 percent; government, 13 percent; and retail/wholesale/insurance/finance/construction, 38 percent. (See table 7-1 for breakdown of nonagricultural employment.)

Table 7-1
Sector Breakdown of Employment
(Nonagricultural)

Nonagricultural jobs	January 1983	August 1983	August 1984
Total	817,300	825,500	831,500
Durable manufacturing	18%	17%	17%
Nondurable manufacturing	8%	8%	8%
Service	23%	24%	24%
Government	14%	14%	NA
Construction, public utilities, retail, wholesale, banking real estate, insurance, finance	37%	37%	38%
Unemployment rate	10 3%	12.5%	9 0%

SOURCE: Ohio Bureau of Employment Services, Monthly Labor Market Report (January 1983 and August 1984)

In the seven-county area of northeast Ohio (Cuyahoga, Portage, Lake, Medina, Lorain, Geauga, and Summit), there are approximately 96,000 Teamster members in 19 locals; 55,000 United Auto Workers members in 48 locals; 28,000 United Steel Workers members in 150 locals; and 17,000 Communication Workers of America in 22 locals.

As of July 1984, and out of a total labor force of approximately 1.2 million, these five large unions have a combined membership that constitutes 17.6 percent of the area labor force; there are additional labor union members in a variety of other unions. The effects of unionization on area wage rates are indicated in table 7-2.

Table 7-2
Average Hourly Wage Rates
(Nonagricultural)

Nonagricultural industry	January 1982	January 1983	August 1982	August 1983
Durable manufacturing	\$10.10	\$10.30	\$11.30	\$11.96
Nondurable manufacturing	8.37	8.75	8.17	9.39
Service	NA	NA	NA	NA
Government	NA	NA	NA	NA
Construction	13.13	16.10	16.98	19.41
Gas and electric services	11.45	12.01	12.11	13.38
Retail	3.89	4.22	4.39	4.51
Wholesale	8.59	8.83	8.07	8.43
Banking	5.56	6.12	6.17	6.43

SOURCE: Ohio Bureau of Employment Services, Monthly Labor Market Report (August 1984 and January 1983)

State Organization of Title III

The Ohio Bureau of Employment Services (OBES) is the state administrative agency responsible for all JTPA titles. Within OBES, the unit directly responsible is the JTP-Ohio Division, headed by a deputy director who reports directly to the OBES administrator. Thus, JTPA has only indirect access to the governor through the head of OBES, a cabinet position. There are three subdivisions within the JTP-Ohio Division; Planning Services, Field Services, and Administrative Services. Each has functional responsibilities that cut across Titles IIA and III.

The initial step in funding decisions occurs at the staff level within the JTP-Ohio Division, but these decisions progress through a series of vertical steps that end with the governor. Recommendations leaving the division go to a Dislocated Workers Task Force, an advisory group that includes members of the State Job Training Coordinating Council and other experts in the field. The next stage is a recommendation to the Coordinating Council. The final step is the recommendation made by the Council to the governor.

Half of the state's Title III funds are distributed through an RFP process. An additional 35 percent is set aside for an Emergency Retraining Fund which is used to deal with plant closing situations. The remaining 15 percent is a discretionary fund of the governor for special services projects. At no time has the Title III money been distributed through a formula.

The state adopted the language of Section 302 of the Act to define eligibility for the Dislocated Worker Program. The thinking was that the state has so many dislocated workers that it was better to leave the specific definition of eligibility at the local project level.

The state did establish a targeting goal in the RFP portion of the program through the designation of priority target areas. Also, the establishment of the Emergency Retraining Fund, which has 35 percent of the Title III funds, represents a priority to be given to dislocation resulting from specific plant closings. Thus, 70 percent of the money has geographic and/or plant-specific targeting.

It should be noted that the United Labor Agency project was funded through the discretionary fund of the U.S. Secretary of Labor. It also did not have any competition for the state's "nomination" to Washington.

The project was actually submitted under CETA as a multiyear, multimillion dollar project, but was quickly seen by the United Labor Agency as a bridge between CETA and JTPA. When JTPA began, the U.S. Department of Labor (DOL) asked the states for nominations for the discretionary fund. The United Labor Agency sent the state a modified version of what was previously submitted to DOL and, after some negotiation with the state, this became the state's only candidate for discretionary funding. Meanwhile, the Teamsters had been lobbying DOL to get the project approved at the federal level. Given the lobbying effort in Washington, it can be safely said that the state really had little choice in submitting the United Labor Agency proposal. The United Labor Agency subcontract to the Teamsters, a 50-50 split of the money, reflects the important role played by the Teamsters in getting the project funded.

The private sector had no formal involvement in the planning of the project. While attending various community meetings called for other purposes, United Labor Agency representatives would sometimes talk about the project being developed and get informal feedback, but this appears to be the extent of private sector participation in the preapproval period.

At the implementation stage, there is substantial private sector involvement, primarily through the OJT and classroom training components.

The Nature of the Project

The recipient of the grant was the United Labor Agency which, in turn, subcontracted half of the \$1 million grant to the Teamsters Assistance Program, Inc. There are a number of other subcontracts, primarily with organizations providing classroom or specialized training for one or a small number of participants.

The United Labor Agency was incorporated in 1969 as a union-sponsored social service agency. Since 1975, and prior to JTPA, the organization had operated a number of CETA-funded programs, starting with an ex-offenders project. By the late 1970s, it was focusing on projects for laid-off workers. The deputy executive director of the United Labor Agency estimates that it averaged approximately \$500,000 a year from CETA projects.

The United Labor Agency is widely connected in the area in a variety of different ways. The executive director of the Agency is treasurer of the local PIC (he is also vice-chairman of the SJTCC). Two SDAs are under the PIC (the City of Cleveland and the balance of Cuyahoga County). The United Labor Agency also operates projects for the SDAs under Title IIA.

The Teamsters Assistance Program, the umbrella agency for the Teamsters Service Bureau, was established in 1977 and within a year was involved in job training programs and received CETA funding for a number of projects. Its focus was on classroom training and its sub-

contract from the United Labor Agency was its first experience with a comprehensive program. The Teamsters part of the program offered the same services as the United Labor Agency; for some elements, the Teamsters piggybacked their participants onto the United Labor Agency program.

The United Labor Agency had no specific experience with older workers until about two years ago. Its greatest experience lies with the 25-40 age group. However, as more senior persons are being laid off with plant shutdowns, older workers are becoming a more important part of their program.

For this particular project, the principal linkages are with the local community college, various public vocational schools, and private training agencies.

Important linkages are also maintained with a wide range of community service organizations in the area. The largest share of these linkages is maintained through the Information and Referral Service and there have been a small number of agencies used for work experience programs funded by the project.

The United Labor Agency also maintained liaison with state-funded Title III programs in adjacent counties. The United Labor Agency project served residents of Cuyahoga County. During its in-plant orientations, if the United Labor Agency came across persons who worked in Cuyahoga County but lived in Lake or Lorain counties, it would put them in contact with the appropriate Title III project; the reverse arrangements were also made.

The project was implemented basically as proposed, although the contract was modified to reflect the substantial increase in the number of participants in the program. The project was originally scheduled to terminate on September 30, 1984, but was extended three months to December 31, 1984. The principal reason for the extension request was to use unexpended funds which came from a number of sources. These included midyear departure of staff members who were not replaced, lower than anticipated costs in a number of project elements, and some

on-the-job and classroom training money that was contracted but not spent because contractors did not fulfill all placement obligations.

As the program progressed, the United Labor Agency found itself with more business than expected. It had originally projected 700 participants for the project, but finally totaled 1,083 participants at its close. When the United Labor Agency submitted a modification request, it increased the projected participant level to match the actual figures it was experiencing. The added participation came through the United Labor Agency, rather than through the Teamster half of the program. Both the United Labor Agency and Teamsters see this as a reflection of the former being better known as a social service agency, and of its reputation for not turning people away.

The structure of the program and the mix of services were not altered over the course of the project. There was, however, some administrative tinkering, i.e., improving the recordkeeping systems and altering some of the forms completed by participants in order to obtain more data.

The Eligible Population

The project originally envisioned a three-year program that would be available to all dislocated workers in the area. As finally approved, it was funded for one year, but provided broad coverage rather than being confined to workers in a single plant or industry. The United Labor Agency took the view that the problem of dislocated workers was too great to permit such selectivity. Also, there are important linkages between the major labor unions in the area which would have made it politically difficult to restrict the project in any way that would seem to favor a particular union.

Despite the union underpinning of the project, approximately two-thirds of the nearly 1,100 participants were listed as nonunion. United Labor Agency officials believe, however, that some of these were union members who were uncertain as to their union status. Of the union participants, the largest share (344) were members of the AFL-CIO and UAW unions. Only 35 participants identified themselves as Teamsters, while another 27 belonged to independent unions.

While the project formally listed 1,083 participants, project benefits were also extended to other members of the household. This reflected the range of possible services available to a participant. For example, the children of a participant might need a certain kind of counseling related to school; or a grandmother living with the participant might need advice on a particular medical problem. These services, provided in part via referral and in part directly by the United Labor Agency, are extended to eliminate or ease the pressures on the participant so they won't be carried over to a new employer.

The largest number of participants tended to be unskilled or semiskilled, although they were employed in highly skilled, highly unionized, industries, which meant that they had enjoyed above average wages for the area. United Labor Agency survey teams found that when they went to plants to be shut down or where there were to be layoffs, the longer term, more highly skilled workers tended to have an extended period of termination income specified in the union contract. These workers tended to have less of an immediate interest in available services, although they might return later when their contract benefits expired. Also, some were close to retirement age and the termination pay would keep them going until the retirement income started. This generally resulted in a greater demand for project services from the relatively less skilled and younger workers with fewer accrued termination benefits.

Broad participation gave rise to an awareness of the program which spread by word of mouth through the community, a major reason why the original projection of 700 participants escalated to nearly 1,100 by the time the project was concluded.

Program Services

The United Labor Agency and the Teamster Service Bureau describe the project as providing comprehensive services from intake to placement. However, the services offered could be considered sequential in nature.

The first stage is *identification* of potential participants through direct contact with union and corporate officials, meetings with laid off and about-to-be-laid-off workers, and media announcements.

A key element of the identification stage for plant closings and layoffs is to hold early meetings with union and company officials as soon as the layoff or plant closing is announced. The first meeting is designed to gather certain demographics on the affected workers and to secure precise information on contractual arrangements relative to severance pay, etc. This is followed by a meeting with the affected workers to explain the services being offered and how community agencies can help them with various social and family services as well as services designed to help get new jobs. This initial identification and counseling stage is organized by a Special Economic Response Team established by the United Labor Agency and United Way Services.

The second stage is *assessment*. Information is obtained from participants on employment and educational history, analysis of adaptability of current skills to new occupations, various health and educational problems that may interfere with job performance, personal needs related to securing a job, e.g., personal hygiene, and human services needs, e.g., daycare during a job search or training program. Some of the assessments are done through formal testing programs conducted through contracts with professional firms.

Following this phase of the assessment, participants meet with counselors to analyze the results and to develop a job plan. At this point, the program sequence usually follows one of three basic program lines: (1) classroom training; (2) OJT; or (3) direct placement. The final step is job placement.

Throughout this sequence, a participant may be directed to community support services, such as detoxification and consumer counseling, and/or become eligible for some direct United Labor Agency services, such as \$1 tickets for stage plays, child care, and bus tickets. Also, depending upon the direction taken in the job plan and the duration of any training or educational services, the participant will receive job search training.

The distribution of participants among the direct program services was as follows:

Total number of participants	1,083
Assessment	738
Job search	773
Classroom training	157
Basic education	1
OJT	133
Work experience	9

These are not mutually exclusive categories since a person counted for assessment may also appear in the training and job search categories later in the program. There were more than 300 persons counted as participants who never went through the assessment stage. Assessments are counted only if the United Labor Agency or Teamsters spent money to have a participant undertake the various assessment tests. For various reasons, individuals frequently might not be given the battery of tests, but move directly to some kind of counseling or support service.

There were 20 firms utilized in OJT. A total of 133 placements were made in occupations ranging from general clerical to insurance sales. The two largest single placements were for nine press helpers in a steel company and 36 water meter installers in a commercial metering firm.

A total of 157 participants received classroom training that included: general business skills; air conditioning and refrigeration; cement masonry; data entry and computer programming; secretarial/word-processing; sewing; floral design; vending machine repair; and construction and building weatherization. Program durations ranged from three weeks to six months; the average duration was approximately three months. In several instances, training programs funded from other sources and with which participants had been involved, or ones in which they were already enrolled when this project began, were adopted into the Title III project, making it possible to complete a previously initiated program. This kind of overlap also provided some early headcounts.

Industry and occupational classifications of overall placements include the following:

- supervisory positions;
- labor agency;
- steel;
- automotive;
- retail;
- heating and cooling;
- restaurant/bar;
- air freight transportation;
- commercial metering;
- laborer;
- insurance;
- teaching;
- security guard;
- hospital;
- transportation/delivery;
- building trades;
- technical/computer programming;
- office/clerical;
- construction;
- sales;
- shipping and receiving; and
- drafting.

While the occupations are varied, there were concentrations of placements in the office, laborer, commercial metering, trades, sales, security, and retail fields.

Various kinds of counseling are central to this project. One United Labor Agency staff member said, "These people are afraid," and require considerable handholding.

The first stage of counseling occurs at *intake* when various United Labor Agency, Teamster, and community service persons describe generally the range of services available, involving not only the train-

ing programs but also the various support services that are available in the community.

The next major counseling step comes after the various skills and educational tests have been given. This involves individual meetings with a United Labor Agency or Teamster job counselor who works out a job plan, which may or may not involve OJT or classroom training.

Counseling also takes place in the job search workshop where participants are taught how to look for a job and provided information on personal appearance, the kinds of information to give to prospective employers, what kinds of things to withhold, etc. In some cases, persons go directly from the intake to the job search stage, while others do not enter job search until other forms of counseling or training are completed.

Counseling also takes place through the information and referral service which guides participants to support services provided through various community service agencies. These can include consumer counseling, alcoholism programs, rental assistance, etc. The linkage here is the working relationships between the United Way (which provides some of the United Labor Agency funding) and other community service organizations. This project also provided some money for direct United Labor Agency services, such as child care and bus tickets. Support service counseling can take place at any point in the process.

Given the high percentage of participants who do not receive OJT, classroom training, or work experience services, it is safe to say that counseling in its various forms is the foundation of the project.

Program Participants

When the initial release about the project was made to the media, there were immediately about 2,500 phone calls. A very rough estimate is that about one-third of these came from Title IIA eligibles. Some came to the orientation but left when they learned they wouldn't get any CETA-type income support. There were some Title IIA eligibles

who also were classified as dislocated workers and who were interested in jobs and participated in the Title III project.

With regard to differences between workers eligible for Title IIA and Title III, one United Labor Agency staff member said, “A world of difference. The economically disadvantaged of Title IIA have historically been on welfare and are program hoppers. They come for supportive services, but they are not interested in working. They will respond to every request, but when it comes time to look for a job, they don’t come back.”

By general contrast, the Title III participants were persons who have worked, and were both eligible for and could benefit from the project. The characteristics of the participants are indicated in table 7-3.

Program Outcomes

There are four basic placement processes operated through this project:

- (1) Job order placements. These job openings are developed by Job Developers who visit potential employers. They reach out beyond the Cuyahoga County project area;
- (2) Self-directed placement. Following participation in the Job Search Workshop, these persons go out seeking their own jobs using the information gained at the Workshop to get through the employer’s door;
- (3) Placement following classroom training. Training contractors have a built-in performance standard. They must contractually agree that they will place at least 60 percent (the state standard) of persons undertaking the classroom training. In cases where training schools will not agree to performance-based contracts, the United Labor Agency will go to contract only if the verifiable average placement rate of the school’s trainees exceeds the performance standard;

Table 7-3
Enrollment and Participation Characteristics for the Period
October 1983 through December 1984

Characteristics	Overall	Percent
Total participants	1,083	
Total terminations	991	
Entered employment	445	45
Other positive terminations	458	86
Other terminations	88	9
Sex		
Male	666	67
Female	325	33
Age		
14-15	NA	
16-19	20	2
20-21	37	4
22-44	683	69
45-54	169	17
55 and over	82	8
Education		
School dropout	199	20
School (H.S. or less)	4	*
High school graduate or more	788	80
Race		
White	392	40
Black	574	58
Hispanic	17	2
Native American	5	*
Asian	3	*
Employment barriers		
Limited English	19	2
Handicapped	6	*
Offender	—	
Other	—	
Benefit reciprocity		
U.I. claimant	235	24
U.I. exhaustee	—	
Public assistance (GA)	—	
AFDC	—	
Youth AFDC	—	
Labor force status (prior 26 weeks)		
Unemployed 1-14 weeks	—	
Unemployed 15 or more weeks	977	99

*Less than .5 percent.

(4) OJT. Self-defined placement process.

The official direct placement rate for the project was 45 percent. This was below the state standard, but that standard had not been established at the time the project was approved. Also, the project was funded from the secretary's discretionary fund and not from state Title III funds for which the standard is applied.

The United Labor Agency and Teamsters feel quite good about their various placement channels and regard them as quite effective. The overall rate of 45 percent obscures several important factors. One factor concerns the large intake of the program. The original proposal contemplated 700 participants, but this ended up being 1,083. The program director noted that, "We didn't cream. We took everyone eligible." This meant taking in a number of persons who were not educationally prepared for a training program and referring them to other service agencies in the area that could address their particular problems. In some of these cases, the United Labor Agency and Teamsters did help them get minimum wage jobs, but they were not counted as a placement. The state has a performance standard of \$5.25 an hour for a job placement. Those who were counted as direct placements were only those who met that standard. According to the United Labor Agency, if the minimum wage referrals were counted, the overall placement would have exceeded the 60 percent state standard. Officials point to a positive termination rate of 91 percent. While the state was not happy with the large overrun on intake, the United Labor Agency responds, "We are a social service agency. We are here to help people. In fact, we were able to help more people with the same amount of money."

Relocation is a very minor part of the project. Any relocation assistance is informational through AFL-CIO offices across the country. No payments are involved.

Aside from the measured 45 percent placement rate, which is biased downward, other outcome measures are a cost per placement of \$829 for participants who went through OJT and \$906 for participants in

classroom training. This reflects the short-term nature of the project and its emphasis on counseling, assessment, and use of other community services.

The average wage at entry was \$7.12 and the wage at placement was \$6.32, for a wage replacement rate of 89 percent. The wage replacement rate is probably raised by the number of lower-wage participants from the hospital industry who were placed at wage rates above their preprogram wage.

Because of the way the data were maintained and assembled, some data are not directly comparable or complete and care should be taken in any efforts to compare these numbers with other jurisdictions.

The Teamsters portion of the project had an actual placement of 261 persons. Their data showed a preproject average wage of \$7.71 an hour; the postproject average was \$6.32 an hour, a drop of 28 percent.

The United Labor Agency placements totaled 207 persons. The preproject average wage was \$6.38 an hour; postproject \$6.11, a 96 percent wage replacement rate. The United Labor Agency broke down its pre- and postproject wage levels into OJT and classroom training groups (total participants in each, not just placements). For 63 classroom training participants, the preproject average hourly wage was \$5.40 an hour; postproject was \$5.91. For 73 OJT participants, the preproject wage was \$4.40 an hour; postproject was \$6.18. In both cases, there was an increase in wages. Had only the placements been calculated, the wage levels before and after would have been somewhat higher.

The *total* number of placements for which data were available was 468 persons. The preproject average was \$7.12; postproject was \$6.32 an hour, a wage replacement rate of 89 percent. The total placement (468 persons) is slightly below the 486 official total because some persons were placed in jobs based on commissions or piece work.

The Teamster wages tend to be higher because their participants generally had come from higher paying jobs and were able to get somewhat better placements.

The cost per placement figures (\$829 and \$906) are not actually per placement, but per person getting OJT or classroom training. In the case of OJT, the per person costs are close to being the same (\$829) since the OJT program virtually coincided with placements; for classroom training, the cost per placement would actually be higher than the \$906 since not all persons undergoing classroom training ended up with a job.

Overall Assessment

The major constraint on the operation and perhaps long-term effectiveness of the project appeared to be the one-year funding limit. This was a particular handicap for some classroom training possibilities. By the time the project was running and training contracts were negotiated, the actual time left for training was substantially less than one year. Also, many laid-off workers have various contractual supplementary unemployment benefit arrangements that make it financially possible to delay entry into the training process. By the time the economic realities set in, the project is close to ending.

The short-term duration of the project also constrains the kinds of training that can be undertaken. For example, training programs for repair of high tech machinery cannot be undertaken although such training would provide considerable employment potential in this area.

Another constraining factor is the lack of stipends during the training period. The longer the training, the more this becomes a hardship on persons who would benefit from the training. They are unable to sustain themselves and their families for an extended period of time without some kind of income support. The United Labor Agency does try to find part-time work, but in many cases, it is not enough.

Overall, this particular project was appropriate to the large need and diverse kinds of dislocated workers in the area. But the opportunities for both the dislocated workers and the skill needs of the area may have been affected by the one-year limit to the project. For policy purposes, it might be worth considering ways of encouraging multiyear projects.