

## **SUMMARY OF FINDINGS AND CONCLUSIONS**

### **STUDY OBJECTIVES**

This report summarizes the findings from the first phase of a 3-year study of the implementation of the Economic Dislocation and Worker Adjustment Assistance (EDWAA) Act performed for the U.S. Department of Labor, based on the implementation experience of 15 states and 30 substate areas during Program Year 1989 (PY 89).

Title III of JTPA, which became law in 1982, was the first federally funded program designed explicitly to meet the specific employment needs of the broad range of dislocated workers. Three factors influenced the design of this initial Title III legislation: a lack of knowledge of the best structure for dislocated worker programs, a perception of the dislocated worker problem as a series of specific events (e.g., plant closures) requiring individualized responses, and the advent of the new federalism. Consequently, Title III was a relatively unstructured program, with the design of the administrative and service delivery system left almost entirely to the discretion of the states.

There were a number of perceived problems with the implementation of Title III, including:

- Underexpenditure of available funds in the face of need.
- Service to only a small percentage of dislocated workers.
- Overemphasis on job search assistance and short-term training relative to longer-term retraining.
- The lack of capacity to provide rapid response to specific dislocations in many states.
- The unintended effects of the requirement for matching funds on the types of services provided and the types of dislocated workers served, without the intended effect of providing additional resources for service to dislocated workers.

The EDWAA legislation was developed in part to respond to these deficiencies in the previous Title III program and encompassed seven themes or objectives:

- (1) Building the capacity of substate entities to plan and administer dislocated worker services.
- (2) Improving resource management practices and program accountability for services and outcomes.
- (3) Ensuring a capacity for rapid response to notifications of impending plant closures and large-scale layoffs.
- (4) Promoting labor-management cooperation in designing and implementing services to dislocated workers.
- (5) Ensuring coordination between EDWAA resources and other federal, state, and local funding streams that can be used to help provide effective services to dislocated workers.
- (6) Extending program coverage to broad segments of the eligible dislocated worker population.
- (7) Encouraging states and substate areas to take a long-term view of worker readjustment, including offering opportunities for meaningful retraining and implementing long-term reemployment plans, where appropriate.

## **STUDY DESIGN**

The primary objective of the first phase of this study was to assess progress in furthering these themes of the legislation. To accomplish this objective, the study was designed to examine the state- and substate-level design and operations of the EDWAA program in its initial implementation year, PY 89.

Detailed case studies were conducted in 15 states and 30 substate areas. The state sample was selected randomly to represent the typical EDWAA dollar expended across the nation and was stratified on key features of the previous Title III program: whether the state had a rapid response capacity before EDWAA, whether the state had an established substate service delivery system before EDWAA, and the state's expenditure rate. Two substate areas were selected in each state with strata to ensure variation on urban vs. rural character, level of unemployment, and percentage of employment in manufacturing.

Case study investigations consisted of 6- to 8-day site visits to each state. Field researchers conducted discussions with a variety of state and substate respondents. Respondents included state and substate EDWAA policymakers and administrators, rapid response staff, and substate staff or service providers involved in the design and delivery of EDWAA services to dislocated workers. Representatives from state or local agencies involved in coordination efforts with the EDWAA service system, such as local labor or business organizations, economic development agencies, and Unemployment Insurance (UI) or Employment Service (ES) representatives were also contacted as part of the case study research.

This summary presents the key findings of the study. We begin by discussing the initial organization and design of the EDWAA program at the state, substate, and interagency levels. We then discuss EDWAA operations, including rapid response activities, basic readjustment services, and retraining services. We conclude by assessing overall progress in furthering the seven themes of the legislation and providing recommendations for improvements.

## **DESIGN OF EDWAA**

### **State Organization and Design**

The EDWAA legislation created a major shift in state Title III roles and responsibilities by requiring states to designate substate areas and provide at least 60% of each state's EDWAA allotment to designated substate grantees through a combination of formula allocations (of at least 50% of the state's allotment) and discretionary grants. Thus, under EDWAA, states have major roles in building a substate delivery system, ensuring program accountability, and administering state funds.

In the transition from the previous Title III program to EDWAA, the states that had operated highly centralized programs were required to make substantial changes to develop substate delivery systems. States that had controlled the flow of discretionary grants to a variety of local service providers also lost much of their direct control of local program operations to substate areas under EDWAA. A few states that had previously given substate areas a strong role in the design and delivery of Title III services had to make less dramatic changes to implement the EDWAA program.

## **Building a Substate Delivery System**

**Designation of Substate Areas**—States almost universally chose to make the geographic boundaries of substate areas the same as the service delivery areas (SDAs) used for Title II-A programs for economically disadvantaged workers. With only a few case-by-case exceptions, most study states also selected Title II-A SDAs as the agencies to receive substate EDWAA funds. The reasons for this choice included: the desire to avoid creating a new substate structure and incurring additional overhead costs when the SDA structure already existed; the demonstrated capacity of SDAs to design and administer local employment and training services; and, in a number of states, political pressure to designate SDAs as the EDWAA substate grantees.

**Distribution of Funds to Substate Areas**—In devising formulas for distributing funds to substate areas, states found it difficult to locate reliable and consistent data for some of the six federally required formula factors, particularly the three factors measuring economic dislocation (plant closings and mass layoffs, declining industries, and farmer and rancher economic hardship). As a result, state allocation formulas tended to give these factors less weight and to focus on factors related to unemployment.

In only about half the states did state staff believe that their substate allocation formulas did a good job of distributing EDWAA funds in accordance with local need, although few had specific suggestions for improvement. Generally, the formulas tended to provide insufficient funds to substate areas that had large numbers of substantial layoffs and fairly low unemployment rates, particularly in states that did not emphasize the economic dislocation factors in their allocation formulas.

Only one-third of the states held 10% of the funds in reserve during the first half of the program year for discretionary grants to substate areas that requested additional funding. The remaining two-thirds of the study states awarded 60% of the state EDWAA allotment to substate areas at the beginning of the program year, using substate allocation formulas to assess local need and determine substate funding shares.

**Client Targeting**—Each of the 15 study states established client priorities for EDWAA. States facing major dislocations tended to give priority to recently laid-off workers. The remaining states generally gave equal priority to long-term unemployed and recently dislocated workers. One state with few large-scale layoffs gave priority to the long-term unemployed.

Although most states used only general policies to guide client targeting, several were more proactive. One state established equitable service goals for age, sex, and ethnicity subgroups. Several states used restrictive definitions for EDWAA eligibility criteria. For example, one state limited the long-term unemployed to those laid off within the preceding 3 years, and another extended eligibility to UI recipients and long-term unemployed only if they had worked for the same employer for at least 3 years. Most states, however, encouraged inclusive definitions of EDWAA eligibility criteria.

**Service Design**—States generally deferred to substate areas the design of specific services for dislocated workers. Most states, however, regarded as appropriate the federal requirement that substate areas expend 50% of their funds on retraining: only a few states encouraged substate areas to request waivers. Most states encouraged substate areas to provide longer-term training to dislocated workers, but none had implemented mechanisms to reward the provision of long-term training.

Despite their policy support for long-term training, states did not encourage substate areas to provide needs-related payments to dislocated workers to provide income support during the training, and several states actually discouraged this practice. In the absence of strong state encouragement, most substate areas gave little emphasis to supportive services and needs-related payments.

### **Ensuring Program and Fiscal Accountability**

**Technical Assistance**—Most states did not play an active role in providing technical assistance to substate areas. Some states saw no need to advise substate areas because of the SDAs' extensive experience operating employment and training programs for economically disadvantaged individuals. Other states felt that they had to defer to SDA discretion under the new state/substate division of responsibilities. About one-third of the study states were more active in helping SDAs to develop substate plans for EDWAA and providing technical assistance in program design or implementation.

**Monitoring**—Monitoring generally consisted of desk reviews of written reports and field reviews of program compliance. Although desk reviews were sometimes performed by EDWAA specialists, field reviews were usually performed by staff responsible for monitoring both Title II-A and Title III. As a result, these reviews generally focused on procedural issues

rather than on whether substate services were responsive to the needs of the targeted dislocated worker population.

**Expenditure Requirements**—Fiscal accountability was a top priority in the implementation of EDWAA at the state level because of the new federal requirement that each state spend 80% of available EDWAA funds or be subject to federal funds recapture. States used a variety of mechanisms to ensure meeting the 80% expenditure requirement. All states implemented expenditure reporting systems to monitor expenditure levels monthly. Two-thirds of the study states encouraged underspending substate areas to deobligate funds voluntarily during the program year. All but one state had procedures to recapture funds from substate areas that failed to meet their expenditure targets by the end of the program year. Two-thirds of the states studied also had policies calling for interim recapture of underexpended funds during the program year. However, when faced with delinquent substate areas, only half of these states actually carried out their threats to recapture funds before the end of the program year. States that did recapture funds during the program year found that they had a new problem: how to reallocate these funds to substate areas in need of additional funds and ensure their expenditure before the end of the program year.

**Adequacy of State Funds**—Most of the study states indicated that their overall PY 89 funding levels had been adequate to meet state and substate needs; however, four states indicated that their state allotment had not been sufficient. Only two or three of the study states expected to have to give some funds back to the federal government because of failure to meet the 80% expenditure requirement for PY 89. Most states anticipated more rapid spending during PY 90 because substate areas were more experienced with dislocated worker programs, outreach and recruitment practices were already in place, and some funds were already obligated for services to carryover clients attending long-term training.

### **Use of State Funds**

Many states retained a strong role in the design and administration of 40%-funded activities. States budgeted their 40% funds for a variety of activities, including administrative expenses, rapid response activities, reserves for plant-specific projects or discretionary grants to substate areas, contracts with state agencies for the delivery of basic readjustment or retraining services on a statewide basis, and special state-initiated projects.

Budgeted rapid response costs, in particular, were usually reserved for state agency staff or state rapid response contractors, even when substate staff were actively involved in rapid response activities. Over half the study states used 40% funds to contract with one or more state agencies for the costs of providing specific services to dislocated workers statewide. In funding plant-specific projects or other state-initiated projects with 40% funds, some states contracted primarily with substate areas, while other states directly funded a variety of local service providers.

## **Substate Issues in EDWAA Organization and Design**

### **Service Delivery Arrangements**

Only about half the substate areas studied had previous experience administering services to dislocated workers under Title III. Some of the substate areas without Title III experience contracted with service providers that were experienced in serving dislocated workers. Others expanded their existing Title II-A employment and training service systems to include dislocated workers by expanding existing contracts or awarding new EDWAA contracts to the same service providers.

Overall, 8 of the 30 substate areas studied operated EDWAA programs during PY 89 that were separate and distinct from the service systems for economically disadvantaged clients under Title II-A. These substate areas tended to have substantial layoff activity in their local economies, were experienced in serving dislocated workers, and viewed the backgrounds and needs of EDWAA participants as significantly different from those of Title II-eligible participants.

Eleven of the substate areas made service delivery arrangements that were partially integrated with Title II-A service systems. For example, in one substate area in this category, EDWAA clients were served by an integrated EDWAA/Title II-A intake and assessment system, but were referred to a counselor specializing in dislocated workers for basic readjustment services and the development of a service plan.

The remaining 11 substate areas studied operated EDWAA services that were highly integrated with Title II-A services. Many of these sites targeted long-term unemployed workers under EDWAA and perceived little difference between EDWAA and Title II-A clients.

## **Substate Client Priorities**

Substate areas most often gave priority to a single type of dislocated worker. About half of the substate areas gave priority to recently laid-off workers, while one-third gave priority to long-term unemployed workers. The remaining substate areas sample either ranked both groups equally or had no clear client priorities. The substate areas' choice of priority target group was strongly influenced by the number and size of recent plant closings and layoffs. In substate areas with high rates of dislocation, newly laid-off workers were usually given priority for EDWAA services; in substate areas with few or no plant closures, long-term unemployed were given priority. Exceptions to this pattern occurred in several substate areas with significant levels of recent small-scale layoffs that chose to target long-term unemployed workers rather than the workers affected by recent layoffs.

Most substate areas formally planned to serve displaced homemakers, but few had actually done so by the time of our site visits. One-fifth of the substate areas visited (mostly those experiencing high rates of dislocation) were attempting to develop measures to identify dislocated workers "most in need" of EDWAA services, so that these groups of workers could receive service priority.

## **Substate Service Goals**

Most substate areas enthusiastically adopted the federal emphasis on providing retraining services for dislocated workers. Only four study sites planned to spend less than 50% of their funds on retraining and had received state waivers of the 50% retraining expenditure requirement. The remaining sites allocated at least 50% of their substate budgets for retraining; one-quarter allocated over 60% of their resources to retraining.

Although most substate areas emphasized retraining expenditures, not all substate respondents believed that this resulted in the service design best suited to the needs of dislocated workers. One-third of the substate areas indicated that the current emphasis on retraining constrained the design and delivery of basic readjustment services needed by dislocated workers and also caused supportive services to receive little attention in EDWAA budget considerations. Some substate respondents indicated that the emphasis on retraining expenditures also increased the perceived pressure on EDWAA service providers to write OJT contracts, even if direct placements were possible, and reduced the incentives to leverage other funding sources to help support the costs of retraining for EDWAA clients.

About half the study sites emphasized the provision of long-term training for dislocated workers. Substate areas committed to the provision of long-term training tended to be areas with a high level of recent dislocation or a high concentration of low-skilled or semi-skilled dislocated workers.

All but one substate area offered both OJT and classroom training to dislocated workers. Over half the study sites emphasized the delivery of classroom training; about one-third emphasized OJT; the remainder offered both types of training at about the same rate. The emphasis on basic skills remediation as part of the retraining options for dislocated workers varied greatly, according to the characteristics of the dislocated workers targeted by the local EDWAA system.

Most substate areas offered only limited supportive services to dislocated workers. Only a handful offered needs-related payments. When offered, needs-related payments usually consisted of a small weekly sum or one-time emergency payments.

### **Interagency Design Issues—Labor-Management Cooperation**

Adapting a model borrowed from dislocated worker services in Canada, the EDWAA legislation promotes the use of labor-management committees to achieve the broad objectives of labor-management cooperation, including: reducing labor-management tensions and distrust, making dislocated worker services responsive to workers' needs, and increasing the effectiveness of outreach and recruitment efforts. Once attained, these objectives will help facilitate early intervention and increase available funding to address the needs of affected workers by coordinating public and private resources.

### **Formation of Labor-Management Committees**

Although a majority of the states visited encouraged labor and management participation in planning early intervention services and identifying worker needs, only one-third were committed to creating formal labor-management committees and had created at least one new committee during PY 89. States were generally more active in the promotion and support of labor-management committees than substate areas, although substate staff or service providers had played an active role in developing labor-management committees in several of the study sites.

Formal labor-management committees were used in two distinct situations. In some states, *rapid-response-linked* committees were used to assist with early intervention and the design and delivery of prelayoff services. These committees tended to disband shortly after the layoff was complete. In other states, *project-linked* committees were formed to help design and play a role in administering plant-specific projects that continued to serve affected workers in a special setting during an extended layoff. These committees usually continued to operate after the layoff had occurred until all affected workers had completed basic readjustment and retraining activities.

States and substate areas that did not use labor-management committees identified several barriers preventing their use, including:

- The difficulty of creating a formal labor-management committee within the relatively short 60-day advance warning required by the WARN legislation.
- The time-consuming and frustrating negotiations required to create a functioning labor-management committee, particularly when labor-management tensions are high.
- Strong anti-union sentiment among employers in some communities that would make the promotion of labor-management committees counterproductive to obtaining management cooperation with rapid response activities.
- The difficulty of selecting worker representatives who can speak for the workers in a workplace without organized labor.
- A lack of clarity about the intended role of committees in administering plant-specific projects, especially vis-a-vis the substate grantee's financial responsibility for overseeing the expenditure of substate retraining funds.

### **Other Mechanisms to Promote Labor-Management Cooperation**

A variety of other mechanisms were used to promote labor-management cooperation. Several states supported the development of local labor-management councils or "standing labor-management committees" to provide an ongoing organizational framework that would already be in place when a specific plant closure or layoff occurred. These committees were used to assist in planning dislocated worker services instead of or in combination with plant-specific labor-management committees.

One state used a "community response team" consisting of representatives from labor, management, local service providers, and the local substate area. Another state encouraged the formation of new incorporated entities with both labor and management representation on their executive boards to operate plant-specific projects.

In addition, a number of states encouraged separate contributions by labor and management in planning, funding, and operating dislocated worker services. Several states regularly requested financial or in-kind contributions from employers to help support the retraining and reemployment of laid-off workers. Several states encouraged employers to use contacts with other local employers to assist in job development, e.g., through writing letters and sponsoring job fairs at the work site for laid-off workers.

Labor involvement mechanisms included asking labor representatives to review plans for plant-specific projects or general dislocated worker services, the participation of representatives of state or local labor organizations in worker orientations or in the design and delivery of prelayoff services, and using service provider staff who had themselves been dislocated workers to provide services to EDWAA participants in plant-specific projects or general dislocated worker services.

### **Interagency Design Issues—Coordination Between EDWAA and Other Programs**

The EDWAA legislation calls for the coordination of EDWAA services with related programs at both the state and substate levels to enhance the intensity and effectiveness of the services provided to dislocated workers and to increase the efficiency with which limited EDWAA resources are used. Coordination efforts are specifically required for the Trade Adjustment Assistance (TAA) program, state and local Employment Services (ES) and Unemployment Insurance (UI) programs, economic development agencies, and education, employment and training, and other human services agencies and funds.

#### **Coordination with the ES/UI System**

Coordination between EDWAA and ES/UI programs was both widespread and effective in increasing the services available to dislocated workers. Most states had nonfinancial agreements for the general coordination of EDWAA activities with state ES/UI agencies. Nearly two-thirds of the substate areas also had nonfinancial agreements with the local ES/UI system that often provided referral of eligible dislocated workers to the EDWAA system and access to UI data to

certify the eligibility of EDWAA applicants. These agreements were usually negotiated at the local level, although several states developed agreements that were passed down to the substate agency level. Coordination with ES/UI often improved the availability of relevant information about the extent and location of recent layoffs and closings and the identity and EDWAA eligibility of recently laid-off workers. ES/UI coordination was useful in disseminating information about EDWAA to potentially eligible UI applicants and recipients.

Nearly two-thirds of the study states provided EDWAA 40% funds to the state ES/UI agency to support ES/UI staff participation in rapid response activities. In addition, rapid-response-related services were sometimes supported with Wagner-Peyser funds. In several states, EDWAA 40% funds were used to purchase additional services from the ES/UI system, including assistance in identifying long-term unemployed individuals, assistance in coordinating out-of-area job search and relocation assistance for EDWAA participants, and the provision of basic readjustment services and retraining referrals to dislocated workers. In several study sites, the ES/UI system took primary responsibility for intake, assessment, and providing basic readjustment services to dislocated workers, with the substate areas providing retraining to workers referred by the ES.

### **Coordination with TAA**

At least two-thirds of the states and more than half of the substate areas had developed written nonfinancial agreements to link EDWAA and TAA. Despite the interest in coordinating EDWAA with TAA, coordination efforts had little effect on the services available to EDWAA participants in most states. Problems with EDWAA/TAA coordination included a lack of familiarity with TAA application requirements and program details by many EDWAA administrative staff members and delays in the certification of TAA petitions, which prevented effective coordination of services between the EDWAA and TAA resources.

Models for more active coordination of the two programs used by some study states included:

- Active state involvement in identifying potential TAA-eligible layoffs early and encouraging TAA petitions on behalf of affected workers as part of rapid response.
- The development of explicit client referral policies and/or joint individual service plans between the TAA and EDWAA systems.

- A tracking system to update TAA certifications and identify dislocated workers eligible for TAA benefits.

## **Coordination with Economic Development**

**Preventing Layoffs**—Joint EDWAA/economic development agency efforts to avert layoffs were a goal in about two-thirds of the states visited. In most states, the EDWAA involvement was limited to sharing of information about planned layoffs. However, in three study states the EDWAA system played a more active role. In one state, EDWAA 40% funds supported economic development participation in rapid response. In two other states, EDWAA 40% funds were available for initiating prefeasibility studies of alternatives to closing plant operations. Despite these efforts, states found that plans for layoffs were usually too far along by the time WARN notices were received for layoff prevention efforts to be effective.

**Layoff Prevention Through Retraining Existing Workers**—Economic development funds were used in several states to retrain existing workers in businesses that needed to retool or upgrade old technology to prevent plant closures. In most cases, these retraining funds were not available to serve already dislocated workers. However, in four substate areas, state-funded economic development projects involved the expansion of existing workforces and created employment opportunities to which dislocated workers were sometimes referred.

**Promoting Job Creation**—State or substate EDWAA funds were used in some sites to support economic development projects designed to help new employers to move into the area or existing employers to expand. In most cases, this resulted both in expanded reemployment opportunities for dislocated workers and the achievement of economic development goals. In several instances, however, the economic development objectives and benefits to employers overshadowed the benefits to dislocated workers (e.g., when EDWAA funds were used to assist in creating jobs that paid substantially less than the jobs from which EDWAA participants had been dislocated).

## **Coordination with Education, Employment and Training, and Other Human Services Programs**

Coordination with education, employment and training, and human services agencies occurred primarily at the local level. Coordinated delivery of retraining services to dislocated workers through financial and nonfinancial coordination agreements between substate grantees and public schools, community colleges, and public vocational technical schools enabled many

substate areas to provide expanded services for dislocated workers at low tuition levels that reflected the substantial existing taxpayer support of these educational providers. In several substate areas, state or federal vocational education funds supplemented EDWAA funds to enhance retraining services. In a number of substate areas, staff arranged for dislocated workers to apply for Pell grants and guaranteed student loans to help finance retraining.

Coordination between EDWAA and JTPA Title II-A was facilitated by collocation of most administrative functions for the two programs and partial or complete consolidation of the two service delivery systems for many substate areas. Nevertheless, the potential benefits from coordination between the two systems were indirect in most cases (e.g., in the form of reduced costs from greater economies of scale). Coenrollment was used by one substate area to make needs-related payments funded by Title II-A available to economically disadvantaged EDWAA participants.

Coordination with human services agencies was largely local and informal. At least a third of the substate areas made referrals to human services agencies for unmet client needs on an individual basis. Three study states had stronger policies linking EDWAA service delivery to the delivery of other human services. These states emphasized the use of child care, transportation, health, and other social service systems to address the broader needs of dislocated workers.

### **Factors Facilitating Coordination**

Coordination mechanisms were stronger and better developed when states had a strong commitment to coordination, organizational relationships among different agencies were stable, EDWAA had well-defined goals in common with other agencies, and there was the ability to integrate service functions through collocation or coadministration.

## **EDWAA OPERATIONS**

### **Rapid Response**

The EDWAA legislation calls for states to implement a capacity to respond rapidly to permanent closures or substantial layoffs to assess the need for and arrange for the provision of initial basic readjustment services. Although the EDWAA legislation indicates that the state DWU is responsible for providing rapid response services in the event of permanent closures or substantial layoffs, we found that states varied in their roles vis-a-vis the substate areas. One

state delegated most rapid response responsibilities to its substate areas. If the substate area requested aid, the state staff would coach the substate staff in how to contact the employer, but state staff only occasionally attended initial employer meetings. In two other states, the DWU delegated full responsibility for rapid response to some substate areas after they had gained substantial experience in conducting rapid response. All but one of the remaining states provided rapid response to large-scale layoffs and closures but expected substate areas to respond to medium- and small-scale dislocations, usually defined as layoffs of fewer than 50 workers. Finally, one state responded to virtually all closures or layoffs.

Several states provided technical assistance to substate areas in rapid response procedures, often in the form of workshops to describe the state's rapid response procedures and the substate areas' roles in both large- and small-scale layoffs. In addition, a few states took more active steps by encouraging substate areas to plan responses to layoffs in their area.

Although most states were successful in distinguishing state and substate roles in rapid response, a few problems were identified. Five substate areas were confused about their role in rapid response, mostly because the state did not clearly communicate what the substate area was expected to do for smaller layoffs. Further, six substate areas that were responsible for responding to smaller-scale layoffs had not established any procedures to learn of these layoffs and had not provided any rapid response services to smaller-scale layoffs, despite serving moderately sized labor markets.

Although only states may charge expenditures to the rapid response cost category, many substate areas were providing substantial rapid response services, particularly for smaller-scale layoffs. These expenses were charged to either administrative or basic readjustment cost categories.

### **Linkages with WARN**

Effective linkages between receipt of WARN notices and the EDWAA program are important to initiate both DWU rapid response activities and coordinated responses by others, including the substate area and related state and local agencies. All states in our sample had established procedures to respond to WARN notices, and in most states the DWU received WARN notices expeditiously.

However, the relationship between EDWAA and WARN had some weak links in a few sample states. In three states, substantial delays arose when WARN notices were sent to the governor's office. Many states reported that employers often gave less than 60 days notice. Several states were concerned that important layoffs were not covered by WARN, including large layoffs of less than one-third of the workforce, layoffs by government agencies, and smaller-scale layoffs. Despite these concerns, all states reported receiving voluntary notices from employers not covered by the WARN legislation. Some states and substate areas had taken specific steps to increase employer awareness of WARN requirements, including letters to employers from the governor, establishment of an 800 telephone number to answer employer questions and receive verbal notices, and local employer forums describing WARN and EDWAA services. Further, states and substate areas frequently supplemented WARN with information about layoffs and closures from other sources, including the media, UI system, and economic development agencies.

### **Rapid Response Activities**

**Initiating Rapid Response**—Most states contacted the employer, usually by telephone and usually within a day of receiving a WARN notice, to clarify information in the WARN notice and schedule an on-site meeting. Most states also initiated a coordinated response on receipt of WARN notices by promptly notifying the appropriate substate areas and other state agencies, such as the ES and economic development. Five states, however, made coordinated response more difficult by not notifying substate areas until after the DWU had met with the employer.

**On-Site Meetings with Employers**—The rapid response design in all states called for on-site meetings with employers. States viewed the purposes of the employer meeting as (1) to arrange an orientation meeting with employees to explain EDWAA services (all states), and (2) to encourage labor-management cooperation (11 states). Four states indicated that employers were frequently unwilling to allow orientation meetings; the remainder emphasized the benefits to the employer as well as the employees and generally found employers cooperative. In cases when a meeting was not possible, the DWU generally tried to get a list of the affected workers from the employer and contact the workers directly. Most initial on-site meetings occurred within 1 to 2 weeks after notice of the layoff was received; only one state routinely met with employers within 48 hours. Most states indicated that employers were often not willing to meet so quickly and that it took longer to schedule the initial employer meeting when multiple agencies were involved.

Although only the DWU met with the employer in four states, the remainder usually involved substate areas, and seven states involved other agencies, including the ES, UI, and economic development. Only two states routinely included TAA staff in employer meetings. Because EDWAA staff are frequently not very knowledgeable about TAA and because TAA benefits enhance the ability of workers to participate in long-term training, early involvement with TAA staff in more states would probably enhance the effectiveness of EDWAA services.

**Layoff Prevention**—One of the purposes of rapid response is to avert layoffs, if possible. Nine states routinely notified the economic development agency when a WARN notice was received, and four often included economic development staff in the initial employer meeting. Virtually all states indicated that 60 days notice of a closing or layoff was not sufficient to prevent dislocations from occurring. Indeed, regardless of the amount of advance warning, successful prevention of layoffs was rare once the employer had decided a layoff was necessary. Only four states provided any examples of successful layoff prevention efforts, and only one could attribute the success to Title III efforts.

**Orientation Meetings**—The legislation indicates that a purpose of rapid response is to provide information on and facilitate access to available public programs and services. To accomplish this goal, all states conducted worker orientation meetings to provide information about EDWAA, ES, and UI services. In addition, workers could apply for UI services at orientation in seven states. Some states also provided some basic readjustment services during orientation meetings, including stress and financial counseling and job search assistance. Employee orientations were generally held within 2 weeks of the employer meeting.

**Subsequent State Activities**—The legislation indicates that states may use rapid response funds to assist the local community in developing its own coordinated response. After providing rapid response services, several states played a continuing role in providing prelayoff basic readjustment services (three states) and/or helping substate areas to plan appropriate services (five states). Three of these states also routinely followed up to see whether the substate encountered any problems in implementing planned services.

## **Basic Readjustment Services**

Basic readjustment services are an important component of EDWAA services in two service contexts. First, in some study sites, basic readjustment services were provided to workers affected by particular layoffs, either as prelayoff services linked to rapid response activities or as part of the services available through plant-specific projects. Second, in all substate areas, basic readjustment services were provided as a general dislocated worker service.

### **Basic Readjustment Services for Workers Affected by Specific Layoffs**

**Rapid-Response-Linked Services**—In about one-third of the substate areas studied, basic readjustment services were provided before a layoff as part of on-site rapid response activities. Nine substate areas routinely provided such services; two additional sites provided prelayoff services only when labor-management committees were formed. In all but one case, the same organization provided both rapid response activities and prelayoff services. In nearly two-thirds of the sites where prelayoff services were provided, the state was responsible both for rapid response and for basic readjustment services. In one-third of the sites, substate areas provided both rapid response and the resulting basic readjustment services. States generally charged prelayoff basic readjustment services to the rapid response category, while substate areas charged them to the basic readjustment cost category when services were provided by the substate area.

Prelayoff basic readjustment services usually consisted of a series of group workshops, including a job search workshop and, in four substate areas, stress and financial counseling workshops. Three substate areas also offered prelayoff training to affected workers in basic skills remediation and ESL. Employers usually contributed to prelayoff services by providing space and sometimes work-release time for employee participation in on-site services. In three substate areas, employers often hired their own outplacement counselors to supplement services available from the EDWAA system.

**Services Provided by Plant-Specific Projects**—In some cases, rapid response activities resulted in the establishment of plant-specific projects. Typically, these projects provided basic readjustment services both before and after the layoff occurred through ongoing resource centers established either on-site or at nearby locations.

## **General Basic Readjustment Services**

Basic readjustment services offered as part of the general dislocated worker services administered by substate areas included services usually provided before enrollment, including outreach and assessment, and services generally provided after enrollment, including job search assistance, counseling, and relocation assistance.

About one-fourth of the substate areas studied did not offer any stand-alone basic readjustment services to dislocated workers not also receiving training. Several respondents in these substate areas indicated that dislocated workers did not need basic readjustment services because they were already job ready. Of the 22 substate areas that offered general basic readjustment services to dislocated workers as a stand-alone service option, over one-half integrated the delivery of EDWAA basic readjustment services with the delivery of services to Title II-A clients. Substate respondents from these local areas often felt that the basic readjustment service needs of dislocated workers and the economically disadvantaged were similar. The remaining substate areas offered EDWAA basic readjustment services that were distinct from Title II-A services. Respondents in these substate areas indicated that it was essential for EDWAA service providers to understand the special emotional needs of dislocated workers and their reluctance to accept jobs at wages substantially lower than their previous wages.

**Outreach**—Substate areas recruited dislocated workers using three mechanisms: rapid response linkages, referrals from the ES/UI system, and general community outreach. Of the 15 areas experiencing moderate to high levels of dislocation, 9 recruited through rapid response activities, but 6 substate areas did not. These six substate areas made presentations at rapid response orientations but left it up to individual workers to apply for substate EDWAA services. Most substate areas used referral linkages with the ES/UI system to reach dislocated workers. All but two substate areas also used general media to reach dislocated workers.

**Assessment**—Assessment procedures varied widely. Ten substate areas conducted only informal assessment; the remainder conducted more extensive assessment of vocational interests and aptitudes. At least 12 substate areas assessed the transferability of workers' existing skills to new occupations. Although many substate respondents perceived the value of additional assessment, they were struggling to develop procedures appropriate for dislocated workers.

**Enrollment and Case Management Services**—Most substate areas enrolled recipients of basic readjustment services after the initial assessment, as specified by the reporting instructions. Three substate areas, however, never even enrolled participants who received extensive basic readjustment services unless they also received retraining. About one-third of the substate areas used case management to monitor participants' progress.

**Job Search Assistance**—All substate areas that provided postenrollment basic readjustment services to dislocated workers offered job search assistance, usually through group workshops. Several respondents indicated that dislocated workers particularly needed instruction in job search skills because they often had not looked for work in a long time and because job search techniques have changed in recent years.

**Stress and Financial Counseling**—Only four of the substate areas studied provided stress and financial counseling services as postenrollment services to dislocated workers enrolled in their general dislocated worker programs. Several additional substate areas indicated that they were exploring ways to offer such services.

**Relocation Assistance**—Only five substate areas planned to offer relocation assistance as a regular part of their package of services for dislocated workers. Procedures for providing such services were not well developed, however, and some substate areas indicated confusion about how to plan for this service.

## **Retraining Services**

Most EDWAA-funded retraining services in the sample sites were provided through general service systems for dislocated workers administered by the substate areas. Special plant-specific projects initiated by states or substate areas provided additional retraining opportunities to workers affected by specific dislocations.

### **General Retraining Services**

In all but one study site, general dislocated worker service systems offered a choice between classroom training in occupational skills and on-the-job training (OJT). In many substate areas, classroom training was more popular with dislocated workers than OJT, because it was perceived as offering better opportunities for reemployment at high wages.

**Design and Delivery of Classroom Training Services**—Half the substate areas integrated EDWAA and Title II-A classroom training services, while the remainder used different service providers or separate contracts for EDWAA participants. Classroom training was highly decentralized in most substate areas, with a number of public and proprietary training institutions offering a variety of occupational training curricula from which dislocated workers could choose.

Community colleges and vocational technical schools were the most common providers because they offered a wide variety at low cost. However, problems with these providers included the inflexibility of class schedules and the generally long duration of vocational curricula. Proprietary schools generally offered shorter and more intensive curricula. Additional classroom training providers included community-based organizations and the substate areas themselves.

More than half the substate areas studied offered occupational training exclusively through individual referral of dislocated workers. In contrast, five substate areas offered occupational training only through specific class-size contracts for a limited number of vocational curricula. The remainder offered both class-size programs and individual referrals.

Most substate areas referred dislocated workers with basic skills deficiencies to appropriate providers. Basic skills instruction was provided by vocational schools or community colleges, which provided for remedial training in conjunction with occupational skills training; by community institutions that offered free basic education, GED, or ESL training; and by EDWAA-funded service providers that offered stand-alone basic skills training.

**Design and Delivery of OJT**—Most substate areas wrote OJT contracts of short (less than 13 weeks) or moderate (13 to 26 weeks) duration. In some substate areas, OJT assignments were designed to meet participants' needs by locating high-quality jobs and providing needed training to the dislocated workers. In these substate areas, OJT occupations and employers were carefully screened, and OJT contracts sometimes specified what skills the trainee would learn. However, in a number of other substate areas, the OJT positions provided with EDWAA funds appeared to be oriented more to furthering economic development goals and meeting the needs of local employers than to providing training to prepare EDWAA enrollees for high-quality jobs.

## **Retraining Through Plant-Specific Projects**

Only seven substate areas in the study sample had established plant-specific projects by the time of our site visits; we also obtained information about seven other projects established by other local areas within the sample states. Six of the 14 plant-specific projects studied had tailored one or more classroom training curricula to the needs of the workers laid off from a plant. Most of the remainder made individual referrals to local providers, while several relied on OJT. Most plant-specific projects helped participants to enter retraining by providing extra counseling about training options in the community and/or earmarking EDWAA funds for workers laid off from that plant. Prelayoff occupational skills retraining was rare but occasionally quite successful. In one case, all but one worker found new jobs before the layoff date.

## **CONCLUSIONS**

### **Progress in Furthering the Priority Goals of the EDWAA Legislation**

The EDWAA implementation experience during PY 89 demonstrated substantial progress in furthering many of the goals of the EDWAA legislation. The following discussion summarizes the progress made in each of the seven priority themes of the legislation and points out some emerging problems for consideration by DOL and the states.

### **Building a Substate Delivery System**

A substate delivery system was created that has the administrative capacity to expend EDWAA funds in a timely fashion with appropriate attention to fiscal accountability issues. The use, by most states, of Title II-A service delivery areas as the substate administrative entities for EDWAA greatly eased the initial transition from Title III to EDWAA because SDAs had a demonstrated capacity to design and administer employment and training services, although for economically disadvantaged individuals.

However, the selection of SDAs as the substate grantees for EDWAA may have impeded the emergence of strong state leadership in developing and overseeing the delivery of effective local service designs for dislocated workers. In general, states deferred to substate discretion rather than implementing statewide client targeting priorities for EDWAA or developing a consistent package of services for dislocated workers. Instead, many states maintained an area of state authority by retaining direct control over the design and administration of 40%-funded projects, further fragmenting EDWAA service delivery systems in local areas. The general

pattern seems to be that states and substate areas have established their own separate and distinct areas of EDWAA program authority, rather than forming an integrated system of services to dislocated workers.

The division between state and substate area roles and responsibilities in EDWAA implementation has created some potential problems, including:

- A weak linkage in many local sites between rapid response (usually administered by state staff or contractors) and the delivery of early intervention services for dislocated workers (assumed in many states to be the responsibility of substate areas).
- The absence of clear state policies on how to prioritize among eligible dislocated workers and how to put the EDWAA eligibility criteria into practice.
- The absence of any consensus about what services dislocated workers need and how best to organize and deliver them.
- A frequent lack of coordination between services offered through special plant-specific projects and services available to other dislocated workers in the same local area.

### **Improving Program Accountability**

All states emphasized fiscal accountability procedures during PY 89 to ensure that the federally mandated 80% expenditure levels would be achieved. As a result, most study states indicated that they would meet the 80% expenditure requirement for PY 89. States that experienced difficulty spending funds in a timely fashion generally attributed this to substate inexperience in recruiting and serving dislocated workers, rather than to inadequate accountability mechanisms.

Programmatic accountability received less emphasis at the state level during the first year of EDWAA implementation. Although several states were considering offering incentive awards for good performance on the performance standard in future years, no incentive awards were offered (and no sanctions threatened) by the study states in PY 89. In the absence of incentive awards and sanctions, performance standards for EDWAA were not given much attention.

The study states generally permitted substantial substate discretion in the selection of target populations and the design and operation of client services. Few states developed detailed criteria for review and approval of substate area plans for EDWAA, and most approved substate area plans with few, if any, changes. State technical assistance to substate areas and program monitoring activities focused more on program compliance and procedural issues than on the effectiveness of the available services for the targeted dislocated worker population.

### **Implementing Rapid Response**

For the most part, states made conscientious efforts to implement the legislative requirements for providing rapid response. Most states designed procedures to receive WARN notices expeditiously and felt that the WARN legislation increased their knowledge of dislocations and increased their ability to respond rapidly to these events.

After learning of layoffs, states generally contacted employers by telephone within 48 hours, but on-site meetings usually occurred later, typically 1 to 2 weeks after receipt of the WARN notice. Layoff prevention efforts were the least successful rapid response activity. Virtually all states and substate areas indicated that the 60-day notice required by WARN was not sufficient to prevent a layoff. Indeed, even in states with active economic development agencies, successful efforts to prevent a layoff were rare once the employer had decided it was necessary.

However, the main focus of rapid response activities was on providing dislocated workers with information about EDWAA and related programs through on-site orientation meetings. A few states encountered frequent employer resistance to holding orientation meetings; in these states, many affected workers were not informed about community resources.

During the first program year, states and substate areas directed most of their efforts toward establishing the *mechanisms* for providing rapid response. Less attention was given to *what the rapid response was intended to achieve*. Informing workers about EDWAA and related community services is a valuable objective. However, rapid response can also lead to early assessment of the needs of affected workers, giving the EDWAA program time to arrange for appropriate services and early intervention, such as prelayoff basic readjustment services and early recruitment into the ongoing EDWAA programs. These latter objectives of rapid response were less widely achieved.

One reason that rapid response did not commonly lead to early intervention services may be the legislated division of responsibilities. In most states, the state led rapid response efforts, and substate areas were responsible for subsequent services. However, in eight of the nine cases where prelayoff basic readjustment services were provided, the same agency was responsible for both rapid response and prelayoff services. It seems that many substate areas saw their role as operating ongoing dislocated worker programs and saw the state's role as providing rapid response activities. That common view left unassigned the task of providing early intervention services to dislocated workers.

### **Encouraging Labor-Management Cooperation**

The EDWAA legislation encouraged the use of labor-management committees as a more effective use of public and private resources to respond to the needs of workers affected by large-scale layoffs or plant closures. In practice, several states found the investment in formal labor-management committees to be worth the perceived benefits: reaching large numbers of affected workers and giving both management and dislocated workers a sense of "ownership" of the services designed to meet the needs of a particular layoff.

Labor-management committees were used in two different settings: rapid-response-linked committees that were oriented to designing prelayoff services for specific plant closures or large-scale layoffs, and project-linked committees that were involved in the design and administration of plant-specific service projects that continued after the layoff date. Informal committees were also used in a variety of settings to help service providers assess workers' needs and design appropriate prelayoff services.

Other states found the promotion of labor-management committees to be too time-consuming, unproductive, or inconsistent with the local employer attitudes. Several states developed alternative organizational mechanisms to promote the goals of labor-management cooperation. These included: (1) the formation of broader community task forces with both labor and management participation to assist in service planning for large layoffs and (2) encouraging separate contributions by labor and management representatives to help fund, design, or operate services for plant-specific projects.

Most states and substate areas responded to the federal objective of encouraging labor-management cooperation in appropriate and creative ways. However, some states appeared to be halfheartedly going through the motions of encouraging labor-management committees without

understanding that the objectives of labor-management cooperation were more important than any particular organizational format.

### **Promoting Coordination of Funds and Services**

EDWAA coordination linkages at the state and substate levels with the ES/UI system, TAA, economic development agencies, and other social service programs generally supported EDWAA program goals by: (1) providing information about local dislocation and the eligibility of individual dislocated workers, (2) providing referrals of dislocated workers to the EDWAA system, and (3) providing services to dislocated workers through financial and nonfinancial interagency agreements.

Several barriers to successful coordination were identified for specific programs. First, coordination efforts between EDWAA and the TAA program were often hindered by the complexity of TAA and delays in receiving TAA certification. Improved training about TAA operations for EDWAA staff and active efforts to develop coordinated service plans for individuals eligible for both programs were effective coordination strategies in several states. Second, coordination between EDWAA rapid response efforts and layoff prevention efforts by economic development agencies were hampered by the short time frame for advance notice of layoffs set forth in the WARN legislation.

Coordination benefited EDWAA participants where the goals of the two coordinating agencies or funding streams were similar or compatible. Coordination was less beneficial where there were evident or unacknowledged conflicts between the goals of the two agencies. In particular, coordination between EDWAA and economic development agencies sometimes had questionable outcomes for individual dislocated workers when the primary goal of coordination was to serve the interests of new employers (e.g., for skilled workers at a low cost) rather than to enhance the reemployment opportunities for dislocated workers.

The extensive integration of EDWAA and the JTPA Title II-A service delivery system in many substate areas clearly increased the administrative efficiency of EDWAA services by avoiding unnecessary duplication. It is less clear that integration of the Title II-A and EDWAA service delivery systems in a number of SDAs always furthered the goal of providing services responsive to the needs of dislocated workers, particularly in local sites where the two programs serve participants whose characteristics and service needs differ.

## **Serving a Broad Range of Dislocated Workers**

To serve a broad range of dislocated workers, the funds received by states and substate areas were adequate for the needs of the dislocated worker population. Only 4 of the 15 states studied had inadequate funds. These states generally had high levels of dislocation, although some had relatively low unemployment rates.

About one-third of the substate areas had resources that fell far short of meeting local needs. These substate areas either experienced very high levels of dislocation or received very small grants (\$50,000 or less). Whether substate areas' funds matched local needs was highly correlated with the extent to which the state based substate allocations on the number of plant closings or major layoffs. In particular, most of the substate areas with inadequate funds were in states that placed a zero or low weight on the number of dislocations in their allocation formulas. EDWAA legislation authorizes the Secretary to develop data on the number of dislocated workers and dislocations. The results of this study point out the importance of such data in distributing EDWAA funds to match the needs of dislocated workers.

Generally, substate areas were serving the type of dislocated workers prevalent in their community: most substate areas experiencing high rates of plant closures or layoffs were serving recently laid-off workers; most substate areas experiencing few recent dislocations were serving long-term unemployed individuals. Five substate areas, however, experienced at least moderate levels of recent dislocations, but were serving long-term unemployed individuals who were similar to the Title II-A clients these programs were accustomed to serving. These substate areas typically used the same outreach procedures for EDWAA and Title II-A clients and rarely recruited from rapid response efforts. In these cases, the goal of serving a broad range of dislocated workers has yet to be achieved.

Some substate areas were confused about what types of workers should receive priority for EDWAA services. Several were uncertain whether to target individuals most in need or whether to serve relatively well-off dislocated workers. Confusion also arose because some states and substate areas were closely linking EDWAA eligibility requirements to WARN definitions and requirements. For example, some substate areas were not serving temporary workers dislocated by substantial layoffs because WARN notices are not required for layoffs of temporary workers. Federal or state clarification of these targeting issues would help substate areas to serve appropriate types of dislocated workers.

## **Promoting Long-Term Training**

The EDWAA legislation emphasized the importance of retraining services in two ways: it required substate areas to spend 50% of their funds on retraining, and it encouraged states to provide incentives for longer-term training. Both requirements were intended to ensure that EDWAA services would be intensive enough to promote reemployment in stable jobs that replaced as high a percentage as possible of the worker's previous wage.

The 50% retraining expenditure requirement was enthusiastically received in most states. Meeting this requirement was not a problem for about two-thirds of the substate areas studied. However, about one-third of the substate areas said that this requirement had caused them to shift their EDWAA service package away from an optimal mix of basic readjustment services, retraining, and supportive services.

Our case studies provide suggestive evidence that some substate areas may be emphasizing retraining to the exclusion of needed basic readjustment services under the influence of several factors, including the 50% retraining requirement. In some of the substates studied, post-enrollment basic readjustment services are not offered except as part of a retraining plan. In several substate areas, only those participants receiving retraining are officially enrolled in EDWAA.

Although most states and substate areas supported the federal goal of providing long-term training, several respondents emphasized the importance of offering a diversity of retraining options to accommodate the diverse needs of dislocated workers, ranging from shorter-term training for skills upgrading, skills transfer, or basic skills remediation to longer-term retraining for a totally new occupation. Given the general lack of needs-related payments for dislocated workers under EDWAA, states and substate areas are still struggling with ways to design retraining plans that will enable dislocated workers to support themselves during longer-term training. Under these circumstances, short-term intensive training programs lasting 3 to 6 months have some clear advantages over the longer-term (1- to 2-year) educational programs offered by many public educational institutions.

## **Recommendations**

Overall, the states and substate areas studied made considerable progress in furthering the objectives of the EDWAA legislation during PY 89. We, however, recommend changes in three major areas to give dislocated worker programs a clearer focus and direction and promote greater coordination between state and substate area programs.

**Pay Greater Attention to the Objectives of EDWAA**—Rather than concentrating on the formal mechanisms encouraged by the EDWAA legislation (e.g., labor-management committees, formal coordination agreements, procedures for employer meetings under rapid response), EDWAA administrators and service providers should pay more attention to the objectives these mechanisms are designed to further. For example, in implementing rapid response activities, states and substate areas should pay more attention to the fact that the goal of rapid response is to encourage early intervention and increased service delivery to workers affected by large-scale layoffs. Similarly, in the design of labor-management coordination mechanisms, the focus should be on realizing the benefits of reduced labor-management tensions and the design of responsive services. In the planning and implementation of program coordination, the conscious objective should be improving the range and availability of services responsive to dislocated workers' needs.

**Work to Develop a Coordinated State and Substate Area Dislocated Worker Program**—Because we found that states and substate areas each seemed to be carving out their own separate areas of authority under EDWAA rather than working together to produce a coherent statewide system, we recommend that greater efforts be made to create a coordinated EDWAA program in each state. Among the elements that could benefit are the linkages between rapid response and recruitment/provision of early intervention services to dislocated workers and the coordination between plant-specific projects and ongoing general dislocated worker service systems in local areas. The objective of greater integration is to strengthen the ability of the service system to achieve early intervention objectives and to make the service delivery process appear more "seamless" to dislocated workers in search of assistance from the EDWAA system.

**Develop Clear Strategies for Targeting Dislocated Workers and Disseminate Effective Service Designs**—Finally, more effort is required to determine the needs of dislocated workers and develop or adopt services appropriate to those needs. Some substate areas have been very active in developing service delivery systems to address the specific needs of dislocated workers. Other substate areas appear to lack information about dislocated worker needs and appropriate program designs. Because both states and substate areas appeared to be developing program options in isolation, we recommend greater sharing of program models both within and across states.