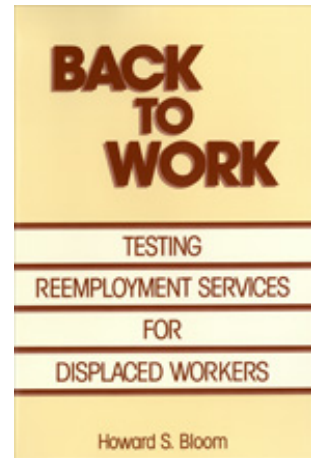




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The Demonstration

Howard S. Bloom
New York University



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The Demonstration

This chapter presents the background and describes the operation of the Worker Adjustment Demonstration. Specifically, it discusses the policy framework and issues that gave rise to the demonstration, describes how each site operated, outlines the roles of the project sponsor and evaluation contractor, and describes the local economic environment in which the demonstration was conducted.

The Problem and the Project

Between October 1983—when the Job Training Partnership Act (JTPA) took effect—and June 1986—the end of its third year—over \$421 million was appropriated for displaced worker programs under JTPA Title III. Nationally, over 700 programs were providing retraining and reemployment assistance to tens of thousands of persons who each year had lost well-paying, stable jobs due to changing technology and increased international competition. Nevertheless, little was known about the implementation, effectiveness, or costs of these programs.

To help bridge this information gap, the Texas Department of Community Affairs (TDCA) conducted an innovative Worker Adjustment Demonstration. This project had two primary objectives:

1. To expedite reemployment for displaced workers in stable, productive jobs that minimized their wage loss
2. To provide planners of future Title III programs with insights into factors affecting the design, implementation, operation, cost, and success of their programs

The Worker Adjustment Demonstration was based on a two-tier service model that required all participants to complete a period of assisted job-search—Tier I—prior to consideration for additional reemployment

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or retraining services—Tier II. This strategy reflected the premise that many displaced workers could be reemployed through job-search assistance. By doing so, it was hoped that more intensive services could be reserved for persons who most needed them.

To test these and related propositions, TDCA conducted the Worker Adjustment Demonstration as a randomized experiment. A comprehensive evaluation of the demonstration was conducted to address the following questions:

How was the demonstration planned, implemented, and operated? How did it vary across sites? How were these variations related to differences in local economic conditions, population characteristics, and institutional arrangements? What were the key problems incurred, and how might these problems be avoided in the future?

What types of persons participated in the program? How did program services differ by type of participant? How were differences across sites related to their industrial and occupational mix, the nature and source of their economic displacement, and the types of community services that were available?

What was the program's impact on future employment, earnings and Unemployment Insurance (UI) benefits? How did this impact vary by type of participant? To what extent, if any, did retraining add to the impact of job-search assistance, and what were the costs of services provided?

Phase 1 of the demonstration began in 1983, with a TDCA request for proposals to conduct local programs in targeted areas throughout Texas. After carefully reviewing proposals, the State Job Training Coordinating Council (SJTCC) recommended to the governor that three projects be funded:¹

1. A \$1,089,700 project operated by the Texas Employment Commission (TEC) and Houston Community College (HCC)—(TEC/HCC);
2. A \$763,400 project operated by Programs for Human Services (PHS), a community-based organization serving Beaumont/Orange/Port Arthur; and

3. A \$903,500 project operated by the Cameron County Private Industry Council.²

These projects were funded in November 1983, from a combination of Emergency Jobs Bill monies and the transition year 1983 JTPA Title III Grant.³ They were operated through June 1984, but were not subject to a comprehensive evaluation.⁴

Phase 2 of the demonstration involved five projects funded by the program year 1984 JTPA Title III Grant. Two of these projects were continuations from Phase 1.

1. A \$1,425,000 extension of the TEC/HCC program in Houston.
2. A \$950,000 extension of the PHS program in Beaumont/Orange/Port Arthur.

In addition, three new initiatives were selected:

1. A \$288,000 project operated by the El Paso School for Educational Enrichment (SEE), a private education and training organization;
2. A \$295,000 project operated by Greater El Paso SER Jobs for Progress (SER/JOBS), a local unit of the well-known national community-based employment and training organization; and
3. A \$685,000 project operated by Vocational Guidance Services (VGS), a community-based organization serving the Galveston area.

These projects were selected through a competition that also included proposals from five other parts of the state. Given the limited funds available for the demonstration, each proposal was screened carefully. Final selections were based on the quality of proposals received and the extent to which key industries identified by the state were particularly hard hit in each locality. Phase 2 projects began between May and July of 1984, and ran for approximately one year. In contrast to Phase 1, the second group of projects included a comprehensive evaluation, and each project was chosen on the condition that it participate in the evaluation.

The evaluation contractor, Abt Associates, Inc. of Cambridge, Massachusetts, was selected through a competition in 1984, soon after

the Phase 2 projects were chosen. Thus, even though the Phase 2 projects were willing to implement an evaluation, they could not fully appreciate the implications of doing so until after the evaluation contractor was chosen and the evaluation design was developed. This, in turn, complicated the evaluation contractor's initial task. Nevertheless, after a series of site meetings and planning sessions, evaluation designs were agreed upon by each site. These were fashioned to provide the information required by TDCA and to accommodate the conditions and constraints at each site.

The evaluation plan (Bloom et al. 1984) involved a randomized experiment at each site, undertaken to measure program impacts on future earnings, employment, and UI benefits. This approach, whereby eligible program applicants were randomly assigned to treatment groups who were offered program services or control groups who were not, represents the most powerful existing methodology for measuring the impacts of social programs (Riecken and Boruch 1974; Hausman and Wise 1985). Furthermore, given the limited existing resources, relative to the widespread need for assistance, random selection of eligible applicants by lottery was the fairest possible way to allocate program services.

The evaluation plan also included detailed case studies of how each program was implemented, what problems arose, how these problems were addressed, and how the programs operated. Thus, the evaluation was designed to provide information that would facilitate interpretation of impact results and inform future efforts to implement displaced worker programs. The evaluation plan also included an analysis of program costs, undertaken to develop cost-effectiveness measures.

Soon after Phase 2 began, PHS in Beaumont/Orange/Port Arthur, and VGS in Galveston, dropped out of the impact evaluation. PHS dropped out when several major alternative sources of reemployment assistance became available, in response to the areas's rapidly deepening economic crisis.⁵ These resources made equivalent program services available to control group members. VGS dropped out of the evaluation when management problems and conflicts with its initial applicant source became insurmountable.

Nevertheless, three of the five Phase 2 demonstration sites—TEC/HCC, SEE, and SER/JOBS—ran to completion. These sites provide the basis for the discussion that follows.

The Programs

TEC/HCC, SEE and SER/JOBS developed and implemented worker adjustment programs that reflected a number of factors, including: the economic conditions they faced; their institutional histories, missions, and positions in the community; the services with which they had the most experience; their management and staff preferences; responses to specific problems and opportunities that arose; and external forces.

Program Organization

Sites were required by TDCA to operate a generic two-tier job-search assistance and retraining program within certain specified parameters. Table 1.1 illustrates how this program model was adopted and adapted.

Table 1.1
Program Administration

	TEC/HCC	SEE	SER/JOBS
Contractor type	Public	For-profit	Not-for-profit
Phase 1 contractor	Yes	No	No
Contract amount	\$1,425,000	\$288,000	\$295,000
Contract period	7/84 to 7/85	4/84 to 3/85	4/84 to 3/85
Assignment period	7/84 to 2/85	6/84 to 2/85	8/84 to 2/85
Planned sample			
Tier I only	250	---	---
Tier I/II	350	250	250
Tier II	200	125	125

Each program was directed by a different type of organization. TEC and HCC were public agencies, SER/JOBS was a private not-for-profit community-based organization, and SEE was a private for-profit vocational education institution. Although the contract period for all three programs was one year, their funding levels varied from \$1,425,000 for TEC/HCC to \$288,000 and \$295,000 for SEE and SER/JOBS, respectively. Consequently, their activity levels varied substantially.

TEC/HCC planned two alternative program strategies, or treatment streams. One treatment stream, Tier I only, was designed to provide job-search assistance to 250 persons. The second treatment stream, Tier I/II, was designed to serve 350 persons. All Tier I/II participants were to start with job-search assistance. Subsequently, about 200 were expected to receive classroom training or on-the-job training (OJT).⁶

Both SEE and SER/JOBS planned a single Tier I/II program of job-search assistance for all participants, followed by occupational skills training for some. SEE and SER/JOBS each planned to serve 250 persons, half of whom were expected to receive classroom training or OJT. Table 1.2 presents an overview of the major components of the demonstration programs at each site and the following sections briefly describe these components.

Client Recruitment

Program applicants were recruited from three sources:

1. UI claimants referred by TEC
2. Walk-ins generated by publicity and word of mouth
3. Plant-based outreach to mass layoffs

The overwhelming majority of applicants were recruited through UI claimant referrals; little recruitment was accomplished through walk-ins or plant-specific outreach.

TEC/HCC recruited all of its applicants internally. The first step in this process was a brief application interview at a local TEC unemployment insurance office. Four Houston TEC offices were designated for this purpose. The second step was an orientation session at the TEC/HCC

Table 1.2
Program Overview

	TEC/HCC	SEE	SER/JOBS
Intake	TEC referrals by •TEC office •industry •occupation	•TEC referrals by industry •Plant-based outreach •Walk-ins	•TEC referrals •Plant-based outreach •Walk-ins
Assessment			
Occupational	Yes	Yes	No
Educational	No	Yes	No
Tier I			
Job search			
Days	5 (Career circles)	5	5
Hours/day	6	4	4
Days	5 (TEC)	--	--
Hours/day	4	--	--
Job club			
Recommended	Daily for 4 weeks	Weekly for 3 weeks	Daily
Required	Once weekly	None	None
Tier II			
Classroom training	Air conditioning Computer maintenance Computer command technology Computer drafting	Clerical Bookkeeping English	Clerical Auto mechanics English
OJT	Yes	Yes	Yes
Support services			
Transportation	\$5/day for Tier 1	\$1/day	\$15 attendance reward
Child care	Yes	Not used	Not used

demonstration headquarters. Because it had a large internal base of applicant referrals, TEC/HCC did not experience serious recruitment problems.

SEE initially focused recruitment on workers who had been laid off from an Atari assembly plant and a Calvin Klein warehouse. Other smaller plants also were targeted, but despite these efforts, as well as referrals from the Texas Rehabilitation Commission and the Adult Parole Board, SEE needed to augment its referral pool. Consequently, it sought help from TDCA to contract with the El Paso TEC office for UI claimant referrals from specified industries. SER/JOBS's initial recruitment strategy relied on advertising and word of mouth, but these produced few enrollments. Thus, SER/JOBS also requested that TDCA contract with the El Paso TEC for UI claimant referrals.

Client Targeting

Eligibility criteria for the demonstration required that applicants be in one of the following categories:

1. Unemployed with a poor chance of returning to work, as evidenced, for example, by a permanent plant shutdown or long-term layoff unrelated to regular cyclical activity;
2. Recipients of Unemployment Insurance benefits or benefit exhaustees;
3. Faced with special barriers to reemployment, such as being an older worker or not speaking English.

These general criteria reflected TDCA's interpretation of JTPA Title III requirements.⁷ Sites also had specific guidelines (table 1.3) based on analyses of labor market information and other economic data. For example, TEC/HCC focused on petrochemicals, steel, shipbuilding and repair, refining, oil and gas extraction, and chemical processing. Within these industries, certain occupations were emphasized, e.g., engineering, management, clerical/sales, machine trades, and processing. SEE and SER/JOBS emphasized certain industries but not specific occupations.

TEC referred workers from the four of its nine Houston offices nearest to concentrations of its target groups. The location of these offices, plus

Table 1.3
Client Recruitment Criteria

	TEC/HCC	SEE	SER/JOBS
Target industries	Petrochemicals Steel Shipbuilding Refining Oil and gas Chemical	Apparel Retail Electronics Wholesale Manufacturing Construction Health service Chemical	Food Clothing Construction Chemical Mining Electronics Smelting Retail/wholesale Trucking/freight
Target occupations	Machinist Drafter Mechanical engineer Engineering technician Accountant Civil engineer Financial analyst Purchasing agent Geologist Arc welder Crane operator Quality control Economist Electrical repair Field engineer	None ^a	None ^a
UI status	Claimants and exhaustees	Mainly claimants 6+ weeks	Mainly claimants 8 - 13 weeks
Language	English	English primarily	English or Spanish

a. Original demonstration plans specified that all sites identify target occupations, but SEE and SER/JOBS did not implement this feature.

the recruitment criteria applied, produced a mostly white-collar demonstration sample. SEE initially followed a plant-based recruitment strategy focused on laid-off apparel and electronics workers. Subsequently, this effort was augmented by UI claimant referrals. SER/JOBS also had to rely heavily on this applicant source.

To deal with disparities in language backgrounds, SEE established separate classes for English- and Spanish-speaking participants. SER/JOBS filled classes on a first-come, first-served basis and taught them in the language spoken by the majority of participants.

Targeting at all sites was influenced by a powerful financial incentive to enroll current UI claimants. This pressure was created by TDCA's decision to pass the JTPA Title III resource-matching requirement through to each site. By passing on this requirement, the state limited its financial responsibility for the demonstration to the federal funds available from JTPA Title III.

Under Title III at the time, federal funds allocated to each state had to be matched on a dollar-for-dollar basis by public or private nonfederal resources (U.S. House of Representatives 1982). This match could be in cash, in kind, or in both forms. Up to half of the amount could be met by UI benefits to program participants. Consequently, the overwhelming majority of participants at all sites were UI claimants. In short, fiscal necessity tended to drive program targeting.

Client Assessment

Client assessment should give participants enough information about their job preferences and skills to enable them to conduct an effective job search and choose among their training opportunities. It should also provide program staff with the information needed to develop individual service plans.

TEC/HCC conducted separate client assessments at three different points in the program. An initial assessment was conducted by Career Circles during the first week of participation. This activity was primarily a self-assessment to help participants examine their personal preferences and skills.⁸ TEC counselors then conducted their own assessments during the job-search workshop that followed the Career Circles module. These assessments were based more on personal interviews than on formal

instruments. Last, participants who were referred for Tier II classroom training were assessed informally by HCC staff to determine which course offerings, if any, were suitable.

Assessment at SEE began during the first week of the program, when instructors observed all class members during their job-search workshop. Participants also were interviewed by a job developer, who took information on their work histories and educations. A series of tests covering job-skill aptitudes, plus math and basic educational achievement, was then conducted. Test results were interpreted for participants and made available to job developers.

SER/JOBS did not institute formal testing during the demonstration.⁹ Instead, job developers gleaned information from their interviews with participants. These interviews provided an initial contact point for staff and participants and helped staff learn about the needs of individual participants. Job developers met daily to discuss the job market and participants' progress.

Tier I: Job-Search Assistance

TEC/HCC Tier I was a six-week program with three distinct segments:

1. A week-long, full-day career exploration module operated by Career Circles
2. A week-long, half-day job-search workshop operated by TEC
3. A four-week job club operated by TEC, with attendance weekly or as needed

The Career Circles module focused on long-range strategic issues. It took participants through a series of introspective paper-and-pencil exercises designed to elicit fundamental aptitudes, desires, and career goals. Career Circles stressed individual work more than group interaction. In addition, perhaps making it unique among publicly-sponsored job-search programs, Career Circles was located in an upscale shopping center in a high-income neighborhood. Its combination of extensive written work, emphasis on individual activities, and upper-middle-class setting was clearly geared toward white-collar professionals.

The second TEC/HCC Tier I segment was a job-search workshop operated by TEC staff who worked exclusively on the demonstration.

This week-long, half-day activity took place in a location set apart from regular TEC offices to avoid potential problems due to commonly-held negative perceptions about *unemployment offices*. The workshop focused on short-range tactical issues of finding a job. Each morning, TEC staff worked with participants on job-finding skills, including how to find and use available information about job openings, write a resume, contact an employer by letter and on the phone, enhance personal grooming, and conduct an effective job interview.

In addition, the workshop's half-day format gave participants an opportunity to put their newly learned job-search skills to immediate use by contacting employers each afternoon. These efforts were reinforced by individual meetings with program staff about issues and problems that arose during the job-search process.

The last segment of TEC/HCC Tier I was a job club, with daily attendance recommended and weekly attendance required. The job club was a less structured experience that enabled participants to use program facilities such as reference materials, a telephone message center, a phone bank, a xerox machine, and typewriters.

Tier I at SEE began with a week-long, half-day job-search workshop. These workshops started with individual assessments, followed by a mix of activities. Next came a job club that met on Wednesday afternoons. Attendance was recommended for current workshop participants and recent workshop graduates. The SEE job club invited local employers to discuss the job market and meet participants. In addition, it provided a forum for SEE job developers to share current leads with participants, thus offering strong incentives for participants to attend.

SER/JOBS Tier I offerings were similar to most job-search programs. This week-long, half-day sequence began with an informal assessment of participants, based on extensive individual interviews. Subsequent activities emphasized finding job openings, writing resumes, and contacting employers. On the last day, participants conducted mock job interviews which were videotaped and critiqued by staff members and other participants. This program element culminated with a graduation ceremony.

SER/JOBS had no required job club *per se*. Instead, its participants had to generate five job contacts and relate their experiences to other

job-search workshop members. After the workshop, participants were encouraged to visit program offices—which were open daily—to review job listings on microfiche. In addition, they were urged to contact their assigned counselor/job developer at least twice a week.

Tier II: Retraining

Table 1.4 indicates that Tier II at TEC/HCC focused overwhelmingly on classroom training, Tier II at SER/JOBS focused overwhelmingly on OJT, and Tier II at SEE reflected an even mix of these activities.

Table 1.4
Tier II Activity Mix
(percent)

Activity	TEC/HCC	SEE	SER/JOBS
Classroom training	83	50	13
OJT	17	50	87
Total	100	100	100

TEC/HCC's emphasis on classroom training reflected the fact that one of its co-contractors, Houston Community College, had the lead responsibility for this part of the program. In addition, OJT—traditionally used to provide entry-level jobs—was not appropriate for the experienced white-collar participants at this site. Hence, OJT was used only to supply 23 bus drivers for the local transportation authority.

TEC/HCC classroom training was conducted in the form of traditional fixed-duration courses, timed according to the academic calendar. Initial offerings included classes in air conditioning and refrigeration, computer maintenance technology, and computer-command automotive electronic technology. In response to the mismatch between the mostly white-collar backgrounds of TEC/HCC participants and the blue-collar orientation of its offerings, HCC later added a course on computer-assisted drafting.

SER/JOBS provided classroom training to only 13 percent of its Tier II participants (10 persons). This group was trained to become secretaries and automobile mechanics. Given the site's objective, to place participants in income-generating situations as quickly as possible, OJT was used to the maximum feasible extent. Another factor that prompted use of this option was that OJT wages counted toward the site's resource match. In addition, participants' prior wages were not so high that placement in an OJT slot would produce major wage losses. Given all of these factors, SER/JOBS exhausted its OJT budget and subsequently felt this activity had been underfunded.

As mentioned, SEE provided an even mix of classroom training and OJT, which indicated a flexibility to reach beyond its existing in-house capabilities. Classroom training focused either on adult basic education (preparation for a GED examination and English as a second language) or on basic occupational skills training.¹⁰ Occupational training emphasized typing, bookkeeping, retail sales and medical-ward clerking—traditionally female jobs. These courses were three-week exposures to each occupation, offered on a flexible open-entry, open-exit basis. Their primary goal was to familiarize trainees with an occupation and enable them to be comfortable in an entry-level job interview.

OJT was used by SEE to place participants in a number of different jobs. This option was motivated by many of the same forces discussed above. As was the case for SER/JOBS, the staff at SEE felt that OJT had been underfunded relative to other program activities.

The Project Sponsor and Evaluation Contractor

Many forces shaped the Worker Adjustment Demonstration and determined its success. Foremost among these was the project's sponsor, the Texas Department of Community Affairs.¹¹ TDCA had the foresight, imagination, commitment, and perseverance to recognize the need for a project of this type and to see it to completion. Not only did TDCA commission a series of demonstration projects, but equally important, it mandated an evaluation and insisted that this evaluation meet the highest possible methodological standards.

This was particularly noteworthy at the time because there was little experience upon which to base plans for JTPA Title III programs, and the federal government was providing limited guidance to the states, who had to implement them.¹² Hence, TDCA was attempting to fill an information void that was national as well as statewide.

The TDCA request for proposals established the generic two-tier model for all sites. It also set forth parameters for targeting clients and providing services. In addition, by passing the JTPA Title III matching requirement through to the demonstration sites, TDCA influenced their client recruitment strategies. It also played a key role during implementation of the project by promoting site cooperation and providing technical assistance to help interpret program requirements and address problems that arose.

Another key force in the development and promotion of the demonstration was the State Job Training Coordinating Council.¹³ The SJTCC was particularly influential in creating the demonstration, determining its two-tier generic program model, and selecting local sites.

A third key actor was the evaluation contractor, Abt Associates, Inc. of Cambridge, Massachusetts. Abt Associates was selected by TDCA after the projects were chosen, but before they were implemented. Thus, the evaluation team came in after the fact, but not too late to design an evaluation that could be administered as an integral part of the demonstration.

Efforts by the evaluation team, in concert with those by site personnel and TDCA staff, produced a successful demonstration and evaluation. Random assignment was executed rigorously and its integrity was maintained scrupulously. Data collection was comprehensive, detailed, and minimally disruptive to the sites. Furthermore, evaluation staff maintained a constant presence at each site to ensure that all major issues and activities were dealt with and fully documented.

Local Labor Market Conditions

Labor market conditions were another factor that influenced the final form of the demonstration projects and determined their success.

Economic conditions faced by TEC/HCC in Houston were markedly different from those confronted by SEE and SER/JOBS in El Paso. For example, consider their local populations (table 1.5).

Table 1.5
1980 Population Characteristics

	Houston (Harris County)	El Paso County
Population	2,409,500	479,900
Median family income (\$) ^a	20,800	14,000
	(percent)	(percent)
White (non-Hispanic)	63	33
Black (non-Hispanic)	19	4
Hispanic	15	62
High school graduate	70	59
Labor force participant ^b	72	61

SOURCE: 1980 U.S. Census.

a. 1979.

b. Persons 16 and older.

The Houston area (Harris County), with a 1980 population of almost 2.5 million, dwarfed the El Paso area (El Paso County), with less than half a million residents. In addition, the composition of these populations differed markedly. Houston was a large modern city. Its 1980 population was diverse (63 percent white, 19 percent black, and 15 percent Hispanic), well-educated (70 percent high school graduates), active in the labor force (72 percent participants), and relatively high-income (\$20,800 per family, annually).

In contrast, El Paso was a predominantly Hispanic border city. Its 1980 population was 62 percent Hispanic and 16 percent of the community did not speak English at home (as opposed to 4 percent in Houston). Correspondingly, El Paso residents were less well-educated

(only 59 percent were high school graduates); they were less likely to be labor force members (61 percent participated); and their family incomes were much lower (\$14,000 annually).

El Paso's low income reflected not only the more limited education of its residents, but also competition from the virtually inexhaustible supply of low-wage laborers able to commute daily across the river from Mexico. Further compounding this problem was a continuing loss of manufacturing jobs to Mexico.

In terms of aggregate employment distributions by industry and occupation (table 1.6), Houston and El Paso looked somewhat alike. Their most obvious difference was the fact that government employment was far more extensive in El Paso (21 percent of all jobs) than in Houston (11 percent of all jobs).

But these aggregate similarities mask dramatic differences that become clear upon further inspection. For example, Houston wage rates (table 1.7) were far higher than those in El Paso. This was especially true for manufacturing, which paid over twice as much in Houston. In addition, Houston manufacturing jobs paid over 20 percent more than other local jobs, whereas El Paso manufacturing jobs paid somewhat less than other jobs.

Because manufacturing was the primary source of economic displacement in both cities, subsequent wage losses were potentially larger in Houston than in El Paso. Furthermore, it may have been easier to identify key sources of displacement in El Paso and thereby target program resources, because its manufacturing firms were more than twice as large as those in Houston. Hence, displacement in El Paso may have been more concentrated among fewer larger firms. On the other hand, El Paso had a weaker overall economy with much higher unemployment. Thus, its reemployment prospects probably were dimmer.

Figure 1.1 illustrates this situation. During 1980–81, unemployment was about 4 percent in Houston, but over twice that rate in El Paso. For the next two years, unemployment rose sharply in both cities, peaking at over 12 percent in El Paso and 9 percent in Houston. Plans for the Worker Adjustment Demonstration were based on conditions that prevailed during 1983—when unemployment peaked—but the program

Table 1.6
Employment by Industry and Occupation
(percent)

	Houston (Harris County)	El Paso County
Industry		
Services	27	29
Manufacturing	18	19
Retail trade	15	18
Construction	10	6
Finance, insurance, real estate	7	6
Wholesale trade	6	5
Transportation	5	5
Public administration	3	7
Communications, utilities	3	4
Mining	5	0
Agriculture, forestry, fishery	1	1
Occupation		
Administrative support	19	17
Precision products	15	12
Professional	13	12
Sales	11	12
Services	10	13
Executive, administrative, managerial	12	10
Machine operators	6	10
Handlers, helpers	5	5
Transport operators	4	5
Technical	4	3
Farming	1	1
Government workers	11	21

SOURCE: 1980 U.S. Census.

was conducted in 1984, by which time unemployment had dropped to 10 percent in El Paso and 7 percent in Houston. Thus, some plans for the program, especially for client recruitment, had to be changed, and some plans that were not changed resulted in services that did not match prevailing conditions.

Table 1.7
Mean Wages and Firm Size

	Houston (Harris County)	El Paso County
Annualized wages (\$)		
All private jobs	22,100	13,900
Manufacturing	26,900	13,600
Workers per employer		
All private jobs	22	18
Manufacturing	44	78

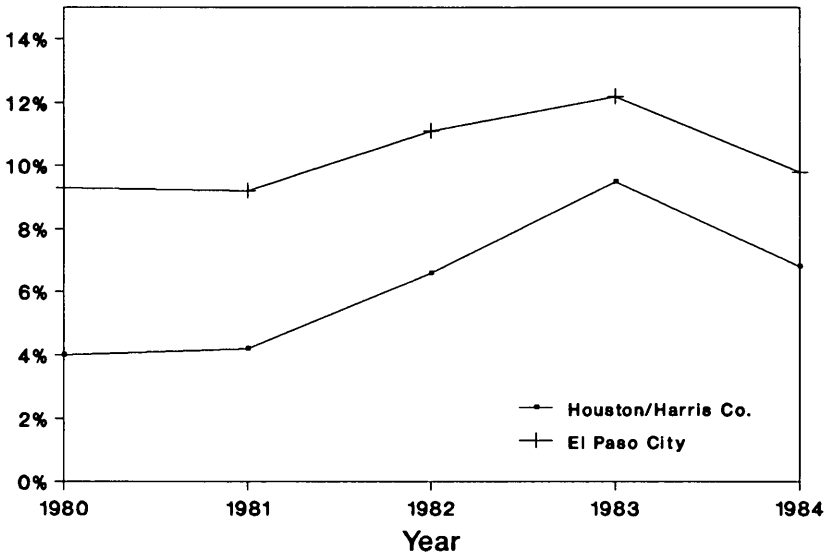
SOURCE: Texas Employment Commission for September 1984.

Table 1.8 provides a different look at the economic condition of the sites by summarizing their employment and unemployment by industry. A comparison of these distributions indicates the extent to which specific industries were under- or over-represented among the unemployed. It should be noted, however, that while the figures in table 1.8 are the best available, they are only rough approximations.

Perhaps most striking is the fact that 36 percent of El Paso's unemployed were from apparel manufacturing, which represented only 10 percent of the county's total employment. This finding is consistent with major reported layoffs in the apparel industry and program staff perceptions that this industry was in a serious decline.

At the opposite extreme, 31 percent of the El Paso jobs, but only 13 percent of its unemployment, came from wholesale and retail trade. Likewise, 21 percent of the jobs, but only 12 percent of the unemploy-

Figure 1.1
Houston and El Paso Unemployment Rates



ment, came from service industries in El Paso. Thus, trade and service jobs may have been potential local targets of reemployment opportunity.

Houston experienced a serious—although less concentrated—recession, with fewer pronounced unemployment differences across industries. This more balanced response probably reflected Houston's larger and more diverse economy. The main exception, however, was contract construction, which produced 23 percent of the local unemployment, but comprised only 10 percent of the local jobs, perhaps indicating construction's sensitivity to downturns in other sectors.

Underrepresented among Houston's unemployed, and thereby comprising a potential source of reemployment opportunities, were the trade and service industries. This situation, although not as pronounced as in El Paso, mirrors a national trend toward general expansion of the service sector.

Table 1.8
Percent of Total Employment and Total Unemployment by Industry

Percent by industry	Houston (Harris County)		El Paso County	
	Employed	Unemployed	Employed	Unemployed
Manufacturing				
Apparel	0	0	10	36
Primary, metals, machinery	0	10	2	3
Petroleum	1	1	0	0
Other	12	7	14	14
Contract construction	10	23	7	8
Wholesale, retail trade	29	22	31	13
Services	24	19	21	12
Finance, insurance, real estate	8	6	6	3
Public utility	8	5	7	2
Mining	7	4	0	0
Other, missing	0	3	0	8
Total number	1,229,600	16,800	139,600	4,400

SOURCE: Texas Employment Commission for September 1984. Columns do not sum to 100 percent due to discrepancies in source tables. Unemployment data by industry are approximate.

In summary, then, it appears that:

1. The El Paso economy was considerably weaker, with higher unemployment and lower wage rates
2. Displacement in El Paso was more concentrated in specific industries and larger firms
3. The El Paso labor force was less diverse and had more limited skills, especially with respect to education and English-speaking ability

NOTES

1. A \$300,000 project operated by ARMCO Steel and the United Steelworkers of America also was funded, but was not part of the demonstration.
2. The Cameron County project was originally planned as part of the demonstration, but local management problems delayed its implementation for several years.
3. The Emergency Jobs, Training and Family Assistance Act of 1983.
4. Plans for the Worker Adjustment Demonstration were conceived by a small group working out of the governor's office between April and September 1983. The group's original intent was to fund the projects and their evaluation simultaneously. However, a reorganization began in September 1983, which caused funding of the evaluation to be delayed until Phase 2 of the demonstration.
5. Especially important were the severance/retraining package agreed to as part of a Texaco refinery closing in Port Arthur and a large program funded through the governor's Title III discretionary funds.
6. This TEC/HCC design grew out of discussions with the state and the evaluation contractor. Its goal was to compare impacts of Tier I only and Tier I plus Tier II services.
7. JTPA Title III, 1982, section 302 (a) specifies that "Each State is authorized to establish procedures to identify substantial groups of eligible individuals who—
 1. have been terminated, laid off, or who have received a notice of termination or layoff from employment, are eligible for or have exhausted their entitlement to unemployment compensation and are unlikely to return to their previous industry or occupation
 2. have been terminated or who have received a notice of termination of employment, as a result of any permanent closure of a plant or facility
 3. are long-term unemployed and have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individuals reside, including any older individuals who may have substantial barriers to employment by reason of age
8. Career Circles used a variety of introspective exercises much like those in the popular job-search manual, *What Color is Your Parachute?* (Bolles 1984).
9. It introduced testing soon thereafter, however.
10. In the study, 66 SEE Tier II sample members participated in 86 classroom training elements; hence, some persons participated in more than one element. Most often, this represented a situation in which basic education was followed by occupational training.

11. The demonstration was sponsored by the Training and Employment Development Division of the Texas Department of Community Affairs. TDCA Assistant Director for Research, Demonstration and Evaluation, Christopher T. King, was the prime mover for the demonstration. When he left TDCA in July 1985, Mary Jane Leheigh, who had been with the project for several years, assumed primary responsibility.

12. The main existing sources of information about displaced worker programs were the Downriver Community Conference Economic Readjustment Program (Kulik, Smith, and Stromsdorfer 1984), the Buffalo Dislocated Worker Demonstration (Corson, Long, and Maynard 1985) and the Delaware Dislocated Worker Program (Bloom 1987a).

13. Individuals who played a particularly important role were Ray Marshall, chair of the state's Job Training Coordinating Council, and Judge Richard LeBlanc, chair of its Worker Adjustment Committee.