

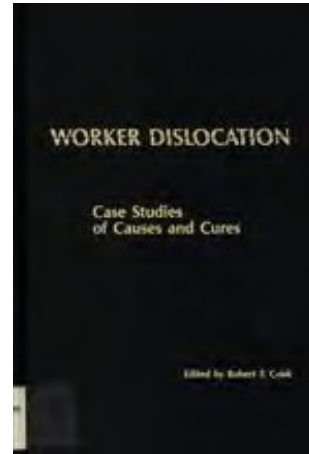


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Findings and Conclusions

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Findings and Conclusions

The case studies included in this volume were not chosen to be representative of the universe of projects being operated under Title III of JTPA. Rather, they represent projects with different forms of organization, providing varied services to diverse populations of dislocated workers. The only commonality is that they were thought to be successful program models by state and local program staff. As noted in the introduction, the purpose of this volume is to present some of the lessons learned from these studies that may be of use to those interested in employment and training policy and to operators of Title III projects.

Overall, these projects, despite some individual problems, were generally successful. Table 11-1 shows the outcomes of the individual case studies for the placement rate of terminees, the cost per placement, and the wage replacement ratio for individuals placed. For comparison, the table also presents the average results on the same variables for the six Dislocated Worker Demonstration Projects funded with fiscal year 1983 CETA money.

Success, measured in comparison to the average for the CETA demonstrations, is obviously relative. That the JTPA projects are defined as successful does not mean they meet the objectives of section 106 of the Act—to increase long-term earnings of the participants beyond what they would have been without the program. Rather, the measures being used are short-term indicators of success. To determine the long-term impact of the program, it would be necessary to have a control group or observe the counterfactual outcome. That is, what proportion

Table 11-1
Case Study Project Outcomes

Projects	Size	Placement rate (percent)	Cost per placement	Wage replacement ratio (percent)
Cummins Engine Company	708	83	\$3,732	69
GM-UAW Metroplitan Pontiac PREP	2,189	93	\$900-\$1,000	NA
Minnesota Iron Range	1,324	62	\$863	62
Missouri Job Search Assistance, Inc.	963	78	\$1,023	83
Cone-Mills Project	360	98b	NA	86
United Labor Agency	1,083	60+c	\$829-\$906	89
Houston Community College	855	74	\$1,735	71
Tacoma Copper Smelter	366	85	\$1,240	78
Dane County, Wisconsin	218	60	\$4,000	85
Dislocated worker demonstrations under CETA	1,040	55	\$2,324	70

a. *Serving the Dislocated Worker: A Report on the Dislocated Worker Demonstration Proxram.* Abt Associates, Inc., U.S. Department of Labor, Employment and Training Administration, Washington, D.C., December 1983 Figure 4 1 and table IV .11. Placement rates were recalculated to include recalls based on data from the individual case studies

b. This excluded a number of individuals (130) in a "service" category. If these individuals are included, the placement rate would be 63 percent.

c. The official placement rate (45 percent) only includes placements al \$5.25 or more per hour

U.S. Department of Labor
Bureau of Labor Statistics
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of these dislocated workers would have been placed in employment and what wages would they have received in the absence of the program.

All of the case study projects had placement rates higher than the average for the CETA-funded demonstrations. An apparent exception, the United Labor Agency Project in Cleveland, Ohio, had a lower reported placement rate because only individuals placed at wages above the performance standard for the state (\$5.25 per hour) were counted as placed. If placements at lower wage rates were included, the placement rate for that project would have exceeded 60 percent.

At the same time, the Hillsborough Cone-Mills project, with a reported placement rate of 98 percent, excludes 130 individuals who were in what was called the "service" category, which is, essentially, individual job search following program services. If these individuals are considered to have been terminated but not placed, the placement rate for this project would drop to 63 percent, above the average for the CETA demonstrations, but not as positive as the project's statistics would suggest.

Two of the case study sites, the Cummins Engine Company and Dane County projects, had costs above the average for the demonstrations (\$2,324 per placement). However, the average cost for the Dislocated Worker Demonstrations excludes two sites that, for specific reasons, had very high costs (Southgate and Alameda). Further, the cost per placement in the Cummins Engine Company project is biased upward by the large number of individuals who were still in the project. The cost per placement for the Cone-Mills project could not be estimated because it was part of a statewide program.

Finally, among the case studies for which a wage replacement ratio could be calculated, only two had ratios below the average for the CETA demonstrations. It is interesting to note that both of these cases, the Cummins Engine Company and Minnesota Iron Range projects, involved layoffs in the major high-wage industry in an otherwise rural and low-wage area.

Project Targeting

Probably the most obvious point about program targeting, evident in the Pontiac Retraining and Employment Program, is the determination of who is truly a displaced, as opposed to a cyclically unemployed, worker. Early discussion of the number of dislocated workers in the nation had to do with the separation of these populations. The number of dislocated workers was variously estimated from 300,000 to 5.1 million people.

It appears that something closer to the smaller number is probably more accurate. A large number of technically dislocated workers have, in fact, been recalled to their old jobs or have found employment in variations of them. Not only was this the case in the Pontiac project, another potential project was dropped from the study sample when the entire eligible population had been recalled by the time the project was organized. Further, 10 percent of the terminees in the CETA Dislocated Worker Demonstrations were recalled by their previous employers. This suggests that better targeting of programs by the states is needed to avoid spending money on people who will eventually return to their previous employer. As noted in the Pontiac case study, "it is possible that the potential participants had a better idea of the probability of being recalled than did the employment and training professionals." For these workers, extended unemployment benefits or income maintenance may be more appropriate than training. The policy problem is, of course, to identify them ahead of time-project targeting.

The specific targeting of the projects also varied. The Hillsborough, **ASARCO**, and Pontiac projects were plant-specific, and, in the latter two cases, also union member-specific. Under these circumstances, the targeting was fairly clear-cut and initial screening excluded those who were not in the specific target group. However, in the case of the Hillsborough project, a small proportion of the participants were not from the Cone-Mills plant; this is the result of the ripple effects of the closing of the largest plant in the local community.

With the exception of the ASARCO project, there was no project that ended up being 100 percent plant- or industry-specific. With this exception, in cases in which a particular plant or a particular industry was targeted, the project also eventually served people from the community who were adversely affected by the primary dislocation in the area. In the case of the Hillsborough Cone-Mills project, affected individuals from the local economy were served. In the case of the Minnesota Iron Range project, people from the local community as well as spouses of the iron miners and the children of both groups who were attempting to find work upon graduation from high school were served-the latter two groups with the SDA's Title IIA funds.

In those cases in which the targeting was on all Title III eligibles within a geographic area, there was no screening problem beyond the determination of eligibility, though in these cases the mix of services had to be more varied to deal with the differing skill levels of the participants.

Many eligible people dislocated from a given plant never come in. Although the Cummins Engine Company was the source of the largest number of layoffs in the three-county area, only 17 percent of the participants in the project were from Cummins. This supports the Cummins' contention that the project was really designed to serve the entire community, but also underscores the fact that many of the workers from a particular plant either wait for recall, retire, or find other opportunities without the aid of a project. In the Cummins project, program operation began two and one-half years after the workers were laid off. Consequently, the majority of those workers had to find other employment without the services provided by the Title III project.

This also appears to be the case in the ASARCO project. Of the 600 laid off, 118 took early retirements and 366 enrolled in the project. One-fifth of the eligibles never came in. In all of the case study sites, older workers who had supplementary benefits or the ability to "hang on" until retirement never participated in the projects. Few members of the older segment of the eligible population are served by these programs, even though the proportion of older participants tends to be higher than in Title IIA programs.

In unionized industries that have negotiated supplementary unemployment benefits, individuals who have these benefits may attempt to wait until they are convinced that the plant will not recall them or until they run out of benefits. If the project opens its doors immediately, lower enrollments than planned may result. Until it is obvious that the plant will not be reopened or the recall notices will not come, senior workers may not be willing to participate in the program. Furthermore, when Unemployment Insurance, Trade Adjustment payments, Supplementary Unemployment Benefits and severance pay amount to 50 to 70 percent of previous take home pay, there may be little inclination to participate in a program that promises employment with an expected wage replacement rate of 65 percent and concomitant loss of these benefits.

In the case of plant closings, it is possible to obtain advance notice and to set up the project in anticipation of the plant closing. Then, the potential dislocated workers can be identified, assessment performed, and a program tailored to the needs of the eligible population can be designed. In the case of major layoffs, such action is generally not possible. Because of the possible effects on the morale of the employees, companies are not inclined to announce layoffs ahead of time. Advance notice of plant closings may assist in the design of the project but may adversely affect the production of the plant. In the Hillsborough plant, 130 people left or retired in the period between the announcement of the closing and the time when the plant actually closed. While this may be disruptive to the company, it reduces the number of individuals to be served by the project.

In the case of the ASARCO project, virtually all employees stayed to the end. This may have been quite rational in terms of the relative wage levels and the condition of the labor market in the area. Also, unlike the Hillsborough project, unemployment and supplementary unemployment benefits, as well as severance pay, were contingent upon holding on until the closure. The history of the industry also held the hope that the "gates might reopen."

Intake and Selection

In the six CETA-funded Dislocated Worker Demonstrations, differences in recruitment practices between projects which had a target group of workers from specific plants and projects which served all Title III eligibles in the community were observed. In the former case, companies and unions were willing to assist in the identification of, and contacts with, laid-off workers. In the latter case, a less structured procedure of public announcements through radio, television and newspaper advertisements was the most common method for making contact with eligible unemployed workers.

Differences are also observed in the recruitment practices of projects included in these case studies. In cases where the target group was plant- or industry-specific (the Hillsborough, Michigan PREP, Minnesota Iron Range and ASARCO projects), local project staff involved management or the labor union in the recruitment of eligible workers. This was also true in the Dane County and United Labor Agency projects.

For example, the program staff of the Hillsborough project received a master list of laid-off employees from the personnel department of the Cone-Mills plant, which was used as a mailing list. The master list was also a means of checking eligibility for the program, and a way of defining the primary target group to give them priority for program services. In addition, management posted program information around the plant and paid for radio and newspaper advertisements. In the Pontiac project, the UAW and General Motors provided project staff with the names and addresses of all laid-off auto workers with recall rights, i.e., the target group for the project. In the ASARCO project, announcements, intake and assessment were completed in the plant before its closing.

Recruitment of eligibles in cases where the target group for the project was not plant-specific primarily relied on print and television media. In Missouri and Indiana, for example, program operators attempted to recruit through advertisements.

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None of the projects experienced any buildup problems, although some, such as the Cummins project, experienced lower numbers of applications than anticipated and never really had an applicant pool. However, involvement of management and labor unions in recruitment efforts does facilitate immediate contact with the eligible population and also adds to the credibility of the program. The only other project that experienced recruitment problems relied on "walk-ins" and a computer system designed to generate the name, phone number and occupational code for UI claimants and exhaustees.

If the target group is laid-off workers from a plant closing, as in the ASARCO project, recruitment can begin before layoff. Recruitment is more difficult when the plant or union has lost contact with the workers. In the Pontiac project, for instance, recruitment did not begin until five years after the first layoffs occurred. As a result, 30 percent of the laid-off workers could not be located by mail.

In the Cummins case study, although the Cummins plant accounted for almost half of the 3,400 eligible dislocated workers, the fact that the layoffs had occurred two years before the project started was considered the primary reason why these workers constituted only 17 percent of the participants. The others presumably "found their own way."

If there is a large eligible population from which to select participants, as in the Minnesota Iron Range, Cleveland United Labor Agency, and Pontiac projects, almost any recruitment strategy will produce the desired number of applicants. In these cases, the more important question is how to build program enrollments without creating lengthy waiting periods between application, enrollment and service delivery for unemployed workers.

Assessment

The earlier Dislocated Worker Demonstrations involved prescreening based on education, attitudes and motivation to improve the probable placement success of the program. None of the programs observed for these case studies had any such screening procedure. For exam-

pie, participants in the Cummins project were screened only to determine eligibility. Following eligibility verification, workers participated in a three-day assessment program to develop an employability plan. Participants then voluntarily enrolled in one of several program activities. As noted, this was because the advisory board wanted everyone to "go away with something," even those who did not choose to participate in any of the program services. In the case of the Job Search Assistance, Inc., (JSA) program in Missouri, intake sessions were scheduled based on the expectation of a certain number of eligibles coming in. Staff noted, however, that if more people than expected came in, they would simply increase the size of the job club.

Assessment was a major part of all projects observed in the case studies. Seven of the nine projects combined collection of information on participant work history, skill level, occupational interests and education with formal tests of aptitude and skill level. The other two projects included in their assessment work histories and skill levels as reported by the participants. All nine had some procedure for assessing the participants' skill needs, abilities and the types of training and jobs that might match their abilities and skills.

The results of the assessment and testing were used by most projects to develop, in varying degrees of formality, an employability plan. Counselors informed the participants of the test results, presented the service options, and discussed job possibilities. Choosing program activities was left to the participant, with counselors providing guidance. For example, in the Minnesota Iron Range project, results of the aptitude test were reviewed by the counselors, and participants were discouraged from entering training for which they lacked ability or aptitude.

The case studies suggest that assessment and testing were important parts of the program. While participants were allowed to express their interest in a particular plan or program activity, as in the ASARCO project, the counselors also had a role in those decisions.

Service Mix

The service mix in the case study projects is summarized in table 11-2. The information in the table is not completely comparable, because the services were defined differently in the different projects, particularly counseling, assessment and job search. For example, assessment may be the first activity in the job search skills segment of the job club, as is the case in the Job Search Assistance, Inc. project in Missouri. Another project may record that the participant received assessment only if money was expended specifically for formal assessment, as in the case of the United Labor Agency project in Cleveland. However, even with these limitations, several points emerge from the table.

Most obviously, although the emphasis and primary services provided by the projects vary, no project offered only a single service, such as job search. This was true even in the case of the Job Search Assistance, Inc. project in Missouri. Although JSA originally had to be pressured by the state to use OJT, project staff indicated that the more comprehensive program improved their placement results. Similarly, those projects that emphasized assessment and counseling (the United Labor Agency project and the Dane County project) also made training services available to participants.

Two more points emerge from all of the case studies. First, all had flexibility built into the service mix of the projects. Second, all gave free choice to the participants in choosing among the available services. In every case, a worker was free to enroll in a particular part of the program. This was, of course, subject to availability and sometimes, as with the Houston Community College-Texas Employment Commission project, to the requirement that individuals go through a job search component as the initial program activity. Though often combined with mandatory assessment and screening, however, the degree of voluntarism is striking.

One constraint on available services is the willingness of contractors to take performance-based contracts, exemplified by the JSA project in Missouri. However, even where there are no performance-based con-

tracts, the use of particular contractors depends upon their prior track record, as in the Minnesota Iron Range, Cummins and Dane County projects.

A further example of this kind of flexibility is illustrated in the Pontiac project. A small but significant part of this program was assessment, counseling and job search assistance for 75 eligible individuals who did not want to return to the auto industry. It was suggested that this program might be provided at the time of layoff to individuals who choose to change occupations rather than continue in a boom and bust industry.

Another point is that only in the case of the Minnesota Iron Range and ASARCO projects, where they were backed by state Title III funds, were project officials willing to support long-term large-scale institutional training. This, of course, was stimulated in these cases by the nature of the local labor market. In the other projects, one-year funding and pressure from the Department of Labor to spend the funds led to a concentration on short-term strategies and job search. In the Cleveland United Labor Agency project, both project staff and the case study author indicated that, had they been able to provide longer term training in advanced technology, a growing industry in the Cleveland-Cuyahoga County labor market, they could have increased their placement and wage replacement percentages.

The other source of pressure for short-term services, best illustrated by the Hillsborough Cone-Mills project, is the clear preference among dislocated workers for immediate income and, therefore, for job search and on-the-job training as opposed to classroom training. This is particularly true where completion of training holds no definite promise of a job.

Expenditures under Title III have consistently run below budget, while the number of individuals served has been above projections. Almost all of these projects have run a job search or job club program as the first service, because dislocated workers, although they may have skills, have not been in the job market for a number of years and are not familiar

with resume writing or the procedures for finding a job. As one author put it, they are accustomed to "come in today, show up for work tomorrow" hiring procedures.

Relation to the Labor Market

The appropriateness of the project to the labor market is illustrated in the Cummins project. Staff there started by adopting the Downriver project's strategy of relying on job search assistance. However, the Downriver project involved several plant closings in an area with a substantial number of similar firms not experiencing layoffs and took place early in the recession. Therefore, job search was appropriate as the major service. The utility of transferring this model to southern Indiana, where the major industry was the Cummins plant and the firms that supply it represented a rather different labor market, is not immediately obvious. In fact, the Cummins project had to revise its program model to retrain dislocated workers for job openings within the area.

All nine projects show that it is efficient to operate a job search component at the outset of a program, thereby reducing training costs for those who may be able to readily find a job. Such action raises the project's placement rates while reducing the cost per placement. The case studies also demonstrate that there may be certain services that are particularly appropriate to the Title III eligible population. Examples include the certification of existing skills, as in the Minnesota Iron Range project, and the use of technical skills from the previous job in a sales capacity, an effective strategy for dealing with relatively skilled workers in the case of the Houston Community College-Texas Employment Commission project. These cost efficient strategies may be applicable in other areas or projects. The ASARCO project, with its impressive outcome measures, is much closer to the Dislocated Worker project "model."

Counseling

Essentially, three types of counseling were provided in the projects. Although counseling and the emphasis on particular types of counsel-

ing vary among the projects, all provided personal and financial counseling; job search skills counseling; and counseling with regard to the labor market and wage expectations.

Many eligible dislocated workers, particularly those who have exhausted their unemployment benefits and savings, need financial counseling, including advice on debt consolidation, home equity loans, etc. Many long-term unemployed individuals also require counseling and referral to social service agencies for alcoholism or drug dependence, spouse or child abuse, welfare application, etc.

Many of these individuals, furthermore, have been employed for many years in the same firm and need counseling regarding job search skills: how to prepare a resume, how to efficiently look for a job, how not to be adversely affected by rejection, how to get by the personnel staff or secretary to the person who makes the hiring decision, etc. Even though these individuals are experienced and have marketable skills, they may lack knowledge of how to package and present their experience. Providing this information is an important and cost effective way of promoting reemployment, particularly in combination with the retraining or certification of existing skills.

Labor market counseling, variously called "reality counseling," "wage and distance counseling," or "wage expectations counseling," was also important to this population. Many dislocated workers expect to find new jobs that pay as much or more than their previous job. Often they have been employed in the unionized sector of the labor force and expect to find the same wage levels in the nonunion labor market. More important, they have been in the "internal" labor market for many years and do not understand the "external" labor market. That is, they have to be made aware that a senior position within the firm is often posted for bids by employees of the firm. This position, once filled by someone from within the firm, then creates another vacancy that is also posted. The final job listed in the external labor market is often an entry level position.

Having been dislocated from an industry, they must now compete in the external market for entry level jobs and may not obtain a position similar to their previous job. This is hard to swallow for workers who think of themselves as responsible and well-paid employees of many years' experience, whether they are blue-collar or white-collar workers. In the Houston case study, it was harder for the white-collar workers to accept this fact than it was for the blue-collar employees.

Also, many workers do not want to commute to a new job, or to relocate to find employment. The necessity of commuting was evident in the Cummins and Cone-Mills projects, located in rural labor markets, and most evident in the case of the Minnesota Iron Range project, the only one to include a substantial relocation component.

Placement

Job development and placement activities were part of the re-employment strategies for all but one of the observed programs. In most projects, self-directed job search or job clubs were combined with job development. Placement was occasionally aided by the use of OJT contracts for participants who could not locate employment through the job search, job development, and placement efforts. For example, in the Job Search Assistance project in Missouri, participants would receive one to three weeks of structured job search assistance. At least 100 participants who did not locate employment after the first week of the job club were then placed in OJT slots.

Job placement activities varied across the projects. The Minnesota Iron Range project used the Employment Service job bank to generate job leads. Participants were also provided access to in-state and out-of-state **WATS** lines. In Houston, a Resource Service Center supported the job search through the program's mandatory job search workshop. Contacts were made by canvassing newspapers and through the Texas Employment Commission's computerized job bank.

In the only project that did not emphasize job development, the Pontiac **PREP** program, a two-week employability skills component gave

job search assistance to former General Motors employees not wanting to return to the auto industry.

The most important point concerning the job development aspects of these programs was the link to the assessment, testing and counseling activities described above. This combination, along with the training provided, served to produce impressive placement rates at reasonable cost.

Another issue, illustrated in the Hillsborough Cone-Mills project, is the placement of individuals back into the industry from which they were laid off. While desirable in the short run, this may only put off the final day of reckoning in a declining industry, and may be the non-union equivalent of waiting for the plant to reopen.

Placement back into the same industry may produce high wage replacement ratios. If the skills are industry-specific, the worker may obtain a higher wage by returning to the same industry. On the other hand, it may only delay dislocation from a declining industry, particularly where there is a change in the technology of the industry. If the individual can obtain a job in the "old" industry but lacks the skills appropriate to the "new" industry, then the funds may have been spent on an individual who will again be dislocated.

Conclusions

The original conception of Title III contained an implicit program model-that dislocated workers had industry-specific skills which, as the result of technological change or world competition, had become obsolete. A substantial investment in retraining would therefore be required to make them employable. However, the inability to specify who was a dislocated worker led to the broad targeting of unemployed, experienced workers who were "unlikely to return to their previous industry or occupation."

The result was that significant flexibility was granted to states and program operators to define the eligible population and the services to be provided to them. State and local officials used the flexibility of speci-

ying the target group for the program to respond to the political need to "do something" about the problem of plant closings or mass layoffs in their jurisdictions.

The flexibility in terms of the services to be provided to participants was also used by program officials to respond to the perceived "needs" of the eligible population for the projects. Although the ASARCO project probably comes closest to the model originally contemplated, one-third of the placements from that program did not require long-term institutional training.

This reflects two other aspects of worker dislocation. First, the skills of dislocated workers are not entirely firm-specific. Experienced workers, particularly in cyclical industries, may have skills outside their job that they rely upon in periods of layoff. Further, as exemplified by the Minnesota case study, they may have generic skills resulting from their previous jobs that only need to be certified and "marketed" to a potential employer. Second, experienced workers may feel the need to be employed and/or have a need for immediate income. Thus, they have a preference for services (job search or OJT) that result in immediate employment rather than in long-term training which may hold no direct promise of a job. Yet, by virtue of their tenure on their previous job, they may not have knowledge of the labor market, how to efficiently present their skills, or search for a job. Therefore, flexibility in terms of the program model and services provided is also seen as appropriate to serve the needs of this population.

The organization, target groups, services provided and placement strategies of the projects included in this volume varied widely, according to the cause of the dislocation, the nature of the eligible population, the labor market in which the project operated, the sources of funding, etc. The one commonality of the projects was that state officials and local program operators thought they were successful. That is, they responded to the plant closing or layoff that originated the project; they provided the services that the population eligible for the project wanted; and, they produced results in terms of placement rates and costs per participant that proved their success. As noted in the introductory chapter

of this volume, state and local officials were, in every case, pleased to have national attention given to their program.

As noted at the outset of this chapter, the results of these projects, in terms of their longer term net impacts, remain to be determined. Such an evaluation would be of strategic national policy interest and important to the reauthorization of the Title III Dislocated Worker Program. However, it is probably safe to say that the state officials, local program operators, and dislocated workers served and placed by the projects covered in this volume would be unimpressed by the greater statistical significance of the results. Of significance is the fact that government responded to the local problem of worker dislocation.