



PHOTO: DOL

DISPLACED WORKERS ARE BEING RETRAINED TO POSITIONS, SUCH AS THOSE REQUIRING COMPUTER-BASED SKILLS, THAT OFFER A GREATER LIKELIHOOD OF EMPLOYMENT IN TODAY'S ECONOMY.

Outcome Goal 2.3 **Increase Employment and Earnings for Retrained Workers**

Overview

The national unemployment rate reached 5.6 percent in September of 2002, an increase of 0.6 percentage point over September 2001. In August 2002, the Bureau of Labor Statistics reported the results of the biennial displaced worker survey that is funded by the Employment and Training Administration. For the period January 1999 through December 2001, the Bureau reported that four million persons who had worked for their employer for three or more years were displaced. Another six million persons were displaced from jobs they had held for less than three years. Combining these short and long-tenured groups, the number of displaced workers totaled 9.9 million, up from 7.6 million in the previous biennial survey. The aftermath of economic dislocation as a result of the September 11, 2001 terrorist attacks and the sluggish economy continue to further exacerbate the loss of jobs

Declines in the economy's performance often precede a significant increase in the demand for reemployment and retraining services. For these workers, the workforce development system serves as a resource to aid them in developing the skills demanded by technological change and to overcome barriers to employment, such as basic skills deficiencies and low levels of English language proficiency.

Many workers are dislocated from their jobs due to foreign trade and other economic factors. They are being retrained to positions requiring skills that offer a greater likelihood of reemployment in today's economy. These services are made available through "rapid response" of the workforce system to major layoffs and plant closings or through the One-Stop Career Centers.

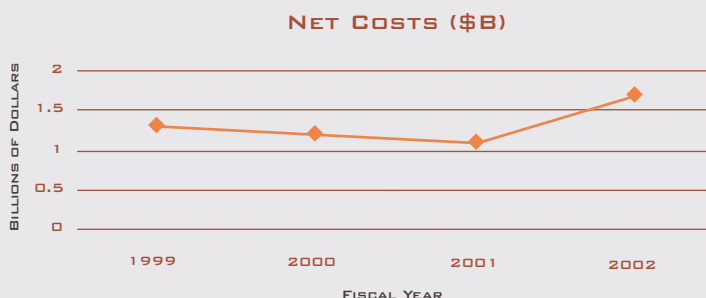
Serving the Public

The Department's Employment and Training Administration provides worker retraining through two major programs: the Workforce Investment Act (WIA) program and the Trade Adjustment Assistance (TAA) program. The framework for delivering WIA services emphasizes preventing unemployment, where possible; maximizing job placement and wage replacement; early intervention following the notification of a plant closing or loss of jobs; effective service and outreach; and partnerships with employers, employees' representatives, faith and community based organizations, and other stakeholders.

In 2002, President George W. Bush signed into law the Trade Adjustment Assistance Reform Act of 2002. This law provides for quicker delivery of services to trade-affected dislocated workers, as well as expanded services. Implementation of the changes to the law will emphasize quicker reemployment for affected workers, greater integration with WIA, and utilization of One-Stop Career Centers and fiscal integrity. All of the Department's programs serving dislocated workers provide occupational and on-the-job training, job search assistance, relocation assistance, and income support for eligible workers in training. Services are delivered through local One-Stop Career Centers.

Program Costs

Spending for dislocated worker programs increased substantially in FY 2002 with the current downturn in the economy, as more unemployed workers exhausted their unemployment benefits and became more proactive in seeking training as a means to new employment.



DOL Challenges for the Future

A key Secretarial area of emphasis continues to be re-orienting the Department's programs to meet the needs of the 21st Century workforce and ensuring effective, results oriented job-training programs. In today's unpredictable world of instant economic change and sudden security threats, the need for an agile workforce investment system is increasing. Design of the Workforce Investment Act of 1998 acknowledged this well before the events of September 11th by putting decision-making in State hands and allowing a significant portion of each State's adult and dislocated worker formula grant funds to be used for Rapid Response — the information-sharing and assistance that offers immediate, often on-site, help and access to resources for employers and workers experiencing a plant closing or layoff.

Adult and dislocated worker programs will be challenged to act even more quickly and effectively to provide high quality services and to implement new and more urgent ways to share information for use in local decision-making that result in jobs and economic security for American workers. The nationwide cooperative venture among Federal, State, and local workforce investment partners with the Transportation Security Administration for recruiting new airport security screeners and re-employing those who lost their jobs provides a working example. The 2003 reauthorization of the Workforce Investment Act offers an opportunity to imbed into law the lessons of the last five years and the local flexibility needed to be instantly responsive.

The new Trade Adjustment Assistance program will emphasize quicker delivery of services to affected workers — including alternative assistance for older workers — with a view to helping workers back to reemployment faster. The Department and its State partners will be challenged to implement several of the new provisions of the Trade Adjustment Assistance Reform Act of 2002. Petition investigations will be completed in 40 days rather than 60 days. The Department will implement the enhanced Act with assistance available under the TAA program, including assistance in covering the cost of health insurance — primarily through a federal tax credit administered by the IRS and available for qualified health insurance costs incurred as early as December 2002. The Act establishes an additional mechanism authorizing the use of National Emergency Grant (NEG) funds under the WIA to pay the costs of certain health coverage and to support the development of infrastructure needed by the States in carrying out their responsibilities related to the health insurance tax credit.

Jobs for Dislocated Workers

In Program Year 2001, of those registered under the WIA dislocated worker program, 73% will be employed in the first quarter after program exit, and 83% will be employed in the third quarter after program exit with 91% of pre-dislocation earnings.

Results: The Department achieved its goal. The program achieved an entered employment rate of 79.2 percent, a six-month retention rate of 86.6 percent and an earnings replacement rate of 101 percent.

Program Description: The dislocated worker program aims to improve the quality of the workforce, reduce welfare dependence, and enhance the productivity and competitiveness of the nation's economy. The Workforce Investment Act (WIA) authorizes employment and training assistance to eligible dislocated workers. The Department allocates 80 percent of the funds by formula to the States. The Secretary may use the remaining 20 percent for discretionary activities specified in WIA, including assistance to localities that suffer plant closings, mass layoffs or job losses due to natural disasters.

Analysis of Result: The Department achieved the Program Year 2001 performance targets, which DOL developed through negotiations with the State agencies. The results reflect performance reported by 53 States and jurisdictions for Program Year 2001, ending June 30, 2002. Performance for all 3 indicators improved over the prior year, when 75 percent of those registered in the dislocated worker program entered employment and 83 percent remained employed after 6 months with an earnings replacement rate of 95 percent.

States and local areas use the Unemployment Insurance wage record reporting system as the performance reporting data source. The Department considers this source reliable, and has undertaken a data validation project in order to further assure that the data effectively support the problem analysis, management decision-making, and continuous improvement elements of State and Federal oversight.

Strategies: The Department continues its analysis of WIA implementation as a follow up to the WIA "Readiness Reviews" conducted in Program Year 2001. The Department has also undertaken various strategies in partnership with States and localities to improve the results realized by dislocated workers who participate in the program, including providing specific help in areas where it is needed and special outreach tools, as follows:

- The Department has undertaken special technical assistance focused on States and localities that are experiencing difficulties in achieving their negotiated performance standards.
- To strengthen the capability of States to assist more difficult to serve populations, the Department will prepare and release a number of customer service strategies and tools that can be adapted by State and local programs in developing services for individuals with limited English proficiency (LEP). The strategies will focus on successful Asian (Chinese, Khmer, Vietnamese, and Thai) and Hispanic outreach initiatives.

Audits and Program Evaluations: In a September 2002 report, *Workforce Investment Act Performance Outcomes Reporting Oversight*, the Office of Inspector General raised concerns about whether the third party data reported by States for WIA performance were accurate and supportable. The Department generally agreed with the concerns raised by the Office of Inspector General and indicated that it believed that the concerns would be addressed with the deployment of a data validity and verification policy and tools that have been under development and are scheduled to be deployed in 2003. See Appendix 3 for more information.

Goal Assessment and Future Plans: Through negotiations with the States, the Department continues to raise the targets for the outcomes achieved on behalf of dislocated workers. In Program Year 2003, of those registered under the WIA dislocated worker program, 80 percent will be employed in the first quarter after program exit, and 88 percent will be employed in the third quarter after program exit with 98 percent of pre-dislocation earnings. ■

(Goal 2.3A — FY 2001 Annual Performance Plan)

Help Trade-Affected Workers Find New Jobs

Increase the employment, retention, and earnings replacement of workers dislocated in important part because of trade and who receive trade adjustment assistance benefits.

- 78% will be employed in the first quarter after program exit;
- 88% of those employed in the first quarter after program exit will be employed in the third quarter after program exit; and
- Those who are employed in the third quarter after program exit will earn, on average, 90% of their pre-separation earnings.

Results: The goal was not achieved. Based on preliminary data covering the first three quarters of FY 2002, 66 percent of participants were employed in the first quarter after program exit, and 89 percent of those were still employed in the third quarter after program exit, with 81 percent of pre-dislocation wages.

Program Description: DOL's Trade Adjustment Assistance (TAA) program provides readjustment services to dislocated workers who lose their jobs in important part because of increased imports from any foreign country. DOL's North American Free Trade Agreement – Trade Adjustment Assistance (NAFTA-TAA) program provides readjustment services to dislocated workers who lose their jobs in important part because of increased United States imports from, or because of a shift of production to, Canada and Mexico. The readjustment services and benefits offered by both programs include occupational, on-the-job, and remedial training, job search and relocation assistance, and income support for workers in training.

During FY 2002, DOL issued certifications of eligibility for Trade Adjustment Assistance covering an estimated 231,700 workers and NAFTA-TAA certifications for approximately 112,100 additional workers affected by increased imports or shifts in trade or production.

Analysis of Results: The Department's current data cover the first three quarters of FY 2002, and represent data from States reporting under the Trade Act Participant Report (TAPR) system. While the Department uses the data for management purposes, DOL has observed issues of accuracy and reliability of data among the States. The Department is addressing these issues in two ways: first, by onsite monitoring of States; and second, by the development and testing of a data validation system for State reports to be implemented in FY 2003.

Preliminary results for program participants employed in the first quarter after exit and the wage replacement earnings measures fell below the targeted performance levels. This could be due, in part, to the slowdown in the economy and the lack of fourth quarter program data. The particularly large number of workers enrolled from the steel industry — an industry with high wages and benefits — contributed significantly to the inability to attain program performance goals. The economic circumstances in the communities in which these workers were impacted and the general deterioration of the economy, have made it difficult to attain targets for entered employment. Similar economic factors (though not high wages) have had an impact upon workers in the garment and textile industries in the South. Where the program finds employment for workers, they generally remain employed at earnings comparable to previous jobs since these are workers with some attachment to the labor market.

Strategies: During FY 2002, the TAA program focused on enhanced monitoring and oversight of the States' administration of the TAA program by conducting State reviews.

Beginning in FY 2002, the Department also increased assessment and analysis of the labor market to better ensure a successful match between workers and occupations in the community. This strategy is designed to ensure that workers avail themselves of training offerings that will lead to employment because real job prospects exist either in the community or in an area to which the participant is willing to relocate. As part of this approach, the Department directs the States to use employment opportunities as the principle criterion for approving training programs for trade-impacted workers.

The Trade Adjustment Assistance Reform Act, passed by Congress in August 2002, repeals the NAFTA-TAA program and consolidates elements of it into the reformed TAA program. A major reform to the program requires State agencies to provide rapid response to individuals for whom a petition for TAA assistance has been filed. This requirement supports the Department's goal to further integrate this program into the Workforce Investment Act program — facilitating greater access to an array of reemployment services aimed at assisting individuals in need of training and providing job search assistance for individuals considered job ready.

Goal Assessment and Future Plans: Notwithstanding the inability to meet the employment indicator, the Department raised the targeted performance levels for this goal for FY 2003, and will assess the implications of the new legislation on the measures for workers who lose employment as a result of trade patterns. The performance expectations for the Trade program should closely track those of the Workforce Investment Act program for dislocated workers, and the Department will work closely with the States to this end. ■

(Goal 2.3B — FY 2002 Annual Performance Plan)