

# Outcome Goal 2.3

## Increase Employment, Retention, and Earnings for Retrained Workers

In August 2003, Pan-American Life Insurance Company issued a Worker Adjustment and Retraining Notification (WARN) notice for layoffs which would affect 100 workers in the company's New Orleans, Louisiana office. Following a downturn in the economy after the September 11th terrorist attacks the company decided to close its pension operations department. The Louisiana Department of Labor's Rapid Response unit responded to the WARN notice by setting up an on-site Worker Transition Center (WTC). The WTC sessions spanned two days and included an orientation of the services, on-site completion of registration forms, a job search workshop and resume assistance. An impressive 73 of the 100 workers utilized the WTC's services and feedback from both the employer and applicants has been overwhelmingly positive. This is a prime example of how the workforce system is helping dislocated workers find new employment opportunities faster.



A representative from the Louisiana Department of Labor talks to job seekers about employment opportunities.  
Photo Credit: David Ellis;  
Louisiana Department of Labor

### Overview

The Department recognizes that the country's ability to remain competitive in the global economy depends upon the competitiveness of the workforce. The 21st Century economy will be marked by a sharp increase in the demand for knowledge workers. By focusing on retraining dislocated workers in the skills demanded in high-growth industries, the Department can improve the employment outcomes of these workers, meet the needs of employers, and help maintain the competitiveness of our Nation's workforce.

Over the past year, as the U.S. economy recovered, job growth lagged and the national unemployment rate was 6.1 percent in August 2003. In many cases, dislocated workers found that their skills are no longer needed in the U.S. labor market. Through "rapid response" to major layoffs and One-Stop career centers, the Department serves as a resource to provide retraining and other employment assistance to these workers. The Department also helps dislocated workers identify and acquire skills that offer a greater likelihood of reemployment in today's economy.

### Serving The Public

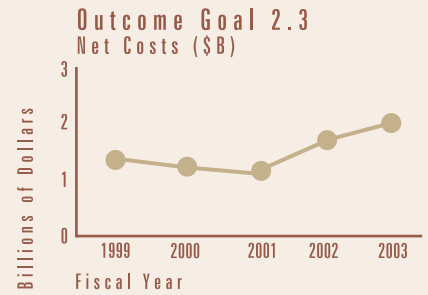
The Employment and Training Administration provides retraining to dislocated workers through two major programs – the Workforce Investment Act (WIA) Dislocated Worker program and the Trade Adjustment Assistance (TAA) program. Through these programs, the Department provides funds for occupational and on-the-job training, job search assistance, relocation assistance, and income support for eligible workers.

During Program Year (PY) 2002 (July 2002 to June 2003), the WIA Dislocated Worker and TAA programs provided training and other employment assistance to 450,000 individuals across the nation. While assisting thousands of dislocated workers in securing employment, retaining that employment, and replacing lost wages, the following outcomes indicate that the Department will need to improve its efforts to support these workers:

- For PY 2002, 87 percent of participants in the WIA Dislocated Worker program were placed in employment and 90 percent were still employed six months later. These outcomes exceed the targets established by the Department for the program and represent a small, but significant, increase from the program's outcomes in the previous year. The earnings replacement rate was 90 percent for the program year, below the goal established by the Department and a decrease from the previous year.
- The outcomes for the TAA program during PY 2002 were 63 percent for entered employment, 84 percent for retention in employment, and 75 percent for earnings replacement. These outcomes are below the targets established by the Department for the program and represent a decrease from the program's outcomes in the previous year.

### Program Costs

FY 2003 program costs of \$2 billion support Employment and Training Administration programs for dislocated workers. Increased costs in this area reflect continued demand for services resulting from mass employee layoffs. Increases in funds disbursed from FY 2002 to FY 2003 occurred largely in two program areas – WIA Dislocated Worker program and Dislocated Worker National Emergency Grants. Spending rates of available WIA funds for the Dislocated Worker program continued to increase, enabling States to serve more participants in this program. Similarly, in the TAA program, increased spending from FY 2001 to FY 2003 led to more certifications of eligibility, and the estimated number of workers covered by these certifications increased by 25 percent.



### DOL Challenges for the Future

As the 21st Century unfolds, the nation will increasingly feel the impact of globalization. Our country's future economic development and ability to be competitive in a global economy depend on the competitiveness of our workforce. Global competition will reinforce the economic premium on highly skilled workers. Through programs focused on dislocated workers, the Department has the opportunity to provide workers with skills valued in today's economy and have a positive impact on the competitiveness of the Nation's workforce.

Within this global economic environment, the Department will continue to deliver effective, results-oriented programs that are focused on meeting the needs of dislocated workers. The Department will strive to ensure that dislocated workers have timely access to quality services that will provide them with retraining and other employment assistance. Through initiatives intended to improve early intervention techniques and speed the delivery of readjustment services, dislocated workers will be able to more quickly access training and acquire the skills necessary to find reemployment. The Department will ensure that dislocated workers have access to a full array of employment assistance by more closely aligning services across programs at the local level. By strengthening relationships with businesses, the Department will be in a better position to identify high-growth industries and train workers in the skills demanded by these industries.

### Increase Employment and Earnings for Retrained Workers

#### Performance Goal 2.3A (Employment and Training Administration) – PY 2002

*Increase the employment, retention, and earnings replacement of individuals registered under the Workforce Investment Act Dislocated Worker Program.*

#### Indicators

78 percent will be employed in the first quarter after program exit.

88 percent of those employed in the first quarter after program exit will be employed in the third quarter after program exit.

Those who are employed in the first quarter after program exit and are still employed in the third quarter after program exit will have 98 percent of their pre-dislocation earnings.

#### Results

The goal was not achieved. The Workforce Investment Act (WIA) program for dislocated workers did, however, reach two of its three targets. The entered employment rate for PY 2002 was 82 percent and the retention rate was 90 percent, but earnings were only 90 percent of pre-dislocation averages.

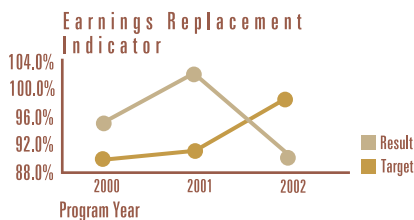
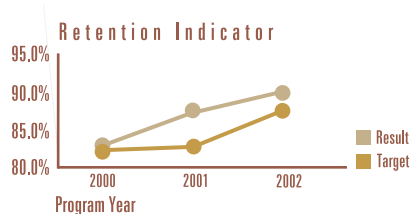
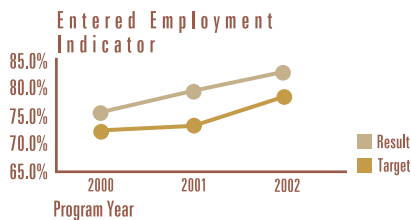
#### Program Description

The Dislocated Worker Program aims to quickly reemploy laid off workers. The 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. These funds support One-Stop Career Center Services (as described under Performance Goal 1.1.A) and “Rapid Response” assistance to plan service delivery for employers and workers who are expected to lose their jobs as a result of company closings and mass layoffs. States are responsible for program management and operations, including enrollment, service delivery, and certification of training providers.

#### Analysis of Results

The results reflect performance reported by 50 States, the District of Columbia and Puerto Rico through the fourth quarter of the Program Year ending June 30, 2003. Performance for two of the indicators, entered employment and retention, improved slightly from the previous year. Eighty two percent of those registered in the Dislocated Worker Program entered employment and, of those, 90 percent remained employed after 6 months. Post-dislocation earnings, however, replaced only 90 percent of participants’ pre-dislocation earnings. This was 11 percentage points below the previous year’s 101 percent.

The decreased post-dislocation earnings measure, even in the face of employment and retention success, may reflect the uncertainty of a weakened economy prompting eligible dislocated workers to more readily accept a lower-paying job and stay with it until signs of recovery



are more evident. The decrease may also be the result of increased productivity (growing at a 4.4 percent annual rate over the last 18 months) that is fueled by technological advances as opposed to additional hours or people. Employers have reduced by 1.1 percent the total number of hours worked since November 2001, and have not provided salary increases for many jobholders. Excess product, consumer-spending caution, and employer hesitance to hire may explain the simultaneous increase in retention and decrease in wage gains.

Another factor that likely dampened the wage replacement for dislocated workers was the large supply of unemployed workers during the recession of 2001 and 2002. That allowed employers to hire at lower wages. In the 10 months between September 2002 and June 2003 alone, the number of unemployed increased from 7.7 million to 9.3 million.

#### Strategies

The strategies and specific activities outlined in Performance Goal 1.1A are also applicable for the dislocated worker population. These include:

- Strengthening business relationships to assure demand-driven services and to better identify and fill jobs in growth occupations;
- Assuring universal access to the workforce investment system with emphasis on targeted outreach; and
- Leveraging Non-WIA resources to prepare the workforce.

The Department will also undertake a number of activities that seek to improve early intervention techniques, speed the delivery of readjustment services, and shorten the period of unemployment for dislocated workers. The Department is releasing a series of practitioner-designed best practice technical assistance products to increase the proficiency of State and local Rapid Response teams.

The Department will seek to more closely align the WIA State Formula Grant Program with the National Emergency Grant and Trade Adjustment Assistance (TAA) Program services and benefits, each of which mutually reinforces assistance to related target populations. Federal administration of the TAA program was streamlined to improve State and local service in FY 2002. The National Emergency Grant process will be similarly streamlined and improved in FY 2003.

#### Management Issues

One of the key findings in the recent Administration Program Assessment Rating Tool (PART) review of the WIA Dislocated Worker Program was its duplication of purpose, funding, services, administration, and target populations with those of the Workforce Investment Act program for Adults and the TAA program. The second finding was that the WIA Dislocated Worker Program statutory funding formula constrains the Secretary of Labor's and States' ability to quickly target services for those impacted by large layoffs in specific locations. WIA reauthorization legislation may address these design deficiencies by consolidating the WIA Adult and Dislocated Worker Programs, which will allow States greater flexibility in channeling resources as dictated by their specific economic situation. This includes a greater emphasis on Rapid Response, if needed.

Lois was laid off from her job as a Press Operator at Century Tool Manufacturing in November 2002. She then visited her local One Stop Center to inquire about training programs that were available to dislocated workers. She started by enrolling in and completing a computer class. After finishing that class, she learned about the new Integrated Systems Technology training program being offered at Rock Valley College in Rockford, Illinois. Being mechanically inclined, and interested in learning more about how systems work together, Lois saw the IST program as a perfect opportunity to improve her skills. After completing the IST program, with the help of the one stop center Lois soon found work at Rockford Toolcraft in Rockford, Illinois, starting September 2003. Lois feels that the IST training and the assistance she received from her local One Stop Center were instrumental in helping her get the job. "I would definitely recommend the IST training program to other dislocated workers. If you're mechanically inclined, have an interest in understanding complex integrated systems, and are willing to learn new concepts, this is a great opportunity."



Photo Credit: John Jamont;  
Rock Valley College, Rockford Illinois

**R**enee is a true inspiration to all who know her. After she and her husband lost their jobs in the railroad and retail industries, respectively, Renee never lost her positive outlook on life. Instead she started anew: "... I did a little research and went to the CareerLink. I was so fortunate. From the time I went to the CareerLink, my life started to change. I met with a woman from Southwest Training Services, Inc. I told her that if I could only take a computer class I would be OK. That's how I ended up at Penn Commercial." Renee polished her skills in typing and then enrolled in the PC Power class. Upon completion of the program, she was offered a Professional Development teaching position at the same school where she received her training. Renee accepted, hit the ground running, and is now teaching other students how to be successful. To add to her success story, Renee was voted "Teacher of the Quarter" by her students. A school official said, "We have students fill out evaluations regarding the school at the end of each quarter. The last question on the evaluation is 'What do you like best about Penn Commercial?' I have to smile when I see how many times the answer is simply 'Renee.'" To cap off a remarkable new beginning, Renee's most recent achievement is being recognized as the Governor's Achievement Award recipient.



Photo Credit: Marianne Albert;  
Penn Commercial Business and Technical School

A recent Office of Inspector General (OIG) report on program outcome reporting raised concerns regarding accuracy and reliability of WIA's third-party data. The Department shares this concern, and in response has developed data validation handbooks and software, and has issued guidance for data validation of Program Year 2002 data. States are required to validate data at both the report and data element levels by April 1, 2004. Please see Appendix 3 for additional information (Study 4).

Another recent OIG report, which examined services provided and outcomes obtained by participants in the WIA dislocated worker program during Program Year 2000, recommended that ETA provide additional guidance and clarification on various definitions used by this program (see study 6 in Appendix 3). Policy guidance to be issued following WIA reauthorization and implementation of the common measures in conjunction with a new reporting and information collection system will address several of the OIG recommendations.

Three reports from the General Accounting Office (GAO) relate to the dislocated worker program. The first report examined spending and financial reporting by States (see study 14 in Appendix 3); the second GAO report looked at transportation disadvantaged populations (see study 16 in Appendix 3); and the third report recommended development of a research agenda for integration of programs in One-Stop Career Centers (study 17 in Appendix 3). ETA is addressing these GAO findings and recommendations through issuance of clarifying guidance, contacts with the Coordinating Council for Access and Mobility, and development of a five-year research plan. Additionally the WIA reauthorization proposal will address several of the recommendations in the GAO reports.

ETA also contracted with an independent research team to conduct an interim evaluation of the Workforce Investment Act of 1998 (see study 23 in Appendix 3). By examining national goals and the roles of Federal, State, and local partners in implementing the law in eight states, the study provides information on the administration and delivery of publicly funded workforce development services.

#### Goal Assessment and Future Plans

The 21st century economy requires not only an agile workforce, but an agile workforce investment system to keep Americans employed and productive in a fast-changing, global marketplace. The suddenness of worker dislocation, as a result of economic shifts, international competition, industrial obsolescence, new technology and unforeseen emergencies, demands a response that provides States with the resources and flexibility needed to target specific populations on very short notice. A reauthorized Workforce Investment Act that empowers States to move quickly to address dislocations as their specific needs dictate, without having to ask for Federal permission to transfer funds from one program to another or to seek special waivers, can create such agility.

The Department anticipates that WIA reauthorization and the expanded use of technology to connect customers with real-time labor market information, current job opportunities and available services will increase service levels for dislocated workers. Greater use of technology will also increase staff capacity through distance learning and on-demand communications with grantees and customers.

## Help Trade-Affected Workers Find New Jobs.

### Performance Goal 2.3B (Employment and Training Administration) – FY 2003

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

#### Indicators

78 percent will be employed in the first quarter after program exit.

90 percent of those employed in the first quarter after program exit will be employed in the third quarter after program exit.

Those who are employed in the second and third quarter after program exit will earn, on average, 90 percent of their pre-separation earnings.

#### Results

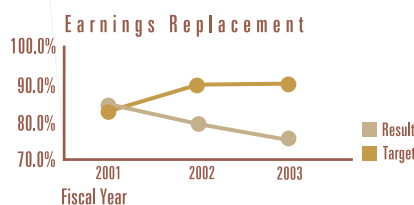
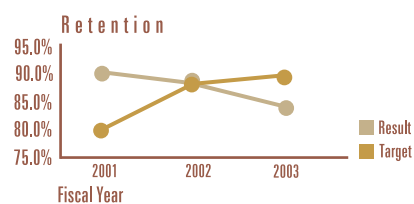
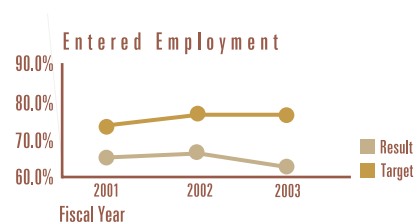
The goal was not achieved. Data for the first three quarters of FY 2003 (ending June 30, 2003) indicate that only 62 percent of participants were employed in the first quarter after program exit, compared to the 78 percent target. Of those, 84 percent were still employed in the third quarter after program exit, compared to the 90 percent target. This population earned 75 percent of their pre-separation amounts.

#### Program Description

DOL's Trade Adjustment Assistance (TAA) program provides reemployment services to workers who lose their jobs due in large part to increased imports or to shifts of production to foreign countries. To counter the impact of the job loss, the TAA program seeks to return workers to suitable employment as quickly as possible. The readjustment services and benefits offered by the program include occupational, on-the-job and remedial training, job search and relocation assistance, and income support for eligible workers in training. TAA's success is measured by the extent to which the individuals it serves achieve economic self-sufficiency by quickly securing and maintaining employment with wages that are close to those earned prior to lay-off. In FY 2003, TAA certifications were made which covered 208,494 workers.

#### Analysis of Results

Results achieved in FY 2003 were slightly less than those achieved in FY 2002 and FY 2001, as demonstrated in the charts. Due to the inherent lag in using wage records to determine performance results, the information for FY 2003 is based on three quarters of employment outcome data for participants who exited the TAA program in the second half of FY 2001 (April 2001 – September 2001) and the first quarter of FY 2002 (October 2001 – December 2001). Participants exiting the TAA program at the beginning of FY 2002 faced an especially difficult job market. Although deteriorating economic conditions do not fully account for the performance decreases, DOL anticipates that program performance reported in FY 2004 will increase, reflecting improving economic conditions. New strategies have been developed to address matters of program performance that are unrelated to economic conditions.



### Strategies

The trade petition certification process has been greatly enhanced during the past year, and the results of this reengineering effort will be fully implemented in FY 2004. The TAA will make faster decisions for trade-impacted workers, allowing them to begin the process of making informed decisions about their futures more rapidly than in the past. In the event that a training option is chosen, trade-affected workers will be able to begin retraining much more quickly, which will allow for a quicker return to the labor market as well.

In addition, the allocation process that funds States' payment of training has been revised. The new formula will more accurately reflect service demands and will have a positive effect on participants' employment, retention, and earnings.

In FY 2004, DOL will continue to integrate the TAA program with State workforce systems as envisioned under the Trade Adjustment Assistance Reform Act of 2002. DOL will focus on State-level Rapid Response, which provides early intervention for major lay-offs, including those that are trade related. The integration of Rapid Response and trade-affected workers with the Workforce Investment Act program will facilitate access to a comprehensive array of reemployment services.

### Management Issues

The Trade Adjustment Assistance Reform Act of 2002 added to the program readjustment services a health coverage tax credit provision and an Alternative Trade Adjustment Assistance (ATAA) for Older Workers that provides an income supplement in lieu of training. Implementation of the Act has been a significant management challenge in FY 2003. DOL and the States have had to divert considerable staff resources to implement the new health coverage tax credit, the ATAA programs and other provisions of the Act.

The Department is striving to improve the accuracy, timeliness, and reliability of TAA data. While the Department still uses the data for management purposes, DOL continues to work to improve data quality by providing technical assistance to the States so that the data meet performance monitoring and reporting standards. ETA has developed data validation handbooks and software, and has issued guidance for data validation of Program Year 2002 data. States are required to validate data at both the report and data element levels by April 1, 2004. Progress has been made, but the results of on-site monitoring and the Data Validation initiative have yet to be fully realized. Please see Appendix 4 for additional information.

In response to recommendations from the Administration's Program Assessment Rating Tool (PART), the TAA program will include performance expectations in the Governor/Secretary agreements to foster better results. Additionally, TAA will adopt the common measures for federal employment and job training programs in FY 2004. ETA's use of common measures will completely align Trade Act Program measures with those for the WIA Dislocated Worker Program. Common measures will also help to promote the goals of co-enrollment and coordination between the two programs. The established performance levels will clearly indicate to the States that training funds are for the sole purpose of providing trade-affected workers with the skills needed to achieve the placement, job retention, and wage gain outcomes in a cost effective manner.

DOL is contracting for a comprehensive review of TAA program effectiveness. DOL will use recommendations of this five-year in-depth study to improve future performance and to assess success in implementing the provisions of the Trade Reform Act from the national, State and local perspectives. In addition to management information, it is expected that the results of this study will inform the TAA reauthorization process.

#### Goal Assessment and Future Plans

DOL is committed to getting TAA program results back on track and has initiated actions to achieve FY 2004 targets. The performance expectations for the Trade program should closely track those of the Workforce Investment Act program for dislocated workers. The Department will work closely with the States to see that trade-impacted workers receive quality services while facing life altering career decisions.