

TABLE 10Average Time Lapse for Workers from
Layoff to Receipt of First Check

	Projec- tion to adjusted <u>universe</u> Number of days	Estimated ranges of adjusted universe at the 95% level of confidence <u>Number of days</u>
Layoff to petition filing	221	194 to 248
Petition filing to certification	112	101 to 123
Certification to application	87	68 to 106
Application to payment	68	47 to 89
Overall: layoff to payment	488	452 to 524

TABLE 11Workers Learning about Program
from Union or Employer

<u>How worker first learned about program</u>	Projec- tion to adjusted <u>universe</u> <u>Percent</u>	Estimated ranges of adjusted universe at the 95% level of confidence	
		<u>Percent</u>	<u>Number</u>
Union	37	27 to 47	64,000 to 110,000
Employer	22	14 to 30	35,000 to 71,000

TABLE 12

Time Lapse from Worker's Application for Benefits to Receipt of Cash Payment

<u>Time Lapse</u>	<u>Projection to adjusted universe</u>		<u>Estimated ranges of adjusted universe at the 95% level of confidence</u>	
	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
26 days or less	31	73,000	24 to 38	55,000 to 91,000
27 to 68 days	39	93,000	29 to 49	69,000 to 117,000
over 68 days	<u>30</u>	<u>72,000</u>	20 to 40	47,000 to 97,000
Total	100	<u>a/238,000</u>		

a/Data not available on entire universe of 242,000 workers for variety of reasons, For example, some had not yet received their first check at the time of our interviews.

CHARACTERISTICS OF IMPORT-AFFECTED WORKERS IN GAO UNIVERSE AT TIME OF INTERVIEW

	Total universe 242,000	Back to work 206,000	Not back to work 22,000 (note a)	Entered training 5,300	Exhausted cash benefits 47,000	Exhausted/ not back to work 6,000
1. Average age at separation	41	39	45	33	36	43
2. Sex:						
Percent female	34	31	59	56	38	84
Percent male	66	69	41	44	62	16
3. Race:						
Percent white	86	86	81	95	85	61
Percent black	11	11	14	0	14	36
Percent other	3	3	5	5	1	3
4. Marital status:						
Percent married	86	86	79	94	86	64
Percent single	8	8	10	6	7	23
Percent other	6	6	11	0	7	13
5. Average number relying on worker for support	3.4	3.5	2.8	3.2	3.3	2.4
6. Percent of married with spouse working at time of layoff	46	46	61	52	46	72
7. Percent earning over half the family income	80	80	79	50	84	71
8. Percent completing 12th grade	60	63	53	66	54	36
9. Average years with employer	12	11	14	12	10	12
10. Percent totally laid off first time	86	85	86	99	86	92
11. Firm status:						
Percent in business	86	88	65	26	67	29
Percent out of business	14	12	35	74	33	71
12. Average weeks to realize employer would not recall	2	(d)	2	9	3	3
13. Average weeks of cash payments received	25	23	30	58	52	b/50
14. Percent receiving a first check containing more week of cash benefits	89	88	89	100	98	98
15. Average number of weeks in first check	14	14	11	29	27	25
16. Average amount of first check	\$742	\$749	\$457	\$910	\$1,231	\$551
17. Average amount of latest weekly cash payment	\$69	\$67	\$62	\$87	\$59	\$37
18. Average amount of latest unemployment insurance check	\$88	\$88	\$88	\$75	\$90	\$70
19. Percent receiving employer-funded supplemental unemployment benefits	42	46	13	14	48	1
20. Percent borrowing or using savings to pay bills	65	67	54	41	71	43
21. Percent back to work when applying for benefits	58	64	22	5	58	c/17
22. Percent back to work when benefits paid	71	78	22	15	60	c/11
23. Percent back to work when interviewed	85	100	(d)	64	79	(d)
24. Percent counseled	23	20	44	50	20	38
25. Percent entering training	2	2	9	100	6	11
26. Percent receiving job referral	8	8	14	10	8	26
27. Percent not willing to ever relocate for a job	60	58	72	62	55	88

a/Excludes 14,000 individuals who retired.

b/Some individuals exhausted 52 weeks of eligibility, but were only eligible for 50 weeks or less of cash payments.

c/These individuals had returned to work before applying for or receiving benefits. Later they had been laid off again and, at the time of our interviews, had exhausted their benefits and were still unemployed.

d/Not applicable.

STATUS OF WORKERS BY INDUSTRYAT TIME OF GAO INTERVIEW

<u>Industries in sample</u>	<u>Percent of workers</u>		<u>Percent of universe (note a)</u>
	<u>Back to work</u>	<u>Not back to work (note a)</u>	
Primary metal	94	6	25
Electronics	89	11	19
Transportation equipment	99	1	19
Leather	84	16	12
Apparel	82	18	9
Metal products	91	9	5
All other industries	84	16	11
Total percent	90	10	100.0
Total workers in universe (note a)	206,000	22,000	228,000

a/Excludes 14,000 individuals who retired.

U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



Reply to the Attention of

NOV 1 1979

Mr. Gregory J. Ahart
Director
Human Resources Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

This is in reply to your letter to the Secretary requesting comments on the draft GAO report entitled, "Targeting Trade Act Benefits Only to Import-Affected Workers Who Cannot Find a Job Could Save Millions."

The Department's response is enclosed.

The Department appreciates the opportunity to comment on this report.

Sincerely,

A handwritten signature in cursive script that reads "Marjorie Fine Knowles".

MARJORIE FINE KNOWLES
Inspector General

Enclosure

U.S. Department of Labor's Response To
The Draft General Accounting Office Report
Entitled --

Targeting Trade Act Benefits Only to
Import-Affected Workers Who Cannot
Find a Job Could Save Millions

Recommendation: Amend the Trade Act of 1974 to require that import-affected workers exhaust unemployment insurance benefits before receiving up to 52 weeks of cash payments under the Trade Act. Amend the Act to provide that benefits be continued at an amount comparable to that received in unemployment insurance benefits rather than 70 percent of a worker's average weekly gross wage as now prescribed in the Act. Amend the Act to eliminate the minimum work history and wage eligibility criteria and instead require that, to be eligible for adjustment assistance, workers (1) be totally or partially laid off from import-affected employment on or after the date specified by the Secretary in the certification, and (2) meet states' eligibility criteria for unemployment insurance. Amend the Act to replace the complicated benefit calculation formula with a simplified method such as paying Trade Act weekly cash benefits in an amount equal to an individual's unemployment insurance amount.

Response: The Department does not believe that this is the appropriate time to address the policy issue raised by the legislative proposal contained in the draft report, namely that trade readjustment allowances (TRA) be limited to those workers who first exhaust their unemployment benefits. The Department also does not think it appropriate to comment on the two more technical recommendations regarding the individual eligibility criteria for trade readjustment allowances and the simplification of the benefit calculation formula. These and other legislative proposals might better be confronted at the time the Congress considers in 1981 the renewal of the trade adjustment assistance program beyond its termination date of September 30, 1982.

U.S. Department of Labor's Response To
The Draft General Accounting Office Report
Entitled --

Targeting Trade Act Benefits Only to
Import-Affected Workers Who Cannot
Find a Job Could Save Millions

Recommendation: That the Secretary of Labor take a stronger and more active oversight role to assure that state employment security agencies: Inform all import-affected workers of all employment services available to them at the time they apply for assistance under the Trade Act, offer counselling to all import-affected workers who are unemployed at the time they apply for benefits to identify their employment service needs; work with Comprehensive Employment and Training Act sponsors to place more emphasis on providing training to import-affected workers where they determine this to be beneficial.

Response: The Department concurs. As for the recommendations to the Secretary of Labor that he play a stronger and more active oversight role to assure that state employment security agencies (SESA's) more effectively carry out their responsibilities in such areas as the dissemination of program and certification information, the counselling of workers and the provision of training and other benefits, the Department will continue to oversee the program. There is evidence that benefit delivery has improved since the inception of the program, but the Department recognizes that more needs to be done at the local employment security office level.

Comments: The draft report sets forth the finding that there was a generally low rate of utilization of training and other employment services. The Department believes that the universe of certified workers against which the report contrasts numbers of workers trained, placed, or given job search and relocation benefits is unrealistic. Rather than using the total population of certified workers, a better measure would be those certified workers who were out of work and looking for employment at the time they applied for adjustment assistance. In the first three quarters of FY 1979, in terms of this smaller group, about 39 percent received counselling, 7 percent training and 15 percent were placed in jobs. Two percent received job search allowances and 2 percent obtained relocation assistance.

It seems to the Department that the GAO report errs in implying that most, if not all separated workers should receive counselling. Counselling is most often used for those who are not job ready. In other words, counselling should not be a requirement but a voluntary process whereby an applicant can more realistically choose or change an occupation or make a suitable job adjustment. It is not reasonable to assume that all import-impacted workers, even those not employed at the time of application for TRA, are in need of counselling.

The Department is concerned over the information developed by the GAO that many workers appeared to learn of trade readjustment allowances and other adjustment assistance benefits through friends rather than through more formal media. The Department stepped up its outreach and publicity effort considerably in 1978 and 1979 with a program of flyers, posters, press releases, and speeches. In addition, the Department began using mass layoff reports, news articles and feedback from state agency and other sources to actively solicit petitions from worker groups where there was some evidence that imports may have been a causal factor in worker separations.

Concerning the lengthy delay which GAO found--an average of 483 days between the date of a worker's separation and the actual receipt of benefits--the Department believes that considerable improvements have been made, at least for those time periods for which it is responsible, i.e., the certification of worker petitions and the delivery of trade readjustment allowances to individual applicants. The Department is now completing 80 percent or more of its petition investigations within the 60-day time limit set forth in the Act. This high rate of timely determinations has been maintained over a period of about nine months. Similarly, the Department's criterion for the delivery of trade readjustment allowances by the SESA's--within 21 days subsequent to the date of an individual's application for such allowances--has been met for the past two years in about seven cases out of ten. This represents a significant improvement over the certification and benefit delivery delays during the period covered by the GAO report.

According to GAO data about two thirds of the overall time lapse from layoff to initial benefit receipt is accounted for by the workers' delay in petitioning for certification and in applying for individual benefits. There is evidence that the overall situation has improved. In FY 1977, 77 percent of workers applying for TRA were re-employed at the time of their application. In the first three quarters of FY79 the figure was 62 percent. It is clear, however, that the workers should file their petitions closer to the time of layoff than they have in the past and that following certification they should make more timely application for individual benefits.

The Department, for its part, will continue to press its outreach program and provide publicity so that workers who are potential beneficiaries of the program will know about the program and be able to act more quickly in their own best interest.

U.S. Department of Labor's Response To
The Draft General Accounting Office Report
Entitled --

Targeting Trade Act Benefits Only to
Import-Affected Workers Who Cannot
Find a Job Could Save Millions

Recommendation: That the Secretary require state employment security agencies to become more involved in pre-certification activities, particularly those such as identifying potentially eligible applicants, which are aimed at reducing delays in benefit delivery; provide additional pre-certification funding for those states which are willing to engage in the broad range of pre-certification activities suggested in Labor's guidelines; require state employment security agencies to make greater efforts to notify workers that their petition has been certified and to encourage workers to file timely applications for benefits.

Response: The Department agrees that a continued effort needs to be made to expand pre-certification activities, although it believes that pre-certification funding is adequate to meet the task. The high cost of certain pre-certification activity noted in the draft report would appear to contain the cost of activities going beyond pre-certification. In any event, the Department is examining the issue to see whether further steps are needed to enable SESA's to obtain on an ad hoc basis adequate funds to cover extraordinary situations.

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