

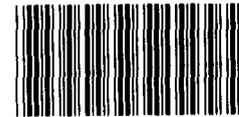
GAO

Briefing Report to Congressional
Requesters

September 1992

DISLOCATED
WORKERS

Comparison of
Assistance Programs



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Human Resources Division

B-250256

September 10, 1992

The Honorable Lloyd Bentsen
Chairman, Committee on Finance
United States Senate

The Honorable Dan Rostenkowski
Chairman, Committee on Ways and Means
House of Representatives

This briefing report responds to your request for information on services provided to dislocated workers by the Trade Adjustment Assistance (TAA) and the Economic Dislocation and Worker Adjustment Assistance (EDWAA) programs. TAA and EDWAA are the two major federal programs created to help dislocated workers make the transition to new employment. This information is particularly important because the North American Free Trade Agreement has fueled concern about possible increased job loss and the federal role in helping workers make a smooth transition to new employment.

The 30-year-old TAA program assists workers who lose their jobs due to increased imports. The Department of Labor determines whether groups of workers have been adversely affected by trade and certifies that they are eligible for TAA benefits. The Employment Service (ES), through its state and local offices, administers the TAA program, which in fiscal year 1990 spent \$150 million on cash payments and services for 38,500 workers. In contrast to TAA, the EDWAA program helps dislocated workers regardless of the reason for job loss. During program year 1990, states spent \$390 million in Job Training Partnership Act (JTPA) funds to provide EDWAA services to 288,000 workers. States pass much of these funds on to local JTPA service delivery areas, which hold primary responsibility for administering the program.

TAA and EDWAA provide similar services, including job counseling, occupational and remedial training, placement assistance, and support services, as well as job search and relocation allowances. Workers eligible for TAA services may also receive EDWAA services. All dislocated workers may receive 26 weeks of income support through the Unemployment Insurance program, but TAA also provides up to 52 weeks of additional income support.

To help the Congress assess the services provided to dislocated workers by the TAA and EDWAA programs, we gathered information on (1) whom these programs serve, (2) how their services differ, (3) how workers fare, and (4) to what extent TAA and EDWAA coordinate services for TAA-eligible workers. This information was presented to your staff during our May 28 and May 29, 1992, briefings. The information is summarized below and presented in more detail later in this report.

The briefings and this report are primarily based on our review of the TAA and EDWAA programs in Michigan, New Jersey, and Texas. These three states accounted for about 31 percent of TAA participants and 24 percent of TAA expenditures during fiscal year 1990. They also represented about 14 percent of EDWAA participants and 19 percent of EDWAA expenditures during program year 1990. We also visited local programs in Lansing, Michigan; Passaic, New Jersey; and Tyler, Texas. In addition, we analyzed TAA and EDWAA data collected by the Department of Labor.

Results in Brief

Gathering basic information on both the TAA and EDWAA programs was often difficult because the Department of Labor does not maintain comprehensive, reliable information on the implementation and results of these programs. Because of the lack of national data on the characteristics of TAA participants, the assistance provided to either TAA or EDWAA participants, and the results achieved by TAA, our analysis is primarily based on our work in Michigan, New Jersey, and Texas. However, in some instances even the data maintained by these states provided only limited information to answer questions about the two programs. Despite these limitations, we found sufficient information to identify several significant differences between the two programs in these three states:

- TAA served a larger proportion of harder-to-place populations than EDWAA.
- Both programs were slow to provide training, but EDWAA was slightly faster than TAA.
- TAA participants received more income support and were more likely to enter longer-term training.
- Both programs provided classroom training, but EDWAA also provided on-the-job training (OJT).
- Both programs lacked comprehensive information on how participants fared after completing the programs, but EDWAA collected more information than TAA.

In addition, local areas vary in the extent to which they coordinate TAA and EDWAA services. While officials at the state level coordinated with one another, they and local officials acknowledged that there is little coordination between program staff in many local areas.

TAA Served a Higher Proportion of Harder-To-Place Workers

In each of the three states in our analysis, TAA programs (compared to EDWAA programs) served higher proportions of female workers, older workers, and workers with less than a high school education—groups that have traditionally had difficulty finding new jobs at comparable wages. For example, a composite of the three states showed that the proportion of female participants was about 21 percentage points higher in the TAA program than in the EDWAA program—62 percent in TAA compared to 41 percent in EDWAA.

Neither TAA nor EDWAA has guidelines on which demographic groups these programs should target. TAA participant characteristics generally mirrored the characteristics of workers in industries affected by imports. For example, in Texas and New Jersey, the majority of TAA participants had worked in the apparel industry. Most apparel workers in our analysis were older females with low levels of education. Thus, many of the TAA participants in these states were older females with low levels of education.

Both Programs Slow in Providing Training to Workers

Although neither TAA nor EDWAA has standards pertaining to the timeliness of its services, officials generally agreed that early intervention (before or at the time of layoff) is the key to successful service delivery. In each of the three states we visited, however, many TAA and EDWAA workers had been out of work for at least 15 weeks before receiving training. In Michigan and New Jersey, in particular, nearly all of the TAA participants did not begin training during the first 15 weeks after layoff—89 percent in Michigan and 97 percent in New Jersey. About 41 percent of EDWAA participants in the three-state analysis were not enrolled in training within the 15-week time frame. Although we were unable to determine the reasons for delays in EDWAA service, the delays in TAA service were at least partially due to the certification and worker notification processes.¹

¹To be eligible for TAA assistance, three or more workers must file a petition with the Department of Labor requesting certification. Then, if Labor's investigation shows that increased imports contributed importantly to their loss of employment, the workers are eligible for assistance. State officials are then responsible for notifying the workers that they have been certified and are eligible for assistance.

TAA Supports Longer-Term Training Option

Providing income support in the form of cash payments for 52 weeks after workers exhausted their 26 weeks of unemployment insurance gave many TAA participants the option to enter longer-term training. Even though EDWAA legislation also allows for some income support, EDWAA participants seldom received cash payments after they exhausted their unemployment insurance, and few of them entered training lasting more than 26 weeks. In each of the three states analyzed, TAA participants, as compared to EDWAA participants, were more likely to enroll in training programs that lasted 26 weeks or more. For example, in Texas 90 percent of the TAA participants compared to 35 percent of the EDWAA participants entered into training that lasted 26 weeks or more.

While TAA encourages training, workers may receive income support without entering training.² In the three local areas we visited, about 39 percent of the TAA participants were granted training waivers that allowed them to receive income support even though they did not enter training.

Waivers may be issued for many valid reasons; however, of the three states we analyzed, only Texas systematically monitored the waivers to assure their proper use. This monitoring appeared to reduce the average length of time participants received income support without entering training. In Texas, participants received an average of only 7 weeks of income support without entering training, compared to 14 weeks or more in the other two states.

Both Programs Provide Classroom Training, but EDWAA Provides More OJT

Both TAA and EDWAA provided classroom training to their participants. In Michigan, New Jersey, and Texas, EDWAA provided classroom training to 47 percent of its participants—34 percent occupational skills training and 13 percent basic skills training. The TAA programs provided classroom training to 41 percent of its participants—28 percent occupational skills training and 13 percent basic skills training.

EDWAA provided OJT in addition to its classroom training, while TAA generally did not. Although OJT is an authorized TAA program option, very few TAA workers received OJT. In the three states we visited, 28 percent of all EDWAA participants received OJT, compared to less than 1 percent of TAA participants.

²Training waivers allow workers to receive income support for up to 26 weeks when they cannot participate in training for legitimate reasons, such as when there is no suitable training available or the training program is not scheduled to begin for 30 days.

Data on Placement Results Limited

While EDWAA requires states to collect some information on how participants or groups of participants fared after completing the program, TAA does not. States are required to collect overall placement rate and wage data for EDWAA. For program year 1990, the national placement rate was 70 percent and the placement wage was \$7.80 per hour. EDWAA also collects similar information 90 days after program completion. However, states are not required to report placement results by demographic group or provide wage and job retention data, beyond 90 days. We were unable to obtain any reliable information on how TAA participants fare because states are not required to collect TAA placement results and the three states we examined do not collect such data.

Limited Coordination Between TAA and EDWAA

Both programs emphasize the need for coordination to improve the efficiency and effectiveness of service delivery. An important measure of the coordination between TAA and EDWAA is the extent to which TAA-eligible workers are receiving EDWAA services to supplement their TAA services. However, nationally only 10 percent of TAA participants received EDWAA services during fiscal year 1990. The level of coordination between TAA and EDWAA varied considerably within the three states we visited. While state-level officials communicated with one another, they acknowledged that there is very little coordinated service delivery among local agencies. The officials attributed the lack of coordination to the fact that separate agencies deliver TAA and EDWAA services. ES administers TAA while JTPA administers the EDWAA program. The officials also said local staff seldom meet to discuss service options and program resources. They cited complex TAA regulations, lack of TAA staff, and competition for clients as factors that also hinder communication.

We did not obtain written agency comments on this briefing report. However, we did discuss its contents with the Department of Labor and with state-level TAA and EDWAA officials, who generally agreed with its contents. We have incorporated their comments where appropriate. We are sending copies of this report to the Secretary of Labor and other interested parties. Our work was conducted between October 1991 and June 1992 in accordance with generally accepted government auditing standards. Should you have any questions or wish to discuss the information provided, please call me on (202) 512-7014. Other major contributors to this report are listed in appendix II.



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Abbreviations

BLS	Bureau of Labor Statistics
CPS	Current Population Survey
EDWAA	Economic Dislocation and Worker Adjustment Assistance
ES	Employment Service
JTPA	Job Training Partnership Act
OJT	on-the-job training
TAA	Trade Adjustment Assistance
TRA	Trade Readjustment Allowance

Comparison of Assistance Programs

Background

Over a million workers lost their jobs during 1990 and 1991 due to business closures and layoffs. Increased international competition, shifts in consumer preferences, and technological changes are some of the factors contributing to the closures and layoffs. While some workers adjust quickly and find new jobs, others need counseling and training to help them find new employment.

TAA and EDWAA are the two major federal programs designed to help dislocated workers ease the transition to new employment. Since 1962, the TAA program has assisted workers affected by imports. During fiscal year 1990, about 38,500 workers registered for TAA benefits and services. With the passage of the Job Training Partnership Act (JTPA) Title III in 1982, and the 1988 JTPA amendments establishing the EDWAA program, assistance has been available to workers dislocated regardless of reason. During program year 1990, EDWAA provided training and other employment services to 288,000 dislocated workers nationwide.

Figure 1 highlights the structural differences between the TAA and EDWAA programs. TAA is an entitlement program. The Department of Labor certifies groups of import-impacted workers as eligible for TAA benefits. State and local Employment Service (ES) offices administer the program, which spent \$150 million on cash payments and services during fiscal year 1990. To reinforce the emphasis on training, workers must enter training to receive TAA income support unless they are granted a training waiver. Waivers allow workers to receive Trade Readjustment Allowances (TRA)—cash payments—for up to 26 weeks when they cannot participate in training for legitimate reasons, including: (1) no suitable training is available or (2) the worker's chosen training program does not begin within 30 days.

Figure 1:

GAO Background

TAA

- Helps workers affected by imports
- \$150 million/38,500 workers
- Administered by ES

EDWAA

- Helps workers dislocated regardless of reason
 - \$390 million/288,000 workers
 - Administered by JTPA
-

In contrast, the EDWAA program depends on annual congressional appropriations for funding. During program year 1990, ¹ states spent \$390 million for EDWAA services. The bulk of EDWAA funds are allocated to states on the basis of their unemployment rates. States then pass most of these funds on to the 628 local JTPA service delivery areas, which hold primary responsibility for administering the program. To encourage training, EDWAA requires that at least 50 percent of the funds allocated to states be spent on training activities.

¹Program year 1990 begins July 1, 1990, and ends June 30, 1991.

Figure 2:

GAO Review Questions

Whom do the programs serve?

How do services differ?

How do workers fare?

Do TAA and EDWAA coordinate services for workers eligible for both programs?

Both TAA and EDWAA provide similar services, including job counseling, occupational and remedial training, placement assistance, and support services, such as transportation and child care. In addition, they can both provide job search and relocation allowances. Most dislocated workers may receive 26 weeks of income support through the Unemployment Insurance program. TAA also provides up to 52 weeks of additional income support.

Figure 3:

GAO Purpose

To help policy makers in considering

- assistance for workers affected by the North American Free Trade Agreement
 - 1993 TAA reauthorization
-

Objectives, Scope, and Methodology

The Chairmen of the Senate Committee on Finance and the House Committee on Ways and Means asked us for comparative information about the TAA and EDWAA programs. As shown in figure 2, our objectives were to determine (1) whom these programs serve, (2) how services differ, (3) how workers fare, and (4) to what extent TAA and EDWAA coordinate services for TAA-eligible workers. This information is particularly important because the signing of the North American Free Trade Agreement has fueled concern about possible increased job loss and the federal role in helping workers make a smooth transition to new employment. In addition, the TAA program is subject to reauthorization in 1993 (see fig. 3).

Figure 4:

GAO **Scope of Work**

**Examine statewide programs in
Michigan, New Jersey, Texas**

**Observe local programs in
Lansing, MI; Passaic, NJ;
and Tyler, TX**

Analyze nationwide data

To obtain the requested information, we examined statewide TAA and EDWAA programs in Michigan, New Jersey, and Texas and observed local program operations in three substate areas—Lansing, Michigan; Passaic, New Jersey; and Tyler, Texas (see fig. 4). We selected these states because they served high numbers of TAA and EDWAA participants, had automated program data, and are geographically dispersed. The three states accounted for about 31 percent of TAA participants and 24 percent of TAA expenditures during fiscal year 1990. They also represented about 14 percent of EDWAA participants and 19 percent of EDWAA expenditures during program year 1990.

Statewide TAA data in the three states in our analysis covered about 5,200 individuals from 120 petitions certified during calendar year 1990.² At the local level, we reviewed services provided to 160 TAA participants covered by three petitions. We selected the three petitions because they appeared typical of petitions certified in each of the three states. We reviewed a transportation-related industry petition in Michigan and apparel industry petitions in both New Jersey and Texas.³

Our analysis of statewide EDWAA data in the three states covered about 24,000 participants. At the local level, we reviewed services provided to about 1,600 EDWAA participants. The local EDWAA sites were in the same geographic areas as the local TAA sites.

We also analyzed nationwide TAA and EDWAA data collected by the Department of Labor and interviewed TAA and EDWAA officials at the national, state, and local levels.

Our work was performed in accordance with generally accepted government auditing standards between October 1991 and June 1992, except that we did not perform a reliability assessment of the data that the states or Labor provided to us.

²A group of three or more workers may file a petition with the Department of Labor requesting to be certified as eligible for TAA. Labor then investigates whether increased imports contributed significantly to the job loss.

³Although many mining, oil, and natural gas workers were certified for TAA in Texas during 1990, few of them received services from the program. Texas TAA officials attributed this to the mobile nature of workers in these industries.

Figure 5:

GAO Results in Brief

TAA served higher proportion
of harder-to-place workers

Both programs slow

TAA supports longer-term training

EDWAA provides more OJT

Placement data limited

Limited TAA/EDWAA coordination

The results of our work, summarized in figure 5, are detailed throughout the rest of this report.

Figure 6:

**GAO TAA Served Higher Proportion
of Harder-to-Place Workers**

TAA served higher proportion
of female, older, less educated
workers

EDWAA served higher proportion
of male, younger, more
educated workers

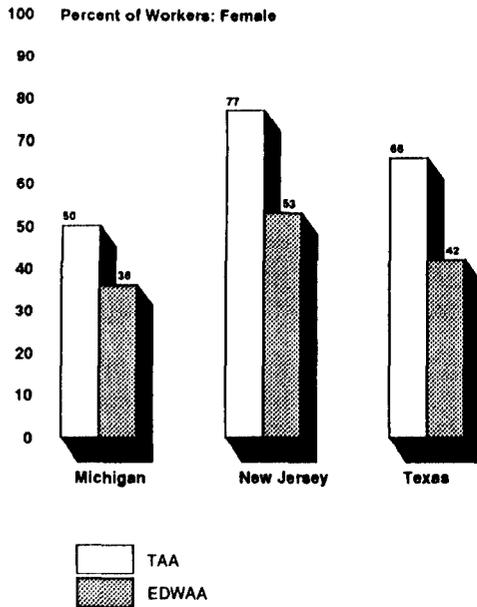
No clear pattern in proportion
of minorities served by TAA
and EDWAA

**TAA Served a Higher
Proportion of
Harder-To-Place
Workers**

In each of the three states in our analysis, TAA served higher proportions of female workers, older workers (55 years of age or older), and workers with less than a high school education (see fig. 6). These workers have traditionally had the most difficulty finding new jobs at comparable wages. However, there are no guidelines for either program pertaining to which dislocated workers these programs should target.

Figure 7:

GAO TAA Served Higher Proportion of Females

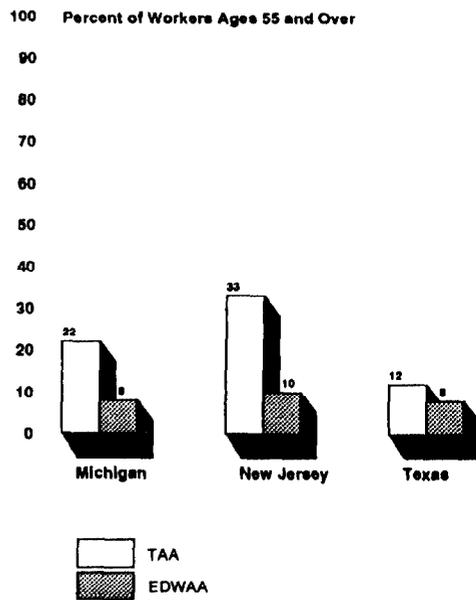


As illustrated in figure 7, TAA's proportion of female workers in each state was higher than EDWAA's proportion. According to the 1990 Current Population Survey (CPS), female workers account for about 40 percent of all dislocated workers—the population from which EDWAA participants are drawn.⁴ In each state we visited, both TAA and EDWAA generally served a higher proportion of female workers than were in the CPS population for all dislocated workers.

⁴CPS data are based on information contained in the dislocated worker supplement to the CPS. The January 1990 CPS dislocated worker data are based on persons with tenure of 3 years or more who lost or left a job between January 1985 and January 1990 because of plant closings or layoffs.

Figure 8:

GAO TAA Served Higher Proportion of Older Workers

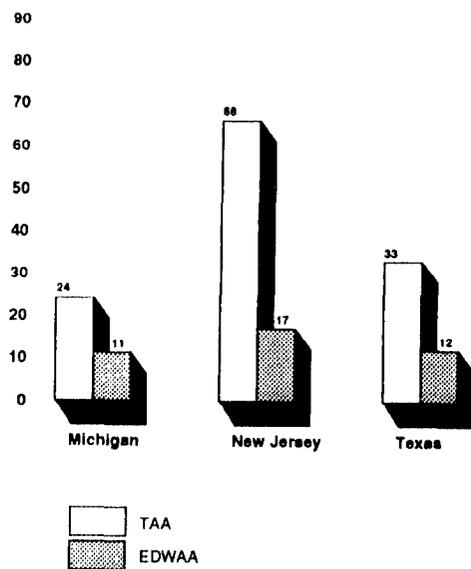


In each of the three states we visited, TAA also served a higher proportion of older workers—ages 55 and over—than EDWAA (see fig. 8). According to the 1990 CPS, 18 percent of all dislocated workers are ages 55 and over. A composite analysis of the three states showed that TAA’s proportion of older workers matched the CPS percentage. EDWAA’s composite for the three states was 10 percentage points lower than the percentage of older workers identified in the CPS data for all dislocated workers.

Figure 9:

GAO TAA Served Higher Proportion of Less Educated Workers

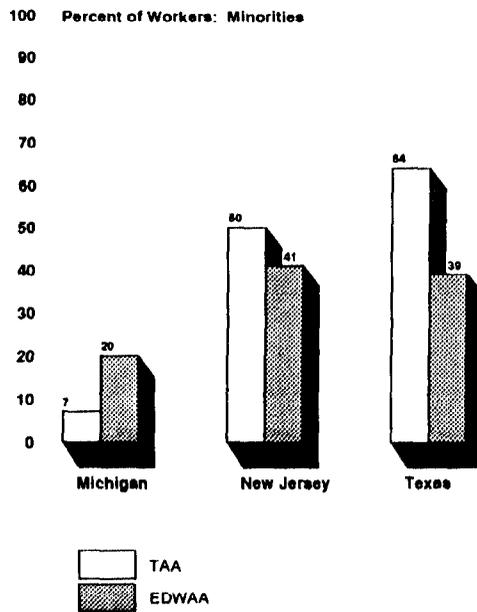
Percent of Workers with Less than High School Education



In each of the three states in our analysis, TAA served a substantially higher proportion of workers with less than a high school education than EDWAA (see fig. 9). TAA's proportion of less educated workers in each of the three states also exceeded the CPS proportion for workers with less than a high school education—18 percent. In contrast, EDWAA's proportion of workers with more than a high school education was higher than the CPS percentage for all dislocated workers (38 percent) in two of the three states. In Texas, for example, about 59 percent of the EDWAA workers had more than a high school education.

Figure 10:

GAO No Pattern in Proportion of Minorities Served



Unlike the other participant characteristics, our analysis showed no consistent pattern in the proportion of minorities served in the three states we visited. As figure 10 shows, TAA served higher proportions of minorities in New Jersey and Texas, but EDWAA served a higher proportion in Michigan. Because the pattern was not consistent across all three states, we did not perform a composite analysis for the three states.

According to the 1990 CPS, about 13 percent of all dislocated workers are minorities. Our individual state analysis showed that both programs in New Jersey and Texas served proportions of minorities that were at least three times greater than the CPS percentage. In Michigan, EDWAA's proportion was 7 percentage points higher than the CPS percentage and 13 percentage points higher than TAA's. Michigan officials told us that TAA's relatively low proportion of minority participants in Michigan is the result of the geographic location of the plants covered by the petitions certified during 1990—many of these plants were located in rural and smaller urban areas. Fewer minorities live in these areas than in larger urban areas like Detroit.

The minority populations of the TAA and EDWAA programs differed within the three states. In New Jersey's TAA program, 86 percent of the minority participants were Hispanic. In contrast, the largest proportion (67 percent) of EDWAA's minorities were African American. In Texas, over half of the minorities in both programs were Hispanic—73 percent of TAA's minority participants and 57 percent of EDWAA's were Hispanic. In Michigan, African Americans comprised the largest proportion of the minority participants in TAA and EDWAA—54 percent and 82 percent, respectively.

Differences between TAA and EDWAA participant characteristics are generally related to the differences in the characteristics of workers in industries affected by imports. As figure 11 shows, 38 percent of all dislocated workers were from the manufacturing sector, compared to 95 percent of workers certified for TAA during 1990. While only 3 percent of all dislocated workers were from the apparel industry, 38 percent of TAA-certified workers were from that industry.

Figure 11:

GAO TAA Workers Concentrated in Manufacturing Industries

Percent of Workers by Industry

Industry	All Dislocated Workers ^a	TAA Workers ^b
Manufacturing - Total	38	95
Durable Goods Manufacturing	24	47
Electrical Machinery	5	15
Transportation	5	15
Non-Durable Goods Manufacturing	14	48
Apparel	3	38
Mining	3	4

Note: Not all industries are shown in table; percentages do not sum to 100.

^aSource: BLS

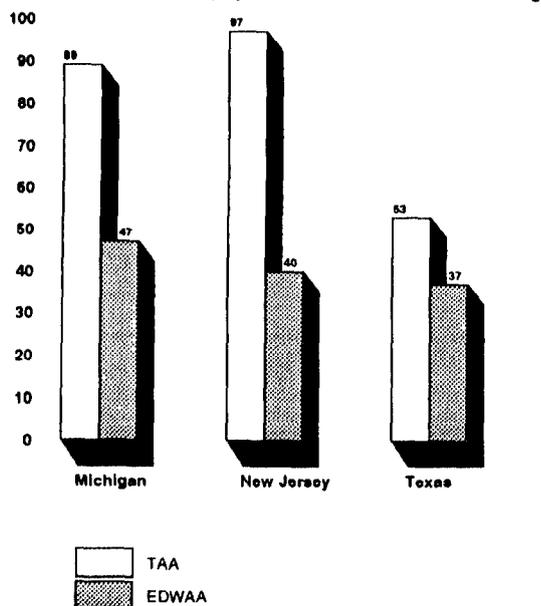
^bSource: Labor

In Texas and New Jersey, the majority of TAA participants had worked in the apparel industry. In these two states, the apparel industry primarily employed older females with low levels of education, and therefore many TAA participants in our analysis had these characteristics.

Figure 12:

GAO Both Programs Slow to Provide Training

Percent of Workers Unemployed 15 Weeks or More Prior to Training



Both Programs Slow in Providing Training to Workers

Providing reemployment training early—before or at the time of layoff—improves workers’ chances for prompt reemployment and enrolling in training programs. We and other researchers have found that far more workers seek assistance when help is available before or at the time of layoff. Further, these studies suggest that workers who receive assistance find jobs sooner and earn more than they would have without such help.⁵ However, figure 12 shows that many TAA and EDWAA workers

⁵See U.S. General Accounting Office, *Plant Closings: Limited Advance Notice and Assistance Provided Dislocated Workers*, GAO/HRD-87-105, July 17, 1987; U.S. Congress, Office of Technology Assessment, *Plant Closings: Advance Notice and Rapid Response Special Report*, OTA-ITE-321, September 1986; and National Academy of Science, National Academy of Engineering, Institute of Medicine, *Technology and Employment: Innovation and Growth in the U.S. Economy*, 1987.

had been out of work for at least 15 weeks before receiving training.⁶ Although there are no standards pertaining to the timeliness of TAA or EDWAA services, officials generally agree that early intervention is the key to successful service delivery. Delaying assistance after layoff can extend the period of unemployment for many workers and reduce options for enrolling in longer-term training. This is especially true for EDWAA eligible workers because EDWAA rarely provides any income support to help facilitate longer-term training.

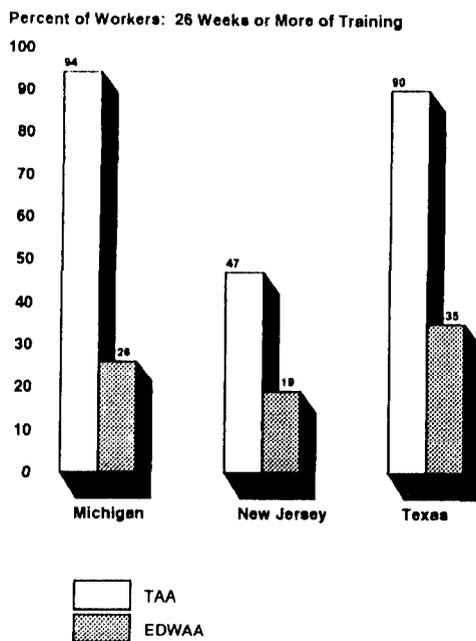
The TAA certification process is one barrier to more timely TAA assistance. This process involves several steps. First, a group of three or more workers must file a petition with the Department of Labor to be certified as eligible for TAA. Labor then investigates whether increased imports contributed significantly to the job loss. Next, Labor informs state-level TAA officials of its determination. The state officials are then responsible for notifying certified workers that they are eligible for TAA assistance. There is potential for delay in each step of the process which can in turn delay TAA assistance—workers can delay filing for certification, Labor investigations can take up to 60 days, and states can take another 2 weeks to 2 months to notify workers that they are eligible for assistance.

We were unable to determine the reasons for delays in EDWAA assistance. EDWAA legislation requires that state rapid response teams contact the employer and employee representatives. But rapid response teams are generally not responsible for local assistance activities. Therefore, this contact does not guarantee that workers will receive timely assistance.

⁶Timeliness of TAA services is based on layoff date and the date TAA participants began training. Timeliness of EDWAA services is based on statewide program reports that indicate whether participants were unemployed 15 weeks or more at the time of enrollment. For both programs, these data indicate the starting date of rigorous, or intensive, services to individual workers. Participants may have received basic services, such as intake and job counseling, before enrolling in the program or entering training. However, TAA does not require data on when participants enroll in the program.

Figure 13:

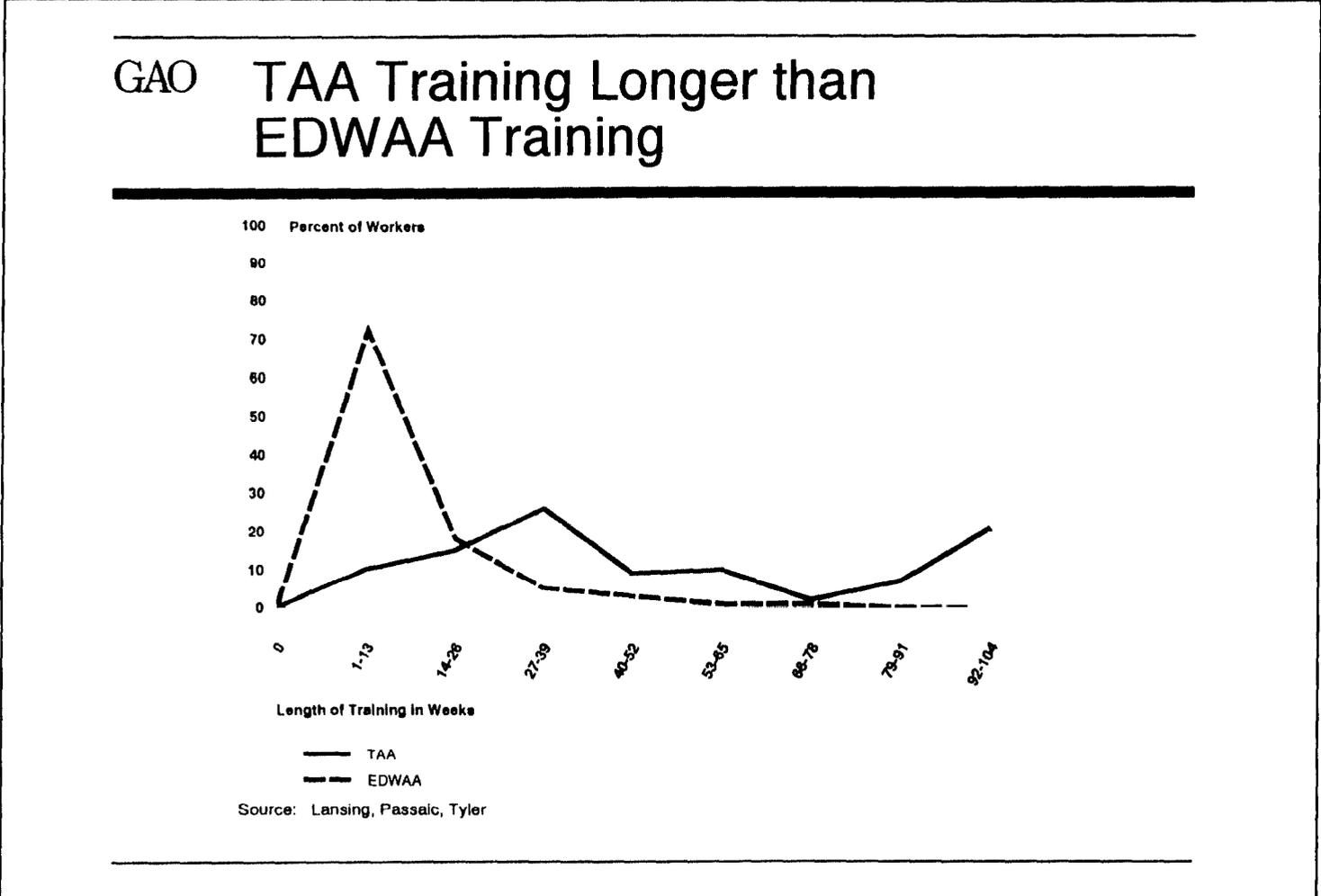
GAO More TAA Workers Entered Longer-Term Training



TAA Supports Longer-Term Training Option

Although both programs provided training, our three-state analysis indicated that the duration of the training was quite different for TAA and EDWAA participants. As shown in figure 13, in each of the three states analyzed, TAA workers, as compared to EDWAA workers, were more likely to enroll in training that lasted 26 weeks or more. The availability of TAA cash payments after workers exhausted their 26 weeks of unemployment insurance gave many TAA workers the option of entering longer-term training. EDWAA legislation also allows for such income support payments. However, EDWAA seldom provided participants with income support after they exhausted their unemployment insurance. As a result, fewer EDWAA participants entered longer-term training.

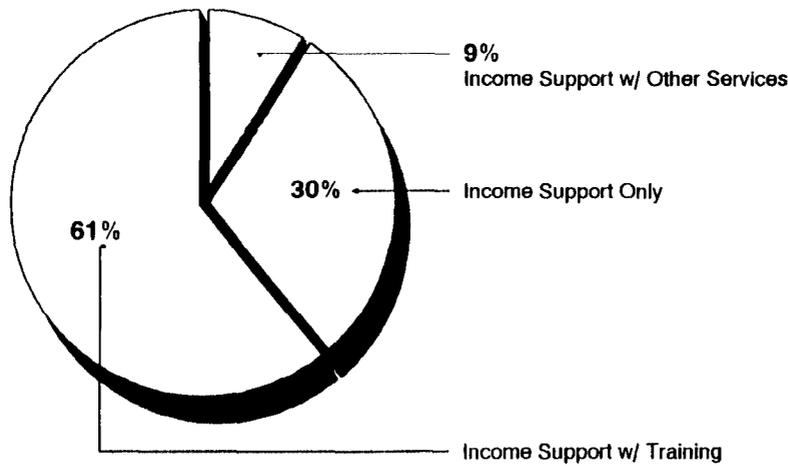
Figure 14:



Similarly, the duration of the training was much longer for TAA participants than for EDWAA participants in the three local areas we visited (see fig. 14). For this analysis, we divided the length of training into 8 categories of 13 weeks each. About 70 percent of EDWAA training participants were enrolled in 1- to 13-week training programs, compared to 10 percent of the TAA training participants. In contrast, 21 percent of the TAA training participants enrolled in programs lasting 92 to 104 weeks.

Figure 15:

GAO Many TAA Workers Received Income Support Without Training



Source: Lansing, Passaic, Tyler

Despite TAA's emphasis on training, in the three local areas we visited, about 39 percent of workers receiving TRA cash payments did not enter training (see fig. 15). Training waivers allow workers to receive payments for up to 26 weeks when they cannot participate in training for legitimate reasons. Legitimate reasons include, but are not limited to, the following: (1) no suitable training is available, and (2) the worker's chosen training program does not begin within 30 days.

Monitoring the waivers helps to ensure that the reasons for the waivers remain for as long as the workers continue to receive TRA payments. Monitoring also appears to reduce the length of time workers receive income support. One state we visited closely monitored its waivers, issuing a maximum of three waivers, each valid for 30 days. In this state, workers who did not enter training only received payments for an average of 7 weeks. One of the other states we visited issued waivers on a monthly basis. In this state, workers who did not enter training received payments for an average of 14 weeks. The third state granted waivers with no periodic review for continued validity. In this state, workers who did not enter training received, on average, 25 weeks of payments—1 week short of the maximum number of weeks allowable without entering training.

Both Programs Provide Classroom Training, but EDWAA Provides More OJT

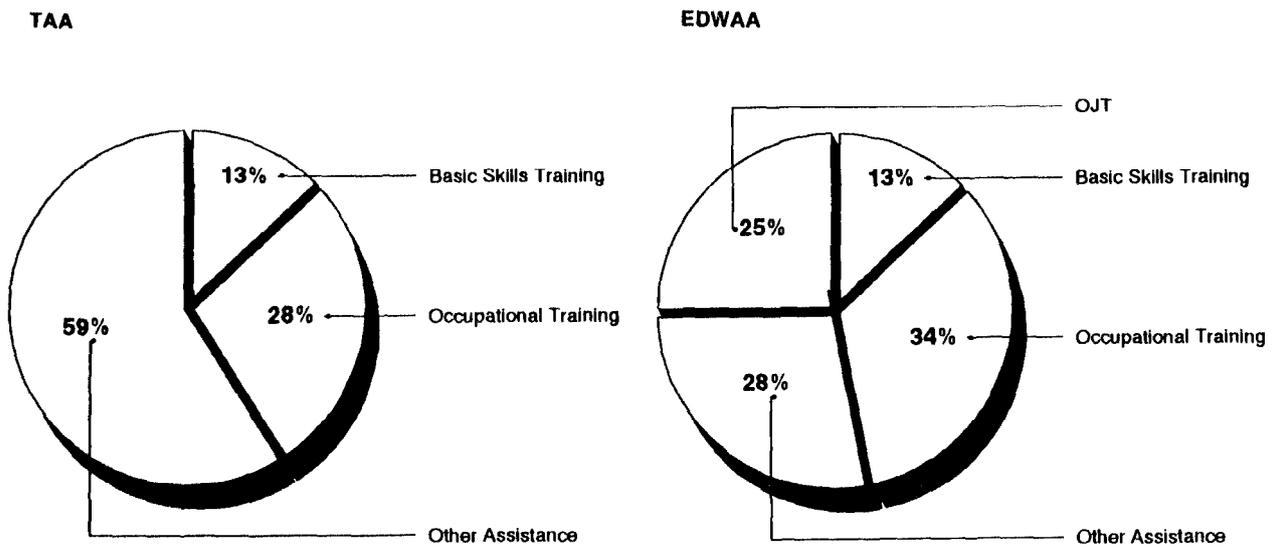
Basic skills and occupational training are essential parts of the service mix for dislocated workers under both the TAA and EDWAA programs. For some workers, basic skills training—such as remedial reading or math or English as a second language—is all they need to become reemployable. For others, basic skills training is a precursor to acquiring new occupational skills generally provided in a classroom setting through local community colleges or vocational schools.

In the three states we visited, 41 percent of the workers receiving TAA assistance were enrolled in occupational or basic skills training (see fig. 16). Similarly, 47 percent of the EDWAA workers received occupational or basic skills training.

In addition to classroom training, both TAA and EDWAA offer on-the-job training. However, our three-state analysis showed that significantly more EDWAA participants entered OJT training programs. As illustrated in figure 16, EDWAA provided OJT to 25 percent of its workers. In contrast, TAA provided OJT to less than 1 percent of its workers even though OJT is permitted under TAA regulations.

Figure 16:

GAO Both Programs Provide Classroom Training, but EDWAA Provides More OJT



Source: Michigan, New Jersey, Texas

Source: Michigan, New Jersey, Texas

Workers who did not receive either classroom or on-the-job training—28 percent of EDWAA workers and 59 percent of TAA workers—received several other types of assistance, including direct placement assistance from EDWAA and income support and job search/relocation allowances from TAA.

Figure 17:

GAO Major Training Categories

Percent of Workers		
Training Categories	TAA ^a	EDWAA ^b
Secretarial/Clerical	26	14
Machinery Repair	10	7
Accounting/Bookkeeping	13	4
Medical/Health	11	3
Architecture/Engineering/Survey	8	5
Metal Machining & Fabricating	1	12
Motor Freight/Transportation	1	8

Note: Not all occupations are shown in table; percentages do not sum to 100.

^aSource: MI, NJ, TX

^bSource: Lansing, Passaic, Tyler

Our analysis of classroom training occupations showed that both TAA and EDWAA participants in the three states entered training programs covering a wide variety of occupational skills. As shown in figure 17, secretarial/ clerical training was chosen most frequently by participants in both programs. Other popular training categories included machinery repair, accounting/bookkeeping, and medical/health.

Figure 18:

GAO Data on Placement Results Limited

	TAA	EDWAA*
Placement Rate	? ? ?	70%
Placement Wage	? ? ?	\$7.80

*Source: US DOL

Data on Placement Results Are Limited

While EDWAA requires states to collect some information on how participants or groups of participants fared after completing the programs, TAA does not. States are required to collect overall placement rate and wage information for EDWAA. For program year 1990, the national placement rate was 70 percent, and the placement wage was \$7.80 per hour (see fig. 18). The individual state placement rates ranged from 31 to 89 percent, and the placement wages ranged from \$5.33 to \$10.29 per hour.⁷ EDWAA also collects similar information at 90 days after program completion. For program year 1990, the 90-day follow-up placement rate was 71 percent, and the wage was \$8.64 per hour. However, states are not

⁷See appendix I for a complete list of individual state placement rate and wage results.

required to provide placement data by demographic group or provide wage and job retention, beyond 90 days.

We were unable to obtain reliable information on how TAA participants fare because states are not required to collect information on TAA placements. Some states have started collecting this information on their own. For example, the state TAA director in Michigan mails surveys to training participants asking them (1) if they have completed their training, (2) if they have obtained a job, (3) if their job is related to their training, and (4) whether they thought the training was helpful in obtaining the job. TAA counselors in one local area we visited also sent letters to workers who had completed training programs to obtain follow-up information. Because this practice was not consistent, we were unable to collect reliable TAA placement statistics at the state or local level.

Figure 19:

GAO Limited TAA/EDWAA
Coordination

Nationally, 1 in 10 TAA workers
received EDWAA assistance

Level of coordination varied
within the three states

Limited communication and
complex TAA regulations
impede coordination

Limited Coordination
Between TAA and
EDWAA

Legislation for both programs emphasizes the need for coordination between programs to improve the efficiency and effectiveness of service delivery. An important measure of the level of coordination between TAA and EDWAA is the extent to which TAA-eligible workers are receiving EDWAA services to supplement TAA services. However, data from the Department of Labor indicate that only 10 percent of all TAA participants received EDWAA services during fiscal year 1990 (see fig. 19). Data are unavailable to determine the number of EDWAA participants that were eligible for, but did not receive, TAA assistance.

The level of coordination also varied across local areas within the three states we visited. While state-level officials often worked together and communicated with one another, they and local officials acknowledged that staff in many local areas did not. They cited several reasons for the lack of coordination. One reason is that the two programs are administered by different agencies—ES administers TAA while JTPA administers EDWAA. Another factor is the lack of communication between local program staff. Local staff seldom met to discuss service options and program resources. The officials cited complex TAA regulations, lack of TAA staff, and competition for clients as factors that hinder communication between local program staff.

EDWAA Placement Rate and Wage Data for Program Year 1990 as Reported by Individual States

State	Placement rate	Placement wage
U.S. average	70%	\$7.80
Alabama	62	6.00
Alaska	65	10.86
Arizona	89	8.82
Arkansas	39	6.41
California	68	5.75
Colorado	77	8.34
Connecticut	75	10.05
Delaware	58	8.64
District of Columbia	45	8.21
Florida	74	6.35
Georgia	62	6.89
Hawaii	79	7.91
Idaho	74	6.99
Illinois	75	8.98
Indiana	76	7.67
Iowa	80	7.17
Kansas	77	7.53
Kentucky	65	6.77
Louisiana	76	6.41
Maine	85	6.56
Maryland	82	8.83
Massachusetts	61	10.07
Michigan	79	7.74
Minnesota	75	8.97
Mississippi	71	6.25
Missouri	69	8.09
Montana	83	9.39
Nebraska	70	6.12
Nevada	89	8.01
New Hampshire	66	7.50
New Jersey	74	8.82
New Mexico	59	8.14
New York	58	7.80
North Carolina	79	6.92
North Dakota	89	7.03
Ohio	62	8.20
Oklahoma	67	8.47

(continued)

Appendix I
EDWAA Placement Rate and Wage Data for
Program Year 1990 as Reported by
Individual States

State	Placement rate	Placement wage
Oregon	75	8.15
Pennsylvania	73	7.67
Rhode Island	71	8.34
South Carolina	65	6.62
South Dakota	86	5.33
Tennessee	60	6.56
Texas	74	9.48
Utah	79	8.11
Vermont	82	7.70
Virginia	78	7.19
Washington	74	9.19
West Virginia	63	10.29
Wisconsin	77	7.69
Wyoming	68	7.30

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