United States Government Accountability Office

GAO

Report to Congressional Requesters

January 2006

TRADE ADJUSTMENT ASSISTANCE

Most Workers in Five Layoffs Received Services, but Better Outreach Needed on New Benefits

GAO-06-43

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Highlights

Highlights of GAO-06-43, a report to congressional requesters

Why GAO Did This Study

Little is known nationally about the extent to which workers laid off as a result of international trade use the variety of federally funded reemployment services available to them. GAO was asked to study the experiences of workers affected by a small number of trade-related layoffs. GAO examined (1) the extent to which workers accessed federally funded reemployment services and the mix of services received, (2) the employment outcomes these workers achieved, and (3) the extent to which workers used the new health insurance and wage insurance benefits under the Trade Adjustment Assistance (TAA) program, and the factors affecting their participation.

What GAO Recommends

GAO recommends that the Secretary of Labor provide guidance to state and local officials on how to ensure that potentially eligible workers are made aware of the new health insurance and wage insurance benefits. In its comments, Labor agreed with our findings and recommendations and noted steps it was taking to implement them.

www.gao.gov/cgi-bin/getrpt?GAO-06-43.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd Nilsen at (202) 512-7215 or nilsens@gao.gov.

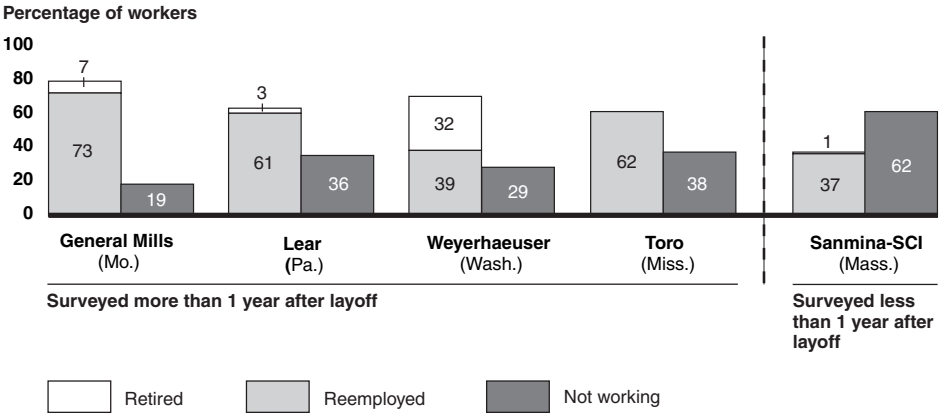
What GAO Found

At all five trade-related plant closures that GAO studied, about three-quarters or more of the workers received reemployment assistance through a one-stop center, and they most often received one-on-one services such as job search assistance, according to our survey estimates. About a third or less of the workers at most sites received training and long-term income support, with workers over age 55 less likely to enter training than younger workers. Workers who did not visit a center most often said they needed to find a job right away and did not think they had time to visit a center, or did not think they needed help finding a new job.

At the time GAO conducted its survey, most of the workers had either found a new job or retired. At three sites, over 60 percent of the workers were reemployed. At another site, only about 40 percent were reemployed, but another third had retired. And at the final site, about a third were reemployed, but this site had the highest proportion of workers who entered training and most of them were likely still in training. The majority of reemployed workers at four of five sites earned less than they had previously—replacing about 80 percent or more of their prior wages—but at one site over half the reemployed workers matched their prior wages.

Few workers at each site received either the health insurance benefit or the wage insurance benefit available to some older workers. No more than 12 percent of workers at each site received the health insurance benefit, and at four of five sites, fewer than half the workers who visited a one-stop center were aware of it. Many workers did not use it because they had other coverage or because the cost of available health insurance was too high. No more than one in five of the older workers at each site received the wage insurance benefit, and at two sites, fewer than half the older workers who visited a center were aware of it.

Most Workers in Four of Five Sites Found Jobs or Retired



Source: GAO survey of dislocated workers.

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Abbreviations

ATAA	Alternative Trade Adjustment Assistance
COBRA	Consolidated Omnibus Budget Reconciliation Act of 1985
ES	Employment Service
GED	General Equivalency Diploma
HCTC	Health Coverage Tax Credit
IRS	Internal Revenue Service
TAA	Trade Adjustment Assistance
UI	Unemployment Insurance
WARN	Worker Adjustment and Retraining Notification Act
WIA	Workforce Investment Act

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United States Government Accountability Office
Washington, DC 20548

January 31, 2006

The Honorable Charles Grassley, Chairman
The Honorable Max Baucus, Ranking Minority Member
Committee on Finance
United States Senate

The Honorable Michael Enzi, Chairman
The Honorable Edward Kennedy, Ranking Minority Member
Committee on Health, Education, Labor, and Pensions
United States Senate

Manufacturing workers in the United States face an uncertain future, as manufacturing employment continues to decline. The rate of manufacturing job loss has slowed since early 2003, but manufacturing employment has continued to fall despite overall employment growth. Between January 2003 and June 2005, manufacturing employment in the United States fell by 3.9 percent while overall employment increased by 2.6 percent. Finding a new job may be especially challenging for manufacturing workers who lose their jobs as a result of international trade, in part because they may be unable to adapt to the changing U.S. labor market. These workers tend to be older and to have fewer transferable skills than other laid-off workers, according to one study, making reemployment assistance especially important for them.[1]

The Trade Adjustment Assistance (TAA) program, established in 1962, is the federal government's primary effort targeted at manufacturing workers who lose their jobs as a result of international trade. The program, funded at $1.1 billion in fiscal year 2005, is focused on manufacturing workers laid off as a result of increased import competition or a shift of production abroad. TAA provides up to 130 weeks of training and up to 104 weeks of income support benefits to supplement the regular 26 weeks of Unemployment Insurance (UI) benefits available to workers in most states. The TAA Reform Act of 2002 added two new benefits to the program—health insurance assistance and wage insurance for older workers. In addition, the federal government funds reemployment services such as job search assistance for dislocated workers and job seekers more

[1] See Lori Kletzer, *Job Loss from Imports: Measuring the Costs* (Washington, D.C.: Institute for International Economics, 2001).

generally, including trade-affected workers, through the Workforce Investment Act (WIA) Dislocated Worker program and the Employment Service (ES) program. The U.S. Department of Labor (Labor) oversees the TAA, WIA Dislocated Worker, and ES programs, which are generally implemented at the state and local level through a network of one-stop centers that provide access to a variety of employment and training services.

Despite the availability of a broad array of federally-funded services, little is known nationally about the extent to which workers affected by international trade use these services. Labor tracks the number of individuals who receive services through the TAA, WIA Dislocated Worker, and ES programs, but these data do not tell us the proportion of workers affected by a given trade-related layoff who seek services or the full range of services they receive. Workers affected by a trade-related layoff could, for example, look for a job on their own; they could visit a one-stop center and receive reemployment services such as workshops and one-on-one assistance; or they could receive training and extended income support. To better understand how trade-affected workers utilize federally funded assistance, and what employment outcomes they achieve, you asked us to examine the experiences of workers affected by a small number of trade-related layoffs. Specifically, in this report we examine (1) the extent to which workers accessed federally funded reemployment services and the mix of services received, (2) the employment outcomes these workers achieved, and (3) the extent to which workers used the new health insurance and wage insurance benefits under the TAA program, and the factors affecting their participation.

To address these questions, we selected plant closures at five locations: General Mills, Inc. (baked goods, Missouri); Lear Corporation (automotive carpets, Pennsylvania); Sanmina-SCI Corporation (printed circuit boards, Massachusetts); The Toro Company (lawnmower and snow-thrower engines, Mississippi); and Weyerhaeuser Company (fine paper and pulp, Washington).[2] These plant closures all occurred since January 2003, and Labor determined that all were related to international trade. In the aggregate, about 1,500 workers were affected by these closures and were potentially eligible for the TAA program, or almost half of 1 percent of the estimated number of workers covered by the 3,618 TAA petitions certified

[2] For the remainder of this report, we refer to these companies as General Mills, Lear, Sanmina-SCI, Toro, and Weyerhaeuser.

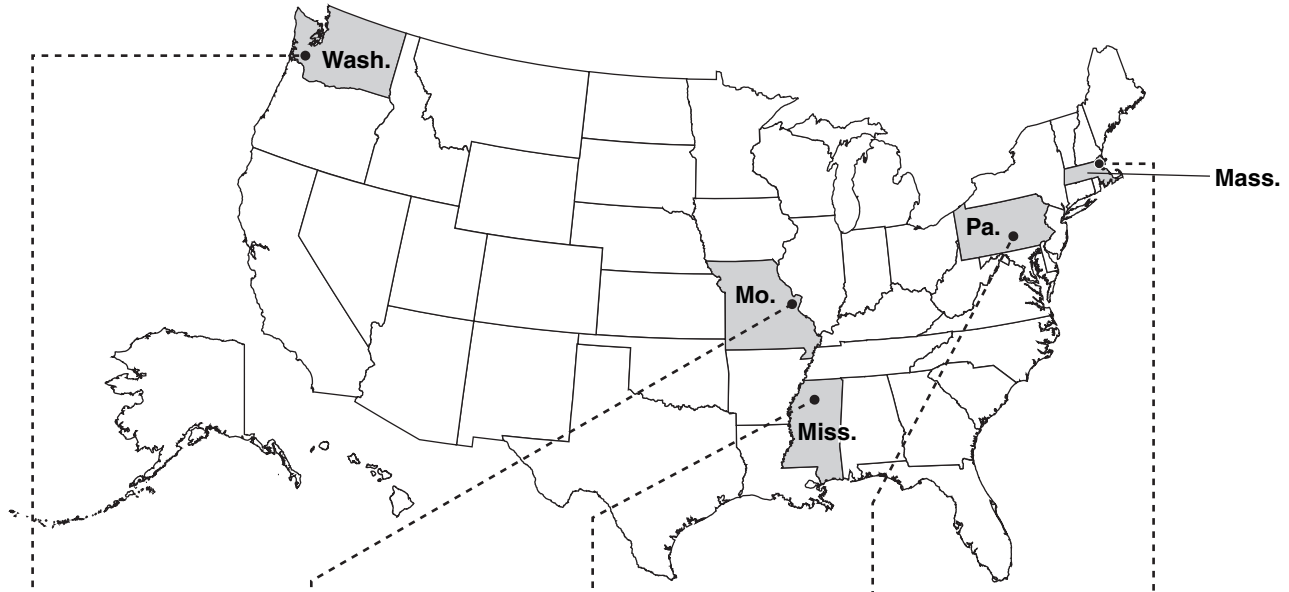
nationally during fiscal years 2003 and 2004.[3] The General Mills plant (near St. Louis) and the Sanmina-SCI plant (near Boston) were located in large metropolitan areas, the Lear and Toro plants were located in rural counties, and the Weyerhaeuser plant was located in a medium-sized town. We selected these sites because the plants manufactured a variety of products, were located in different regions of the country, experienced a layoff event that affected between 100 and 500 workers, and occurred after the TAA Reform Act of 2002 was enacted (see fig. 1). The Toro layoff in Mississippi affected over 100 workers total, but just 40 of them were determined by Labor to have lost their jobs as a result of international trade and were potentially eligible for TAA services.[4] To learn about strategies to help affected workers, we visited each layoff site and interviewed state and local officials, company and union officials, and training providers. To learn more about workers' experiences with employment and training services and their reemployment outcomes, we conducted a telephone survey of workers affected by each layoff. Survey response rates for each layoff ranged from 66 percent to 86 percent. We used the responses to make estimates about the entire population of each site, after conducting an analysis of the difference between the survey respondents and non-respondents. All percentage estimates from our survey have margins of error of plus or minus 7 percent or less unless otherwise noted. All wage related estimates from our survey have relative margins of error of plus or minus 10 percent or less unless otherwise noted. (For detailed survey results by site, see GAO-06-44SP.) Using data from our worker survey, we performed multivariate regression analyses to estimate the effects of factors such as age, gender, and education level on the likelihood of receiving training and other services. We augmented the survey with several focus group discussions of two to seven workers at each site. We also reviewed state administrative data on workers' demographics and the services they received, as well as state wage records on employment outcomes, when available. We assessed all data for reliability and found them to be sufficiently reliable for the purposes of our reporting objectives. We performed our work from November 2004 through December 2005 in accordance with generally accepted

[3] All workers covered by a certified TAA petition are potentially eligible for TAA benefits and services. However, certified workers must apply individually for specific benefits and services.

[4] In our analysis and reporting, we focused on the workers in the Toro site who were covered by the TAA petition, but when relevant we included data on the other workers for comparison.

government auditing standards. (See app. I for more details on our objectives, scope, and methodology.)

Figure 1: Case Study Sites



Company
Weyerhaeuser
Plant location
Longview, Wash.
Product
Fine paper and pulp
Primary layoff dates
Nov. 2003-Sept. 2004
Number of workers identified as potentially eligible for TAA
205

Company
General Mills
Plant location
Hazelwood, Mo.
Product
Baked goods
Primary layoff dates
Jan.-Oct. 2003
Number of workers identified as potentially eligible for TAA
436

Company
Toro
Plant location
Oxford, Miss.
Product
Lawnmower and snow thrower engines
Primary layoff dates
Apr.-May 2004
Number of workers identified as potentially eligible for TAA
40
Total affected by closure
112

Company
Lear
Plant location
Lewistown, Pa.
Product
Automobile carpets
Primary layoff dates
Nov. 2003-Feb. 2004
Number of workers identified as potentially eligible for TAA
308

Company
Sanmina-SCI
Plant location
Wilmington, Mass.
Product
Printed circuit boards
Primary layoff dates
Aug.-Oct. 2004
Number of workers identified as potentially eligible for TAA
472

Sources: State officials, U.S. Dept. of Labor, and GAO survey of dislocated workers.

Results in Brief

At all five sites that we studied, the majority of affected workers received some reemployment assistance through a one-stop center, but at most sites about a third or less received training and long-term income support. Between 72 and 100 percent of the workers in each site went to a one-stop center, and they most commonly received one-on-one assistance such as job search assistance, according to our survey estimates. Women and workers with lower pre-layoff wages were significantly more likely to visit a one-stop center than men and workers with higher pre-layoff wages. At four of the five sites that we studied, about a quarter or less of the workers did not go to a one-stop center. These workers most commonly reported that they needed to find a job right away and did not think they had time to visit a one-stop center, or did not need help finding a job. While most workers at each site visited a one-stop center, a minority at each site enrolled in training. The proportion who enrolled in training ranged from 9 to 39 percent at the five sites, with no more than a third in training at four of the sites. While about half the workers received income support benefits for over 6 months at three of five sites, about one-third or less of the workers in all five sites received long-term benefits—for 1 year or longer—which are generally available only to trade-affected workers in training who have exhausted their Unemployment Insurance benefits. Older workers were less likely to enter training, according to analysis of our survey data. For example, over half of the Weyerhaeuser workers in Washington were age 55 or older, and only 5 percent of these older workers entered training while almost 60 percent retired.

Most of the affected workers had either found a job or retired at the time of our survey. At three of the sites, 60 percent or more of the workers had found jobs. In another site, Weyerhaeuser in Washington, 39 percent had found jobs, and an additional 32 percent had opted for retirement. In the fifth site, Sanmina-SCI in Massachusetts, only 37 percent of the workers had found new jobs, but this layoff occurred more recently and had the highest proportion of workers who entered training, most of whom were expected to still be in training at the time of the survey. The majority of reemployed workers in four of the five sites earned less in their new jobs than they had previously earned, but typically replaced about 80 percent or more of their prior earnings. In one site, however, slightly more than half of the reemployed workers matched their prior wages. More than half of reemployed workers returned to the manufacturing sector, and at most sites workers who returned to manufacturing replaced about the same proportion of their pre-layoff wages as workers reemployed in other industries. Workers who entered training replaced slightly less of their wages than workers who did not in all but one site, and those who were trained generally left manufacturing for another industry. Our study

cannot be used to determine whether one set of services was more effective than another, but only to document what happened to different workers who chose different services. Labor has funded a long-term impact evaluation of the Trade Adjustment Assistance program that may tell us more about the effectiveness of various service strategies. The study is scheduled to be completed by the end of 2008.

Few workers at each site received either the health insurance or wage insurance benefit, but many workers told us they were unaware of these benefits. Participation rates for the health insurance benefit, which covers 65 percent of workers' monthly premiums for eligible health insurance plans, did not exceed 12 percent of all workers at any site, according to our survey. At most sites, less than half of affected workers who visited one-stop centers said they were aware of the health insurance benefit, although information on the program was provided to them at information sessions. Workers in several sites told us they might have applied for the health insurance benefit if they had known about it. Yet, of the workers aware of the health insurance benefit at each site who did not use it, about half or more said they did not need it because they had other coverage available or they could not afford health insurance even with the benefit's 65 percent tax credit. For example, the average cost of insurance premiums for a family plan in Mississippi was about $1,000 per month, leaving workers with an out-of-pocket cost of about $350 per month, roughly 41 percent of the maximum monthly Unemployment Insurance benefit of about $840 in Mississippi. Workers and officials also noted limited participation and awareness for the wage insurance benefit—which provides a wage subsidy for workers 50 years of age or older who find a job within 6 months of their layoff without training. At four of the five sites, between 21 and 72 percent of workers were potentially eligible for the wage insurance benefit, and fewer than one in five of these workers received the benefit at any site. Workers at the fifth site were not certified as eligible for the wage insurance program. Workers said in our focus groups and on our survey that they had not participated in the program because they were unaware of it, did not want to forfeit the opportunity to take training for the $10,000 maximum wage subsidy, or were unable to find work within 6 months of their layoff.

We are recommending that the Secretary of Labor provide guidance to states and local one-stop centers to ensure that potentially eligible workers are made aware of and understand the new health and wage insurance benefits under the Trade Adjustment Assistance program. In its written comments, Labor agreed with our findings and recommendations and noted steps it was taking to implement them.

Background

Dislocated workers who have lost their jobs as a result of international trade are largely provided services through three federally funded employment and training programs—the TAA program, the WIA Dislocated Worker program, and the Wagner-Peyser ES program. These services are provided through a consolidated service delivery structure called the one-stop system. In order to encourage the streamlined delivery of employment services, WIA was enacted in 1998 and required that the TAA, WIA, ES, and other federally funded programs provide employment and training services through the one-stop center system made up of nearly 2,000 individual one-stop centers operating in about 600 local workforce areas across the nation. These program services may be provided directly at a one-stop center, or at other locations through referrals.

Trade Adjustment Assistance Program

The TAA program was designed to assist workers who have lost their jobs as a result of international trade. In order for workers to be eligible for TAA benefits, Labor must certify that their layoff was trade affected. This certification process begins when a petition on behalf of a group of laid-off workers is filed with Labor. Petitions may be filed by a group of at least three affected workers, the employer experiencing the layoff, a union, or a state or local workforce agency. Labor has 40 days to investigate whether workers were laid off as a result of international trade, for example because of a shift in production to another country or an increase in imports of articles like or similar to what the workers were involved in producing. If Labor certifies the petition, it notifies the state in which the layoff occurred, which then has responsibility for contacting the workers eligible for TAA program benefits under the petition. States must inform workers individually about the benefits available to them as well as how to apply for benefits.

The TAA program provides two primary benefits—training and extended income support. States have responsibility for approving training and determining eligibility for extended income support, while local one-stop centers are the main point of intake and actual delivery of TAA services and benefits. Training benefits include vocational training, on-the-job training, and remedial training (e.g., English as a second language or literacy). Participants in TAA-approved training must attend training full-time. Program participants may also receive a total of 104 weeks of extended income support beyond the 26 weeks of UI benefits available in most states. This includes 78 weeks of extended income support while workers are completing vocational training, and another 26 weeks if workers are completing remedial training. During their first 26 weeks of

extended income support, participants must either be enrolled in training, have completed training, or have a waiver from this requirement. To qualify for extended income support, participants must be enrolled in training by the later of two dates: either 16 weeks after being laid off or 8 weeks after Labor certified their petition. The maximum level of extended income support payments in a state is set by statute at the state's maximum UI benefit level.

The Trade Adjustment Assistance (TAA) Reform Act of 2002 added several new benefits to the TAA program, including the Health Coverage Tax Credit (HCTC).[5] Workers must be enrolled in training or have a waiver from this requirement to be eligible for the HCTC benefit that helps workers pay for health care insurance through a tax credit covering 65 percent of their premiums for qualified plans. Workers can choose to receive the tax credit in one of two ways—as an advanced option that covers 65 percent of their monthly premiums allowing them to lower the amount they have to pay out of pocket for health coverage, or as an end of year tax credit that is claimed on their income taxes. The tax credit is administered at the federal level by the Internal Revenue Service (IRS) and three federal departments—Treasury, Labor and Health and Human Services—share responsibility for implementing HCTC. There are three health plan options that are automatically HCTC-eligible:

COBRA continuation plans. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985,[6] certain employers with 20 or more employees are required to offer 18 to 36 months of continued health care coverage to former employees and their dependents who lose health coverage due to certain circumstances, such as when a worker is laid off. Generally, health care insurers may charge individuals purchasing COBRA continuation coverage no more than 102 percent of the total premium.

Spousal coverage. Health care insurance obtained through a worker's spouse's employer is also HCTC-eligible, provided that the employer contributed less than 50 percent toward the cost of coverage.

[5] For more information on TAA benefits such as HCTC see GAO, *Trade Adjustment Assistance: Reforms Have Accelerated Training Enrollment, but Implementation Challenges Remain*, GAO-04-1012 (Washington, D.C.: Sept. 22, 2004); and GAO, *Health Coverage Tax Credit: Simplified and More Timely Enrollment Process Could Increase Participation*, GAO-04-1029 (Washington, D.C.: Sept. 30, 2004).

[6] Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985, Pub. L. No. 99-272, Apr. 7, 1986.

Individual market plans. Workers may use HCTC to cover a portion of the monthly cost of individually purchased health insurance coverage if the worker purchased the coverage at least 30 days prior to being laid off.

In addition to the three options that are automatically qualified for HCTC, the TAA Reform Act allows states to designate other coverage alternatives—called state-qualified options—for HCTC recipients. For example, states may make arrangements with individual health insurers, among others, to provide HCTC-eligible coverage to TAA participants.

The Reform Act also established as a demonstration project a wage insurance benefit for older workers—known as the Alternative Trade Adjustment Assistance (ATAA) program. This program supplements the incomes of workers 50 years of age or older who forgo TAA-funded training and are able to find jobs within 26 weeks of being laid off that pay less than $50,000 a year and pay less than what they previously earned. If workers meet these criteria they are eligible to receive 50 percent of the difference between their new and old wages up to a maximum of $10,000 over 2 years. Older trade-affected workers are only eligible for the wage insurance program if the petition for TAA assistance that was filed with Labor included a specific request for ATAA eligibility.

About $750 million was appropriated for income support for trade-affected workers for fiscal year 2005, while another $259 million was appropriated for training. Labor allocates 75 percent of these training funds to states according to a formula that takes into account each state's previous year allocations, accrued expenditures and participant levels. Labor holds the remaining 25 percent of training funds in reserve, to distribute to states throughout the year according to need. To cover administrative costs associated with the TAA program, Labor allocates to each state an additional 15 percent of its program allocation (see table 1). For example, Pennsylvania was allocated $20.6 million in fiscal year 2004 to provide trade-affected workers with training and other services, and an additional $3.1 million was allocated to cover costs associated with administering the TAA program. Labor sets and tracks national TAA performance goals for job placement, job retention and wage replacement outcomes, but there are no individual state performance goals.

Table 1: TAA Program Fund Allocations for Case Study States, Fiscal Year 2004

Dollars in millions		
State	**TAA training funds**	**TAA administrative funds**
Missouri	$4.8	$0.7
Pennsylvania	20.6	3.1
Washington	13.4	2
Mississippi	1.7	0.3
Massachusetts	5.2	0.8

Source: U.S. Department of Labor.

WIA Dislocated Worker Program

The WIA Dislocated Worker program is available to dislocated workers in general and is not reserved for those affected by international trade. A dislocated worker is an individual who (1) has been terminated or laid off, or who has received a notice of termination or layoff, from employment; is eligible for, or has exhausted entitlement to, UI or is not eligible but has been employed for a sufficient duration to demonstrate attachment to the workforce; and is unlikely to return to his previous industry or occupation; (2) has been terminated or laid off, or has received a notice of termination or layoff, from employment as a result of any permanent plant closure of, or substantial layoff at a plant, facility, or enterprise; (3) was self employed but is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters; or (4) is a displaced homemaker.

Labor distributes 80 percent of the WIA Dislocated Worker funds ($1.5 billion in fiscal year 2005) directly to states, the District of Columbia, and Puerto Rico based on a formula. States then distribute 60 percent of these funds to local areas by formula to support WIA services for dislocated workers. Each state can reserve no more than 25 percent of its dislocated worker funds to provide rapid response services to help dislocated workers transition quickly to reemployment, and up to 15 percent for other statewide activities. Labor retains 20 percent of dislocated worker funds ($283 million in fiscal year 2005) in a national reserve account to be used to provide states with national emergency grants, demonstrations, and technical assistance.[7]

[7] These national reserve funds are also used to provide annual allotments to the outlying areas of the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of Northern Mariana Islands, and the Republic of Palau.

Under the WIA Dislocated Worker program there are three sequential levels of service available through the one-stop center system—core, intensive, and training. The initial core services—including job search and placement assistance, the provision of labor market information, and preliminary assessment of skills and needs—are available to everyone. If a dislocated worker is determined to be unable to find a job or has a job that does not lead to self-sufficiency after core services, intensive services may be made available, which include comprehensive assessments, development of an individual employment plan, and case management. Dislocated workers who are determined to be unable to obtain or retain employment after intensive services can move on to training. At this level, dislocated workers can receive services including occupational skills training and on-the-job training.

The 1988 Worker Adjustment and Retraining Notification (WARN) Act generally requires employers with 100 or more workers to give notice—often called a WARN notice—to the affected workers' representatives (e.g., a labor union) or the workers themselves if they have no representatives, as well as to the state dislocated worker unit 60 days in advance of expected plant closings or mass layoffs.[8] Once an employer files a WARN notice with the state's dislocated worker unit, a rapid response team is mobilized to provide immediate and on-site contact with the employer experiencing layoffs as well as with employee representatives to assess the needs of affected workers. Generally workers are invited to attend a rapid response meeting where they are provided with information about UI and other federally funded employment and training services also available through the one-stop center system. Typically, if they have reserved adequate funds to provide rapid response services, states may also use rapid response funds for services including providing additional assistance to local areas that are experiencing increased unemployment, and to pay for direct services such as training. States can also apply to Labor for national emergency grant funds to provide additional employment and training services to workers affected by mass layoffs and plant closings, or to provide temporary assistance to workers affected by natural disasters and other catastrophic events.

Labor monitors program performance by requiring states and localities to track job seekers who receive core services that require significant staff assistance, intensive services, and training. States and local areas are

[8] Pub. L. No. 100-379, Aug. 4, 1988; 28 U.S.C. § 2101.

required to monitor the outcomes of WIA Dislocated Worker program participants on measures including job placement, job retention, and earnings change. State performance targets are established annually through negotiations between individual states and Labor. States, in turn, negotiate WIA performance levels with each local area. Labor holds states accountable for achieving their WIA performance levels by tying those levels to financial sanctions and incentive funding.

Employment Service

The ES was created in 1933 by the Wagner-Peyser Act and was designed to link job seekers with employers. ES is a partner in the one-stop center system and offers a range of services that are available to all job seekers and employers. About $800 million in ES funds was provided to states for fiscal year 2005. For job seekers, ES provides services such as job search assistance, job referral, and assessments, as well as one-on-one case management. ES also offers employer services including recruiting workers, screening applicants and helping employers manage layoffs. Labor tracks program performance by measuring outcomes of job seekers who received ES services against national goals related to job placement and job retention.

Most Workers at Five Sites Received Some Reemployment Assistance, but Generally Less Than a Third Entered Training

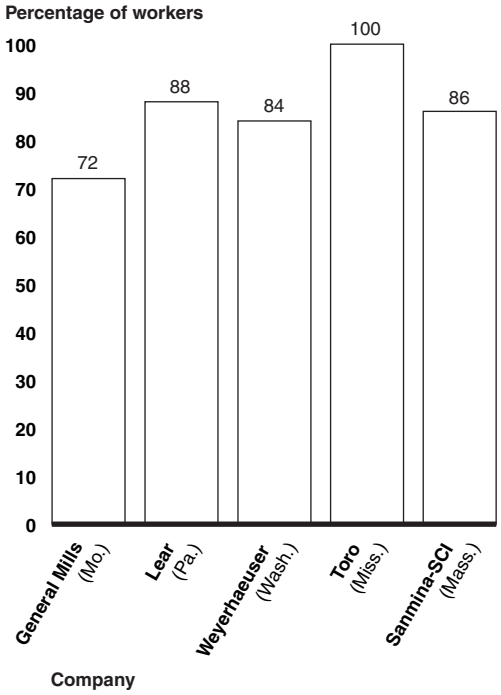
At all five sites, the majority of affected workers visited a one-stop center and received some services, but at four of five sites only about a third or less received training and long-term income support. At least two-thirds of the workers in each site (ranging from 72 to 100 percent) went to a one-stop center, and they most commonly received one-on-one assistance such as job search assistance, according to our survey estimates. In four of the five sites we studied, workers who did not go to a one-stop center most commonly reported that they needed to find a job right away and did not think they had time to visit a one-stop center, or did not need help finding a job. Generally, one-third or less of the workers in each site (ranging from 9 to 39 percent) enrolled in training. Similarly, about one-third or less of the workers in each site received long-term income support benefits—for 1 year or longer—which are available to trade-affected workers in training who have exhausted their UI benefits. Older workers were less likely to enter training, according to our survey data.

Most Workers at Each Site Visited a One-Stop Center and Received One-on-One Assistance

Over 70 percent of workers at each site visited a one-stop center, according to our survey (see fig. 2). While all TAA-eligible Toro workers visited a one-stop center since being laid off, over 80 percent of Toro workers who were not eligible for TAA also visited a one-stop center. Workers with lower pre-layoff wages were significantly more likely to visit a one-stop center than workers with higher pre-layoff wages, and women were twice as likely as men to visit a one-stop center, even after accounting for other factors such as time since being laid off.[9] General Mills workers were also significantly less likely than workers in the other sites to visit a one-stop center, which may have been linked to the fact that the General Mills plant closure was TAA-certified several months after the layoffs there began. According to union officials, many of the workers had already been laid off by the time the petition was certified and, because of this, Missouri state officials noted they had difficulty reaching these workers to inform them about available benefits and services.

[9] Using data from our worker survey, we performed a multivariate regression analysis to estimate the effects of age, gender, education level, job tenure, time since layoff, pre-layoff wage, and layoff site on the likelihood of visiting a one-stop center. The complete results of this analysis are presented in app. III.

Figure 2: Most Dislocated Workers Visited a One-Stop Center

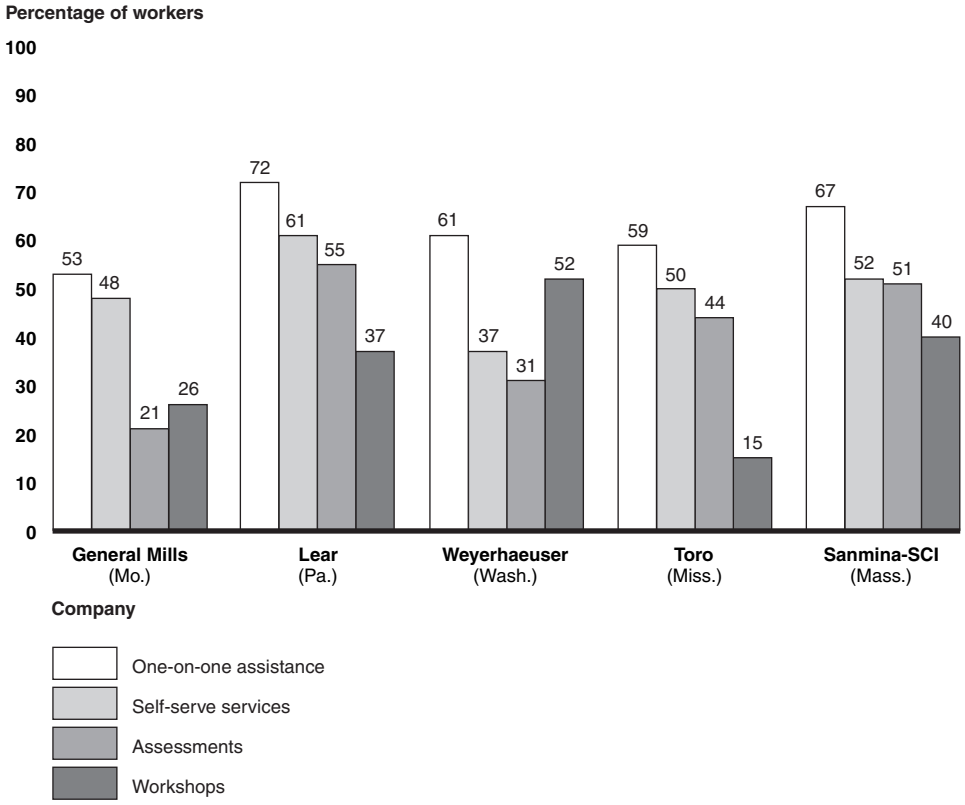


Source: GAO survey of dislocated workers.

Note: In some cases, not all workers who were asked a particular question in our survey answered the question. For all figures in this report that use data from our survey, we have excluded from our calculations any workers who were asked but either did not answer the relevant question(s) or responded don't know.

Workers most commonly received one-on-one assistance such as job search assistance (see fig. 3). Over half of the workers in each site reported on our survey that they received one-on-one assistance at a one-stop center, for example with how to look for a job or how to enroll in training. Workers were somewhat less likely to receive assessments, attend workshops, or use self-serve one-stop center services on their own. For example, at one-stop centers at each site we visited, workers were able to use computers to conduct on-line job searches or to up-date their resumes. However, some workers at these sites told us that they did not use these one-stop center resources, because they could use their home computers to access on-line job banks or to work on their resumes. Additionally, most workers who visited a one-stop center in four of the five sites we studied reported that one-on-one assistance was more helpful than services such as workshops and assessments.

Figure 3: Most Workers Received One-on-One Assistance at One-Stop Centers



Source: GAO survey of dislocated workers.

To address the needs of some of these trade-affected workers, local one-stop staff at one site designed a new service delivery process. Staff at the Lewistown, Pa., one-stop center developed three service tracks as a way to streamline the assistance they provided to workers affected by the Lear plant closure (see fig. 4). Workers were placed into one of three service tracks depending on their interests and goals. Workers interested in getting a job right away were placed in the job seeking track that included a series of workshops on interviewing and resume writing, while workers interested in retraining were placed in the training/education track that included several assessment tests to measure their basic skills and to identify their career interests. A third service track was designed for workers undecided about retraining or getting a job and included a combination of workshops and assessments aimed at helping workers determine if their job skills are in-demand and if their skill sets need upgrading through training.

Figure 4: Service Tracks Available at the Lewistown, Pa., One-Stop Center

Surviving A Layoff

Guides to help you in your next steps

TRACK #1
Job Seeking Goal

Workshop Selections

- ☐ Developing a Resume
- ☐ Interviewing and Applications
- ☐ Team PA CareerLink and On-Line Job Search
- ☐ Job Search Tips
- ☐ What Do I Have To Offer?

Other Recommended Workshops

- Aptitudes and Interests
- Communication and Personality
- Stress Management

TRACK #2
Training/Education Goal

Workshop Selections

- ☐ Basic Skills Assessment
- ☐ What Do I Have To Offer?
- ☐ Aptitudes and Interests
- ☐ Career Choices
- ☐ Time management
- ☐ School Success Skills
- ☐ Communications and Personality

Other Recommended Workshops

- Stress Management
- Where Are the Jobs Going to Be?
- Workplace Essential Skills

TRACK #3
Undecided

Workshop Selections

- ☐ What Do I Have To Offer?
- ☐ Aptitudes and Interests
- ☐ Career Choices
- ☐ Where Are the Jobs Going to Be?
- ☐ Developing a Resume

Other Recommended Workshops

- Communication and Personality
- Stress Management

Basic Computer Workshops

Learn basic computer skills regardless of the track you chose!

Microsoft Skills Workshop
* 24 Hours of hands-on instruction
* Windows, Word, Excel, Internet Explorer

Workplace Essential Skills
* Video, Print and Web Based Instruction
* Workplace search and readiness skills

Sharpen Your Skills

*Open to everyone
*Prepare for GED Testing

*Improve Reading, Math, and Language basic skills
*Enhance skills prior to post-secondary education admission

*Learn in class, with a tutor, or at a distance
*Increase basic skills in the workplace

Source: Lewistown (Pa.) CareerLink.

States used a variety of federal funds to provide reemployment services to trade-affected workers. In all five sites we visited, state or local officials told us that TAA administrative funds were insufficient to provide TAA participants with case management services, and they relied on other

funding sources, particularly ES or WIA, to fund these services.[10] Only two states—Missouri and Washington—used a portion of their TAA administrative funds to fund one-on-one case management for TAA participants at sites we studied. The proportion of TAA participants who received services funded through WIA among the sites we studied ranged from 8 percent of Toro workers in Mississippi to 37 percent of General Mills workers in Missouri, according to administrative data.

Local areas experienced some difficulties in using local WIA resources to serve trade-affected workers, according to officials in the sites we visited, and in response three states used alternative funding sources to provide these services. At some sites existing case management resources were not sufficient to meet the needs of trade-affected workers as well as other workers using one-stop center services. For example, one-stop officials in Massachusetts told us that they are reluctant to dedicate WIA case management resources to assist TAA participants, because WIA case managers are already busy working with WIA program participants. In addition, concerns about WIA performance measures, especially those related to reemployment and wage replacement, may serve as a disincentive for local areas to co-enroll TAA participants. According to state and local officials in two states, TAA participants tend to have higher earnings in their previous jobs than the average local job-seeker and are less likely to find jobs that pay at or near what they previously earned, which can count against their WIA performance measures. In response to these concerns, three of the states we visited also used national emergency grants—discretionary funds that Labor awards to states experiencing large layoffs—or statewide rapid response funds to serve trade-affected workers. Massachusetts, for example, initially used a portion of its rapid response set aside funds to serve Sanmina-SCI workers, and later used $540,000 in national emergency grant funds. These funds were used to support additional case managers to provide Sanmina-SCI workers with one-on-one assistance. Similarly, Missouri received about $1.4 million in national emergency grant funds to hire additional staff including case managers and to provide training for dislocated workers affected by several lay-offs that occurred in the St. Louis area, including the General Mills plant closure.

[10] According to our earlier study, states have increasingly relied upon WIA funds to provide services such as case management to TAA participants. See GAO-04-1012.

To address concerns that co-enrolling TAA participants in WIA may negatively affect performance measures, Labor recently piloted an initiative to encourage states to co-enroll participants in the WIA Dislocated Worker program. The seven states participating in this initiative are required to co-enroll all new TAA participants in the WIA Dislocated Worker program from October 2005 to the end of June 2006.[11] States may exclude these TAA participants' employment and wage replacement outcomes from their WIA performance calculations when the outcomes adversely affect their statewide performance. Labor currently intends to track co-enrolled participants' outcomes across these seven states for program years 2006 through 2008.

Workers Most Often Visited One-Stop Centers for Job Search Assistance and to Learn More about Available Services and Benefits

Workers most often visited one-stop centers for two reasons—to learn more about available services and benefits and to get job search assistance. At least 80 percent of workers who visited a one-stop center at each site we studied told us that the prospect of learning more about benefits and services and getting assistance with finding a new job motivated them to initially visit a one-stop center. According to state or one-stop center officials in four of the five sites we studied, many workers do not have a specific course of action in mind when they first visit a one-stop center and are interested in getting more information about available services and benefits. Some workers, however, are primarily interested in finding a new job and visit one-stop centers for that purpose. Workers also reported that they visited one-stop centers for other reasons including that they heard from friends and co-workers that the one-stop center offered helpful services, they were interested in enrolling in training for a new occupation, or to maintain their UI benefits. Most workers at each site learned about reemployment services available at the one-stop center from a meeting held at or around the time of their layoff that provided them with information about reemployment services, often called a rapid response meeting. While over 70 percent of the workers at each site attended rapid response meetings, more workers at the Toro plant in Mississippi and the Sanmina-SCI plant in Massachusetts—where rapid

[11] The states participating in Labor's co-enrollment project are Illinois, Kentucky, Missouri, Oregon, Pennsylvania, South Carolina, and Texas.

response meetings were held on company time—attended these meetings than workers at the other sites.[12]

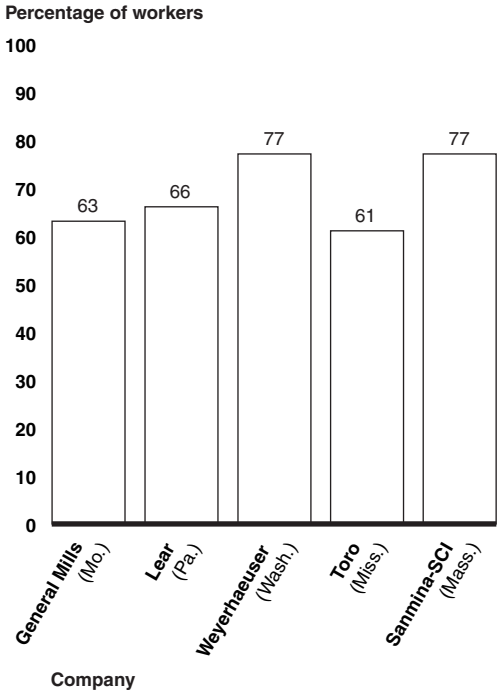
At four of the five sites, between 12 and 28 percent of the workers did not visit a one-stop center.[13] Across these sites, between 47 and 71 percent of workers who did not go to a one-stop center said they did not need help finding a job. Workers also often told us that they did not go to the one-stop center because they needed to find a job right away and did not think they had time to visit a one-stop center. Workers less commonly reported that they did not visit a one-stop center because they were unaware that job search and training services were available at one-stop centers, that the one-stop center was located too far away from where they lived, or that it was difficult to get to the one-stop center.

Over 60 percent of workers at each site who visited a one-stop center did so in the first two months after being laid off (see fig. 5). Some workers—less than 10 percent of workers at each site—went to a one-stop center even before they lost their jobs. Workers in four of the five sites we visited told us that they were aware of the TAA program's training enrollment deadline and enrolled in training quickly. Some workers, however, told us they initially felt that they could find employment without the help of the one-stop center, and only used one-stop center services when they were unable to find a job or a job that paid close to their former wage.

[12] According to state and local officials, rapid response sessions for workers affected by the Weyerhaeuser layoff in Washington, the General Mills layoff in Missouri, and the Lear layoff in Pennsylvania were not held on company time.

[13] All the TAA-eligible workers affected by the Toro layoff visited a one-stop center.

Figure 5: Percentage of Workers Who Went to a One-Stop Center within 2 Months of Being Laid Off



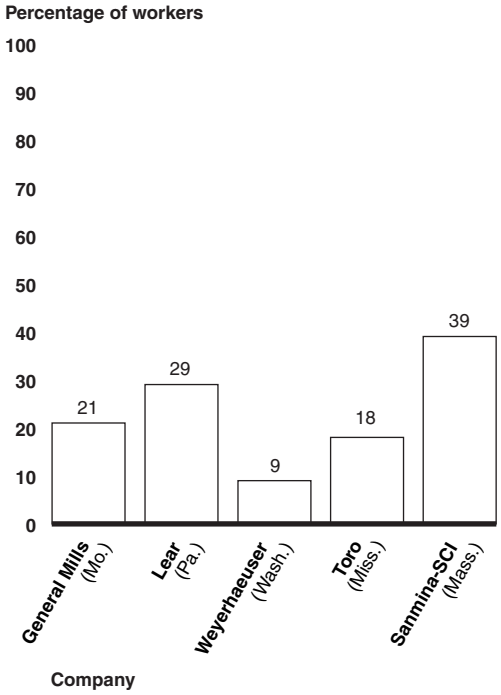
Source: GAO survey of dislocated workers.

About One-Third or Less of Workers Generally Received Training and Long-Term Income Support

At most sites, relatively few workers had enrolled in training since being laid off. In four sites, less than one-third of workers were currently or had been enrolled in training at the time of our survey. At the remaining site, Sanmina-SCI in Massachusetts, 39 percent of the workers had enrolled in training (see fig. 6). Even after accounting for other factors that could affect training enrollment, such as workers' age and gender, Sanmina-SCI workers were significantly more likely to enter training than workers at all the other sites.[14] Among the Toro workers in Mississippi who were not TAA-certified, 6 percent enrolled in training, compared to the 18 percent of TAA-certified Toro workers who took training.

[14] Using data from our worker survey, we performed a multivariate regression analysis to estimate the effects of age, gender, education level, job tenure, time since layoff, pre-layoff wage, and layoff site on the likelihood of entering training. The complete results of this analysis are presented in app. IV.

Figure 6: One-Third or Fewer of Workers at Most Sites Enrolled in Training



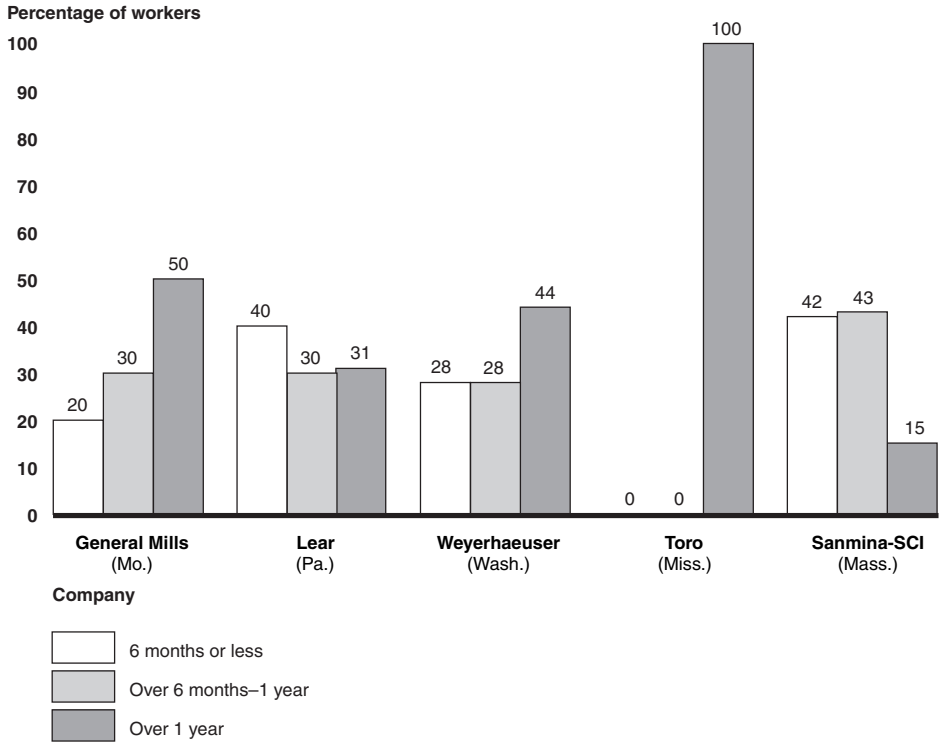
Source: GAO survey of dislocated workers.

Of the workers at the sites we studied who entered training programs, most entered programs that were relatively short-term and that cost less than $10,000. At four sites, half or more of the workers who enrolled in training were enrolled in programs expected to last 1 year or less, according to administrative data (see fig. 7).[15] At three of these sites, about 30 percent or more of the workers in training entered programs expected to last 6 months or less. In the sites we studied, shorter-term training included, for example, a 2-month certification program in truck driving or a 1-month nursing assistant program. Longer-term training included 2-year

[15] We used state administrative data to examine certain details of workers' training programs that were not available through our survey data. However, there was not an exact correspondence between states' administrative records and our survey results regarding which workers entered training. The level of agreement between administrative and survey data on whether workers had entered training ranged from 82 to 95 percent at the five sites. Also, at some sites, administrative data were not available for all aspects of each worker's training program. For example, a state may have been able to provide administrative data on the type of training program a worker entered, but not on the expected duration of that worker's program.

associates degree programs at community colleges in fields such as elementary education or heating, ventilation, and air conditioning maintenance and repair. At each site, at least 60 percent of the workers who enrolled in training entered programs with an expected cost of less than $10,000. (For a detailed breakdown of training costs, see app. II.)

Figure 7: Workers in TAA- or WIA-Funded Training by Expected Length of Training Program



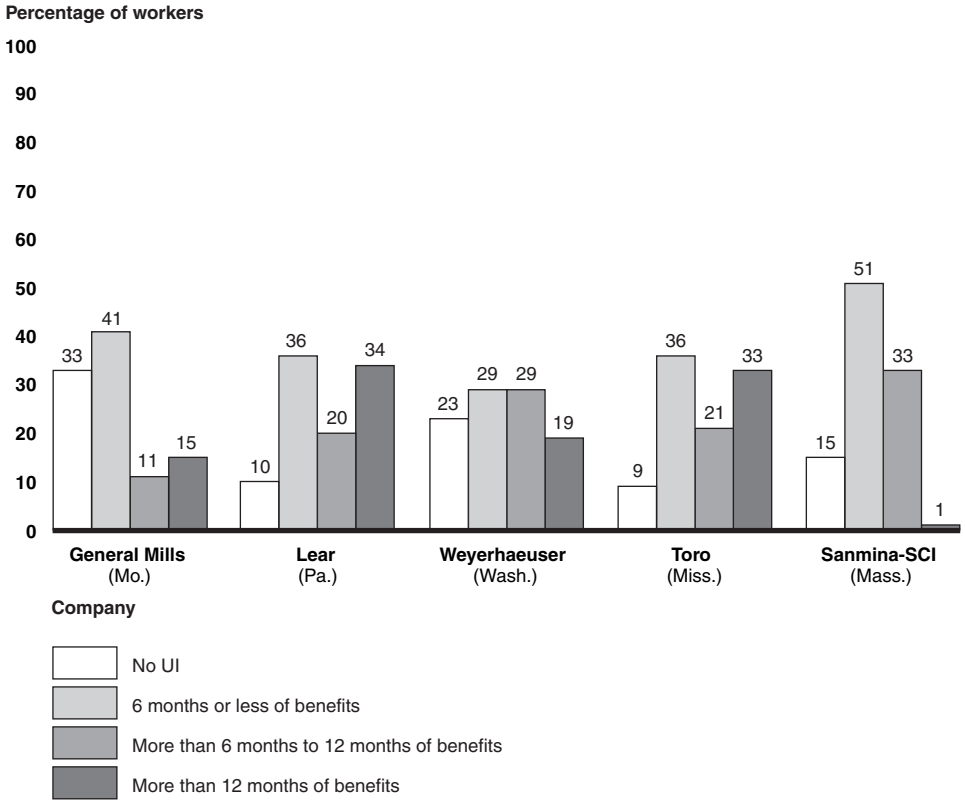
Source: State administrative records.

Notes: Data on training duration were available for 105 General Mills workers, 91 Lear workers, 25 Weyerhaeuser workers, 7 Toro workers, and 139 Sanmina-SCI workers. Because of rounding, totals do not always equal 100 percent.

While about half the workers at three of five sites received income support for over 6 months, one-third or fewer at each site received benefits for over 1 year—generally only available to trade-affected workers in training who have already exhausted their UI benefits. At least two-thirds of the workers at each site had received income support benefits at the time of our survey, and at three sites about half the workers had received these benefits for over 6 months (see fig. 8). However, only about a third or less of the workers at each site had received the benefits for over 1 year, and

no more than 8 percent of the workers at any site had received benefits for longer than 18 months. Because most workers in the sites we studied did not enroll in training, and those who did most commonly entered programs lasting 1 year or less, the vast majority of the workers in these sites did not utilize the full 2 years of extended income support benefits available to them.[16]

Figure 8: Number of Months Workers Received Income Support Benefits (UI and in Some Cases Extended Income Support)



Source: GAO survey of dislocated workers.

Notes: Data include workers still receiving UI or extended income support benefits at the time of our survey. For example, the Sanmina-SCI plant closure occurred about 8 months before our survey, and 49 percent of Sanmina-SCI workers were still receiving income support benefits at the time of our survey. Because of rounding, totals do not always equal 100 percent.

[16] TAA-certified workers may receive up to 104 weeks of extended income support benefits beyond the 26 weeks of UI available in most states. This total includes 78 weeks while workers are enrolled in vocational training, and an additional 26 weeks if they are enrolled in remedial training.

The majority of workers at each site who enrolled in training received vocational training. A few industry categories were consistently popular across sites (see table 2, which provides information on training funded by TAA and WIA). Training in health care occupations was among the more popular choices at most sites, including training for jobs in direct care (e.g., nursing assistant) and in administration (e.g., medical coding and billing). Training in office and computer skills, ranging from basic computer skills to more advanced network support and accounting skills, was also among the most popular in most sites. Construction and trades, including occupations such as electrician and plumber, were among the popular fields in two sites—General Mills and Lear; and transportation, including truck driving, was the leading field at Lear. Fewer workers at each site entered remedial training, which includes courses in literacy, English as a second language, and General Equivalency Diploma (GED) preparation. The proportion of workers entering remedial training funded by any source was highest at Sanmina-SCI in Massachusetts, where according to administrative data 50 percent of the workers who entered training took remedial training. One-stop center officials in Massachusetts told us a number of training providers in the area offered programs that combined GED preparation or English as a second language instruction with training in vocational skills.

Table 2: Workers in TAA- and WIA-Funded Training by Program Type

	Site				
Program type	**General Mills (Mo.)**	**Lear (Pa.)**	**Weyerhaeuser (Wash.)**	**Toro (Miss.)**	**Sanmina-SCI (Mass.)**
Construction and trades	15%	28%	4%	0%	5%
Health care	27	20	12	14	10
Manufacturing	0	0	0	0	3
Office and computer skills	36	15	4	29	21
Remedial[a]	0	0	0	0	13
Remedial in conjunction with occupational skills[a]	0	0	0	0	37
Social services and education	1	0	4	57	1
Transportation	11	30	4	0	3
On-the-job training	0	2	8	0	0
Other	10	4	0	0	7
Unknown	0	1	64	0	0

Source: State administrative data.

Notes: Administrative data on training programs were available for 92 General Mills workers, 94 Lear workers, 141 Sanmina-SCI workers, 7 Toro workers, and 25 Weyerhaeuser workers. Vocational training was most commonly supported by TAA training funds, although WIA was also sometimes used to pay for workers' training at the General Mills, Lear, and Weyerhaeuser sites.

[a]Sanmina-SCI was the only site where remedial training was funded by TAA or WIA; remedial training was provided at other sites through, for example, Adult Basic Education funds.

Most workers in sites in large metropolitan areas who entered training attended proprietary schools, while workers in the other sites most commonly attended public institutions such as community colleges and vocational/technical schools. Seventy-five percent of the General Mills workers and 71 percent of the Sanmina-SCI workers who entered training attended proprietary schools. All of the Toro workers in Mississippi who entered training attended a community college, as well as 63 percent of the Weyerhaeuser workers in Washington who entered training and for whom data are available. Public vocational/technical schools that serve high school students as well as adults were the leading providers for Lear workers in Pennsylvania, serving 48 percent of Lear workers who entered training. (For a detailed breakdown of the training providers used by workers at each site, see app. II.)

Age, Gender among Factors Affecting Training Enrollment

A variety of factors were associated with workers' decisions about whether to enroll in training and what type of training to enter, according to our survey analysis and according to officials and workers we spoke with. Some of these factors were related to attributes of the individual workers, such as their age or gender, while others affected all workers at a particular site, such as the availability of training programs in the local area.

Workers' Characteristics

Older workers were less likely than younger workers to enter training. Workers over age 55 at our five sites were significantly less likely than younger workers to enter training, even after taking into account other characteristics such as workers' gender and educational level, our survey data indicate.[17] Workers or one-stop center staff in four of the sites we studied said age was a factor in workers' training decisions. For example, one-stop center staff in Mississippi told us that older workers often lacked the confidence to go back to school after many years away from the classroom. The Weyerhaeuser plant closure in Washington affected a higher proportion of workers age 55 and older (57 percent) than any of the other closures, and according to our survey only 5 percent of these older Weyerhaeuser workers entered training, compared to 14 percent of Weyerhaeuser workers under age 55. One-stop center staff in Washington said a large number of the older workers affected by the closure received waivers from the training requirement under the TAA program because they were nearing retirement;[18] 56 percent of Weyerhaeuser workers age 55 and older retired, according to our survey.

Workers' gender affected the type of training program they entered and sometimes whether they enrolled in training, according to officials in three sites. One-stop center staff or training providers in multiple sites said men are more likely to enter training in truck driving, while women are more likely to enter training in nursing or other medical fields. And officials in Missouri told us that in the St. Louis area, a shortage of training programs in traditionally male occupations—such as construction and auto body work—discourages some men from even seeking training. They said it was expensive to operate training programs in some of these fields, and potential providers are especially reluctant to invest in expensive

[17] This finding is based on the regression analysis of our survey results.

[18] Under the TAA statute, one reason that workers may receive a waiver from the training requirement is that they are within 2 years of retirement.

technology just for training purposes when the technology changes rapidly.

Workers' skills at the time of their layoffs were a factor that sometimes pushed workers into particular types of training and sometimes acted as a barrier to training enrollment, according to workers, officials, or training providers in the sites we studied. In particular, lack of basic skills was often cited as a factor affecting training enrollment. For example, the Sanmina-SCI site in Massachusetts had the highest proportion of workers without a high school degree or GED (14 percent) among the sites we studied, and it had the highest proportion of workers enrolled in remedial training. One-stop center staff in Massachusetts said many of the workers affected by the Sanmina-SCI plant closure lacked basic skills and needed GED preparation or English as a second language instruction. In Washington, a college official said inadequate math and science skills constrained training options for some dislocated workers. These workers chose to enter programs to become licensed practical nurses or certified nursing assistants because they lacked the basic skills necessary to enroll in training to become registered nurses. A one-stop center official in Pennsylvania told us that workers need a minimum level of basic reading, language and math skills to qualify for vocational training, and that lack of basic skills may have prevented many Lear workers from entering vocational training.

Timing and Availability of Training Programs

The timing of training start dates affects which programs workers enter, according to officials or workers in four sites. One-stop center or state officials in these sites told us that community college training programs typically have only a few starting dates—or only one starting date—per year, and that the timing of program start dates is not always convenient for laid-off workers. For example, officials in Missouri and Washington explained that workers must sometimes wait a number of weeks until the start of the next community college semester, because of a lag between the worker's layoff and the start of the next semester. In these cases, workers might choose to attend a proprietary school with an open-enrollment policy rather than a community college, to avoid using up several weeks of income support benefits while waiting to start training, or they might opt for a shorter-term training program to avoid running out of income support before completing training.

Officials in two sites that are not in large metropolitan areas said a lack of training programs in the local area limited workers' training options. One-stop center officials in Pennsylvania said a shortage of affordable training programs in the Lewistown area, in particular the lack of a community

college, has been a barrier to training enrollment for Lear workers. One Lear worker told us he was interested in a particular training program at a community college, but he could not enroll in the program in part because it would have been about a 50-mile commute each way. Similarly, an official in Washington told us that there are limited training programs in the Kelso/Longview area, and some workers relocated in order to enroll in a program that is not offered in the Kelso/Longview area.

State Training Policies

States' maximum allowable TAA training cost per worker sometimes affected workers' training decisions. Four of the states we visited—all except Mississippi—have established a maximum limit or cap on TAA training costs per worker (see table 3).[19] Two of these states set different caps for different types of training programs, such as a lower cap for remedial training and a higher cap for vocational training. The maximum caps range from $12,000 in Washington to $23,000 in Massachusetts. Workers or state officials in three sites told us these caps sometimes affected workers' training decisions. For example, a General Mills worker in Missouri told us that she initially wanted to enroll in a medical billing certification program that offered instructor-led training and an internship, but this program's cost was higher than the state cap. She ultimately enrolled in a less expensive, computer-based medical billing program.

Table 3: Maximum Allowable TAA Training Costs per Worker

State (affected company)	Maximum allowable TAA training cost per worker
Missouri (General Mills)	$13,000
Pennsylvania (Lear)	16,000
Washington (Weyerhaeuser)	Public school—10,000 Private school—12,000
Mississippi (Toro)	None
Massachusetts (Sanmina-SCI)	Remedial program—5,000 Vocational certificate program—15,000 Degree program—23,000

Source: State officials.

[19] In some states, training programs with costs exceeding the official state cap are approved in special circumstances.

Most Workers at Four of the Five Sites Found a Job or Retired after Being Laid Off, and Employment Outcomes Varied by Services Received

We found that most of the workers who lost their jobs because of foreign trade at four of the five sites we studied had either found a job or retired at the time of our survey. The majority of reemployed workers earned less in their new jobs than they had previously earned, but according to our survey estimates generally replaced about 80 percent or more of their pre-layoff wages. Also, more than half of reemployed workers returned to the manufacturing sector, and at most sites workers who returned to manufacturing replaced about the same proportion of their pre-layoff wages as workers who entered other fields. Workers who entered training replaced slightly less of their wages than workers who did not in all but one site, and those who were trained generally left manufacturing for another industry. The outcomes for workers in our study are generally similar to those found in an earlier study of laid-off workers in industries significantly impacted by trade.[20] Outcome measures allow an assessment of whether a participant is achieving an intended outcome, but they cannot measure whether the outcome is a direct result of program participation. Labor has funded a long-term study of the effectiveness of the TAA program, scheduled to be completed by 2008.

Most Workers at Four of Five Sites Were Reemployed or Retired after Being Laid Off

The majority of workers at four of the five sites had either found a job or decided to retire at the time of our survey. At three of the sites, 60 percent or more of the workers had found jobs (see fig. 9). In the fourth site, Weyerhaeuser in Washington, less than half of the workers were reemployed, but almost 60 percent of the Weyerhaeuser workers were age 55 or older and over half of these older workers retired.[21] A number of the reemployed Weyerhaeuser workers were simply rehired by Weyerhaeuser: almost one-fourth of the workers affected by this plant closure were able to find a new position at another part of the company. In the fifth site, Sanmina-SCI in Massachusetts, only 37 percent of the workers had found new jobs, but this layoff occurred more recently than any of the other

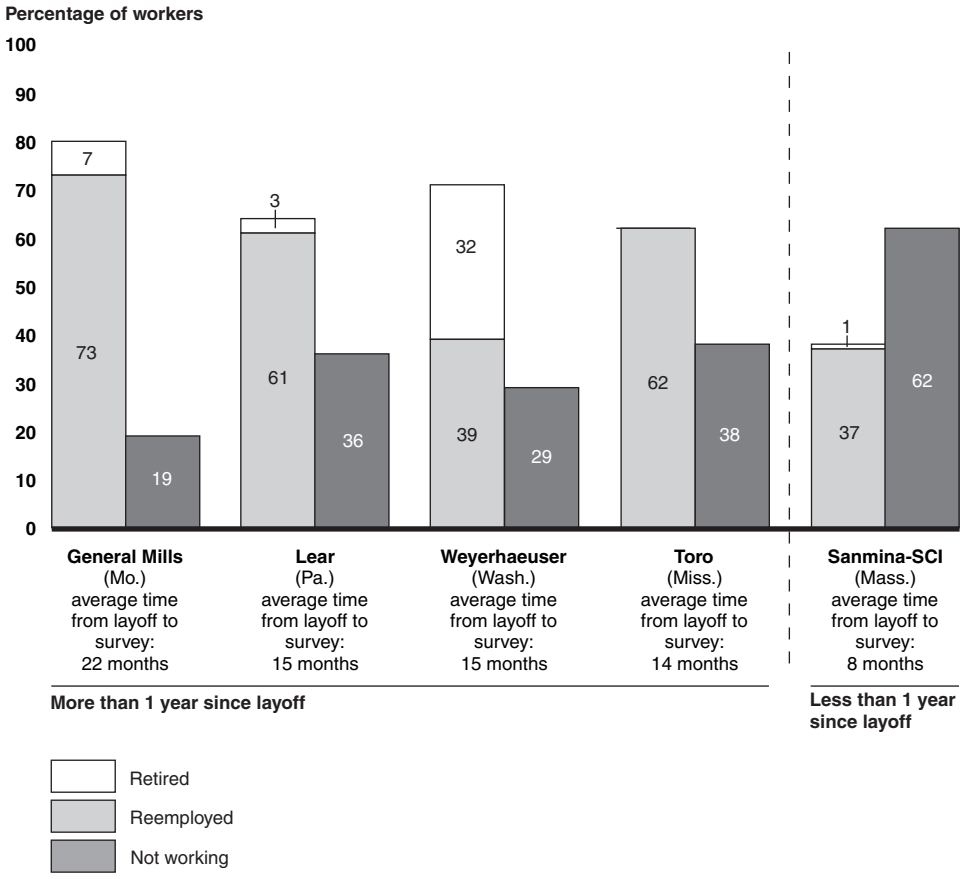
[20] See Kletzer. This study ranked manufacturing industries according to the increase in the import share of each industry from 1979 to 1994. Those industries in the top 25 percent in terms of increase in import share are defined as high import-competing industries, or what we call industries significantly affected by international trade. The study used data from the Displaced Worker Surveys conducted by the Bureau of Labor Statistics from 1984 to 2000. The Displaced Worker Survey is administered as part of the Current Population Survey, a nationally representative monthly survey of about 60,000 households.

[21] At the time of the lay-off, Weyerhaeuser workers with at least 10 years of service to the company and who were at least 55 years old were eligible for early retirement. However, workers only received full retirement benefits if they were at least 59 years old. Retirement was involuntary in that these workers' positions were being eliminated.

layoffs—only 8 months prior to the survey. In addition, Sanmina-SCI had the highest proportion of workers who entered training, and most of these workers were expected to still be in training at the time of our survey. Of the Toro workers in Mississippi who were not TAA certified, 59 percent were reemployed, about the same as the percentage of TAA-certified workers at that site who had found new jobs. These findings are similar to those of an earlier study of U.S. workers laid off from industries significantly affected by trade where 63 percent of the workers had found reemployment after their layoffs.[22]

[22] See Kletzer.

Figure 9: Most Workers at Four of Five Sites Had Found Jobs or Retired at the Time of the Survey



Source: GAO survey of dislocated workers.

Note: Totals do not equal 100 due to rounding.

The workers who had entered training were the least likely to be reemployed at each site, but it may be too soon to know the effect of training on employment outcomes. Generally one-third or less of workers at each site enrolled in training, and among this group, no more than half at any site were reemployed. However, some of the workers who had enrolled in training were expected to still be in training at the time of our survey, according to administrative data.[23] In two of the five sites, about 60

[23] TAA participants in training must be in full-time training, which may make it more difficult for them to work while completing training.

percent or more of the workers who had entered training were expected to still be in training, and in the other three sites about a third were expected to still be in training. Among those scheduled to complete training by the time of our survey, over 60 percent were reemployed at all sites but one—similar to the overall reemployment rate for most sites. At the fifth site, Sanmina-SCI in Massachusetts, only 35 percent of workers who were scheduled to complete training were reemployed.

Workers who did not go to a one-stop center were at least as likely to be reemployed as those who visited a one-stop (but did not get training).[24] In only two sites—Weyerhaeuser and Sanmina-SCI—were workers who did not visit a one-stop center more likely to be reemployed than those who did. For example, at Weyerhaeuser, 50 percent of those who did not visit a one-stop center were reemployed compared with 39 percent of those who did visit a one-stop center but did not get training.

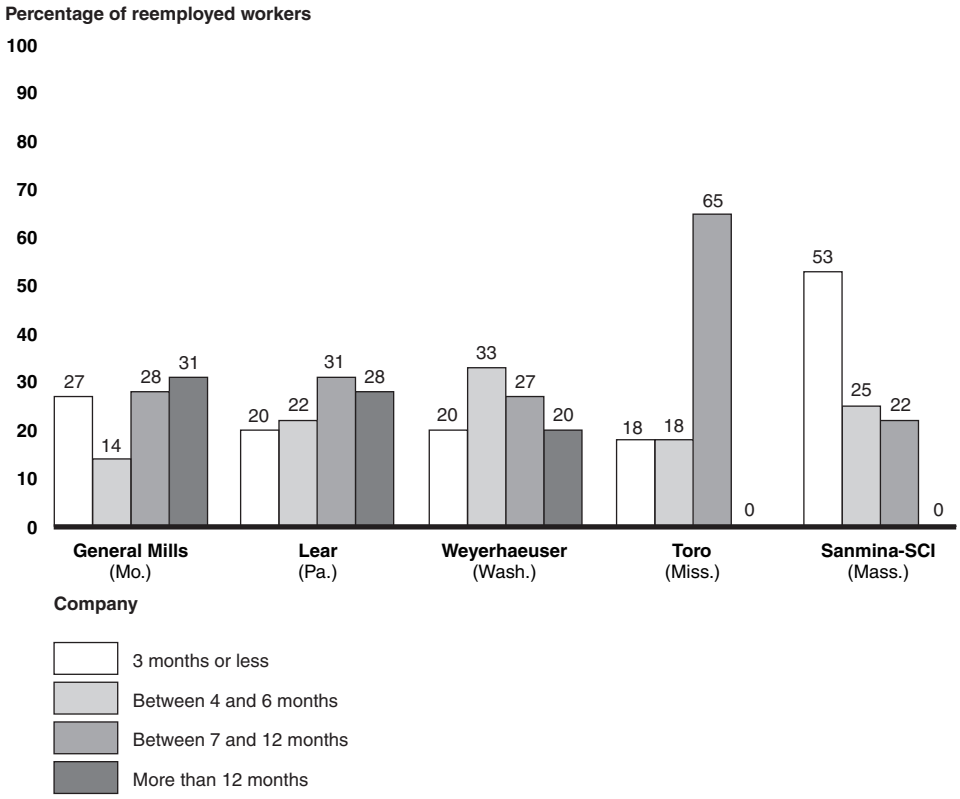
About half or more of the workers at four of the five sites took at least 7 months to find their current job (see fig. 10).[25] At the fifth site, Sanmina-SCI, about one-fifth of the reemployed Sanmina-SCI workers took at least 7 months to find their current jobs, but the Sanmina-SCI plant closure occurred only 8 months before our survey. A smaller number of workers found their current jobs more quickly—in four sites, about one in five of the reemployed workers found their current jobs within 3 months. By comparison, an earlier study of workers laid off from industries affected by trade found that a larger proportion of workers were reemployed more quickly—half of the workers found new jobs within 2 months of being laid off, while 25 percent took over 6 months.[26] Workers in the five sites in our study who did not go to a one-stop center generally were reemployed a bit more quickly than those who did. Of the reemployed workers who did not go to a one-stop center, half or more found their current jobs within 3 months of being laid off. Of those reemployed workers who went to a one-stop center (but did not get training), between 14 and 45 percent found their current jobs within 3 months. This difference may be due to time dedicated to receiving job search assistance and other services to help them get a job.

[24] We could compare outcomes for four sites only. At Toro, all laid-off workers visited the one-stop center.

[25] Our survey asked workers about their jobs at the time of the survey. We did not ask about their work history since being laid off.

[26] See Kletzer.

Figure 10: Number of Months Workers Took to Find Their Current Jobs



Source: GAO survey of dislocated workers.

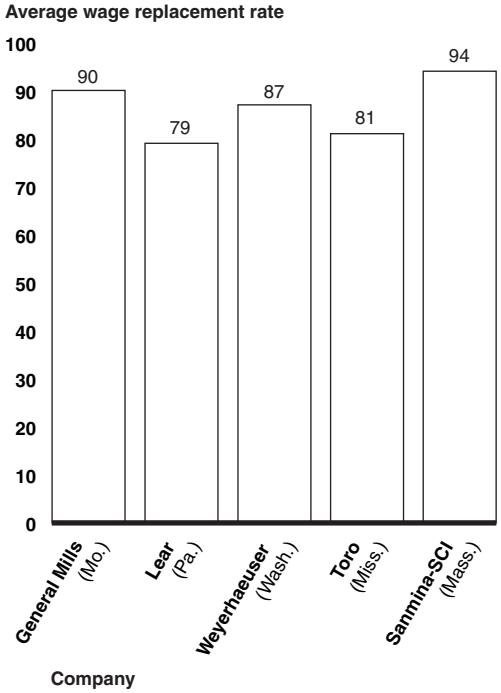
The Majority of Workers in Most Sites Earned Less in Their New Jobs, Replacing about 80 Percent or More of Their Pre-Layoff Wages

The majority of reemployed workers in four sites earned less in their new jobs than prior to being laid off, but at the fifth site—Weyerhaeuser in Washington—slightly more than half the reemployed workers earned the same or more than their prior wage. Reemployed workers at all five sites were able to replace, on average, between 79 and 94 percent of their pre-layoff wages (see fig. 11). Similarly, an earlier study of workers laid off from industries significantly affected by international trade found that when these workers were reemployed, they replaced, on average, about 87 percent of their prior wages.[27] Workers and officials told us that several of the plants that we studied paid higher wages than other companies in the area. Unless workers moved out of the area, they could not easily earn

[27] See Kletzer.

comparable wages doing the same type of work. However, some reemployed workers at each site—with the proportion ranging from 12 percent of reemployed Toro workers in Mississippi to 53 percent of reemployed Weyerhaeuser workers in Washington—were able to earn at least as much as they had prior to their layoffs.

Figure 11: Workers Replaced About 80 Percent or More of Wages on Average



Source: GAO survey of dislocated workers.

Workers in four of the five sites who did not go to a one-stop center had a higher average pre-layoff wage than those who did. For example, Weyerhaeuser workers who did not go to a one-stop center had an average pre-layoff wage of about $30 an hour, while those who visited a one-stop center (but did not get training) had an average pre-layoff wage of about $27 an hour. When reemployed, workers who did not visit a one-stop center generally replaced at least the same proportion of their pre-layoff wages as those who did.[28] With the exception of Lear, those who received

[28] At the fifth site, Toro in Mississippi, all workers went to a one-stop center. Therefore, we could not compare the employment outcomes for those who visited a center to the outcomes for those who did not.

training had the lowest average pre-layoff wages. And at two of five sites, these workers had the lowest average wage replacement rate when reemployed (see table 4).

Table 4: Average Pre-layoff Hourly Wage and Wage Replacement Rates

	Went to one-stop and enrolled in training		Went to one-stop but did not enroll in training		Did not go to one-stop	
Company	Average pre-layoff hourly wage (in dollars)	Average wage replacement rate when reemployed (percent)	Average pre-layoff hourly wage (in dollars)	Average wage replacement rate when reemployed (percent)	Average pre-layoff hourly wage (in dollars)	Average wage replacement rate when reemployed (percent)
General Mills	$15.67	82	$16.49	88	$17.97	95
Lear	16.22	92[a]	16.13	74	17.26	94
Weyerhaeuser	25.35	71[a]	27.10	87	30.34	93[c]
Toro	13.83	[b]	15.21	81	[b]	[b]
Sanmina-SCI	16.79	89	18.46	94	22.96	96[c]

Source: GAO survey of dislocated workers.

Note: Some of the workers who entered training—ranging from about one-third to over 60 percent among the five sites—were expected to still be in training at the time of our survey, and it may have been more difficult for these workers to have started a new job.

[a]These estimates have margins of error of plus or minus 15 percent or less of the value of the estimates.

[b]All Toro workers went to a one-stop center. None of the Toro workers who went to training have become employed, according to administrative data; however, all but one were expected to still be in training at the time of our survey.

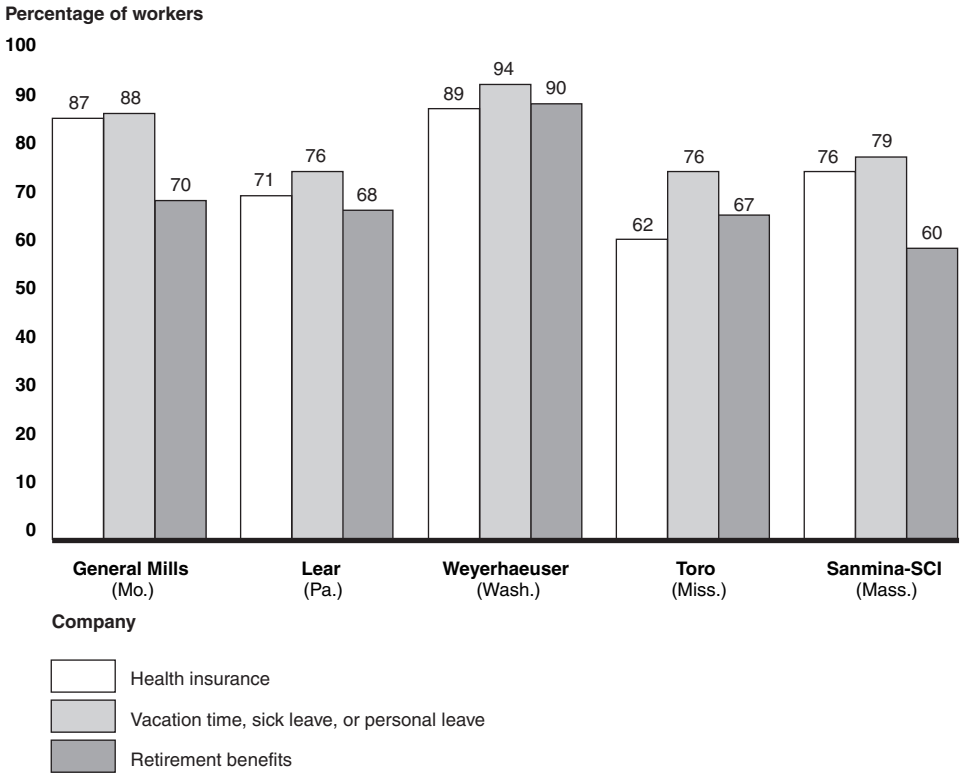
[c]Differences between estimates of average wage replacement rates for workers who did not visit a one-stop center versus those who did were not statistically significant at the 95 percent confidence level at Weyerhaeuser and Sanmina-SCI.

The majority of the workers who had found new jobs at the time of our survey said they were receiving some benefits such as health insurance benefits or paid time off through their new employer (see fig. 12). Over 60 percent of the reemployed workers at each site received health insurance benefits in their new jobs.[29] In addition, about 75 percent or more of the reemployed workers at each site received vacation time, sick leave, or personal leave at their new place of employment. However, some workers told us the benefits in their new jobs were less generous than the benefits received from their former employer. Generally, fewer reemployed

[29] Prior to the layoffs, employers at all five sites provided health insurance benefits to their employees.

workers received retirement benefits in their new jobs as compared to health insurance benefits and paid time off.

Figure 12: Most Workers Received Benefits in New Jobs



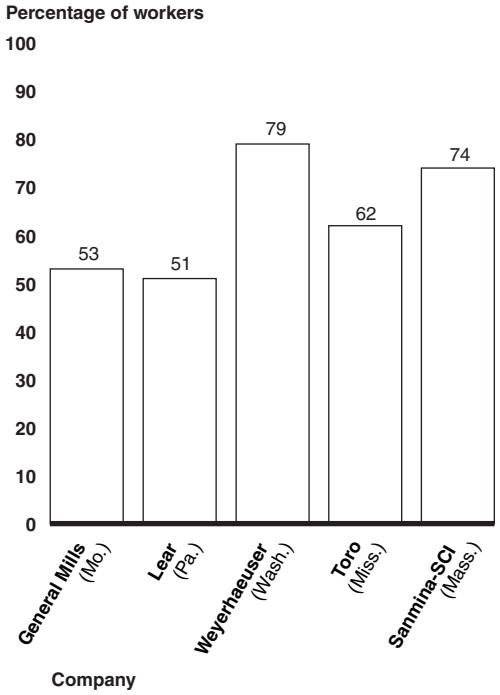
Source: GAO survey of dislocated workers.

More than half of the reemployed workers at each site returned to jobs in the manufacturing sector (see fig. 13). This was true for workers who visited a one-stop center (but did not get training) as well as for those who did not visit a center. Similarly, an earlier study of workers laid off from manufacturing industries that were significantly affected by international trade found that when these workers were reemployed, 52 percent of them returned to the manufacturing sector.[30] When reemployed workers did not return to manufacturing, we found they entered fields such as professional and business services; trade, transportation, and utilities; construction; and education, health care, and social services. A higher proportion of

[30] See Kletzer.

workers who took training entered a new field. In three sites, the majority of workers who enrolled in training and found new jobs entered a field other than manufacturing.

Figure 13: More Than Half of Reemployed Workers Returned to Manufacturing



Source: GAO survey of dislocated workers.

Note: The estimate for Toro has a margin of error of plus or minus 9 percent of the value of the estimate.

Reemployed workers who returned to manufacturing generally replaced about the same proportion of their pre-layoff wages as those who entered other fields. For example, at General Mills, workers who returned to manufacturing had an average wage replacement rate of 90 percent, while those who moved to other fields had an average replacement rate of 88 percent. However, at two of the sites—Weyerhaeuser and Sanmina-SCI—those who stayed in manufacturing replaced a higher proportion of their pre-layoff wages than those who did not. At Weyerhaeuser, where workers' average pre-layoff wages were about $27 per hour, reemployed workers who remained in manufacturing replaced 93 percent of their prior wages, while those who entered new fields replaced 65 percent of their prior wages. At Sanmina-SCI, where workers' average pre-layoff wages were lower—about $18 per hour—reemployed workers who remained in

manufacturing replaced 96 percent of their prior wages, compared to 89 percent for those who entered new fields.

Outcomes Alone Cannot Measure Program Impact

While outcome measures are an important component of program management in that they assess whether a participant is achieving an intended outcome—such as obtaining employment—they cannot, by themselves, measure whether the outcome is a direct result of program participation. Other influences, such as the condition of the local economy or an individual's readiness to search for work or learn new skills, may affect his or her ability to find a job as much or more than participation in an employment and training program. We examined the outcomes for all workers affected by the selected plant closures. However, we could not determine whether their outcomes were a direct result of the services they received. To determine whether participant outcomes are a result of services, rather than of other factors, it is necessary to conduct an impact evaluation that can take these and other factors into account when comparing workers' outcomes.

Labor has funded a long-term study to assess the impact of TAA program services such as training on participants' employment and earnings. The goal of the study is to determine not only the outcomes achieved by TAA participants, but also the impact of TAA program services—that is, whether participants had better outcomes as a result of the program than they would have if they had not received program services. Labor last completed an evaluation of the TAA program in 1993, but methodological issues resulted in inconclusive findings from that study. According to Labor officials, the methodology used by the new study is an improvement over the methodology used by the 1993 study, and should provide more conclusive findings. The new study will compare the outcomes for a treatment group (TAA participants in 25 states) and a comparison group (UI claimants in the 25 states who are similar to the TAA participants in a number of observable characteristics). It will examine, for example, the workers' job search methods, their training outcomes, and their employment history before and after being laid off. This methodology will likely allow an assessment of the impact of the TAA program, rather than just outcomes. Data collection began in 2005 and will continue until 2008, and a final report is scheduled to be issued by the end of 2008.

A Small Proportion of Workers in the Five Sites Received Health Insurance or Wage Insurance Benefits, but Many Workers Were Unaware of These Benefits

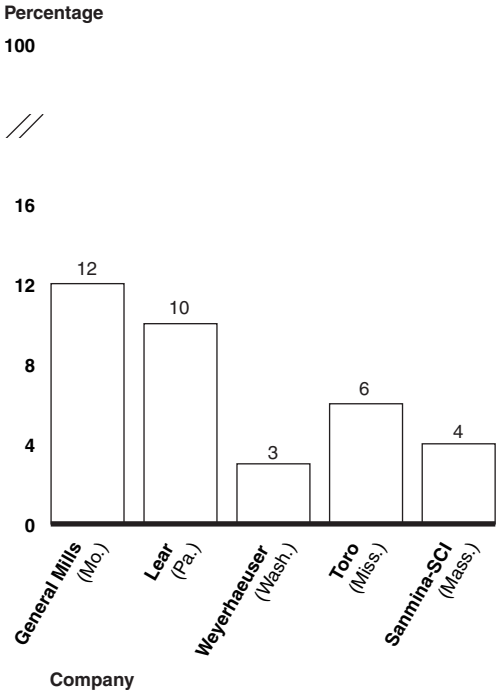
A small proportion of workers in the five sites received the health insurance benefit (HCTC) or the wage insurance benefit (ATAA), but many workers told us they were unaware of these benefits. Participation rates for the HCTC benefit did not exceed 12 percent at any site, according to our survey estimates. In most sites, over half of the workers who visited a one-stop center said they were unaware of the benefit, despite efforts by state and local officials to inform them about the benefit. Of the workers who were aware of the benefit but did not use it, about half or more at each site said they did not need it because they had other health insurance, or it was too expensive. Likewise, few older workers received the ATAA benefit. Awareness of the benefit varied greatly by site, ranging from 0 percent of potentially eligible Toro workers in Mississippi to 81 percent of potentially eligible Lear workers in Pennsylvania. In addition, some workers aware of the ATAA benefit chose not to receive it because they did not want to forfeit their training benefits or because they did not find a new job within 6 months of their layoff.

Few Workers Received HCTC at Any Site, and Less Than Half Knew about HCTC at Most Sites

Few workers at the sites we visited received the HCTC benefit, but it is difficult to assess the demand for this benefit among non-participants because many workers told us they were unaware of the benefit. Participation rates for HCTC, a benefit in which eligible participants may receive a tax credit covering 65 percent of their premiums for certain health insurance plans, did not exceed 12 percent at any site (see fig. 14). Men were significantly more likely to receive HCTC than women, and Lear workers in Pennsylvania were significantly less likely to receive HCTC than workers at any other site, when controlling for other characteristics.[31]

[31] Using data from our worker survey, we performed a multivariate regression analysis to estimate the effects of age, gender, education level, job tenure, time since layoff, pre-layoff wage, and layoff site on the likelihood of participating in the HCTC program. In addition to gender and site being statistically significant, we also found that workers with less than 10 years of job tenure were significantly more likely to receive HCTC than workers with 10 years or more job tenure, and that workers with some college were less likely to receive HCTC than workers with less than a high school degree. Also, we found workers laid off more recently were less likely to receive the benefit. The complete results of this analysis are presented in app. IV.

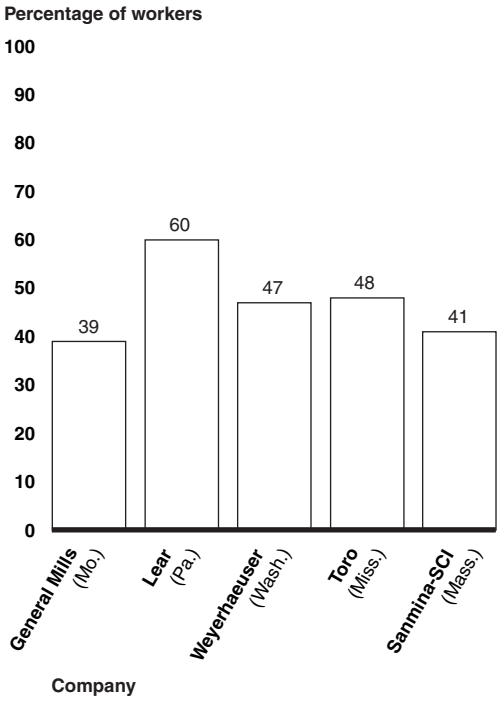
Figure 14: Across Sites, HCTC Participation Was Relatively Low



Source: GAO survey of dislocated workers.

Most workers visited a one-stop center at all sites, and at four of the five sites, fewer than half of these workers said they were aware of the HCTC benefit (see fig. 15). Workers in several sites told us they might have applied for HCTC if they had known about the benefit.

Figure 15: Percentage of Workers Who Visited a One-Stop Center Who Were Aware of HCTC



Source: GAO survey of dislocated workers.

Note: HCTC awareness was only assessed for those workers who went to a one-stop center.

While state and local officials told us they took a number of steps to inform workers about HCTC, these efforts were not always successful. Officials in all sites said they discussed HCTC benefits at rapid response sessions or TAA information meetings, and provided written literature on HCTC to workers.[32] These materials varied by site, and they were either distributed at the rapid response meetings or mailed to workers at their homes. State officials in Washington prepared a bright pink flyer to distribute to workers highlighting the HCTC benefit, hoping that the coloring of the flyer would draw workers' attention to the material. The flyer also highlighted the state-established toll-free telephone number that workers and local one-stop center staff could call to get further

[32]Generally, employers are required to inform the state dislocated worker unit 60 days in advance of an expected plant closure or mass layoff. A rapid response team is then mobilized to provide information to affected workers on available benefits and services.

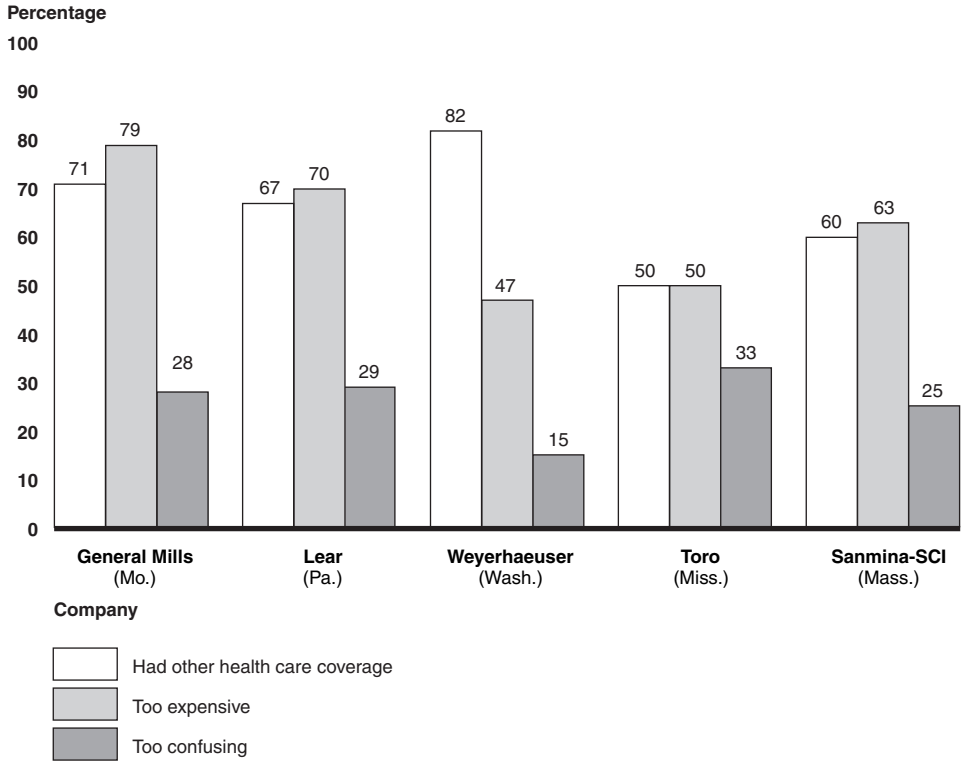
information about the HCTC benefit. In Massachusetts, the state attaches a HCTC brochure to letters sent to affected workers notifying them of their potential eligibility for TAA. However, some workers told us they were sometimes overwhelmed by the prospect of being laid off and by the volume of information received at the time of the layoff, and, therefore, could not absorb all of the information they received.

While officials at all sites introduced HCTC at initial information meetings and distributed literature on the benefit, we found that the information provided to workers during follow-up discussions varied, and state officials in the sites saw their roles differently. For example, in Massachusetts and Pennsylvania, if workers asked detailed questions about the benefit, case managers were instructed to have workers call the IRS's toll-free HCTC number. A Massachusetts state official noted that because of HCTC's complexity, it was too much to expect case managers to become experts on the benefit and to be able to answer workers' questions. On the other hand, case managers in Washington receive quarterly training on HCTC from state officials. During these training sessions, case managers are specifically instructed to tell clients about HCTC and are expected to answer basic questions about the benefit.

About half or more of the workers at each site who were aware of HCTC and chose not to participate said they did not need to use the benefit because they had coverage through another source, such as through their spouse's health insurance plan. Other reason that workers gave for not participating in HCTC were that it was too expensive or too confusing (see fig. 16). Some workers who said they had other coverage listed multiple reasons why they did not participate in the benefit. After excluding those who said they had other coverage, most workers at each site, who were aware of HCTC, said that they did not participate because it was too expensive. A smaller number of workers at each site said they did not participate because the benefit was too confusing.[33] (See app. III for more detailed survey results on reasons workers chose not to participate.)

[33]The total number of workers who reported that they had no other health care coverage and did not participate in the HCTC benefit in each site was small, ranging from 6 Toro workers in Mississippi to 31 Sanmina-SCI workers in Massachusetts.

Figure 16: Reasons for Not Participating in HCTC, among Workers Who Were Aware of HCTC but Chose Not to Participate



Source: GAO survey of dislocated workers.

Notes: Totals do not equal 100 because workers were given a series of reasons and could answer yes to as many as applied to their situation. These questions were only asked of workers who came to a one-stop center and said they were aware of HCTC. (See fig. 15 for the percentage of workers who visited a one-stop center and who were aware of HCTC.) The estimates for General Mills, Weyerhaeuser, and Toro have margins of error of plus or minus 13 percent of the value of the estimates.

About half or more of the workers in each site who were aware of HCTC, but did not use it, told us that even with the benefit's 65 percent credit, they could not afford the health care insurance premiums.[34] The monthly cost of available health care plans covering one worker in our five sites ranged from $233 per month to $488 per month (see table 5).[35] Premiums for family plans ranged from $651 per month to $1,512 per month. Workers receiving HCTC benefits would be responsible for paying 35 percent of these amounts. With HCTC benefits, the least expensive individual plan would cost $82 per month, and the least expensive family plan available would cost $228 per month. Workers receiving UI benefits received maximum monthly payments of between $840 and just over $2,000 depending on the state they lived in. Depending on the type of health insurance plan workers received, a large portion of their UI benefits could have been spent on health care. For example, the average cost of insurance premiums for a family plan in Mississippi was about $1,000 per month, leaving workers with an out-of-pocket cost of about $350 per month, roughly 41 percent of the maximum monthly UI benefit of about $840 in Mississippi. For four states, these costs were for COBRA continuation plans only. [36] Pennsylvania also had two state-qualified options that were available in the county where the Lear layoff occurred,

[34] While most of the workers who said they did not receive HCTC because of cost told us that it was the ongoing premium payment that was too high, a slightly lower percentage said that it was the initial months of unsubsidized premiums. Workers choosing the monthly payment option for HCTC are usually responsible for paying the entire premium until their applications are processed. (See also GAO-04-1029 for additional information.) A mechanism exists to provide interim health insurance cost assistance until the first payment processes under the HCTC program. Labor's Office of Inspector General recently published a report finding low participation for this mechanism, and their findings on reasons workers did not participate were similar to ours. For example, they found that reasons for non-participation included that workers could not afford premiums even with this assistance and that workers found the program to be too complex. (See "Performance Audit of Health Coverage Tax Credit (HCTC) Bridge and Gap Programs," DOL-02-05-204-03-330.)

[35] In some cases, plans have different deductibles that workers are responsible for paying.

[36] Under COBRA, workers are eligible to continue their employer sponsored health care insurance plan at their own expense, but at the group rate the employer paid, if they lose coverage because of reasons including loss of employment. Generally, health insurers may charge workers purchasing COBRA continuation plans no more than 102 percent of the total premium.

but the monthly premiums for these plans were generally no less expensive than for COBRA continuation plans.[37]

Table 5: Monthly Costs for HCTC-Eligible Health Insurance Plans Available to Dislocated Workers at Each Site

	Individual plan	Cost of individual plan after HCTC subsidy (35% of total cost)	Family plan	Cost of family plan after HCTC subsidy (35% of total cost)	Approximate monthly maximum UI benefit available
General Mills (Mo.)	$233 to $341	$82 to $119	$733 to $997	$257 to $349	$1,000
Lear (Pa.)	235 to 389	82 to 136	651 to 1237	228 to 433	1,912
Weyerhaeuser (Wash.)	296 to 381	104 to 133	834 to 1089	292 to 381	2,040
Toro (Miss.)	388	136	993	348	840
Sanmina-SCI (Mass.)	331 to 488	116 to 171	1,026 to 1,512	359 to 529	2,032

Source: Published premiums by health insurers and employer data.

Note: Range of premiums include COBRA plans and state qualified coverage options.

In addition, some workers chose not to receive HCTC because they found the benefit confusing. For example, one Sanmina-SCI worker from Massachusetts commented during the survey that the 10-page pamphlet he received from the state on HCTC was too confusing. Similarly, a Lear worker in Pennsylvania said he had to take the pamphlets he received to the one-stop center for additional explanation. When the one-stop officials referred him to a phone number, he decided it was too difficult to pursue the benefit. Workers at another site said that they did not understand that they could receive HCTC benefits under their spouse's health care plan in some circumstances.

In a prior report,[38] we recommended that Labor help individuals better understand HCTC, including the eligibility requirements, and Labor has begun to take steps to help inform workers about the program. For example, Labor held forums for state agency staff on integrating dislocated worker services in early 2004, which included discussions of the HCTC benefit. In addition, Labor is developing fact sheets on HCTC for states to distribute to trade-affected workers at rapid response meetings and at one-stop centers. Labor has also informally encouraged states to

[37] Washington currently has an HCTC-eligible state-qualified option, but the option was not available at the time of the Weyerhaeuser layoff.

[38] See GAO-04-1029.

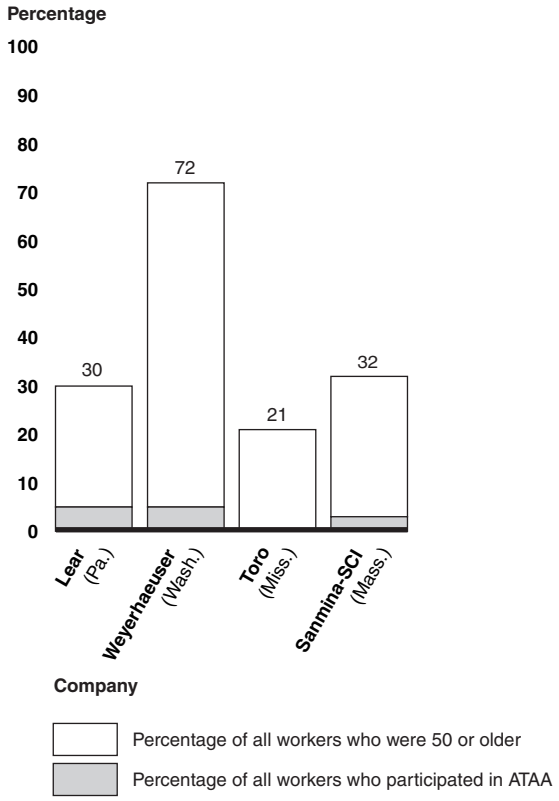
have local case managers talk about HCTC with clients. Despite these efforts, many workers were still unaware of HCTC at the time of our survey.

Few Workers Received Wage Insurance Benefits at Any Site

Few workers participated in the wage insurance benefit at the four sites that were certified for Alternative Trade Adjustment Assistance (ATAA), a program that subsidizes some of the difference between the prior and new wages of older trade-affected workers who find reemployment quickly. At the four sites which were ATAA-certified, between 21 percent and 72 percent of the population were age 50 or older and, therefore, potentially eligible for the wage insurance benefit.[39] No more than one in five of these potentially eligible workers participated in ATAA at any site. For example, at Lear in Pennsylvania, where the largest proportion of potentially eligible workers received ATAA, about 30 percent were 50 years of age or older at the time of the survey, but only about 18 percent of these older workers (or about 5 percent of all Lear workers) actually received ATAA (see fig. 17).

[39] To determine potential eligibility, we included workers who said they were 50 years of age or older at the time of the survey. Not all of the workers we identified as potentially eligible could necessarily have received ATAA benefits. To receive ATAA benefits, workers must be able to obtain reemployment within 6 months in a job that pays less than their prior job, and be willing to forgo TAA-funded training. These criteria were not included in our calculation of potentially eligible workers.

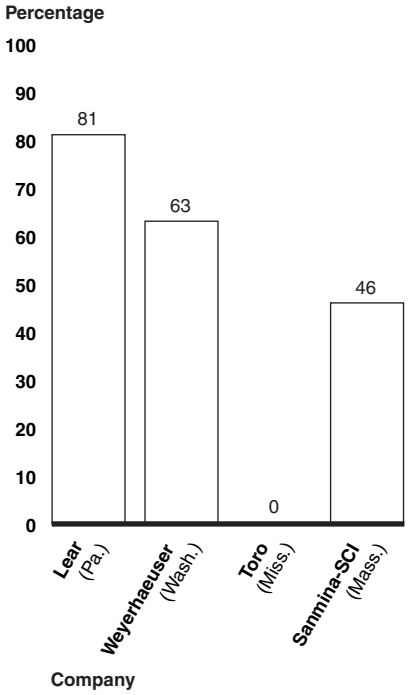
Figure 17: Few Workers Participated in ATAA



Source: GAO survey of dislocated workers.

While state or local officials in three ATAA-certified sites told us that they discussed the ATAA benefit at rapid response meetings and TAA information meetings, workers' awareness of the ATAA benefit varied greatly at the sites we visited. Awareness among workers who were 50 years old and older and visited a one-stop center ranged from zero percent of Toro workers in Mississippi to 81 percent of Lear workers in Pennsylvania (see fig. 18). State or local officials at three of the four ATAA-certified sites told us they discussed the ATAA benefit at rapid response meetings or TAA information meetings. However, some workers said they were overwhelmed by the volume of information received after the layoff, and some told us they did not necessarily recall ATAA specifics. Labor officials are taking steps to promote the ATAA benefit, such as informally encouraging states to ensure case workers talk about ATAA during one-on-one case management sessions.

Figure 18: Percentage of Older Workers Who Visited a One-Stop Center and Were Aware of ATAA



Source: GAO survey of dislocated workers.

Workers gave additional reasons for not participating in the ATAA benefit. According to several state and local officials, workers may not want to give up the opportunity to enter training for the $10,000 wage subsidy. Several older workers also reported on our survey that they did not receive ATAA, in part, because they did not find a new job within 6 months of their layoff. Officials and older workers told us that it was difficult for older workers to find new jobs. For example, a dislocated Weyerhaeuser worker told us he would have been willing to forfeit his training benefits for ATAA had he been able to find a job within 6 months of the layoff. However, he said that the high wages that he had earned from Weyerhaeuser may have discouraged potential employers.

Conclusions

The TAA program targets manufacturing workers affected by international trade, who may have fewer transferable skills and face greater challenges to reemployment than other dislocated workers. The program provides a unique blend of services and benefits that have been designed to meet these workers' needs—some of which are not available to other dislocated

workers. But little has been known about whether the services provided are the right mix for today's workers who are dislocated due to trade. This study provides a glimpse of the needs of a small group of workers, the services they received, and their employment outcomes about 8 to 22 months after their layoffs.

Workers affected by these layoffs have taken a variety of paths. A large majority sought some assistance from their one-stop center. Relatively small numbers chose to enroll in training, but those who did often used this opportunity to chart a new career path. A few did not seek any federally funded reemployment services, and yet were still successful in getting a new job. We cannot know all the factors that motivated workers to seek particular services or that affected their employability, and we cannot assess the role that TAA services played in the outcomes workers achieved. It may be that some workers make an independent assessment of what they need to help them rejoin the workforce and then try to take the necessary steps to make that happen.

While few workers took advantage of training and long-term income support through the TAA program, even fewer made use of two new benefits under the TAA program—health insurance assistance and wage insurance for older workers. Workers who knew about the benefits sometimes told us that the benefit levels were not high enough to get them to participate. But relatively large numbers were simply not aware of the benefits, and some said they might have applied for the benefits had they known about them. Sometimes workers admitted to being overwhelmed by the prospect of losing their jobs and by the wealth of information they initially received. However, states' efforts to inform workers about and explain these benefits have been mixed at best—some trained their case managers to answer questions from workers, while others did not see that as their role. Despite Labor's efforts to encourage states to make this information more widely available, many workers still do not know about these benefits and, as a result, cannot make use of them. Without better information, these workers may not have the opportunity to avail themselves of benefits that could ease their transition to reemployment.

Recommendations for Executive Action

We recommend that the Secretary of Labor provide guidance to states and local officials on how to better ensure that workers are aware of two new benefits under the TAA program:

- the Health Coverage Tax Credit and
- the Alternative Trade Adjustment Assistance program.

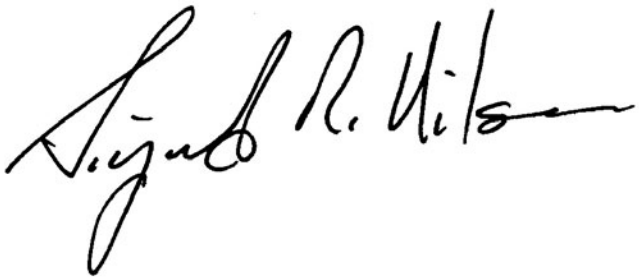
This guidance should clarify that workers need additional information beyond what is provided at initial informational meetings.

Agency Comments

We provided a draft of this report to officials at Labor for their review and comment. In its comments, Labor agreed with our findings and recommendations, noting a number of steps it has already taken to improve access to HCTC and ATAA for eligible workers. Labor also acknowledged that more needs to be done, saying that many of the difficulties encountered in providing services and administering benefits are driven by the complexities of the systems used to implement the program. Labor noted additional steps it will be taking to help ensure access to services, such as working with the IRS and states to identify and resolve HCTC issues as they arise, and developing a revised TAA benefits brochure for workers to be distributed by states. Labor also provided technical comments which were incorporated as appropriate. A copy of Labor's response is in appendix X.

As arranged with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution of this report until 15 days from the date of this report. At that time, we will send copies of this report to the Secretary of Labor, relevant congressional committees, and others who are interested. Copies will also be made available to others upon request. The report is also available at no charge on GAO's Web site at http://www.gao.gov.

Please contact me on (202) 512-7215 if you or your staff have any questions about this report. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of the report. Key contributors to this report are listed in appendix XI.



Sigurd R. Nilsen
Director, Education, Workforce,
and Income Security Issues

Appendix I: Objectives, Scope, and Methodology

We examined (1) the extent to which workers accessed federally funded reemployment services and the mix of services received, (2) the employment outcomes these workers achieved, and (3) the extent to which workers used the new health insurance and wage insurance benefits under the Trade Adjustment Assistance (TAA) program, and the factors affecting their participation. To address these issues, we selected five plant closures that were determined by the U.S. Department of Labor to be related to international trade, visited each layoff site, conducted a telephone survey of workers affected by each plant closure, held focus groups with affected workers, and collected state administrative data on services and benefits received. We also interviewed officials from Labor. We conducted our work from November 2004 to December 2005 in accordance with generally accepted government auditing standards.

Case Study Site Selection

To obtain information for this report, we judgmentally selected five plant closures based on several criteria. First, we selected five states by considering factors such as states' prior TAA training allocations and number of TAA participants, the manufacturing products that have been affected by mass layoffs in different states, and geographic diversity. We then chose plant closures within the five states that met several criteria: the plant closures were determined to have been related to international trade by the U.S. Department of Labor, and therefore all or some of the affected workers were potentially eligible for the TAA program; the plants manufactured a variety of products; the closures affected between 100 and 500 workers; and the closures occurred after the TAA Reform Act of 2002 was enacted. We also sought to achieve a mix of sites in rural and metropolitan areas. Based on these criteria, we selected plant closures that had occurred at General Mills (Mo.), Lear (Pa.), Sanmina-SCI (Mass.), Toro (Miss.), and Weyerhaeuser (Wash.). Because we studied only five plant closures and because of the method of selection, we cannot conclude that our findings are representative of the experiences of trade-affected workers nationwide.

Site Visits and Focus Groups

We visited each site to obtain information on the plant closures and to learn about the experiences of the affected workers. During the site visits, we interviewed state and local officials, training providers, and, when available, company and union officials. We also held focus group discussions with workers at each site to learn more about workers' experiences with employment and training services. Focus group participants were recruited by one-stop center case managers, as it was not feasible for us to recruit focus group participants at each site. Because

of this selection method, the focus group participants did not include any workers who had not visited a one-stop center. This selection method could have introduced bias into the focus group results; however, the information we obtained from focus groups was used only to provide examples. We conducted 15 focus groups in total, with between two and seven workers participating in each focus group. A total of 69 workers participated across all sites (see table 6). The questions used for the focus groups covered topics such as workers' experiences with one-stop center services and training and the helpfulness of those services, knowledge about and participation in the HCTC and ATAA programs, and employment outcomes. GAO facilitators conducted the focus groups, the discussions were tape recorded, and transcripts were professionally prepared.

Table 6: Number of Focus Groups and Participants by Site

Company	General Mills (Mo.)	Lear (Pa.)	Weyerhaeuser (Wash.)	Toro (Miss.)	Sanmina-SCI (Mass.)
Number of focus groups	3	3	2	3	4
Number of participants	9	11	11	14	24

Source: GAO analysis.

Review of State Administrative Data

We reviewed state administrative data on workers' demographics and services received, and, when available, state wage records on workers' employment outcomes. The data we reviewed included workers' age, education level, weeks of UI received, training program enrollment, cost of training, and reemployment status. Administrative data were not available for every worker in each site. We recoded certain elements in the raw data so that they would be comparable across sites. For example, we recoded workers' training programs into a few standardized categories. When recoding the data, we reached a team consensus on the recodes and independently checked each recode. We assessed the reliability of the data by interviewing state officials who had provided the data, performing edit checks of the data, and comparing the administrative data to information generated from the telephone survey. Based on these methods, we found state data quality processes and procedures to be sufficiently reliable for the purposes of our report.

Telephone Survey

We conducted a telephone survey of all workers who were laid off from the five plants we studied. The survey was designed to obtain information on workers' experiences with local one-stop centers, HCTC, and ATAA; use of UI benefits; employment outcomes; and demographics. We obtained lists of affected workers at each site from state officials. Prior to administering the survey, we pre-tested the survey questions with workers at each site, and made changes to the questions based on these pretests. The data from 15 completed pre-tested interviews were incorporated into the final dataset.

The surveys were administered via phone by a contractor hired by GAO.[1] The survey was conducted from April 19, 2005, through June 24, 2005. The survey administration included the following elements: (1) advance letters were mailed to all dislocated workers approximately 5 to 7 days prior to the start of data collection to provide information on the study and add legitimacy and saliency to the survey; (2) all interviews were conducted via Computer Assisted Telephone Interviewing (CATI), and a minimum of 10 callbacks were made to each worker to maximize contact and response rates; and (3) all cases with missing information or incorrect contact information were researched via several avenues to find the most accurate information for each worker. Survey response rates for each survey ranged from 66 percent to 86 percent (see table 7). Some of the reasons workers did not complete the survey included that their phone numbers were no longer in service, they had passed away since their layoff, they had limited English skills, or they declined to complete the survey.

Table 7: Survey Response Rates by Site

				Toro (Miss.)		
Company	General Mills (Mo.)	Lear (Pa.)	Weyerhaeuser (Wash.)	TAA-certified	Not TAA-certified	Sanmina-SCI (Mass.)
Number of workers	436	308	205	40	72	472
Number of respondents	285	262	160	34	52	348
Response rate	66%	86%	81%	85%	72%	75%

Source: GAO analysis.

Note: A small number of out-of-scope workers were subtracted from the population for certain sites, for purposes of calculating the survey response rates. Workers were considered out-of-scope if they had quit or retired prior to the layoff, or were still working at the plant at the time of the survey.

[1] Due to a technical problem with the survey administration, GAO staff separately asked TAA-certified workers in Mississippi the HCTC and ATAA questions.

We investigated the magnitude of potential non-response bias in the results of dislocated worker surveys at the five locations, and concluded that there was no significant non-response bias at any of the five locations. We compared administrative data on worker demographics and services received for survey respondents and the overall population and found there generally were not significant differences between survey respondents and the overall population for each site. Therefore, we chose to generalize the survey results to the entire population of affected workers at each site. We generated estimates for each site by treating the responding workers as simple random samples from each of the populations.

Because we decided to treat the respondents as simple random samples, our results are estimates of the populations and thus are subject to sampling errors that are associated with samples of this size and type. Our confidence in the precision of the results from these samples is expressed in 95 percent confidence intervals, which are expected to include the actual results in 95 percent of samples of this type. All percentage estimates have margins of error of plus or minus 7 percent or less unless otherwise noted. All wage related estimates have relative margins of error of plus or minus 10 percent or less unless otherwise noted.

The practical difficulties of conducting any survey may introduce other errors, commonly referred to as non-sampling errors. These errors can occur if survey respondents have difficulty interpreting a particular question, lack information necessary to answer a question, are uncomfortable with accurately reporting certain sensitive information, or do not answer certain questions, among other factors that affect data collection and measurement. We took steps in the development of the survey, the data collection, and the data analysis to minimize these non-sampling errors.

Regression Analysis of Survey Data

As a complement to our interviewing and focus group efforts we also applied logistic regression analysis to our survey data to identify factors affecting the likelihood that workers received a set of services. Specifically, we examined the effects of a series of demographic and other variables from our survey on the likelihood of a worker (1) coming into a one-stop center, (2) receiving training, and (3) receiving HCTC. The demographic and other variables we examined included gender, age, education, tenure in previous job, pre-layoff wage, and time since layoff. The full results of this analysis are presented in app. IV.

Appendix II: Detailed Breakdown of Workers' Training Providers and Costs by Site

Table 8: Workers in TAA- and WIA-Funded Training by Provider Type

	Site				
Provider type	**General Mills (Mo.)**	**Lear (Pa.)**	**Weyerhaeuser (Wash.)**	**Toro (Miss.)**	**Sanmina-SCI (Mass.)**
Community college	15%	15%	40%	100%	14%
Four-year college or university	1	0	8	0	11
Public vocational/technical school	4	48	4	0	1
Proprietary school	75	26	4	0	71
Non-profit agency	0	0	0	0	1
Employer (e.g., on-the-job training)	2	2	8	0	0
Other	1	9	0	0	2
Unknown	1	1	36	0	0

Source: State administrative data.

Notes: Administrative data on training providers was available for 92 General Mills workers, 94 Lear workers, 141 Sanmina-SCI workers, 7 Toro workers, and 25 Weyerhaeuser workers. Because of rounding, totals do not always equal 100 percent.

Table 9: Workers in TAA- and WIA-Funded Training by Expected Program Cost

	Site				
Expected program cost	**General Mills (Mo.)**	**Lear (Pa.)**	**Weyerhaeuser (Wash.)**	**Toro (Miss.)**	**Sanmina-SCI (Mass.)**
$4,999 or less	27%	21%	8%	83%	43%
5,000-9,999	47	43	68	17	36
10,000-14,999	19	18	16	0	15
15,000-19,999	5	16	8	0	7
20,000 or more	3	2	0	0	0

Source: State administrative data.

Notes: Administrative data on training cost was available for 105 General Mills workers, 91 Lear workers, 134 Sanmina-SCI workers, 6 Toro workers, and 25 Weyerhaeuser workers. Because of rounding, totals do not always equal 100 percent.

Appendix III: Detailed Breakdown of Participation in HCTC

The following tables provide further detailed analysis of workers' use of HCTC and their reasons for not participating in the benefit. Table 10 provides information on the number of workers who visited a one-stop center and were aware of the HCTC benefit and whether they participated in HCTC. Table 11 provides information on the reasons given by workers for not participating in HCTC. Note that in Table 11 respondents could choose more than one of these reasons for not participating.

Table 10: Workers' participation in HCTC

	General Mills (Mo.)	Lear (Pa.)	Weyerhaeuser (Wash.)	Toro (Miss.)	Sanmina-SCI (Mass.)
Total number of affected workers	**436**	**308**	**205**	**40**	**472**
Total number of survey respondents	**285**	**262**	**160**	**34**	**348**
Total number of workers who went to a one-stop center and were aware of HCTC	**80**	**136**	**61**	**14**	**115**
Number of workers who said they were participating in HCTC	33	26	5	2	15
Number of workers who said they were considering participating in HCTC or expecting to get the benefit	5	12	10	0	13
Number of workers who said they were not participating in HCTC	42	98	46	12	87

Source: GAO survey of dislocated workers.

Table 11: Key Reasons Workers Gave for Not Participating in HCTC

	General Mills (Mo.)	Lear (Pa.)	Weyerhaeuser (Wash.)	Toro (Miss.)	Sanmina-SCI (Mass.)
Number of workers who did not participate in HCTC	**42**	**98**	**46**	**12**	**87**
Workers who said they had other health coverage	29	62	36	6	46
Workers who said they did not have other health coverage	12	30	8	6	31
Workers who did not respond whether or not they had other health coverage	1	6	2	0	10
Of those workers who said they did not have other health coverage					
The number of workers who only said they did not participate in HCTC because the benefit was too expensive	7	12	5	2	13
The number of workers who only said they did not participate in HCTC because the benefit was too confusing	2	5	0	1	1
The number of workers who said they did not participate in HCTC because the benefit was both too confusing and too expensive	1	10	1	2	7
The number of workers who gave other reasons for not participating in HCTC	0	1	2	1	9
The number of workers who gave no reason for not participating in HCTC	2	2	0	0	1

Source: GAO survey of dislocated workers.

Note: For an overview of responses to HCTC-related questions by layoff site see GAO-06-44SP.

Appendix IV: Regression Analysis of Survey Data

To determine what factors were related to whether workers went to a one-stop center, received training, or received HCTC benefits, we used multivariate logistic regression models to estimate the effects of several factors. The advantage of the multivariate approach is that the effect of any given factor is estimated after its relationship with other factors is taken into account. The factors we considered were sex, age, education, tenure, time since the layoff, pre-layoff wage, and site, or the plant where the worker had been employed.

The logistic regression approach requires that we use odds and estimate differences in the odds by taking their ratios. Table 12 below provides an example of how odds and odds ratios are calculated. The top panel of table 12 shows that 88 percent of female workers visited a one-stop center, compared to 80 percent of male workers. Alternatively, we can calculate the odds on women and men visiting a one-stop center, which were 291/38 = 7.7 and 608/150 = 4.0, respectively. These odds imply that 7.7 women visited a one-stop center for every woman that did not, and that 4.0 men visited a one-stop center for every man that did not. Moreover, the ratio of the two odds, 4.0/7.7 = 0.52 can be interpreted as meaning that the odds on visiting a center were only half as large for men as for women. While this might seem inconsistent with the difference between 88 percent and 80 percent, consider that 12 percent of the women but 20 percent of the men (nearly twice the percentage) did not visit a one-stop center. When the factor being considered has more than two categories, we choose any one category arbitrarily as the referent category, and calculate the ratios of the odds for all other categories relative to that one. For example, in the bottom panel of table 12 we see the odds on visiting a one-stop center in each of the five sites, and odds ratios which indicate how much different the odds were for every site relative to General Mills. These odds ratios indicate that at the Sanmina-SCI, Lear, and Weyerhaeuser sites, the odds on visiting a one-stop center were greater than in General Mills, by factors of 2.3, 2.8, and 2.0, respectively. The odds were highest at the Toro site, in fact, but because all workers visited a center in that site, the odds, and thus the odds ratio, are undefined.

Table 12: Numbers and Percentages of Workers Who Visited a One-Stop Center, by Sex and Site, and Odds and Odds Ratios Derived from Them

	Sex	No	Yes	Total	Odds on visited	Odds ratio
	Female	38	291	**329**	7.658	
		11.6%	88.5%	**100.0%**		
	Male	150	608	**758**	4.053	0.529
		19.8%	80.2%	**100.0%**		
	Total	**188**	**899**	**1087**		
		17.3%	82.7%	**100.0%**		
	Site					
	Sanmina-SCI	50	298	**348**	5.960	2.326
Visited one-stop center		14.4%	85.6%	**100.0%**		
	Toro	0	34	**34**	[a]	[a]
		0	100.0%	**100.0%**		
	General Mills	80	205	**285**	2.563	
		28.1%	71.9%	**100.0%**		
	Lear	32	230	**262**	7.188	2.805
		12.2%	87.8%	**100.0%**		
	Weyerhaeuser	26	134	**160**	5.154	2.011
		16.3%	83.8%	**100.0%**		
	Total	**188**	**901**	**1089**		
		17.3%	82.7%	**100.0%**		

Source: GAO survey of dislocated workers.

[a] Indicates odds and odds ratios that cannot be estimated given that there were no TAA-certified Toro workers who did not visit the one-stop center.

Table 13 shows the effects of the different factors on visiting a one-stop center (first column), receiving training (second column), and receiving the HCTC benefit (third column) when we use multivariate logistic regression models to estimate their effects simultaneously. As noted above, the advantage to this approach is that it allows us to estimate the effect of each factor after taking account of the fact that the different factors are related to each other (i.e., males and females in the sample may have different lengths of service or wages, workers at different sites may vary by sex, education, etc.) and have sometimes intertwined effects on the outcomes of interest.

Table 13: Odds Ratios Describing the Effects of Various Factors on the Likelihoods of Visiting a One-Stop Center, Receiving Training, and Receiving HCTC

	Service		
Factor	**One-Stop Center**	**Training**	**HCTC**
Female			
Male	0.486*	0.737	1.947*
Under 40			
40 – 55	1.094	0.702	1.159
Over 55	0.659	0.455*	1.152
< High School			
High School Graduate	0.965	0.784	0.649
Some College	1.407	1.464	0.464*
College Graduate	0.631	0.925	0.551
Unknown Education	0.397	1.756	0.752
< 10 Years Tenure			
10 – 19 Years Tenure	1.267	0.906	0.410*
>19 Years Tenure	1.228	1.103	0.368*
Time Since Layoff	0.989	.981	1.025*
Pre-layoff Wage	0.617*	0.766	0.925
Sanmina-SCI	3.191*	3.595*	2.200*
Toro	11.980*		2.200*
General Mills		2.385*	2.200*
Lear	3.191*	2.385*	
Weyerhaeuser	11.980*		2.200*

Source: GAO survey of dislocated workers.

Notes: Asterisks indicate effect coefficients that are significant at the 0.05 level.

The numbers of cases used in the analyses were 987 (one-stop center), 842 (training), and 821 (HCTC).

The model for each outcome in this table is one that imposes simplifying constraints on the differences between sites. That is, we selected for each outcome a model that included dummy variables for sites or groups of sites that were significantly different from others. Equal odds ratios across sites imply that the only difference across those sites were due to random fluctuations or chance. We used formal tests of the difference in the fit of models to determine whether the more parsimonious models adequately described the significant differences across sites.

Sex, pre-layoff wage, and site are the only factors that have significant effects on the likelihood of visiting a one-stop center. Men were roughly half as likely as women to visit a one-stop center (odds ratio of .486). Better paid workers were less likely to visit a center as well, with every $10 increase in pre-layoff wage diminishing the odds of visiting a center by a factor of 0.617. Net of the other factors, workers at the Toro and Weyerhaeuser sites were nearly 12 times as likely as workers at General Mills to visit a center, and workers at the Sanmina-SCI and Lear sites were roughly 3 times as likely as workers at General Mills to do so. This implies that (1) workers at Toro and Weyerhaeuser were similar with respect to the likelihood of visiting a center; (2) workers at Sanmina-SCI and Lear were likewise similar; and (3) workers at Toro and Weyerhaeuser were 11.98/3.19 = 3.8 times as likely to visit a center as workers at Sanmina-SCI and Lear. Once these effects, and the differences across sites, were taken account of, none of the other factors (i.e., age, education, etc.) appeared to have any significant effect.

The only factors that had significant net effects on the likelihood of receiving training were age and site. Workers over age 55 were less than half as likely to receive training as workers under age 40. Workers at Sanmina-SCI were more than three times as likely to receive training, and workers at General Mills and Lear were more than twice as likely to receive training, as workers at Toro and Weyerhaeuser.

Finally, the factors which affected whether workers received the HCTC benefit were sex, education, tenure, time since layoff, and site. Men were twice as likely as women to receive HCTC, and workers with some college were half as likely as workers with less than a high school education to receive the HCTC benefit. Workers with 10 or more years of service were less than half as likely to receive HCTC as workers with less than 10 years, and workers laid off earlier were more likely to receive the benefit, because each additional month since the layoff increases the odds on receiving it by a factor of 1.025. Net of these effects, workers at every plant except Lear were alike, and more than twice as likely as the workers at Lear to receive the HCTC benefit.

Appendix V: General Mills Plant Closure (Hazelwood, Mo.)

The General Mills plant located in Hazelwood, Mo. (population 26,000 in 2004) shut down in 2003. Hazelwood is a city located 18 miles northwest of St. Louis and most of the plant's employees lived in the St. Louis metropolitan area in St. Louis County (see table 14). The St. Louis metropolitan area experienced several large layoffs in 2003 that affected almost 1,000 manufacturing workers and left the metropolitan area with one of the state's highest unemployment rates in 2003. State and local officials say that food manufacturing, once a major employer in the St. Louis metropolitan area, is in a state of decline, resulting in few dislocated General Mills workers being able to find new jobs with the area's existing food manufacturers.

Table 14: Profile of St. Louis County, Mo.

Population, 2003 estimate	1,013,123
High school graduates, persons 25 years old and older, 2000	88%
Median household income, 1999	$50,532
Unemployment rate 2004 annual average	5.4%
Unemployment rate 2003 annual average	5.2%
Unemployment rate 2002 annual average	4.7%
Major employment sectors, 2000	Education, health, and social services (22%) and manufacturing (13%)

Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics.

General Mills is an international company that produces an array of packaged consumer foods such as cereals, refrigerated and frozen dough products as well as snacks and yogurt. General Mills employed over 27,000 workers and operated 36 plants in the United States in 2004. General Mills' Hazelwood plant produced frozen dough products such as cakes and doughnuts, employed over 400 workers at the time it closed, and paid workers an average of $12.45 per hour—comparable to wages paid in the St. Louis metropolitan area by other employers. The affected workers were predominantly male, 40 years old or older, had worked at the plant for at least 10 years, and had at least a high school diploma (see table 15). State and union officials told us that the workers were not considered highly skilled. Most of the workers were unionized through the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union.

Table 15: Characteristics of Workers at General Mills' Hazelwood Plant

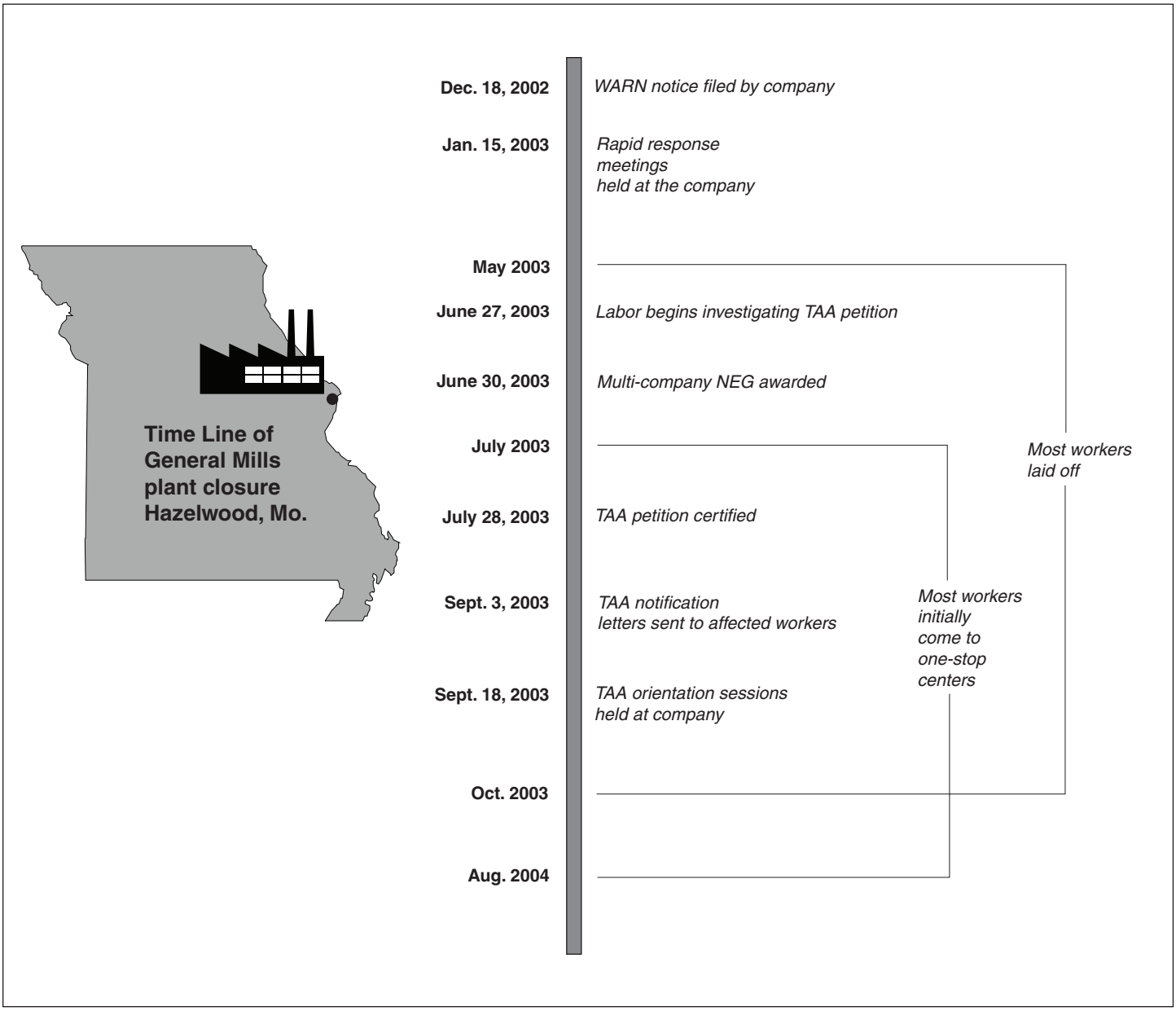
Age	Percent
39 years and younger	11
40–54 years	69
55 years and older	21
Gender	
Male	57
Female	43
Education	
No high school diploma/GED	5
High school diploma/GED	55
Some post-secondary education	35
Four-year college degree or more	4
Other	1
Years worked at plant	
Less than 5 years	16
At least 5 years, less than 10 years	11
At least 10 years, less than 20 years	48
At least 20 years	25

Source: GAO survey of dislocated workers and Washington state administrative data.

Note: Percentages of some characteristics may not add up to 100 percent because of rounding.

The General Mills plant completely ceased operations in October 2003 as a result of a shift in production to Canada. General Mills gave the state of Missouri official notice of its intentions to close its plant on December 18, 2002, and began laying off workers in waves beginning in January 2003 and ending in October 2003 (see fig. 19). According to the employer, only some salaried employees were offered transfers to other General Mills plants. Unionized workers were not eligible for transfers to other General Mills plants. A group of workers from the Hazelwood plant submitted a petition for TAA eligibility with Labor. Labor began its investigation in June 2003 and certified the layoff as TAA eligible in July 2003. Workers were not eligible for the wage insurance program (ATAA), which was not implemented until August 2003.

Figure 19: Time Line of General Mills Plant Closure, Hazelwood, Mo.



Source: GAO analysis and Art Explosion graphics.

Appendix VI: Lear Plant Closure (Lewistown, Pa.)

The Lear plant in Lewistown, Pa. (population of about 8,800 in 2003) closed in 2004. Most of the plant's employees lived in Lewistown, the largest town in rural Mifflin County in central Pennsylvania (see table 16). The town is relatively geographically isolated: it is situated in a valley, with about a 30-mile drive over mountain roads to the nearest city. The Lewistown area experienced four mass layoff events between 2002 and 2004, including the closure of the Lear plant. The resulting loss of about 700 jobs had a significant impact on the local economy, according to Pennsylvania state officials.

Table 16: Profile of Mifflin County, Pa.

Population, 2003 estimate	46,335
High school graduates, persons 25 years and over, 2000	77.2%
Median household income, 1999	$32,175
Unemployment rate, 2004 annual average	6.8%
Unemployment rate, 2003 annual average	7.6%
Unemployment rate, 2002 annual average	8.8%
Major employment sectors, 2000	Manufacturing (30%); education,health care, and social services (18%); and retail trade (14%)

Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics.

Lear manufactures automobile interiors, and had about 300 plants nationwide at the time it closed its Lewistown plant. The Lewistown plant produced automobile carpets; employed about 300 workers; and paid wages of $15 to $17 per hour, some of the highest in the area. The workers at the plant were predominantly male and age 40 or older, most had worked at the plant for at least 10 years, and the vast majority had at least a high school diploma (see table 17). They also had fairly specialized job skills, according to local officials. Most of the workers were unionized through UNITE (formerly the Union of Needletrades, Industrial and Textile Employees). The union did not play an active role in serving the workers when they were laid off, according to some workers and officials.

Table 17: Characteristics of Workers at Lear's Lewistown Plant

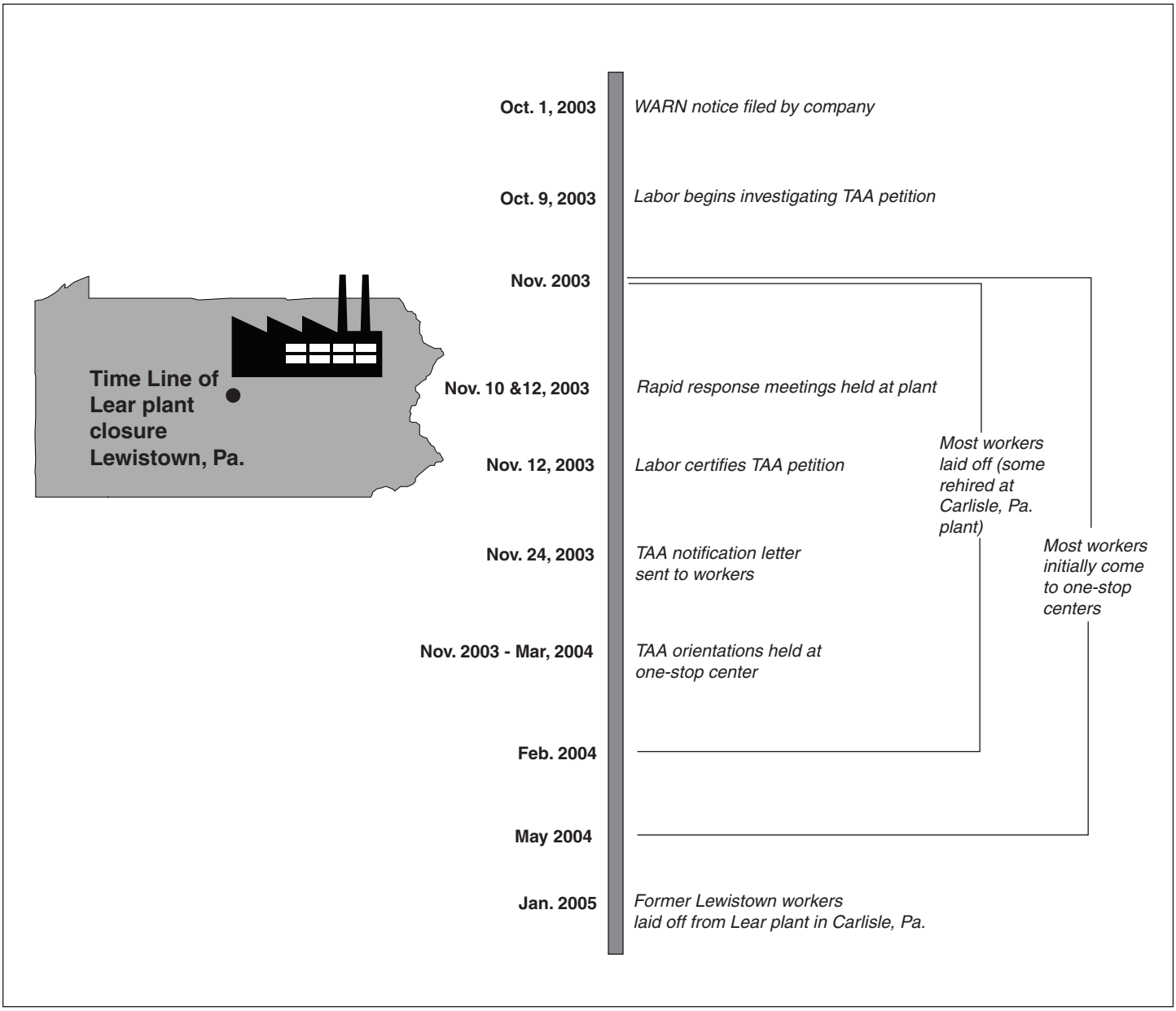
Age	Percent
39 years and younger	23
40 – 54 years	62
55 years and older	15
Gender	
Male	73
Female	27
Education	
No high school diploma/GED	5
High school diploma/GED	77
Some post-secondary education	13
Four-year college degree or more	6
Years worked at plant	
Less than 5 years	8
At least 5 years, less than 10 years	15
At least 10 years, less than 20 years	48
At least 20 years	30

Source: GAO survey of affected workers and state administrative data.

Note: Percentages for some characteristics may not add up to 100 percent because of rounding.

The Lear plant in Lewistown was closed on February 15, 2004, primarily as a result of a shift of production to another country. Lear officially notified the state of Pennsylvania of the Lewistown plant closure on October 1, 2003, and most workers were laid off from the plant between November 2003 and February 2004 (see fig. 20). Twenty-six of the workers laid off from Lear's Lewistown plant were hired at Lear's plant in Carlisle, Pa. (approximately 60 miles from Lewistown) and then laid off primarily in January 2005 when production was reduced at that plant. A group of workers from the Lewistown plant submitted a petition for TAA eligibility. Labor began its investigation of the petition in October 2003, and certified the affected workers as TAA-eligible in November 2003, finding that the plant closure was related primarily to a shift of production to Canada. Labor also certified the workers as eligible for the wage insurance (ATAA) program.

Figure 20: Time Line of Lear Plant Closure, Lewistown, Pa.



Source: GAO analysis and Art Explosion graphics.

Appendix VII: Weyerhaeuser Plant Closure (Longview, Wash.)

The Weyerhaeuser plant located in Longview, Wash. (population 35,943 in 2003) shut down 2003. Most of the plant's employees lived in or around the Longview metro area in Cowlitz County situated along Washington's southeastern border with Oregon (see table 18). Longview lies about 50 miles east of Portland, Oregon, and 100 miles south of Tacoma, Wash. Cowlitz County experienced several large layoffs from 2001 to 2003 that affected more than 1,600 workers and left the county with the state's second highest unemployment rate in 2004. According to state and local officials, these layoffs have had a significant impact on the local economy, and while a few years ago laid-off workers were quickly absorbed by other local employers, laid-off workers are now having difficulty finding jobs.

Table 18: Profile of Cowlitz County, Wash.

Population, 2003 estimate	95,146
High school graduates, persons 25 years old and older, 2000	83.2%
Median household income, 1999	$39,797
Unemployment rate 2004 annual average	8.5%
Unemployment rate 2003 annual average	10.4%
Unemployment rate 2002 annual average	11.4%
Major employment sectors, 2000	Manufacturing (21%) and education, health, and social services (20%)

Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics.

Weyerhaeuser is an international company that manufactures a host of wood-related products, ranging from paper and paper packing products to finished wood products such as lumber used in home construction. Weyerhaeuser's fine paper plant produced paper commonly used for copying and printing. Weyerhaeuser employs about 65,000 workers internationally of which about 27,000 work in its plants across the United States. Weyerhaeuser operated its fine paper plant on its 700-acre company campus in Longview. Over 200 workers were employed at the fine paper and pulp plant and about 2,000 at Weyerhaeuser's campus overall. Weyerhaeuser still operates several other production lines on this campus. According to state officials, Weyerhaeuser is considered one of the best companies to work for in the Longview area and pays some of the area's highest wages. Entry level positions at the fine paper plant started at $17 per hour and most affected workers were earning an average of $24 per hour. Affected workers were considered highly skilled and most had at least a high school diploma (see table 19). The majority of the workers were male, 55 years of age or older, and had worked at the plant for at least 20 years. The workers were unionized through the Association of

Western Pulp and Paper Workers. State and local one-stop center officials told us that they worked closely with union representatives to coordinate outreach and services for affected workers.

Table 19: Characteristics of Workers at Weyerhaeuser's Longview Plant

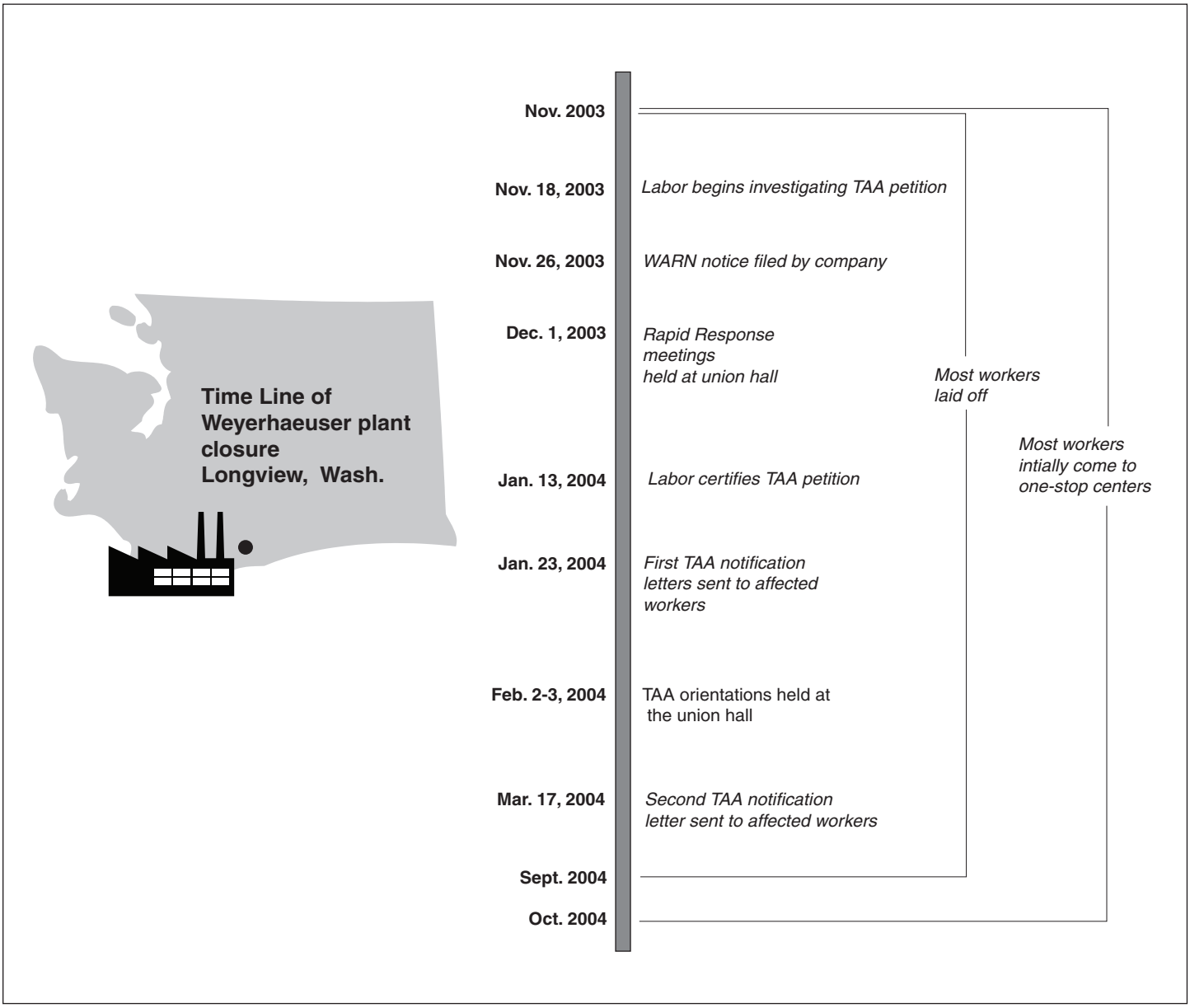
Age	Percent
39 years and younger	8
40 – 54 years	36
55 years and older	57
Gender	
Male	89
Female	11
Education	
No high school diploma/GED	3
High school diploma/GED	42
Some postsecondary education	48
Four-year college degree or more	8
Other	1
Years worked at plant	
Less than 5 years	0
At least 5 years, less than 10 years	3
At least 10 years, less than 20 years	24
At least 20 years	73

Source: GAO survey of dislocated workers and Washington state administrative data.

Note: Percentages of some characteristics may not add up to 100 percent because of rounding.

The plant ceased operations in mid-2004 as a result of a shift in production to Canada. Weyerhaeuser gave the state of Washington official notice of its intentions to close its fine paper plant on November 26, 2003, and workers were laid off in waves beginning in November 2003 and ending in August 2004 (see fig. 21). According to the employer, almost 50 workers were reabsorbed at other Weyerhaeuser plants operating in Longview or Cosmopolis, Wash. (almost 100 miles from Longview). In accordance with union rules affected workers were able to bid on positions held by junior Association of Western Pulp and Paper Workers members working at Weyerhaeuser. Furthermore, many affected workers were also eligible for retirement. The union negotiated an early retirement option available to workers who had at least 10 years of service to the company and were at least 55 years old. The union filed a petition for TAA eligibility with Labor. Labor began its investigation of the petition in November 2003 and certified the layoff as TAA eligible in January 2004. Workers were also certified as eligible for the wage insurance (ATAA) program.

Figure 21: Time Line of Weyerhaeuser Plant Closure, Longview, Wash.



Source: GAO analysis and Art Explosion graphics.

Appendix VIII: Toro Plant Closure (Oxford, Miss.)

The Toro plant located in Oxford, Miss. (population of about 12,700 in 2003) shut down in 2004. Oxford is the largest city in rural Lafayette County in northern Mississippi, and most of the plant's employees either lived in Lafayette County or surrounding counties (see table 20). According to local officials, Lafayette County experienced four mass layoff events and plant closures between 2002 and 2004, including the Toro plant, which contributed to a 40 percent reduction in manufacturing jobs in the county.

Table 20: Profile of Lafayette County, Miss.

Population, 2003 estimate	40,188
High school graduates, persons 25 years old and older, 2000	78.5%
Median household income, 1999	$28,517
Unemployment rate 2004 annual average	4.8%
Unemployment rate 2003 annual average	4.9%
Unemployment rate 2002 annual average	3.2 %
Major employment sectors, 2000	Education, health, and social services (33%); manufacturing (12%); and retail trade (11%)

Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics.

Toro designs, markets, and manufactures landscaping equipment, and employed about 5,200 employees worldwide in 2004. Toro's Oxford plant produced two-cycle engines for lawnmowers, employed about 110 employees, and paid workers between $8.50 and $15 per hour depending on their job title. Approximately 40 employees were machinists (who created the engine parts produced at the Oxford plant) and the remaining 70 employees included assemblers (who put the engine parts together). Only the machinists were TAA-certified. Most machinists at the plant were male, 40 years old or older, had worked at the plant for at least 10 years, and had at least a high school diploma (see table 21). The workers were not unionized.

Table 21: Characteristics of TAA-Certified Workers at Toro's Oxford Plant

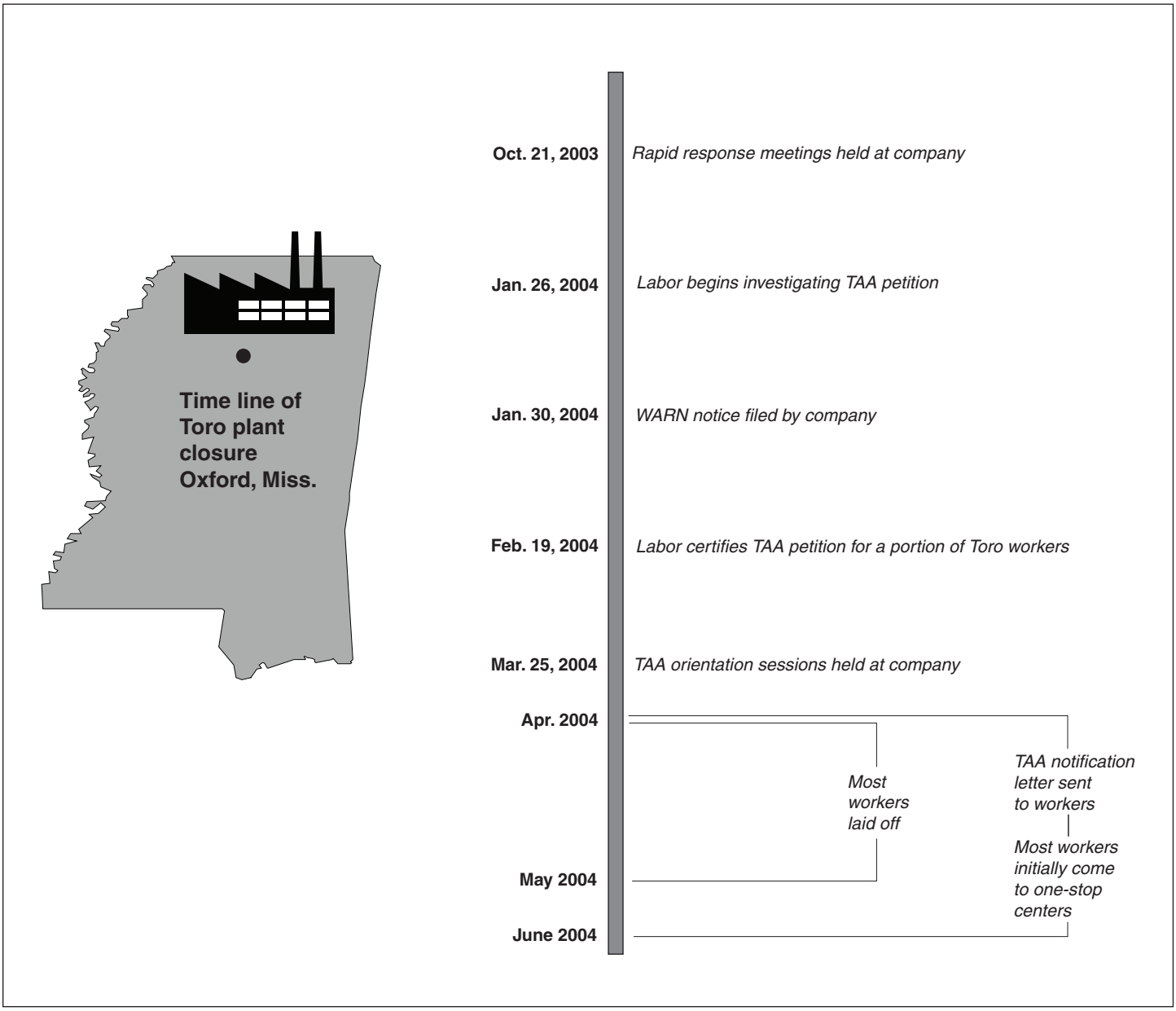
Age	Percent
39 years and younger	35
40-54 years	53
55 years and older	12
Gender	
Male	61
Female	39
Education	
No high school diploma/ GED	3
High school diploma/ GED	53
Some post-secondary education	44
Four-year college degree or more	0
Years worked at plant	
Less than 5 years	3
At least 5 years, less than 10 years	22
At least 10 years, less than 20 years	71
At least 20 years	6

Source: GAO survey of affected workers and state administrative data.

Note: Percentages for some characteristics may not add up to 100 percent because of rounding.

The Toro plant in Oxford was closed on July 30, 2004, at least partly as a result of a shift of production to China. Toro gave the state of Mississippi official notice of its intentions to close the Oxford plant on January 30, 2004, and most workers were laid off during April and May 2004 (see figure 22). The company submitted a petition for TAA eligibility to Labor on behalf of the workers. Labor began its investigation of the petition on January 26, 2004, and certified the 40 machinists as TAA-eligible on February 19, 2004, because the plant closure was related to a shift of machining two-cycle engine components to China. However, Labor did not certify the assemblers as TAA-eligible because it determined Toro was shifting the assembly of two-cycle engines to another domestic facility. Labor also certified the machinists as eligible for the wage insurance (ATAA) program.

Figure 22: Time Line of Toro Plant Closure, Oxford, Miss.



Source: GAO analysis and Art Explosion graphics.

Appendix IX: Sanmina-SCI Plant Closure (Wilmington, Mass.)

The Sanmina-SCI plant located in Wilmington, Mass. (population of about 22,000 in 2003) closed in 2004. Wilmington is in Middlesex County roughly 16 miles northwest of Boston (see table 22). About two-thirds of the plant's employees lived in Massachusetts, and almost a third lived in New Hampshire. Economic conditions during 2004 and 2005 have been varied among the communities where Sanmina-SCI workers lived. Some of these workers lived in communities that have experienced a number of trade-related layoffs in recent years, and have had relatively high unemployment. But other Sanmina-SCI employees lived in communities that had lower unemployment rates and, according to local officials, experienced strong job growth.

Table 22: Profile of Middlesex County, Mass.

Population, 2003 estimate	1,466,561
High school graduates, persons 25 years and over, 2000	88.5%
Median household income, 1999	$60,821
Unemployment rate, 2004 annual average	4.4%
Unemployment rate, 2003 annual average	5.3%
Unemployment rate, 2002 annual average	5.0%
Major employment sectors, 2000	Educational, health and social services (24%); professional, scientific, management, administrative and waste management services (16%); and manufacturing (12%)

Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics.

Sanmina-SCI is an electronics manufacturing company with operations in over 20 countries. The Wilmington plant produced printed circuit boards and employed almost 500 workers at the time it was closed. The workers at the plant were predominantly male, age 40 or older, and over half had worked at the plant for at least 10 years. At least three-quarters had a high school diploma or GED (see table 21). The workers were not unionized.

Table 23: Characteristics of Workers at Sanmina-SCI's Wilmington Plant

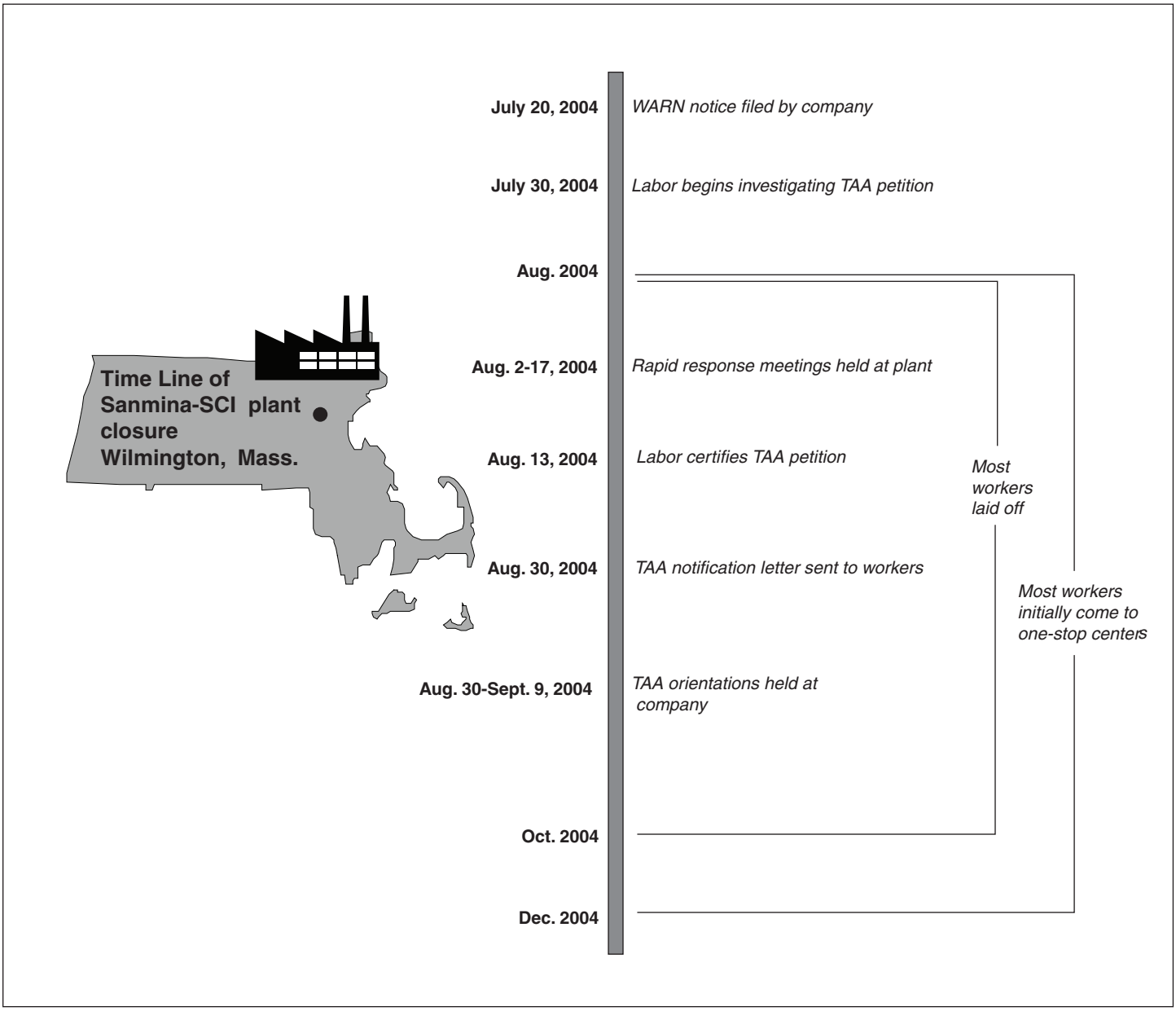
Age	Percent
39 years and younger	23
40 – 54 years	62
55 years and older	15
Gender	
Male	70
Female	30
Education	
No high school diploma/GED	14
High school diploma/GED	41
Some post-secondary education	25
Four-year college degree or more	12
Other	10
Years Worked at Plant	
Less than 5 years	15
At least 5 years, less than 10 years	26
At least 10 years, less than 20 years	45
At least 20 years	14

Source: GAO survey of affected workers and state administrative data.

Note: Percentages for some characteristics may not add up to 100 percent because of rounding.

The Sanmina-SCI plant in Wilmington was closed in September 2004, at least partly as a result of a shift of production to another country. Sanmina-SCI officially notified the state of Massachusetts of the Wilmington plant closure on July 20, 2004, and most workers were laid off from the plant between August and October 2004 (see fig. 23). The company submitted a petition for TAA eligibility to Labor. Labor began its investigation of the petition in July 2004 and certified the affected workers as TAA-eligible in August 2004 because the plant closure was related to a shift of production to Malaysia. Labor also certified the workers as eligible for the wage insurance (ATAA) program.

Figure 23: Time Line of Sanmina-SCI Plant Closure, Wilmington, Mass.



Source: GAO analysis and Art Explosion graphics.

Appendix X: Comments from the Department of Labor

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

JAN 19 2006

Mr. Sigurd R. Nilsen
Director
Education, Workforce and Income Security Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Nilsen:

Enclosed is the Department of Labor's response to the GAO Draft Report No. 06-43 entitled, "Trade Adjustment Assistance – Most Workers in Five Layoffs Received Services, but Better Outreach Needed on New Benefits." We appreciate the opportunity to comment on the draft.

First and foremost, this report is another example of the problems created by having a workforce investment system that is duplicative in its service delivery design with various levels of government responsible for certain types of services to workers. Because unemployment compensation, employment services and Trade Adjustment Assistance (TAA) services are delivered by state staff, with Workforce Investment Act dislocated worker services and One-Stop Career Center operations being performed by local staff, workers are too often given conflicting information on what benefits are available to them, and as your study points out, too often they receive no information at all as they are being served in One-Stop Career Centers. While we acknowledge the complexities inherent in both the Health Coverage Tax Credit (HCTC) and Alternative Trade Adjustment Assistance (ATAA) programs, fundamentally, problems in workers' ability to access services too often lie with the structural design flaws of the workforce investment system—flaws that the current Administration has proposed to fix through legislative reform.

With this said, we understand that a lot of work still needs to be done, building on efforts we have already undertaken. Since implementation of the HCTC and ATAA programs, we have done the following to assure access to these services by eligible workers:

- Initiated and continue to hold monthly or bi-monthly conference calls with states and the Internal Revenue Service (IRS) to identify and resolve HCTC issues as they arise.
- Issued formal guidance to the workforce investment system regarding HCTC prior to and subsequent to its implementation.
- Held information sessions on HCTC and ATAA with state staff in regional settings as well as at our annual Workforce Innovations conferences subsequent to the passage of the Trade Reform Act of 2002.

- Hosted a special HCTC Summit in December 2004 at the Washington Court Hotel to follow up on HCTC-related issues for certain HCTC states.
- Issued ATAA Questions and Answers (Training and Employment Guidance Letter (TEGL) 2-03, Change 1) to clarify the roles and responsibilities of the states that are administering the ATAA program.
- Conducted a workshop at the national Workforce Innovations Conference in July 2004, to highlight best practices and discuss state successes and failures in implementing the ATAA program.
- Instructed staff, as part of the petition investigation process, to ensure that petitioners understood the implications of the answer when the "no" indicator was checked on the petition form, and allowed petitions to be resubmitted at the time of this clarification.
- Retroactively contacted petitioners who filed petitions on obsolete forms that did not contain the ATAA question and allowed them to indicate an interest in the ATAA program prospectively. Contacts were made by certified letter.
- Retroactively contacted petitioners who did not indicate either "yes" or "no" and may not have been contacted by staff to indicate an interest in the ATAA program prospectively. Contacts were made by certified letter.
- Provided Regional Office assistance to Pennsylvania to help ensure that state staff understood the ATAA program and made TAA certified workers aware of this benefit.
- Provided Regional Office assistance to the state of Virginia on the ATAA program.
- Revised the petition form to include both the TAA and ATAA programs to remove any chance of mistake in the filing process by the petitioner. Investigations to determine Certification or Denial will now be routinely made for both programs in all instances.
- Revised the departmental brochure "Getting Back to Work After a Trade-Related Layoff" to ensure information about the ATAA program is prominently available to trade-affected workers. This brochure is for state distribution when initial contact is made with workers who may be trade-affected.
- Developed an ATAA "fact sheet" to discuss in detail what is involved in the ATAA program for individuals who might be interested and qualify for this benefit. This brochure is for state distribution when workers who may be trade-affected indicate an interest in this program.

The Employment and Training Administration (ETA) has a work plan for 2006 that contains future activities to assure that (1) workers know what services are available; (2) workers have access to the services for which they are eligible; and (3) eligibility determination is done

consistently throughout the states. Specifically, the work plan contains the following broad actions:

- ETA officials will meet with IRS and the Pension Benefits Guaranty Corporation (PBGC) staff to resolve outstanding issues, including enhancing outreach, providing assistance to states without qualified plans, further evaluating cost to participants, streamlining processes and examining confidentiality issues.

- Dislocated Worker Forums were conducted across the country in 2003-2004 and included presentations by ETA and the IRS on HCTC, along with a policy panel to respond to questions from the state agencies. Follow-up forums will include local officials and front-line workers, as well as One-Stop Career Center managers, to improve knowledge and document best practices concerning HCTC and ATAA.

- A Dislocated Worker Rapid Response Summit will be conducted this spring that will provide an opportunity to improve outreach for HCTC and ATAA among states who work with trade-impacted workers prior to layoff.

- Enhanced technical assistance will be provided to states that have the highest incidence of trade-related layoffs.

- Additional outreach materials will be produced and updated guidance will be disseminated.

Although there is work to be done, we also recognize that the Department of Labor (DOL) is one of the entities involved in the overall HCTC initiative. Secretary Snow recently reported to Congress that the use of the HCTC increased 40 percent in 2004. Approximately 28,000 individuals used HCTC (advanced payment and end-of-year claims) in 2004, compared to approximately 20,000 in 2003. Sixty-three percent of those receiving benefits were TAA or ATAA-related individuals. In Fiscal Year 2005, the Advance HCTC Program received more than $38 million from participants (representing the participants' share of the premium) and paid more than $106 million in health premiums. The IRS reported that it has paid $24.6 million on 14,613 returns for Tax Year 2004.

Additional information is included in the enclosed response regarding the GAO recommendation for action as well as comments on information presented in the draft. If you would like additional information, please don't hesitate to call me at (202) 693-2700.

Sincerely,

Emily Stover DeRocco

Enclosure

ENCLOSURE

Recommendation: The GAO draft report recommended that the Secretary of Labor provide guidance to states and local officials on how to better ensure that workers are aware of two new benefits under the Trade Adjustment Assistance (TAA) program—

- The Health Coverage Tax Credit (HCTC), and
- The Alternative Trade Adjustment Assistance (ATAA) program.

The guidance should clarify that the workers need additional information beyond what is provided at initial informational meetings.

DOL response:

Health Coverage Tax Credit (HCTC)

- ETA recognizes that more needs to be done to ensure that workers being laid off have access to information regarding HCTC benefits and that inconsistency is a result of the design of the current workforce investment system, as discussed in the cover letter. The Workforce Investment Act (WIA) dislocated worker integration initiatives, which were rolled out during the nationwide forums beginning in December 2003, were the direct result of this recognition. The WIA legislative reform proposals being considered by Congress will also integrate the workforce system to the benefit of the worker.

- Since enactment of the Trade Adjustment Assistance Reform Act of 2002, the Department of Labor's (DOL) Employment and Training Administration (ETA) has issued several guidance letters to the workforce investment system on the HCTC benefits, generally, and on the NEG bridge/gap filler program, specifically. Currently, ETA is reviewing its program outreach activities to enhance the HCTC and ATAA information already provided. This review was precipitated by feedback from the workforce investment system as well as information from the GAO and other reviews. We agree that information should be available to the workers to make timely and informed decisions within the timeframes required by various programs. Benefits information must be available both through rapid response assistance, which is available to all workers as soon as they know they are being laid off, and through follow-up personal and individualized assistance from counselors at One-Stop Career Centers.

- Monthly or bi-monthly conference calls are held that include state and federal staff (including DOL, Pension Benefits Guaranty Corporation (PBGC) and the Internal Revenue Services (IRS)) to identify and resolve issues as they arise.

- Information sessions were held with state staff in regional settings as well as at ETA's national annual Workforce Innovations conferences regarding HCTC and ATAA since the passage of the Trade Reform Act of 2002.

- A follow-up HCTC guidance letter is currently in clearance and will address many of the issues raised in your draft report.

- A revised TAA benefits brochure is in clearance and scheduled for printing. This informational brochure will be distributed through One-Stop Career Centers, rapid response informational meetings, one-on-one counseling or assessment sessions with case managers and, in some instances, direct mailings.

- ETA will meet with IRS and PBGC staff in late January to augment efforts and develop strategies and business solutions to further refine and articulate the messages necessary to reach more workers, since each agency plays a key role in outreach: PBGC and DOL to inform their potentially eligible clients of the availability of HCTC and the NEG bridge/gap program and referral to the IRS and the IRS for overall HCTC responsibility. The issues being reviewed include—

    - Earlier and better outreach information to potentially eligible TAA-affected workers to enable earlier decisions by workers;
    - Status of states that do not have qualified plans;
    - Cost to participants exceeds the ability of many to pay;
    - Enhancement of outreach within the parameters of confidentiality constraints; and
    - Procedural improvements to enable TAA-eligible workers to gain access to the HCTC benefit when unemployment compensation benefits have not been exhausted.

- DOL continues its efforts to integrate program services for all dislocated workers, as discussed earlier. Efforts will continue to include presentations and discussions involving the IRS and access to the HCTC system.

Alternative Trade Adjustment Assistance Program (ATAA)

Since implementation of the ATAA program on August 6, 2003, ETA has done the following to assure access to these services by eligible workers:

- Issued ATAA Questions and Answers (Training and Employment Guidance Letter (TEGL) 2-03, Change 1) to clarify the roles and responsibilities of the states that are administering the ATAA program.

- Conducted a workshop at the national Workforce Innovations Conference in July 2004, to highlight best practices and discuss state successes and failures in implementation of the ATAA Program.

- Instructed staff, as part of the petition investigation process, to ensure that petitioners understood the implications of the answer when the "no" indicator was checked, and allowed petition re-submittal at the time of this clarification.

- Retroactively contacted petitioners who filed petitions on obsolete forms that did not contain the ATAA question and allowed them to indicate an interest in the ATAA program prospectively. Contacts were made by certified letter.

- Retroactively contacted petitioners who did not indicate either "yes" or "no" and may not have been contacted by staff to indicate an interest in the ATAA program prospectively. Contacts were made by certified letter.

- Provided Regional Office assistance to Pennsylvania to help ensure that state staff understood the ATAA program and made TAA certified workers aware of this benefit.

- Provided Regional Office assistance to the state of Virginia on the ATAA program.

- Revised the petition form to include both the TAA and ATAA programs to remove any chance of mistake in the filing process by the petitioner. Investigations to determine Certification or Denial will now be routinely made for both programs in all instances.

- Revised the departmental brochure "Getting Back to Work After a Trade-Related Layoff" to ensure information about the ATAA program is prominently available to trade-affected workers. This brochure is for state distribution when initial contact is made with workers who may be trade-affected.

- Developed an ATAA "fact sheet" to discuss in detail what is involved in the ATAA program for individuals who might be interested and qualify for this benefit. This brochure is for state distribution when workers who may be trade-affected indicate an interest in this program.

Other Comments

In addition to the Department's response related to the GAO's recommendation, the following additional comments are included for consideration—

- **National Emergency Grants (NEG).** Two of the sites covered by the GAO (General Mills in Missouri and Sanmina-SCI in Massachusetts) requested and were awarded nearly $2 million in NEG funds to provide "dual enrollment" wrap-around services for TAA-impacted workers employed by these two companies. These awards were to provide TAA-certified workers with core and intensive as well as supportive services (except income support/needs-related payments) needed to re-enter the workforce and participate in TAA-funded training, or in some instances, training funded by WIA. In each of these cases, the states indicated that WIA dislocated worker formula funds were not sufficient to provide such assistance.

- **Rapid Response Assistance.** The footnote (31) on page 40 correctly states that rapid response assistance includes providing information to workers affected by a plant closure or mass layoff on available benefits and services. This assistance begins as soon as a layoff or closure is known and is often among the assistance provided under "early

intervention" to limit the period of unemployment by accessing needed services as quickly as possible. For a worker who is later TAA-certified (often a petition filed as a result of rapid response assistance), this means that the individual may receive a full array of services (e.g., job search assistance and labor market information, comprehensive assessments, counseling and case management, and supportive services) prior to a TAA certification so that any training required for re-employment starts shortly after a certification.

- **WIA Levels of Service**. Page 10 refers to sequential levels of service, and this can be misleading or be interpreted as a "work first" policy. The WIA regulations at 20 CFR 663.115, 663.160, 663.230 and 663.240 describe the parameters in such a way that the time needed to access required core and intensive services can be very short so participants can enroll in training in an expeditious manner.

- **Self-sufficiency**. Page 10 suggests that self-sufficiency is the determinant of whether one may receive intensive or training services. The WIA regulations at 20 CFR 663.220 and 663.240 clearly state that for dislocated workers (e.g., those who have been laid off or have received a notice of layoff, or the company has issued a WARN notice or other public announcement of a closure within 180 days) after receiving at least one core service (such as initial assessment) and one intensive service (such as the development of an individual employment plan or individual counseling and career planning) it may be determined that an individual is in need of training or retraining services in order to reenter the workforce. Self-sufficiency as described in 20 CFR 663.230(b) for dislocated workers is limited to those who have re-entered the workforce after layoff and seek training assistance and would not generally apply to benefits under TAA.

- **Outcomes.** Although the draft report acknowledges that some of the workers reported as not re-employed may have still been in training at the time of the survey, the chart contained in the opening "highlights" section does not reflect that fact. Thus, the chart could be misleading. Generally, employment outcomes for participants are reported for those who have completed or left planned programs of service, including co-enrollments of trade-impacted workers in TAA and WIA (including NEGs). Once an individual completes training, services may include job development and placement activities.

  For example, this may have particular significance between General Mills and Sanmina-SCI given that the former layoff was mostly completed by mid-2003 and the latter occurred a year later, although the workers would have been eligible for WIA services as soon as the WARN Act Notices were issued in December 2002 and July 2004, respectively. Although more workers appeared to have been enrolled in training from the Sanmina-SCI layoff than from General Mills, it appears that approximately the same number of workers were in training lasting over one year, albeit given the layoff dates and the eligibility requirements for TAA, without further data, the Sanmina-SCI workers still in training at the time of the survey would appear to have had a larger impact on employment outcomes.

We agree with the conclusion on page 28 that it is difficult to discern whether the outcome is a **direct result** of program participation. This is a broader issue in the 21st Century for dislocated workers who may have extensive experience that may help them acquire new jobs, but also require upgrading or updating obsolete skills or slightly different skill sets to re-enter the workforce and retaining close to their earning power.

- **WIA Secretary's Reserve Funds.** For the sake of completeness, in addition to the uses of WIA Dislocated Worker reserve funds described in the draft report, the 20 percent reserved funds are also used to provide annual allotments to the outlying areas of the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Republic of Palau.

Appendix XI: GAO Contact and Staff Acknowledgments

GAO Contact

Sigurd R. Nilsen, Director (202) 512-7215

Acknowledgments

Dianne Blank, Assistant Director

Lorin Obler, Analyst-in-Charge

In addition, the following staff made major contributions to this report: Irene J. Barnett and Amanda Mackison served as team members; James Ashley, David Dornisch, Beverly Ross, Douglas Sloane, and Shana Wallace provided guidance and assistance with design and methodology issues; Jonathan McMurray advised on report preparation; Jessica Botsford advised on legal issues; Avrum Ashery and Karen Burke provided graphic design assistance; and Ramona Burton, Anne Cangi, Maureen Driscoll, Anna Kelley, Christopher Murray, Carol Patey, Michelle St. Pierre, and Wayne Sylvia verified our findings.

Related GAO Products

Workforce Investment Act: Labor and States Have Taken Actions to Improve Data Quality, but Additional Steps Are Needed. GAO-06-82. Washington, D.C.: November 14, 2005.

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