



April 2021

ECONOMIC ADJUSTMENT ASSISTANCE

Experts' Proposed Reform Options to Better Serve Workers Experiencing Economic Disruption



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GAO@100 Highlights

Highlights of [GAO-21-324](#), a report to the Honorable Chris Coons, U.S. Senate

Why GAO Did This Study

Various economic disruptions, such as policy changes that affect global trade or the defense or energy industries and shifts in immigration, globalization, or automation, can lead to widespread job loss among workers within an entire region, industry, or occupation. GAO was asked about options for reforming the current policies and programs for helping workers weather economic disruption.

This report describes a range of options, identified by experts, to reform the current policies and programs for helping workers weather economic disruption. With the assistance of the National Academies of Sciences, Engineering, and Medicine, GAO convened a 2-day, virtual roundtable in August 2020 with 12 experts, selected to represent a broad spectrum of views and expertise and a variety of professional and academic fields. They included academic researchers, program evaluators, labor economists, former federal agency officials, and state and local practitioners. GAO also reviewed relevant federal laws, prior GAO reports, and other research.

View [GAO-21-324](#). For more information, contact Cindy S. Brown Barnes at (202) 512-7215 or brownbarnesc@gao.gov.

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What GAO Found

U.S. workers have faced considerable changes in how they work and in the skills they need because of economic changes created by emerging technologies, disruptive business models, and other economic forces. Federal economic adjustment assistance (EAA) programs were established, in part, to help workers adjust to these economic disruptions. Consistent with GAO's prior work on EAA programs, experts in GAO's roundtable identified a range of challenges to using EAA programs to effectively respond to economic disruptions workers might experience.

In light of these challenges, experts identified reform actions that could better serve workers (see table). The actions fell into six interrelated reform areas.

Examples of Potential Reform Actions That Could Better Serve Workers Who Experience Economic Disruption, as Identified by Experts in GAO's Roundtable

Reform area	Examples of potential reform actions identified by experts
Proactive efforts to address disruption	<ul style="list-style-type: none"> Establish lifelong learning accounts for workers through contributions of individual workers, employers, and government agencies to fund continuous education and training opportunities. Establish a tax credit to help incentivize employers to retrain rather than lay off employees.
Access to Economic Adjustment Assistance (EAA) programs	<ul style="list-style-type: none"> Use the existing unemployment insurance system to better inform dislocated workers about the availability of and their eligibility for EAA programs.
Worker training	<ul style="list-style-type: none"> Expand the number of short-term, high-demand skills-based training opportunities. Prompt employers to develop apprenticeship programs. For example, require employers to operate apprenticeship programs of their own or pay a tax to fund the creation of apprenticeship programs.
Income and other supports	<ul style="list-style-type: none"> Create more opportunities for workers to co-enroll in training and financial safety-net programs. Develop supportive services programs for dislocated workers at the community colleges in which they are enrolled.
EAA service delivery	<ul style="list-style-type: none"> Provide dislocated workers ready access to easy-to-navigate data on high-demand skills, earnings in various occupations, and the number of available jobs in those occupations in their area. Provide community colleges with additional state or federal resources to deliver more career guidance to dislocated workers.
Structure of the EAA system	<ul style="list-style-type: none"> Invest in training infrastructure, such as publicly funded regional universities, community colleges, and other institutions. Reduce barriers to accessing existing national datasets to facilitate the evaluation of EAA program effectiveness.

Source: GAO analysis of expert statements. | GAO-21-324

Note: These potential reform actions are not listed in any specific rank or order and their inclusion in this report should not be interpreted as GAO endorsing any of them. GAO did not assess how effective the potential reform actions may be or the extent to which program design modifications, legal changes, and federal financial support would be needed to implement any given reform action or combination of reform actions.

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Abbreviations

ARC	Appalachian Regional Commission
COVID-19	Coronavirus Disease 2019
DOL	Department of Labor
EAA	economic adjustment assistance
EITC	Earned Income Tax Credit
ETP	Employment Training Panel
HCTC	Health Coverage Tax Credit
National Academies	National Academies of Sciences, Engineering, and Medicine
POWER	Partnerships for Opportunity and Workforce and Economic Revitalization
TAACCCT	Trade Adjustment Assistance Community College and Career Training
TAA	Trade Adjustment Assistance for Workers
WIOA	Workforce Innovation and Opportunity Act
WARN Act	Worker Adjustment and Retraining Notification Act

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April 19, 2021

The Honorable Chris Coons
U.S. Senate

Dear Senator Coons:

Various economic disruptions, such as policy changes that affect global trade or the defense or energy industries and shifts in immigration, globalization, or automation, can lead to widespread job loss among workers within an entire region, industry, or occupation. Even before the recent economic disruption related to the Coronavirus Disease 2019 (COVID-19) pandemic, U.S. workers have faced considerable changes in how they work and in the skills they need because of emerging technologies, disruptive business models, and other economic forces. From January 2017 through December 2019, the U.S. Bureau of Labor Statistics estimated 2.7 million workers who had held their jobs for 3 or more years were displaced because their position or shift was eliminated or their plant or company closed down or moved, amongst other reasons. Federal economic adjustment assistance (EAA) programs were established, in part, to help workers adjust to these disruptions.

In our prior work, we defined EAA programs and tax expenditures as those whose primary purpose includes helping or preparing workers, businesses/firms, or communities to adjust to economic disruption, where disruption is defined as significant changes in the economy that reduce the demand for certain workers.¹ We identified four federal EAA programs and one tax expenditure that help or prepare individual workers to adjust to economic disruption.² We found that workers sometimes face

¹GAO, *Economic Adjustment Assistance: Federal Programs Intended to Help Beneficiaries Adjust to Economic Disruption*, [GAO-19-85R](#) (Washington, D.C.: Mar. 5, 2019).

²The four programs and one tax expenditure are: Partnerships for Opportunity and Workforce and Economic Revitalization Initiative Grant Program, Workforce Innovation and Opportunity Act Dislocated Worker Formula Program, National Dislocated Worker Grant Program, Trade Adjustment Assistance for Workers Program, and Tax Credit for Health Insurance Purchased by Certain Displaced and Retired Individuals, also known as the Health Coverage Tax Credit. See GAO, *Economic Adjustment Assistance: Actions Needed to Better Address Workers' Needs and Assess Program Effectiveness*, [GAO-20-521](#) (Washington, D.C.: July 29, 2020).

challenges using these EAA programs and some grantees face challenges implementing them and serving workers.³

In your former position as Ranking Member of the Senate Appropriations Subcommittee on Financial Services and General Government, you asked us to identify how EAA programs can be reformed, as well as other reform options, to better help workers weather economic disruptions. In this report, we describe reform options experts identified that could better serve workers experiencing economic disruption.

To address this objective, in August 2020, with the assistance of the National Academies of Sciences, Engineering, and Medicine (National Academies), we convened a 2-day virtual roundtable of 12 experts to discuss (1) the strengths and deficiencies of the current system of economic adjustment assistance for workers; (2) effective programs, policies, or practices, in the United States or abroad, that serve workers facing economic disruption; (3) promising policy options for reforming the federal EAA approach in order to better serve workers that may face economic disruption; and (4) policy reforms to best equip states, localities, and workers to prepare for and respond to economic disruption.⁴

Experts identified the options for specific reform activities we present in this report. We identified reform objectives based on our analysis of the experts' proposed reform actions. Although our planning for this expert roundtable discussion was informed by our prior work on EAA programs, we did not limit the discussion of potential reforms to the current system of EAA programs, and some of the reform options experts identified involve programs beyond the scope of our current definition of EAA programs and tax expenditures to include other federal programs or re-envisioned versions of them. We did not analyze or evaluate the options,

³See [GAO-20-521](#).

⁴This roundtable was planned and convened with the assistance of the National Academies to better ensure that a breadth of expertise was brought to bear in its composition; however, all final decisions regarding meeting substance and expert participation were made by GAO.

and their inclusion in this report should not be interpreted as GAO or any federal agency or department endorsing them.⁵

The 2-day roundtable discussions were recorded and transcribed to ensure that we accurately captured experts' statements. We analyzed the roundtable transcripts to identify common themes discussed by and key statements of experts regarding proposed reform options. To complete this analysis, we developed a list of themes characterizing expert statements, converted the themes into codes, and then coded the transcript using qualitative data analysis software, based on the consensus of multiple analysts.

The 12 experts who participated in the roundtable and their affiliations at the time of the roundtable are listed in appendix I. The experts represented a broad spectrum of views and expertise and a variety of professional and academic fields. They included academic researchers, program evaluators, labor economists, former federal agency officials, and state and local practitioners.⁶ We selected the experts based on their experience, knowledge of current EAA programs, and the National Academies' recommendations. To help identify any potential biases or conflicts of interest, we asked each expert who participated in the roundtable to disclose whether they had investments, sources of earned income, organizational positions, relationships, or other circumstances that could affect, or could be viewed to affect, their view on EAA policy options. None of the experts reported potential conflicts that would affect their ability to participate in the roundtable.

In addition to analyzing roundtable transcripts, we reviewed relevant federal laws, our prior work on EAA programs,⁷ as well as publications

⁵The options are not listed in any specific rank or order. We did not assess how effective the options may be or the extent to which program design modifications, legal changes, and federal financial support would be needed to implement any given reform action or combination of reform actions. However, in our prior work, we have identified key questions that Congress and agencies can use to assess the development and implementation of agency reforms. GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts*, [GAO-18-427](#) (Washington, D.C.: June 13, 2018).

⁶The comments of the experts generally represented the views of the experts themselves and not the organizations with which they were affiliated at the time of the roundtable, and are not generalizable to the views of others in the field.

⁷[GAO-19-85R](#) and [GAO-20-521](#).

written or recommended by the experts. We also selectively reviewed research related to the reform areas to provide additional context.

We conducted this performance audit from January 2020 to April 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Certain federal laws support the re-employment or re-training of workers who have lost their jobs through no fault of their own. Both the Workforce Innovation and Opportunity Act (WIOA) and the Worker Adjustment and Retraining Notification Act (WARN Act) pertain to EAA programs. Specifically:

- Under WIOA, states may use certain employment and training funds for strategies and activities to help prevent, or minimize the duration of, unemployment resulting from layoffs. For example, states may fund feasibility studies to determine if a company's operations may be sustained through a buyout or other means to avoid or minimize layoffs; develop, fund, or manage worker upskilling approaches as part of a layoff aversion strategy or activity; or establish linkages with economic development activities at the federal, state, and local levels.⁸
- In the event of a mass layoff or plant closure, the WARN Act generally requires certain employers to provide advance notice to employees and certain state and local officials.⁹ Advance notice allows workers and their families some transition time to adjust to the prospective loss of employment, to seek and obtain alternative jobs, and if necessary, to enter skill training that will allow these workers to compete successfully in the job market. Advance notice also allows time for state officials to gather worker information, such as work experience

⁸See 20 C.F.R. § 682.320.

⁹Under the WARN Act, employers are generally required to serve written notice at least 60 days before ordering a plant closing or mass layoff. This requirement generally applies to employers with 100 or more full-time employees for plant closings affecting 50 or more employees, or a mass layoff affecting at least 50 employees and one-third of the worksite's total workforce or 500 or more employees at the single site of employment. See 29 U.S.C. §§ 2101(a) and 2102(a).

and education level, and provide information about unemployment insurance benefits and reemployment and training services available through EAA programs.

We previously identified four federal EAA programs and one tax credit that provide training and other types of assistance to workers impacted by various types of economic disruption:¹⁰

- **Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative Grant Program**, administered by the Appalachian Regional Commission (ARC), is intended to help communities and regions affected by job losses in coal mining, coal power plant operations, and coal-related supply chain industries due to the changing economics of energy production.¹¹ These grants are disbursed to local entities that serve the community and are used to fund a variety of projects, ranging from infrastructure to workforce training programs. According to ARC officials, grantees may provide services or benefits to individual workers including job training, supportive services, or income support.
- **WIOA Dislocated Worker Formula Program**, administered by the Department of Labor's (DOL) Employment and Training Administration, is designed to help dislocated workers become reemployed by providing job search assistance, career services, and/or training to build their skills.¹² Grantees may allocate a portion of program funding they receive from DOL toward supportive services for participating individual workers, such as childcare and transportation assistance, and needs-related payments. This program

¹⁰Much of the description of the programs in this report is taken from our prior work, during which we confirmed the relevant information with agency officials. See [GAO-19-85R](#) and [GAO-20-521](#).

¹¹According to ARC officials, ARC is a regional economic development agency, which represents a partnership of federal, state, and local government. ARC is composed of the governors of the 13 Appalachian states and a federal co-chair, who is appointed by the President of the United States.

¹²According to DOL officials, dislocated workers include (1) workers who have lost their job, are eligible for unemployment insurance, and who are unlikely to return to their previous industries or occupations; (2) workers who have lost their job as a result of plant closings or mass layoffs (i.e., a business has at least 50 initial claims for unemployment insurance filed against it during a 5-week period) and who are unlikely to return to their previous industries or occupations; (3) formerly self-employed individuals; and (4) displaced homemakers who depend on the income of another family member, but who are no longer supported by that income.

is authorized by WIOA.¹³ Under WIOA, states may also reserve up to 25 percent of the funds allotted under the Dislocated Worker Formula Program for rapid response activities, which provide, among other things, information on and access to employment and training activities for dislocated workers following a mass layoff.

- **National Dislocated Worker Grant Program**,¹⁴ also administered by DOL's Employment and Training Administration and authorized under WIOA, is designed to temporarily expand state and local capacity to assist workers in response to major economic dislocations or other events that cannot be accommodated with WIOA formula funds or other relevant existing resources. As with the formula funding, grantees may allocate a portion of funding toward supportive services and needs-related payments for workers.
- **Trade Adjustment Assistance for Workers (TAA) Program**,¹⁵ authorized by the Trade Act of 1974, as amended, and administered by DOL's Employment and Training Administration through agreements with each state and offered through a network of local American Job Centers, is intended to provide dislocated workers adversely affected by trade with opportunities to obtain the skills, credentials, resources, and support necessary to return to the workforce in an in-demand industry. Specifically, the program provides dislocated workers with training, employment and case management services, job search allowances, relocation allowances, and potential eligibility for the Health Coverage Tax Credit. Certain workers may also receive income support in the form of Trade

¹³According to DOL, WIOA was designed to help job seekers access employment, education, training, and supportive services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. WIOA emphasizes the alignment and integration of workforce programs that provide education and training services to help job seekers obtain employment and advance in the labor market. Pub. L. No. 113-128, 128 Stat. 1425 (2014).

¹⁴In this report, when we refer to National Dislocated Worker Grants, we are referring only to Employment Recovery Dislocated Worker Grants and not Disaster Recovery Dislocated Worker Grants.

¹⁵In this report, when we refer to TAA, we are referring only to the TAA for Workers Program. Another trade adjustment assistance program, Trade Adjustment Assistance for Firms, provides technical assistance to certain U.S. businesses experiencing declining sales and employment. In addition, the Trade Adjustment Assistance Community College and Career Training (TAACCCT) program was aimed at helping community colleges increase their capacity to provide education and training programs for in-demand jobs. TAACCCT was funded for 4 years, with grants awarded from fiscal years 2011 through 2014 and active from fiscal years 2011 through 2018.

Readjustment Allowances, and certain older workers may be eligible for a wage subsidy benefit for qualifying reemployment.

- **Tax Credit for Health Insurance Purchased by Certain Displaced and Retired Individuals, also known as the Health Coverage Tax Credit (HCTC)**,¹⁶ is a tax expenditure that assists, among others, dislocated workers who lose their jobs due to trade.¹⁷ Administered by the Internal Revenue Service, a bureau within the Department of the Treasury, HCTC reduces these workers' after-tax cost of health insurance coverage, thus helping them to afford new or continued coverage.

EAA program grantees include state and local workforce boards, as well as community colleges. According to DOL, state and local workforce boards serve as connectors between DOL and local American Job Centers that deliver services to workers and employers, and the boards develop regional strategic plans and set funding priorities for their area. State workforce boards help to oversee a system of local workforce boards that, in turn, deliver services through a national network of approximately 2,400 American Job Centers.

In our prior work, EAA program grantees in all three of the states we visited described common challenges workers faced accessing and using EAA programs, from enrollment through re-entry into the job market, such as a lack of supportive services, including transportation and childcare. Additionally, selected EAA program grantees and DOL regional officials said that grantees' ability to share information with grantees across other regions was limited, and that DOL and ARC did not coordinate with each other at the federal level.¹⁸

Studies of EAA programs that we reviewed encountered methodological challenges that prevented them from effectively assessing the impact of

¹⁶The HCTC provides a refundable tax credit of 72.5 percent of the qualified health insurance premiums paid by these individuals for themselves and their qualified family members.

¹⁷26 U.S.C. § 35.

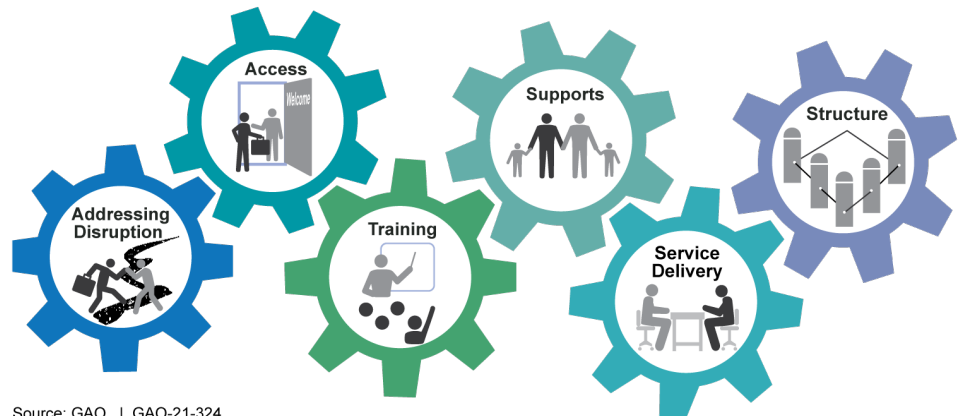
¹⁸In our July 2020 report on EAA programs, we recommended that DOL provide additional opportunities for EAA grantees to share best practices with one another and that DOL and ARC share information regarding EAA programs. DOL and ARC agreed with our recommendations, and DOL officials said both agencies are developing a coordination protocol in response to the recommendation. [GAO-20-521](#).

job training offered to dislocated workers.¹⁹ However, the studies contained some evidence that intensive services, such as one-on-one consultations and case management, were effective in improving earnings outcomes for dislocated workers.

Experts Identified Reform Actions in Six Key Areas that Could Better Serve Workers Experiencing Economic Disruption

Experts in our roundtable identified specific reform actions to potentially better serve workers. These actions fell into six interrelated areas: proactive efforts to address disruption, access to EAA programs, worker training, income and other supports, EAA service delivery, and structure of the EAA system (see fig. 1).

Figure 1: Experts Identified Six Key Reform Areas



Source: GAO. | GAO-21-324

¹⁹Also in our previous report on EAA programs, we recommended that DOL prioritize improving the quality of evidence on the impact of job training for dislocated workers. DOL agreed with our recommendation. DOL officials said the agency is undertaking several efforts that may yield information on options to determine the feasibility of determining the impact of job training for dislocated workers, including those adversely affected by international trade. [GAO-20-521](#).

Proactive Efforts to Address Disruption



Experts stated that layoffs are costly to society and the economy, and strategies to avert layoffs can be beneficial to individuals and the community. For example, training to help workers retain skills needed for employment, known as incumbent worker training, may help avert layoffs and promote proactive skill development even for workers who are ultimately laid off (see text box).²⁰

Key Terms Regarding Strategies to Avert Layoffs

Strategies to avert layoffs can help prevent or minimize the duration of unemployment resulting from layoffs.

Layoff aversion: Layoff aversion consists of strategies and activities to prevent or minimize the duration of unemployment resulting from layoffs. These strategies and activities include providing assistance to firms that are managing workforce reductions, such as layoffs, and connecting companies to work-share and other programs designed to prevent layoffs. In addition, they include developing, funding, and managing incumbent worker training programs or other worker upskilling approaches. Under the Workforce Innovation and Opportunity Act (WIOA), states are required to provide layoff aversion strategies and activities, as appropriate.

Incumbent worker training: Incumbent worker training is training designed to meet the special requirements of an employer or group of employers to retain a skilled workforce or avert the need to lay off employees by helping workers obtain the skills necessary to retain employment. The employers conduct training with the commitment to retain or avert layoffs of incumbent workers undergoing training. Incumbent worker training is one of the types of training that local workforce boards may provide under WIOA.

Work-sharing: Work-sharing arrangements, or short-time compensation, help preserve workers' jobs and employers' workforces during temporary disruptions to regular business activity. Such arrangements reduce the number of hours of each affected worker. This allows employers to keep more workers on the job, rather than laying off some workers while retaining others full time. The work-sharing workers in turn receive pro-rated unemployment insurance benefit payments to help compensate them for wages lost while working reduced hours. Short-time compensation is not authorized under WIOA. Short-time compensation is a type of unemployment insurance program that states have the option to provide. Employers must have a state-approved short-time compensation plan in place in order for their employees to be eligible for short-time compensation payments, according to DOL officials.

Sources: See 20 C.F.R. §§ 682.320, 682.330 for information on layoff aversion; Department of Labor, Employment and Training Administration-U.S. Department of Labor Issues Additional Guidance About Short-Time Compensation Program Provisions, press release number 20-849-NAT (May 4, 2020), and Melanie Gilarsky, Ryan Nunn and Jana Parsons, *What Is Work Sharing and How It Can Help the Labor Market?* (Brookings Institution, April 16, 2020) for information on work-share; and 20 C.F.R. § 680.790 for information on incumbent worker training. | GAO-21-324

Why Experts Said Reform Is Needed

Existing layoff aversion strategies are underused and some may be ineffective. Work-sharing arrangements, which are temporary arrangements in which workers work reduced hours while retaining their jobs and avoiding being laid off, have not been used to the extent they

²⁰Incumbent workers are generally workers who meet the Fair Labor Standards Act requirements for an employer-employee relationship and have an employment history with the employer for 6 months or more.

could have been during COVID-19, according to one expert. In addition, when work-sharing, workers get prorated unemployment insurance benefits, which may not be provided broadly or in a timely fashion, according to experts. Experts said that the work-share arrangements, also known as short-time compensation, are voluntary and not all states provide work-sharing benefits.²¹ Further, according to one expert, states that provide work-sharing benefits do not always process these benefits efficiently and therefore may delay providing the benefits to workers.

In addition, few employers provide incumbent worker training, and existing incumbent worker training does not sufficiently train workers in foundational and in-demand skills that might help them avoid job loss, according to experts.²² For example, one expert noted that the foundation of skills needed to be more effective in the future of work includes strong communication skills, collaboration skills, and digital literacy. Another expert mentioned workers' lack of digital skills in particular and said that these skills are important for all sectors of the economy.

Some employers lack incentives to avert layoffs. Some employers lack incentives to retrain workers as an alternative to laying them off, according to experts. Further, one expert said that firms that are vulnerable to technological advances in artificial intelligence and digital technology do not have the resources to retrain workers. Experts said funding to help avert layoffs and provide support to workers when layoffs do occur is limited. At the same time, experts said that the cost associated with layoffs is substantial for workers and their communities. One expert stated that preventing layoffs is especially important because of their damaging effects on downtown areas and both small and medium sized businesses.

State and local workforce officials and employers do not have timely information needed to avert layoffs or mitigate the effects of layoffs on workers and related industries. The WARN Act can help to provide state and local workforce officials and workers with advance notice of

²¹According to DOL, as of February 2021, 26 states were operating short-time compensation programs. The state unemployment insurance agency determines how much, if anything, a worker gets in short-time compensation, according to DOL officials.

²²According to DOL officials, state rapid response funds can be used to deliver incumbent worker training as a layoff aversion activity; however, they also noted that states with smaller unemployed populations and smaller WIOA Dislocated Worker Formula Program resources have more limited funding available for these activities.

layoffs of large numbers of employees concentrated in single firms at a single site of employment. However, one expert noted that the WARN Act does not require advance notice for layoffs spread among multiple firms in related industries if these firms do not meet minimum firm or layoff size requirements.²³ According to this expert, layoffs in firms that affect the demand for multiple suppliers' products can have ripple effects on these suppliers. Without timely information on expected layoffs from firms that affect related firms' business, state and local workforce officials are unable to effectively help these related firms use layoff aversion strategies, such as work-sharing arrangements, and employers in these firms may not be able to act in time to avert or mitigate layoffs. The WARN Act also does not have strong enforcement measures, according to experts.²⁴

One expert noted that federal agencies do not always disseminate guidance on layoff aversion strategies allowed under current legislation to employers. This expert also noted that many states primarily focus on providing information to workers as opposed to providing information to employers to help them avert or reduce layoffs.

Reform Objectives and Potential Reform Actions

Experts identified various reform actions related to proactively addressing disruption that could better serve workers experiencing economic disruption. These reform actions aligned with four reform objectives we identified based on experts' views: (1) averting layoffs through incumbent training and work-sharing, (2) enhancing the efficiency of work-share programs to more quickly serve workers and employers, (3) averting layoffs through employer incentives, and (4) mitigating the effects of layoffs through timely guidance and information (see table 1). One expert also cited a program that took a potentially promising approach to promoting incumbent worker training (see text box). Nonetheless, prior research indicates some layoff aversion policies may result in unintended consequences for both workers and employers (see text box).

²³The WARN Act also does not require notification for all large layoffs at single firms due to strict layoff size requirements, according to DOL officials.

²⁴DOL has no enforcement role under the WARN Act in seeking damages for workers who were not adequately informed or not informed at all. WARN Act requirements are enforced through the United States district courts. Workers, representatives of employees, and units of local government may bring individual or class action suits.

Table 1: Potential Reform Actions Experts Identified Related to Efforts to Proactively Address Disruption

Reform objective	Potential reform actions identified by experts
Avert layoffs through incumbent training and work-sharing	<p>Incumbent worker training</p> <ul style="list-style-type: none"> • Establish workers' technology committees to work with employers to help avert layoffs through training, especially for non-union workplaces. For example, workers may play a role in helping employers develop training. • Subsidize employers to provide incumbent worker training. • Expand training to help younger, less educated workers, such as those in the service industries. • Encourage all workers to build a foundation of general skills needed to be more effective in jobs for the future, including communication skills, collaboration skills, and digital literacy. • Establish lifelong learning accounts, education and training savings accounts that can leverage contributions from individual workers, employers, and government agencies, to promote continuous learning. <p>Work-sharing</p> <ul style="list-style-type: none"> • Expand work-sharing and integrate it with incumbent worker training. For example, establishing a federally-funded program with standard eligibility and benefits parameters.
Enhance the efficiency of work-share programs to more quickly serve workers and employers	<ul style="list-style-type: none"> • Modify federal law to allow payroll processors or firms to pay work-share benefits directly—rather than involving state unemployment insurance agencies—and therefore more efficiently to workers. • Establish a process to batch approve work-share plans during disruptions.
Avert layoffs through employer incentives	<ul style="list-style-type: none"> • Establish a modest or moderate permanent layoff tax on employers that would both incentivize employers to retain incumbent workers and fund training programs in the event of layoffs. Consideration should be given to designing the tax so that it does not inhibit productivity. • Establish a tax credit to help incentivize employers to retrain rather than lay off employees.
Mitigate the effects of layoffs through timely guidance and information	<ul style="list-style-type: none"> • Provide additional guidance for employers on using layoff aversion strategies currently allowed under the law. • Modify the Worker Adjustment and Retraining Notification Act to better provide information to assist workforce agencies and employers to detect the risk of layoffs not just in firms that meet current firm or layoff size requirements, but also in instances when large numbers of employees are laid off across several interrelated firms, such as other firms in a regional supply chain.

Source: GAO analysis of expert statements. | GAO-21-324

Note: We identified reform objectives based on our analysis of the experts' proposed reform actions. These potential reform actions are not listed in any specific rank or order and their inclusion in this report should not be interpreted as GAO endorsing any of them. Implementing any one reform action or a combination of reform actions might require additional efforts to address program design or legal issues. We did not assess how effective the potential reform actions may be or the extent to which legal changes and federal financial support would be needed to implement them.

Expert Described Promising Approach to Promoting Incumbent Worker Training

One expert described a state program that took a potentially promising approach to promoting incumbent worker training in small and mid-size businesses. Created in 1982, the **Employment Training Panel (ETP)** is a California state agency that provides support for incumbent worker training in order to retain businesses and jobs in the state. A September 2017 assessment of the agency's programs found that those interviewed for the study, including ETP staff, employers, and labor organizations, widely supported ETP's mission and felt that the program offered a valuable source of incumbent worker training funds that was not sufficiently available elsewhere.

According to this assessment, ETP provided significant support for incumbent worker training, and interviewees felt the program was serving its mission and meeting the needs of both employers and workers. In each year from 2012 to 2017, ETP approved an average of 388 new contracts for training and approved an average of \$80.7 million for new contracts to train 85,703 trainees. According to the assessment, ETP's programs are funded through a tax collected from employers alongside the unemployment insurance tax and through other sources of state funding to support special training initiatives.

Source: Expert statement made during GAO roundtable. Annelies Goger, et al., *State of California Employment Training Panel Program Assessment Final Report* (Social Policy Research Associates, March 2020). | GAO-21-324

Prior Research Suggests Some Layoff Aversion Policies May Have Unintended Consequences

Prior research suggests that layoff aversion policies—policies governing the dismissal of workers that can make it more expensive or more difficult for employers to lay off workers, sometimes described as employment protection—may also have unintended consequences. For example, research suggests these policies could slow down the rate of hiring or reduce productivity. One study found that employment protection reduced the likelihood of employers permanently hiring immigrants and women. A second found that employment protection reduced labor productivity, for example by hindering the flexibility of firms to respond to changes in economic conditions. A third study found that employment protection may encourage employers to use temporary employment contracts, which could reduce employment stability for some workers.

Source: Lawrence M. Kahn, "The impact of employment protection mandates on demographic temporary employment patterns: International microeconomic evidence," *The Economic Journal*, 117, June 2007, F333–F356; Alexander Hijzen, Leopoldo Mondauto, Stefano Scarpetta, "The impact of employment protection on temporary employment: Evidence from a regression discontinuity design," *Labour Economics*, 46, 2017, 64-76; Fabiano Schivardi, Roberto Torrini, "Identifying the effects of firing restrictions through size-contingent differences in regulation," *Labour Economics*, 15, 2008, 482-511. | GAO-21-324

Access to EAA Programs



According to experts, a number of federal EAA programs have successfully helped dislocated workers, but some workers do not benefit from these programs and other workers are unaware of the programs or are reluctant to use them.

Why Experts Said Reform Is Needed

Some workers do not benefit from the current EAA system. Older and less formally educated workers cannot easily access the current system, according to experts.²⁵ In addition, according to one expert, smaller groups of workers affected by less high-profile layoffs or workers affected by layoffs that are spread out among multiple firms cannot easily access the system. Further, although manufacturing workers traditionally use the EAA system, the economic effects of COVID-19 may cause new groups of workers, such as young people, service workers, and gig workers,²⁶ to seek help through the EAA system, according to experts. New groups of workers, however, may not know how to access the programs. In addition, workers who experience homelessness and who are in other difficult-to-reach populations may not be served, according to experts. Finally, not all programs are accessible to all dislocated workers. For example, one expert mentioned that dislocated workers who are not unemployment insurance claimants are unable to access the Reemployment Services and Eligibility Assessment program.²⁷

²⁵In our prior work, we found some evidence that older workers have been less likely to see positive impacts from programs designed to improve their labor market outcomes. [GAO-20-521](#). In addition, according to one study, older workers and workers with less than a high school diploma were also less likely to obtain reemployment services under TAA. *Estimated Impacts for Participants in the Trade Adjustment Assistance (TAA) Program Under the 2002 Amendments* (Mathematica, August 2012).

²⁶In our prior work, we defined gig workers as self-employed individuals providing labor services and completing single projects or tasks on demand for pay, such as performing tasks through digital platforms, ride-hailing services, or in off-line work. GAO, *Workforce Training: DOL Can Better Share Information on Services for On-Demand, or Gig, Workers*, [GAO-17-561](#) (Washington, D.C.: Sept. 26, 2017).

²⁷DOL funds the Reemployment Services and Eligibility Assessment program, in part, to reduce unemployment insurance duration through improved employment outcomes.

Expert Perspectives on Access to Economic Adjustment Assistance Programs

"I think with [the] current recession, we're seeing a lot more young people, a lot more service workers, not manufacturing workers, and these are populations that historically haven't been using these systems much and so outreach and information about what's available is pretty limited and there's not a lot of budget for information...to workers about their rights and what they can and can't qualify for."

"Of course, the sad part of the story is...that in some sense the workers who get hurt the most and need the most help, somewhat older workers and certainly the less educated people with no more than high school or very little experience, very little positive experience, they probably get the least benefit from the system because they don't know where to access the help they need...and in some sense, the system provides the least assistance, successful assistance to people who need it the most."

Source: Expert statements made during GAO roundtable. | GAO-21-324

Workers are unaware of EAA programs or are reluctant to use them.

Workers may not know how to navigate complex EAA program eligibility requirements, and therefore may not learn about available benefits early enough to use them, according to experts. For example, one expert stated that letters that go out to communicate eligibility for programs are very complex, hard to process, and have complex deadlines. An expert also said that EAA program communications may emphasize program compliance issues, rather than the benefits of program participation. In addition, one expert said that the WARN Act treats temporary layoffs differently than permanent layoffs; but when some temporary layoffs become permanent, state and local program officials are unable to reach workers to offer any benefits.²⁸ Experts also said workers may not be psychologically ready to deal with being laid off. For example, one expert said that based on interviews with POWER grantees that have been trying to recruit displaced coal miners, these workers generally believe that coal mining is coming back.²⁹

Reform Objectives and Potential Reform Actions

Experts identified various reform actions related to access to EAA programs that could better serve workers experiencing economic disruption. These potential reform actions aligned with the following two objectives we identified based on experts' views: (1) promoting awareness of EAA programs by expanding outreach and (2) mitigating worker reluctance to participate in EAA programs (see table 2). Experts also cited programs that have incorporated promising approaches such as using peer workers to conduct outreach (see text box).

²⁸Under the WARN Act, only layoffs that exceed 6 months are considered an "employment loss" triggering the protections of the law. See 29 U.S.C. § 2101(a)(6).

²⁹Similarly, in our prior work, EAA program grantees in all three states we visited noted that workers often expect their job or industry to return. In those cases, workers may hold out as long as possible from enrolling in programs and risk exhausting their resources and missing enrollment deadlines. Further, grantees said workers may be reluctant to enroll in an EAA program out of a sense of pride or a desire to not ask for help. [GAO-20-521](#).

Table 2: Potential Reform Actions Experts Identified Related to Access to Economic Adjustment Assistance (EAA) Programs

Reform objectives	Potential reform actions identified by experts
Promote awareness of EAA programs by expanding outreach	<ul style="list-style-type: none"> • Expand outreach to different groups, such as younger workers, service workers, and hard-to-reach populations, such as workers experiencing homelessness. • Reach out to workers through community organizations, such as by using foodbanks to reach different groups. • Disseminate information and resources, such as reemployment assessments and referrals, to workers early. • Reach out to workers who are using the unemployment insurance system to better inform dislocated workers about the availability of and their eligibility for EAA programs.
Mitigate worker reluctance to participate in EAA programs	<ul style="list-style-type: none"> • Use peer outreach to encourage participation of reluctant workers. For example, former coal miners may help other dislocated coal miners. • Redesign program communications to emphasize the benefits to workers of participating and clarify action steps needed to participate.

Source: GAO analysis of expert statements. | GAO-21-324

Note: We identified reform objectives based on our analysis of the experts' proposed reform actions. These potential reform actions are not listed in any specific rank or order and their inclusion in this report should not be interpreted as GAO endorsing any of them. Implementing any one reform action or a combination of reform actions might require additional efforts to address program design or legal issues. We did not assess how effective the potential reform actions may be or the extent to which legal changes and federal financial support would be needed to implement them.

Experts Described Promising Approaches to Promoting Access to Economic Adjustment Assistance (EAA) Programs

Peer outreach

One expert said dislocated workers can be employed as liaisons between the workforce system and their former co-workers. The expert said peers are considered more trustworthy than a government entity. According to this expert, peer outreach has been successfully used to assist coal miners with program benefits. The peer outreach model has also been used to assist veteran populations and individuals recovering from opioid misuse.

In our prior work, EAA program grantees we interviewed said that peer workers made workers feel more comfortable enrolling in programs and lent credibility to the programs. One grantee noted that the peer worker model is also effective in assisting workers whose pride may prevent them from requesting help once they are laid off. Peer workers can offer real life experience to help explain the urgency of the situation to newly dislocated workers and potentially prevent them from dipping into savings or retirement packages before requesting assistance. One grantee also said the peer worker model could help overcome language barriers for workers who speak English as a second language.

Improving communications

One expert cited a study commissioned by the Department of Labor to assess whether a series of low-cost, behaviorally informed email messages could encourage more unemployment insurance claimants to schedule, attend, and complete their Reemployment and Eligibility Assessment sessions. The emails were designed based on principles derived from literature on the topic. The principles included using a personal and collaborative tone and providing concise instructions. Researchers found the redesigned communications encouraged more individuals to sign up for, attend, and complete the Reemployment and Eligibility Assessment program.

Source: GAO analysis of expert statements, GAO, *Economic Adjustment Assistance: Actions Needed to better Address Workers' Needs and Assess Program Effectiveness*, GAO 20-521 (Washington, D.C.: July 29, 2020), and Matthew Darling et al., *Using Behavioral Insights to Improve Take Up of a Reemployment Program: Trial Design and Findings* (Mathematica Policy Research, May 2017). | GAO-21-324

Worker Training



Why Experts Said Reform Is Needed

Expert Perspectives on Training Resources

"I think it's important to recognize that the United States has been under-investing in active labor market policies, sort of like the kinds of efforts and strategies that would help with these labor market clearing functions, ensure that there's alignment between what people are being trained for and the skills that are needed in the economy. On average we spend a fifth of what developed country counterparts invest."

"So to me, the institution I think about the most is the community college. And I think if ... community colleges were in better shape, they—their partnerships with [the Workforce Innovation and Opportunity Act] would be better. They're always so starved for cash..."

Source: Expert statements made during GAO roundtable. | GAO-21-324

Experts said that the variety of training options is a strength of the existing workforce training system. One expert noted that community colleges are prevalent across the country, including in rural areas, and provide many young adults and workers access to training. However, experts described several deficiencies they believe are in the current workforce training system.

The workforce system lacks training resources. The U.S. workforce system, including community colleges, lacks adequate resources, according to experts. One expert said that the United States has under-invested in active labor market policies, such as training programs, and spends a small fraction of what developed country counterparts spend in this area. Another expert said that because community colleges lack resources, they are unable to invest in building partnerships with workforce agencies and building teaching capacity in high-demand fields.

Available training does not align with employers' needs. Labor force skills and employer needs are currently misaligned, according to experts. As a result, dislocated workers may fail to qualify for available job openings, particularly for middle-skills jobs—those that require more education and training than a high school diploma but less than a 4-year college degree. One expert said that training, especially programs offered by community colleges, should be more tailored to employers' needs. According to experts, employers need more workers with digital skills, as well as electrical and mechanical skills. Another expert said that there are not enough people enrolling in or graduating from post-secondary education.³⁰

³⁰In our prior work, experts we consulted recommended improving the connections between academic training and industry needs, especially in interdisciplinary research fields, to strengthen the science and technology workforce. Experts said that universities appear to operate on the assumption that industry, not universities, must teach students the practical skills needed to be productive members of an engineering team. GAO, *Science and Technology: Considerations for Maintaining U.S. Competitiveness in Quantum Computing, Synthetic Biology, and Other Potentially Transformational Research Areas*, GAO-18-656 (Washington, D.C.: Sept. 26, 2018).

Expert Perspective on Online Training Quality Standards

"[H]ow do you build quality online programs, how do you build enough guardrails around online learning to make sure that people aren't just like left to their own with no structure, no support, no networks? I think we need to think more about that as this [Coronavirus Disease 2019] pandemic unfolds."

Source: Expert statement made during GAO roundtable. | GAO-21-324

The workforce system lacks training quality standards. Standards are lacking to assess training quality, including for online training, according to experts. One expert said that although the current workforce system focuses on credentialing and certifications, the system does not have a uniform method to assess and communicate the quality of programs and services. Experts expressed concerns about online learning, including that it may be less effective for training low-skilled workers, compared to higher skilled workers, and may lack the structure and supports to consistently deliver a high-quality training experience. Experts also said that training providers included on state and local eligible training provider lists—compilations of WIOA-funded training providers that must meet certain criteria related to performance and reporting—do not consistently offer training that reflects local skill demand. At the same time, one expert noted that jobs that are “in demand” are not necessarily high-quality jobs from the worker’s perspective. For instance, sometimes in-demand jobs are those with higher turnover and less career mobility. This expert said that consideration should also be given to whether “in demand” refers to specific skills, occupations, or industries.

EAA programs’ emphasis on classroom training and quick re-employment may not meet the needs of all workers. The classroom environment may be intimidating to certain workers, who may benefit from EAA programs offering more alternatives to classroom training, according to experts.³¹ Experts said that older workers may be hesitant to participate in classroom training with younger individuals or may be reluctant to return to school after being out of school for a long time. In addition, workers enrolled in the TAA program may face an impediment to participating in alternatives to classroom training. One expert said that under TAA, there is a disincentive to on-the-job training because statute prohibits workers enrolled in such training from receiving Trade Readjustment Allowances, which are income support payments.

Some EAA programs may too heavily prioritize workers’ quick re-employment, at the expense of re-employment in a high-quality job, which

³¹Experts acknowledged that due to COVID-19, EAA programs may have shifted some training to an online format.

Reform Objectives and
Potential Reform Actions

could discourage some workers from using EAA training programs, according to experts.³²

Experts identified various reform actions related to worker training that could better serve workers experiencing economic disruption. These potential reform actions aligned with five reform objectives we identified based on experts' views: (1) providing more funding sources for grantees to develop training, (2) aligning labor force skills with employer needs through training, (3) promoting high-quality training, (4) expanding on-the-job training opportunities to provide an alternative pathway to classroom training and support experiential learning, and (5) allowing for long-term skill building in EAA programs to promote high-quality job matches (see table 3). Experts also described programs that have incorporated promising approaches to training, such as building colleges' capacity to support training for credentials in high-growth areas and building hiring relationships between training providers and employers (see text box).

³²In our prior work, we noted that research has found that participants who complete job training programs may wait some time before they experience the full impact of the training programs on their labor market outcomes (e.g., finding employment or achieving increased earnings). One meta-analysis, for example, found that job training programs had the largest measured impacts 2 or more years after completion. See Card, David et al., *What works? A meta analysis of recent active labor market program evaluations* (*Journal of the European Economic Association* 16.3 (2018): 894-931).

Table 3: Potential Reform Actions Experts Identified Related to Worker Training

Reform objectives	Potential reform actions identified by experts
Provide more funding sources for grantees to develop training	<ul style="list-style-type: none"> • Increase community colleges' capacity to provide high-demand for-credit and not-for-credit programs, and provide community colleges incentives to build up their teaching capacity in high-demand fields. • Use existing economic adjustment assistance funds or pilot funding to help communities develop training programs to meet local skill demand.
Align labor force skills with employer needs through training	<ul style="list-style-type: none"> • Expand the number of short-term, high-demand skill-based training options. • Develop training programs that will align labor force skills with employer needs. • Develop criteria or a scoring method to ensure that workers are trained for high-quality occupations that support a place-based (i.e., focused on a specific geographic area) regional economic strategy, considering, for example, regional employment and training opportunities. • Provide employers with tax incentives to provide training in high-demand skills that will increase workers' employability.
Promote high-quality training	<ul style="list-style-type: none"> • Provide workers information on the quality of different credentials and how credentials can be "stacked" together for career progression. • Revisit the statutory process for state and local workforce boards to update and maintain eligible training provider lists to ensure that the lists reflect changes in skill demands. • Develop structures and supports to ensure quality of online training. • Consider how an online format can effectively support remote training and retraining, and how to expand these opportunities.
Expand on-the-job training opportunities to provide an alternative pathway to classroom training and support experiential learning	<ul style="list-style-type: none"> • Develop classroom training that complements on-the-job training. • Combine occupational training and work experience with earn and learn opportunities—those that provide workers with income while they learn on the job—and wraparound services—comprehensive supports such as basic education and supportive services. • Revisit Trade Adjustment Assistance rules so that workers can continue to receive Trade Readjustment Allowances—income support—while in on-the-job training as long as they earn less than the average annual wage in the trainee job. • Prompt employers to develop apprenticeship programs. For example, require employers to operate apprenticeship programs of their own or pay a tax to fund the creation of apprenticeship programs.
Allow for long-term skill building in EAA programs to promote high-quality job matches	<ul style="list-style-type: none"> • Emphasize long-term skill building during emergencies when job opportunities are more limited. For example, allow workers to pursue long-term skill development in any future rounds of emergency Coronavirus Disease 2019 pandemic-related unemployment compensation.

Source: GAO analysis of expert statements. | GAO-21-324

Note: We identified reform objectives based on our analysis of the experts' proposed reform actions. These potential reform actions are not listed in any specific rank or order and their inclusion in this report should not be interpreted as GAO endorsing any of them. We did not assess how effective the potential reform actions may be or the extent to which program design modifications, legal changes, and federal financial support would be needed to implement any given reform action or combination of reform actions.

Experts Described Programs with Promising Approaches to Training

One expert identified the **Mid Michigan Partnership for Training in Healthcare (M-PaTH)** as a potentially promising model. This program, which began in 2008, aimed to help 400 dislocated workers in Mid Michigan transition into healthcare careers. By the end of the 3-year initiative, nearly 80 percent of the participants had either earned a credential or were continuing in training. Policy recommendations from this initiative include:

- Helping dislocated workers identify and access opportunities to pay for occupational training.
- Directing funding and structuring expectations that support long-term commitments to these efforts, such as by supporting efforts that aim to help workers attain longer-term credentials, and developing and tracking long-term employment outcomes.
- Building college capacity in higher growth programs that offer credentials demanded by employers. For example, capacity support can include program expansion, staff development, acceleration or adaptation of curricula to meet employer needs, expansion of online and onsite learning options, and help identifying and implementing promising practices.

Another expert identified the **Camo2Commerce program** as an example of a program that effectively engaged employers to benefit transitioning service members. According to the expert, the program, which was started in 2014 by the Pacific Mountain Workforce Development Council in Washington State and funded by the Department of Labor, trained service members with specific jobs in mind, provided mentorships during training, and built hiring relationships with employers to help ensure service members were hired at the conclusion of the program. As of March 2017, about 87 percent of participants had exited to full-time employment, which program evaluators estimate saved the federal government substantially by reducing unemployment compensation claims.

Source: GAO analysis of expert statements; Holly Parker, *Partnering Effectively to Better Serve Dislocated Workers: A Learning History of the Mid Michigan Partnership for Training in Healthcare (M-PaTH)* (Flint, MI: Corporation for a Skilled Workforce, Funded by the Department of Labor, Nov. 21, 2011); and Sean Murphy, *Camo2Commerce 4.0*, CQ-Seattle, Inc. (Olympia, WA: April 17, 2017). | GAO-21-324

Income and Other Supports



Why Experts Said Reform Is Needed

Experts said that a variety of federal programs and tax credits exist to help meet dislocated workers' needs, including Unemployment Insurance, the Earned Income Tax Credit (EITC), and the income and other supports currently provided through EAA programs. They noted that only one EAA program, TAA, provides income support while workers are in training, and cited two key areas that were in need of reform.

EAA programs do not provide adequate income supports and supportive services for workers in training. Existing income supports for workers in training are often not sufficient to meet essential needs, and supportive services, such as transportation, childcare, and health care are often not within the scope of available services, according to

experts.³³ Experts said that workers whose urgent, essential needs cannot be met may be unable to participate in training. One expert noted that health care may be of particular concern to dislocated workers because of the COVID-19 pandemic.

Expert Perspectives on Income Support and Supportive Services during Training

“...[O]ne of the real strengths of TAA [the Trade Adjustment Assistance for Workers Program] is providing income support while individuals are in training. I think we see that as a barrier in lots of other programs to training that individuals have...financial commitments that they can't delay...”

“...we need to develop programs that reflect a deeper understanding of the traumatic nature and experience of the dislocation. [Policymakers] need to recognize that first of all individuals in this situation need to have their most urgent needs addressed, the need for income stability, to be sure that they can cover their housing, have shelter, food, medicine, car payments. They won't be able to think about training or anything else until they know that these basic needs for themselves and their families are covered.”

Source: Expert statements made during GAO expert roundtable. | GAO-21-324

Experts said some groups of workers are especially disadvantaged, including those with disabilities, limited language skills, and limited information technology skills, and may require additional supports. Experts also noted that workers in rural areas are especially challenged by regional limitations related to transportation and the availability of broadband internet.³⁴

In addition, experts noted that the current patchwork of programs intended to address worker needs is complex and challenging for workers to weave together. For example, experts said the Health Coverage Tax Credit, administered by the Internal Revenue Service, is not well understood by state and local staff who administer workforce programs. As a result, the tax credit is not always clearly explained to workers seeking TAA benefits, and workers often do not know how to take advantage of it.

³³In our prior work, we reported that grantees in all three states we visited said that workers who are enrolled in EAA programs often need additional supportive services that fall outside the scope of the EAA grant projects they administer. Childcare and transportation were identified as the two most needed supportive services. Grantees noted that workers may be unable to pursue training because they cannot meet essential living expenses. [GAO-20-521](#).

³⁴Also in our prior work, we found that grantees said that rural workers and tribal communities are especially challenged by a lack of access to broadband internet and childcare, and that the lack of public transportation and long distances make it more challenging to access training and jobs. [GAO-20-521](#).

Expert Perspectives on Funding for Childcare

“...my firm has been doing another project on childcare and funding for childcare and the lack thereof and how childcare was in disarray before COVID [the Coronavirus Disease 2019 pandemic], but it's in particular worse with COVID... now you're looking at potential for a third or more of the workforce to not be able to go back to the workforce. I think some of the early childhood and childcare advocates have been saying that COVID could result in 50 percent of childcare going away...I think COVID will make childcare and funding for childcare be more and more important from a workforce standpoint.”

“...we had an employee who in a year was going to be at risk of needing to leave the position she was in because of the pay raise that we gave her, although she appreciated it, was not enough to support...childcare relief. And it was going to be another \$16,000 that we needed to get her across the threshold in order for her to fill the gap that she would have lost from the childcare support...it is impossible for a lot of folks.”

Source: Expert statements made during GAO expert roundtable. | GAO-21-324

EAA programs do not provide adequate income supports and supportive services for workers returning to work. Workers may face unique challenges when returning to the workforce and consequently require supports not provided by current EAA programs, according to experts. Experts, for example, explained that sufficient income supports do not exist for dislocated workers, such as workers with lower levels of education who face challenges participating in training or in finding employment.³⁵ Experts noted that rural workers also face unique challenges that require additional supports, such as transportation support to commute to job opportunities outside their region and broadband internet to obtain and maintain distance-based employment.

Experts noted that a lack of funding for childcare may be especially challenging for workers reentering the workforce, particularly given the current shortage of childcare due to the pandemic.³⁶ One expert explained that after finding employment, the lack of funding for childcare may also pose a barrier for workers seeking to advance in their careers. For example, thresholds on earnings to qualify for supportive services may discourage workers from pursuing higher paying jobs for fear of losing funding for services they still need, such as childcare.

Reform Objectives and Potential Reform Actions

Experts identified various reform actions related to income and other supports which could better serve workers experiencing economic disruption. These potential reform actions aligned with two reform objectives we identified based on experts' views: (1) ensuring essential needs are met during training, and (2) incentivizing workforce reentry and career advancement (see table 4). One expert also offered an example of an initiative with a promising approach to providing workers income support and supportive services (see text box).

³⁵In our prior work, we found that in all three states we visited, grantees described obstacles workers face in transitioning into new fields of work. These obstacles included difficulties connecting with potential employers, challenges assimilating into a new work culture, and problems with meeting immediate work-related expenses. [GAO-20-521](#).

³⁶In its examination on how COVID-19 childcare arrangements have disrupted work, the U.S. Census Bureau found that about one in three (32.1 percent) mothers aged 25 to 44 were not working due to COVID-19 related childcare issues, as compared to 12.1 percent of fathers in the same age group. Misty Heggeness and Jason Fields, *Parents Juggle Work and Child Care During Pandemic: Working Moms Bear Brunt of Home Schooling While Working During COVID-19* (U.S. Census Bureau, revised October 30, 2020).

Table 4: Potential Reform Actions Experts Identified Related to Income and Other Supports

Reform objectives	Potential reform actions identified by experts
Ensure essential needs are met during training	<p data-bbox="496 531 662 556">Income support</p> <ul data-bbox="496 569 1511 741" style="list-style-type: none"> <li data-bbox="496 569 1511 621">• Apply unemployment insurance more broadly and systematically to provide income support to part-time dislocated workers while they pursue training. <li data-bbox="496 632 1511 684">• Combine income support with career counseling, reskilling, and retraining grants programs, as well as other economic adjustment assistance supports through the workforce system. <li data-bbox="496 695 1511 741">• Offer earn and learn opportunities to provide workers with income while they learn on the job. <p data-bbox="496 751 704 777">Supportive services</p> <ul data-bbox="496 789 1511 1062" style="list-style-type: none"> <li data-bbox="496 789 1511 863">• Develop programs for dislocated workers at the community colleges in which they are enrolled to provide comprehensive supports such as basic education and supportive services. <li data-bbox="496 873 1511 1010">• Establish a policy of co-enrollment around essential needs such as housing, food, transportation, and childcare whereby dislocated workers are automatically co-enrolled in other safety net programs. This could include co-enrollment between the Workforce Innovation and Opportunity Act Dislocated Worker Grant Program and the Supplemental Nutrition Assistance Program. <li data-bbox="496 1020 1511 1062">• Consider opportunities for the Department of Labor to play a more active role in promoting and helping workers use the Health Coverage Tax Credit.
Incentivize workforce reentry and career advancement	<p data-bbox="496 1077 662 1102">Income support</p> <ul data-bbox="496 1115 1511 1188" style="list-style-type: none"> <li data-bbox="496 1115 1511 1188">• Facilitate training by offering temporary income support to dislocated workers to give them greater opportunity to pursue lower wage positions. This may include an expansion of the Earned Income Tax Credit, wage insurance, and wage subsidies. <p data-bbox="496 1199 704 1224">Supportive services</p> <ul data-bbox="496 1236 1511 1352" style="list-style-type: none"> <li data-bbox="496 1236 1511 1310">• Gradually phase out supportive services when workers return to work to avoid disincentives to advance and earn a higher salary, instead of establishing strict earnings thresholds to qualify for services. <li data-bbox="496 1320 1511 1352">• Invest funding in childcare to assist workers in transitioning back to work.

Source: GAO analysis of expert statements. | GAO-21-324

Note: We identified reform objectives based on our analysis of the experts' proposed reform actions. These potential reform actions are not listed in any specific rank or order and their inclusion in this report should not be interpreted as GAO endorsing any of them. We did not assess how effective the potential reform actions may be or the extent to which program design modifications, legal changes, and federal financial support would be needed to implement any given reform action or combination of reform actions.

One Expert Described a Promising Approach to Providing Income Support and Supportive Services

One expert highlighted Michigan's **No Worker Left Behind** initiative as producing better outcomes for workers by offering greater income support and supportive services. Started in 2007, this initiative offered unemployed and underemployed workers up to \$5,000 per year for 2 years for an educational program that resulted in a postsecondary credential in an emerging industry, in-demand occupation, or entrepreneurship program. These funds were used for expenses such as tuition, fees, books, materials, and academic supportive services. Michigan supported the initiative using federal workforce and discretionary funds, as well as state general funds.

Approximately 150,000 Michigan workers participated in the initiative from August 2007 through October 2010. As of December 2009, the state reported that 75 percent of those who had completed training had either retained or obtained a job. Of those who found a job, 82 percent reported the jobs they found were related to their training.

Source: GAO analysis of expert statement and Larry Good, *Michigan's No Worker Left Behind: Lessons Learned from Big-Picture Workforce Policy Change*. National Skills Coalition (Washington, D.C.: Jan. 2011). | GAO-21-324

EAA Service Delivery



Why Experts Said Reform Is Needed

Research has shown that case management is effective and economical. In our prior work, we found that one-on-one consultations, case management, and other intensive services provided to job seekers in one EAA program were effective in improving earnings outcomes, and that these services entailed a limited investment of time and modest financial cost.³⁷ However, experts said more data-driven tools and higher quality counseling and career guidance are needed to enhance the efficiency and effectiveness of EAA service delivery.

Workforce staff and workers lack data-driven tools to support service delivery. Some American Job Center staff lack data needed to enhance their knowledge of the local economy or nearby training options, according to experts. Experts said that data available to local workforce staff are outdated and not useful when developing programming. According to one expert, data that could be informative reside in disparate state data systems that lack linkages to other states' data systems, even

³⁷Researchers found that those receiving intensive services in addition to core services, such as job search assistance, earned about \$7,100, or 20 percent, more than those receiving only core services during a 30-month follow-up period. The average estimated cost of an hour of one-on-one meetings associated with intensive services was \$143. Program beneficiaries that received one-on-one assistance generally spent 2-3 hours with counselors. Kenneth Fortson, et al., *Providing Public Workforce Services to Job Seekers: 30-Month Impact Findings on the WIA Adult and Dislocated Worker Programs* (Social Policy Research Associates and Mathematica Policy Research, May 2017). See [GAO-20-521](#).

though workers may move or work across state boundaries.³⁸ In addition, experts said workforce staff may benefit from additional resources to better serve workers, such as training and tools to use existing data sources more effectively. Experts also said that dislocated workers lack easy-to-use data on the availability of jobs in various occupations and the potential returns on training for different occupations.

Expert Perspectives on Counseling Challenges

“This young guy was like 19, in and out of homelessness with young twins and he wants to be a doctor and the counselor doesn’t want to say, that’s probably not going to happen, let’s think of something else.”

“Let’s say you’re interested in construction, but you’ve never worked in it and you don’t know anyone in it, what are the chances that that particular counselor can tell you useful information for how to get into that versus healthcare versus manufacturing?”

Source: Expert statements made during GAO roundtable. | GAO-21-324

Workforce agencies and community colleges lack the training and capacity to support high-quality counseling and career guidance. Federal incentives to invest in high-quality training for local workforce staff do not exist, and as a result, staff may not provide high-quality counseling, according to experts. Experts said that workers need individualized support selecting the training program or alternative pathway that is a good fit for their needs and help making informed decisions about their career choices. However, experts said that counselors are not always upfront with workers about barriers and limitations to employment. One expert noted, for example, a counselor might not explain to someone with a drug conviction who is interested in a nursing program that the conviction will likely prevent the worker from obtaining a state occupational nursing license. Further, counselors may not have expertise related to a specific occupation or field, limiting their ability to advise workers on the best employment strategy.

Community colleges often lack the resources and capacity to provide workers with career guidance, according to experts. Experts said that community colleges may lack the ability to provide workers useful information on selecting courses and degree programs in part because the colleges are often disconnected from American Job Centers and the labor market information the centers might be able to furnish.³⁹ Experts noted that some dislocated workers have been out of school for years or

³⁸In our prior work, we have noted that data sharing across programs can improve administrative efficiencies and client service. Data sharing agreements can be used to identify exactly what data will be shared, with whom, how, and for what purpose. GAO, *Human Services: Sustained and Coordinated Efforts Could Facilitate Data Sharing While Protecting Privacy*, [GAO-13-106](#) (Washington, D.C.: Feb. 8, 2013).

³⁹According to DOL officials, in some instances American Job Centers are operated by community colleges or co-located at community colleges, which contributes to better alignment and integration of services. DOL officials said that the resources available under the TAACCCT grant program—which provided funds to more than 60 percent of the nation’s publicly-funded community colleges—helped to support the development of these partnerships. An evaluation of the TAACCCT grant program found that most grantees partnered with organizations in their public workforce system. Abt Associates, *Implementation, Outcomes, and Impact Synthesis Report: Round 4 TAACCCT Third-Party Evaluations*, Funded by the U.S. Department of Labor (Rockville, MD: Dec. 2020).

decades and may need assistance with matters such as enrollment, navigating the community college system, or determining whether community college is the best option for them.

Reform Objectives and Potential Reform Actions

Experts identified reform actions related to EAA service delivery that could better serve workers experiencing economic disruption. We categorized these potential reform actions into two reform objectives we identified based on experts' views: (1) using data to improve service delivery and (2) providing dislocated workers with high-quality counseling and career guidance (see table 5). Experts described how some programs have used data to improve service delivery, such as using case management data to better understand worker histories and trajectories after training (see text box). Experts also provided examples of specific approaches to counseling and career guidance that could hold promise for dislocated workers, including using coaches to assist workers in navigating the community college system (see text box).

Table 5: Potential Reform Actions Experts Identified Related to Economic Adjustment Assistance (EAA) Service Delivery

Reform objectives	Potential reform actions identified by experts
Use data to improve service delivery	<ul style="list-style-type: none"> • The federal government could facilitate data infrastructure, linkages, and sharing. For example, the federal government could help state and local agencies establish agreements for data sharing and permissions, and build capacity to use data on training providers, labor market information, wage records, and other information at the local level. • Provide case managers with data-driven tools that help them understand workers' career goals and provide information accordingly. For example, a tool might prompt the case manager to ask how many more years the worker intends to work and which profession the worker is interested in, and furnish information to the worker on the profession's training requirements and earnings estimates over the next 10 years. • Provide dislocated workers ready access to easy-to-navigate data on high-demand skills, earnings returns on various occupations, and the number of available jobs in those occupations in their area.
Provide dislocated workers with high-quality counseling and career guidance	<ul style="list-style-type: none"> • Provide individualized counseling that recognizes workers' different backgrounds, including potential barriers to employment, to help workers select the right training program, supportive services, or alternative pathways, such as internships or subsidized employment. • Develop quality measures and training for state and local workforce staff to support high-quality counseling. • Encourage workforce staff to incorporate online resources, such as short videos or online forums, to connect workers with field-specific career advice. • Provide community colleges with additional state or federal resources to deliver more career guidance to dislocated workers and to partner with American Job Centers to help dislocated workers choose classes and degree programs.

Source: GAO analysis of expert statements. | GAO-21-324

Note: We identified reform objectives based on our analysis of the experts' proposed reform actions. These potential reform actions are not listed in any specific rank or order and their inclusion in this report should not be interpreted as GAO endorsing any of them. We did not assess how effective the potential reform actions may be or the extent to which program design modifications, legal changes,

and federal financial support would be needed to implement any given reform action or combination of reform actions.

Experts Described Programs Using Data to Improve Service Delivery

One expert described how the **University of California, Los Angeles** is studying local workforce boards' training programs using the boards' case management data. These data offer an opportunity to better understand career profiles, worker histories, and worker trajectories after training to help improve training quality, according to this expert. Further, the expert explained that through this partnership, the university is able to supplement the workforce boards' data analysis capacity.

Another expert described how state workforce agencies in **Mississippi** and **Rhode Island** used Department of Labor funds to enhance their longitudinal data systems for tracking individuals receiving training and employment services and integrate their case management, performance, and financial data to inform customers, managers, and policymakers.

Source: GAO analysis of expert statements. | GAO-21-324

Experts Identified Promising Approaches to Counseling and Career Guidance

Based on their review of research and relevant programs, experts identified several approaches to counseling and career guidance that could hold promise for dislocated workers.

- **Counseling requirement.** One expert said that providing workers with access to information and resources on a voluntary basis is not sufficient to get workers to use them, but research has shown that when counseling supports are required, individuals use them and benefit.
- **Individualized assistance.** One expert said that community colleges and American Job Centers used Department of Labor Trade Adjustment Assistance Community College and Career Training (TAACCCT) and Appalachian Regional Commission Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative grants to fund coaches who provided workers with individualized assistance navigating the community college system. According to this expert, coaches helped traditionally underrepresented students and non-traditional age students to register for courses, connect with an advisor, and access career fairs.
- **Success coaches.** Experts said that workers who are low-skilled, long-term unemployed, or disadvantaged have benefited from on-the-job training when paired with a success coach. The coach can help workers to acclimate to the work environment over time and address employment barriers.
- **Online career guidance.** One expert said that online career resources may provide more targeted career guidance than the more generalist career counseling available in American Job Centers. For example, this expert noted that Techqueria, a nonprofit organization, offers an invitation-only email chat channel where Latinx professionals in the tech industry provide resume reviews and career advice.

Source: GAO analysis of expert statements. | GAO-21-324

Structure of the EAA System



The United States has a system of discrete EAA programs, as well as other training and assistance programs, that serve different segments of dislocated workers and address a variety of needs.

Why Experts Said Reform Is Needed

Expert Perspective on Serving Workers Differently by Cause of Dislocation Rather than Worker Needs

“...we treat people who have been trade displaced so much better than people who have been technology or pandemic displaced, there's no good rationale for that. In terms of economic analysis, they're really quite similar...”

Source: Expert statement made during GAO expert roundtable. | GAO-21-324

EAA programs serve workers based on the cause of dislocation rather than need and are not designed to keep pace with the dynamic needs of the economy. The current system excludes many dislocated workers because the existing EAA programs were designed to target particular sectors of the economy, such as those affected by trade and mass layoffs in manufacturing, according to experts. As a result, dislocated workers are served differently based on cause of dislocation instead of workers' needs. Experts said trade impacted workers are provided with more generous and comprehensive EAA support, including income support, than workers dislocated for other reasons, but dislocated workers share common needs and face similar financial challenges.

Experts said that economic disruption is becoming more pervasive and frequent, and is affecting nearly every sector of our economy. They attributed this in part to economic changes due to automation and technology. One expert noted that there has been a lack of investment in active labor market policies to help ensure there is alignment between what workers are being trained for and the skills that are needed in the economy.

EAA programs lack a system-wide strategic approach. Current EAA programs are siloed—that is, the programs are not integrated with other EAA programs or other safety net programs—and agencies' roles and purposes are not strategically determined, according to experts.⁴⁰ One expert noted that the lack of a system-wide strategic approach also

⁴⁰In August 2020, DOL promulgated a rule mandating co-enrollment among two of the programs it administers, TAA and the WIOA Dislocated Worker Formula Program. The final rule was effective September 21, 2020. 85 Fed. Reg. 51,896, 51,987 (Aug. 21, 2020).

means that programs are operated independently by different agencies and overseen by different committees in Congress.

Experts said that because EAA programs are siloed, the populations served by grantees across different programs and grant purposes frequently overlap and are not coordinated with one another, though each grantee may have a unique, important role to play. One expert noted that the governance structures and geographic areas of one grantee may conflict with those of another grantee and that the independent operation of numerous entities, such as community colleges, workforce boards, and Chambers of Commerce, can hamper coordination and communication.

Expert Perspectives on Alignment of Skills with Regional Economic Needs

“...[Successful training programs] tend to be intersectoral and place-based, very much focused on the regional needs in an economy and leveraging sort of the infrastructure within community colleges... They tend to be data driven, anchored in a good understanding of local labor markets and what skills are needed...”

“...we have to in the next few years really focus on how to use infrastructure funding, how to use funding for regional universities, for community colleges, these anchor institutions that are driven by public funds. I think we need to target them especially in communities that are disproportionately struggling with economic development. Because you can train people all you want, but if there's no jobs to train them for, it's pointless.”

Source: Expert statements made during GAO expert roundtable. | GAO-21-324

EAA programs lack sufficient funding and a funding structure that aims for long-term progress and offers regional flexibility. No durable and sufficient funding infrastructure exists that would make EAA programs broadly available to individuals in need of skills upgrading and responsive to more frequent and widespread disruptions, according to experts.

Experts said grantees that provide training rely on sporadic competitions for grants on an irregular basis. Further, grants terminate after a specified period and may or may not be renewed or offered again. As a result, the ongoing operations of the workforce system are hampered by a lack of consistent funding, according to experts.

Further, experts noted that, with the exception of the ARC POWER Initiative Grant, EAA grant funding does not have a place-based regional approach.⁴¹ As a result, grantees have limited flexibility to use funding in innovative ways to meet the needs of the community—for example, by strategically combining funding for training, infrastructure, and community capacity building. According to experts, grantees may face challenges in forming partnerships and taking into account the needs of the community and employers. Experts said that place-based strategies are crucial in aligning the skills workers are being trained for with the needs of the region's economy.

⁴¹DOL previously funded ARC POWER National Dislocated Worker Grants, which included funding for regional strategic planning, according to officials. DOL officials said the agency stopped providing POWER Dislocated Worker Grants after program year 2017.

Expert Perspective on Evaluating the Effectiveness of Programs

“...I finally would put a plug for investment in ongoing research. I think [it is] one of the reasons why we continue to struggle with trying all these wonderful ideas, but then the learning just kind of dissipating into thin air. It's because we don't often invest in the rigorous research to codify and capture the lessons learned and then make sure that they become integrated into our more permanent, ongoing infrastructure for workforce development systems and services... over the course of providing services, we're generating a gold mine of information that, if the right data sources were linked together, would enable us to with much greater confidence [to] measure the outcomes of individuals, track their trajectories over time, compare outcomes across programs... there's a potential to use [data] much more extensively, to learn a lot more from the ongoing service delivery and experimentation that is naturally happening within our system.”

Source: Expert statements made during GAO expert roundtable. | GAO-21-324

Limited data sharing among entities makes evaluating the effectiveness of job training programs difficult. The federal government currently does not take an active role in promoting or requiring data sharing, according to experts. The lack of data sharing hinders research that could examine labor market outcomes and evaluate long-term effects of training programs. According to experts, current research is not sufficiently deep or broad enough to understand what services and what approaches work well, for whom they work, and under what circumstances.⁴²

Reform Objectives & Potential Reform Actions

Experts identified various reform actions related to the structure of the EAA system that could better serve workers experiencing economic disruption. These potential reform actions aligned with four reform objectives we identified based on experts' views: (1) integrating EAA programs and services, (2) investing further funding in infrastructure at the federal and local levels, (3) implementing a place-based funding system, and (4) facilitating a more integrated approach to data collection at the federal level and developing a stronger understanding of program effectiveness (see table 6). Experts also described developing a universal dislocated worker program or integrating current programs to serve dislocated workers more equitably regardless of the cause of their dislocation.

⁴²In our prior work, we reported that DOL has established performance measures to track outcomes for its EAA programs, but has experienced challenges with assessing the impact of job training offered under these programs. We noted that by collecting more quality evidence, DOL could be better able to determine if its EAA programs are helping workers achieve their employment goals. DOL agreed with our recommendation. DOL officials said the agency is undertaking several efforts that may yield information on options to determine the feasibility of determining the impact of job training for dislocated workers, including those adversely affected by international trade. [GAO-20-521](#).

Table 6: Potential Reform Actions Experts Identified Related to the Structure of the Economic Adjustment Assistance (EAA) System

Reform objectives	Potential reform actions identified by experts
Integrate EAA programs and services	<ul style="list-style-type: none"> • Simplify the process that certifies workers' eligibility for existing EAA programs by reducing or eliminating certification requirements. • Provide universal economic adjustment assistance, including income support and wraparound services during training, for all dislocated workers regardless of the cause of dislocation and simplified eligibility requirements to support workers to train and upgrade their skills.
Invest further funding in infrastructure at the federal and local levels	<ul style="list-style-type: none"> • Increase steady funding in current EAA programs so they can engage in activities with the intensity that is required on a national scale to reach every region and locality. • Invest in training infrastructure, such as funding for regional universities, community colleges, and other institutions that are driven by public funds.
Implement a place-based funding system	<ul style="list-style-type: none"> • Develop criteria or scoring in grant applications tied to a place-based regional strategy. • Use place-based partnership strategies involving local and regional employers and the community. • Establish an intermediary funder like a regional commission to fund place-based community strategies, with the flexibility to combine funding for training, infrastructure, and community capacity building.
Facilitate a more integrated approach to data sharing at the federal level and develop a stronger understanding of program effectiveness	<ul style="list-style-type: none"> • Reduce barriers to accessing existing national data sets to facilitate the evaluation of EAA program effectiveness and impact of programs in the short-term, as well as in the long-term. Data sets could be used in implementation evaluations, impact evaluations, randomized control trials, and quasi-experimental designs.^a • Invest in rigorous research to codify and capture the lessons learned and integrate them into our permanent, ongoing infrastructure for workforce development systems and services.

Source: GAO analysis of expert statements. | GAO-21-324

Note: We identified reform objectives based on our analysis of the experts' proposed reform actions. These potential reform actions are not listed in any specific rank or order and their inclusion in this report should not be interpreted as GAO endorsing any of them. We did not assess how effective the potential reform actions may be or the extent to which program design modifications, legal changes, and federal financial support would be needed to implement any given reform action or combination of reform actions.

^aIn our prior work, we found that because of the influence of other factors, measures of program outcomes alone may provide limited information on a program's effectiveness. To complement performance measures, various rigorous program evaluation methods, including random assignment experiments, quasi-experimental comparison group studies, statistical analyses of observational data, and in-depth case studies, can be used to assess program effectiveness and produce reliable evidence. See GAO, *Program Evaluation: A Variety of Rigorous Methods Can Help Identify Effective Interventions*, [GAO-10-30](#) (Washington, D.C.: Nov. 23, 2009) and *Designing Evaluations: 2012 Revision* (Supersedes PEMD-10.1.4), [GAO-12-208G](#) (Washington, D.C.: Jan. 31, 2012).

Expert Perspectives in Favor of a Universal Dislocated Worker Program and the Integration of Federal Programs

Experts favored creating a universal dislocated worker program or integrating current programs to serve dislocated workers more equally and not by the cause of their dislocation. Experts noted that a universal or integrated program would keep better pace with the dynamic needs of the economy.

“I am in total agreement about a universal program for workers who have been dislocated for absolutely no reason of their own...they require services tailored to themselves and their particular needs, but if you look at those services, they're of particular types, they're very common and so we need to think about that.”

“With economic adjustment becoming both more frequent and widespread, we need a durable infrastructure of these types of training/adjustment programs that are universally—or close to universally—available to individuals in need of skills upgrading.”

“The other thing I would suggest is in terms of qualification of companies and of workers, why even go through that process if we're in a process of constant technological change, trade driven changes, why not just certify everybody automatically and just go right through the process, provide a [Trade Adjustment Assistance for Workers (TAA)] solution without the process of having to go through the certification. Of course there's going to be some people that may be, or companies or situations that may be less worthy than others, but given all the barriers that [have been] eloquently described, why not just automatically qualify everybody for TAA level of assistance.”

Experts also recognized challenges that may arise when seeking to establish a universal program or integrate current programs:

“I think the idea that you can integrate these things that have different boundaries, different authority structures, different scales, it sounds good in the legislation but...it's a very friction oriented model that I think has structural problems in terms of wishful thinking of how you actually integrate programs.”

“...what happens to an act like [a universal dislocated worker act] is it goes before Congress and what we were afraid of is as it went through Congress, it would be diluted to where it would be the original Dislocated Worker Act with no Trade Act benefits.... We were afraid it would be so diluted that by the time it got to the workers, you would be dealing with more of a Dislocated Worker-type benefit system, and I think that is really inefficient. I mean, we have a lot of problems with Dislocated Worker. They save funding for a rainy day, and it's raining. They're totally inadequately funded.”

Source: Expert statements made during GAO expert roundtable. | GAO-21-324

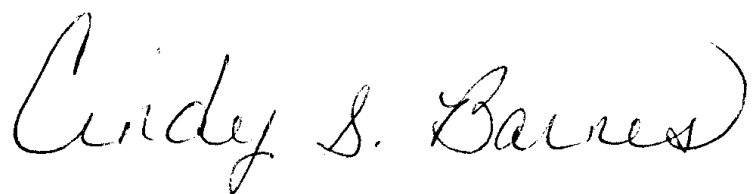
Agency Comments

We provided a draft of this report to the Department of Labor (DOL), Appalachian Regional Commission (ARC), Department of the Treasury, and Internal Revenue Service for review and comment. DOL provided technical comments, which we incorporated, as appropriate. ARC, Department of the Treasury, and Internal Revenue Service did not have any comments on the draft report.

We are sending copies of this report to the appropriate congressional committees, the Federal Co-Chair of the Appalachian Regional Commission, the Secretaries of the Departments of Labor and the Treasury, the Commissioner of the Internal Revenue Service, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or brownbarnesc@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix II.

Sincerely yours,

A handwritten signature in black ink that reads "Cindy S. Barnes". The signature is written in a cursive style with a large initial 'C' and a distinct 'S'.

Cindy S. Brown Barnes
Managing Director, Education, Workforce, and Income Security

Appendix I: Objectives, Scope, and Methodology

This report describes reform options experts identified that could better serve workers experiencing economic disruption. In our prior work, we defined economic disruption as significant changes in the economy that reduce the demand for certain workers.¹

Expert Roundtable Discussion

To address our research objective, in August 2020, with the assistance of the National Academies of Sciences, Engineering, and Medicine (National Academies),² we convened a 2-day virtual roundtable of 12 experts to discuss (1) the strengths and deficiencies of the current system of economic adjustment assistance (EAA) for workers; (2) effective programs, policies, or practices, in the United States or abroad, that serve workers facing economic disruption; (3) promising policy options for reforming the federal EAA approach in order to better serve workers that may face economic disruption;³ and (4) policy reforms to best equip states, localities, and workers to prepare for and respond to economic disruption.⁴

The 2-day roundtable discussions were recorded and transcribed to ensure that we accurately captured experts' statements.⁵ We analyzed

¹GAO, *Economic Adjustment Assistance: Federal Programs Intended to Help Beneficiaries Adjust to Economic Disruption*, [GAO-19-85R](#) (Washington, D.C.: Mar. 5, 2019).

²This roundtable was planned and convened with the assistance of the National Academies to better ensure that a breadth of expertise was brought to bear in its composition; however, all final decisions regarding meeting substance and expert participation were made by GAO.

³In our prior work, we defined EAA programs and tax expenditures as those whose primary purpose includes helping or preparing workers, businesses/firms, or communities to adjust to economic disruption, where disruption is defined as significant changes in the economy that reduce the demand for certain workers. [GAO-19-85R](#).

⁴Although our planning for this expert roundtable discussion was informed by our prior work on EAA programs, we did not limit the discussion of potential reforms to the current system of EAA programs. Rather, experts considered how EAA programs can be reformed, as well as other reform options, to better help workers weather economic disruptions.

⁵In preparation of the report, there were instances where we made minor deletions or grammatical corrections to cited quotes in order to increase clarity. As an example of these types of clarifications, we removed extraneous interjections such as "you know" and "like" from cited quotes. In all cases when we made modifications like this, we had a second analyst confirm that the deletions or changes were non-substantive in nature and did not change the intended meaning of the quote. In addition, we indicate ellipses in cited quotes in all other instances when we removed non-germane phrases to reduce length or improve clarity.

the roundtable transcripts to identify common themes discussed by and key statements of experts regarding proposed reform options. To complete this analysis, we developed a list of themes characterizing expert statements, converted the themes into codes, and then coded the transcript using qualitative data analysis software, based on the consensus of multiple analysts.⁶

We did not poll expert participants or take votes on approaches discussed during the roundtable. Consequently, we do not provide counts or otherwise quantify the number of experts agreeing to an approach. Further, because experts were generating and discussing ideas as part of a free-flowing group discussion, the number of times a concept was or was not repeated does not necessarily indicate the level of consensus on that concept. Throughout the report, we use the term “experts” to refer to more than one expert.

The options for specific reform actions we present in this report were identified by the experts. We did not analyze or evaluate the options and their inclusion in this report should not be interpreted as GAO or any federal agency or department endorsing any of them. The options are not listed in any specific rank or order. We did not assess how effective the options may be or the extent to which program design modifications, legal changes, and federal financial support would be needed to implement any given reform action or combination of reform actions.⁷ We identified reform objectives based on our analysis of the experts’ proposed reform actions.

Expert Selection

The 12 experts selected for our 2-day virtual roundtable represented a broad spectrum of views and expertise and a variety of professional and academic fields. For example, they were academic researchers, program evaluators, labor economists, former federal agency officials, or state and local practitioners.⁸ We selected the experts based on their experience in and knowledge of federal EAA programs, as well as recommendations

⁶The data analysis software is a tool used to classify and categorize qualitative and mixed-methods data to identify common themes and attributes.

⁷In our prior work, we have identified key questions that Congress and agencies can use to assess the development and implementation of agency reforms. GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts*, [GAO-18-427](#) (Washington, D.C.: June 13, 2018).

⁸The comments of the experts generally represented the views of the experts themselves and not the organizations with which they are affiliated, and are not generalizable to the views of others in the field.

from the National Academies. Specifically, we sought the participation of those with current or prior experience in the following categories: (1) academic researchers working in this field, (2) former federal agency staff who have worked on related programs, (3) current or former practitioners at the state or local level who have administered relevant programs, and (4) relevant experts from nongovernmental organizations or consortia. Additionally, we selected experts with detailed knowledge of five current EAA programs that serve individual workers: (1) Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) Initiative, administered by the Appalachian Regional Commission (ARC); (2) Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker Formula Program, administered by the Department of Labor (DOL); (3) National Dislocated Worker Grant Program, administered by DOL; (4) Trade Adjustment Assistance for Workers (TAA) Program, administered by states through agreements with DOL; and (5) Tax Credit for Health Insurance Purchased by Certain Displaced and Retired Individuals, also known as the Health Coverage Tax Credit (HCTC), administered by the Internal Revenue Service.⁹

When selecting experts, we considered (1) type and depth of experience; (2) recognition in the professional community, including references from individuals we interviewed over the course of our body of work on EAA programs; (3) published work and its relevance to our research objective; (4) professional affiliations; and (5) present and past employment history. Table 7 lists the 12 experts who participated in the roundtable and their affiliations at the time of the roundtable.

⁹In our previous work, we determined that these four federal programs and one tax expenditure meet our definition of EAA and help or prepare individual workers to adjust to economic disruption. See GAO, *Economic Adjustment Assistance: Actions Needed to Better Address Workers' Needs and Assess Program Effectiveness*, [GAO-20-521](#) (Washington, D.C.: July 29, 2020).

Table 7: List of Expert Participants in GAO Expert Roundtable to Identify Reform Options That Could Better Serve Workers Who Experience Economic Disruption, Held August 25-26, 2020, and Institutional Affiliation at the Time of Roundtable

1	Jillian Berk, PhD	Mathematica
2	Molly Chamberlin, PhD	Chamberlin/Dunn, LLC
3	Gerri Fiala	Capitol Hill Partners
4	Annelies Goger, PhD	Brookings Institution
5	Harry Holzer, PhD	Georgetown University
6	Melissa Kearney, PhD	University of Maryland
7	Bill Messenger	Washington State Labor Council, AFL-CIO
8	Sean Murphy	Walmart Foundation
9	Erik R. Pages, PhD	EntreWorks Consulting
10	Irma Perez-Johnson, PhD	American Institutes for Research
11	Andrew Stettner	The Century Foundation
12	Till von Wachter, PhD	University of California Los Angeles

Source: GAO. | GAO-21-324

To help identify any potential biases or conflicts of interest, we asked each expert who participated in the roundtable to disclose whether they had investments, sources of earned income, organizational positions, relationships, or other circumstances that could affect, or could be viewed to affect, their view on EAA policy options. None of the experts reported potential conflicts that would affect their ability to participate in the roundtable.

Review of Prior Work and Other Research

In addition to analyzing roundtable transcripts, we reviewed relevant federal laws, our prior work on EAA programs,¹⁰ as well as publications written or recommended by the experts. We also selectively reviewed research related to the reform areas to provide additional context. Specifically, two GAO economists conducted a judgmental search and review of select empirical studies of layoff taxes, firing restrictions, and related employment protection legislation, in order to illustrate potential intended or unintended consequences of these policies.

We conducted this performance audit from January 2020 to April 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our

¹⁰[GAO-19-85R](#) and [GAO-20-521](#).

**Appendix I: Objectives, Scope, and
Methodology**

findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Cindy S. Brown Barnes at (202) 512-7215 or brownbarnesc@gao.gov

Staff Acknowledgments

In addition to the contact named above, Meeta Engle (Assistant Director), Kristen Jones (Analyst-in-Charge), Justine Augeri, Pin-En Annie Chou, Michael Hoffman, Linda Keefer, and Walter Vance made key contributions to this report. Also contributing to this report were Amy Anderson, Christina Bixby, Grace Cho, Scott Clayton, Holly Dye, Kim Frankena, Alex Galuten, Thomas James, Benjamin Licht, Christopher Murray, Mimi Nguyen, Marylynn Sergent, William Shear, Almeta Spencer, and Sarah Veale.

GAO's Mission

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