

Minnesota

**Governor's
Workforce
Development
Council**



**REPORT TO THE
MINNESOTA
STATE LEGISLATURE**

FINDINGS AND RECOMMENDATIONS ON

**MINNESOTA'S
DISLOCATED WORKER PROGRAMS**

February 2004

This study was substantially completed by an ad hoc committee formed by the Governor's Workforce Development Council (GWDC) and chaired by Norb Conzemius, a GWDC member and a member of the MN Job Skills Partnership Board. The study was presented to the full GWDC for consideration and discussion on January 7, 2004 and was subsequently advanced by the GWDC Executive Committee on February 5, 2004 on behalf of the full Council. Discussion in full Council and Executive Committee meetings also shaped the final product.

Committee members included:

- Erik Aamoth, Director, DEED Division of Workforce Partnerships
 - Norb Conzemius, Former Business Owner and Committee Chair[℥]
 - Dick Donat, Board Chair, Rural Minnesota CEP
 - Jean Dunn, Executive Director, Teamsters Service Bureau
 - Bonnie Elsey, Director, DEED Division of Workforce Services
 - C. David Jones, Vice-President, Personnel Decisions, Inc.[°]
 - Larry Mareck, Business Agent, MN Carpenters[℥]
 - Jane Samargia, Executive Director, HIRED
 - Carrie Thomas, Policy Director, Jobs Now Coalition[°]
 - Jerry Vitzthum, Director, Anoka County Workforce Service Area
 - Dennis Wain, Director, Northeast Minnesota Workforce Service Area
- Bill Gray, Former Chair of the Hennepin County Workforce Council and Chuck Hartfiel, DEED Division of Unemployment Insurance, joined the committee but did not actively participate.

The following individuals were active participants in many meetings and/or provided valuable information to the committee:

Debbie Atterberry, Resource, Inc.
Joe Crowe, Quality Career Services
Kay Franey, Hennepin County Training and Employment Assistance
Larry Greenbaum, Jewish Vocational Services
Lee Helgen, Former Executive Director, Minnesota Workforce Council Association
Steve Hine, DEED Office of Research
Randy Johnson, Workforce Development, Inc.
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℥ Indicates individual is a member of the Governor's Workforce Development Council

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EXECUTIVE SUMMARY

The 2003 Minnesota State Legislature asked that the Governor's Workforce Development Council (GWDC), "in consultation with representatives of the Local Workforce Councils, certified providers, including independent grantees, and local elected officials, shall develop recommendations for legislative changes that would improve the efficiency of the dislocated worker program." This report fulfills that request, offering analysis of Minnesota's federal and state Dislocated Worker Programs (DWP) and six recommendations for consideration by the Minnesota State Legislature and MN Department of Employment and Economic Development, as well as the GWDC and the Minnesota Job Skills Partnership Board (MJSPB) for their oversight roles to the programs. The study was completed by a thirteen member Ad Hoc Committee composed of program stakeholders and representing both the MJSPB and the GWDC. The committee reviewed data on program performance, customer satisfaction, and the perspectives of employer and jobseeking customers served by the programs. The full GWDC reviewed the study and it was approved by the GWDC Executive Committee by with a dissenting vote cast by Don Gerdesmeier (Teamsters Minnesota DRIVE Representative).

Dislocated workers in Minnesota are served through two separate programs currently operated jointly. The federally-funded program provides funding for "mass layoffs" (currently defined as more than 50 dislocations at a single employer at a single time). Both federal and state funds support services to individual dislocated workers at Minnesota WorkForce Centers, community-based and labor-based organizations. In both federal- and state-funded programs, dislocated workers are assessed by service providers to determine how their current skills can best be used in a new job; or, if retraining is needed to help workers return to the workforce quickly in new industries or occupations at comparable wages to their previous positions. The service delivery process differs for those in a "mass layoff" from those who are dislocated in smaller numbers. However, services are consistently provided by WorkForce Centers, community-based and labor-based service providers located throughout the state.

Key Points of Analysis and Discussion

In response to the Legislature's request to make recommendations improving the "efficiency" of the program, the committee wanted to incorporate measures of efficiency as well as gleaning measures of program effectiveness. The committee generally agreed to a process mapping effort that was expected to highlight how customers are served, how funding flows, where there are possible redundancies or chokepoints that, if addressed, would improve outcomes for dislocated workers (effectiveness) and use resources toward increased program outputs (efficiency).

The committee focused its analysis on three consistent issues facing customers:

1. **Waiting lists** for service when individual laid-off workers go to WorkForce Centers for service or when there is a delay in determining what other funding streams might be available for a particular layoff.
2. Balance between **providing training and facilitating rapid placements**. Customers have a different experience if program resources are used to support training and/or placement. In some cases, customers may view the Dislocated Worker Programs as an "entitlement" for training.
3. There can be a **disparity of services** (depth and type) for customers depending on whether the layoff qualifies for additional funding (National Emergency Grant or Trade Adjustment Act); and relative to other workforce development programs.

Using these three issues as guides, the committee completed a process analysis of the federal and state programs, including analyses of how programs operate at the local level, and identified six “chokepoints” where customer-facing issues surface.

Primary discussion points throughout the committee’s deliberations included the following:

- The Dislocated Worker Program is one of a few resources in Minnesota which can be effectively used for skill training. Consequently, it sometimes carries an overwhelming burden relative to other programs to provide training services;
- How to best facilitate informed individual choice for dislocated workers seeking services? Are dislocated workers best served when they choose services through the workforce development system; when an Employee-Management Committee chooses a service provider at the point of dislocation; or some combination of approaches?
- Where and how to encourage value-added competition among service providers that either results in higher quality and/or lower cost services? There was significant debate about the structure of service delivery for mass layoffs (using the Employee-Management Committee process) as well as the selection of “independent grantees” and “eligible providers” to deliver services;

These broad issues were covered in the analysis of the chokepoints and ideas to address the chokepoints were generated, refined, and developed. The result was six recommendations for change. Of the six, three represent a consensus among all committee members. Three received a majority vote, with significant dissenting opinion. Sidebars throughout the full document highlight the full range of views expressed by committee members.

Summary of GWDC Recommendations for Minnesota Dislocated Worker Programs

- A. Create consistent delivery of information about program expectations through development of additional “scripting”, templates, and print materials for use by Rapid Response Teams.
- B. Allow for meaningful local response to dislocations by representatives of Local Elected Officials and/or Local Workforce Councils in conjunction with the state Rapid Response Team.
- C. DEED should review eligibility for state DWP and work with partners to clarify, through program guidance and/or staff training, the existing definitions of eligibility for the dislocated worker program (federal and state).
- D. Minimize project application requirements by reducing the paperwork burden on applicants.
- E. DEED should explore a mechanism to account for individuals who are part of mass layoff projects, but have previously been served through formula funds.
- F. The threshold for mass layoffs should be raised from 50 to 200 with no additional changes in the existing mass layoff process. Correspondingly, the formula for distribution of Dislocated Worker Program funds would be significantly increased to account for the additional expected service to dislocated workers by WorkForce Centers and other service providers through formula funding. DEED should have discretion to make additional mass layoff funding available for layoffs under 200 if need is demonstrated and funding is available.

Recommendation F requires legislative change and Recommendation C could be addressed in statute. The balance of the recommendations can be accomplished administratively.

Finally, the GWDC reaffirmed that the Minnesota State Legislature must allow the revenues generated by the workforce development fee to be used for their intended purposes and not to cover General Fund obligations.

The GWDC welcomes comment on this work and engagement by all interested parties in its continuing efforts to strengthen Minnesota’s workforce development system, making it the preeminent workforce system in the nation.

I. INTRODUCTION AND BACKGROUND

The Dislocated Worker Program is an important program that serves a critical need for Minnesota jobseekers; and, aids employers by providing a pool of experienced workers to meet future labor needs. The federally-funded program and the state-funded program since its inception in 1989¹ have together served thousands of Minnesota businesses by helping to create a highly skilled and experienced workforce; and, served thousands of dislocated workers in Minnesota by helping them return to the workforce quickly in new industries or occupations at comparable wages to their previous positions.

A) Legislative charge to the GWDC and study approach

The 2003 Minnesota State Legislature asked that the Governor's Workforce Development Council, "in consultation with representatives of the Local Workforce Councils, certified providers, including independent grantees, and local elected officials, shall develop recommendations for legislative changes that would improve the efficiency of the dislocated worker program."

The Council chose to name an ad hoc committee to complete this task and asked the ad hoc committee to report back to the full Council with a report for consideration. It was clear to GWDC leadership that in order for the GWDC's process to be credible, and to ensure the consultations required by legislation, the study would need to engage stakeholders who deliver services for, administer, and have expertise in the delivery of the Dislocated Worker Program. The GWDC recognized the value of engaging stakeholders for discussion and consideration of ideas; and, understood that the committee's recommendations would be taken as the product of consensus-building among those with a vested interest in the program, members of the GWDC, and other interested parties.

Recognizing the value of diverse perspectives and in the spirit of helping the 2004 Legislature and Pawlenty Administration improve the efficiency and efficacy of the Dislocated Worker Programs, this report contains commentary in pull-out boxes that highlight committee members' concerns, key discussion points, and/or links to additional information that may be of value to policymakers. For more detailed information from each of the Ad Hoc Study Committee's meetings, please see: www.gwdc.org/legis-studies.htm.

¹ The MN State Dislocated Worker Program was established by the 1989 MN Legislature (MS§268.022). Its original sunset date was repealed effective June 30, 1992.

B) Brief history and background

The Dislocated Worker Program is a high profile program serving dislocations which are often newsworthy and easily attract the attention of legislators, lobbyists, and stakeholders. As a result, the program has been reviewed and studied several times in recent years. The conclusions from previous studies have included significant programmatic reforms as well as smaller suggested improvements in management practice. Over time, changes have been made to the program's design and operation to address management concerns or issues about programmatic focus.

While the focus of the GWDC's study was not on broader reforms, the conclusions and recommendations from earlier studies are valuable in understanding the program in light of current economic conditions, the fiscal health of the state, and political leadership. A bibliography of relevant material and summaries of key findings from previous studies is available in Appendix A.

II. COMMITTEE PROCESS AND FINDINGS

The GWDC Dislocated Worker Program Study began its efforts by understanding the key elements of the Dislocated Worker Program, gathering quantitative and qualitative data on the program, identifying strengths and issues of concern from customers' perspectives.

Members and staff to the committee initially outlined how the Dislocated Worker Programs (federally and state-funded) operate in Minnesota. Material prepared by local and state program staff, committee staff, and members was reviewed and discussed. Members reviewed basic program information and analyses of customer and funding flow as well as key decision points that shape how the programs operate. State and local staff responsible for operating dislocated worker programs prepared detailed process flows which were summarized for committee discussions and used as the basis of analysis.

A) Brief Overview of the Dislocated Worker Program

In its early meetings, the Ad Hoc Committee discussed an overview of the program, perspectives from key constituencies: independent union-based and community-based organizations, the MN Workforce Council Association representing Local Workforce Councils and elected officials; private outplacement firms; and others. Committee review of the program began with a brief presentation of the mission of the state dislocated worker program and a discussion of the structure of both the federal and state programs. The mission statement and overview are summarized in the following page.

The Mission Statement of the State Dislocated Worker Program is to minimize the economic impact of layoffs and plant closings to employers and workers through the provision of services which enable the unemployed to return to work quickly at the highest skill and wage level possible.²

Structure of program and services

The Dislocated Worker Program refers to two separate programs currently operated jointly. Both programs are voluntary with workers choosing to participate.

The Federal Dislocated Worker Program is funded and governed by Title I-B of the federal Workforce Investment Act (WIA). Funding for this program comes to Minnesota as part of our state allocation of WIA funds from the US Department of Labor.

Federal funds are used by the Dislocated Worker program for the following purposes:

- 25% is reserved for Rapid Response and mass layoff activities. This portion of federal funds pays for the state-level Rapid Response team and is also used to pay for services to dislocated workers who are part of a mass layoff (more than 50 individuals from a single employer at a single location).
- 60% is allocated by formula to Local Workforce Councils for service to dislocated workers at WorkForce Centers and non-profit community-based providers with whom Local Councils may choose to subcontract.
- 15% is reserved as part of the Governor's "set-aside" budget for state administration costs (5%) and a variety of required and optional statewide activities (10%).

The State Dislocated Worker Program is funded and governed by state statute (MS§116L.17). Funding comes from the workforce development fee (a surcharge on employers' payment of unemployment tax). In July 2000, the MN State Legislature transferred administration of the state dislocated worker program to the MN Job Skills Partnership Board (MJSPB).

State funds are used by the Dislocated Worker program for the following purposes:

- 50% is reserved for services to dislocated workers who are part of a mass layoff (more than 50 individuals from a single employer at a single location). A portion of these funds go to two Independent Grantees chosen by the MJSPB.
- Between 35% and 50% is distributed by formula to Local Workforce Councils who decide how to provide services. The amount of the initial distribution is made annually by the MJSPB (by June 15). The MJSPB has discretion to distribute additional funds (if less than 50% is distributed initially) at other times during the year, as needed.

² This mission statement was developed by a working group convened in 2001 by former DTED Commissioner Rebecca Yanisch.

Dislocated workers are served in one of two ways: through the mass layoff process; or, as individuals at WorkForce Centers and other points of service (union-based organizations and non-profit community-based providers).

mass layoff process

When a single employer lays off 50 or more people at a single location at one time, the layoff is considered a “mass layoff” and triggers a process summarized as follows:

- i) Initial response comes through the State Rapid Response Team who visits the company and presents information on services available to management and affected employees.
- ii) An “Employee-Management Committee” (EMC) is formed to represent both labor and management. The EMC’s responsibility is to solicit and review bids from a limited set of eligible providers including:
 - 16 Local Workforce Councils (so designated according to federal law)
 - 10 eligible service providers (nonprofit, community-based organizations, and labor organizations) who are deemed eligible by the MJSPB in a regular review process. (These include the 2 independent grantees and 8 eligible service providers.)
- iii) The EMC reviews proposals and selects a provider to deliver dislocated worker services to the affected employees.

(for a more complete description of the mass layoff process, see Appendix D.)

individuals served through other points of service

Individuals who are not part of a mass layoff choose service from any of the WorkForce Centers statewide, the two Independent Grantees (Quality Career Services or Teamsters Service Bureau), or nonprofit community-based providers contracted by Local Workforce Councils to provide dislocated worker services.

Finally, it is important to note that individuals served by Minnesota’s dislocated worker programs may also be receiving assistance or service through one or more of the three following related programs³. Specific eligibility definitions for the state and federal programs can be found in Appendix C.

Unemployment Insurance

Most dislocated workers are eligible for, and receive, Unemployment Insurance (UI) when they become unemployed as a result of a dislocation. UI provides individuals with financial support while they are unemployed and encourages many UI recipients to return to work quickly by directing them to WorkForce Centers for help with placement, training, or other needed support. For an understanding of the number of dislocated workers served relative to overall unemployment context and UI recipients, see the table “Minnesota Dislocated Worker Programs History and Context” in Appendix E.

³ Definitions are from US Department of Labor (NEG: Code of Federal Regulations, Title 20, Chapter V, Part 671.)

National Emergency Grants

National Emergency Grants (NEGs) are special grants made by the US Department of Labor which “provide supplemental dislocated worker funds to States, Local Boards and other eligible entities in order to respond to the needs of dislocated workers and communities affected by major economic dislocations and other worker dislocation events which cannot be met with formula allotments [from federal allocations to states]”. These are fairly infrequent awards, reserved for significant assistance.

North American Free Trade Act / Trade Adjustment Assistance (TAA) and Readjustment Assistance (TRA)

The Trade Adjustment Act is a federal program that provides assistance such as job search, relocation assistance, retraining, income support, etc. to workers who have become unemployed because of imports. The Trade Act programs offer a weekly payment called Trade Readjustment Allowances (TRA). When workers first seek assistance, even before it is determined that they are eligible for TAA and/or NAFTA-TAA, they may receive unemployment compensation, which is a weekly income support payment. If a worker is eligible for TAA and/or NAFTA-TAA, they may be able to continue receiving weekly income support payments in the form of TRA after the exhaustion of unemployment compensation benefits. TRA payments are intended mainly for workers who are enrolled in approved, full time training.

B) Efficiency / Effectiveness Discussion

The committee also discussed various approaches to defining “efficiency” as that was a key focal point of the GWDC’s charge from the Minnesota State Legislature. Two basic frameworks were presented to the committee for consideration. The first outlined efficiency in terms of quantifiable “outputs” relative to inputs (costs). The second framework introduced the notion of effectiveness, noting that there can be degrees of effectiveness, and the challenges associated with quantifying effectiveness. In the second framework, efficiency is measured by quantifying effectiveness or “outcomes” relative to inputs (costs).

The committee’s discussions often returned to a question of baselines, i.e., are Minnesota’s Dislocated Worker Programs serving all who could be served by the program? What is the target for reaching dislocated workers? What are our benchmarks for effectively serving dislocated workers? Members often found it difficult to answer these questions definitively, as the programs operate in an ever-changing economic environment. To get some sense of the scope and reach of the program, members reviewed contextual information about unemployment overall and the Dislocated Worker Programs’ impact. For more information, see Appendix E.

Members felt that embedded in the DWP mission are expectations for placement, wages, training outcomes, and support for workers while unemployed. Consequently, members agreed that while outputs could be quantified, there was a deeper sense of the quality of the service – the effectiveness of the intervention – that was important to capture. Consequently, members felt it would be difficult to narrowly define efficiency

only in terms of outputs relative to cost and that some additional measures of “effectiveness” should be considered. Specifically, the committee expressed interest in:

- Efficiency as defined by dollars spent per output
- Efficiency as defined by the outcomes articulated by federal and state law and rules
- Efficiency as defined by the outcomes articulated by service providers
- Efficiency as defined by the outcomes articulated by customers
- Efficiency as a function of employer satisfaction

The committee generally agreed to a process mapping effort that was expected to highlight how customers are served, how funding flows, where there are possible redundancies or chokepoints.

C) Data Sources and Customer Voices

The committee outlined other data sources which they agreed would be valuable in further evaluating these three customer-facing issues. These data sources include:

- Program reports and other administrative data from the program
- Customer satisfaction survey results from DWP jobseekers
- Listening sessions with DWP “hiring” employers
- Listening sessions with DWP “dislocating” employers

Much of the data collected, and perspective provided from committee members and meeting participants affirmed the value of the program and the key issues identified as chokepoints in the program process (see below). Among stakeholders involved in the program as service providers and administrators there are strongly held opinions shaped by experience with the program. Consequently, the qualitative data gathered often reflects the opinions of those providing the data. A complete summary of key voices and perspectives is provided in Appendix B.

D) Articulation of program process and identification of chokepoints

To guide the process mapping, the committee reviewed selected data from customer perspectives, service providers and program managers and identified key issues customers face that, in all likelihood, point to some efficiency “chokepoints”. Three customer-facing issues were identified which guided the balance of the committee’s work.

1. **Waiting lists** for service when individual laid-off workers go to WorkForce Centers for service or when there is a delay in determining what other funding streams might be available for a particular layoff.

Committee members agreed that for customers to be put on waiting lists represents an unacceptable delay in service. Some members clearly saw waiting lists resulting directly from decisionmaking on the part of state agency officials and the MN Job Skills Partnership Board which has authority to release formula funds. Others saw the problem as a management issue at the local level after state distributions have been made. Finally, many believe the program receives inadequate funding relative to statewide need.

The balance between training and placement is, in part, simply a function of what individualized services customers require; and, in part, a result of guidance to providers and/or availability of other resources available to serve customers. The disparity of service due to other federal funds being available is rare; but seems to have a significant influence on customers, legislators, and others' "word of mouth" perceptions.

2. Balance between **providing training and facilitating rapid placements**. Customers have a different experience if program resources are used principally to support training and/or placement. In some cases, customers may view the Dislocated Worker Program as an "entitlement" for training.

3. There can be a **disparity of services** (depth and type) for customers depending on whether the layoff qualifies for additional funding (National Emergency Grant or Trade Adjustment Act); and relative to other workforce development programs.

These customer-facing issues also underscore the key themes that ran throughout the committee's deliberations. The Dislocated Worker Program is critical to serving a key group of unemployed Minnesotans who experience difficulties returning to the workforce as a result of their dislocation. Further, stakeholders concur that the decision about what services individuals receive should be based on a thorough, individualized assessment. The degree to which dislocated workers are able to return to work quickly depends, in large

part, on the economic environment at the time of the assessment. The committee considered mechanisms to guide the program so that training is directed as economy conditions require.

A major issue throughout the committee's work was the question of where and how to encourage value-added competition among service providers that either results in higher quality and/or lower cost services. In the current mass layoff process, the Employee-Management Committee (EMC) reviews bids from a pool of eligible providers whose qualifications are reviewed by the MN Job Skills Partnership Board (MJSPB). Committee members acknowledge that bidders in the EMC process do not compete on the basis of cost. However, it is assumed that the pre-selection process by the MJSPB provides quality assurance, selecting those providers from among others. Key discussion points included:

- > Should the selection of providers to bid on mass layoff projects be done at the state level or the local level? What relation, if any, should this selection process have to other "eligible provider" processes?
- > How do we encourage competitiveness in rural areas where there may be only one or two organizations able and willing to deliver services?

Ultimately, as the program is a voluntary program with jobseekers seeking employment, training will be provided as needed when workers are "unlikely to return to their former occupation/industry" or "find suitable work at a comparable wage". Recommendation C addresses this issue.

There was also frequent division among committee members about whether these services are best delivered in groups at the point of dislocation and/or as individuals move through an established service system seeking placement and/or additional training. "Efficiency" arguments can be made to support all positions. The program

data is inconclusive in comparing formula-funded outcomes and project-funded outcomes. There was a consistent concern during committee discussion about allowing and encouraging competition during the process. Most committee members agreed that a competitive environment added value; however, it was not clear to all members that the current competitive model rewards lower costs, higher quality service, or equal opportunity among potential service providers.

In spite of these broader divisions, committee members reviewed specific process maps at the state and local levels, preliminary data gathered from the sources above, and shared their own perspectives on the program process (e.g., what happens to people when they are dislocated) and how funds flow through the process. This resulted in a single flowchart that the committee referred to through the balance of its deliberations (see chart) that highlighted six chokepoints in the program. *Note:* In the committee's deliberations, the first three were originally labeled 1-A, 1-B, and 1-C as they all connected to the mass layoff process specifically and were inter-connected. For this final report, the chokepoints have been numbered sequentially. A description of each of the chokepoints follows:

Chokepoint I. In the initial determination of whether a layoff is a mass layoff (over 50) or not, there can be a lag time in effectively serving customers due to the 'dribbling out' of employees and/or the geographic spread of a large company laying people in multiple locations. Consequently, individuals go to WorkForce Centers or other points of service and, with hindsight turn out to have been part of a mass layoff. Conversely, we have people as part of a mass layoff waiting to be sure that a "project" will move forward. How this determination is made can affect how much funding is available to dislocations.

Chokepoint II. In the mass layoff process, there can be a delay in providing service as employees wait for the Employee-Management Committee (EMC) process to move forward; delays in waiting for special federal funding; and sometimes mixed expectations by potential customers based on the Rapid Response function. Some of the issues in this chokepoint reflect how quickly and effectively employers communicate their intentions. Although not a frequent chokepoint, there are service delays that could be addressed by encouraging better communication with the dislocating employer and doing more to bridge funding gaps while waiting for additional assistance.

Chokepoint III. The eligibility criteria and priorities for the federal program and the eligibility criteria and priorities for the state program are substantially the same, but are implemented differently at various points of service. So, there can be a disparity of service among individuals depending on where and how they seek service, and whether they are served with federal or state dollars.

One method that other states have used for defining dislocated worker eligibility is the Unemployment Insurance (UI) “profiling” process to define a pool of unemployed workers who need assistance to return to work quickly. This was not discussed by the Ad Hoc Committee, but was raised in discussions by DEED leadership as an avenue to be explored. Minnesota’s DWP services in the context of UI profiling are highlighted in Appendix E. An example from the state of Kentucky: is at: www.ssc.uwo.ca/economics/econref/html/WP2000/wp2000_18.pdf

Chokepoint IV. Regardless of whether an individual is served through the mass layoff process or not, all individual dislocated workers receive an individualized assessment. Some stakeholders acknowledge that they view the program principally as a training resource to be used, if needed, toward successful placement; while others de-emphasize the value of training. Everyone agrees that services should be based on an individual assessment of each individual participant. However, there are disparities in how the program is implemented. Performance measures and funding availability (both in this program and in other programs) can influence training and placement choices. From customers’ perspectives, it seems “unfair” if some get training while others do not.

Chokepoint V. The disparity of resources that, in turn, affects individuals getting slightly different levels of service is driven, in part, by the occasional availability of other federal funds for special situations. There is little we can do to address this at the state level; but, we found that the disparity was an issue for customers. Mitigating this disparity with different program design and/or funding options may be worth exploring.

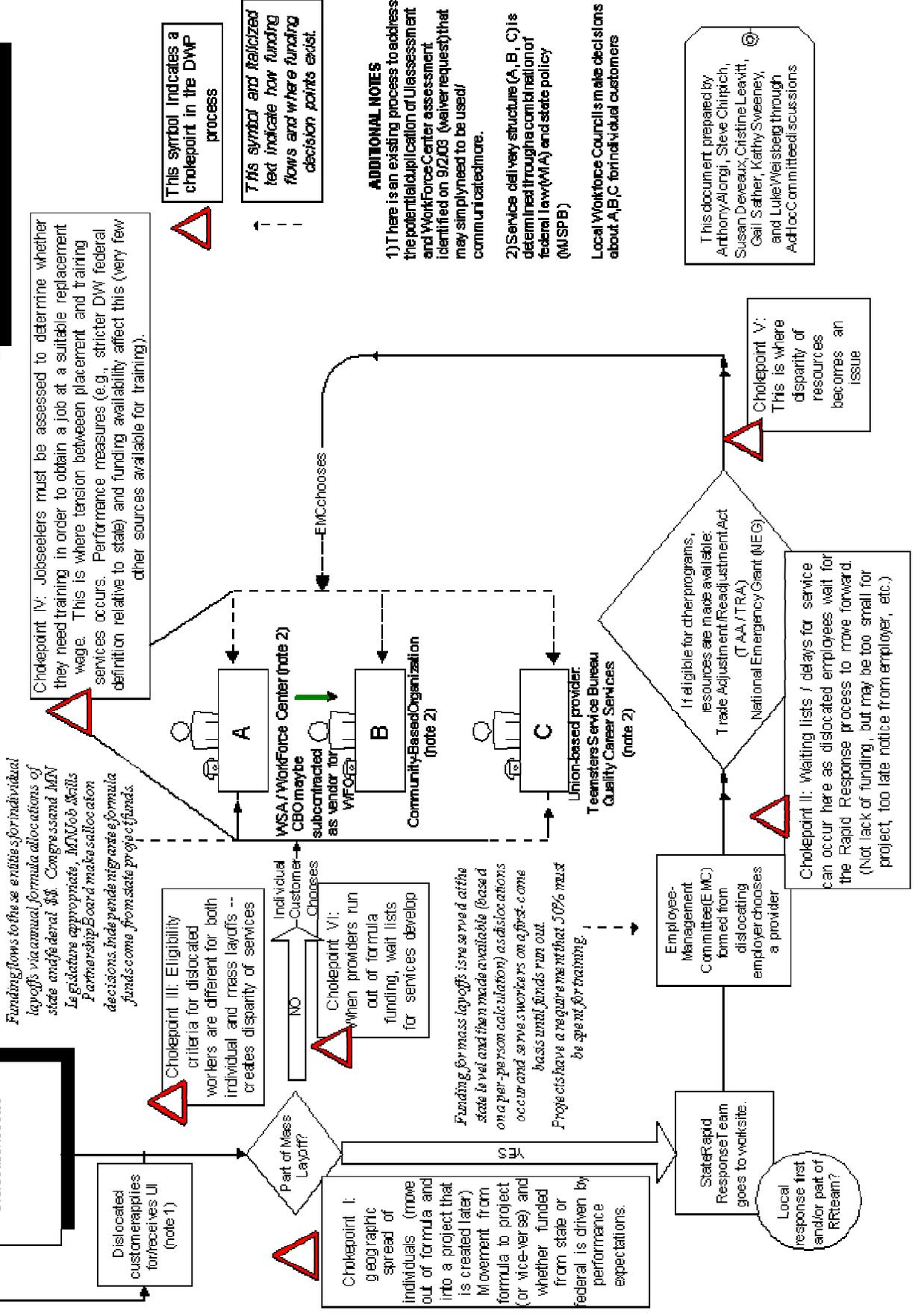
Chokepoint VI. Finally, there is a chokepoint when individual customers cannot be served when they approach a WorkForce Center or other point of service because the provider has run out of funds. On one level, this is simply a resource issue. However, we saw it as a significant point of customer disappointment and, consequently, added it as a chokepoint to be addressed.

Some committee members felt strongly that Chokepoint VI was not simply a lack of funding, but rather a result of allocation decisions by the MN Job Skills Partnership Board (MJSPB) and, possibly a local resource management issue at WorkForce Centers.

FINAL
 Jobseeker Customer Flow Analysis
 GWDCD is located Worker Program
 Study Committee

Dislocating employer may make private funding available for a private firm or additional services through public system

Dislocating employer engages private firm?



Funding flows to the state formula for individual layoffs via annual formula allocations of state and federal \$\$. Congress and MN Legislature appropriate, MN Job Skills Partnership Board makes allocation decisions. Indpendent private formula funds come from state project funds.

This symbol indicates a chokepoint in the DWP process

This symbol and italicized text indicate how funding flows and where funding decision points exist.

ADDITIONAL NOTES

- 1) There is an existing process to address the potential application of UI assessment and Workforce Center assessment identified on 9/2/08 (waiver request) that may simply need to be used/communicated more.
- 2) Service delivery structure (A, B, C) is determined through a combination of federal law (WIA) and state policy (MSPB)

Local Workforce Councils make decisions about A, B, C for individual customers

This document prepared by Anthony Alongi, Steve Chirpich, Susan Drevaux, Cristine Leavitt, Gail Sather, Kathy Sweeney, and Lulei Weisberg through Ad Hoc Committee discussions

E) Brainstorm, discussion of potential solutions, and development of recommendations

Over the course of two meetings, committee members brainstormed potential solutions to the six chokepoints. These were significant discussions in which ideas were put on the table with no value judgment or deep consideration of implementation practicality. This resulted in a list of sixteen ideas for changes to the program. These ideas were considered both individually and in “bundles” developed by committee staff. The “bundling” was an effort to create scenarios based on several ideas being implemented together. The discussion that ensued about the scenarios was useful in further articulating individual committee members’ perspectives; but did not result in greater consensus around specific ideas.

Consequently, committee members reiterated individual ideas for consideration, drawing on the full range of previous discussion. Through another round of meeting discussion and electronic feedback on ideas, the full list was narrowed to a handful of ideas that committee members thought could be agreed upon in full consensus or with a majority vote.

The committee’s final deliberation on recommendations included discussion of five specific proposals (some with multiple choices embedded within them) developed by staff based on prior committee conversations. The committee fully considered these five proposals. Three of the five were modified and agreed upon unanimously by committee members present. Two were modified, received a majority vote, and had significant dissenting opinions. A sixth proposed change was raised by the committee during its final deliberation on recommendations. This proposal was considered and voted upon, receiving a majority vote with significant dissenting opinion. To capture the full range of issues raised and considered, the following section contains annotation alongside the recommendation that represents the “minority perspective” on a given issue and/or amplifies key elements of the committee’s deliberation.

III. RECOMMENDATIONS

Of the six recommendations here, one requires action by the Minnesota State Legislature (Recommendation F). Another, Recommendation C, could require statutory change. The rest are directed at the MN Department of Employment and Economic Development (DEED) and other stakeholders in the Dislocated Worker Program.

A) *Create consistent delivery of information about program expectations through development of additional “scripting”, templates, and print materials for use by Rapid Response.* This information should be developed with service providers’ and other stakeholders’ input and should also be publicly available (via the Web or other sources). This information will underscore that the Dislocated Worker Program assesses each customer individually and that the services made available to individual workers will, necessarily, vary.

What identified chokepoint/customer issue does this address?: This addresses, in part, the concern about customers’ having different expectations about levels of service, availability of training, and/or funding available to serve them. (Chokepoints III and V)

How does this improve programmatic efficiency/effectiveness?: Program effectiveness will be improved if customers’ expectations are established and met more consistently across varying events.

B) *Allow for meaningful local response to dislocations by representatives of Local Elected Officials and/or Local Workforce Councils in conjunction with the state Rapid Response Team.* DEED, Local Workforce Council leaders, and other stakeholders should develop a detailed plan for Local Workforce Councils (and their subcontractors, if appropriate) to be certified by DEED staff to have responsibility for Rapid Response functions in response to dislocations in their area. The Local Workforce Council (or their designated representative who is not also a potential provider of services to the dislocating employer) would have responsibility for Rapid Response functions based on specific criteria to be established by a group of stakeholders convened by GWDC/MJSPB.

Commentary from Committee and GWDC discussion

Recommendation A was advanced with full consensus by the committee.

Recommendation B evolved from an original concern raised in committee discussion about the difficulty of allowing for a meaningful local response to dislocations while still allowing for meaningful competition at the local level to deliver services in response to mass layoffs.

The “rapid response” should include a range of services (including economic development opportunities) that might avert the layoff and/or strengthen the employer’s position to avoid additional future layoffs. In order to maintain fair competition in the choice of a provider to deliver mass layoff project services, the Local Workforce Council / Local Elected Official must send a representative who is not directly responsible for the provision of dislocated worker services and who would not be in a position to bid on a project to serve the affected dislocated workers, otherwise a potential conflict of interest might be perceived.

What identified chokepoint/customer issue does this address?: This addresses delays and inefficiencies at chokepoints I and II as initial projects are identified and as the Rapid Response process moves forward.

How does this improve programmatic efficiency/effectiveness?: Anecdotal information suggests that Local Workforce Council staff and/or other local providers are more likely to have early information about potential layoffs than current state Dislocated Worker Program staff. If the intervention can be earlier, and based on a previous service relationship, there is greater possibility that layoffs can be averted and/or that laid-off employees will be served more quickly and more effectively.

- C) *DEED should review eligibility for state DWP and work with partners to clarify, through program guidance and/or staff training, the existing definitions of eligibility for the dislocated worker program (federal and state).* Department and Local Workforce Councils should communicate state and local priorities for investments in training, respectively.

The Governor and Legislature should strengthen efforts already begun to reform MnSCU course development and implementation processes so that the MnSCU system can be more responsive to local workforce training needs.

DEED should consider greater use of waivers for “50% training requirement” or reduce or eliminate the “50% training requirement” for state-funded services. Use the

Committee members had some agreement that a meaningful local response could be valuable; but concern about how to still allow for competition – or whether competition at the local level for mass layoff projects was the right place for competition – kept the committee from reaching consensus on this recommendation. As noted earlier, competitiveness in metro areas may need to be handled differently than competitiveness in rural Minnesota.

Some members also feel strongly that expanding the Rapid Response function beyond the state team may reduce efficiency and question the measurable improvement in customer service that will result.

Recommendation C originated as an attempt to overcome what many members viewed as a bureaucratic hurdle to ensure that each participant receiving services with state funds had at least 50% of all expenditures on them go toward training. In some cases, individuals didn’t require this level of training investment. Consequently, it became a chokepoint in the way money flowed

federal reporting format (program and admin) to account for training services delivered as part of program services.

A routine “utilization review” should be instituted that would return information to program providers and policymakers about training services provided, costs associated with training, and occupations/outcomes for which training was provided

What identified chokepoint/customer issue does this address?: This addresses some of the concerns raised in chokepoint IV (training v. placement) and the information gathered that suggests there is inconsistency in what/how program services are delivered. This proposed change also impacts chokepoint VI by, presumably, encouraging WorkForce Centers, Independent Grantees, and other providers to more strictly apply the eligibility definitions and existing statewide and/or local priorities for services so that there would be (marginally) more funding available to serve more eligible dislocated workers.

How does this improve programmatic efficiency/effectiveness?: If the program is able to more carefully tailor individual services based on an individual assessment, then program effectiveness is increased by best serving the customer based on individual need. A more prescriptive definition of training need may result in more individuals receiving needed training and seeing significant wage gains. Conversely, it is also possible that fewer program participants will receive training, and that funding will be used to support more participants receiving basic readjustment and placement services.

- D) *Minimize project application requirements by reducing the paperwork burden on applicants* by maintaining annual or biannual “boilerplate” language for each service provider that would form, in essence, a master contract. Then, allow a minimal amount of project-specific information to be transmitted as needed to form the basis for a project award. Consider establishing an on-line or electronic form for completing the project-specific information.

Further, DEED staff should examine the feasibility of consolidating multiple projects into as few grants as

Some members viewed relaxing the 50% requirement as an opportunity to introduce stricter controls on who could receive training or to identify certain industries or occupations in which training would be recommended. This kind of alignment feels contrary to what many view as the hallmark of the program – individualized services based on individual need.

At the core of this discussion is the reality that the Dislocated Worker Program is one of the few resources in Minnesota which can be effectively used for skill training. Consequently, it sometimes carries an overwhelming burden relative to other programs to provide training services.

Recommendation D was advanced by the committee with full consensus.

possible for an individual service provider. At minimum, projects could be consolidated by funding stream (e.g., federal and state) or criteria could be established that would allow multiple projects to be consolidated except when certain thresholds are triggered (e.g., number of participants, dollar amounts, etc.).

What identified chokepoint/customer issue does this address?: This addresses, in part, the chokepoint at I-B when projects are being established and also may impact delays in serving customers associated with III (disparity of resources) if, in fact, consolidating multiple projects can also “level out” how particular groups of workers are handled (e.g., AID-MN).

How does this improve programmatic efficiency/effectiveness?: Administrative efficiency would be gained at the service delivery level by allowing service delivery staff to spend less time processing applications and more time serving program participants.

E) *DEED should explore accounting for individuals that are part of mass layoff projects, but have previously been served through formula funds.*

What identified chokepoint/customer issue does this address?: This addresses chokepoint I.

How does this improve programmatic efficiency/effectiveness?: This proposed change will improve service to customers who can be served more quickly and without hesitation if providers understand that customers who (at a later point) are part of a project can be served via formula up front. This would also, potentially, allow formula funds to be used for more services as “project” funds would be reimbursed, freeing up more formula funds for service to more people.

Recommendation E was advanced by the committee with full consensus.

F) *The threshold for mass layoffs should be raised from 50 to 200 with no additional changes in the existing mass layoff process. Correspondingly, the formula for distribution of Dislocated Worker Program funds would be significantly increased to account for the additional expected service to dislocated workers by WorkForce Centers and other service providers through formula funding. DEED could consider special funding for layoffs under 200 if such a layoff has a major impact on a community and sufficient funds are available.*

What identified chokepoint/customer issue does this address?: This addresses chokepoint I.

How does this improve programmatic efficiency/effectiveness?: This proposed change reduces the incidence of the mass layoff process, the establishment of an EMC, the decision point by the EMC and state dislocated worker staff, and presumes that more dislocated workers will be served with “formula money” through WorkForce Centers and other existing points of service.

NOTE: The GWDC discussed this recommendation at its full Council meeting in January 2004 and asked the ad hoc study committee to consider an “impact analysis” for the mass layoff threshold. The full Council’s discussion centered on the desire to have a somewhat more flexible and meaningful threshold rather than a numeric threshold fixed in legislation. The ad hoc study committee considered options, but did not endorse any single impact analysis for consideration by legislators, opting instead for the flexibility described in the final sentence of the recommendation. More detailed information on possible impact analyses can be found in the materials for the 1/20/04 Ad Hoc Study Committee meeting posted at www.gwdc.org/legis-studies.htm.

Recommendation F was initiated at the committee’s final deliberation on recommendations. It received a majority vote in favor. Some members view the current mass layoff process with an EMC making the provider selection as a fair and valuable process that allows dislocated workers to be served as a group based on their point of dislocation. Some program providers feel strongly that this model provides qualitatively better service than allowing individuals to seek service voluntarily from a multitude of potential service providers.

There was also recognition that this recommendation does not fix what other members viewed as the weaknesses with the current EMC process, but rather reduces the number of times that process is used. The committee reviewed data comparing formula and project funding which, upon careful analysis, is inconclusive in suggesting that one approach is consistently more “efficient” than the other.

IV. CONCLUSIONS

The framework the GWDC developed over the last few years outlines the pressing need for Minnesota to continue to find more workers, with more skills who will be more mobile in the labor market to ensure our continued economic vitality. The placement and/or retraining of dislocated workers is a critical element of ensuring that we are able to meet those challenges.

The difficulties of defining efficiency precisely, finding the appropriate level of competitiveness in the workforce system, and ensuring informed individual choice in a complex system are not definitively solved with this report. Addressing these issues is the appropriate and ongoing role of elected and appointed officials, constituents, and stakeholders who seek continuous improvement and must, necessarily, respond to continually shifting economic, fiscal, and political environments.

The recommendations here, to be considered and implemented by the MN Department of Employment and Economic Development (DEED) and the MN State Legislature, would improve the efficiency and effectiveness of what is widely regarded as a key program in the portfolio of Minnesota's workforce development services.

A final word to our legislative readers: The GWDC feels strongly that the workforce development fee is an important tool for bringing much-needed resources into Minnesota's workforce development system. Consistent with past actions, **the GWDC reaffirmed in January 2004 that the Minnesota State Legislature must allow the revenues generated by the workforce development fee to be used for their intended purposes.** The Legislature's past practice of taking portions of that revenue for non-workforce development purposes (particularly General Fund obligations) weakens the support that business leaders, workers, and others have expressed for using the workforce development fee to strengthen Minnesota's workforce and ensure a steady supply of skilled workers in support of Minnesota's economic vitality.

The GWDC appreciates the opportunity that was given by the Legislature to review this program and make recommendations for its continued success.

APPENDICES

- A. Summary of key findings from previous studies of Minnesota's Dislocated Worker Programs and other relevant material

- B. Stakeholder Voices

- C. Federal and State Program Eligibility Definitions

- D. Mass Layoff Program Information

- E. Minnesota Dislocated Worker Programs History and Context Spreadsheet

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Appendix A – Summary of key findings from previous studies of Minnesota’s Dislocated Worker Programs and other relevant material

The request of the 2003 Minnesota State Legislature to the Governor’s Workforce Development Council (GWDC) to study Minnesota’s Dislocated Worker Programs was not the first time that these programs had been scrutinized for their efficiency or effectiveness. Several formal and informal evaluations have been done since the program’s inception; in addition to regular review of program performance by its managers and state leadership. GWDC staff selected three key studies for review here and provides this summary and accompanying analysis as additional background for policymakers and other stakeholders. Major themes found in these reports were consistent with the ad hoc committee’s deliberations (although these specific citations were not reviewed in full with the committee) and provide valuable context for policymakers in understanding the chokepoints and solutions identified by the GWDC.

Following are excerpts from the reports organized by key themes found in the reports and, ironically, still under discussion with submission of the GWDC’s report to the 2004 Minnesota State Legislature. In the balance of this document, excerpts are identified as:

- **B1** Evaluation of Minnesota’s Dislocated Worker Program for the period 7/1/94 through 6/30/96; Berkeley Planning Associates, Final Report September 1997.
- **B2** Review of the Minnesota Dislocated Worker Program, Berkeley Policy Associates, May 2001.
- **GAO** United States General Accounting Office (GAO) Report to Congressional Requesters, Workforce Investment Act: Better Guidance And Revised Funding Formula Would Enhance Dislocated Worker Program, February 2002.

Links to the full text of these reports can be found through www.gwdc.org/legis-studies.htm.

A. Promoting Competition and Individual Choice

Both Berkeley studies identify Minnesota’s dual methods of promoting competition and individual choice. Individual workers who are not served through the mass layoff process are able to choose from among a wide array of service providers while those served through the mass layoff process get choice through a competitive bidding process among service providers, with the choice being made by a representative committee (EMC). Both studies recognized that our Dislocated Worker Programs sometimes fail to reach either of those goals effectively.

“While competition among prospective grantees is healthy in the metropolitan region, it is much less common in rural areas...A more fundamental reform might be made by allowing individual choice. Workers dislocated from mass layoffs would decide for themselves where to receive services, moving the competition from among service providers to the level of individuals” B1, Executive Summary, p.vi.

“Grantees questioned the fairness of the competitive process on several grounds in addition to its potential for bias...Specifically, grantees complained that the existing process prevented them from providing EMCs with sufficient information on their capabilities and allowed some grantees to make false or

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misleading claims. Grantees also complained that the policy of the DWP [staff] to remain impartial during the selection process exacerbated these problems...The DWP [staff] might further increase the fairness of competition by providing EMCs with objective information on grantee performance. Much of this information is collected already as part of the DWP performance management system...Under the current system of competition; EMCs have no unbiased sources of information with which to compare grantees..." B1, Chapter 6, p. 6-14.

"Critics of the managed competition process for project funds suggest that this process leads to increased program costs .The theory behind this argument is that providers offer increasingly comprehensive and expensive services to the EMC in hopes of being selected. However, in examining per-participant costs for project funds, BPA found no evidence to support this charge." B2, Chapter 4, p. 51.

"While workers from small dislocations can choose from a great range of potential service providers, workers from mass layoffs are limited to organizations which elect to compete to provide services...Worker choice is further diminished in mass layoffs by the use of employee-management committees...eliminating choice at the individual level. If worker choice is the paramount goal, grantee competition at the level of individuals may be warranted..." B1, Chapter 6, p. 6-22.

There seems ample evidence from both Berkeley studies that Minnesota's mix of individual choice outside of mass layoffs and managed competition among service providers for mass layoffs sends mixed messages to customers, policymakers, and others. However, as the second Berkeley report indicates, there is no solid evidence to suggest that service delivery via mass layoff projects is consistently more or less costly and/or effective than individuals seeking service through the WorkForce Center system or among community-based providers. In its analysis, assisted by DEED staff able to validate performance numbers with wage detail records, GWDC staff also found the data inconclusive.

B. Mass Layoff Process Issues including Rapid Response

The GWDC committee spent considerable time reviewing the mass layoff process and understanding its value and origins. As noted below, the construct of an "employee-management committee" was originally found in EDWAA federal legislation dating back to 1989 and subsequently changed in the Workforce Investment Act (WIA). However, it remains a fixture of Minnesota's dislocated worker programs.

"The initial impetus for creating employee-management committees [EMCs] came from the EDWAA legislation which recognized the value of labor-management cooperation in responses to layoffs. As provided for in the EDWAA legislation, the role of the EMC is to develop a strategy for providing employment and training services to affected workers. While the EDWAA legislation encourages the broad involvement of EMCs in planning and overseeing services, Minnesota's EMCs appear to play a much narrower role...their chief activity is

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the selection of a service provider.” B1, Chapter 6, p. 6-8.

“The role of DWP staff in getting information to EMCs is crucial. They provide direct information to EMCs about program services and grantees and guide the EMC through the entire selection process. Several staff within the DWP share these duties. Two of these staff persons are actually employees of outside organizations, however, and every substate area respondent we contacted raised concerns that their involvement in Rapid Response could introduce bias into the selection process” B1, Chapter 6, p. 6-11.

“The top priority for the Minnesota Dislocated Worker Program is early intervention so it can reach and assist dislocated workers as early as possible. However, the program relies on notification by employers regarding pending layoffs before it can begin to assist affected workers, and respondents report that it is difficult to get employers to provide early notification of pending layoffs...Berkeley Policy Associates recommends that the Minnesota Dislocated Worker Program work with workforce development partners to focus on dislocation prevention where possible and services for dislocated workers when dislocations are going to be unavoidable. Expanding into dislocation prevention would require the Minnesota Dislocated Worker Program to collaborate with workforce development partners such as the Job Skills Partnership Program and Economic Development. Initial Rapid Response meetings funded by the Minnesota Dislocated Worker Program could include representatives from each of the three agencies...If dislocations were unavoidable, it would help to have a representative from Economic Development present at any Rapid Response meetings with employers...The reorganization of the DWP, the rest of the workforce development system, and Economic Development into the same Department should support such collaborative efforts...Finally, Berkeley Policy Associates recommends increasing outreach about the services provided by the DWP and the workforce development system in general to employers and workers...” B2, Chapter 4, p. 52.

“States used the flexibility under WIA to decide how much of their set-aside funds to spend on rapid response for dislocated workers and how much to spend on other statewide activities. Five of the 50 states that responded to our survey delegated all responsibility for direct rapid response services to staff in the local workforce area. For example, California had a state unit that informed local areas of impending layoffs but delivered no direct services. The state distributed a portion of its rapid response funds to the local areas to provide direct services...New York was another state where local workforce area staff were generally responsible for delivering rapid response services. Unlike California, however, New York did not provide the local workforce areas with funding for these services. New York also had a \$1 million contract with representatives of organized labor to provide rapid response assistance when their union members were affected by a layoff...In addition to providing rapid response services to workers affected by a layoff or plant closing, 32 states said that they used a

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portion of their rapid response set-aside funds to provide additional assistance to local areas that experienced an increase in unemployment owing to plant closings or mass layoffs. Thirty of the 50 states have not changed how they provide rapid response since implementing WIA remaining 20 states reported making changes in the way they provide rapid response as a result of WIA...For example, Washington state and Kansas assigned state staff to each local workforce area to coordinate and deliver rapid response services...Other changes included increasing coordination between the state rapid response unit and other workforce partners, changing the focus of orientations from training benefits to available job search services..." GAO, pp. 3-4.

The GWDC's recommendations follow many of the arguments here to propose a shift in Rapid Response that will allow for meaningful local engagement and response without compromising the Local Workforce Council's role as a neutral convener. The GWDC's recommendations also acknowledge the further synergy between workforce and economic development that should be evident in Rapid Response now that the merger of the MN Department of Economic Security (MDES) and the MN Department of Trade and Economic Development (DTED) into the Minnesota Department of Employment and Economic Development (DEED) has taken place.

The committee considered several options to dramatically change the mass layoff process. There appear to be strong arguments that providing services in groups at the point of dislocation results in more effective service. Providers who espouse this theory are compelling but cannot offer any quantitative data to support the claim. The Berkeley commentary, and careful examination of our current process, suggests that a new service delivery model should be constructed that allows for a Rapid Response function that enrolls individuals quickly at the point of dislocation and offers services through one of several existing venues in the workforce development system. This is how Congress envisioned the federal system working under the Workforce Investment Act (WIA).

C. Selection of Eligible Service Providers and Independent Grantees

Repeatedly in the committee's work, members sought to understand why some service providers are deemed "eligible" while others get direct grants to provide service; while still others (operating as staff to Local Workforce Councils) are "anointed" to deliver services in a given area. The committee also heard from private-sector providers who questioned why the state eligibility process seems to favor nonprofit providers over for-profit providers.

The Influence of Competition on the Dislocated Worker Program "The competitive selection process emerged as the most controversial programmatic issue of this evaluation" "The basic premise of the current selection process is that it increases worker choices and program quality by promoting competition...Our interviews with substate areas and other respondents suggested that the extent of competition for grants is limited...Competition was much more extensive in the metropolitan region...Local residency is not required to receive services and dislocated workers may apply for services from the substate area of their choice...Options for dislocated workers in the metropolitan region have been

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expanded further by substate areas' decisions to employ several subgrantees as service providers. Workers may be served by one subgrantee or another depending on their preferences and the availability of resources ...These options for choosing service providers are only available, however for workers served with funding from formula grants, the basic funding source for substate areas." B1, Chapter 6, pp. 6-18 through 6-22.

"Including independent grantees in the workforce development system has had a significant impact on the Dislocated Worker Program ...We question whether the advantages of including so few independent grantees in the Dislocated Worker Program outweigh the controversy surrounding their funding and the selection process...In the same period that independent grantees have become major service providers through local competition, organizations have greatly expanded their efforts to consolidate programs, increase collaboration, and eliminate duplication." B1, Executive Summary, p. ii.

"The use of independent grantees to deliver services has caused considerable conflict within the workforce development system...Many respondents recognized that some independent grantees are good service providers. Nevertheless, they questioned the wisdom of investing substantially in delivering services through a competitive process while state policy makers are trying to foster collaboration and coordination as a means to increase program effectiveness. Indeed, with the advent of WorkForce Centers, some contend, the current system could prove less efficient by duplicating services available through these centers." B1, Chapter 5, p. 5-14.

The "managed competition" model appears sometimes problematic and certainly has different implications in urban areas than in rural Minnesota. The committee discussed options for either simply allowing all individual dislocated workers to find their way through the system and carry their funds with them; or, opening up competition more broadly so that there is no distinction between providers eligible to provide dislocated worker services versus those providing other publicly-funded workforce services. While the GWDC committee did not reach consensus on either of those options, it remains that there is room for future reform in this area.

ADDITIONAL INFORMATION ITEMS REFERENCED FOR COMMITTEE DISCUSSIONS

- Dislocated Worker Program information sheets, MN Department of Employment and Economic Development (DEED)
- Financing Unemployment Insurance, Program Evaluation Report, MN Office of the Legislative Auditor, January 2002
- Notes from the Dislocated Worker Fund Allocation Work Group convened by the MN Job Skills Partnership Board under DTED Commissioner Rebecca Yanisch. The group's work concluded in June 2002.
- Quick Reference Guide for TAA / and NAFTA-TAA, prepared by the Utah Department of Workforce Services under contract to the US Department of Labor, 1999. (Elements of this are out of date, but the basic presentation is still useful)

APPENDIX B

GWDC Dislocated Worker Program Study Committee Summary of key customer and stakeholder voices

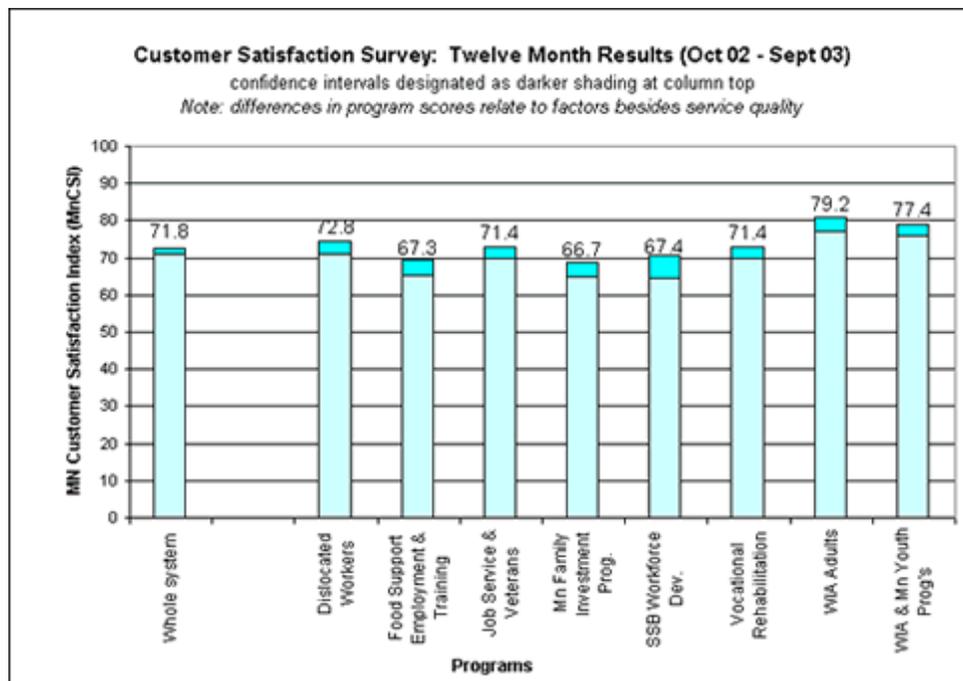
Data gathered/reviewed:

- Customer satisfaction survey of Dislocated Worker Program customers (Quarterly from 12/02)
- Focus group with Stearns-Benton Employment and Training Council DWP staff (9/9/03)
- Focus group with statewide DWP staff at DWP conference (Duluth, 9/19/03)
- Presentation and discussion with DWP jobseeker customers (Duluth, 9/18/03)
- MN Unemployment Insurance (UI) survey and study of UI claimants “likely to exhaust”
- Minnesota employer satisfaction survey (Quarterly from January 2003)
- Individual meetings between GWDC staff, committee leadership, and key stakeholders (August through January 2004)

Following are highlights from data gathered in the reports and venues bulleted above. These highlights are organized by the major themes evident as GWDC staff synthesized the data.

Minnesota’s Dislocated Worker Programs meet performance and customer expectations

- *Overall customer satisfaction is higher for DWP than for the WorkForce Center system as a whole.*
- *Of the WIA programs measured in the customer satisfaction survey, the Dislocated Worker Program ranks third of eight in satisfaction rankings for job-seeking customers.*
- *Minnesota’s federal Dislocated Worker Program consistently meets federal performance expectations.*



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D. The more coordinated, the better

- Coordination between private placement firms and public systems is perceived to be positive and deemed important by customers. Contribution of funds and commitment to private services by dislocating employer significantly improves jobseekers' dislocation experience.
- Coordination between DWP services and higher education (e.g., getting training seamlessly paid for) clearly enhances the customer experience. Also, greater coordination between hiring employers' needs and training institutions' offerings is critical.
- Customers need consistent information between DWP staff, UI representatives, and training providers. Inconsistent information, poorly timed information, or too much information delivered at the outset all contribute to poor customer experiences. Customers cited experiences in mass layoffs where rapid response information was inadequate, overwhelming, and/or poorly organized.

E. More time, more money

- If DWP staff had more time (60 day WARN notices), they could more adequately prepare to respond to potential layoffs. Use local "intelligence" to anticipate layoffs.
- Many local staff report routinely running out of formula money to serve individual laid-off workers walking into WorkForce Centers.
- Program staff also report running out of funding in mass layoff projects to serve affected workers.

F. Managing customer expectations

- Customer expectations for training are highly influenced by a) initial presentations by state Rapid Response Team; b) local workforce development professionals; and/or c) elected officials
- Training may not be available when needed (e.g., semester schedule) and/or may last longer than providers can commit to funding. Don't over-promise or necessarily inform customers of "all possible services".
- Word of mouth among DWP participants creates (the appearance of) disparity in the depth of service available and the amount of money available to be invested in services and/or training.
- There is wide variation in the kinds of training available to DWP participants which can lead to an uneven distribution of resources. There is a perceived need to benchmark and "average" the investment made available (myth of machine worker getting his/her PhD with public funds).

G. Time and personal care are key

- Speed of response is critical...Weeks can pass between layoff event and choice of provider. "Stop holding the sanctity of that level of competitiveness".
- Maintain flexibility for individual customers
- Consistency of information is key for customers who have contact with multiple staff and organizations. Also, prepare written handouts that can be taken away and reviewed with family members.

* * * * *

For more information from Minnesota's ongoing WorkForce Center system customer satisfaction surveys, see: <http://www.mnwfc.org/customersurvey/>

APPENDIX C – PROGRAM ELIGIBILITY DEFINITIONS

Federal Definition (WIA, §101, Sub. 9)

Dislocated worker.--The term "dislocated worker" means an individual who--

(A)(i) has been terminated or laid off, or who has received a notice of termination or layoff, from employment;

(ii)(I) is eligible for or has exhausted entitlement to unemployment compensation; or (II) has been employed for a duration sufficient to demonstrate, to the appropriate entity at a one-stop center referred to in section 134(c), attachment to the workforce, but is not eligible for unemployment compensation due to insufficient earnings or having performed services for an employer that were not covered under a State unemployment compensation law; and

(iii) is unlikely to return to a previous industry or occupation;

(B)(i) has been terminated or laid off, or has received a notice of termination or layoff, from employment as a result of any permanent closure of, or any substantial layoff at, a plant, facility, or enterprise;

(ii) is employed at a facility at which the employer has made a general announcement that such facility will close within 180 days; or

(iii) for purposes of eligibility to receive services other than training services described in section 134(d)(4), intensive services described in section 134(d)(3), or supportive services, is employed at a facility at which the employer has made a general announcement that such facility will close;

(C) was self-employed (including employment as a farmer, a rancher, or a fisherman) but is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters; or

(D) is a displaced homemaker.

State Definition (MS 2003 §116L.17)

"Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been terminated or has received a notice of termination from public or private sector employment, is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been terminated or has received a notice of termination of employment as a result of any plant closing or any substantial layoff at a plant, facility, or enterprise;

(3) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters, subject to rules to be adopted by the commissioner;

(5) has been self-employed as a farmer or rancher and, even though that employment has not ceased, has experienced a significant reduction in income due to inadequate crop or livestock prices, crop failures, or significant loss in crop yields due to pests, disease, adverse weather, or other natural phenomenon. This clause expires July 31, 2003; or

(6) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and now due to divorce, separation, death, or disability of that person, must find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support. To be eligible under this clause, the support must have ceased while the worker resided in Minnesota.

APPENDIX D

Plant Closings and Mass Layoffs

The Dislocated Worker Program provides employment and training services to workers laid off from their jobs due to no fault of their own and due to such factors as technological changes, investment strategies, and changes in consumption and competition. The Minnesota Department of Trade and Economic Development (DTED) delivers dislocated worker services in two ways:

Individual dislocated workers

For the individual dislocated worker, resources are allocated to local service providers in the [WorkForce Center](#) system for [dislocated worker services](#), or

Plant closings or mass layoffs

In the event of a plant closing or mass layoff (usually 50 or more workers affected) DTED has developed a process which customizes services to the needs of the affected workers and businesses.

The plant closings or mass layoff process outlined here can begin at anytime. The process begins in confidence with members of the [Rapid Response Team](#). The most effective programs begin with at least 60 days notice, in compliance with the [Worker Adjustment Retraining Notice Act](#) (WARN). However, these steps can begin within a shorter time period.

1. Initial on-site meeting with the Rapid Response Team

A member of the Rapid Response Team meets with company management and union leadership (if present) to obtain a clear picture of the likely job loss, share information about the Dislocated Worker Program and plan the next steps.

2. Strategy development and coordination by Rapid Response Team

Dislocated Worker Program service providers and other affected agencies in the area are informed of the need to begin service planning.

3. Information meetings with workers likely to lose their jobs

These informational sessions can be conducted at the work site by members of the Rapid Response Team. A general overview of Dislocated Worker Program services is provided and a survey of employee needs is completed. Volunteers for an Employee-Management Committee are recruited at these meetings. If desired, general information about [Unemployment Insurance](#) can also be provided at this time.

4. Formation of Employee Management Committee (EMC)

The Employee Management Committee (EMC) is made up of affected employees, company management, and union leaders (if present) to select a service provider and to represent the concerns of the workers. The Rapid Response Team guides the development of the EMC.

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- a. The agenda for the first meeting of the EMC includes:
 - Overview of the EMC approach.
 - Review survey results to be sure they accurately reflect the employee's preliminary listing of services needed.
 - Agreement on a method for selecting a service provider.
 - If possible, select chair/co-chairs for the EMC.
- b. Subsequent meetings of the EMC are held to review and select a service provider who can meet employees' transition service needs, decide about services to be provided, i.e. where, when, etc., and eventually review regular updates on program activities and provide feedback to the service provider.

5. Service delivery

Service delivery can begin with the provision by the State for an Early Readjustment Grant (ERAG). The ERAG allows the selected provider to begin delivery of basic services such as counseling and assessment, job seeking skills workshops, and development of individual training plans while a full program proposal is developed. An ERAG cannot cover the cost of occupational training or support services.

6. Coaching and development of EMC chairs

If necessary, members of the Rapid Response Team will coach and guide the EMC chairs in performing their responsibility of leading committee meetings.

7. Ongoing communication with workers and management

In many cases, the EMC plans and carries out regular communication with the rest of the effected workers. This communication can be through existing channels or through specially-developed methods such as postings, newsletters, individual outreach -- whatever the EMC thinks is best.

8. EMC members work with the service provider to develop a services plan and grant proposal

The service provider proposes a plan for services to the EMC. It typically takes 15 to 45 days to develop the services plan/grant proposal. This is done concurrently with the delivery of basic readjustment services described above.

9. State reviews/approves grant proposal

Each month state staff meet to review project grant proposals. If the proposed program is to be successful in getting people back into suitable employment, and funds are available, the project will be funded.

10. Full program implementation

Once a Dislocation Project Grant is funded, the EMC makes sure all employees are aware of services available. The EMC continues to meet as often and as long as they feel it is necessary to provide feedback and resolve issues with the service provider and to ensure communication with co-workers.

APPENDIX E

Minnesota Dislocated Worker Programs History and Context	1998	1999	2000	2001	2002		
<i>Context for Minnesota unemployment</i>							
^A Average Annual Unemployment Rate (MN / US)	2.6 / 4.5	2.8 / 4.2	3.2 / 4.0	3.7 / 4.8	4.4 / 5.8		
UI Initial Claims (all)	200,334	190,003	203,480	302,676	316,572		
UI Initial Claims (claimants still seeking work)	64,773	74,349	79,780	125,021	121,836		
^B UI Profiled Claimants	30,470	36,190	40,117	112,606	118,424		
^B UI Profiled Claimants "Likely to Exhaust"	14,037	19,518	21,122	54,412	42,198		
<i>Relationship between UI claimants and mass layoffs</i>							
^C Initial Claims from mass layoffs	15,912	18,540	19,823	34,647	29,550		
Percentage of Initial Claims that are mass layoffs	8%	10%	10%	11%	9%		
Percentage of claimants still seeking work that are mass layoffs	25%	25%	25%	28%	24%		
# DWP mass layoff projects	113	128	130	199	187		
<i>Resources available to serve dislocated workers</i>							
^D Federal revenue	\$ 8,026,167	\$ 8,667,592	\$ 8,482,964	\$ 8,023,090	\$ 10,127,132		
Federal National Emergency Grant	-	-	-		8,000,000		
^E State revenue	\$24,469,135	\$ 25,440,496	\$ 21,952,582	\$23,631,723	\$ 35,528,631		
Total Dislocated Worker Program funds	\$32,495,302	\$ 34,108,088	\$ 30,435,546	\$31,654,813	\$ 53,655,763		
Average total DWP \$ per claimant still seeking work	\$ 501.68	\$ 458.76	\$ 381.49	\$ 253.20	\$ 440.39		
Average total DWP \$ per claimant likely to exhaust	\$ 2,314.97	\$ 1,747.52	\$ 1,440.94	\$ 581.76	\$ 1,271.52		
<i>DWP performance information and MN wage context</i>							
^F Total DWP participants served	9979	10195	16,240	23,317	25,430		
Total DWP participants placed	5212	5608	7,882	9,366	10,618		
Average total DWP \$ per DWP placement	\$ 6,235	\$ 6,082	\$ 3,861	\$ 3,380	\$ 5,053		
Average DWP placement wage	\$ 12.39	\$ 14.76	\$ 15.19	\$ 14.82	\$ 15.59		
Average hourly wage -- Minnesota (covered employment)	\$ 15.42	\$ 16.10	\$ 17.03	\$ 17.59	\$ 18.00		
NOTES							
<i>third draft -- updated LRW 1-15-04</i>							
A: Seasonally adjusted rate: DEED LMI							
B: Data from Unemployment Insurance program. UI Claimants still seeking work are "profiled" to determine their likely return to work and their need for assistance to return to work. Among those profiled, a subset is identified as "likely to exhaust" UI benefits before finding employment. After March 2001, the "profiling" system changed so the number of profiled claimants and those identified as "likely to exhaust" was significantly increased.							
C: As currently defined as a single event layoff of 50 or more employees							
D: Federal allocations include "10% state set-aside" funds for statewide activities							
E: Excludes legislated transfers from Workforce Development Fund. Includes Reed Act Distributions authorized by State Legislature, Additional General Revenue Appropriations, and Penalty and Interest fund allocations							
F: Data drawn from Performance Indicator Reports and WIASRD Annual Reports							



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