

# After the doors close: Assisting laid-off workers to find jobs

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## **Introduction**

During the past four years, more than five million long-term workers (those with at least three years of tenure with their employer) have lost their jobs through no fault of their own. Behind these numbers are people of many different backgrounds, many of whom face financial hardship and emotional pain due to their layoff. They include highly skilled computer technicians and low-skilled food service workers. They are young and old, male and female, African-American and white. Many have worked for the same employer their entire careers, and others have held jobs with multiple employers.

What can displaced workers do to find employment? The purpose of this article is to explore the steps that people typically take to find a job after being laid off. I examine how people search for jobs and what services and types of support are available to help job seekers find employment. I place considerable emphasis on publicly provided services, but recognize that the public employment service and training programs are but one means that workers use to connect with employers. I also consider what works and what doesn't work in helping workers find jobs and examine some current cutting-edge approaches.

The perspective offered in this article is that of an organization that both pursues research on worker displacement and administers programs to help displaced workers find employment. In addition to conducting research on ways to improve the reemployment of displaced workers, the Upjohn Institute is the administrative entity for the Kalamazoo/St. Joseph Michigan Works Area. In this role, the institute administers all of the federal and state employment programs for the two-county area of over 300,000 people.

## **Job loss**

Losing one's job is often a traumatic experience. For many, a job represents more than a livelihood; it

is closely linked to their identity and sense of self-worth and it often constitutes an important element of their social network. This is particularly true for those who have lost a job that they had held for many years. A plant closure or mass layoff can leave workers without a paycheck and without the social network that is essential in reconnecting with the work force. Therefore, in considering the process of becoming reemployed and the services that are available to assist in this process, it is important to recognize and deal with the emotions that laid-off workers need to overcome in getting back on their feet.

These emotions closely follow the typical grieving process one goes through after the death of a loved one. The immediate reaction to the news of a layoff, or impending layoff, is denial—"It can't happen to me." Denial delays the job search process, and typically the longer one waits to start searching for another job, the harder it is to find one. To help initiate the process, local work force agencies are required to make contact with businesses within 48 hours following notification of a layoff/shutdown and to set up procedures to help workers cope with the news and begin to find new jobs. More proactive agencies respond as soon as they get word, many times through informal channels and periodic visits with employers, that a layoff may occur. Yet, it is not uncommon for the prospective displaced workers to ignore the news and fail to show up for orientation and services. Only as the business's doors are closing do many workers begin to understand that they are about to lose their jobs and they need to take steps to find reemployment.

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The second stage is grieving, which in many cases can lead to a protracted period of inaction or minimal search activity. One of the initial services offered to displaced workers is a workshop and at times individual counseling on understanding and coping with the grieving process, so that they can move on with their search effort and their lives. However, convincing dislocated workers to use these services can be difficult at times. The first step toward receiving these services is typically through the unemployment insurance (UI) system. To receive UI benefits, dislocated workers must enroll with the employment service and periodically contact employers or visit an employment service office, either in person or through its website, to look through job postings. For many workers, this may be the only step they take in looking for employment. Recognizing the tendency by some to procrastinate, the federal government initiated the Worker Profiling and Reemployment Services (WPRS) system, which identifies at the time of filing for UI those claimants who are most likely to exhaust their benefits and refers them to services right away.

After displaced workers recognize that their job has been eliminated and they will not be recalled to their old job, they must come to grips with the reality of the job market. Unfortunately, the reality is that they are unlikely to find a job that pays the same as the job they lost. In addition, they may find that they do not have the skills to qualify for many of the job openings. In the Kalamazoo area, for example, the quarterly earnings of workers three quarters after exiting the displaced worker program is 78 percent of the quarterly earnings three quarters before they entered the program. In addition, 65 percent found jobs in a different industry than the one they worked in before. Nonetheless, the important step at this point in the reemployment process is to engage in the search process in earnest.

### **Job search process**

A successful job search process requires knowledge of available job prospects, the qualifications of the position, and the ability to communicate to employers the worker's qualifications and suitability for successfully filling vacancies. Many workers and employers can acquire the appropriate information when needed and understand the steps required to undertake a successful search. Yet, for some, accessing this information is more difficult. Obviously, it benefits all of society and the economy when everyone is afforded this information and assistance and job vacancies are filled with the best-qualified workers.

Job seekers pursue several methods when searching for employment. According to responses to the *Current Population Survey* (September 2001), a large proportion of displaced job seekers searched for jobs through informal methods: 65.7 percent of displaced job seekers contacted prospective employers directly, 54.5 percent sent out resumes and filled out applications, and 20 percent contacted friends and relatives. A smaller, but still significant, portion of displaced job seekers used more formal means: 27.1 percent contacted the public employment office, 12.2 percent relied on private employment agencies (such as the outplacement firm of Challenger, Gray, and Christmas, whose CEO contributed to this issue), 2.4 percent contacted the school or university employment center, and 3.6 percent checked union or professional registers.

Many of the informal contacts are made via the internet. Survey results show that 56.1 percent of all the unemployed looking for work have access to the internet. About one-third of the unemployed internet users submitted resumes or applied online, three-quarters researched potential employers, and nearly everyone searched online for job listings. Furthermore, unemployed job seekers who contact the public employment office are more likely to search for a job on the internet than those who do not use the public employment office (69 percent versus 53 percent) (Eberts and Holzer, 2004).

As workers consider the best methods to find jobs, employers must also determine how best to locate, recruit, and assess qualified workers. Holzer has conducted several studies that examine the methods employers use to recruit and hire (see Holzer, 1998, for example). He asked employers to list the methods that they recently used to search and which method generated the most recent hire. Not surprisingly, the survey results reveal several similarities in the way in which workers and employers search. As with job seekers, employers use direct contact most frequently to recruit and screen workers. Seventy-two percent of the establishments surveyed relied on direct walk-ins to find prospective workers. Informal referrals were the most frequently used method of recruiting workers, with 90 percent of employers relying on this method. In contrast, 30 percent of businesses surveyed relied on the state employment service office to find job candidates, and adding community agencies raises the percentage to around 50 percent of employers using public agencies (Eberts and Holzer, 2004).

When businesses were asked what method was used to recruit their most recent hire, they pointed more often to informal referrals (40 percent) and newspaper ads (28 percent). Businesses responded that only 2.6

percent of their most recent hires came through public employment offices. The responses varied by type of business and worker. The public employment agency was most successful in generating hires in white-collar jobs requiring no college education, for the largest establishments, and for the manufacturing sector. They were least successful for jobs requiring a college education, in small firms, and for public-sector workers (Eberts and Holzer, 2004).

## **Reemployment assistance and training**

### ***Employment service***

The public employment service (ES) offers job search assistance to dislocated workers. In Michigan, these services are co-located with services provided through other government programs at local one-stop career centers. Services range from facilitated services, which require minimal staff time and include such assistance as demonstrating how to use the various resume-writing aids and how to search the job data banks, to mediated services, which involve more staff time and provide more in-depth assistance with resume preparation, job applications, and search techniques.

Access to these services typically begins when a dislocated worker files for UI benefits. Most states require all new claimants who are not employer-attached, which includes dislocated workers, to register with the state employment services. Claimants are also expected to document their work search effort and, in many states, this means providing the UI office with a minimum number of names of potential employers contacted for each claims week (O'Leary and Wandner, 1997).<sup>1</sup> Therefore, reemployment services offered at the employment service are an integral part of receiving benefits through the UI system.

### ***Dislocated worker programs***

Services provided through the ES are available to all job seekers. Services that are more specific to the needs of dislocated (or displaced) workers are provided through two programs: the Dislocated Worker Program (DWP) provided under the federal Workforce Investment Act (WIA) and the Trade Adjustment Assistance (Act)/North American Free Trade Act (TAA/NAFTA). The DWP provides work force investment activities that are designed to increase the employment, retention, earnings, and occupational skill levels of participants. The services are similar to those provided to participants of the WIA adult program, which serves disadvantaged adults. Activities include self-directed job search (core services); assessment and career planning, case management, individualized job development, and job placement (intensive services);

and occupational skills development and on-the-job training (training).

TAA/NAFTA is designed to assist workers who are adversely affected by international commerce. Eligibility is determined by the U.S. Department of Labor on employer- and plant-specific requests. The program provides an array of reemployment services similar to those offered under the DWP, with the bulk of the funding going to training, income support, and relocation, with several major differences. Duration for training and income support is much longer (upwards of 104 weeks) under TAA than under the DWP. In addition to reemployment services, TAA participants can receive reimbursement of some of their job search expenses and relocation costs and a health coverage tax credit.

The services offered through WIA are common to both dislocated worker programs. These services are typically provided at one-stop career centers, along with services offered through other government employment programs, including the ES. Partnering organizations such as community non-profit organizations may also be represented at that location. The purpose of co-locating these organizations in one place is to provide a comprehensive array of services to meet the multiple needs of individuals seeking reemployment.

Under WIA, services are categorized into three groups: core, intensive, and training. Core services are available to anyone who enters the one-stop career center. These services are typically self-service and include orientation to the job search process, initial assessment, and introduction to labor market information. Intensive services require more staff involvement, and individuals must be referred for this set of services. Intensive services are provided to eligible individuals who require more assistance in obtaining employment than is allowed for within core services alone. Based on federal WIA criteria, local work force investment area staff determine who is eligible and for what services. These services include assessment, counseling, guidance and case management, job development and placement services, retention services, and follow-up services. The final set of services, for those who have been unsuccessful in obtaining a job after receiving core and intensive services, is training services. An array of training services are available, including occupational skills training, on-the-job training, programs that combine work force training with related instruction, training programs provided by the private sector, skills upgrading and retraining, entrepreneurial training, job readiness training, dislocated worker education and literacy activities, and customized training. More than half of the participants of

<b>TABLE 1</b>			
<b>Profile of exiters from Dislocated Worker Program</b>			
	<b>National PY2001</b>	<b>Michigan PY2001</b>	<b>Michigan PY2003</b>
Number	129,969	4,720	4,966
Age	<i>(----- percentage -----)</i>		
Under 22	2.2	2.7	1.5
22-29	13.7	13.7	14.6
30-44	44.0	47.2	45.8
45-54	28.7	27.7	29.3
55 and over	11.4	8.6	8.8
Gender			
Female	49.9	44.9	52.0
Male	50.1	55.1	48.0
Race and ethnicity			
Hispanic	16.6	2.5	6.6
Asian	3.8	0.1	1.0
Black or African American	14.7	14.2	18.5
White	63.0	84.2	82.5
Veteran	10.4	9.5	8.6
Employed at registration	10.4	2.8	3.6
Employed at exit	80.2	88.8	88.5
Average pre-dislocation quarterly earnings			
None	13.4	10.7	33.6
\$1-\$2,499	8.5	17.9	17.7
\$2,500-\$4,999	20.6	24.3	18.0
\$5,000-\$7,499	23.2	21.8	15.7
\$7,500-\$9,999	15.5	12.6	8.8
\$10,000 or more	18.8	12.5	6.1
Time of registration			
Before layoff	11.2	10.3	11.7
Within 8 weeks of layoff	37.5	39.7	28.2
Over 8 weeks after layoff	51.3	50.0	60.7
Single parent	11.7	16.4	17.5
UI status	67.3	62.7	77.4
Exhaustee	5.0	5.5	9.2
Highest grade completed			
Less than high school	12.5	6.1	7.6
High school graduate	47.4	53.9	51.0
High school equivalency	4.0	6.9	5.9
Some college	23.3	22.6	27.1
College degree	12.9	10.3	8.4

Note: PY indicates program year.  
Source: Workforce Investment Act standardized record data (WIASRD) public use file.

the DWP nationwide receive training, and only about 15 percent receive core services alone. Of those receiving training services, 90 percent receive occupational skills training, and only 6 percent receive basic skills training.

### **Participants of the DWP**

For dislocated workers to receive intensive and training services under the Dislocated Worker Program, they must meet certain requirements. To establish eligibility, an individual must have been terminated or

laid off, or have received notice of termination or layoff from employment, be eligible for or have exhausted entitlement to unemployment compensation, and be unlikely to return to a previous industry or occupation. Table 1 provides statistics on the characteristics of participants in the DWP, both nationwide and in the state of Michigan for selected years. Nationally, participants are primarily high school graduates in their 30s and early 40s and white, with annual earnings of about \$30,000 a year prior to losing to their job. Two-thirds have received unemployment compensation, only 5 percent have exhausted their benefits at the time they exit the program, and half wait more than eight weeks after being laid off before they register for the DWP.

Participants in Michigan's DWP have a similar profile. The Michigan records allow us to examine the changes in these characteristics during the past few years. The most notable changes are the increase in UI claimants, the increase in UI exhaustion rates, and the slight decline in the pre-dislocation quarterly earnings, all of which may reflect the protracted period of little job growth in the Michigan economy, particularly the continued losses of manufacturing jobs.

### **Dislocated worker services—Michigan**

As shown in table 2, those enrolled in the DWP receive a variety of services, including core, intensive, and training services. The services are designed to address the needs of workers as they cope with the emotional aspects of losing a job, come to understand the realities of finding a new job, and take steps to obtain the training necessary to qualify for the jobs that employers are looking to fill. For instance, many dislocated workers may be experiencing a job loss for the first time in their careers. The job club and other group activities provide displaced workers with a support group, where they can share their concerns and experiences with others who are in similar situations. Counseling offers professional assistance in coping with job loss and in establishing the appropriate strategy to find another job. Counselors also assess the skills and aptitudes of the customer; they then help each participant to put together an action plan that lays out the steps that both the counselor

<b>TABLE 2</b>	
<b>DWP services, Michigan 2000–04</b>	
<b>Services</b>	<b>Percent</b>
<b>Core services</b>	
Job referral	5.0
Information/basic assessment	49.6
General information	18.7
Group activities	2.3
Individual job development	27.8
Advanced job club	21.8
Advanced screened referrals	2.9
Classroom training	16.6
<b>Intensive services</b>	
Comp/specialized assessment	24.7
Individual employment planning	47.3
Short-term pre-vocational skills	5.4
Case management	57.6
Literacy activity	2.9
<b>Training services</b>	
On-the-job training	11.2
Occupational skills training	25.4
Follow-up	17.1
Source: WIASRD records.	

and worker have agreed will address the needs of that person in finding a job. Assistance is available in learning how to write resumes, respond to job notices, interview effectively, use the internet to search for job openings, understand what employers expect in new hires, manage time, set goals, resolve conflict, and other personal workplace skills. If the customer is unsuccessful in finding a job after these services have been provided, then training may be recommended. As shown in table 2, upwards of 50 percent of participants in the DWP in Michigan receive some type of training. The choice of either on-the-job training, occupational skills training, or classroom training depends upon the needs assessment and the type of job the individual is seeking to qualify for, and rarely do participants receive more than one type of training within one enrollment period.

### What works

#### *Types of services*

How successful are these services in helping dislocated workers find reemployment? The U.S. Department of Labor has conducted several experiments to help determine which of the various services, individually and in bundles, work best for job seekers. However, evaluations of dislocated workers per se have been quite limited. Furthermore, most rigorous evaluations estimate the net impact of specific services and not how the various services are integrated in order to provide the most effective service delivery system.

In general, these studies found that mandatory job search assistance was the most effective in getting displaced workers back to work, even more so when they received these services early in their spell of unemployment. The results on training were mixed, with more recent quasi-experimental studies showing more positive gains than the earlier experiments.

For dislocated workers, only two comprehensive studies have been conducted to date: the Texas Worker Adjustment Demonstration and the New Jersey Unemployment Insurance Reemployment Demonstration. Both operated in the mid-1980s and looked at the relative effects of two different broad combinations of services: mandatory job search assistance alone and job search assistance with training. To evaluate the effectiveness of these services, dislocated workers were randomly assigned to the two treatment groups and to a control group. The outcomes of participants in the treatment groups were compared with those of the control group. The Texas study found substantial earnings impacts for women but smaller and shorter-lived impacts for men. Women earned about \$1,890 (34 percent) more in a one-year follow-up period by participating in the program, while men earned \$1,108 (8 percent) more. For both men and women, the impacts diminished over time, and there was no evidence that adding training to job service assistance made any difference. However, the small number of people receiving training may have biased these results (Bloom, 1990; King, 2004).

The New Jersey experiment also yielded positive effects in the short run, but none were statistically significant (Corson and Haimson, 1995). The gains dissipated quickly and training had no added impact on earnings. Once again, the small number of participants in training may have affected the results. Results from other experiments show that training does have positive effects, but not necessarily for dislocated workers. The national evaluation of the Job Training Partnership Act (the federal work force development program prior to the Workforce Investment Act) found positive gains for on-the-job training, particularly for women. A study of training at community colleges in the state of Washington suggests that gains to displaced workers from training are substantial and may last for years (Jacobson, LaLonde, and Sullivan, 2002a, 2002b).

A recent evaluation of the WIA Dislocated Worker Program in seven states by the Upjohn Institute and the University of Texas also suggests that training can have positive effects over and above those found for job search assistance services (Hollenbeck, Schroeder, King, and Huang, 2004). Using administrative data and wage records, the quasi-experimental evaluation

found that not only does the combination of all services increase the employment rate and earnings of dislocated workers, but also training alone has a positive impact on both outcomes, a 6.2 percentage point increase in the percentage employed and a \$406 increase in earnings over those not receiving training.

### *Time and place for delivering services*

As stated before, displaced workers have difficulty at times coming to grips with the reality of losing a job they may have held for many years. Studies have shown that providing services to workers as soon as the layoff is announced is optimal. Waiting until the job has ended and the unemployment spell has lengthened is counterproductive (Leigh, 1989). Within 48 hours following notification of a layoff/shutdown, the local work force board is required to make contact with the business and begin to set up procedures to help workers cope with their job loss and start the job search process. More proactive employment agencies will contact businesses at the first sign that layoffs may be pending and begin to work with management and worker groups to set up the appropriate services. The services may range from on-site presentations of the services available through various government programs to the formation of committees that oversee the delivery of services, track the progress of dislocated workers in finding jobs, and create support groups. These committees, termed joint adjustment committees in some states, will be discussed in the next section.

It has also been shown that services are more effective if provided at the workplace. An important advantage of on-site adjustment assistance is that programs can be appropriately targeted to workers displaced by a plant closing or permanent layoff. Also, providing assistance at the workplace (or a location nearby) gives workers a place that they are familiar with and a sense that they are focused on work-related activities instead of simply receiving welfare or other assistance. Of course, on-site assistance requires the cooperation of management, which is not always forthcoming.

### *What's new*

The basic services for dislocated workers—unemployment compensation, reemployment services, and training—have been in place for decades. The ways in which these programs are organized and the services delivered have changed slightly over time, but the basic approach is still much the same. For instance, the unemployment insurance system and the employment service have been in existence since the 1930s and over time they had become much more integrated, at least until recently. There is a growing disconnect between the UI system and the employment service. A number

of states have implemented automated claims processing in which claimants can file either by phone or over the internet. Admittedly, this makes filing more convenient for the claimant and reduces staff time. However, it also distances workers from the services available at the employment service offices and reduces the likelihood that they will avail themselves of needed assistance. On the other hand, a recent evaluation showed that internet claim filers were more likely to visit the employment service website than in-person filers, since many states provide an immediate, automatic link between the UI filing website and the employment service website (Kenyon et al., 2003). Still, it is not clear if the web-based services are more or less effective than in-person services in which ES staff can provide assistance.

Another trend has been to place less emphasis on training, particularly classroom training, and focus more on finding a job first and then receiving training on the job, if available. Service delivery, particularly under WIA, has become more integrated and centralized at one-stop career centers. Some states, including Michigan, have integrated the employment service into the one-stop career centers. Also, attempts have been made to bring employers more directly into the work force development process through their representation on local work force investment boards, by attending more closely to the work force needs of businesses and engaging them in meaningful partnerships.

### *Reemployment bonuses*

It has long been recognized that providing income support during a person's spell of unemployment, while essential for supporting the person and his/her family, may offer an incentive to prolong the search process. In the mid-1980s, the Upjohn Institute in collaboration with the Illinois Department of Employment and Security and the U.S. Department of Labor, conducted the first experiment to see whether a reemployment bonus would hasten the reemployment process without sacrificing earnings. A bonus of \$500 was paid to claimants in the treatment group who started work at a full-time job within 11 weeks of filing their initial UI claim and who remained employed for at least four months. Results from the first experiment in Illinois provided encouraging results. Those receiving the bonus reduced their spell of UI benefit receipt by more than one week. Furthermore, the bonus was cost-effective for the UI system, resulting in savings of \$2 for every \$1 spent on bonuses (Spiegelman and Woodbury, 1987). Encouraged by these results, the U.S. Department of Labor sponsored two additional field experiments. In both experiments, bonus offers

reduced benefit payments, but the effects were more modest than in Illinois.

Still, incentives do work, and can be effective when combined with other program elements. For instance, the New Jersey Demonstration, mentioned in the previous section, found that combining reemployment bonuses with job search assistance further enhanced the effectiveness of reemployment services. Adding the bonus reduced the length of UI benefit receipt by another half week. Furthermore, subsequent analysis has shown that targeting the bonus to those identified to be most likely to exhaust benefits further increases its effectiveness (O’Leary, Decker, and Wandner, 2005).

### ***Worker profiling and reemployment services***

Concern over the possible disconnect between the UI system and job search assistance led to the establishment of the Worker Profiling and Reemployment Services (WPRS) system in 1994. The system identifies UI claimants who are likely to exhaust UI benefits and refers them to reemployment services as soon as possible after they file for benefits. The purpose of the program is to engage dislocated workers in the job search process as soon as possible. Many unemployed persons would wait until their 26 weeks of benefits were about to run out before they began to search for a job. Some did not realize how long it may take to find a new job, and others were still trying to overcome the emotional trauma of losing a job. WPRS identifies claimants who are likely to exhaust UI benefits through a simple statistical model that relates the past experience of UI claimants who did exhaust their benefits with their characteristics and the local labor market conditions. By 1996, all states had placed this system in operation.

An evaluation of WPRS in six states suggested that this system modestly shortened the duration of UI benefits by about half a week, with results statistically significant in all states but one. A separate study of the WPRS in Kentucky yielded much more dramatic results, probably due to the better evaluation design (Black et al., 2003). The study found that UI benefits were reduced by 2.2 weeks, earnings increased by \$1,054 during the benefit year, and UI benefits were reduced by \$143. Furthermore, an evaluation by the Upjohn Institute for the WPRS in Michigan revealed that employment service staff were delighted to be doing what they were trained to do—helping people find jobs (Eberts and O’Leary, 1996).

### ***Frontline Decision Support System***

The success of WPRS focused attention on the use of administrative tools to help target resources

more effectively to meet the specific needs of customers and to customize information so that it is more relevant to an individual’s circumstances. After developing the WPRS model for Michigan, the Upjohn Institute embarked on developing the Frontline Decision Support System (FDSS). FDSS consists of a set of tools that can help front-line staff make better decisions for all customers regarding the array of services provided in one-stop career centers. For dislocated workers, the Frontline Decision Support System offers them a systematic sequence of steps to move through the reemployment process from understanding their likelihood of returning to work in the same industry, to exploring job prospects in occupations that require similar skills and aptitudes, to accessing information about the earnings and growth in particular occupations, to understanding what reemployment and training services are likely to work best for them. The tools are based on statistical relationships between a customer’s employment outcomes and his or her personal characteristics and other factors that may affect these outcomes. In short, they reflect the experiences of people with characteristics similar to those of the customer currently seeking assistance from the front-line staff person.

In 2002, the Georgia Department of Labor (DOL) incorporated FDSS into its existing operating system by developing a set of screens that generate and display the information produced by the various tools. Front-line staff at one-stop career centers accesses the FDSS screens by clicking on a tab on the opening page of the system website. Information about the customer that already resides in the Georgia Workforce System is automatically fed into the appropriate fields on the screen. Staff can enter missing data and then go through the various components of FDSS with the customer. It is also anticipated that many of the tools can be used in a self-service mode.

Feedback on the use of FDSS has been positive. Staff and customers appreciate that the system lays out a logical sequence of steps in finding a new job, which matches in many respects the stages that a dislocated worker goes through from job loss to job search and perhaps training. One staff person commented that his customers appreciate the “scientific” nature of the targeted information available through FDSS. Instead of offering his customers general statements about the likelihood of reemployment and job prospects, he can now point to direct evidence of how others with similar characteristics and experiences have fared in searching for reemployment. The system provides opportunities for the staff to go through “what if” scenarios with customers to show them, for example, the benefits of gaining more education on

reemployment. FDSS also changes the culture of the work force development agencies by using data, which heretofore was collected only for accountability and reporting purposes, to actually help customers make better decisions. The Georgia DOL discontinued supporting FDSS for several reasons, so it was not in place long enough to undergo a rigorous evaluation (Eberts and O'Leary, 2002).

The Upjohn Institute piloted a demonstration project at the Kalamazoo/St. Joseph, Michigan Works Agency that had some of the same components found in FDSS. While targeted at welfare recipients and not dislocated workers, the pilot used a statistical assessment model to determine the employability of participants enrolling in the program and then used this information to refer them to various service providers that the assessment tool indicated would likely meet their specific needs. A random assignment evaluation of the pilot revealed that targeting resources through this statistical assessment tool increased the job retention rate of participants by 25 percent over what was obtained when the participants were randomly assigned to service providers (Eberts, 2002). This result offers support for targeting resources to participants.

#### ***Personal reemployment accounts***

The U.S. Department of Labor has recently funded several demonstration projects that incorporate reemployment bonuses and worker profiling of UI recipients into what they call personal reemployment accounts. Under this approach, those workers who are identified as likely to exhaust their UI benefits have the option to receive an account of upwards of \$3,000, which they can use to purchase intensive and training services. If they find a job before receiving their thirteenth unemployment check, they can receive a bonus of 60 percent of what remains in the account and collect the remaining 40 percent if they remain employed for six months. This approach for the first time combines incentives, pricing, and targeting of services and is in the process of being piloted by several states. No formal rigorous evaluations have been conducted, but simulations based on past evaluations of the different elements of this approach suggest that the expected effects of services on employment and earnings may not be sufficient to entice many holders of the personal reemployment accounts to choose services over bonuses (O'Leary and Eberts, 2004).

#### ***Joint adjustment committees***

Michigan's work force agencies, like agencies in several other states, stress the importance of fostering cooperation among the various parties involved with

a layoff—management, workers, unions (if present), and government and non-government support organizations. To bring these parties together in meaningful dialogue and collaborative activities, they have fostered the formation of joint adjustment committees. The purpose of the committee is to provide information to the laid-off workers regarding future employment and training opportunities, to give guidance and support, and to enable them to make successful transitions.

For example, when a meat-packing plant with 300 employees closed in Kalamazoo, the Kalamazoo/St. Joseph, Michigan Works agency quickly formed a joint adjustment committee with four representatives from management, three from the local union, three from the work force agencies, and a neutral chair who acted as facilitator. The committee met weekly to assess the needs of workers, track their progress in the transition, and coordinate the activities. In addition to the services offered through the Michigan Works agencies, as listed in previous sections, the committee provided activities for the families of displaced workers in order to promote peer support, a job fair to try to match workers with employers in the area, surveys and interviews with employees to get their feedback, job clubs for support and sharing of job leads, and individual resume writing sessions for each employee.

#### ***Sectoral employment alliances***

In recent years, non-government organizations have attempted to engage employers more directly in work force development activities (Giloith, 2004). One of these efforts aimed at encouraging business leaders to become members of work force investment boards, under the Workforce Investment Act. The boards oversee the administration of employment services. Nonetheless, there is growing concern that WIA does not go far enough in engaging businesses or in forming partnerships with other entities, such as community colleges and technical schools.

Dislocated workers can benefit from more direct involvement of businesses by using an employer's informal networks with other employers to provide more targeted information about job prospects. Employers also have direct knowledge of the qualifications of their employees, for each occupational group and for each individual, which can be helpful in referrals to other employers.

Sectoral employment initiatives have increased in recent years. Initially started by a handful of non-profit agencies in the late 1980s to help save jobs in declining industries in specific locations, these initiatives have gained support from foundations and government agencies. In Kalamazoo, a consortium of

institutions of higher education and local foundations was created in the late 1990s to form clusters of businesses that would identify and address work force and other problems related to conducting business in the area. These clusters formed networks that provided key information about the needs of businesses and also fostered closer cooperation with the work force system. This collaboration led to greater communication among the key parties, which indirectly helped provide better information about job prospects, the work force, and training needs of businesses. By helping businesses find solutions to their workplace problems and partnering with a range of service providers, sectoral employment initiatives also help displaced workers find jobs.

While as yet there are no rigorous evaluations of the sectoral employment programs that use random assignment or comparison groups, evaluations of programs that engage businesses in training show positive results. Analyses of the California Employment Training Panel and the Minnesota Employment and Economic Development program suggest that employer involvement in the training process is critical in supplying marketable skills (Leigh, 1989, and Moore et al., 2003).

### **Conclusion: What remains to be done?**

While the steps that displaced workers must take to find reemployment are seemingly straightforward—recognition, assessment, search, and, if necessary, retraining—successful execution of these steps requires the coordination of services and a strong network of information and support. Those who are successful typically have a strong network of information about job prospects, know how to write resumes and interview effectively, have a support group to help them through the emotional trauma they and their families experience as a result of job loss, and have the financial resources to weather a spell of unemployment until they find a good job match.

Government programs to help dislocated workers find jobs have many but not all of the elements required for successful and timely reemployment. The employment service and the dislocated worker programs provide an effective array of services for assisting with the job search process, as evaluations have shown. Training is less effective, but the recent emphasis on sectoral employment initiatives suggests that closer linkages with business could help make training more relevant and, consequently, help prepare workers qualify for the jobs that businesses need filled. The major issue with services, per se, is that there are not enough available to meet the needs of

displaced workers. Federal funds for employment and training activities for displaced workers remained flat from 2000 to 2003, even though the number of displaced workers has grown considerably.<sup>2</sup>

Two elements need particular attention in order to improve the system of services to assist dislocated workers. The first is bona fide integration of services and the second is a better support network. WIA made strides in integrating the various services to meet the needs of the customer. Still, this integration has not gone far enough and, in some cases, it is beginning to erode. Services funded through federal programs still have separate funding streams, so there is little flexibility in providing the mix of services that are needed at the state and local levels. Lack of funding is also eroding the agencies' ability to coordinate services at the one-stop career centers. Funds to cover infrastructure expenses at the state and local level are not sufficient to match the costs of providing such space, and some states have been forced to close one-stop centers. Also, the growing disconnects between ES and UI only exacerbate the situation. Furthermore, collaboration among programs and service providers requires funding, and such funds are not available. Another issue is performance standards. WIA programs are driven by performance goals that are negotiated at the state level. However, the various programs that dislocated workers turn to for assistance are governed by different and at times conflicting regulations; for example, some training providers qualify under one program but not another.

Creating support networks is also critical in improving services to dislocated workers. Activities sponsored by joint adjustment committees represent a step forward, such as job clubs and group workshops, community-building activities for the families of laid-off workers, and job fairs to link workers and potential employers. Although helpful, these attempts are limited and short-lived. More effort is needed to sustain these networks and include more support groups. Often, non-profit organizations can provide more in-depth assistance and should be linked more closely to the network provided by the government programs.

Also, businesses need to be more engaged with the local work force agencies in order to provide guidance in the types of skills they are seeking and information about job prospects. Another role that could be expanded is that of job developers. Job developers work closely with businesses to determine what skills they are seeking to hire, and in the case of smaller firms even help management develop a human resource plan so that they can project at least six months ahead the types of workers they anticipate hiring. Training

typically takes six months, and the lag time is important if businesses expect workers to be trained in the skills they need at the time they need them.

The relationship between businesses and their workers is also changing, which affects the delivery of services to laid-off workers. The recent trend in using temporary staffing agencies to supply workers to businesses, particularly within the manufacturing sector, poses problems for laid-off workers in qualifying for the Dislocated Worker Program. Although estimates are murky, the number of workers under contract with temporary staffing agencies is sizable and growing (Estevão and Lach, 1999; Segal and Sullivan, 1997). Under the eligibility requirements for the Dislocated Worker Program, a worker is eligible if he or she is unlikely to return to a previous industry or occupation. However, a staffing agency worker is hired by the staffing agency, not the company in which they are working. The eligibility test, therefore, is with respect to the staffing agency and not the business in which they actually worked. Since they typically remain under contract with the staffing agency even after the company in which they worked no longer needs their services, they are not considered “unlikely to return to their industry or occupation.”

Yet, the lack of work because of this closure or cut-back affects the temporary help worker as much as the direct hire worker. Therefore, eligibility requirements for the Dislocated Worker Program and other programs in place to assist displaced workers should take this new work arrangement into consideration.

Also missing to a large extent from government programs is a worker advocate, who can vouch for the qualifications of workers and intervene on their behalf if conflicts arise with management. Current programs have case managers, but their large case-loads usually do not allow them the time to effectively work on behalf of customers who need their help.

Returning displaced workers to meaningful jobs as quickly and effectively as possible yields significant benefits to workers, firms, and the economy. The current public work force system provides an array of services to assist those who have lost their job. These services, for the most part, have been shown to be effective in reducing the time between jobs. Adding the elements mentioned above and strengthening the collaboration and involvement of the various partners can contribute to the development of a more integrated work force system that focuses on meeting the comprehensive needs of each individual customer.

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## NOTES

<sup>1</sup>In Michigan, the Unemployment Agency refers UI claimants to employment services for assistance in meeting their UI work-test requirements through registration of their resumes in the Michigan Talent Bank (MTB) and through periodic updates. The UI referral card is stamped and the initial MTB registration is printed, stamped, and certified by designated ES staff.

<sup>2</sup>According to the *Current Population Survey's Displaced Worker Survey* conducted by the U.S. Bureau of Labor Statistics, the number of displaced workers rose from 3,266,000 in 2000 to 3,957,000 in 2002, the date of the last survey.

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