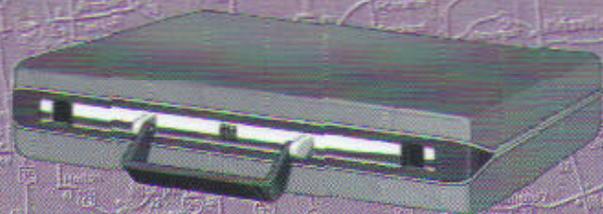
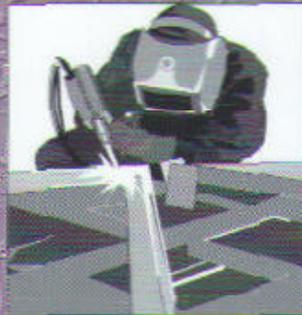
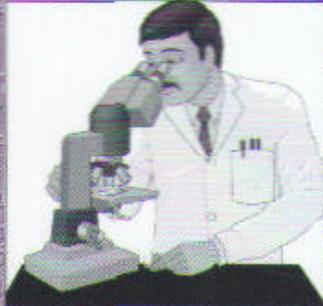


DEPARTMENT OF DEFENSE

# Workforce Adjustment Strategies

Coping with the Human Aspects  
of Base Closure and  
Defense Industry Downsizing



Office of Economic Adjustment

**D E P A R T M E N T O F D E F E N S E**

# **Workforce Adjustment Strategies**

**Coping with the Human Aspects  
of Base Closure and  
Defense Industry Downsizing**

## **Community Guidance Manual**

**October 1996**

**Office of Economic Adjustment**



ACQUISITION AND  
TECHNOLOGY

## OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON, D.C. 20301 3000

### **Community Leaders, Human Resource Officials, and Training and Employment Providers**

The Office of Economic Adjustment (OEA) periodically prepares and distributes community guidance manuals dealing with subjects that are timely and of interest to communities confronted with military base closures or defense industry layoffs. This manual provides guidance to community leaders, human resource and labor representatives, and training and employment providers who deal with the "human" consequences of defense downsizing and base closures.

When military bases close or defense companies downsize, the impact on employees can be significant. Many must search for new employment and may need assistance to prepare résumés or relate defense-specific skills to the commercial sector. Others may need training to update current skills or to qualify for new occupations. This manual describes assistance programs that can help individuals make the transition to other jobs.

Communities also must adjust to the impact of closures or job reductions. They must develop strategies to address work force dislocations, from making sure that transition assistance is available, to assessing the capacity of the local labor market to absorb laid-off workers. Central to any strategy are creating jobs and ensuring that people have the tools to find and succeed in those jobs. Linking these two activities can help communities achieve economic recovery and create new opportunities for dislocated workers. This manual provides advice in the development of appropriate strategies and shares the experiences of other communities.

In the wake of defense cutbacks, communities seek new ways to stimulate and diversify local economies. This is not an easy task. It demands leadership and coordination with a variety of local entities. As local officials seek to diversify their economies and expand in new directions, they must make sure that the interests of workers facing actual or potential displacement are included in the adjustment process. We hope this manual will assist you in that effort.

A handwritten signature in cursive script that reads "H. M. O'Connor".

Helene M. O'Connor  
Acting Director  
Office of Economic Adjustment



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# CHAPTER I

## Introduction

Reductions in the U.S. defense budget have affected the lives of millions of Americans. As military bases close and defense firms struggle to adjust to a smaller market, jobs are being eliminated, and many workers are forced to seek new employment. Communities, in turn, must develop strategies to create jobs to replace those that were lost.

Department of Defense Civilian Workforce Reductions (Actual and Planned, in thousands)	
	End Strength
FY 87	1,133
FY 88	1,090
FY 89	1,117
FY 90	1,073
FY 91	1,045
FY 92	1,006
FY 93	927
FY 94	901
FY 95	849
FY 96	830
FY 97	798
FY 98	777
FY 99	755
FY 00	738
FY 01	729

Source: Office of the Undersecretary of Defense (Comptroller), April 1996, and Office of the Deputy Assistant Secretary of Defense (Civilian Personnel Policy), June 1996. End strength refers to employment levels at the end of each fiscal year; the estimates include foreign nationals.

The impact of the drawdown in terms of job loss has been significant. By the end of the decade, military forces will have shrunk almost 35 percent, from 2,174,000 in 1987 to about 1,418,000.<sup>1</sup>

Most of this reduction has already occurred. Civilian Department of Defense (DoD) strength figures have been on a similar downward path. In 1987 when the drawdown began, DoD employed more than one million

civilians in various occupations. By September 1995 employment levels had been reduced by about 25 percent—a loss of 284,000 positions.<sup>2</sup> Another 120,000 civilian positions are scheduled to be cut by 2001.<sup>3</sup>

The private sector defense industry has also experienced a sharp drop in employment levels. DoD procurement cutbacks, for most defense firms, translate to a smaller slice of a smaller pie. To adjust to a reduced market while remaining competitive, defense firms have employed a number of strategies. Some have chosen to diversify to commercial products; others believe they can survive by selling off peripheral operations and protecting their market niche in the defense industry. Regardless, the downsizings, mergers, and consolidations that accompany these strategies have resulted in the loss of jobs for scores of employees. The number of private sector jobs directly supported by DoD contracts shrunk by 29 percent between 1987 and the end of 1994, from more than 3.9 million to about 2.8 million positions.<sup>4</sup> More cuts are expected.

### Impact on Personnel

Despite significant reductions in U.S. military strength, involuntary separations of uniformed service members have been kept to a minimum. The armed services have achieved force reductions primarily by limiting new entrants and increasing retirements and other voluntary separations. Because of the services' centralized personnel system and ability to direct troop movements, closure of a military base does not translate into loss of employment for the uniformed personnel assigned to the site; most are reassigned elsewhere.

On the other hand, DoD civilians at closing installations face a less certain future. Unlike the military, a civilian's employment is tied directly to the position occupied; elimination of that position brings unplanned, and usually unwelcome, changes in an individual's life. While some employees may retire, most must search for new jobs and face the possibility of reduced income or even unemployment. Fortunately, the DoD has been able to help many of its civilian workers find jobs at other DoD activities. During the past 6 fiscal years (i.e., from October 1989 through September 1995),

only about 21,000 DoD civilians were involuntary separated, while the total civilian workforce was reduced by 224,000.<sup>7</sup>

The largest impact of DoD downsizing, at least in employment levels, has been in the private sector defense industry, where the ripple effects of DoD spending cuts are felt far beyond the prime contractor. When the Pentagon announces cuts in weapons systems, the impact reverberates among subcontractors and suppliers as well and affects a number of defense-dependent businesses, communities, and states. As an example, about 250 companies in 35 states were involved in building the F-16 fighter jet.

Finally, retail and service companies located in base closure and defense-dependent communities are affected by the drawdown, as customers relocate to new jobs in other geographic areas or cut consumer spending to adjust to smaller incomes.

## Impact on the Community

Layoffs and base closings create significant challenges for communities with concentrations of DoD military installations and defense industry firms. There are often secondary impacts as other employers—suppliers, firms providing services, and retail stores—lose contracts and customers and possibly face layoffs or closure themselves.

The severity of impact and the community's ability to respond depend on a variety of factors, such as the number of jobs lost, the size of the community, or the diversity of industries. Metropolitan areas with a large and diverse local economy usually adjust more easily than smaller, defense-dependent communities. This is not always the case, however. Smaller communities can survive quite well if job gains in other sectors of the labor market offset defense-related job losses. Conversely, a large, diverse community can suffer substantially if the health of the local economy is weak. For these reasons, the impact of defense cuts should be assessed within the total economic context of the area.

Certain geographic areas and sectors of the economy have been particularly vulnerable to cutbacks in defense spending and loss of jobs. The West Coast and New England, with heavy concentrations of aerospace and shipbuilding industries, have experienced severe impacts. In 1994 California accounted for 22 percent of defense industry layoffs; Connecticut and Massachusetts together accounted for 15 percent.<sup>8</sup>

Nonetheless, a 1996 study by the Rand Corporation found that base closure communities in California weathered the shutdowns with far less economic damage than had been predicted, and in some cases even experienced growth. Rand concluded that certain events soften the blow of base closures: retail sales can climb as military retirees, who previously shopped

at base stores, turn to the civilian market; job opportunities may be created by departure of military spouses who were employed in the local community; and additional new jobs may be created as developers convert base property to commercial use. Strong local economic growth was also a factor in offsetting the negative effects of base closure.

Sufficient advance notice of industry layoffs or base closure is also helpful in minimizing adverse impacts, as it gives the community time to develop and implement adjustment strategies. This is generally no problem in base closure situations, as communities typically get two to five years warning before the actual closure date. Defense industry cutbacks, on the other hand, pose a special challenge, since advance notice in many cases is limited.

Adjusting to the impacts of base closure or major defense industry layoffs is not always an easy or quick process, for either the individual worker or the community. Just as an individual must have a plan for surviving a layoff, so must a community have a strategy for adjusting to economic dislocation. The Department of Defense's Office of Economic Adjustment (OEA) is the primary source of assistance in helping communities develop their economic adjustment strategies.

## Office of Economic Adjustment

Providing rapid and effective assistance to communities affected by reductions in defense spending is a high priority for DoD. When a military base or a defense industry plant closes or downsizes, communities can lose a key source of their economic livelihood. DoD established the Office of Economic Adjustment in 1961 to work with communities adversely affected by defense program changes. OEA provides hands-on technical assistance and funds economic adjustment planning activities. Over the past three decades OEA has helped more than 500 communities develop economic strategies to adjust to defense industry cutbacks as well as military base closures.

## Military Base Reuse

Although the task of rebuilding its economic foundation is never easy, a community can find that a closed military base is its single greatest asset. Facilities freed up when military bases close have the potential to generate new jobs that can replace, or even exceed, the losses resulting from closure. In the past, closing bases have turned available facilities into a variety of productive civilian uses, such as airports, industrial parks, schools, hospitals, recreational areas, residential areas, retirement communities, and research and development companies.

**Although the task of rebuilding its economic foundation is never easy, a community can find that a closed military base is its single greatest asset. Facilities freed up when military bases close have the potential to generate new jobs that can replace, or even exceed, the losses resulting from closure.**

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The transition period in securing new civilian uses often takes three to five years and can be difficult for many communities. Complete redevelopment can take up to 20 years. Nonetheless, the experience of communities affected by earlier military base closures clearly indicates that communities can and do successfully adjust to dislocations and base closures. DoD has found that, on the 97 bases closed between 1961 and 1982, about two new civilian jobs were created for each civilian job lost.<sup>7</sup> Further, almost 26,000 new jobs and more than 550 tenant businesses have already been created on military bases closed since the Base Closure and Realignment Commission (BRAC) process began in 1988.<sup>8</sup> On average, around 60 percent of the civilian jobs lost at closing military installations are replaced a year after formal closure.<sup>9</sup>

The Naval Air Station (NAS) Chase Field, in Beeville, Texas, is one example of successful base reuse. In 1990 Beeville had an unemployment rate of 9.1 percent, with zero job growth from 1986–1990.<sup>10</sup> NAS Chase Field accounted for 30 percent of the region's economic activity<sup>11</sup> and over 15 percent of local employment.<sup>12</sup> Since closure in 1993, reuse of the base has been rapid. The South Texas Prison system took over the barracks and set up a fenced-in boot camp for young offenders. General Shelters Inc., which makes modular mobile offices and storage units, is using a former aircraft hanger for a production area. Other tenants on the former base include Get Jet Inc., which trains aviators; Texas Panel Systems, a furniture maker; and Postar Inc., a maker of crop-dusting airplanes. Over 1,500 new jobs have been created so far to replace the 914 civilian jobs that were lost at closure.<sup>13</sup> Beeville now has a housing shortage because of an influx of workers, and sales tax revenues are up 20% over when the Navy was there.<sup>14</sup>

Packard Bell, the largest manufacturer of personal computers in the country, has created 5,000 jobs thus far in Sacramento, almost 2,000 more than there were previously at the former Army Depot.<sup>15</sup> Work is being moved from Taiwan to Sacramento, where salaries will range from \$19,000 to \$40,000 per year.<sup>16</sup> The average salary for Sacramento Army Depot civilians at the time of the BRAC announcement (1991) was just

over \$31,000.<sup>17</sup> Additional reuses of the facility include California Emergency Foodlink, a wholesale food provider for the homeless, and California State University, Sacramento. Possible additional tenants include Packard Bell subcontractors, which are expected to generate approximately 6,000 light industrial jobs over the next 15–20 years.<sup>18</sup>

## Community Guidance Manuals

When bases close, local communities are given the opportunity to consider reusing large parcels of land and surplus personal property and buildings in ways not previously envisioned. To assist them, OEA periodically publishes community guidance manuals. These manuals are intended to help communities steer their way through an often traumatic and confusing adjustment period, learning as they go.

This community guidance manual discusses the impact of base closures and defense industry cutbacks on workers, the transition programs available to assist them in finding new employment, and the strategies that defense-dependent communities have found useful in dealing with the human aspects of defense cutbacks.

It is our hope that this manual will be beneficial to communities that have already been impacted by a base closure or major industry layoff, as well as any communities that may be affected by future defense actions.

## Organization of This Manual

This manual is organized into six chapters. Each chapter concentrates on a particular facet of work force adjustment.

Chapter 2 focuses on the demographic characteristics of dislocated defense workers and their prospects for reemployment. It also looks at the effect of job loss on an individual.

Chapter 3 describes the various federal, state, and private programs available to assist employees facing job loss. The Department of Defense placement and transition programs and the Department of Labor's Job Training Partnership Act program are highlighted.

Chapter 4 explores the steps a community should take in planning worker adjustment strategies to complement the overall economic adjustment plan. Finally, it explores the role of the Local Redevelopment Authority in work force development issues.

Chapter 5 discusses work force adjustment strategies that have been effective elsewhere, and that communities can adapt to address their own particular needs. It also provides guidance on establishing an employee transition center.

Chapter 6 focuses on ways to coordinate work force and economic development activities. It discusses the benefits of forming partnerships among government, business, economic development, and training agencies, and provides examples of collaborative efforts and results in other communities.

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# Dislocated Defense Workers

Displacement of workers is a normal component of a dynamic market economy. Changes in consumer preferences, technology, and competitive posture affect the number and types of workers that employers need. Just as employers adjust to increases in the demand for their products by hiring more workers, they adjust to decreases in demand by reducing the number of workers on their payroll.

Like other businesses in the face of a *shrinking* customer base, U.S. defense firms are taking action to remain competitive and financially viable. Their primary strategies involve consolidating facilities, reducing overhead, and eliminating excess capacity. Unfortunately, these actions usually lead to layoffs for many workers.

Similarly, the closure of military bases in response to changes in U.S. defense priorities and needs has resulted in job losses for thousands of civilian DoD workers.

Laying off workers is not a new phenomenon. Dismissals accounted for 35 percent of unemployment in the early 1970s, compared to 40 percent today.<sup>2</sup> However, even communities experienced with layoffs in the commercial sector may find that defense-related displacement demands different strategies. In part, this may be due to the characteristics of the workers themselves.

## Characteristics of Defense Workers

Military bases are like small cities, with office, retail, industrial, and housing facilities. Accordingly, they employ many types of workers, including clerks, blue-collar workers, engineers, analysts, executives, and technicians. Over half of DoD's civilian work force is made up of professional, technical, and administrative personnel—occupations typically associated with relatively high salaries. Over 65 percent have more than 10 years service with the federal government and are 41 years of age or older. Almost a third have college or advanced degrees.<sup>3</sup>

Private sector defense industry employees have similar characteristics to their DoD counterparts. Defense workers tend to be older, more educated, and earn more than the average nondefense employee. Managers and professionals comprise a substantial portion of their ranks, and fewer are women or members of minority

groups. Finally, in general, they have been with their employer for at least 5 years; many for 10 years or longer.

## Prospects for Reemployment

Dislocated workers in general, especially those who lose jobs they've held for a long time, often have difficulty finding new employment and face substantial earnings losses when they do. Those who incur the largest earnings losses on reemployment are *disproportionately* those who are the least well educated, the oldest, and have the longest tenure with their previous employer.<sup>4</sup>

Like other dislocated workers, most defense workers who lose their jobs must find new employment. Since on average they are better trained and educated than their nondefense counterparts, their chances for reemployment might seem to be better. Yet, despite their advanced skills and previous experience, they are at a disadvantage in some respects.

**Outdated job search skills.** After decades of fairly stable employment, defense workers typically have been out of the job market for some time and may be poorly prepared to look for new jobs. While they may have highly desirable technical or managerial skills, their job seeking skills and knowledge of the labor market may be outdated.

**Defense specialization.** Many workers have been employed in specialized jobs relating to shipbuilding, stealth technology, and defense electronic components, where there is little, if any, comparable work in the commercial world. Others, who have specialized in DoD's complex and unique contracting procedures, find that this experience has little value outside the defense sector.

**Market saturation.** Mass layoffs from a downsizing defense company or a closing military base may mean that the local labor market is saturated by displaced workers with similar skills, making reemployment more difficult.

**Age.** Defense-related layoffs have increasingly affected older and more specialized workers. Those who are 45 years and older generally have more difficulty finding a new job, regardless of qualifications. And, when they do find a job, their drop in earnings is larger than their

younger counterparts. This holds true for nondefense workers as well. In the general labor force, older employees with substantial seniority who lose their jobs fare much worse than younger workers in terms of joblessness and subsequent earnings.

**Culture.** Federal and commercial employers often have different perspectives on such matters as bottom-line costs, product specifications, and organizational chain of command. Because of these different perspectives or "work cultures," employers may feel that federal workers are unable to adapt to a less structured, profit and loss environment.

Several studies have compared the reemployment experiences of defense workers with nondefense workers. One found that, as a group, defense industry and DoD workers in New England were at a disadvantage in replacing their former salary when they found new jobs. In national surveys, 45 percent of all displaced workers made less than 95 percent of their former hourly pay on reemployment; for 32 percent the replacement rate was less than 80 percent. In the New England defense industry and DoD worker study, 64 percent of those reemployed received less than 95 percent of their former hourly pay, and 48 percent received less than 80 percent.<sup>5</sup>

On the other hand, the Congressional Budget Office found that displaced defense industry workers were out of work no longer than other workers who were laid off. In addition, a similar percentage of both groups—60 percent<sup>6</sup>—took pay cuts on reemployment, indicating that defense workers did not experience more hardship than their nondefense counterparts.<sup>7</sup>

A recent study by Rand Corporation tracked 517,000 aerospace workers employed in California between 1989 and 1994 to determine if they experienced disproportionate hardships. Rand found that, in general, labor market turbulence was no greater for aerospace workers than for those employed in other durable goods manufacturing sectors.<sup>8</sup>

Despite differences in findings, studies of displacement generally agree that professionals and skilled craftworkers find jobs sooner and take smaller pay cuts after being laid off than semiskilled and unskilled blue collar workers.<sup>9</sup> In this respect, defense workers may find they are at an advantage.

In any case, experience with base closure and defense industry layoffs has shown that the dire consequences often predicted generally do not occur. Anecdotal reports of laid-off defense workers that have appeared in the media have presented a bleak picture. Certainly, significant numbers of workers experience disruptions and uncertainty, and many suffer hardships. However, overall, the extent of job loss is not as grim as are the headlines about it.

Since 1989, there have been more than 3.1 million announced layoffs in the U.S. job market.<sup>10</sup> During the same period, the economy produced a net gain of almost 10 million jobs.<sup>11</sup> Nor are these mostly unskilled jobs. Studies of job creation between 1983 and 1993 found that well-paying jobs grew slightly faster than poorly paid jobs.<sup>12</sup>

## The Impact of Job Loss on Workers

The psychological, physical, and financial toll of losing a job can be devastating. Not only do employees lose their source of income, they also suffer a loss of identity, dignity, self-esteem, and control. For many, the stress of losing a job is comparable to that of a death in the family.

Frustration over impending layoffs can be manifested in a number of ways. The fear of losing income and benefits can cause disruption of work and usually has an adverse impact on morale. Rumors are rampant and tempers become short. Anger and bitterness can lead to family tension and abuse; depression and loss of self-respect can impede the search for a new job. Stress and anxiety may cause physical symptoms—research has shown that unemployed workers experience more physical ailments (including allergies, bronchitis, coughs, colds, and shortness of breath) than those who are employed.<sup>13</sup>

Response to job loss varies widely from one individual to the next. However, most will go through the following stages of adjustment:

### 1) *Shock and denial.*

At this point, the employee cannot believe that the layoff will really happen. While this stage usually passes quickly, some workers may continue to deny reality. As a result, they may delay their job search or other self-help measures. At one closing base in New England, a handful of workers believed the decision to close the base would be overturned. They persisted in this belief until the month before closure, doing little to help themselves. They were among the few employees involuntarily separated when the base closed.

### 2) *Anger.*

Many individuals become angry or bitter towards their employer and feel that years of service and loyalty are being rewarded with a pink slip.

### 3) *Depression.*

Depression can occur as employees worry about their ability to find new employment and meet financial obligations. Because depression can lead to withdrawal and an inability to focus on

goals, individuals struggling with these feelings may lose the motivation to find a new job. If the job market is poor and chances for finding employment are limited, individuals may believe their unemployment is permanent and feel the effects more strongly.

#### 4) **Acceptance.**

At this stage, employees accept the fact that they will lose their jobs and start taking positive action to plan for the future.

## The Effect of Advance Notification

Substantial evidence exists that early notification enhances employees' ability to cope with job loss. By receiving notification well before layoff, workers have more time to search for a job, decreasing the amount of time they're unemployed. They have advance warning to cut back on current spending and defer major purchases, decreasing the likelihood of financial disaster. They have time to get over the initial shock of job loss before reentering the job market, increasing their chances of successfully obtaining reemployment.

Base closure communities are fortunate in this regard, since on average base closures are announced at least two years before actual closure occurs. Even in instances where the base conducts incremental RIFs in the years leading up to closure, DoD civilian employees must generally be given 120 days notice of reduction in force.

Defense industry layoffs may follow a different scenario. Employees of defense contractors receive notification in accordance with the policies of the employer. However, many defense contractors have large operations, with 100 or more full-time employees, and are subject to the Worker Adjustment and Retraining Notification (WARN) Act. WARN requires a 60-day notice of layoff where there is a plant closing affecting 50 or more full-time workers, or a layoff at a single site affecting 33 percent of the full-time workers or 500 full-time employees, whichever is fewer. While some companies give more advance warning than the required 60 days, others have scheduled layoffs in ways that escape WARN requirements. Studies indicate that many layoffs occur with limited or no advance notice. The FY 1993 National Defense Authorization Act requires defense firms having a DoD contract or subcontract of at least \$500,000 to notify employees of the termination or substantial reduction of defense contracts within two weeks of DoD's notification to the company. This may

alert Defense industry employees working on those contracts to the possibility of an impending layoff.

## Assistance from Employers

Although some firms try to evade WARN notice requirements, an increasing number of companies try to manage their layoff processes in a humane, supportive manner. Many assistance programs come from employers who accept that they have a responsibility to help laid-off workers.

About one-third of all displaced workers handle the adjustment process themselves—they get new jobs, retire, or make some other choice on their own. For the other two-thirds, effective assistance programs make a difference.<sup>14</sup>

Concrete action to help laid-off employees comes in many forms. Some companies advertise the fact that they have valuable employees who are now available for placement and facilitate that placement by conducting job fairs and training employees in job search skills. Others provide funding and personnel to help establish transition centers. Over the years, four particular steps taken by employers have proven to be beneficial to laid-off workers: advance notification of layoff, granting severance pay, authorizing extended benefits, and providing outplacement services.

The way a company manages the termination process does not affect just the worker facing layoff; it influences the way the company is viewed by its remaining employees. Organizations that provide support and transition services to displaced employees, in addition to monetary separation incentives, establish that the company is not just trying to buy people off but is concerned about their future as well.

**The way a company manages the termination process does not affect just the worker facing layoff; it influences the way the company is viewed by its remaining employees.**

## End Notes

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7. Both the New England and Congressional Budget Office studies used data reported by Job Training Partnership (JTPA) offices. Since not all displaced workers participate in JTPA activities, the conclusions may be limited.
8. *Life After Cutbacks: Tracking California's Aerospace Workers*, Robert F. Schoeni, Michael Dardia, Kevin F. McCarthy, Georges Vernez, RAND, MR-688-OSD, 1996, p. xiii.
9. *After the Cold War: Living with Lower Defense Spending*, U.S. Congress, Office of Technology Assessment, February 1992, p. 65.
10. Jay Mathews, "With Downsizings Under Attack, Wall St. Defends and Sees an End," *The Washington Post*, February 24, 1996, p. C7.
11. Ibid.
12. Op. cit., Samuelson.
13. Renae F. Broderick (ed.), *Issues in Civilian Outplacement Strategies: Proceedings of a Workshop*, Commission on Behavioral and Social Sciences and Education, National Research Council, National Academy Press, 1996, p. 15.
14. Office of Technology Assessment, op. cit., p. 70.

# Reduction In Force: When the Ax Fell at USGS

In 1995 the Geologic Division of the U.S. Geological Survey conducted a reduction in force (RIF). Nationwide, 535 workers were laid off; 11 of the 27 employees at the Eastern Mineral Resources Branch in Reston, Virginia, lost their jobs. The following excerpts are from an article in *The Washington Post Magazine* detailing the impact of the RIF on people's lives.

**Denial:** At first, nobody believed it. "We were used to gloom and doom," says 44-year-old geologist Judy Back, who figured the disaster would be averted at the last minute, as Washington budget crises so often are. Even after the announcement that nationwide as many as 700 people at USGS would lose their jobs, be demoted or be reassigned, people didn't believe it. "I never thought it would happen, because it never had before. I thought management would figure out a way to save us."

**Stress and Anxiety:** USGS was populated with gung-ho people used to controlling their destinies, or at least to the illusion of controlling their destinies. Their lives were proof: Work hard at what you love, and you'll be rewarded. With the impending RIF, that illusion was shattered. "I felt I had done all the right things, gotten kudos," says geologist Mike Foose. "And yet I was on the block and had no control over my future. I could be a 48-year-old guy with no pension. . . . The organization was violating the contract I thought we had: I do good work, you keep me around." Foose felt an emotion new to him—powerlessness. It was a mix of resignation, anger, and resentment, the scary feeling that his future was not his own.

Andrew Grosz, 44, a well-liked, unusually outgoing geologist, told his children that he now knew what the lining of his stomach tasted like. John Slack got his ulcer back and couldn't sleep. Sandy Clark, a 57-year-old geologist who meditated twice a day, was constantly cranky. Her daughter told her she was becoming more and more like her own mother. It was not a compliment. Iris Howard began losing weight and started seeing a therapist. Eventually, her marriage, which had been in trouble anyway, broke

up. Everyone was anxious. Patty Loferski, on maternity leave, began coming in to the office, afraid to be away when the decisions were being made.

**Effect on Consumer Spending:** Everybody seemed to do their part to dampen the local economy. Robert Ayuso and his wife went on a money-saving binge and upped their annual savings by \$10,000 a year. They canceled their annual family vacation to North Carolina. John Jackson, a 36-year-old technician who ran several Eastern Minerals labs, sold his classic gas-guzzling '88 Monte Carlo Super Sport and began driving his old Nissan pickup with 185,000 miles on it. He canceled plans to visit his parents in Texas.

John Slack and his wife stopped eating out, and she, a professor . . . cut way back on the books she bought. They decided not to turn their carport into a sunroom. Tom Kress decided to keep his old Chevy Blazer, and he and his wife bought less house than they'd planned and held off on buying new furniture. They started using coupons and shopping at Shoppers Food Warehouse. They decided to pack away \$20,000 in the bank. . . . Just about everybody paid off their credit cards. "It used to be if I was shopping and saw something I wanted," says Betty Stalcup, "I just bought it." That stopped.

**Psychological Impacts:** "How can this be happening?" Patty Loferski asked herself again and again. She was normally an organized woman, but after the RIF she had trouble concentrating. She lost a notebook with 20 pages of notations relating to her *Canadian Mineralogist* article. She looked everywhere but never did find it. One day, the bank called to say she'd left her ATM card in the cash machine. Karen Gray kept forgetting to pay routine bills on time. She had to start leaving herself reminder notes. It was as if she'd been hit on the head, dazed. "De-focused," she called it.

Rob Koepfen had another reaction. He couldn't get himself to leave. Three weeks after his last day, he was still coming in to the office to box documents.

*continued*

data, and books. He told his wife, Susan, that he had 20 years of his life to pack up; it took time. His wife later told him, "I think you were really just trying to prolong the connection to the survey. That was your family. You were really grieving."

**Effect on the Survivors:** Back at the Geological Survey are the survivors. John Slack, who has begun to sleep again, says people at the Survey don't seem to have the enthusiasm they used to have. Tom Kress says, "People are more aware, their eyes are wide open. You don't have a job for life anymore." That was the lesson Robert Ayuso's 18-year-old son learned watching his accomplished father go through the RIF. Ayuso says, "He realized

he will have to be ready to reinvent himself every few years." Iris Howard lost 45 pounds since the RIF rumors began. She looks great, but her doctor has told her that she's malnourished. Howard just isn't hungry and blames the stress of the RIF, which she says she will never go through again. "I will turn in my resignation and leave," she says. "They don't pay me enough."

People always used to say the survey was like a family. Terry Offield, a survey geologist for 35 years, a man who helped run the RIF, who signed what he calls "the death warrants" of rifed employees, says "People really believed that. And they don't believe it anymore."

Source: "Reduction in Force: When the Ax Fell at USGS," Walt Harrington, *The Washington Post Magazine*, May 19, 1996, pp. 15-32.

## CHAPTER III

# Programs to Assist Employees

When an economy undergoes a restructuring, the greatest cost is borne by the workers. Cutbacks in defense spending, along with other labor market changes, have meant that many workers must search for new jobs after years of steady employment. A smooth transition for these individuals is in our national interest so that periods of unemployment are minimized and a healthy economy maintained.

A variety of federal programs have been established by either legislation or agency action to provide transition assistance to DoD employees, Department of Energy employees displaced by cuts in defense programs, and private sector defense workers who lose their jobs as a result of cutbacks in defense spending. The programs are designed to provide new or upgraded occupational skills, help workers find other jobs, and provide benefits after employees have been laid off.

## Department of Defense Programs

DoD offers a number of incentives and transition benefits to civilian personnel affected by the drawdown. These include placement assistance, financial incentives to encourage resignation and early retirement, advance notification of a reduction in force, and continued health insurance coverage for up to 18 months following involuntary separation.

### Placement Assistance

The primary tool to help surplus DoD civilian personnel find new jobs is the DoD Priority Placement Program (PPP). Established in 1965, the PPP is an automated worldwide referral program that tries to assure continued employment for DoD civilian employees affected by reduction in force (RIF). The skills of employees who are scheduled to be separated or downgraded because of RIF are matched with vacant positions at DoD activities where the employee has indicated a willingness to work. The PPP differs from most other placement assistance programs in that, normally, PPP registrants whose qualifications match job requirements must be given a job offer.

The PPP has enabled DoD to achieve unprecedented reductions with remarkably few involuntary separations. Even though record numbers of registrants are seeking positions in a steadily downsizing department, more

than 10,000 have been placed through the PPP in each of the last two fiscal years.<sup>1</sup> This means that about 76 percent of the individuals available for placement through the PPP were offered jobs. The program is particularly successful in placing registrants who are geographically mobile. There is a high probability that individuals who elect a reasonably and realistically broad area of referral will receive a job offer. Conversely, placement is unlikely for those who are unwilling or unable to relocate, unless there are other sizable DoD activities in the commuting area to provide placement opportunities.

Civilian employees may also use the Defense Outplacement Referral System (DORS) and the Transition Bulletin Board (TBB), both of which were established in late 1991. The DORS is an automated system that refers DoD employees and their spouses for job placement to other federal agencies, the private sector, and state and local governments. Job seekers fill out "mini-résumés," which are referred automatically to employers who request them. Although no statistics are maintained to track placements with private sector employers, it is clear from the number of referrals that employers are utilizing the system and, through it, registrants are achieving visibility.

The TBB is an automated database containing listings of jobs throughout the country. In addition to job listings, the TBB contains information concerning job fairs, workshops, technical schools, professional association meetings, business opportunities, and other announcements pertinent to DoD transition.

Department of Army civilians located at bases where Army Career and Alumni Program (ACAP) offices exist are eligible to use those programs, which offer individualized transition plans and outplacement services. These services, provided under contract to ACAP offices, include job search, skills training, individual counseling, and workshops and seminars for military and civilian Army employees and their spouses. Other agencies, both defense and nondefense, may use the Army's contract to procure similar services for their employees.

DoD established the Non-Federal Hiring Incentive Program in 1995 to encourage non-federal employers to hire DoD civilians who would otherwise be separated due to the closure or realignment of military installations. Under this program DoD reimburses non-federal employers up to \$10,000 for the cost of hiring and

retraining DoD civilians. To be eligible the employee must be within 180 days of involuntary separation by RIF, but not be beyond the date of RIF separation. The program also allows the employee to be reimbursed for the cost of relocation, although total payment relating to any one individual's training and relocation may not exceed \$10,000.

Under certain conditions, an employee at a closing base may exchange jobs with an employee at an installation not affected by RIF or closure. This allows one employee to obtain continuing employment with DoD while permitting the other to exercise early retirement on closure of the base.

Payments of up to \$20,000 for relocation costs are paid by DoD to domestic federal agencies that hire a DoD employee who would otherwise be separated.

### Separation Incentives

DoD may offer "buy-outs" at closing bases to encourage employees to separate voluntarily through resignation, early retirement, and optional (regular) retirement. Offers of incentives may be limited to employees in specific occupational series, grades, and/or locations. Separation pay is a lump sum incentive of up to \$25,000, calculated using a statutory severance pay formula.

### Severance Benefits

DoD prefers to avoid RIFs because of their financial costs and adverse effect on morale and work effectiveness, and has been relatively successful in this effort. For those who do get RIF'd, a number of benefits and entitlements exist to ease the impact of involuntary separation. These include:

- **Severance Pay.** Most permanent employees being laid off at closing bases are eligible for severance pay. The amount is computed at the rate of one week's pay for each of the first 10 years of service, plus 2 weeks' pay for each year of service beyond 10 years. Further, for each year the employee is over age 40, an additional 10 percent of the basic severance pay allowance is provided.
- **Health Benefits.** DoD will continue to pay the government's share of a separated employee's health insurance premium (and any applicable administrative fee) for up to 18 months from the date the employee was involuntarily separated.
- **Annual Leave Accumulation.** Employees permanently assigned to an installation scheduled for closure or realignment have the right to accumulate annual leave without regard to existing "use or lose" limitations.
- **Use of Annual Leave to Attain Eligibility.** DoD allows civilian employees to be carried in an annual leave status beyond their scheduled separation date if doing so would allow them to reach retire-

ment eligibility or attain Federal Employee Health Benefits Program annuitant coverage.

- **Voluntary Reduction in Force.** Through this program, employees not otherwise affected by reduction in force may volunteer for RIF separation, thereby allowing DoD to retain another employee in a similar position who would otherwise be separated. The employee who volunteers will have his/her separation treated as *involuntary*, which will confer certain separation benefits.
- **Reemployment Priority List.** Career and career-conditional employees who have been separated are given priority over outside job applicants for placement into job vacancies within their former agencies. This program is maintained at local levels.
- **Contractor Hiring Preference.** Contractors hired to prepare a DoD installation for closure, or to maintain the installation after closure, are required to give hiring preference to qualified DoD employees involuntarily separated or scheduled for separation. The contractor must give eligible, qualified DoD employees a "right of first refusal" before hiring from any other sources.
- **Assistance with Home Sales.** The Homeowner's Assistance Program provides financial help to DoD military and civilian homeowners who must sell their homes and relocate because of base closures and reductions. Before benefits can be paid, DoD must conduct a Market Impact Study to determine that reduced home values were caused by the base closure or realignment. If the data warrant, approval can be given to implement a Homeowner's Assistance Program in that area.

Eligible homeowners may choose one of three types of assistance.

- 1) They may receive a cash payment to cover part of their loss from a private sale of their home.
- 2) They may sell their home to the government.
- 3) They may receive losses incurred as a result of a foreclosure of a mortgage on their home.

Other Federal programs or benefits that assist DoD employees with reemployment and transition include:

- **Interagency Career Transition Assistance Program.** Before hiring an outside candidate, agencies must select displaced Federal employees for vacancies when the employee applies directly for the vacancy and is determined by the agency to be well-qualified for the position.
- **Unused Annual Leave.** Employees who separate from the Federal Government are given a lump-sum payment for their accrued annual leave.

More detailed information on the above programs, as well as on other tools and benefits designed to help in the transition of DoD civilians, may be obtained from Civilian Personnel Offices at military installations.

## Department of Energy Assistance

Reductions in DoD spending have affected Department of Energy (DOE) workers at nuclear facilities and national laboratories. To minimize the impact of reductions in defense-related activities, DOE provides advance notification to employees and communities affected by changes at nuclear facilities; uses retraining, early retirement, attrition, and other options to minimize layoffs; gives preference in the hiring of displaced DOE employees; and provides relocation assistance to employees transferred to other DOE facilities. Additional information on these programs may be obtained from personnel offices at DOE activities.

## Department of Labor Programs

The Department of Labor, together with state governments, offers a wide range of programs for displaced workers who need help preparing for and finding a new job and temporary income assistance until they find it.

### The Job Training Partnership Act

The Job Training Partnership Act (JTPA), effected on October 1, 1983, is the country's primary training legislation. The JTPA attempts to move individuals who are economically disadvantaged, displaced from their jobs, or face significant employment barriers into permanent self-sustaining employment.

Although JTPA is funded by the federal government, states and local governments have primary management and operational responsibility. The Department of Labor maintains general oversight but allows each state wide latitude for determining its own policies and practices. States designate local service delivery areas (SDAs), which receive JTPA funds and plan and operate JTPA programs.

The SDAs receive advice from Private Industry Councils (PICs), which are public-private partnerships charged with planning and overseeing JTPA job training and employment programs. Comprised of business leaders and other community representatives, PICs were designed to provide practical knowledge of the needs of the labor market and the skills required for successful reemployment in the local area.

The JTPA authorizes several programs, each targeting a particular segment of the population. Title III, covering dislocated workers, is particularly relevant to employees at closing military bases and in downsizing defense firms.

### Title III (Economic Dislocation and Worker Adjustment Assistance Act)

Title III of the JTPA, also referred to as the Economic Dislocation and Worker Adjustment Assistance Act (EDWAA), provides employment and training services to dislocated workers. Most employees affected by base closure or defense industry layoffs receive assistance through the Title III program.

JTPA services include counseling, job search assistance, occupational skill training, remedial education, relocation assistance, and support services. These services are discussed in more detail on page 14.

### Funding

Unlike most federal programs, which operate on a fiscal year basis, JTPA runs on a program year from July 1 to June 30 of the following year. EDWAA funding over the past three years (Program Years 1994, 1995, and 1996) has been, on average, \$1.14 billion.<sup>2</sup>

The Secretary of Labor retains 20 percent of Title III funds in a National Reserve Account, used to award competitive grants for special projects or for supplements to states needing additional funding. Eighty percent of the funding is distributed to states by formula, based on unemployment rates.

States, in turn, distribute at least 60 percent of their allocations to local SDAs, which provide services to dislocated workers. The remaining 40 percent may be retained at the state level in a Governor's Reserve Account for program administration, rapid response activities, technical assistance, and state grants to SDAs.

### Rapid Response

When a major defense industry layoff or base closure is announced, a state's dislocated worker unit (DWU) steps into action. They dispatch a rapid response team, generally contacting the employer within 48 hours after an announced layoff. The team provides affected employees with basic information on programs available to help them, obtains data on the needs of affected workers, and helps establish a labor-management committee at the workplace. This committee helps determine which JTPA services should be offered and assists in rumor control by providing accurate information to the work force.

Rapid response assistance is an early intervention measure that is funded through the 40 percent Governor's Reserve and costs the employer nothing. It can be enormously useful to workers facing job loss by helping them begin the process of planning their future.

### Arranging for JTPA Services

After rapid response activities are completed, local SDAs begin working with the defense company or military base to determine when employees will be eligible for JTPA services and to plan or arrange for

# Summary of Employee Assistance Programs/Benefits

## Department of Defense Programs

### *Priority Placement Program*

Mandatory placement program that helps surplus DoD civilians affected by RIF find other DoD jobs.

### *Defense Outplacement Referral System*

Refers mini-resumes of participating DoD employees and their spouses to other Federal agencies, the private sector, and state and local governments.

### *Transition Bulletin Board*

Automated job listing allowing employers to advertise vacancies at no cost.

### *Army Career and Alumni Program*

Provides individualized transition plans and outplacement services (primarily located at Army installations).

### *Non-Federal Hiring Incentive*

Reimburses non federal employers up to \$10,000 for the cost of hiring and retraining DoD civilians who would otherwise be separated due to the closure or realignment of military installations.

### *Outplacement Subsidy*

Provides payment of up to \$20,000 for relocation costs to domestic agencies that hire a DoD employee who would otherwise be separated.

### *Voluntary Reduction in Force*

Allows DoD employees not otherwise affected by reduction in force to volunteer for reduction in force separation to save the job of someone else.

### *Voluntary Separation Incentive Pay*

Provides separation pay of up to \$25,000 to DoD civilians who separate voluntarily through resignation or retirement.

### *Severance Pay*

Payment provided to civilians who are involuntarily separated from their jobs.

### *Continued Health Benefits*

DoD will continue to pay the government's share of a separated employee's health insurance premium for up to 18 months from the date the employee was involuntarily separated or left a surplus position.

### *Annual Leave Accumulation*

Allows employees permanently assigned to an

installation scheduled for closure or realignment to accumulate annual leave without regard to existing "use or lose" limitations.

### *Use of Annual Leave to Attain Eligibility*

Allows DoD civilians to be carried in an annual leave status beyond their scheduled separation date if necessary to reach retirement eligibility or attain Federal Employee Health Benefits program annuitant coverage.

### *Reemployment Priority List*

Post-RIF program that provides employees first opportunity for positions within their former agency that would otherwise be filled by candidates from outside the agency.

### *Contractor Hiring Preference*

Requires contractors that prepare a DoD installation for closure, or maintain it afterwards, to give hiring preference to qualified DoD employees involuntarily separated or scheduled for separation.

### *Homeowner's Assistance Program*

Provides financial help to DoD homeowners who must sell their homes, and who receive reduced value for them, because of base closures and realignments.

## Department of Labor Programs

### *Job Training Partnership Act*

Provides retraining, readjustment, and reemployment assistance to workers who are, or are scheduled to be, unemployed.

### *Unemployment Insurance*

Provides temporary income to workers who lose their jobs through no fault of their own.

## Other Federal Government Programs

### *Interagency Career Transition Assistance Program*

Before hiring an external candidate, agencies must select a displaced federal employee for a vacancy when the employee applies directly for the vacancy and is determined to be well-qualified for the job.

### *Unused Annual Leave*

Provides lump-sum payment for accrued annual leave when employee is separated from the Federal government.

those services. A critical element in this process is collecting information on affected workers' need for assistance. This can be done through surveys administered by the rapid response team or other appropriate means. Not everyone will want or need retraining. White-collar workers usually want to remain in their occupation and, accordingly, may simply ask for job search and/or relocation assistance. By knowing the types of assistance employees want, SDAs can more efficiently target their funding and staff resources.

The SDA will determine if it has sufficient formula funds to provide services to workers, or if it needs to apply for grant funds from either the Governor's Reserve Account (40 percent money) or the Secretary's National Reserve Account. If a grant is desired, the SDA will work closely with the employer to obtain the precise information needed to complete the grant application.

#### Department of Labor Grants

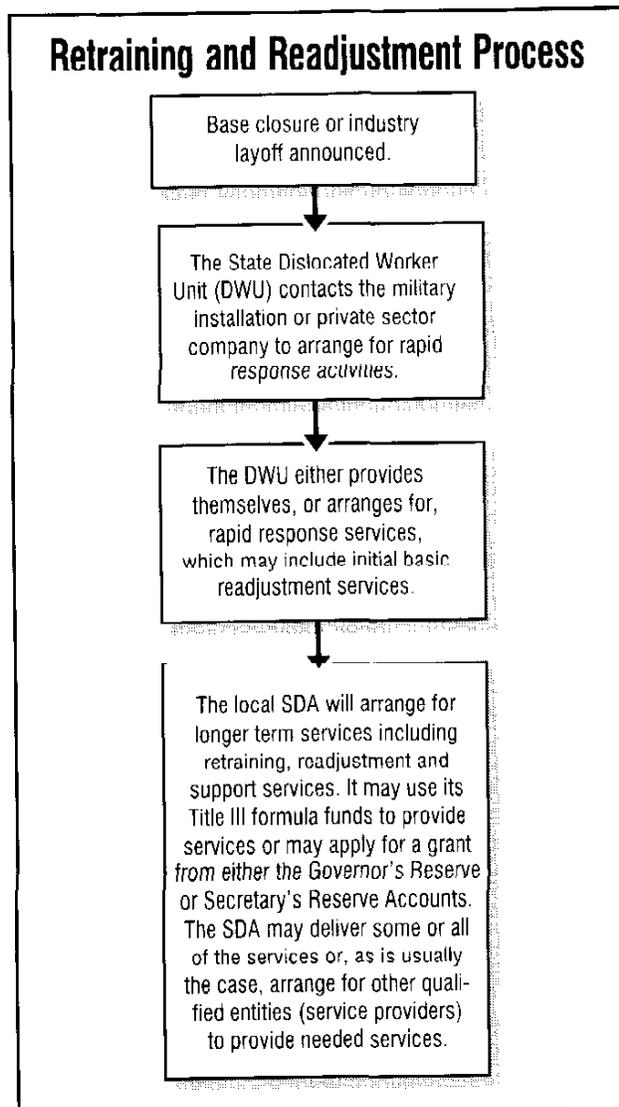
The Department of Labor funds three types of JTPA grants through its National Reserve Account: EDWAA grants, which are available to assist any group of eligible dislocated worker; and two categories of grants aimed specifically at defense workers affected by base closures or cuts in defense spending. The two defense-related grant programs are the Defense Conversion Adjustment (DCA) Program and the Defense Diversification Program (DDP).

Most grants awarded to assist defense workers are under the provisions of the DCA or DDP programs. These programs provide more flexibility than general EDWAA grants and allow DoD civilians at BRAC closing bases to receive JTPA services up to 24 months before the closure of the installation.

The human resource office of the DoD installation or defense plant generally is the entity that works with the local SDA to initiate a grant request. The employer furnishes demographic data, layoff schedules, and information concerning the needs of their workers. Specific required information includes the number of positions affected, the date of anticipated layoff, and the position title, salary, and educational level of affected employees. The SDA computes financial estimates and other required information and prepares the grant. In an emergency, grants may be obtained in 30 days. Normally, grant processing takes from 45-60 days. When approved, funds are distributed to the grantee (usually the SDA). Typically, grant funds have an expiration date of about 18-24 months.

#### Eligibility for JTPA and Timing of Services

Eligibility for Title III programs normally begins when an individual is terminated or laid off, or has received a notice of termination or layoff. However, notice is not required for eligibility when the employer has publicly announced the future closing of the plant. In those instances, workers are eligible for readjustment services



(excluding supportive services and relocation assistance) immediately following the announcement and are eligible for retraining 180 days before the closure of the facility.

As mentioned earlier, DoD civilian employees at facilities being closed or realigned as a result of BRAC actions are eligible for assistance through DCA and DDP grants up to two years prior to the date of closure or completion of realignment.

This two-year "window of eligibility" does not apply to DoD contractors, even if they are located on military installations, since closure of the installation does not dictate layoffs in the contractor community. In fact, the long lead time from announcement of closure to the closure itself may allow businesses the opportunity to obtain replacement contracts from other sources, resulting in little or no disruption to the work force.

It is important to note that service providers have a responsibility under JTPA to target services to individuals who most need assistance to obtain new

employment. As an example, a dislocated worker with a master's degree in computer engineering (or in some other "demand" occupation) would be unlikely to receive JTPA retraining even if eligible. Available resources would more likely be targeted to individuals whose skills are not in high demand in the labor market. Eligibility does not confer entitlement to assistance or to specific services such as retraining.

### *Delivery of Services*

SDAs typically work with the employer to set up a transition or career center where employees can come for information, counseling, and other JTPA services.

Sometimes the center is at the work site, alternatively, it may be located elsewhere in the community. Transition centers are discussed in more detail in Chapter 5.

Regardless of the physical location of the center, the process of accessing services is similar. SDAs first assess the skills and interests of displaced workers to determine what type of reemployment assistance is needed. Some SDAs require employees to pass basic skill tests before beginning a JTPA training program. If the worker doesn't reach the 7th grade level on either a reading or math test, he or she may be required to complete basic skills training before enrolling in occupational training.

## **JTPA Services**

JTPA benefits are provided by local Service Delivery Areas (SDAs) and are grouped into four categories: basic readjustment services, retraining, supportive services, and needs-related payments.

- 1) Basic readjustment services help individuals cope with dislocation and search for a job. These activities include counseling, skills testing, job search assistance, labor market information, development of individual readjustment plans, and relocation assistance.
- 2) Retraining may be provided in the form of classroom or on-the-job training programs, basic or remedial education, literacy or English as a Second Language instruction, or entrepreneurial training. Workers are generally retrained in occupations that are in demand in the labor market, so that training is more likely to lead to a job. Most SDAs provide training through contracts with local educational institutions such as community colleges or vocational training schools. When a dislocated worker is enrolled in a JTPA training program, the cost of tuition and books is covered.

Under a Defense Diversification Program grant, skills upgrading may be provided to currently employed and terminated defense industry or DoD workers in nonmanagerial positions if the training is to replace or update obsolete skills with marketable skills. Eligible dislocated workers under the EDWAA and DCA programs may receive skills training in the same occupation if their current skills are not adequate to meet existing labor market hiring requirements for that occupation.

- 3) Supportive services are available to enable workers to participate in JTPA programs, and include payment for child care, medical care, food, transportation to and from training, or subsidized clothing.
- 4) Needs-related payments. Eligible workers who have exhausted their unemployment insurance benefits may receive needs-related payments to help them complete training programs. Payments may not exceed the individual's unemployment compensation benefits or the poverty level, whichever is higher. To qualify for payments, certain enrollment rules must be met.

After the assessment, SDA representatives counsel the dislocated worker on future job prospects and help him or her design an individual plan outlining steps toward finding employment. If appropriate, training programs will also be suggested to either enhance existing skills or prepare the individual for a more promising career. Training is usually limited to occupations that have been identified as "in demand," so that training is more likely to lead to a job.

## Unemployment Insurance

The unemployment insurance (UI) system provides temporary income to workers who have lost their jobs through no fault of their own. In general, unemployed workers receive benefits for up to 26 weeks. Additional weeks of benefits may be provided in some instances.

The states manage UI programs through the State Employment Security Agencies (SESAs), and set their own eligibility rules, benefit levels, and administrative policies. For this reason, the specifics of UI programs vary from state to state. Typically, however, states do not provide overly generous payments that would act as a disincentive to find employment.

Dislocated workers in general cannot receive UI benefits unless they search actively for a job. However, those who are full-time students in JTPA training programs are exempt from the job search requirement and thus may collect benefits while in training.

In addition to administering the UI program, the local employment service offices help match people seeking jobs with employers who are looking for workers. Because they serve so many workers, they generally do not have the capability to deal with the specialized reemployment needs that some individuals might have.

The job openings provided to Employment Service Offices are listed on America's Job Bank, which can be accessed through the Internet (<http://www.ajb.dni.us/>). However, this listing shows only a fraction of all job openings in the country, since not all businesses elect to furnish such information.

## State-Customized Training Programs

All but a handful of states offer state-financed training programs, which usually fund training needs that aren't addressed by public programs. Also called "customized" training, these programs are often used as an economic development incentive to attract companies to a state, to retain those already in residence, or to help others expand operations. Typically, the state provides funds to businesses for training purposes in exchange for job creation or retention.

The amount of funding varies substantially from state to state, ranging from thousands to millions of dollars. Some states provide training grants directly to businesses; others administer training funds through

public educational institutions such as community colleges and vocational schools. Some states operate a mixed delivery system containing both components.

Most state-financed customized training programs have a strong emphasis on vocational-technical training. States also report a significant amount of training in management and supervision, quality control, and teamwork training.

California, which has the largest customized training program in the country, focuses on upgrading the skills of incumbent workers. Established in 1982 to improve job security and reduce unemployment through training, the Employment Training Panel (ETP) is funded by a tax on businesses of 1/10 of 1 percent of unemployment insurance wages. Its annual appropriation is currently about \$90 million. Workers to be retrained must occupy, or be in training for, high-wage, high-skill jobs in companies facing out-of-state competition. Special emphasis is now being given to employees of companies undergoing diversification in their production of goods and services.

The program appears to be working—the ETP says that their return on investment can be conservatively estimated at \$3 for every \$2 spent on training.<sup>3</sup> A study by California State University, Northridge, found that individuals who completed ETP training experienced significant increases in earnings at a time when average earnings for California workers remained stagnant. The study also found that 86 percent of the workers trained in 1989–1990 were still working in jobs covered by UI two years after training and had maintained or even increased their earnings gains.<sup>4</sup>

The Texas Smart Jobs Fund Program provides matching grants to pay for customized, industry-specific training for new and existing Texas companies. Sixty percent of the funds must be used to create new jobs or to retain existing jobs by upgrading the skills of the current work force. The funds can also be used as a financial incentive for companies to move to Texas. The program focuses on employers in industries that promote high-skill, high-wage jobs in high technology areas. Employers must retain the worker for at least three months after the training is completed, at specified salary levels.

### UI is designed to:

- temporarily replace a portion of a worker's lost income while he or she looks for new employment
- help stabilize the economy during recessions by maintaining purchasing power

## Corporate-Sponsored Training

Ensuring that employees' skills keep pace with the latest technology is an essential priority for all companies that want to remain competitive. While the ability to sign one's name defined literacy in the 1890s, workers today must have much greater skills. Familiarity with computers is especially important. Ten years ago, 25 percent of U.S. workers used computers on the job; today, that number is 47 percent.<sup>5</sup> Both the nature of the work and the way that jobs are performed have been altered as a result. For example, 7 years ago it took 40 hours to build a cellular phone at Motorola; today, because of automation, the same phone is assembled in 90 minutes.<sup>6</sup>

Despite the increased need for higher level skills, businesses report that job applicants are poorly qualified. According to a 1996 survey, one in three job applicants who were tested in 1995 by major U.S. companies lacked the reading or math skills to perform the jobs they sought.<sup>7</sup>

The skills of the current work force are also reported to be outdated, causing businesses to fear they can't technologically advance and meet the high demand for quality in a global economy. As a result they are spending greater amounts of money on employee training.

Motorola, a \$22.5 billion electronics company known for its aggressive training programs, spends about \$130 million a year on formal training—or about one-third of what all states spent on customized training in 1994.<sup>8</sup>

Other companies across the country are also making large investments in education and training as a way to expand and compete in a rapidly changing, global economy. On average, U.S. corporations spend about 1.5 percent of their payroll on employees' training and education.<sup>9</sup>

## End Notes

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## CHAPTER IV

# Community Response to Workforce Dislocations

When a base closure or major defense industry layoff is announced, a community's *first reaction* is often shock or panic. The community and the people who work at the closing base or downsizing defense company face uncertain employment prospects and the possibility of reduced economic circumstances. Adjusting to this is not always easy. Many communities may feel economically and psychologically depressed by the downsizing or closure of defense companies or military installations that have been a major part of their economy.

In most cases communities are not able to adjust spontaneously to the impact of closures and mass layoffs. They need to study the potential impacts on the community, develop strategies for economic recovery, plan for immediate assistance to workers and defense-dependent businesses, and foster long-term growth of the economic base.

A critical first step in the planning process is to form a coalition of affected groups, including local government, economic development agencies, businesses, workers, and community organizations. This group, which should comprise a cross-section of the community leadership, speaks with "one voice" on behalf of the community—providing the cooperative effort so critical in developing and implementing a strategy to adjust to the closure or industry layoffs. In base closure communities receiving reuse planning assistance from the Department of Defense, this organization is generically called the Local Redevelopment Authority (LRA). Defense industry communities supported by DoD will have a similar economic adjustment organization, although it will not include a base reuse component. Unless specifically related to base closures, the generic term "local adjustment organization" will be used in this manual. It is important to have within these organizations a group that focuses on work force issues, so the needs of dislocated workers are not overlooked. Generally, a subcommittee or task force, described below, is established to ensure the local adjustment organization considers these issues along with others such as base reuse, property disposal, and/or business attraction.

## Steps to Deal with Workforce Issues

### Establish a Group to Address the Issues

One of the first steps in dealing with work force issues is to establish a planning body to address the short- and long-term employment and training needs of workers and defense-dependent businesses. This group should include representatives from the PICs or local JTPA entity, the base or defense industry human resource office, educational institutions, labor unions, social service organizations, and employment and training agencies. The group should also include other organizations with an interest in this process, such as Chambers of Commerce, area trade organizations, local businesses, state employment commissions, local political leaders, minority organizations in the area (local NAACP, League of United Latin American Citizens, Japanese American Citizen League, etc.), and women's organizations (e.g., local chapters of National Organization of Women). To be successful all parties must bring something to the table, and all must have a stake in effecting positive change.

### Obtain Data on Dislocated Workers

The second key step in preparing an adjustment strategy is to study the characteristics of workers to be laid off—e.g., age, gender, occupation, salary, years of federal service, ethnicity, and education. An inventory of their skills and demographics will help planners identify appropriate transition services and design relevant education and training programs. The data will also help determine the extent to which the skills of dislocated workers can be matched with the skills of available job opportunities in the community, and where retraining may be needed to facilitate such matches.

Zip code information is also important to obtain since it pinpoints where employees live and helps planners determine regional impacts of base closure or industry layoffs. Since many individuals commute significant distances to and from work, more than one community may be affected, demanding that needs be addressed on a regional basis. For example, planners

may need to ensure the involvement of Service Delivery Area organizations in neighboring communities not directly affected by closures. The local adjustment organization can help facilitate a regional response to ensure resources are obtained from a number of organizations, and services are provided in the most efficient way possible.

Zip code information may also identify one or more neighborhoods within a city or region that may be particularly "at risk" due to concentrations of defense workers. For example, some predominantly working class, minority neighborhoods in the Alameda County, California, region comprise large numbers of DoD workers and are especially vulnerable to layoffs. Zip code data can help planners identify vulnerable areas and develop appropriate adjustment strategies.

Some dislocated-worker data may have been gathered during rapid response activities and be available from the state's Dislocated Worker Unit. Another primary source of information is the base or defense plant human resource office, although Privacy Act considerations may prevent release of certain data (e.g., social security numbers) that could allow identification of individual workers.

### Obtain Data on the Community's Total Labor Force

Communities facing defense cutbacks must develop new sources of economic activity to create jobs, absorb dislocated workers, and develop a strong, diversified economy. To that end, they will be determining which industries to target for business attraction or expansion efforts. Because the availability of skilled labor is often more important than cheap land or low taxes in the locational decisions of businesses,<sup>2</sup> planners should know what the community's present strengths are in terms of labor force skills. This knowledge can help the community target and attract new industries. Bringing low-skill jobs to a community formerly involved in highly technical military engineering would be of little help to dislocated workers. Similarly, low-skilled workers would not benefit in the unlikely event that high-skill industries were enticed to an area where workers' competencies were low.

One way to assess the skills of the local labor force is to look at the occupations that currently exist. By grouping occupational information, the community can compare the percentage of the area's labor force in high-skill professional, managerial, and technical occupations with those in low-skill jobs such as laborers. They can determine if employment is concentrated in skilled, semiskilled, or unskilled occupations; in service or manufacturing occupations; or the like. Analysis of the local occupational mix can identify strengths and weaknesses in the local economy. For example, what occupations are growing? Which are declining? Are high-skill, high-wage jobs disappearing?

Educational attainment measures are also revealing. An educated work force has been a factor in local

economic conditions, where increases in the percentage of college-educated residents tended to result in lower unemployment rates.<sup>3</sup> Further, a community with a highly educated work force is likely to have an advantage in attracting various types of "high tech, high wage" industries.

The labor force analysis should include the size of the labor force as well as the number employed and unemployed. These data, correlated with occupational mix and educational attainment, can help to identify labor force segments that are underutilized.

Information about the local labor market may be obtained from a variety of sources, such as the Bureau of Labor Statistics, the Census Bureau, state and local employment offices, SDAs, and economic development agencies. In addition, personnel directors of major employers may be willing to provide local officials with general information about the organization's occupational structure (how many workers occupy which kinds of jobs), and workers' skills, and education levels.

### Conduct a Business Survey

Information from local employers about future business plans, hiring needs, and other work force issues can serve several purposes—from identifying job vacancies that might be filled by dislocated base or defense industry workers, to estimating the impact of base closure or major industry layoffs.

As part of a business survey, employers are asked about their work force needs; their success in finding workers of various types; the quality of the labor force; future demand for workers by occupation; turnover and absenteeism problems; and aspects of the local labor climate that may affect productivity (e.g., skill or education levels). This information can help the community identify and address labor requirements and problems and assist planners in formulating appropriate strategies and programs to meet the needs of local businesses.

City or county economic development organizations may have already conducted a business survey. As these organizations will be participants in economic adjustment planning activities, such information will be readily available.

### Develop Plans to Meet Workers' Employment and Training Needs

With the information obtained thus far, planners can determine where gaps exist between the skills of workers and the skills needed by local businesses to fill their jobs. Communities and workers may have to accept that retraining and upgrading of labor force skills are necessary if the area is to continue to grow. However, wholesale retraining of the work force may not be required.

Once this analysis is done, the community should assess the capacity of the employment and training institutions to respond. Is there a demand for appren-

**Communities facing defense cutbacks must develop new sources of economic activity to create jobs, absorb dislocated workers, and develop a strong, diversified economy.**

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ticeship programs, short-term technical training, or entrepreneurial training; if so, are these programs offered? Do other special training programs need to be developed, either to upgrade basic educational levels or to complement a business attraction strategy? The local PIC(s), which will certainly be part of the local adjustment organization, may already have this information.

Many employers prefer to do their own training to company specifications, as long as new hires have good basic communication and math skills and positive attitudes. Community planners should find out to what extent employers are willing to invest their own resources for skills upgrading and work force training.

## **Role of the Local Adjustment Organization**

Local adjustment organizations do not deliver assessment, counseling, training, and reemployment services themselves. Local SDAs provide or arrange for these services, often in cooperation with the employer. Nonetheless, the local adjustment organization can play a significant role in:

- ***promoting appropriate transition programs and strategies***

As an example, a community interested in encouraging the growth of new small businesses as a means of job creation could drive the development of an entrepreneurial assistance program. Such an effort might involve gaining participation of several groups: the Small Business Development Center for business consulting, local SDAs to provide training, economic development agencies to develop an incubator, and venture capital forums to match investors with would-be entrepreneurs. The local adjustment organization can be instrumental in bringing such groups together and developing effective, coordinated strategies that meet the needs of workers, businesses, and economic development efforts.

- ***linking job training and reemployment services to expanding industries or other economic development efforts***

A central feature of any job creation effort is to make sure that people have the skills to perform those jobs. As an example, a local adjustment

organization in Texas was involved in creating jobs in the precision machining industry. To complement that effort, the adjustment organization worked with the local school district to train participants on drill presses, lathes, and other machines. Funding for the training, to include scholarships and stipends as well as guaranteed jobs, was provided by a consortium of nine local businesses in combination with ITPA monies.

- ***ensuring coordination and a cooperative effort among all stakeholders***

More than one SDA may be involved in providing retraining and readjustment services to employees. Coordination among them is essential to ensure effective planning and service delivery and to leverage resources to the maximum extent possible. In some cases local SDAs may have developed cooperative relationships by working together in the past and recognize the interdependence of communities in the region. In other instances SDAs may be more parochial in their outlook and resist working together. The local adjustment organization can help to facilitate a cooperative, coordinated effort.

- ***enlisting employers as participants in the planning effort***

Involving employers in the planning effort can reduce the negative economic impacts of the base closure or major industry layoffs. Employers can provide data about layoffs, skills of affected workers, company-provided severance benefits, and future employment needs.

In many cases the employer will contribute resources (financial, personnel, or material) to help the employees they're about to lay off. They may provide cash to help pay for services, contribute space for a transition center, provide telephones and computers for affected workers to use in job search activities, and allow employees time "on the clock" to look for a new job. The employer can also assign staff to help coordinate or deliver transition assistance services to affected workers. Finally, employers may use their networks of suppliers and competitors to try to locate jobs for their workers, and help publicize workers' skills and availability through newspaper ads, job fairs, or marketing brochures.

# The East Bay Conversion and Reinvestment Commission Story: Defining a Role for a Community Organization Relative to Work Force Issues

by Lorraine Giordano, Ph.D.  
Human Resource Coordinator

The East Bay Conversion and Reinvestment Commission (EBCRC) was one of four national pilot projects created by Congress in 1993 to seek ways of improving the defense conversion process. Congressman Ronald V. Dellums of California's 9th Congressional District convened the EBCRC to manage the Alameda County, California project. The 1993 BRAC list included four Navy facilities located in Alameda County—two in the city of Alameda and two in Oakland, each with its own LRA.

Situated in the center of the San Francisco Bay area, the Alameda county base closures were a part of the Department of Defense downsizing that affected other cities in the region: San Francisco (Treasure Island) and Vallejo (Mare Island Naval Shipyard) to the north and Monterey (Fort Ord) to the south of the Bay Area region. Base closures occurred after a decade of heavy job loss as a result of plant closures in the county.

## Identifying the Issues and the Participants

The EBCRC, through its committee structure, addressed a number of issues related to base closure: environmental issues, housing and homeless, job creation and technology, and human resources. Human resource committee membership included representatives from the local and regional Private Industry Councils, community college district, labor unions, military base transition centers, private sector human resource organizations, regional community-based education and training organizations, and local reuse authority community members.

Facing multiple base closures in the county and the uncertainty of the regional economy's ability to absorb several thousand dislocated base

workers, the EBCRC's human resource committee needed to address a number of issues such as reemployment strategies, coordination of training, worker involvement, and social impacts. Committee members were organized into subcommittees to facilitate review and analysis of such issues.

Inclusion of military base officials on the human resources committee fostered a partnership between the EBCRC and the closing installations, facilitating cooperative development of worker adjustment strategies. In return the EBCRC was included as an ex-officio member of the bases' labor-management committees (responsible for implementing Department of Labor funds to dislocated base workers), and acted as a link between base transition activities and regional service providers. While a number of activities were pursued, the human resource committee found the following to be most effective in helping the community and base workers cope with the personnel aspects of base closure.

Base Worker Demographic and Geographic Profile. To assist the region's planners and service providers, the EBCRC requested demographic and occupational data on all civilian base workers at each of the closing facilities. To conform to the Privacy Act, the information provided by the Navy did not identify individual workers. Instead the data were organized by zip code to track the geographic location of the work force and included occupation, years of federal service, annual salary, years of education, ethnicity, and gender. The results of the study revealed that civilian base workers resided throughout the San Francisco Bay Area region and not simply in the cities where the bases were located. During the initial phases of base closure there was great concern, particularly within the city of Alameda, that the

majority of base workers were city residents and the social service community would be unable to adequately provide services for workers and their families. In fact, a significant percentage of the work force resided in an adjacent county that had no closing military facilities.

**Social Impacts Regional Conference.** The EBCRC collaborated with the two LRAs and other community organizations to sponsor a conference on base closure and social impacts. An outreach campaign was developed that targeted the health and social service organizations located in the areas throughout the region most affected by base closures. The conference provided an overview of base closure, highlighted the work force demographics, and identified key issues and concerns of the work force. Social service organizations were encouraged to identify potential areas for coordinated service delivery to this population.

**Survey of Military Retirees.** One of the closing installations was Oak Knoll Naval Hospital in Oakland. Concerns about access to health care were expressed by the retirees and health care providers in the region. It was unclear to what extent retirees were taking advantage of other health care options offered through the Department of Defense and the extent to which local health care providers would experience a surge in demand for services from this population. With the cooperation of the hospital's base commander the EBCRC conducted a survey of the retirees to determine whether arrangements had been made for health care coverage. The survey instrument was designed to be used by any local LRA experiencing the closure of a military hospital and is available on request.

**Regional Reemployment Effort: Promotional Brochure.** As layoffs began at the Alameda base, many workers were concerned about employment prospects in the private sector. The Alameda labor-management team asked the EBCRC to develop a marketing tool to promote the skills of the Alameda work force.

Using focus groups with base workers and, separately, with regional employers, the EBCRC identified key strengths of the work force and private sector employers' perceptions of DoD workers. Based on this information a brochure was developed and marketed to regional private sector employers.

While employers responded to the brochure and were prepared to hire base workers, employees were unprepared to leave federal employment at that time. Critical lessons in marketing campaigns include (1) timing the release of a brochure close to a RIF, (2) developing an effective communication mechanism to inform the work force that a campaign is underway and its implication for new employment, and (3) aggressively assisting the work force to prepare for job interviews.

**Workers to Business Owners (WBO) Demonstration Project.** Economic development that provides new jobs for dislocated workers and community residents on- and off-base was identified as a high priority for the East Bay conversion process. The WBO program assisted base workers to become entrepreneurs and establish businesses either on or off the closing military base within Alameda County. Not only did this generate reemployment for base workers but also involved hiring other base workers and community residents and generated business with local area firms.

Base workers interested in participation as an entrepreneur had to successfully complete stages in the program that included presentation of their business concept to a screening board, preliminary analysis, feasibility study, and a market study culminating in a fully completed business plan. Entrepreneurial training occurred throughout the program through collaboration with business and technical assistance consultants to complete each stage. The WBO program also assisted the entrepreneur with capital formation and lease negotiations with the LRA on the base or within the county. Workers locating their businesses on the closing base also had access to surplus equipment.

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## CHAPTER V

# Designing Effective Strategies

Since the defense drawdown began in the late 1980s, communities undergoing base closure and defense industry downsizings have gained considerable experience in developing work force adjustment strategies. Although local adjustment organizations do not deliver transition services themselves, they can play a key role in helping to plan services and to ensure that work force strategies complement the overall adjustment effort. In many instances the local adjustment organization may be the entity with the greatest capacity to promote innovative, proactive, and coordinated strategies to assist workers.

Work force strategies will vary from one community to the next, since local labor markets, economies, and worker demographics are different. Some layoffs and closures may involve a work force that is predominantly blue-collar; others may be largely professional. In one community the majority of the work force may be retirement eligible, in another, workers may be younger. Techniques that are effective in one situation may not work in the other. Accordingly, a “blue plate special” approach—pushing the same menu of services—is not advisable.

In developing an effective adjustment program, it is essential to find out who needs what type of assistance. Some people facing layoff will need little outside assistance to find new jobs quickly. This may be particularly true for certain managers, engineers, and scientists in DoD and the defense industry. Others, both professional and blue-collar, will need help preparing résumés, using electronic employment databases, or mapping out a job search strategy. Some may need assistance explaining how their defense specific skills relate to the commercial sector. For a few, finding new jobs will be impossible without remedial math and English training or training to qualify for new occupations.

There is no magic bullet that solves all work force problems. There are, however, common strategies and techniques that have been effective elsewhere, and that communities can adapt to address their own particular needs. These are discussed below.

## Early Intervention

A statistically significant relationship exists between early receipt of outplacement services, and reemployment prospects.<sup>2</sup> Employees receiving transition services before actual job loss have been able to find a job sooner, required less retraining, applied for less

financial assistance, and were not as likely to relocate as those who did not.<sup>2</sup>

Research has also shown that communities that aggressively market transition services to workers early in their unemployment are more successful in helping them find jobs than communities that don’t do so.<sup>3</sup> By assuring that they have essential information about transition programs and outplacement services, an aggressive marketing strategy motivates employees to begin planning their futures. It should begin with the identification and development of outreach mechanisms that will ensure employees and their families are aware of programs to assist them. While existing mechanisms should not be duplicated, it is also important to remember that workers may be unfamiliar with these programs and services and may benefit from hearing about them in more than one forum. Labor-management committees and peer support teams, for example, can be very effective in disseminating information to employees and promoting use of available assistance programs.

Several organizations play a role in early intervention efforts—the employer, local PICs, reemployment organizations, and social service agencies. Through its leadership capacity the local adjustment organization can work with these groups to ensure an early, coordinated, and comprehensive package of transition services to assist dislocated workers.

## Individual Assessment and Planning

The shock of receiving a termination notice often creates turmoil, confusion, and uncertainty, making it difficult for an employee to independently develop a logical, organized plan of action for the future. An initial assessment of his or her needs and competencies by trained job counselors can help the employee identify marketable skills and focus on those activities most likely to lead to a new job. This assessment can also identify knowledge picked up through hobbies and volunteer activities, which many workers tend to overlook. Nonwork efforts may have provided skills that help an employee qualify for new occupations, thus expanding potential job opportunities. The process should lead to the development of a personal plan for each worker, specifying his or her job search and/or retraining needs, and when and where those services will be provided.

## Keys to Reemployment Success

A 1994 Conference of Mayors study<sup>4</sup> of dislocated worker strategies in 88 cities found that the best reemployment results were achieved when service delivery began early, preferably before actual termination commenced. The most successful dislocated workers programs were those set up on-site or at a single location before workers were laid off and either dispersed or became disheartened. This scenario requires advance notice of layoffs and a quick response by city officials, firms, state authorities, and employee representatives. The study also found that effectiveness of worker assistance programs is measurably improved when there is extensive partnership and coordination among city employment and training offices, PICs/SDAs, labor representatives, employers, local training institutions, and state officials.

Officials in the 88 cities studied stressed prior planning and early intervention as keys to success. They also made the following recommendations to mayors facing a base or plant closure.

- 1) Establish strong linkage among PIC, state-federal DOL, local business, and education communities to provide early on-site rapid response team visits. Be prepared to offer immediate readjustment services, including local social service agency resources.
- 2) Develop a one-stop center where available resources are pulled together. The ability to access most or all services from one location eases the transition process considerably and reduces the level of frustration experienced by dislocated workers.
- 3) Develop a broad-based community planning effort. (This process is described in Chapter 4.)
- 4) Seek out all possible service providers and coordinate their activities.
- 5) Get the local economic development agency involved, and try to salvage jobs.

## Job Search Assistance

Studies have consistently shown that job search and placement assistance, relatively inexpensive services, are very effective in speeding up the process of finding a new job. Displaced workers receiving job search assistance have found work up to four weeks more quickly than those who did not receive it.<sup>5</sup> Further, the return on investment has been significant—the federal government estimates that it saved about \$2 for every \$1 invested in job search assistance services.<sup>6</sup>

Generally, white-collar workers have not been interested in changing career fields. Because they want to search for new jobs in the same occupation, outplacement assistance is critical for them. A Congressional Budget Office study of about 13,000 displaced defense

workers who participated in the Job Training Partnership Act program between 1988 and 1992 showed that 85 percent of these workers received some form of job-search assistance.<sup>7</sup> Only about 1 in 5 enrolled in training programs offered under the JTPA.<sup>8</sup>

Despite their reliance on reemployment assistance, defense industry workers have tended to limit their job search to the local area, even when attractive opportunities existed elsewhere, and relocation assistance was available. The reluctance to migrate has been greatest for those with strong ties to a community through home ownership, because of a spouse's employment, or because of a need to remain in the area to care for elderly parents.

Similarly, DoD civilian workers often prefer to stay in the local area. At Fort Devens, Massachusetts, and Sacramento Army Depot, California, a number of employees registered in the Priority Placement Program for referral to local jobs only. The former civilian personnel officers of the activities say that although these approximately 250 individuals could have been placed in DoD jobs elsewhere in the country, they were unable or unwilling to leave the area and were laid off when the base closed. Nonetheless, despite any personal preferences, the majority of DoD workers facing unemployment on closure of a base do register for job referral outside the commuting area.

## Job Clubs/Peer Support Teams

Employee participation in planning and implementing transition assistance programs can help assure that programs meet the needs of workers. Labor-management committees, job clubs, and peer support teams are effective ways of involving employees in these processes.

Labor-management committees (LMCs), comprised of an equal number of representatives from labor and management, oversee the activity's outplacement and retraining programs. The LMC acts as an advocate for dislocated workers, ensuring that their training and reemployment needs are addressed by the employer. The LMC is usually established during the rapid response phase of JTPA and is important in dispelling rumors, disseminating information to employees, and providing feedback on assistance programs to service providers or program managers.

Workers in similar occupations sometimes form groups known as job clubs to encourage and help each other in job search activities. These clubs have been beneficial by creating a support network and providing an organized framework for members to share job knowledge and experience.

Peer support teams allow employees to assist their co-workers by advising them on transition services, social service issues, and reemployment opportunities. While also termed "peer counseling," these activities are not professional counseling in the traditional sense of the word. Nonetheless, advice and support from peers can help employees cope with job loss and focus on positive action to plan their future. Counselors also serve as a link between workers and transition programs, providing feedback that can result in improved service delivery.

## Counseling Services

Research has shown that losing a job affects an employee in much the same way as losing a loved one—he or she goes through the same stages of denial and

anger. For these reasons, adjustment services should include counseling to address the physical, psychological, and financial toll of losing a job. The types of services required may shift throughout the closure or layoff process—issues that do not seem relevant in the beginning may gain in importance toward the middle or end. Planners should involve the community's churches, making sure that parish priests, local ministers and rabbis, and other religious leaders know what services are available for workers and their families. They can help in reaching those in need of services.

Planners should also make sure social service organizations participate in the adjustment process, and that they provide information on their programs to dislocated DoD and defense industry workers. Many of these workers may be reluctant to seek public assistance because it invokes stereotypical images of poverty and hopelessness. And those who might welcome family or social support services are not likely to be familiar with eligibility requirements or means of accessing programs. In some cases, workers may believe that they will qualify for public assistance when in fact they don't meet eligibility requirements. It is essential that they know what assistance will be available to them and what won't be available, so that they can make informed choices in planning financial and other adjustment strategies.

Banks and utility companies can be innovative partners in counseling workers on how to deal with utility bills, debts, and other financial issues. Employees may not recognize all of their financial resources, or may not know that they can negotiate payments with creditors. Counseling can help them understand these matters and bring their financial situation into focus. Bank and utility company representatives may agree to provide counseling at the transition center as part of a one-stop approach to service delivery.

## Communication

Frequent, clear, and open communication is essential to an effective transition strategy. Sketchy or infrequent communication can cause rumors to take on the status of truth, and trust, confidence, morale, and work productivity to plummet. Charges of discrimination or favoritism can ensue as employees create their own explanations for differences in layoff schedules or eligibility for transition programs. Employers can enhance communication in the following ways.

- Briefing unions on a regular basis
- Holding periodic employee "all hands" meetings
- Publicizing factual information in newsletters
- Communicating to the work force even when there is little, if any, new information. That fact alone is important to convey.

- Establishing a mechanism, such as a hot-line telephone, to receive employees' questions. A means for answering them should also be developed, such as special bulletins or newsletters.
- Sending information about assistance programs to employees' homes so that spouses and other family members—who share in the decision-making process—have appropriate, relevant information.
- Enlisting peer support teams and labor-management committees to circulate important information and help with rumor control.

Communities can also contribute to effective communication by disseminating up to date information via radio announcements, newspaper articles, community meetings, and the like. Anyone with an interest in alleviating the impact of layoffs and in restoring economic stability to the community should be kept informed. Continuing communication about the base closure or industry layoff may inspire the business community, investors, government officials, and others to lend a helping hand.

## Marketing Employees

While local employers may be aware of the broad mission of the DoD installation or defense contractor, they may lack specific information about the skills and abilities those workers have to offer. A strong marketing program highlighting work force skills can significantly increase workers' visibility to businesses and enhance their reemployment prospects. Through worker adjustment strategies that support outreach efforts, the local adjustment organization can be the link between laid-off workers and local businesses.

Outreach efforts in base closure communities have generally been successful in creating job opportunities, sometimes generating interest that outpaced the availability of employees. Preferring to preserve their salary, retirement, and other benefits through continued federal employment, base workers have often been reluctant to accept job offers from local businesses until federal opportunities were exhausted and job loss imminent. For this reason, marketing workers outside the federal government may be more effective around the time of closure or layoff. Techniques that have been effective and some examples of success include the following.

**Marketing brochure or video.** A brochure or video provides local employers with information about the skills, achievements, and education of workers who will be reentering the job market. The recognition that the base or contractor will constitute a new source of highly skilled workers can prompt employers to review their staffing needs and lead to additional job opportunities.

In Oakland, California, the OEA-funded East Bay Conversion and Reinvestment Commission (EBCRC) joined with the Navy, the Alameda Labor-Management Adjustment Team, the Alameda Career Transition Center, and base workers to produce an attractive brochure advertising the availability of personnel employed at the Alameda Naval Aviation Depot and Naval Air Station. The brochure was mailed to more than 10,000 local businesses about 18 months before a scheduled layoff. Employers were encouraged to contact the base's transition center for more information. The EBCRC found that the brochure was useful in generating interest in base workers.<sup>9</sup>

**Job development.** Job developers contact federal, state, and private sector employers to discuss job placement opportunities for workers facing job loss. They often use brochures and/or videos, mentioned above, as part of their marketing efforts, along with publicity in the local media. The use of hiring incentives (e.g., the non-federal hiring incentive described on pg. 11) can encourage employers to hire workers even if additional job-specific training is required.

The job development team at Mare Island Naval Shipyard in Vallejo, California, was comprised of a cross-section of base employees—some detailed full-time to the team, others working part-time. Classified advertisements, press articles, and business news stories formed the basis for job developers to contact local private sector firms to explore potential job opportunities for Mare Island workers. In discussions with business officials, job developers emphasized the skills of Mare Island employees, their excellent performance, and the fact that placement of these workers would not cost employers anything. Interest from employers outpaced that of base employees, eventually requiring the team to focus efforts on generating interest among employees.

**Appeal to local employers.** Local businesses that are actively hiring may agree to make pretraining commitments to hire dislocated workers after they've received training. Alternatively, they may be willing to give those workers first consideration for job openings. During the Postal Service downsizing of the early 1990s, many companies agreed to give Postal Service employees first consideration for jobs.

**Assist older workers.** Communities facing a significant level of job loss among older workers may need to develop worker adjustment strategies to address the special reemployment challenges faced by those employees. While a number of older workers may be eligible for, and elect to take, retirement, they may still want or need to find reemployment within the community. The American Association of Retired Persons may be helpful to community planners, employers, and reemployment agencies in developing innovative strategies to assist older workers.

## Entrepreneurial Training

Given their technical skills, it is reasonable to expect that some DoD or defense industry workers may be interested in starting their own businesses. Communities often welcome such efforts, since small business development can create new employment opportunities for other workers and help diversify local economies. However, fledgling entrepreneurs face serious challenges—80 percent of new businesses fail in the first five years, and 80 percent of those that last the first five years fail in the next five years.<sup>10</sup>

Lack of access to capital is one of the major problems for the would-be entrepreneur. While not all new businesses need loans for startup capital, many do, and dislocated workers' options are limited. Some may be able to use their own assets (e.g., severance pay, savings, home equity loans, etc.) or investments from friends and family. Others may decide to start small and grow slowly, reinvesting earnings as they accrue. Communities can help entrepreneurs find financing by establishing private support networks such as a "venture capital club," where entrepreneurs are given an opportunity to present proposals to potential investors.

Entrepreneurial assistance and training programs can also provide a variety of support services, to include technical assistance, limited market testing and evaluation, and general business and management advice. The JTPA is one source of funding for entrepreneurial training and assistance programs, along with other public and private sources.

Entrepreneurial programs should be carefully structured, as a poorly designed and operated program

can set participants up for failure and lead to a waste of public and personal resources. The following services should be included.<sup>12</sup>

- **Careful screening and self-assessment.** Self-employment is a practical option only for a small number of dislocated workers. Stringent screening procedures should be developed to ensure that participants are highly motivated, aware of the risks and work involved, and are prepared to focus on a specific business idea.
- **Help in identifying the "right" business opportunity.** A realistic assessment of the business's potential to succeed needs to be made. Has a market niche been identified? Further, to enhance chances of success, the entrepreneur's skills, abilities, and interests should be related to the business opportunity being considered.
- **Development of a strong business plan.** A good business plan can minimize the risks of starting a business by giving the individual adequate information to make a decision about a particular venture. The plan should provide a detailed assessment of the nature of the business opportunity, emphasizing the market, operations, and financial requirements to be successful.
- **Assistance in putting together needed financing.** Many new entrepreneurs need assistance in identifying sources of financing and obtaining start-up funding.
- **Links with the local business community.** Many dislocated workers have weak ties to potential

### Successful Entrepreneurial Program

The Carson/Lomita/Torrance PIC in Torrance, California, offers a six-week program in entrepreneurship for dislocated engineers, managers, and other professionals affected by the downsizing of defense firms. The course is operated by the local community college and includes classes in marketing, finance, and business planning; assistance in developing a business plan; and access to marketing research databases. Each participant is assigned a business counselor for up to six months of follow-up technical assistance, and is registered free of charge with the Small Business Development Center for on-going business consulting. Other organizations partnering in this effort include the Southern California Edison and California Venture Forum, which match investors with entrepreneurs seeking venture financing; the Southern California Business Development Corporation, a for-profit multibank community development corporation that underwrites loans for small businesses; and the City of Lynwood Economic Development Agency, which provides an incubator for eligible participants.<sup>11</sup>

## Helping Dislocated Workers Become Entrepreneurs: Lessons Learned

From 1991 to 1993 the effectiveness of community development corporations (CDCs) in expanding employment opportunities for dislocated workers through entrepreneurial training and links to other economic development activities was explored. Six CDCs in New York, Mississippi, Georgia, Michigan, and Illinois participated in the project and were given grants ranging from \$607,000 to \$925,000. Conclusions were as follows.

- Formal classroom training, though appropriate for many dislocated workers, is not absolutely necessary for successful business development.
- Most dislocated workers will not qualify for commercial bank loans, and lack of access to revolving loan funds and other sources of capital is perhaps the most important single barrier to starting their own businesses. Lack of capital depressed startup and business survival rates, and also restricted the types of businesses that could be created.
- Many businesses don't generate enough income to provide a living wage, even after 6-12 months of operation. Net business income averaged only \$1,193 per month at the six-month follow-up, and \$582 per month for an earlier group contacted 12 months after startup. In comparison, the average wage for re-employed JTPA participants 90 days after follow-up was about \$1,815 per month.
- Self-employment is a viable strategy for only a small subset of the dislocated worker population, i.e., those who (1) have no immediate need for a cash flow equivalent to a "living wage," (2) have a high level of commitment, and (3) are risk takers.

Source: "Evaluation of the EDWAA Job Creation Demonstration," U.S. Department of Labor, Employment and Training Administration, 1994

customers, suppliers, and business professionals (i.e., bankers, lawyers, accountants, etc.). In some areas, "new entrepreneurs" clubs have been established to serve as an initial support group for new businesses.

- **Ongoing technical support during the first year.**  
A number of obstacles exist during start-up and the initial year of operations. During the first 12 months it is important to have expert technical support and some "hand-holding" to increase the chances of success.

## Transition Assistance Centers

Transition assistance centers have proven to be successful in helping employees find new jobs, obtain information and counseling, and identify retraining needs.

While centers often vary in several respects, virtually every closing military base has a transition center of some type. Transition assistance centers usually exist as well for dislocated defense industry workers.

Since both the Departments of Labor and Defense have an interest in assisting workers who face dislocation, they often join forces to establish one center where services can be provided in a central location. JTPA funds can be used to establish and operate such a center, and DoD may provide computers, supplies, and office space on the base. In some instances the center has initially been located at the job site, convenient to all employees. Later, as dislocations occur, the center has moved off-base so that laid-off workers do not need to return to the workplace to receive services. In other instances DoD and Department of Labor have set up separate but complementary centers that offered different services to the worker. Similar arrangements

have been made at defense industry plants undergoing major layoffs.

The size and type of transition center to be established may vary from place to place, depending on a variety of factors. Some centers contract for outplacement services with a private firm; others provide services themselves or in cooperation with the local SDA. Regardless of the type of center established, there are issues common to all that will need to be addressed. Some of these include the following.

- **Should the center be located on- or off-site?**  
If located on-site, will employees have any difficulty gaining access to the center after they are laid off? Or will they be uncomfortable returning to their previous work site with the perceived "stigma" of being unemployed?
- **Should the center be set up jointly with the local SDA, or should it be a separate entity?**  
If the center is established as a joint effort, what should the employer contribute and what should come from JTPA funding? If the center is a separate entity, what services should each organization provide, and how can unnecessary duplication be eliminated?
- **Will employees be allowed to use "official time" to visit the outplacement center?**  
If so, how much time? At many sites, labor unions and management have negotiated a set amount of time that employees may use during duty hours for transition center activities.
- **Will employees be allowed to use government or company phones and fax machines to conduct job searches?**
- **How will the center accommodate shift/flexible schedule workers who desire to use the transition center?**  
Are early morning or evening hours possible?

- **What needs to be done to ensure that employees with disabilities have access to the center?**
- **Should the center be a part of the human resources office?** Employees' perceptions of human resource staff may be negative because of their responsibility to effect layoffs. In such cases it may be better to locate the center away from the human resources office and staff it with individuals who are not associated with the layoff process. In this way the transition center can be viewed in a positive light.
- **What services should be provided?**  
It is important to remember that not everyone being laid off will need all services, and some people will need none. Thus, a range of services should be provided based on the needs and desires of workers. This decision will also be influenced by the number of employees being laid off, the occupational mix of the work force (e.g., white-collar versus blue-collar positions), available resources, and the extent to which sufficient placement opportunities exist in the job market to absorb laid off employees. Usually, however, there are generic "core" services in all outplacement centers. These include information on employee benefits, occupational counseling, classes on stress management and financial planning, job search assistance, and help with résumé writing and interviewing techniques. Another core service provided by JTPA staff is an assessment of employees' skills, aptitudes, and interests, and offering opportunities for placement in their current occupation. In some cases employees' skills may be obsolete and need upgrading. In others job opportunities in the employee's field may be so limited that he or she needs to be retrained for a new occupation altogether. JTPA staff are instrumental in making these decisions and in helping

### **Types of Centers May Vary**

At the Charleston Naval Shipyard in Charleston, South Carolina, DoD and JTPA services were established in one center on base outside the controlled access area. This allowed all JTPA services to be delivered at the same location as DoD's outplacement services. In contrast, at the Portsmouth Naval Shipyard in Portsmouth, New Hampshire, a Workers Assistance Center was established off-base and operated by the state. The shipyard also established an on-base outplacement center dedicated to delivering services provided by their Industrial Relations Office.<sup>13</sup>

## **Mental Health Counseling**

The local SDA in Olympia, Washington, found that mental health services were needed for one-third of dislocated wood-product workers. However, they found that many would not seek these services in county mental health clinics because of the stigma of having mental health problems. As a result, the SDA pays the salaries of mental health workers who come to the transition center and help dislocated workers and their families to deal with the stress of job loss.<sup>15</sup>

employees pursue training activities. The JTPA grant covers much retraining; if available, the employer's resources may also be used to fund training not provided by the grant.

- ***What other partners should be included in transition center activities?***

Do employees have sufficient interest in starting a business to warrant participation by the local Small Business Development Corporation? Are social service organizations present to provide emotional counseling and information on their programs? Is someone available to explain UI to employees and help them file the necessary paperwork, or to refer them to another office that can help them?

- ***What kinds of automated outplacement programs should be obtained?***

What kind of computer support will be needed?

- ***How will the center communicate services and other important information to the work force?***

- ***How will the center's staff work with local businesses to identify job opportunities in the local area for workers facing dislocation?***

- ***How will the center measure its effectiveness and revise programs and/or service delivery accordingly?***

## **Keys to a Good Outplacement Center**

The Director, Employee Transition Center for Lockheed-Martin, a major defense contractor, advises that there are three essentials for a good outplacement center:<sup>14</sup>

- 1) a "crackerjack" staff—people who are intelligent, energetic, and sensitive, have good interpersonal skills and a sense of humor, and have personal experience with layoffs;
- 2) a high degree of "connectedness," i.e., links with companies, the community, and clients; and
- 3) a good mix and range of services and resources to offer dislocated workers.

# Success Story: Civilian Personnel Placement at Sacramento Army Depot

By Betty Gadberry, Chief, Civilian Personnel Division

When Sacramento Army Depot was put on the BRAC 91 list, there were about 2,800 civilian employees on the base employed by the depot and its tenant activities. The commander's number one priority was to "take care of the people," and outplacement efforts were started early. The goal—to close with no involuntary separations—was almost achieved. When the installation closed, 151 were involuntarily separated. Efforts included the following.

## Communications

Civilian personnel bulletins were published frequently, providing updated information on closure issues, benefits, etc. Employees preferred a question and answer format for these bulletins.

Live local area network broadcasts were conducted weekly or more often if necessary. A panel consisting of the commander, civilian executive assistant, civilian personnel officer, and union representative updated employees on current issues and opened up a phone line so employees could call in and ask questions.

An employee reference journal was given to each employee, containing booklets on reduction in force, severance pay, benefits, Priority Placement Program, and anticipated questions and answers.

## Outplacement

The FOCUS (Future Opportunities, Careers and Ultimate Success) outplacement center was opened in late 1991. It was equipped with the latest programs on vacancies throughout federal, state, city, county, and private industry. Computers for software programs for preparing SF-171's and résumés were available, as were copy and fax machines, and Department of Defense phone lines. Staff consisted of personnel specialists and others, who surveyed employees at the beginning to see what services they wanted.

Employees were allowed 50 hours, not charged against their leave, for job interviews and time in the outplacement center.

A retraining grant through the Department of Labor's Job Training Partnership Act was requested and approved early on. Classes were held on interviewing, preparing SF-171s and résumés, and entrepreneurship. Counselors from local colleges presented classes on making career changes and choices.

A letter was sent to major employers in the area, soliciting their help in placing depot employees. Job fairs with organizations outside and inside the geographic area were held on the depot.

## Priority Placement Program

Exceptions to the standard registration time frames and parameters were obtained (early and "pin-point" registrations).

Personnel staff began to receive job offers themselves, so retired federal workers were hired on a contract basis. Because they weren't looking for a jobs themselves, they were able to devote 100 percent of their time to networking with other agencies, counseling employees, and other PPP work.

## Reduction in Force

The RIF *Wizard* program developed at Rock Island Arsenal was used. A user-friendly program, it automatically prints all letters, documents all required audit trails, and produces statistical reports on any aspect of the RIF.

## Lessons Learned

Unfortunately, some employees didn't communicate with their spouses regarding the geographic area in which they had agreed to accept job offers.irate spouses would call asking why the depot was forcing their families to uproot.

Despite all the transition assistance offered, many employees remained in denial that the base would actually close until the very end and did little to help themselves secure new employment.

Base operations employees (i.e., personnel, resource management, and contracting specialists) were the first to receive job offers. Be prepared for losses in these areas early and have a contingency plan ready.

Due to the frequent opening of narrow windows for early retirement and separation incentives, each employee was given a separation incentive calculation, and if eligible, a retirement estimate. Then, when a window did open, the employee had the necessary information on which to base a decision.

Employees who are willing to relocate will most likely find another federal position. If the employees separated at Sacramento had been willing to leave the commuting area, they would not have been separated.

# Success Story: Civilian Personnel Placement at Fort Devens, Massachusetts

by Pat Capone, Civilian Personnel Officer

About 1,414 Department of Defense civilians were employed at Fort Devens in 1991 when it was identified for closure by the Base Realignment and Closure Commission (BRAC). Base employees, as well as the community, were shocked by the decision to close, since a previous BRAC decision had indicated the base would grow by 3,000 jobs with relocation of the Information Systems Command to Fort Devens. Instead, jobs would be lost. A key goal of the commander was to minimize the number of involuntary separations during the closure process. Efforts to do so were successful, with less than 100 cumulative involuntary separations taken by the closing date of March 31, 1996. Major initiatives were the following.

## Communications

The commander established a Mobile Training Team to brief all civilian employees on available transition services. The team, comprised of representatives from the Army Career and Alumni Program, Directorate of Civilian Personnel, union, and other relevant offices, provided comprehensive briefings to groups of 20 employees at a time. This ensured that all were aware of assistance available to them.

Written materials were provided to each employee on reduction in force, outplacement services, and the Priority Placement Program (PPP), for reference as needed.

Quarterly "all-hands" meetings were held with employees to provide information, status of programs, PPP data, and other outplacement activity and to answer questions. Also, employees could post questions on the "rumor of the day" bulletin board; answers were quickly obtained and posted in response.

## Outplacement and Training Services

In June 1993 the base offered a series of classes to assist employees. Topics included "Managing Your Life," "Stress Management," "The Grief Process," and "Coping With Change." Special sessions were conducted for supervisors to help them assist employees. Stress management classes continued to be offered on a regular basis throughout the closure period.

A \$2 million Job Training Partnership Act (JTPA) grant was approved in November 1993, providing funding to retrain over 260 employees. Activities have included completing academic degrees, attending culinary school, obtaining heavy mobile equipment

operator licenses, attending computer courses and/or certification programs, and becoming paralegals. Other classes, of interest to all, included résumé writing, SF-171 preparation, networking, and interviewing techniques.

The JTPA grant also enabled the base to establish a comprehensive, consolidated Career Development Center. Outplacement activities, previously scattered among different organizations, were combined into this center, thereby maximizing efforts and resources. A five-workstation computer center allowed employees to work on résumés and SF-171s. In addition, several software programs containing federal job information were set up for employees to access.

## Priority Placement Program

Early registration in the PPP was approved, allowing employees to register 24 months prior to closure. Since October 1993, 127 employees were placed through the PPP. All employees who were geographically mobile were placed.

## Lessons Learned

It is essential to emphasize that employees are responsible for their own futures, which depend on choices they make relative to job hunting activity, mobility, etc. A month before closure, some employees had done nothing to find a job.

Early PPP registration did not cause a mass exodus of employees. Many early losses were caused by job searches conducted by employees on their own.

The commander created a team comprised of senior management officials to develop backfill strategies caused by employee losses. This enabled the base to continue accomplishing its mission as employees left. In many instances military personnel were used to backfill civilian positions.

Retirement paperwork and counseling for civilian employees were done well in advance of the personnel action. This permitted retirement processing to continue even when civilian personnel staff skilled in retirement matters were no longer employed at the base.

Separation incentives and early retirement were instrumental in reducing the number of involuntary separations. A total of 150 employees took advantage of these two programs.

Diligent efforts to obtain JTPA funding paid off.

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## CHAPTER VI

# Work Force and Economic Development

Over the past 20 years, the United States has undergone a major economic restructuring. Before 1978, unskilled assembly line workers with just a high school diploma could enjoy a middle-class standard of living. Today, good paying blue-collar jobs requiring minimal entry-level qualifications are virtually nonexistent. To get a job, a person needs increasing skill and educational levels. Computer literacy is almost mandatory if one expects to have a higher-paying position—while a gas station attendant might earn \$12,000 a year, an auto mechanic who understands computer diagnostics can earn as much as \$70,000.<sup>1</sup>

The demand for higher skills has occurred in part because of changes in the global economy. In the 1970s foreign competitors began flooding U.S. markets with quality products at lower costs. Faced with this new competition, manufacturers adopted technology to boost productivity and remain competitive, and turned to training programs to teach workers how to use and understand that technology. Given the pace of technological change, those skills must be continually upgraded.

The ongoing restructuring of large defense corporations and closure of military installations also creates training needs within the work force. Some defense employees may be displaced from jobs that are very specific to military equipment or weapons programs, and possess skills with little value outside the defense sector. Others may be employed in defense-dependent firms converting to commercial markets and may need to upgrade their skills to support the company's new processes and/or products.

Whether it supports business retention/expansion, reemployment, or defense conversion, skill enhancement of the labor force should be part of a community's overall economic development strategy. Clearly, training programs can't convert defense analysts into software designers overnight, and education and upgraded skills are no guarantee of getting a new job. But without them, economists argue, workers who fall out

of the middle class have little chance of climbing back in. Further, any training effort—whether targeted to the new, existing, or displaced worker—should be linked to employment opportunities. To do otherwise is to adopt a "Field of Dreams" philosophy—i.e., train them and the jobs will come. This approach seldom works; without the foundation provided by possible jobs, training may be an end in itself. In fact, one of the most common criticisms of job training programs is their failure to effectively link training to actual job opportunities and industry needs. As one community official remarked, "we do a lot of retraining here; we just don't do a lot of reemployment."<sup>2</sup>

## Linking Retraining and Economic Development

Work force development and economic development go hand in hand. Without a supply of skilled workers, efforts to attract, grow, and retain businesses invariably fail. Similarly, developing a skilled work force is a hollow success if there are no job opportunities when training is completed.

Although it may seem natural to coordinate economic development activities and work force training programs, there is often no real linkage between the two. One reason may be that, except in very superficial ways, most economic development and training professionals do not understand the goals,

capabilities, and constraints of each other's programs. While this is the most common barrier to coordination, others exist as well. These include differing perspectives between economic and work force development staffs concerning the purpose of their tasks and the focus of their efforts.

Generally, work force development professionals see their priority as helping individual workers improve their skills to get a job, or if already employed, a better job. Some may focus even more narrowly on the unemployed and/or disadvantaged.

**"The industries of the future will not depend on physical 'hardware,' which can be duplicated anywhere, but on the human 'software,' which can retain a competitive advantage."**

Robert Reich  
Secretary of Labor

## **Partnering to Get Employees Back to Work**

When Mountain Fir Lumber in Oregon closed two plants, 121 workers were displaced and the community was sent into an economic tailspin. The Mid-Columbia Council of Government (COG) used federal and state funds to conduct skills training and set up a center in the community to assist workers, businesses, and families. The mayor and Wasco County commissioner worked with the Oregon Economic Development Department (OEDD) to attract a replacement company. Oregon Log Homes bought one of the vacant mills and trained and hired some of the dislocated workers to hand-craft log buildings for export. The mayor says, "We continue to use every resource available: COG, state and federal employment funds, OEDD, Chambers of Commerce, businesses, and lots of local volunteers."

*Source: Oregon Workforce Quality Council*

Economic development professionals, on the other hand, often see their priority as marketing cities to private investors, leading to more robust communities, cities, and companies.

A link between federal training programs and local development strategies was expected to be provided by PICs, which were designed to match training efforts with business needs. However, experience has shown that the level and quality of their involvement vary greatly from state to state. Some PICs have been influential in education policy and business retention. Others have seen their role as limited to oversight of JTPA programs.

Some PICs may be cautious of taking a larger role, as JTPA legislation prohibits all but minimal spending on economic development and employment generating services. This represents a major policy change from the Comprehensive Employment and Training Act, the precursor of JTPA, which allowed funds to be used to directly or indirectly create or expand employment opportunities in a local area. The ability to use funds in this way had a positive impact on the development of links between economic and work force development organizations. Local PICs were involved in a number of economic development activities, such as targeting industrial attraction efforts; funding industrial expansion surveys and land inventories; supporting foreign trade zone development and overseas marketing activities; providing in-depth financial assistance for new companies; and helping localities obtain industrial revenue bond capacity. Links to economic development organizations under the JTPA require PICs to be more innovative and creative in their use of dislocated worker funds.

## **Role of the Local Adjustment Organization in Economic-Work Force Development Links**

Because local adjustment organizations comprise a cross-section of the community, they can be catalysts for bringing together the agencies that deal with work force and economic development issues on a continuing basis and that can help resolve them. As a group geared to consensus decision making, the local adjustment organization can foster interagency links in new, innovative ways and lay the foundation for future collaborative arrangements.

## **Partnerships Between Business, Training, Education, and Economic Development**

In repeated surveys business executives say they are concerned about the skills of present and future employees. They fear their companies can't technologically advance and meet the high demand for quality in a global economy with the current work force. They reject most job applicants due to poor reading, writing, math, and communication skills, and have little faith in the school systems' ability to prepare a skilled work force.<sup>3</sup>

Many communities have found that connecting work force development, business needs, education reform, and economic development efforts has paid dividends. Such partnerships have led to an increase in work force skills, thus enhancing the ability of local businesses and industries to be competitive and contributing to the economic health of the community. In addition, they have a number of other related benefits.

- 1) Business personnel are one of the best sources of information about work force skills currently in demand, as well as projections of future skill requirements. Conventional labor statistics are often obsolete or incomplete, and thus of limited value in helping schools and training agencies be responsive to labor demands. Additionally, businesses and trade associations can partner with training/educational institutions to make sure curricula are relevant to the workplace and provide students with skills that industry needs. This will enlarge the pool of potential well-qualified job candidates, thereby enhancing companies' recruitment efforts while decreasing their costs.
- 2) Employers may agree to provide employment opportunities for graduates of education or training programs that teach relevant skills. They may also create internships or summer jobs to give hands-on experience to students and teachers in an actual work environment.

Even if changing labor market conditions prevent predicted job opportunities from materializing, the employer can help to minimize that impact by assisting with job leads, contacts, and referrals.

Economic development agencies can obtain information about occupational skills of workers, displaced or currently employed, which can assist in business attraction efforts. Further, by coordinating economic development activities with employment and training agencies, reemployment of dislocated workers may be facilitated, easing the burden on local economies.

## Developing Successful Links

Effective partnerships require the active support of many diverse groups, such as local elected officials, government agencies, the business community, and economic development and training agencies. Many communities would like to establish partnerships, but aren't sure how to begin the process. The following actions may help in

### Incorporating Training Strategies into an Economic Development Plan

As part of an initiative to create and implement economic strategies for the Minneapolis/Saint Paul Twin Cities region, a planning group was formed with representatives of business, economic development, training, and education. Their economic development plan specified, as a central goal, the need to develop job and ownership opportunities for individuals. Business-education-government-labor partnerships were strongly encouraged.

From an initial list of 70 issues, the group concentrated on four overriding issues: work force development, economic opportunity, entrepreneurship and enterprise development, and regional competitiveness. For each issue they created strategies, objectives, tactics, and supporting tasks. An example of one strategy is illustrated below.

**Strategy:** To make the quality of the work force the region's dominant competitive advantage.

**Objective:** To increase the learning and technical skills of new entrants into the work force.

**Tactic:** Set up a mechanism to continuously identify technical skills required in the region's leading occupations/industries to develop targeted training and retraining.

**Supporting Tasks:**

- Identify leading occupations/industries for analysis.
- Develop and administer a tool to evaluate current work force technical literacy in leading occupations.
- Based on the evaluation, develop training curricula.

Source: Greater Minneapolis Chamber of Commerce, December 1993.

## Benefits From Linking Economic Development, Business, Training, and Education

### **Government:**

- Closer working relationships among agencies
- Better use of resources
- Less duplication among agencies

### **Businesses:**

- Availability of a labor force with skills needed by business
- Reduced turnover and recruitment costs
- Enhanced business productivity

### **Economic Development Organizations:**

- Use of skilled labor force as a business attraction tool

- Reemployment of dislocated workers, expanding the tax base and leading to a healthier economy
- Growth of small businesses through entrepreneurial activities

### **Training and Educational Institutions:**

- Programs that directly relate to business needs
- Enhanced job opportunities for graduates
- Increased internship opportunities for students
- Developmental assignments in the business community for teachers

implementing links and increasing their chances for success:

- a) **Top Level Support.** The support of top elected officials is vital for efforts that involve public policy and require organizations to change the way they work. A formal decision that "linkage" is official local policy can be critical in effecting change. It is much easier to get separate government agencies to cooperate if the top executive supports a policy. The mayors of Portland, Oregon, and Louisville, Kentucky, have been personally involved in establishing a policy of coordination among businesses, employment and training organizations, and economic development agencies.
- b) **Explaining the Benefits of Working Together.** Agencies, businesses, and educational institutions may, at first, be resistant to forming partnerships. The key to involving them is to find positive grounds for their involvement rather than trying to coerce them into participation. For example, when forming collaborations with industry, it is important to go beyond appealing to the employer's social conscience and instead provide sound business reasons for participation—i.e., the partnership will

help build a labor force responsive to the dynamic labor needs of employers. Further, a dependable and well-trained labor force reduces the costs of recruiting, training, and turnover, and increases productivity and industry competitiveness.

- c) **Communication.** Initial partnering efforts between organizations are usually established by key executives through shared memberships on governing or advisory boards. For partnerships to be successful, the initial contact must be followed by ongoing, day-to-day communication between program staff. This provides the continuous interaction necessary to develop working alliances and facilitates joint planning and collaborative action by the separate organizations. Information exchange may be promoted in a number of ways, to include conducting periodic joint staff meetings or physically collocating part of the staff. For example, a work force development staff member might be placed in an economic development organization to provide a "training presence" in that operation.
- d) **Demonstrating the Value Each Partner Brings to the Table.** Organizations may be reluctant to form an alliance until potential partners have demon-

**Training organizations should collaborate to present community planners and other partners with an integrated picture of all available training and employment service.**

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strated that they can enhance each others' programs. For example, employment and training agencies may not be considered viable partners by economic development agencies or businesses unless they have shown they can deliver adequately screened, trained, and motivated workers acceptable to employers.

Potential partners may also need to explain how their programs can enhance the overall effort. For example, the plethora of training programs can confuse professionals in other fields. To be considered a serious player at the economic development table, training organizations should be knowledgeable about other training programs and how the different programs meet different needs. Only then can they inter-relate training benefits across the board to show how training as a whole can contribute to a community's economic adjustment strategy.

- e) **Integrating Resources.** Allocating some level of resources towards a shared objective helps focus attention to it and generates accountability, both of which enhance chances for success in the partnership. Sometimes, this cooperation can simply mean tying normal spending to a common goal. For example, a program funded under JTPA to train dislocated workers to company specifications might be part of a package of economic development incentives designed to attract a new firm to an area.<sup>4</sup>

## Examples of Links

At the local level, numerous examples of collaborative initiatives exist. One common form of link between economic and work force development is customized training. In this approach a community organization or work force development agency contacts a business and agrees to provide skill training geared to employer's needs. In return the employer agrees to hire a certain number of individuals who successfully complete training, at a specific entry wage. Customized training often occurs along with other business attraction and assistance tools, such as attractive loan packages, waiver of zoning/land use restrictions, or tax exemptions.

A similar approach requires private companies who receive economic development incentives from the city to repay the city by, among other things, creating a certain number of jobs for city residents. Many communities use this form of first-source hiring to increase employment in certain disadvantaged or low-employment parts of the city. The creative use of first source agreements for businesses locating on former DoD installations could help to place the community's dislocated workers, some of whom may be former employees of the base who have not yet found reemployment. Generally, however, given the time necessary to establish new businesses on the former installation, former base workers have found new employment either off-base or out of the local area by the time base redevelopment and associated job creation occurs.

### Leadership Support

The Louisville/Jefferson County, Kentucky, Office of Economic Development saw industry networks as a way to enhance business retention efforts, enabling companies to gain competitive advantages that they could not achieve on their own. As a first step they needed to gain the interest of businesses and seek their willingness to work together. The mayor and county judge were instrumental in capturing this interest by personally demonstrating commitment at the highest levels of government and providing financial and staff support.

Source: Louisville/Jefferson County Office for Economic Development, 1996.

## Effecting Change in Portland

Between 1980 and 1990, officials in Portland, Oregon, began noticing disturbing trends in the city. Employment levels, average wages, and per capita income—key indicators of growth that sustains a healthy economy—were deteriorating.

The state as a whole was also suffering from decline of the timber industry and accompanying loss of jobs. Efforts to attract businesses were hampered by the level of workers' skills. For example, finding it difficult to recruit workers with required skills, one Japanese semiconductor company advised similar firms in Asia not to locate in Oregon. City officials agreed that not enough workers had the education or skills to perform highly skilled technical jobs.

Oregon's governor and the mayor of Portland led efforts to adjust to these challenges. In 1988 the governor charged a group of business, labor, education, and government leaders with devising a plan to reshape the economy. The result was a 20-year strategic plan to increase jobs and incomes through a diversified economy, to be supported by creation of a world-class work force. The plan encouraged "strong partnerships between business, government, labor, education and citizens."

Other supporting legislation followed, requiring activities to link and interconnect the areas of work force development, education reform, and economic development. As is now routine, all

Oregon initiatives in these areas are measured against established benchmarks and managed through a system of partnerships and written interagency agreements at both the state and local level.

In Portland the approach to economic and work force development involves using economic development tools, such as incentives, to create new jobs for which a range of skilled workers will be needed. The second step is to deliver those jobs to local workers through binding, enforceable agreements. For example, Portland requires businesses that benefit from city investments to hire through its job training program. Through such first source agreements, the city targets job recruitment to its unemployed and underemployed. To build labor force skills that support Portland's high-wage, high-skill industries, the Portland Development Commission established industry-wide consortiums of firms and community colleges to collaborate in developing educational curricula that ensure graduates are well-prepared to enter the work place. Finally, the Portland Development Commission, businesses, and other organizations collaborate to ensure that hiring and training strategies are supported. For example, they work with the local transit authority to realign bus schedules with plant shift changes, and with community child care providers to assure that child care is available during all shifts.

*Source:* Portland Development Commission, Oregon.

A third example relates to efforts to help dislocated workers become entrepreneurs. The Business Ownership Service System (BOSS) in Orange County, California, is an entrepreneurial training initiative established through cooperation among the Small Business Development Center, the local area Private Industry Councils, and the Rancho Santiago College. The program provides entrepreneurial skill training, technical assistance, marketing guidance, and business counseling and planning to dislocated aerospace, defense, and military personnel. A number of dislocated workers have completed this two-month intensive training program for starting and managing their own businesses.

A final example comes from the Southeastern Connecticut PIC in New London, which tried to preserve high-wage jobs in the local community by linking training to local economic development efforts to bring new jobs to the community. Through a cooperative planning process involving state and local economic development planning councils, a community college, and three utility companies, the PIC developed and funded a program to train dislocated defense workers to build electric cars, in combination with efforts to recruit firms interested in manufacturing electric cars to the area.

It makes sense for an economic development strategy to coordinate work force, business, and economic development activities. After all, economic development

investments create jobs; education and training programs give people the skills to find, and succeed in, those jobs.

The potential benefits of such a strategy appear to meet the needs of all interests. Unemployed and underemployed workers benefit by the availability of more jobs, better jobs, and the chance to learn the skills necessary to assume some of those jobs. From the city's point of view, generating jobs for unemployed and underemployed residents reduces public costs associated with poverty and increases the city's tax base. For businesses coordination can mean a more highly-skilled labor supply that can increase industry competitiveness and lower turnover costs.

## End Notes

1. "How the Rules Have Changed," Frank Swoboda, *The Washington Post Magazine*, April 23, 1995, p. 15.
2. Joseph Stillman, *Making the Connection: Economic Development, Work Force Development, and Urban Poverty*, The Conservation Company, New York, 1994, p. 55.
3. "The Smart Workplace: Developing High-Performance Work Systems," National Association of Manufacturers, November 1994. Also "Poorly Qualified Applicants," *The Washington Post*, May 12, 1996, p. H4.
4. It should be noted, however, that significant restrictions exist on the use of JTPA funds to encourage relocation of a facility from one area to another, especially if relocation results in job losses at the original location.

# Work Force Development and Economic Development: Together at the Starting Gate in Louisville

by Regina Phillips  
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We hear it repeatedly. Employers are concerned with the quality and skill levels of the current and future work force. Louisville has an unemployment rate below the national average, yet pockets of the community have unemployment rates of up to 40% of the adult male population. High school graduates are ill-prepared to meet the demands of today's tough labor market. These are just a few examples of the divergent work force tensions Louisville is trying to address. On one side of the equation, employers are desperate for labor, particularly in the retail industry. On the other side, there is a significant potential labor pool that cannot be tapped because of insufficient skills and an abundance of social barriers.

Solutions to these precarious economic problems are not easy. However, by linking work force development initiatives with economic development priorities, Louisville has been successful in responding to many of them. Their vision for a collaborative relationship between work force and economic development grew out of a strategic planning session jointly held by the Private Industry Council of Louisville/Jefferson County, the mayor of Louisville, and the county judge/executive of Jefferson County. From that session emerged a conviction among community leaders that by bringing education, work force development programs, and businesses together, Louisville/Jefferson County could better serve both employers and job seekers.

Louisville's success in fostering this symbiotic relationship occurred in large part because of the commitment of its leaders, the driving forces in the community. With strong leadership from the mayor and the county judge/executive, diverse parties were brought to the table and turf issues (which inevitably arise when collaborating) were

addressed. The Private Industry Council was also a leader in getting key business personnel involved and was supported by several visionary CEOs and representatives from economic development, government, education, and labor.

Another factor in the community's success was the use of written agreements among organizations and businesses. As community leaders focus, connect, and coordinate programs and/or initiatives among different entities, the value of written agreements cannot be underplayed. One advantage is that, through them, informal coordination becomes formal collaboration. Another advantage is that written agreements delineate roles, missions, and responsibilities of the partners, creating a formal structure and clear expectations.

An example of Louisville's collaborative efforts was the 1994 Metro Skills Workforce Conference, cosponsored by the chamber of commerce's Kentuckiana Education and Workforce Institute, the Private Industry Council of Louisville/Jefferson County, the Louisville Urban League, Jefferson County Public Schools, and the Department of Vocational Rehabilitation. More than 40 community leaders from business, education, work force development, and economic development organizations were present. They unanimously agreed that linking efforts to create an integrated career center system for all metro residents and employers was crucial if Louisville/Kentuckiana was to compete successfully in world markets on the basis of a highly skilled work force. Before such a system could be developed, however, two things needed to be done.

- First, the structure of the service delivery system needed to be redesigned. Different agencies had been doing the same things,

resulting in duplication of effort and waste of resources. By combining these activities into one integrated system, customers could be served better, and the system itself would be strengthened.

- Second, an umbrella policy-making body for all work force development issues needed to be formed. This was accomplished through establishment of the Greater Louisville Workforce Development Council, comprised of CEO-level public and private officials. This council provides strategic leadership for the community on work force issues and ensures that the Louisville area creates, maintains, and competes through the use of a highly skilled work force.

Subsequently, in response to the Department of Labor's "one-stop" initiative, the community created a one-stop career center system called Career Resources, Inc. A partnership of 13 public and private agencies, it connects employers with a ready pool of qualified workers and provides job seekers access to employment services. When employers expand or relocate to Louisville, Career Resources, Inc. assesses their needs and finds job

candidates they need. Their success in this effort—evidenced by national and state awards for excellence, as well as national media attention—has benefited individual job seekers and businesses and also enhanced Louisville's business attraction and expansion efforts.

The more than 5,000 customers who annually access services are served by a unified staff from the partnering agencies, which agree to invest staff, staff-related over-head, cash, space, equipment, or the like. The Louisville/Jefferson County Office for Economic Development and Private Industry Council are among these partners or investors. Through such means, strong ties are forged between work force development and economic development.

Another partnership, recently formed, will consolidate recruiting, selection, training, and development services. This alliance will be the focus and single point of contact for employer services in the Louisville area, and will work closely with the Office for Economic Development and the Greater Louisville Economic Development Partnership. In Louisville, work force development is economic development, and collaboration has proven to be a win-win situation for everyone.

## APPENDIX A

# Lessons Learned in the Mare Island Naval Shipyard Closure: Human Resources Issues

21 June 1996

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As a member of the team that guided the Human Resources aspects of the Mare Island Naval Shipyard (MINSY) closure, I am proud of our success in closing an installation of 6300 civilians while separating only 603 through reduction-in-force (RIF) some three years after our presence on the closure list was announced. This means that MINSY was able to assist 5700 employees (or about 1600 per year) to transition to other employment or retirement over that three years. Since we had already reduced our work force by approximately 3500 in the preceding five years, we had some prior experience with downsizing and were becoming increasingly skilled at drawing down without the use of RIF. We have many organizations to thank for sharing their lessons with us over those years, saving us much of the trial and error we might otherwise have faced. We have stolen their ideas, such as job clubs, shamelessly and often forgotten we did not invent them ourselves. In some cases I think we have added our own twist that made them more effective for our situation. I think none of us will claim the following contains any original ideas, only that we did a particularly good job of using the many tools we found.

In a humble attempt to repay our community for their assistance and ideas, I offer this compilation of the lessons we (the MINSY Human Resources staff) learned from our closure experience. I suspect every such experience will be unique in some respects; I hope that this article provides the reader with at least one or two good ideas or the starting point for a better one. I should also add that we may have learned far more than this contains, but at some point you need to pass on the information so that everybody who might benefit from it can do so before they close.

The following lessons are presented informally by category and in no particular order or importance:

### I. Command Support

There is no substitute for leadership support of transition efforts. The day following the official announcement that MINSY was to be closed, the shipyard commander conducted an "all hands" meeting. At that meeting he explained that MINSY would have three priorities, none more (or less) important than the others. This set an important tone that affected the rest of closure in a very positive way. The priorities were:

- 1) complete the overhauls and availabilities currently under way (our workload),
- 2) take care of our people, and
- 3) properly close MINSY so that it could be turned over to the community.

Taking care of the people permits other goals to be accomplished. The fact that MINSY would close did not diminish the determination of most of the work force to accomplish their work with a high level of quality and on schedule. I believe this was attributable to a combination of personal pride and a response to the shipyard's demonstrated commitment to assist them in any way it could, consistent with accomplishment of the other parts of the mission. Although most employees had significant concerns about their future, the obvious commitment of MINSY to assist them provided them with a level of security that allowed them to focus sufficiently on their work to accomplish the stated mission. Employees were repeatedly reminded that they were responsible for their own successful transition, but that MINSY would do everything practical to support that effort. This did not imply that resources for support of employees were unlimited or that the mission could be ignored or impaired, but it did mean making every major decision with the question in mind, "What will it do to or for our people?" Thus, decisions to request early registration for the Priority Placement Program (PPP), to participate in "expanded Separation Incentive Payments (SIPs)" and similar obligations of substantial financial resources provided a leg up for our employees over those at surrounding activities where similar

commitments could have been, but weren't, made. There is no question that most employees responded to this support by continuing to do their jobs as best they could. This was clearly a case of symbiosis. Had the employees not performed, it is very likely MINSY would not have been permitted to provide the level of transition support that was offered, and many employees might have lost their jobs well before closure.

Interchangability was an important underlying philosophy. An element of "taking care of people" was the policy that we would not, as a general rule, encourage any employee to stay. The shipyard commander was concerned that employees might pass up job opportunities out of loyalty to MINSY, to their great detriment (and, perhaps, the shipyard's). There was a related concern that managers would act to reinforce employees' inclination to stay if they thought those employees were irreplaceable. So the shipyard commander made it known that he considered no employee irreplaceable and that, regardless of who left, vacant continuing positions would be filled by other available employees, even if it meant training the replacement, or borrowing a replacement from elsewhere. This laid the groundwork for a number of important developments. One was to maximize the use of SIPs, particularly by more senior employees who were eligible to retire; i.e., it was made clear that as much as they were valued, their departure was viewed as positive. A second less obvious benefit was that many employees were given an opportunity to perform in new jobs, many with increased responsibility, or in completely new occupations. For example, many nuclear engineers were trained and began working as environmental engineers, and a number of vacant human resources office (HRO) positions were filled with former technicians and trades people. Supervisors were often given much broader management responsibility as organizations were consolidated. These new assignments provided employees with experience that resulted in job offers that otherwise might not have developed.

## II. Planning

The HRO closure plan should emphasize the earliest practical accomplishment of major resource-intensive tasks. While this may seem obvious, what can be done in advance and the degree to which some tasks can be performed early may not be so obvious. Many of these tasks will be described in the following discussion. In general we approached these matters with the philosophy that we would do everything as early as practical, without creating a high risk of rework, because we knew our resources would only diminish, and we could not predict if or when we would lose certain necessary capabilities. Some of our early efforts included the following.

- 1) Preparation for downsizing, including establishment of career resources centers (CRCs) and job clubs even before the closure of MINSY was decided. This was viewed by many in as a kind of jinx on efforts to save the yard, since it presumed the worst. However, the fact that programs were in place when the announcement was made helped the HRO immediately respond to the work force's needs and accelerate the attrition that was critical to avoiding intermediate reductions in force (RIFs).
- 2) Establishment and publication of numeric goals for attrition throughout the closure process. This helped in planning the use of various tools available to influence attrition.
- 3) Publication of an early layoff letter as soon as the president signed the closure list. While publication of a true RIF letter two and a half years before an employee's expected separation date would have been questionable, we felt comfortable giving all employees a letter from the shipyard commander that informed them they would be separated from MINSY at some time during the ensuing two and a half years, due to the closure of MINSY. The primary benefit of that letter was to make recipients eligible for assistance funded by the Job Training Partnership Act (JTPA). Once JTPA grant funds were secured by the Solano County Private Industry Council (PIC), this letter was the passport to obtaining counseling, assessment, tuition assistance, and other such benefits administered by the PIC.
- 4) Conducting 100% review of official personnel files (OPFs) 16 to 18 months prior to closure to confirm the quality of data contained therein for use in RIFs and separations. Particularly important was data such as previously collected severance pay, and future career ladder promotions and within-grade increases coming due before closure. Projecting actions made anticipating workload, computing severance pay, and preparing final separation SF-50s easier.
- 5) We met regularly with the payroll staff to plan and offer support to assure payroll actions affecting HRO close-out tasks were accomplished. For example, it was important that all SF-2806s (individual retirement records) were closed out and sent to the Office of Personnel Management so that the large number of retiring employees would not experience problems receiving their benefits. We also developed a plan to have all "931" forms required by the California Employment Development Department (EDD) completed prior to closure. The normal postseparation completion of these forms would have delayed unemployment insurance (UI) benefits to separated employees as a consequence of a small

group of people trying to complete over a thousand such forms.

- 6) Issuance of final RIF notices approximately 10 months prior to closure.
- 7) Early registration of employees in PPP approximately 30 months before closure.
- 8) Processing of employee separations for closure two weeks prior to the last work day.
- 9) Issuance of benefits packages (life insurance conversion, temporary continuation of health insurance coverage, TSP withdrawal) three months before closure. This also permitted sufficient time to answer all questions and research problems.

Be prepared to be flexible. While developing a plan is important, you can assume that the factors you used as a basis for your plan will change as you approach closure, and the plan will need revision. Our plan assumed we would not be capable of performing certain key functions as early as six months prior to closure; fortunately, most of these projections proved pessimistic. We took advantage of our capability to perform additional tasks to complete actions we thought we'd be doing at a later stage.

### III. Communications

Not surprisingly, effective, frequent communication of closure-related data was a key factor in supporting transition efforts and maintaining morale. As AT&T told us at a downsizing seminar several years ago, no matter how much communicating you do on downsizing issues, it's probably not going to be enough. We thought it important enough that we used our Executive Steering Committee (ESC) for quality improvement, made up of senior managers and union leaders, to advise us on strategy for both the content and medium for such communications.

The shipyard newspaper, *The Grapevine*, was revealed by surveys to be the most effective means of communicating day-to-day information. Although not everyone read the paper, it was by far the single most widely read source of information. Accordingly, we formed a subcommittee of the ESC to identify subjects for transition articles and to screen submittals. The subcommittee members, which included the human resources director and three union officials, used their daily contacts with employees to identify subjects of concern and rumors that might need addressing.

"Global E-mail" proved to be a particularly useful tool to quickly disseminate information to a wide audience. This allowed the HRO to get information to at least 1500 e-mail users almost instantaneously. This method tended to favor white-collar employees who were more likely to have access to computers and to

be less useful (or reliable) for communicating with blue-collar employees without e-mail accounts. Thus, electronic delivery was supplemented by further circulation of the printed messages to persons without accounts and by postings on bulletin boards, and information seemed to spread well throughout MINSY. E-mail was an excellent tool to combat false rumors and broadcast information that could not wait for the biweekly shipyard newspaper. In some cases information was published first on e-mail and later in the newspaper. E-mail messages were also frequently used by supervisors for "stand-up" briefings. Some of the typical content included the following.

- **Q&As.** One of the most popular features was "Questions & Answers." Employees would simply e-mail questions to the human resources director, and those of general interest were answered through a globally issued publication. Questions of specific application to only an individual were answered through a personal reply.
- **The Retention Register.** When it appeared we would be forced to conduct a RIF approximately six months prior to closure, there was naturally great concern about who would survive until closure. It was decided that the best way to give employees a rough idea of their chances was to produce a list of all shipyard employees, from most to least senior, based on retention seniority. Each employee was then assigned a number representing their position on the list. The list was maintained in a database accessible (read only) to everyone on the shipyard's local area network and was updated weekly to reflect changes due to attrition and SIP commitments. Employees were told what the expected cutoff was at a given time; e.g., anyone with a number of 2000 or higher might well be separated in an early RIF. This provided strong motivation to employees with high numbers to expand their PPP area of consideration and to get on with their job search. It also helped managers anticipate potential losses.
- **On-Board Counts.** We published biweekly on-board personnel counts so that employees would have an idea of how attrition was progressing. Again, since budget targets were known, employees could then draw their own conclusions as to whether attrition was going to be sufficient to avoid a RIF. It also helped to drive home to employees still in denial that people were leaving, and that we were moving toward closure.
- **PPP and Other Placements.** We also published lists of those who had received and accepted PPP offers and where they were going. This was helpful in monitoring this large part of our attrition and ascertaining demographics of the placements.

The daily e-mail was supplemented by a weekly publication from the PPP office that provided statistics and graphs that outlined the "hot" occupations and locations, which employees could use to assess their own chances of placement, given their registration.

Mailings to home addresses were used for particularly critical information. In circumstances where we wanted to assure that all employees received the information, we mailed that information to homes. This included some of the early material on transition resources available, surveys (particularly concerning interest in SIPs), and several months before closure, benefit information.

All-hands briefings were provided by the shipyard commander at critical milestones. The shipyard commander wanted to announce personally the major good and bad news. These meetings were scheduled several days in advance and held in areas that would accommodate as many employees as chose to attend. Generally, the briefings were done once for each of the two shifts. Some of the subjects addressed were MINSY's official appearance on the closure list, the official closure decision, the possibility of a RIF, and the cancellation of the planned RIF. These meetings were an effective way to break through some of the early denial and provided a useful foundation for subsequent communications by other means. Because the commander conducted them, employees could see that the policy being implemented was his and not that of a lower-level official who was blaming the commander. One drawback was that some people, particularly those inclined to take everything very literally, had a tendency to draw erroneous inferences from broad statements of policy or philosophy presented. Since there was never a recording (or script) for these presentations, there were periodic debates about "what the shipyard commander said."

The shipyard commander's roundtable meetings were another good supplement to other communications. The shipyard commander, along with the IIR director, made weekly visits to work areas on invitation from employees in that area. The commander would start the meeting by giving a short state-of-the-closure speech and then take questions from employees. Most questions were answered at the time, but those for which there was no immediate answer were researched and the answer reported back to the group. When the shipyard commander was unable to attend, these sessions were held by the base closure officer. The HR director used this as an additional source for published Q&As. This, too, was an excellent forum for dispelling destructive rumors found in the organization.

Job clubs, though established primarily to serve as support groups, were an excellent conduit for official information. Because job club leaders held weekly

meetings to share information, and each usually presided over a local job information center (or career resource center), these leaders and their club members served as an excellent verbal information network. They made it a daily routine to update job information, pass on new transition and closure data, and coordinate information among themselves. Many Q&A questions were directed to the HRO via job club leaders. They also assured that global e-mails were printed and circulated within their work areas and served a particularly useful role in publicizing and signing employees up for transition-related training.

#### IV. Downsizing and Transition Support

Early issuance of RIF notices was extremely helpful. We issued separation RIF notices to all employees who had not committed to a separation incentive on June 5, 1995, just under 10 months prior to our closure date. This accomplished a number of important things.

- 1) It permitted the HRO staff to perform the resource-intensive task of producing the notices, with the attendant work such as calculating severance pay, checking service computation dates, etc., while HRO staff resources were reasonably healthy. It also kept us from having to perform this task in the increasingly difficult times of the last few months before closure.
- 2) Since it still appeared possible that there would be employees separated in an intermediate RIF in November 1995, individuals were issued notices with dates of either November 1995 or April 1996, depending on retention standing. Once it was decided that attrition had precluded the need for a November RIF, notices with the November date were amended to April.
- 3) Issuance of final RIF notices energized many people for the first time to get serious about finding a new job, breaking down some of the remaining denial.
- 4) The timing of the notices forced those wishing to take advantage of the final SIPs to commit themselves to a separation date 1 to 10 months in advance, allowing us to incorporate the resulting attrition into our final year downsizing plan.
- 5) The receipt of a specific RIF notice triggers certain rights for employees that are not otherwise available, including entitlement to severance pay on resignation, and an increase from Category 3 to Category 1 in expanded SIP standing on the PPP.
- 6) Issuance of the specific RIF notice also triggers mandatory registration of individuals in the PPP. This further assisted attrition and accomplished another resource-intensive process while more HR resources were still available.

SIPs are a critical tool. Without them we would have been forced to have at least two large RIFs prior to closure (instead of none).

- We used approximately 2000 SIPs from the time our presence on the closure list was known.
- Use of “deferred SIPs” was critical to retain key people. While we promoted the philosophy that all employees were expendable and encouraged everyone to find a new job, there came a point where it was apparent that the loss of certain individuals would be extremely damaging and recovery unlikely. We were able to retain these employees through the use of a variety of mechanisms, but the two most practical were the “deferred SIP” and “guaranteed employment.” All but two persons who had committed to SIPs and were viewed as critical agreed to remain until they were no longer needed (as opposed to the dates they were originally assigned as a result of their seniority). By retaining this core technical expertise, we were able to reach closure with little outside assistance and no harm to services and benefits for employees. Although money was available to offer the traditional retention bonus, the use of that tool was rejected early in closure because managers felt there was too much potential for abuse of that benefit. In effect, SIPs that were offered to employees who would remain until closure became retention incentives.
- Using staggered dates, with quotas for how many SIPs would be offered each month, was an excellent strategy. It encouraged more senior employees to leave voluntarily before closure and preserved the jobs of those who would otherwise have been RIF'd without the cushion of a retirement. In effect it completely changed the nature of the losses; those who would have been RIF'd without the SIP strategy tended to remain and those who would have displaced them left with a SIP. This served the additional purpose of prolonging the period wherein employees who were not eligible to retire could obtain additional training and remain in the PPP. This also allowed several hundred potential candidates for the postclosure environmental detachment to remain. This was an important point because the decision had been made that only those employees remaining at closure would be offered positions in the postclosure detachment.
- Very few SIP takers resign. Severance pay is generally more attractive because the \$25,000 limit does not apply, and it permits the recipient to stay until the last possible day. It also bolsters their subsequent claim for unemployment insurance.
- The acceptance of a SIP and its accompanying “voluntary” separation does not preclude the employee’s receipt of unemployment insurance. While this issue is still developing, it is important to know that at least some state of California EDD administrative law judges have ruled that employees who retire early (or optionally) to obtain a SIP quit for “good cause” and are entitled to UI benefits. The rationale for this decision is a combination of the employer’s urging of recipients to accept the early separation and SIP, and the employee’s claim that his or her decision was motivated in large part by a desire to preserve the jobs of more junior employees not eligible to retire.
- Not surprisingly, many employees come to view SIPs as entitlements and become irate if they don’t have the opportunity to take them when they want to do so. This is particularly the case for those employees who have secured non-federal employment.  

PPP is, by a large margin, the most effective mechanism for outplacement.
- MINSY placed approximately 1725 employees through the PPP from the time the potential closure was announced until closure. In contrast, the Solano PIC, working with the Napa PIC, which had a total of nearly \$11 million in retraining grants at their disposal, can account for less than 300 placements during that same period of time.
- While the PPP was by far more effective in raw numbers of placements than the PIC, that fact can be largely attributable to the significant bias of employees toward remaining within the federal service and the relative ease of using the PPP. Initial job development efforts performed by the HR staff and subsequently turned over to the PIC generated a large number of what we believed to be attractive job openings early in the closure process. There were few employees who actively pursued these early openings. Interest increased once SIPs were offered and again just prior to closure. While this is not surprising in retrospect, some of us expected those eligible for retirement or with relatively little civil service credit would quickly pursue such non-federal openings; people apparently believed the same kinds of opportunities would be present closer to closure. Another inhibiting factor was that few MINSY employees had recent job hunting experience and tended to find job searches difficult and stressful. In contrast, the PPP required comparatively little effort on the employee’s part.

- At first glance, the PPP appeared to be dramatically more cost-efficient than the PIC-retained non-federal placements. On the surface, the cost of PPP placements appeared relatively modest, taking into account the cost of an average of six MINSY HR employees working over three years to make the 1725 placements. However, there are major underlying costs that make PPP placements extremely expensive. First, about 90% of employees placed through PPP had to relocate to accept their new job; the average reimbursable cost of these moves was \$25,000. Further, about half of the placements made subsequent to February 1995 (roughly 350) were made by offering SIPs to employees who were vacating jobs at the “gaining activity” (where the PPP placement occurs). This typically adds an additional \$25,000 cost per vacancy. A third less obvious cost is that employees placed in lower-paying jobs received saved grade and saved pay, increasing the cost the new employer had to pay for work formerly performed by a lower-paid employee. While the increased salary is paid by the new employer, it remains an additional cost to the government.
- The cost of PPP placements will be greatly reduced if the closing site is surrounded by other viable DoD installations, such as exist in San Diego or Virginia, allowing heavy placements within the commuting area. By a large margin, employees preferred to remain within the same commuting area and only expanded their area of availability out of desperation. At one point approximately 80% of employees registered in the PPP limited their availability to the local commuting area. To a great extent, those who were never placed were those who never expanded their area of availability.
- It proved to be extremely helpful to this process to require every employee who registered in the PPP to submit an up-to-date SF-171 for use in qualification determinations by the PPP office, precluding the need for the PPP office to have OPFs. The PPP staff (and CRC and job club leaders) worked closely with employees to assist them in providing the comprehensive SF-171s needed (as opposed to more brief versions they could submit when applying for a specific job under merit promotion).
- We were consistent in our policy that once employees left MINSY, they would not be permitted to return. While we were forced to take back some employees in a small number of cases (e.g., where employees flunked drug tests or otherwise were clearly unqualified for their new positions), we denied a significant number of employees’ requests to return to their old jobs once they found they didn’t like their new jobs or locations. We felt it would be unfair to employees who were still awaiting offers to end up displaced in a preclosure RIF because a more senior employee decided that a new job wasn’t what had been expected.
- Take advantage of opportunities! There were numerous instances when a willingness to move quickly to take advantage of an opportunity yielded serendipitous positive results. One of the best examples was an initiative that came from an unanticipated source. A number of shipyard managers, including some from the HRO, met with representatives from a local university to discuss bringing some of that institution’s environmental courses to the shipyard. At that meeting, which occurred after the closure was public knowledge, it was decided to expand the group to include other local educational institutions and other community resources. This group quickly grew to nearly 100 members, representing not only all 2- and 4-year colleges within a 50 mile radius, but the staffs of local federal and state politicians, local Private Industry Councils, the state EDD, labor unions, and others interested in assisting shipyard employees. This group met regularly for over a year and designed survey forms, assisted with job fairs, offered free counseling to employees, helped design grant requests (which netted more than \$8 million) and influenced legislation that generated \$2.5 million—all to benefit shipyard employees. Additional spin-offs included formation of a postclosure environmental detachment to employ former shipyard employees to do environmental cleanup work, and the formation of a coalition of secondary schools, community colleges, and universities to establish a comprehensive, unique educational institution in former shipyard spaces.

## V. Human Resources Staff During Closure

Regardless of the size of the activity, the HR staff will need to be supplemented to perform the various additional tasks that downsizing and closure require. This could be accomplished by the use of consultants to perform transition-related tasks. While we used consultants to deliver some specialized training to our HR staff and the rest of the work force, we found that it worked well to use other interested activity employees whose jobs were eliminated because of closure. Specifically, these employees were used to supplement the staff of our CRCs and the PPP office. Job club leaders also served as an informal extension of our HR staff. In both of these situations employees were initially used just as extra hands to do such things as serve as receptionists for the CRCs, to file or distribute job announcements, maintain reference materials, etc. As employees gained experience in these areas, they became proficient and were instrumental in the development of the various

services provided. They evolved into experts in their areas, developing new, marketable job skills. Several individuals assigned to CRCs decided to pursue related careers as a result of their experience.

While most other areas can be handled in a variety of ways, the key areas where HR expertise were needed, in our experience, were (in no particular order):

- Staffing/RIF
- DCPDS system maintenance
- PPP administration (particularly qualifications review)
- Records maintenance
- PCS travel processing
- Labor relations

## VI. Data Collection

It is tempting to view data collection in connection with closure as a peripheral task not deserving the attention given to other tasks that more directly support people. While this effort may not be the number one priority, neither should it be ignored. We relied heavily on several types of accumulated data to support our decision-making and might have made some critical mistakes without it.

**Attrition.** While conditions can change in the course of the closure, sometimes predictably, ongoing tracking of the sources and amount of attrition proved invaluable in shaping our strategy for use of downsizing tools. It was this information we relied on to project the need for and timing of SIP offerings, the use of expanded SIPs and the possibility and sizes of intermediate RIFs. We also used it to evaluate the effectiveness of various downsizing and placement tools. Our decision to offer our final SIPs in monthly increments relied on the projections derived from past attrition patterns and emerging trends. We shared the monthly figures with employees so that they could see whether the downsizing was progressing sufficiently to avoid projected RIFs. Not to be underestimated is the steady demand from headquarters, other government agencies, and the media, all wanting to know “how it’s going.” All of these requests involved questions concerning where we were at the time, how many employees we had when closure started, how many people were leaving and where they were going, and a thousand variations.

**PPP Data.** Data as to what occupations were getting placement offers and where the offers were coming from were used to advise employees on occupations and areas for which they should register to maximize their chances for employment. For instance, we discovered that at one point our PPP placements were over 90% outside the commuting area, while roughly 80

percent of our employees were registered only within the commuting area. We used this data to persuade employees to expand their area of registration so that 80 percent of our employees were not competing for 10 percent of the job openings. We supplemented this statistical data with maps on which we noted the locations and numbers of people placed, providing an easily understood visual illustration of where the jobs were. These data were also very useful for projecting PCS costs. Ours averaged \$25,000 per person.

**Survey Data.** In developing our transition assistance program, we used a number of surveys to identify what kinds of assistance employees wanted and their plans, if any. The survey to discover what kind of training they would like turned out to be of minimal value. Most employees needed the assistance provided by counseling and by courses that dealt with change, retirement planning, and other transition-related subjects to help them determine whether to try to continue in their current field or try something new. What surveys showed to be most valuable to employees was frequent and broad-spectrum communication of information on what was happening with closure, jobs, attrition, etc.

## VII. Postclosure Assistance

HR tasks are not complete when the base closes. In recognition of this fact the Naval Sea Systems Command provided funding for tasks related to MINSY’s closure for a period of four years, most of it planned for the first year following closure. To that end, Puget Sound Naval Shipyard (PSNSY), which is officially the successor activity for MINSY, received funding to perform a variety of postclosure tasks, including human resources support. Since the nature of this requirement is temporary, PSNSY HRO determined it would make more sense to retain a small temporary HR contingent on the former MINSY site to perform these tasks for the initial year rather than to perform the work from 900 miles away. The tasks that remained to be performed included the following.

- Records disposal
- Processing of temporary continuation of coverage for health benefits and SF-2821 life insurance coverage forms for separated employees
- Response to Office of Personnel Management requests for information relating to previously submitted disability retirement packages
- Residual grievances, appeals, discrimination complaints, and Unfair Labor Practice charges
- Continued administration of the PPP, since eligibility of separated employees lasts for one year following separation
- Payroll support



## Appendix B

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## APPENDIX C

# Survey for Worker Assistance

Thank you for taking part in this survey. Your input will be used to help plan for activities that will assist each of you with decisions you will have to make before base closure. All of your responses will be kept confidential.

Please fill in the blanks or check your answers.

PLEASE PRINT:

Name: \_\_\_\_\_

Duty Phone: \_\_\_\_\_

Which of the following best describe what you plan to do as a result of base closure?

- |                                  |                                  |
|----------------------------------|----------------------------------|
| Look for another job             | _____ Relocate out of the area   |
| _____ a. Within Federal service  | _____ Not sure what I want to do |
| _____ b. Outside Federal service | _____ I plan to retire           |
| _____ Start my own business      | _____ Other (Be specific)        |
| _____ Further my education       | _____                            |

If you plan to retire, would you be interested in a program on how to plan for retirement?

\_\_\_\_\_ YES \_\_\_\_\_ NO

Are you willing to relocate?

\_\_\_\_\_ YES \_\_\_\_\_ NO

What educational level have you completed? (Check all that apply)

- |   |                            |
|---|----------------------------|
| _____ No high school                                | _____ G.E.D.               |
| _____ Some high school (Grades 9-11)                | _____ High school graduate |
| _____ Some college or technical beyond high school. |                            |
| Please specify the type of training: _____          |                            |
| _____ College graduate. Degree earned: _____        |                            |

Are you currently attending training? \_\_\_\_\_ YES \_\_\_\_\_ NO

If yes, what type? \_\_\_\_\_

If you were to attend training, where would you like to go?

- |                                      |                           |
|--------------------------------------|---------------------------|
| _____ A community college in my area | _____ A 4-year university |
| _____ A technical/trade school       | _____ On base             |
| _____ I don't have a preference      | _____ Other, specify:     |
| _____                                |                           |

If an assessment—a method to help you identify your skills, interests, and values—were made available to help you plan your future, would you participate?

\_\_\_\_\_ YES \_\_\_\_\_ NO

Which of the following services/programs would you be willing to attend? (Check all that apply)

- |  |  |
|--|--|
| <input type="checkbox"/> Choosing a new career               | <input type="checkbox"/> Improving math skills                   |
| <input type="checkbox"/> Family/Personal counseling          | <input type="checkbox"/> Improving English skills                |
| <input type="checkbox"/> OJT (on-the-job training)           | <input type="checkbox"/> Improving reading and writing skills    |
| <input type="checkbox"/> VCT (vocational classroom training) | <input type="checkbox"/> How to get a high school diploma/G.E.D. |
| <input type="checkbox"/> Job placement assistance            | <input type="checkbox"/> Credit management                       |
| <input type="checkbox"/> Resume writing                      | <input type="checkbox"/> Coping with change                      |
| <input type="checkbox"/> Interviewing skills                 | <input type="checkbox"/> Relocating assistance                   |
| <input type="checkbox"/> Filling out applications            | <input type="checkbox"/> Other: _____                            |
| <input type="checkbox"/> Typing class                        |  |

How far would you be willing to travel to work?

- |   |   |
|---|---|
| <input type="checkbox"/> within 10 miles of my home | <input type="checkbox"/> within 50 miles of my home |
| <input type="checkbox"/> within 25 miles of my home | <input type="checkbox"/> Other: _____               |

How would you travel to work?

- |                                   |   |
|-----------------------------------|---|
| <input type="checkbox"/> by car   | <input type="checkbox"/> by public transportation |
| <input type="checkbox"/> car pool | <input type="checkbox"/> Other (Specify) _____    |

What is your current job title? \_\_\_\_\_

Briefly describe what you do: \_\_\_\_\_

What is your current pay plan, OCC series & grade? (Ex. WG-8852-10) \_\_\_\_\_

How long have you been at your current grade? \_\_\_\_\_

What is the lowest hourly rate of pay you are willing to accept? \_\_\_\_\_

List other experience, full-time, regular part-time, or volunteer work and include length of time position was held:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

When would you be willing to take a new job?

- |  |   |
|--|---|
| <input type="checkbox"/> Before base closure                   | <input type="checkbox"/> Immediately after base closure |
| <input type="checkbox"/> 1-3 months after base closure         | <input type="checkbox"/> 4-5 months after base closure  |
| <input type="checkbox"/> More than 6 months after base closure |   |

When would you be willing to start training for a new occupation?

- |   |  |
|---|--|
| <input type="checkbox"/> As soon as possible            | <input type="checkbox"/> Before base closure           |
| <input type="checkbox"/> Immediately after base closure | <input type="checkbox"/> 1-3 months after base closure |
| <input type="checkbox"/> 4-5 months after base closure  |  |

From the occupational areas listed below, indicate your top three choices by rating them #1, #2, and #3.

- |   |  |
|---|--|
| <input type="checkbox"/> 1. Accounting            | <input type="checkbox"/> 27. Locksmith                 |
| <input type="checkbox"/> 2. Adult Care            | <input type="checkbox"/> 28. Machine Operator          |
| <input type="checkbox"/> 3. Assembly              | <input type="checkbox"/> 29. Medical Lab Technician    |
| <input type="checkbox"/> 4. Automotive Mechanic   | <input type="checkbox"/> 30. Medical Technician        |
| <input type="checkbox"/> 5. Bartender             | <input type="checkbox"/> 31. Nurses Aide               |
| <input type="checkbox"/> 6. Building Maintenance  | <input type="checkbox"/> 32. Office Machine Repair     |
| <input type="checkbox"/> 7. Child Care            | <input type="checkbox"/> 33. Paralegal                 |
| <input type="checkbox"/> 8. Computer Operator     | <input type="checkbox"/> 34. Personnel/Human Resources |
| <input type="checkbox"/> 9. Computer Programmer   | <input type="checkbox"/> 35. Photo Typesetting         |
| <input type="checkbox"/> 10. Computer Tech/Repair | <input type="checkbox"/> 36. Plumbing                  |
| <input type="checkbox"/> 11. Construction Trades  | <input type="checkbox"/> 37. Printing                  |
| <input type="checkbox"/> 12. Cook/Chef            | <input type="checkbox"/> 38. Real Estate Agent         |

- |   |  |
|---|--|
| <input type="checkbox"/> 13. Cosmetology              | <input type="checkbox"/> 39. Secretarial/Office Work   |
| <input type="checkbox"/> 14. Data Entry               | <input type="checkbox"/> 40. Security Guard            |
| <input type="checkbox"/> 15. Dental Assistance        | <input type="checkbox"/> 41. Self-Employment           |
| <input type="checkbox"/> 16. Diesel Mechanic          | <input type="checkbox"/> 42. Sheet Metal Worker        |
| <input type="checkbox"/> 17. Drafting                 | <input type="checkbox"/> 43. Shipping/Receiving Clerk  |
| <input type="checkbox"/> 18. Electrician              | <input type="checkbox"/> 44. Stock/Inventory Clerk     |
| <input type="checkbox"/> 19. Electronic Technician    | <input type="checkbox"/> 45. Travel Agent              |
| <input type="checkbox"/> 20. Fleet Repair             | <input type="checkbox"/> 46. Tree Trimming/Landscaping |
| <input type="checkbox"/> 21. Food Service Management  | <input type="checkbox"/> 47. Truck Driver              |
| <input type="checkbox"/> 22. Fork Lift Operator       | <input type="checkbox"/> 48. T.V. Repair               |
| <input type="checkbox"/> 23. Health Record Tech       | <input type="checkbox"/> 49. Word Processor            |
| <input type="checkbox"/> 24. Heating/Air Conditioning | <input type="checkbox"/> 50. X-Ray Technician          |
| <input type="checkbox"/> 25. Legal Assistant          | <input type="checkbox"/> 51. _____                     |
| <input type="checkbox"/> 26. Licensed Practical Nurse | _____  |

How many years of experience do you have in each of your top three choices:

- #1. \_\_\_\_\_
- #2. \_\_\_\_\_
- #3. \_\_\_\_\_



# APPENDIX C

## Employee Needs Survey

Name: \_\_\_\_\_ Soc. Sec. No. \_\_\_\_\_  
Job Title: \_\_\_\_\_ Shop: \_\_\_\_\_ Work Phone: \_\_\_\_\_  
Home Address: \_\_\_\_\_ Home Phone: \_\_\_\_\_  
(street)  
\_\_\_\_\_  
(city) (state) (zip code)

Marital Status:  
 Married  Single  
 Single Parent  No. Dependents

Education:  
Highest Grade Completed: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 16+  
 High School Diploma  G.E.D. or Equivalent  
 College Degree Received \_\_\_\_\_  
 Vocational School Certificate(s) Received \_\_\_\_\_

Employment Goals: (If more than one, order in number of preference).  
 Federal  State/Local Govt.  Private Sector  
 Self-Employment  Full time  Part time  
If known, type of work desired: \_\_\_\_\_  
If you are planing to retire, check here  Date of Retirement: \_\_\_\_\_

Interest Response: Indicate the type of training in which you have an interest:  
Are you willing to work while attending school?  
 Yes  No  
If Yes, would you be available for school/work:  
 Evenings  Weekends  
 Other: (specify) \_\_\_\_\_

Are you interested in an O.J.T. program?  
 Yes  No  
Do you have transportation?  
 Yes  No  
Willing to relocate?  
 Yes  No

Financial Assistance: Would you need financial assistance during retraining for:  
 Transportation  Child Care  Other: (specify) \_\_\_\_\_

Desired Areas of Counseling: (Check as many as you would like.)  
 Unemployment Benefits  Job Market Analysis  Skills Assessment  
 Interviewing Techniques  Resume Writing  Training Options  
 Financial Planning  V.A. Benefits  Med. Care/Health Ins.  
 Other: (specify) \_\_\_\_\_



# APPENDIX D

## Rapid Response-Transition Services Needs Survey Questionnaire

This questionnaire has been designed to help us provide to meet your personal, training, and career needs and concerns associated with you layoff. You are not required to provide personal information, but the completion of this survey would be greatly appreciated. Individual responses are confidential.

PLEASE PRINT

Name \_\_\_\_\_ Soc. Sec. # \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

\_\_\_\_\_ Male \_\_\_\_\_ Female \_\_\_\_\_ Age

Education (check highest level completed)

- |                                      |  |
|--------------------------------------|--|
| _____ (1) 8th grade or less          | _____ (2) 9th - 11 <sup>th</sup> grade |
| _____ (3) High School Diploma or GED | _____ (4) Voc-Tech School              |
| _____ (5) 1-2 Years College          | _____ (6) College Degree (AA)          |
| _____ (7) College Degree (BA/BS)     | _____ (8) Cert/Licenses                |

Employment with current/last employer?

\_\_\_\_\_ Years and \_\_\_\_\_ Months \_\_\_\_\_ \$ Hr.

What is the hourly wage you expect in your next job?

- |                     |                  |                |
|---------------------|------------------|----------------|
| _____ Less than \$5 | _____ \$5-\$7    | _____ \$8-\$10 |
| _____ \$11-\$13     | _____ Above \$13 |                |

Are you willing to relocate?

\_\_\_\_\_ Yes \_\_\_\_\_ No

Number of miles you are willing to drive one way to work?

- |                         |                        |                   |
|-------------------------|------------------------|-------------------|
| _____ No transportation | _____ 10 miles or less | _____ 11-25 miles |
| _____ 26-40 miles       | _____ over 40 miles    |                   |

What Job Search Assistance do you need?

- |                               |                                |
|-------------------------------|--------------------------------|
| _____ Resume Writing          | _____ Application Preparation  |
| _____ Interviewing Techniques | _____ Career Planning          |
| _____ Job Leads/Contacts      | _____ Skills, Interest Testing |
| _____ Other _____             |                                |

Do you believe additional training/education would help to make you more employable?

\_\_\_\_\_ Yes

\_\_\_\_\_ No

If yes, please indicate the type(s) of training that would be beneficial.

\_\_\_\_\_ GED (High School Equivalency Diploma)

\_\_\_\_\_ Basic education (courses in reading, math, or English)

\_\_\_\_\_ ESL (English as a second language)

\_\_\_\_\_ Vocational training in a craft or trade

\_\_\_\_\_ Academic training at a business school or college

\_\_\_\_\_ On-the-job training

\_\_\_\_\_ Apprenticeship training

\_\_\_\_\_ Other \_\_\_\_\_

What personal assistance or information you believe would be useful?

(Check the ones that would be helpful.)

\_\_\_\_\_ Financial Budgeting

\_\_\_\_\_ Starting Your Own Business

\_\_\_\_\_ Medical Care/Health Insurance

\_\_\_\_\_ Stress Management Counseling

\_\_\_\_\_ Education Financial Aid

\_\_\_\_\_ Disability Benefits

\_\_\_\_\_ Family Concerns Counseling

\_\_\_\_\_ Moving Costs for relocation

\_\_\_\_\_ Child Care Assistance

\_\_\_\_\_ Other \_\_\_\_\_

\_\_\_\_\_ Alcohol/Drug Use

\_\_\_\_\_ Veterans Services/Benefits

\_\_\_\_\_ Food Stamps/Social Service

\_\_\_\_\_ Mortgage Counseling

\_\_\_\_\_ Legal Issues

\_\_\_\_\_ Selling-Buying Houses

\_\_\_\_\_ Social Security Benefits

\_\_\_\_\_ Retirement Planning

\_\_\_\_\_ Transportation Assistance

## APPENDIX E

# U.S. Department of Labor Economic Dislocation and Worker Adjustment Assistance Act (EDWAA)

**EDWAA** amended Title II of the Job Training Partnership Act, and provides funds to states and local substate grantees so they can help dislocated workers find and qualify for new jobs.

### Eligibility

Workers who have lost their jobs and are unlikely to return to their previous industries or occupations are eligible for the program. This includes workers who lose their jobs because of plant closures or mass layoffs, long-term unemployed persons with limited job opportunities in their fields; and farmers, ranchers and other self-employed persons who become unemployed due to general economic conditions. Under certain circumstances, States may also authorize service for displaced homemakers.

### Service Delivery Structure

Each State is divided into substate areas. The programs are designed and operated at the local level, where the decisions about who can be served and which services will be offered are made based on local labor market needs and opportunities, and available resources.

The Governor of each State designates a Dislocated Worker Unit which has the primary responsibility for overall administration and management of the program, including the establishment of a system to respond rapidly to major worker dislocations. Funds are made available to the States each year using a distribution formula based on unemployment in each State.

### Services Available

EDWAA authorizes an array of comprehensive and timely retraining and readjustment services. States and local substate grantees can tailor the service to meet participants' individual needs based on the funds available. These services include:

- **Rapid Response.** Each State has a Dislocated Worker Unit (DWU) which receives notices of plant closures and mass layoffs covered under the Worker Adjustment and Retraining Notification Act (WARN). When a DWU obtains information about a major layoff, it can respond with on-site services to assist workers facing job losses. The DWU may also help to set up a labor-management committee at the worksite and/or assist in efforts to avert worker dislocations.
- **Retraining Services.** Workers can receive classroom, occupational skills, and/or on-the-job training to qualify for jobs in demand. Basic and remedial education, entrepreneurial training, and instruction in literacy or English-as-a-second-language may be provided.
- **Readjustment Services.** These include: outreach and intake; testing and counseling; development of individual service plans; labor market information; job development; job search and placement; supportive services (including child care and transportation allowances); relocation assistance; and pre-layoff assistance programs.
- **Needs-Related Payments.** Dislocated workers who have exhausted their unemployment insurance (UI) benefits may receive needs-related payments while they complete training.
- **Certificates of Continuing Eligibility.** These certificates allow eligible dislocated workers to defer the start of retraining, or to obtain their own retraining.

### National Reserve Account (NRA)

States and substate areas may apply for NRA Grants from the Department of Labor's Employment and Training Administration (ETA) if they need additional funds to administer and operate projects for eligible

workers dislocated due to mass layoffs, plant closure, disasters, and Federal government actions.

**For Further Information:** Workers, employers, and anyone interested in learning more about the EDWM program and the services available should contact the appropriate State Dislocated Worker Unit, or write: Office of Worker Retraining and Adjustment Programs, U.S. Department of Labor, Room N-5426, 200 Constitution Avenue, N.W., Washington, DC 20210.

April 1996

## APPENDIX F

# U.S. Department of Labor: Defense Conversion Adjustment (DCA) Program

The Defense Conversion Adjustment (DCA) Program is authorized by the Job Training Partnership Act (ITPA) at Section 325. Its purpose is to provide retraining and readjustment assistance to workers who are being laid off as a result of reduced expenditures by the United States for defense, or by closures of military facilities. The DCA program is in addition to the JTPA block grant program operated by states and substates which provides services to workers who have lost their jobs (including defense jobs) and are unlikely to return to their previous industries or occupations (see EDWAA Fact Sheet).

## Service Delivery Structure

Individual dislocated workers may receive services from local providers under grants awarded by the U.S. Department of Labor. Eligible grant applicants include states, substate grantees (established under JTPA), employers, employer associations, and representatives of employees.

## Eligibility to Receive Services

- Individuals who have been terminated or laid off, or have received a notice of layoff as a consequence of reductions in defense spending and are unlikely to return to their previous industry or occupation.
- Civilian employees of the Department of Defense working at facilities being closed or realigned as a result of BRAC actions. Assistance is available up to two years prior to the date of closure, or completion of realignment.
- Members of the Armed Services who are involuntarily separated from active or National Guard duty as a result of reduced military expenditures or the closure of the facility.

## Types of Services Available

The DCA Program offers an array of comprehensive and timely retraining and readjustment services.

States and substate grantees can tailor the services to meet participants' individual needs based upon the funds available. These services include:

- **Retraining Services.** Workers can receive classroom, occupational skills, and/or on-the-job training. Basic and remedial education, entrepreneurial training, and instruction in literacy or English-as-a-second-language.
- **Readjustment Services.** These include: outreach and intake; testing and counseling; development of individual service plans; labor market information; job development; job search and placement; supportive services (including child care and transportation allowances); relocation assistance; and prelayoff assistance programs.
- **Needs-Related Payments.** Under certain circumstances, dislocated workers who have exhausted their unemployment insurance (UI) may receive needs-related payments to help them complete training. Payments may not exceed the individual's UI benefits or the poverty level, whichever is higher.

## How to Apply for a DCA Grant

Eligible applicants may apply for DCA grants from the U.S. Department of Labor's Employment and Training Administration. Applications must be submitted pursuant to the application procedures published in the *Federal Register*.

**For Further Information** about the DCA Program described above, workers who have lost their jobs (or work at a facility that is closing) as a result of defense cutbacks should contact the appropriate State Dislocated Worker Unit, or write: Office of Worker Retraining and Adjustment Programs, U.S. Department of Labor, Room N-5426, 200 Constitution Avenue, N.W., Washington, D.C. 20210. (Fax: 202-219-5938).

July 1995



## APPENDIX G

# U.S. Department of Labor: Defense Diversification Program (DDP)

## Synopsis

The Defense Diversification Program (DDP) is authorized by the Job Training Partnership Act (JTPA) at Section 325A. Its purpose is to provide retraining and readjustment assistance to workers and military personnel who are losing their jobs as a result of defense cutbacks and closures of military facilities. It also provides for planning support and conversion assistance for diversification of affected facilities within an area impacted by reductions in military expenditures or closure of military facilities.

The DDP program is in addition to the JTPA block grant program operated by states and substates which provides services to workers who have lost their jobs (including defense jobs) and are unlikely to return to their previous industries or occupations (see EDWAA Fact Sheet).

## Service Delivery Structure

Individual dislocated workers may receive services from local providers under a DDP grant awarded by the National Office of the U.S. Department of Labor's Employment and Training Administration (ETA). Eligible grant applicants include states, substate grantees (established under JTPA), employers, representatives of employees, labor-management committees, and other employer-employee entities.

## Eligibility Criteria to Receive Services

- Civilian employees of the Department of Defense, Department of Energy, and defense contractors who have been terminated or laid off, or have a notice of termination or layoff, who are unlikely to be reemployed in their previous industry or occupation, and who are not entitled to retirement or retainer pay related to the termination or layoff.
- Department of Defense civilian employees working at facilities being closed or realigned as a result of BRAC actions. Assistance is available up to two years prior to the date of closure, or completion of realignment.
- Members of the Armed Forces who are involuntarily separated from active or full-time National Guard duty between October 1, 1990 and September 30, 1995, are not entitled to retirement or retainer pay related to the separation, and apply for assistance within 180 days from the date of separation.

## Types of Services Available

The DDP program authorizes an array of comprehensive and timely retraining and readjustment services. Services can be tailored to meet participants' individual needs. Longterm educational and/or occupational training that will make the dislocated worker competitive in the workforce of the future is encouraged.

Major activities and services that may be provided by a DDP grantee include:

- **Retraining Services.** These include classroom, occupational skills, and on-the-job training. Basic and remedial education, entrepreneurial training, and instruction in English-as-a-second-language may also be provided.
- **Readjustment Services.** These include: outreach and intake; development of individual readjustment plans; labor market information; job development; job search and placement; supportive services (including child care and transportation allowances); relocation assistance; and pre-layoff assistance programs.
- **Needs-Related Payments.** Qualified participants who have exhausted their unemployment insurance (UI) will receive needs-related payments to help them complete training or education programs. Payments will be equal to an individual's UI benefits or the poverty level, whichever is higher.

To qualify for needs-related payments, participants must be enrolled in training by the end of the 13th week of their initial UI benefit period (or by the end

of the 8th week after being informed that a supposed short-term layoff will exceed 6 months), or by the end of the 6th week after a grant has been awarded. An eligible worker who does not qualify for UI must be participating in a training or education program in order to receive needs-related payments.

- **Other DDP Provisions.** In addition to the above services for eligible workers, a DDP grantee may provide skills upgrading to currently employed workers in non-managerial positions. Upgrading training must be integral to the conversion of a defense facility and necessary to prevent a closure or mass layoff, and to replace or update obsolete skills with marketable skills.

A Grantee may provide limited assistance to implement high performance workplace and workforce participation systems, and new production technologies to assist conversion efforts.

## How to Apply for DDP Grant

Eligible grantees may submit applications to the Grant Officer, Employment and Training Administration, U.S. Department of Labor. Applications must be submitted pursuant to the application procedures published in the *Federal Register* on July 19, 1993.

## Authorization

Section 4465 of the National Defense Authorization Act for FY 1993 amended the Job Training Partnership Act. Section 325A provides for the Defense Diversification Program.

**For Further Information** about the DDP program described above, workers who have lost their jobs (or work at a facility that is closing) should contact the local agency that administers JTPA programs, or the State Dislocated Worker Unit.

For information regarding how eligible grantees may apply for DDP funds, please contact the U.S. Department of Labor, Employment and Training Administration, Office of Worker Retraining and Adjustment Programs, telephone 202-219-5339, or fax 202-219-5938.

July 1995

## APPENDIX H

# Regional Offices of the Department of Labor Employment and Training Administration

Region (States Served)	Contact Information
Region I (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont) <i>Robert I. Semler, Regional Administrator</i>	U.S. Dept. of Labor/Employment & Training Admin. JFK Federal Building, Room E-350 Boston, Massachusetts 02203 (617) 565-3630
Region II (New York, New Jersey, Puerto Rico, Virgin Islands) <i>Albert Garizio, Acting Regional Administrator</i>	U.S. Dept. of Labor/Employment & Training Admin. 201 Varick Street, Room 755 New York, New York 10014 (212) 337-2139
Region III (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia) <i>Edwin G. Strong, Regional Administrator</i>	U.S. Dept. of Labor/Employment & Training Admin. 3535 Market Street, Room 13300 Philadelphia, Pennsylvania 19104 (215) 596-6336
Region IV (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee) <i>Toussiant L. Hayes, Regional Administrator</i>	U.S. Dept. of Labor/Employment & Training Admin. 1371 Peachtree Street, NE, Room 400 Atlanta, Georgia 30367 (404) 347-4411
Region V (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin) <i>Joseph Juarez, Regional Administrator</i>	U.S. Dept. of Labor/Employment & Training Admin. 230 South Dearborn Street, Room 628 Chicago, Illinois 60604 (312) 353-0313
Region VI (Arkansas, Louisiana, New Mexico, Oklahoma, Texas) <i>Donald A. Balcer, Regional Administrator</i>	U.S. Dept. of Labor/Employment & Training Admin. 525 Griffin Street, Room 317 Dallas, Texas 75202 (214) 767-8263
Region VII (Iowa, Kansas, Missouri, Nebraska) <i>William H. Hood, Regional Administrator</i>	U.S. Dept. of Labor/Employment & Training Admin. 1100 Main Street, Suite 1050 Kansas City, Missouri 64105 (816) 426-3796
Region VIII (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming) <i>Peter E. Rell, Regional Administrator</i>	U.S. Dept. of Labor/Employment & Training Admin. 1999 Broadway Street, Suite 1780 Denver, Colorado 80202-5716 (303) 391-5740

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Region IX (Arizona, California,  
Hawaii, Nevada,  
Pacific Territories)  
*Armando Quiroz, Regional Administrator*

U.S. Dept. of Labor/Employment & Training Admin.  
71 Stevenson Street, Suite 830  
San Francisco, California 94105  
(415) 975-4612

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Region X (Alaska, Idaho, Oregon,  
Washington)  
*Bill Janes, Regional Administrator*

U.S. Dept. of Labor/Employment & Training Admin.  
1111 Third Avenue, Suite 900  
Seattle, Washington 98101-3212  
(206) 553-7700

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## APPENDIX I

# Dislocated Worker Units

## Alabama

*Raymond A. Clenney, Coordinator*  
Job Training Division  
Alabama Department of Economic  
and Community Affairs  
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Montgomery, Alabama 36103-5690  
Telephone: (334) 242-5893

## Alaska

*Carolyn Tuovinen, DWU Coordinator*  
Division of Community and Rural Development  
Department of Community and Regional Affairs  
333 West 4th Avenue, Suite 220  
Anchorage, Alaska 99501-2341  
Telephone: (907) 269-4658

## Arizona

*Tommy Landa, DWU Coordinator*  
Job Training Partnership Act  
1789 West Jefferson, Site Code 920Z  
Phoenix, Arizona 85005  
Telephone: (602) 542-2484

## Arkansas

*Linda Morris*  
Arkansas Employment Security Department  
Post Office Box 2981  
Little Rock, Arkansas 72203-2981  
Telephone: (501) 682-3137

## California

*Robert Hermsmeier*  
Displaced Worker Services Section Manager  
Job Training Partnership Division, MIC 69  
Employment Development Department  
Post Office Box 826880  
Sacramento, California 94280-0001  
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## Colorado

*Dick Rautio, Planner*  
Dislocated Worker Unit  
Governor's Job Training Office  
Suite 550  
720 South Colorado Boulevard  
Denver, Colorado 80222  
Telephone: (303) 758-5020

## Connecticut

*Kathleen Wimer, Title III Coordinator*  
State Department of Labor  
200 Folly Brook Boulevard  
Wethersfield, Connecticut 06109  
Telephone: (203) 566-7550

## Delaware

*Alice Mitchell, Technical Service Manager*  
Delaware Department of Labor  
Division of Employment and Training  
University Plaza, Post Office Box 9499  
Newark, Delaware 19714-9499  
Telephone: (302) 368-6913

## Florida

*Arnell Bryant-Willis, Chief*  
Bureau of Job Training  
Division of Labor, Employment and Training  
1320 Executive Center Drive  
Atkins Building, Room 211  
Tallahassee, Florida 32399-0667  
Telephone: (904) 488-9250

## Georgia

*Robert Davis, Chief*  
Worker Adjustment Section  
Georgia Department of Labor  
Sussex Place  
148 International Boulevard, NE  
Atlanta, Georgia 30303  
Telephone: (404) 656-6336

## Hawaii

*Carol Kanayama, Acting Administrator*  
Office of Employment and Training Administration  
Department of Labor and Industrial Relations  
830 Punchbowl Street, Room 316  
Honolulu, Hawaii 96813  
Telephone: (808) 586-9067

## Idaho

*Cheryl Brush, Bureau Chief, Planning*  
Employment and Training Programs  
Department of Employment  
317 Main Street  
Boise, Idaho 83735-0001  
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## Illinois

*Herbert Dennis, Manager*  
Job Training Division  
Department of Commerce and Community Affairs  
620 East Adams Street  
Springfield, Illinois 62701  
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## Indiana

*Sharon K. Langlotz, Director*  
Dislocated Worker Unit  
Indiana Department of Workforce Development  
10 North Senate Avenue  
Indianapolis, Indiana 46204  
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## Iowa

*Jeff Nall, Administrator*  
Division of Workforce Development  
Iowa Department of Economic Development  
200 East Grand Avenue  
Des Moines, Iowa 50309  
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## Kansas

*Armand Corpolongo, Job Training Director*  
Department of Human Resources  
Division of Employment and Training  
401 SW Topeka Boulevard  
Topeka, Kansas 66603  
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## Kentucky

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Office of Training and Reemployment  
Workforce Development Cabinet  
275 East Main, 3 Floor West  
Frankfort, Kentucky 40621  
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## Louisiana

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Special Programs Section Office of Labor  
Federal Training Program Division  
Post Office Box 94094  
Baton Rouge, Louisiana 70804-9094  
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## Maine

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Bureau of Employment and Training Programs  
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## Maryland

*Ron Windsor*  
Office of Employment Training  
Department of Economic and  
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1100 North Eutaw Street, Room 3109  
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## Massachusetts

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The Schrafft Center  
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## Michigan

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Workforce Transition Unit  
Michigan Jobs Commission  
201 North Washington Square  
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## Minnesota

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Dislocated Worker Program  
Community-Based Services  
Minnesota Department of Economic Security  
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## Mississippi

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Employment Training Division  
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## Missouri

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## Montana

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Montana Department of Labor and Industry  
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## Nebraska

*Edward Kosark*  
Nebraska Department of Labor  
Job Training Program Division  
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## Nevada

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400 West King Street, Suite 108  
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## New Hampshire

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## New Jersey

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## New Mexico

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## North Carolina

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North Carolina Department of Commerce  
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## North Dakota

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## Oklahoma

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*Patricia Grose, DWU Coordinator*  
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## Pennsylvania

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## Rhode Island

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## South Carolina

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## South Dakota

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## Wyoming

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## Virgin Islands

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