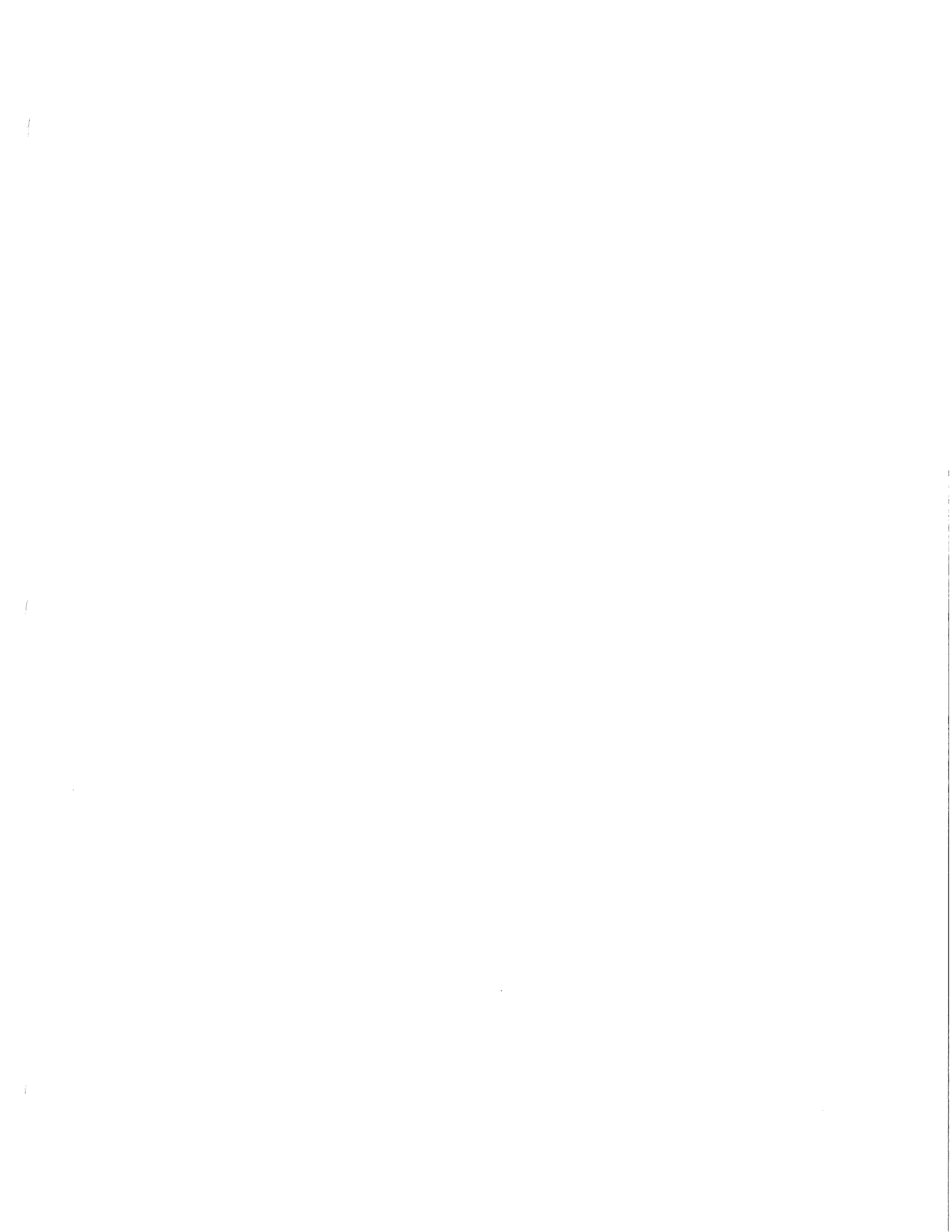


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WORKER DISPLACEMENT STUDY COMMISSION REPORT

June 13, 1991



WORKER DISPLACEMENT STUDY COMMISSION

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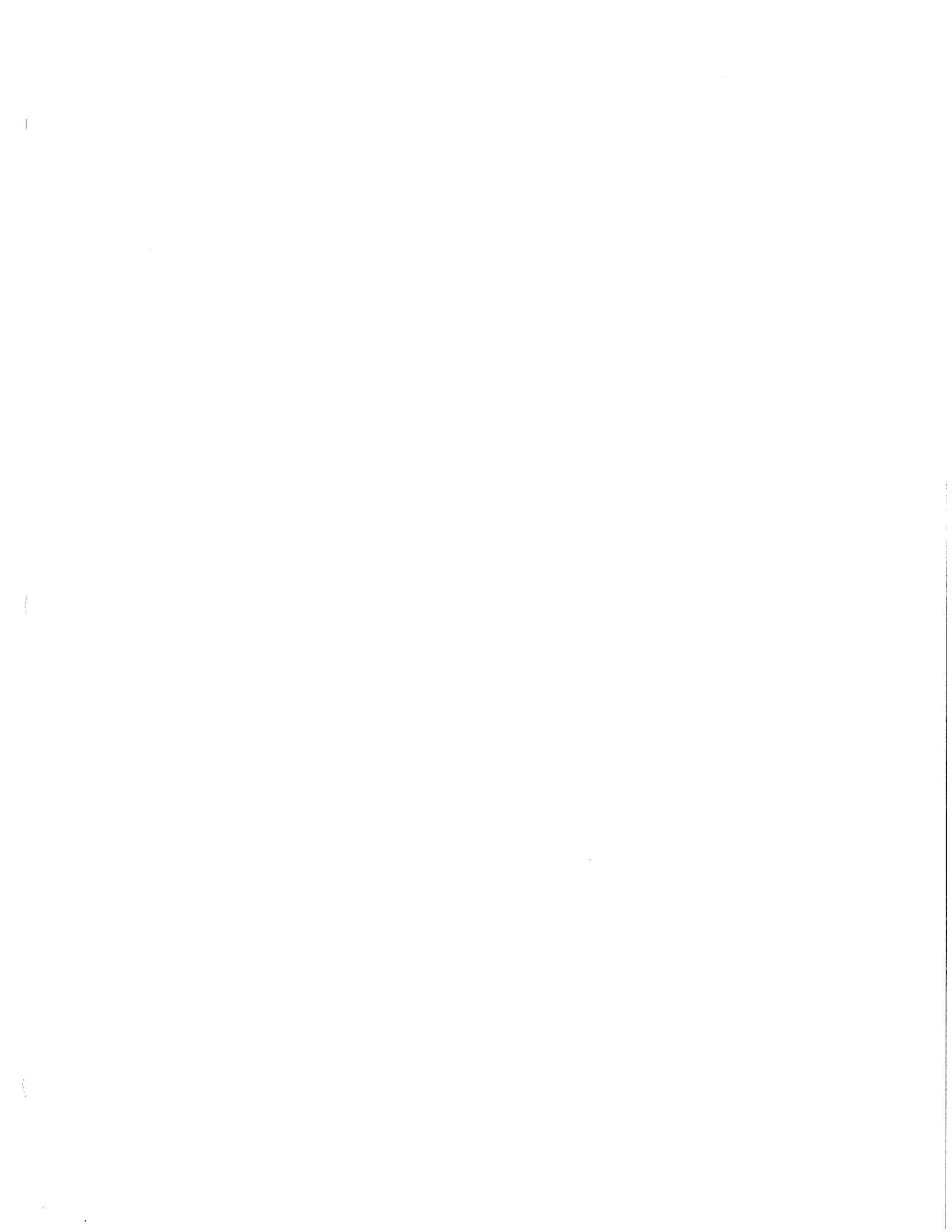
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Introduction:

The Worker Displacement Study Commission was formed as a result of a state law that was passed by both houses of the legislature and signed into law by Governor Rudy Perpich as Chapter 568, Minnesota Laws 1990. A provision of this Chapter specified:

"The governor shall appoint a commission to study and make legislative recommendations regarding worker displacement caused by corporate takeovers, buy outs, and other similar business ownership transfers and publicly funded economic development. The Commission shall complete the study and report its recommendations to the legislature before February 1, 1991."

On July 11, 1990 Governor Perpich named fifteen members of the Commission. The Commission was composed of representatives of business, labor and communities, along with State Representative Karen Clark and State Senator Don Frank. Its chair was Paul W. Goldberg, Commissioner of the Minnesota Bureau of Mediation Services. The commission met through the summer and fall months of 1990 and the first half of 1991 and gave the causes and effects of worker dislocation careful scrutiny.

I. EXECUTIVE SUMMARY

The Worker Displacement Study Commission makes the following recommendations:

Recommendation 1: The Departments of Jobs and Training and Trade and Economic Development should systematically compile detailed information on the cause and extent of worker dislocation that relates to corporate takeovers, buyouts and acquisitions. This information should be reported to the legislature.

Recommendation 2: Existing public and private program initiatives that provide support and assistance to displaced workers should be reviewed, with the objective of combining and coordinating these efforts.

Recommendation 3: Partnerships between governments, educational institutions, private employers and labor unions should be encouraged to jointly address the problems of dislocation.

Recommendation 4: Businesses should be encouraged to hire dislocated workers. The commission believes that strong coordination between the needs of businesses, communities and dislocated workers should be a prerequisite for the recipients of public economic development assistance dollars.

Recommendation 5: Minnesota should develop a system for effectively identifying vulnerable industries and occupations so as to more appropriately and effectively marshal its economic development and other resources.

Recommendation 6: Educational institutions should be required to take steps to ensure that their general course offerings provide skill training for which there is future demand.

Recommendation 7: Utilization of Minnesota's Pre-Feasibility Study Grant Program should be encouraged.

Recommendation 8: Federal discretionary grant dollars for dislocated worker projects should be actively pursued.

Recommendation 9: Communities and the state should have the ability to recover economic development grants from corporations which close their facilities within a specified period of time after receipt when those economic development funds result in worker dislocation.

Recommendation 10: Local units of government should be required to conduct a jobs impact analysis when economic development would result in the loss of current employment.

Recommendation 11: An employment impact study should be required in the event of a proposed corporate transfer of ownership.

Recommendation 12: Businesses should be encouraged to formulate adequate severance plans, including wage continuation plans and extended health benefits, for their workforce, if a plant closing is unavoidable.

NOTE: The order of these recommendations is not intended to assign priority. Equal weight and substance should be given to each of these recommendations.

II. BACKGROUND

Although employment growth in Minnesota has been strong over the past decade, the overall strength of the job market has been uneven. Thus, many Minnesota workers have lost their jobs due to changes in the economy, plant closings, corporate mergers and takeovers, and decisions encouraged by the availability of public economic development funds.

The social, economic and community consequences of such worker dislocation has been the focus of substantial study and discussion over the past several years. Although differences of opinion exist over the dimensions of the problem, it is clear that the human and economic consequences of dislocation can be harmful to workers, their families and the communities in which they reside.

A strong economy is not static and job growth will be uneven in even the most vibrant labor market. In addition, it is inevitable that some areas and industries will experience contractions as a result of structural, technological and competitive shifts in the labor market. In recent years, however, we have witnessed the dislocation of workers for reasons which appear to be unrelated to the normal consequences of economic vitality. The liquidation of assets in conjunction with the leveraged buy-out of otherwise healthy enterprises has sometimes resulted in the shutdown of otherwise viable firms, leading to worker dislocation.

Commission's Mission

It is the mission of this Commission to study and make legislative recommendations regarding worker dislocation caused by corporate takeovers, buy-outs and other similar business ownership transfers, and publicly funded economic development. While the Commission addressed the specific issues in its legislative charge, it felt it would also be appropriate to take notice of and be sensitive to the broader issue of dislocated workers in general, in order to determine what resources are currently available to the specific subset of workers dislocated as a result of mergers, acquisitions and takeovers.

The Commission also discussed the effects of dislocation on communities. The origin of this focus is the "Community Stabilization Bill" which the Minnesota Legislature debated during the 1989 and 1990 sessions. This bill required that reparations, in the form of readjustment assistance, be given to workers (in terms of severance, health care and retraining) and to communities (in terms of economic development planning grants and other cash assistance) in the event of a corporate acquisition that leads to economic dislocation. It also required that public economic development dollars previously received by the dislocating firms be repaid, and that Jobs Impact Statements detailing the potential net impact on local employment be prepared by any community contemplating granting such assistance.

Although the Community Stabilization Bill did not pass, a substitute measure creating a special payroll tax to fund the State Dislocated Worker program was enacted, making substantial dollars available for helping Minnesota dislocated workers. As part of that action the legislature also established the 1990 Worker Displacement Study Commission.

The current Commission is not the first to tackle the dislocation question. In 1988-89, Governor Perpich established a bi-partisan commission to review and make recommendations on the general question of worker dislocation. Since their missions are somewhat different, it is clearly not the intent of the current Commission to duplicate the effort of the 1988-89 group. However, the previous Commission's report is to be regarded as the foundation

for this report, and a copy of the Executive Summary can be found in the Appendix. The primary distinction between the two efforts is that the first was fairly broad in scope, and the second is more narrowly focused on dislocation associated with changes in corporate ownership and the effects caused by publicly funded economic development.

Definition of "Dislocated Worker"

One of the Commission's first tasks was to reach understanding on the definition of "dislocated worker," a task which has historically been somewhat complicated by the politicized nature of the debate.

The federal government was the first to define dislocation, but it chose a narrow focus for purposes of data collection and a broad focus for purposes of program eligibility. For example, the Bureau of Labor Statistics (BLS) defines dislocated workers for quantification purposes through its Mass Lay-Off Statistics file (MLS, formerly known as Permanent Mass Lay-Off and Plant Closing or PMLPC), and through a random survey of dislocated workers conducted every few years. The BLS defines dislocated workers as those people who are at least 20 years old, with at least three years of job tenure, who lost or left their jobs between January 1981 and January 1986 due to plant closings, employers going out of business, slack work or the abolishment of positions or shifts.

On the other hand, for purposes of determining eligibility for its dislocated worker program, known as the Economic Dislocation Worker Adjustment Assistance Act (EDWAAA), the Federal government has historically defined dislocated worker comparatively broadly. EDWAAA defines dislocated workers as individuals who: have lost their jobs or received notice of layoff or termination due to a plant closure or substantial mass layoff; are eligible for or have exhausted their unemployment compensation and are unlikely to return to their previous occupation; or have been unemployed for a long time and have limited opportunities for finding work in the same or similar occupation; or were self-employed (including farmers or ranchers) and are unemployed because of the general economic conditions in their community; or are displaced homemakers.

Consequently, with the Federal government proceeding in opposite definitional directions, states have received little help in formulating their own policy responses to worker dislocation. Thus, individual states have defined dislocation in a wide variety of ways, even including people who are working but are "at risk" of becoming dislocated.

The previously-discussed 1988-89 Governor's Commission on Economic Dislocation defined dislocated workers as follows: For purposes of responding to permanent mass layoffs and plant closings, dislocated

workers are individuals who have been terminated or laid off or have received notice of termination of employment, as a result of any permanent closure¹ of, or any substantial layoff at a plant, facility or enterprise.² Dislocated workers who receive individual training assistance as part of that response should be individuals who a) are Minnesota taxpayers; b) are permanently laid off from a job with an employer located in the state of Minnesota; and c) are eligible for or have exhausted unemployment compensation and are unlikely to return to their previous industry or occupation.³ This definition of dislocated worker was adopted into Minnesota law in 1989.

For purposes of this Commission, dislocated workers are regarded as those who permanently lose their jobs through no fault of their own due to factors including plant closing, shift abolishment, mass lay-off, technological obsolescence, changes in market demand, changes in corporate structure or ownership, or side effects of publicly-funded economic development efforts. Such workers have little or no chance to become re-employed within the same labor market, or using the same or similar skills. In addition, they must be Minnesota taxpayers who are permanently laid off from a job with an employer located in the state of Minnesota.

Dislocated Worker Population

Depending on how "dislocated worker" is defined, an estimated 5,000 to 24,000 people became dislocated in Minnesota annually. For example, the Permanent Mass Layoff and Plant Closing File survey, which identifies all employers against whom at least 50 initial unemployment claims have been filed in a three week period, estimated that 5,677 workers were dislocated in Minnesota between July, 1986 and December, 1987. The Bureau of Labor Statistics'

¹"permanent closure" means the permanent or temporary shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment, if the shutdown results in an employment loss at the single site of employment during any 30-day period for 50 or more employees excluding any part time employees.

²"Substantial lay-off" means any reduction in force which is not the result of a plant closure and which results in an employment loss at a single site of employment during any 30 day period for:

- a) At least 50 employees (excluding those who work less than 20 hours per week);
- b) At least 500 employees who are full time equivalents.

³NOTE: Seasonal workers are specifically excluded from this definition unless their seasonal job has been permanently, rather than simply seasonally, abolished.

Dislocated Worker Survey estimated 16,500 dislocated workers in Minnesota in 1986. A random telephone survey conducted by EMS/McGraw Hill found that approximately 24,000 Minnesota workers were dislocated from their jobs during the twelve-month period from July 1, 1987 through June 30, 1988. This survey, which identified 522 dislocated workers after phoning 9,367 households, was quite broad in its definition of "dislocated" and included both unemployed and underemployed adults, between the ages of 18 and 64, who qualified under one or more of the following categories: (1) had been laid off or received a notice of layoff as a result of job obsolescence, job or shift abolishment, plant shutdown, regional decline in the worker's customary occupation, or other industry slowdown, is unlikely to return to work for the same employer, and had limited opportunities for re-employment in the same or similar occupation in that same labor market; or 2) was a farmer or self-employed person that had become unemployed or was self-supporting but had lost his/her primary means of support.

The most current information is the result of an identification system for dislocated workers instituted by the Department of Jobs and Training in mid-August, 1990. It is based on Job Service registration, Unemployment Claims filings, and WARN (federally-mandated plant closing) notices. This system is a cumulative day-to-day monitoring of the dislocated worker population. The system uses the broader federal definition of "dislocated worker" and not the narrower definition in Minnesota statute. According to the most current (albeit unpublished) information dated March 5, 1991 there are 12,377 identified dislocated workers, composed of the following types:⁴

⁴According to the Department of Jobs and Training, the system, in its initial state of Phase I, lends itself to be more of an identification system than a dislocated worker status system. Not until the implementation of Phase II will it provide data on the "status" of dislocated workers. The system currently lacks critical pieces of tracking data. These include:

- 1) The number of identified dislocated workers that obtained new employment on their own.
- 2) The number of identified dislocated workers that decided to leave the workforce.
- 3) The number of identified dislocated workers that transferred to another plant facility.
- 4) The number of identified dislocated workers that enrolled in dislocated worker programs.
- 5) Services utilized by dislocated workers.
- 6) Number of identified dislocated workers who received benefits and exited the program.

Tracking of the above information will not be accomplished until summer/fall, 1991.

Plant closing -	9,416	(76.07%)
Structurally unemployed -	1,220	(9.85%)
Self-employed farmer -	71	(0.57%)
Self-employed other -	185	(1.49%)
Long term unemployed -	1,347	(10.88%)
Displaced homemaker -	138	(1.11%)
Total	12,377	

Recent Public Policy History

Federal Dislocated Worker Programs

Because dislocation has been a troubling and persistent problem during the last decade, a number of public policy responses on both the federal and individual state levels have been formulated. The federal dislocated worker program, currently referred to as EDWAAA, was instituted in 1983. While administered and monitored by the Department of Jobs and Training, it is implemented at the local level by local Job Service offices and Service Delivery Areas under policy set by the Governor's Job Training Council.

Eighty percent of federal dollars are distributed to the states by a formula which gives equal weight to the number of unemployed, excess unemployment (more than 4.5 percent), long-term unemployment and dislocated workers in the area. Twenty percent remains with the Secretary of Labor for special grants and emergency situations.

From the money that goes to the state by formula, the governor must allocate a minimum of 50 percent to the substate areas by formula. The state of Minnesota is divided into eleven substate areas in which Federal dislocated worker services are delivered.

The remaining federal dollars are made available through grants to qualified organizations that run dislocated worker projects for large plant closures or permanent mass layoffs.

A federal law called the Worker Readjustment and Retraining Notification Act (WARN) requires employers to give at least 60 days notice in advance of plant closings and mass layoffs. In addition, the state of Minnesota requires that employers who lay off more than 50 workers provide the names, addresses and occupations of workers who will be adversely affected.

Under EDWAAA, WARN and state laws, the Dislocated Worker Unit of the Minnesota Department of Jobs and Training is responsible for providing a "rapid response" to plant closings. The response usually begins within 48 hours of notice. The Department of Jobs and Training assembles a team which is sent to the site of the lay-off and helps to establish a Community Task Force which is comprised of the employer, workers, local elected officials, labor union representatives, Job Service representatives and others. The Task Force conducts a survey to determine the demographic

characteristics, skills and service needs of the workers. The survey is then used to create an individually tailored proposal for assistance to the dislocated workers.

Grant proposals are then prepared for projects that assist a particular, large group of workers, such as one affected by a plant closing. Funds to dislocated worker projects are awarded by the Governor's Job Training Council in a request-for-proposal process. The funding is divided among four categories: administration, supportive services, readjustment and training expenses. An explanation of each of these categories follows.

Administration - This cannot exceed 15% of the grant. Administration costs consist of all direct and indirect costs associated with the management of the programs including such costs incurred by the grant recipient, administrative entity and service provider. It includes the salaries, fringe benefits and travel costs of the project director, program and market analysts, supervisor and other staff positions. All materials, supplies, equipment, office space, telephone costs, staff training, liability insurance, etc. are also included.

Needs-Related Payments and Supportive Services - These cannot exceed 25%. Needs-related payments are provided to eligible dislocated workers to enable the worker to participate in training or education programs. Supportive services include child care, health care, transportation, counseling, residential lodging, meals, relocation expenses and other miscellaneous participant services.

Readjustment Services - These costs include development of individual readjustment plans; outreach and intake; early readjustment assistance; job or career counseling; testing; orientation; determination of occupational skills; job search; pre-layoff assistance; relocation assistance, etc.

Retraining - This cannot be less than 50% unless a waiver is approved. Services include classroom training; occupational skill training; on-the-job training; out-of-area job search; relocation; basic and remedial education; entrepreneurial training; and other miscellaneous training.

Distribution of grant funds is monitored by the Department of Jobs and Training. In fiscal year 1990, the state received \$2,728,170 in federal formula funds and \$3,417,511 in federal discretionary funds. In fiscal year 1991 the state will receive \$3,499,322 in federal formula funds. For 1991, two federal discretionary projects have been funded in the amount of \$513,564. There are two additional applications pending which may bring in an additional \$2,332,939. There is no limit to the amount which can be requested for federal discretionary projects. No grant application which met criteria and standards has been turned down by the

Governor's Job Training Council, although grants have not always been funded for the requested amount.

Minnesota Dislocated Worker Program

In 1989 the Minnesota Legislature enacted M.S. 268.975 which established a state funded dislocated worker program. This action occurred as a result of the previously-mentioned Governor's Commission on Economic Dislocation. Funding for this program was taken from the General Fund at a level of \$530,000 for the biennium.

The Minnesota program operates on a parallel basis with EDWAAA -- the funds are distributed by the Governor's Job Training Council in accordance with the federal policies, procedures and regulations. The decision to implement the state program in this manner was made in an effort to reduce unnecessary administration, yet continue to uphold the standards of public accountability that have been the hallmark of EDWAAA. By all accounts, this fundamental implementation decision has been well-regarded.

The only substantive program difference between EDWAAA and the state program is that state money can only be used to serve workers dislocated from firms employing at least 50 people. (The Commissioner can make exceptions to this threshold amount; and in smaller communities, different employers can be combined to meet the threshold.) The decision to direct state funds at larger layoffs was made in recognition of the limited General Fund resources available in 1989, and the desire to target the funds where they would have the most impact. It is also in keeping with the 1988-89 Commission's definition of a "dislocated worker."

The state of Minnesota, through a law passed in 1989, has made resources available to local communities to provide alternatives to local communities facing plant closings and/or major layoffs. Prefeasibility studies explore various alternatives to plant closings or mass layoffs such as employee buyouts or the possibility of changing what is manufactured so that the company can stay in business. To date there have been five prefeasibility studies.

1990 Funding Mechanism

The 1990 legislature established a new funding mechanism to pay for the state program. This mechanism is a payroll tax of one-tenth of one percent of an employer's Unemployment Insurance taxable wage base. Because the taxable wage base is \$13,300 per year, the burden of this tax is equal to a maximum of \$13.30, per worker, per year. The tax began on January 1, 1991 and is expected to raise \$7.69 million in the remaining months of the 90-91 biennium and \$19.5 million per year in the 92-93 biennium. By comparison, the 1988-89 Governor's Commission on Economic Dislocation recommended

there should be \$1 million appropriated from the general fund to supplement federal funds for dislocated worker programs.⁵

The following chart gives a history of dislocated worker funding:

DISLOCATED WORKER FUNDING

Year	Federal Formula Funds	Federal Discretionary	State	Total
1984	\$1,018,439	\$ 200,000	0	\$1,218,439
1985	2,465,109	2,885,037	0	5,350,146
1986	2,468,712	1,517,432	0	3,986,144
1987	991,432	1,616,000	0	2,607,432
1988	2,010,014	852,000	0	2,862,014
1989	2,310,087	588,700	0	2,898,787
1990	2,728,170	3,417,511	250,000	6,395,681
1991	3,499,322	513,564	6,000,000	10,012,886

The chart indicates that there has been a vast increase, of both federal and state dollars, in the funding of dislocated worker programs in the last few years. The state dislocated worker payroll tax will generate an estimated \$20 million per calendar year, bringing the program to an unprecedented funding level.

Participation in Programs

Since its inception in 1983, thousands of Minnesota have been enrolled in the dislocated workers program. The following chart details: 1) the population participating; 2) whether they left the program employed or voluntarily dropped out; and 3) the numbers carried over into the next state fiscal year. Information available at the half-fiscal-year point (12/31/90) as to the number of dislocated workers in dislocated worker programs can be found on the last line.

⁵In 1991, the Minnesota legislature amended Minnesota Statute 268.975, Subd. 3. The state definition of dislocated worker now conforms with the federal EDWAAA definition. The expanded definition includes farmers, self-employed, long-term unemployed, and displaced homemakers. Terminated non-profit and government employees were also added to the state definition. In addition, the 50 person layoff threshold and the June 30, 1992 sunset on the payroll tax were eliminated.

DISLOCATED WORKER PARTICIPATION HISTORY

YEAR	NEW ENROLLMENT	CUMULATIVE ENROLLMENT	PLACED	DROPPED	CARRYOVER TO NEXT YEAR
State Fiscal Year					
1984	2,833		1,103	637	1,093
1985	3,675	4,768	2,239	1,221	1,308
1986	4,302	5,610	2,200	898	2,512
1987	4,344	6,856	2,681	1,873	2,302
1988	2,510	4,812	2,458	1,457	897
1989	3,577	4,474	1,411	1,004	2,059
1990	3,917	5,976	1,978	937	3,061
6/1/90 to 12/31/90	2,654	5,715	775	200	4,741

PLACED means left the program employed

DROPPED means worker voluntarily left program, i.e. moved out of area or chose to no longer participate.

During its deliberations the Commission closely reviewed all programs assisting dislocated workers, their funding sources, their limitations and policy implications. The federally funded State Job Service program provides assessment and career counseling; job search assistance and placement; basic education; work experience and supportive services; education to upgrade basic skills; re-employment services and testing. The Unemployment Insurance (UI) system provides workers who lose their job through no fault of their own with temporary income replacement for up to 26 weeks. The federally funded Trade Adjustment Assistance (TAA) helps those workers who lost their jobs due to the impact of foreign imports by expanding their basic weekly unemployment benefits. The federally funded Job Training Partnership Act (JTPA), with its Title IIA and Title IIB programs, serves disadvantaged youth and adults, some of whom are dislocated. Minnesota also has a wide variety of educational and economic development programs that assist dislocated workers. In addition, through the federal Targeted Jobs Tax Credit, employers can receive tax credits for wages paid to certain targeted workers.

III. NATURE OF PROBLEM

Minnesotans can take justifiable pride in the fact that the state's economy and employment rate are relatively strong. Testimony taken at Commission meetings indicates that the Minnesota economic outlook is quite favorable for the next decade when compared to the rest of the nation. During the period 1963-86, the Minnesota economy has grown 78% compared to the U.S. average of 54% and the

state ranked 11% in terms of growth. While not recession-proof, Minnesota has a well-diversified economy that is able to weather downturns.

It is important to remember that a healthy, vibrant economy is one in which there are continual contractions and expansions in the job market. A static labor market, with no changes in the number and nature of jobs available, does not signal a healthy economy. The social goal of a healthy economy must be to protect those affected by contractions, not to prevent the contraction and stifle the economy. The continuing problem will be to match the kinds of jobs the economy is creating to the skills of those able to fill them.

Our society is one that wishes to retain job security and full employment for workers; this in turn must be balanced with the goals of business flexibility and economic growth. A healthy business economy will enable and encourage private companies to start up and expand, resulting in job creation and business development and a lessening of the effects of disruptive plant closings.

The reasons for plant closure and layoff are varied and complex. They appear to be related to issues involving competition, bankruptcy, and financial takeovers. In discussing the worker dislocation problem, the Commission explored the Minnesota business economy and its relation to the competitive world economy.

There is no doubt, however, that while new jobs have been created, many Minnesota workers have been permanently dislocated from their jobs as a result of plant closings, corporate mergers and leveraged buy-outs. In addition, we are currently in a recessionary period which may lead to an increase in the numbers of dislocated workers.

Although worker dislocation can occur for a number of reasons, the particular forces creating job loss as a specific result of corporate acquisition are seen as a special problem. The task of this Commission is to separately recognize the worker dislocation associated with corporate acquisition and takeovers and articulate an appropriate public policy in response.

Unfortunately, it is very difficult to target the worker dislocation caused by "corporate takeovers, buyouts, and other similar business ownership transfers," which is the charge of the Commission. The tracking system information sheet used by the Department of Jobs and Training asks dislocated workers if separation from employment was caused by a permanent plant or business closing, a large layoff, or a shutdown of a department or shift. Plant closings, large layoffs and partial shutdowns can result from other causes besides corporate takeovers, buyouts and similar business transactions, however. The tracking system now in use simply does not track the information the Commission needs to form an accurate conclusion about the extent of this problem.

The only information that is currently available is the number of WARN notices submitted to the Department of Jobs and Training. As previously stated, Federal law mandates that employers provide 60 days' advance notice of a plant closing that affects 50 or more employees at one site. From July 1, 1990 to February 28, 1991, there were fifteen WARN notices submitted to the Department of Jobs and Training that affected 1,357 employees.

Another important task of the Commission is to study the effects of worker displacement caused by publicly funded economic development. An example would be the Continental Baking Company plant in downtown Minneapolis. In 1987, to make way for the new Minneapolis Convention Center, the city paid Continental \$4.5 million for the bakery site. The Minneapolis Community Development Agency did not receive any assurances that the company would find an alternative site in the metropolitan area to relocate the bakery operation and preserve the 225 jobs that were lost because of its operations being phased out. Eventually, after much negotiation, 130 workers did get a severance package for their years of work.

This example illustrates the importance of an analysis of the employment impact of a public expenditure. Had such an analysis been required, in all likelihood, the jobs of the workers could have been secured. In the end, it was the city of Minneapolis which had to provide the workers with a substantial package of benefits including supplemental and extended unemployment, health care coverage and job training assistance.

The matter of making a company pay back publicly-funded economic development funds which have eventually caused worker displacement was discussed by the commission. This suggestion is not without precedent. On the national level, Amhoist Co. had to repay \$2.8 million of a \$4 million federal Urban Development Action Grant when it used the funds to transfer its crane manufacturing division from St. Paul to Wilmington, N.C. The Federal Urban Development Action Grant program specifically prohibits funds from being used for job transference; i.e. North Carolina could not use UDAG funds for Amhoist to build a facility and relocate them to St. Paul.

Similarly, a suit brought by the City of Duluth (and joined by the state Attorney General and a local union) against the Triangle Corporation resulted in a ruling affirming the prohibition against the transfer of equipment and machinery (and therefore, the jobs) purchased with the proceeds of Industrial Revenue Bonds.

Effects on Community

Regardless of the cause of dislocation, it is unarguably not simply a worker-business problem. Rather, it is an action affecting others in the community and has significant social and economic implications for families, Main Street businesses, social service networks and the community at large, including the state economy

and state budget.

In addition, the negative aspects of worker dislocation are not only economic in nature. A great deal has been written about the ancillary effects on workers' physical and emotional health as a result of permanent job loss. The stress of unemployment could be linked to the increased incidence of chemical use, physical abuse, divorce, and other destabilizing effects on workers and their families.

Rural plant closings are somewhat different than urban closings. Urban plants exist in a diversified economic base comprised of many industries. Although urban closings have a profound effect on their communities, a dislocation event has an even greater impact in a rural, isolated setting.

This Commission was made aware of the Minnesota Department of Trade and Economic Development programs that assist communities facing plant shutdowns. These include community based economic development programs, direct financial support programs, infrastructure programs, other business assistance programs, and technical assistance.

The Role of Business

There is consensus among members of the Commission that dislocation is a serious problem, and a matter deserving continued public policy attention in years to come. Significant examples of successful private initiatives by responsible corporate citizens were evident in the information presented to the Commission, and there is strong support for public policy options which do not chill such private endeavors to prevent or alleviate the problems of worker dislocation.

There are a number of good examples where public-private-union partnerships have done an exemplary job in helping their dislocated workers receive new training. This is particularly true in the case of the FMC/UAW partnership. FMC has had a long, cooperative relationship with the UAW and a corporate philosophy which recognizes responsibility for the welfare of its workers. Equally clear, however, is the fact that not all corporations and businesses share a good sense of community and civic responsibility in such matters. Some business transactions, while regarded as economically efficient, have drastic and painful consequences for workers and communities. Business and industry should be made aware of these consequences.

IV. WORTHWHILE INVESTMENT IN WORKERS AND COMMUNITIES

Current Resources spent on Dislocated Worker Programs

Dollars invested in programs to prevent dislocation and assist

dislocated workers and their communities to recover are worthwhile investments which provide a substantial return to the state. In recent years there have been serious efforts on the part of the state and federal governments to develop both proactive and reactive programs to address this problem. Statistics provided by the Department of Jobs and Training indicate that from July 1, 1989 to June 30, 1991, the following state and federal funds were spent on Dislocated Worker Programs:

EDWAAA Gov. Discretionary - \$3,657,074; 2,552 persons served
EDWAAA Formula Allocation - \$3,111,924; 4,026 persons served
EDWAAA National Discretionary - \$4,212,124; 2,605 persons served
State Funds - \$4,370,383 - 3,203 served. (This amount was borrowed in 1990 from the State Dislocated Workers fund. The new payroll tax began being collected in April, 1991.)

A listing of the grantees for each federal and state dislocated worker project, along with the dates, grant amounts and participants served for fiscal years 1989-91, can be found in the Appendix.

Benefits to Workers and the Economy

The Commission believes that in addition to the importance of assisting dislocated workers for their own sake, there is rationale for a Minnesota economic strategy which recognizes the value of human capital, and the significant asset which a skilled and trained work force presents. As the President's Commission on Industrial Competitiveness stated in its 1985 report, "A skilled, motivated and secure work force is prerequisite to realizing the dual goals of productivity and quality so crucial to maintaining competitive advantage." The Commission therefore affirms the value of worker dislocation prevention as an important strategy with far-reaching benefits for the state.

Prevention Measures

Because of the nature of our free-market economy, the problem of worker dislocation will not vanish. A key strategy question is the extent to which these resources can be channeled and applied in proactive ways to prevent dislocation. A strategy of retraining is certainly helpful for dislocated workers and Minnesota businesses, but a preventive strategy is highly preferable. It is both more economically efficient and humane in its approach.

The Need for a Qualified, Trained Workforce

The issue of potential future availability and reliability of a highly skilled and competent work force has become a major concern for business as well as economic developers. To the extent that worker dislocation represents a potential "brain drain," it also represents a threat to our state economy and a threat to the well-

being of the affected workers. The Minnesota work force is both a human and an economic resource that the Commission believes must be protected.

Social Costs

Additionally, dislocation has created certain other economic problems that the state must inevitably resolve. People who lose their jobs and are unable to become re-employed quickly have a greater chance of exhausting their unemployment insurance, as well as using other forms of public assistance such as Medical Assistance, food stamps and AFDC. These benefits are costly to taxpayers in the form of increased dollars out of the public budget, while the tax-paying burden is shared by a fewer number of wage earners. Thus, the demand for public services grows while the amount of revenue declines.

The Commission believes that the question of whether dislocated workers should receive services is not at issue. Dislocated workers who become long-term unemployed and poor will inevitably receive public services of some sort. The relevant questions are how dislocation can be prevented, and, when it is inevitable, how workers can most quickly, efficiently, and appropriately be assisted in becoming re-employed.

Recommendations:

The Commission's charge was to address the very real problems caused by worker dislocation with respect to corporate takeovers, buyouts, and other similar business ownership transfers. The Commission did its best to analyze the data it was given to address its mission. Because of a lack of adequate information, however, the Commission simply does not have the data needed to form an accurate conclusion about the extent of this specific problem. With these concerns in mind, the Dislocated Workers Commission makes the following recommendations. The order of these recommendations is not intended to assign priority. Equal weight and substance should be given to each recommendation.

Recommendation 1: The Departments of Jobs and Training and Trade and Economic Development should systematically compile detailed information on the cause and extent of worker dislocation that relates to corporate takeovers, buyouts and acquisitions. This information should be reported to the legislature.

One continuous obstacle to the development of meaningful public policy on this issue has been the lack of systematic data collection and coordination regarding the underlying causes of worker dislocation. Such information is critical to the development of appropriate public policy responses so that current efforts can be properly evaluated.

The Department of Jobs and Training is currently developing a system for counting and tracking dislocated workers as they apply for Unemployment Insurance benefits. This system should be supported and the data coordinated with WARN and other statewide program data within the Department as well as data within other state agencies such as the Department of Trade and Economic Development. The tracking system should be amended to detect if unemployment is due to a corporate takeover, buyout, or merger. Without this information, the Commission is lacking appropriate data needed to accomplish its mission. When this information has been obtained, it should be reported to the Minnesota legislature for further public policy consideration.

Recommendation 2: Existing public and private program initiatives that provide support and assistance to displaced workers should be reviewed, with the objective of combining and coordinating these efforts.

Although the Commission reviewed some of the existing public and private initiatives, time constraints did not allow for a comprehensive review. There is an undeniable need for greater coordination among private initiatives, state employment and training agencies, the state's vocational education system, and other institutions of higher learning. Too many agencies seem to be doing the same thing while overlooking areas most in need. New forms of linkages must be developed to combine and coordinate this wide array of existing programs.

Recommendation 3: Partnerships between governments, educational institutions, private employers and labor unions should be encouraged to jointly address the problems of dislocation.

Matching workers to programs and programs to needs is paramount in solving the problems of dislocation, and should be dealt with in a proactive, preventive perspective instead of a reactive, piece-meal fashion. The input of all the essential parties will be instrumental in formulating strategies to permit timely identification of possible dislocation and coordination of resources.

Recommendation 4: Businesses should be encouraged to hire dislocated workers. The Commission believes that strong coordination between the needs of businesses, communities and dislocated workers should be a prerequisite for the recipient of public economic development assistance dollars.

The Minnesota Jobs Skills Partnership is a good example of how such coordination can occur. Created in 1984, the purpose of the Partnership is to create just-in-time partnerships between business, education and government that prepare Minnesotans for new economic opportunities. Its philosophy is that skills development is both a prevention and preparation strategy, helping workers

achieve skills which may allow them to escape dislocation by providing them with needed job markets skills in the event a dislocation does occur. A major aim of the Partnership is to aid businesses that are experiencing skills shortages. Grants are provided only if one or more Minnesota companies make a commitment to the actual implementation of the training. Participating companies must also make a matching contribution in the form of funding, loaned equipment, or faculty. The Partnership Board, consisting of representatives from business, labor, education and government, has approved 46 operational grants, 35 of which were in Greater Minnesota, equalling over \$8 million. Most grants (33) have involved manufacturing businesses, especially high tech companies (16). Other businesses have included: agriculture-related (6); financial institutions (4); health related industries (7); and other types (10). Total proposed trainees for the 46 grants is around 7,023. Of the 21 completed projects, approximately 2,900 persons have either gained or maintained employment. Overall the placement and retention rate is 115% of projections.

The Printing Industry of Minnesota has established its own training programs for dislocated workers from other industries. Since 1989, the printing industry has been developing an education program whose purpose is to take dislocated workers through an intensive training program to create an interest within them to pursue a career in printing. Hennepin Technical College Graphic Arts instructors provided instruction. So far, the test program has been viewed as an unqualified success. Similar ventures by other industries are strongly encouraged.

Recommendation 5: Minnesota should develop a system for effectively identifying vulnerable industries and occupations so as to more appropriately and effectively marshal its economic development and other resources.

Such a prevention strategy can take a variety of forms. For example, Minnesota economic development strategies should include measures for identifying businesses or industries vulnerable to competitive advantage as a result of changing work force skill requirements, and implementation of programs to eliminate these disadvantages. In the past year, with the help of grant money from the U.S. Department of Labor, the Department of Jobs and Training developed a system that strove to predict plant closings and mass layoffs. The early warning system was to identify industries and occupations at risk for cutbacks. This system, if found to be helpful, should be continued.

Greater cooperation between the Department of Jobs and Training and the Department of Trade and Economic Development in formulating these strategies is encouraged.

Recommendation 6: Educational institutions should be required to

take steps to ensure that their general course offerings provide skill training for which there is future demand.

Whether by means of incentives or through direct program offerings, public policy should promote the continued training and re-training of workers. This policy should include increased sensitivity on the part of post-secondary institutions to the needs of dislocated, and potentially-dislocated workers as a part of a genuine commitment to life-long learning. It also requires a public recognition of, and investment in, the need for modern technology, equipment, and trained faculty in the program offerings of Minnesota's post-secondary educational system. It would also be helpful to start a program when it is immediately needed by a working group, instead of waiting until a new semester starts.

At the same time, the state post-secondary system must be held accountable to provide training that meets employer's needs. Good labor market data and analysis is an important prerequisite for good decision-making on course offerings, and adequate resources should be made available for this purpose. Once such resources are in place, the post-secondary system should not be permitted to offer training in outmoded techniques or occupations, and should be strongly encouraged to offer training in skills for which there is strong labor market demand.

Recommendation 7: Utilization of Minnesota's Pre-Feasibility Study Grant Program should be encouraged.

Minnesota's Prefeasibility Study Grant Program is a good example of an inexpensive way for the state to take a proactive position that may prevent dislocation. The program provides small grants to workers, communities or other interested parties to pay for a quick, rough analysis indicating possible courses of action to save a firm that has been slated for closure. This program was recommended by the 1988-89 Commission, and funded with both state and federal funds. Since its inception, only five prefeasibility grants have been awarded. The Department of Jobs and Training should be directed to encourage use of this program.

Recommendation 8: Federal discretionary grant dollars for dislocated worker projects should be actively pursued.

The U.S. Secretary of Labor has a reserve of EDWAAA funds available to assist dislocated workers in areas of greatest need. The process to receive these funds is a competitive one. A proposal is written, either at the local or state level, is approved by the Minnesota State Programs Committee and then is prepared by the State Job Training Office for submittal to the U.S. Department of Labor. The Department of Labor then evaluates and selects for funding applications based on the specific selection criteria assembled.

The Department of Labor notifies the Governor of its decision. If a favorable decision is made, a notice of obligation is sent to the State Job Training Office by the Department of Labor. With this notice, the State Job Training Office then prepares a contract with the administrative entity that assisted in the development of the proposal. The contract provides the terms and conditions for the provision of services to the specific dislocated workers.

Since 1984, federal discretionary funding has fluctuated from a low of \$200,000 in 1984 to a high of \$3,417,511 in 1990. In fiscal year 1991 (which will end on June 30, 1991) two grants totaling \$513,564 have been funded. Two other applications totalling \$2,332,939 are pending.

The State Jobs and Training Department should continue to aggressively pursue these federal resources for dislocated worker programs, since these funds are available and can be readily obtained with the current state workforce.

Recommendation 9: Communities and the state should have the ability to recover economic development grants from corporations which close their facilities within a specified period of time after receipt when those economic development funds result in worker dislocation.

Public policy in general and public economic development funds in particular should specifically prohibit such funds from being used to eliminate jobs or shift production elsewhere. Further, if state or local economic development funds were given to a business and subsequently the business closes its facility and worker dislocation results, these funds should be returned to the issuing agency. A precedent can be found in federal law which states that federal Urban Development Action Grants may be repaid if used improperly.

Recommendation 10: Local units of government should be required to conduct a jobs impact analysis when economic development would result in the loss of current employment.

The Commission believes that any city or other governmental unit that provides public money for a development project which results in job loss should be first required to prepare a Job Impact Statement. The statement will be distributed to interested parties, including the affected workforce and their unions, if any, prior to a public hearing on the project. In this way, impact on employment will be known, the expenditures of public dollars will be monitored, and the public will have a record -- in advance -- of how their tax dollars will eliminate employment.

Recommendation 11: An employment impact study should be required in the event of a proposed corporate transfer of ownership.

Economic dislocation which directly results from corporate transfers of ownership -- takeovers, mergers and leveraged buyouts -- are particularly disruptive because displacement is often unrelated to market conditions or economic decline. There may be an increased demand for social services, a lower tax base, and lost public investment.

In order to mitigate the effects of such ownership transfers, the Commission believes that the corporation initiating the takeover/merger should prepare an employment impact study which would detail the anticipated dislocation. This will alert the community to possible job loss and the impact this loss will have on public institutions. It is not the intent of the Commission that this recommendation should hinder commerce or be construed as a prohibition against such corporate transfers. The Commission believes this employment impact study should be a good faith effort generated for short and long range community planning purposes, using the best information which is currently available.

Recommendation 12: Businesses should be encouraged to formulate adequate severance plans, including wage continuation and extended health benefits, for their workforce, if a plant closing is unavoidable.

The disruptive effects of plant closings have been discussed extensively in this study and many others. The Commission believes it is only prudent to strongly encourage businesses to provide their own severance plans which include wage continuation plans and extended health benefits for their entire workforce. These severance plans may also include retraining, support services, and education. In many companies, these plans are already in place, through contract or other work agreements. These plans will help cushion the impact of job loss on the worker, his/her family, the community, and the state.

VII. CONCLUSION

The charge of this Commission was to study and make legislative recommendations regarding worker dislocation caused by corporate takeovers, buy-outs and other similar business ownership transfers and publicly funded economic development. The Commission agrees that there are many dislocated workers in Minnesota today. Unfortunately, the exact number and cause of dislocation cannot be ascertained because accurate data is simply not available at this time. When Phase II and Phase III of the Worker Dislocation Identification and Tracking system become operational, there will be a clearer picture as to the extent of the problem. In the meantime, the Commission hopes that its recommendations will be a blueprint for future legislation.

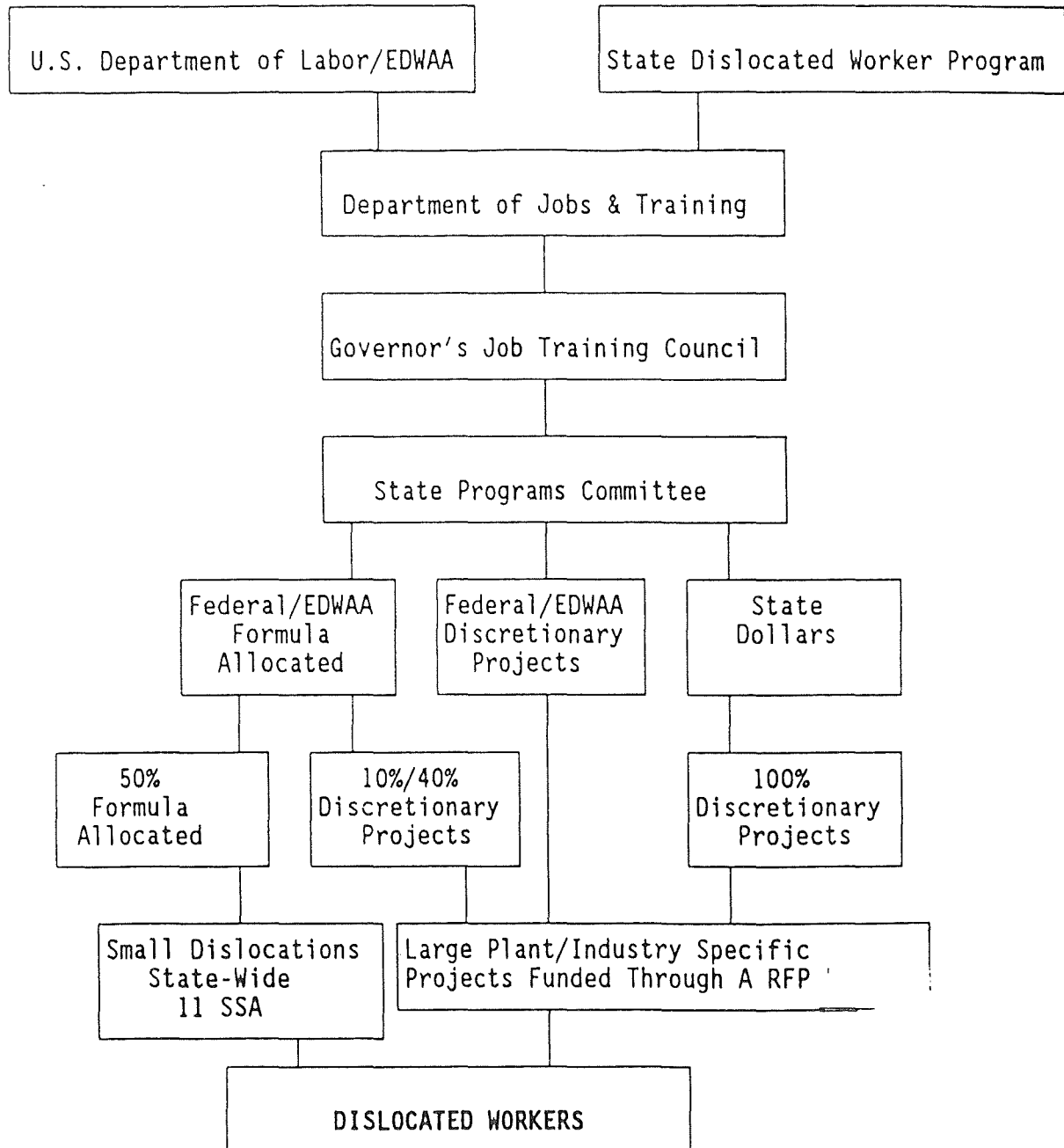
The Commission is cognizant that it has not met its statutory deadline of February 1, 1991. This was due to a lack of adequate

information, the loss of its chair because of his acceptance of another position in another state, and other factors over which the Commission had no control.

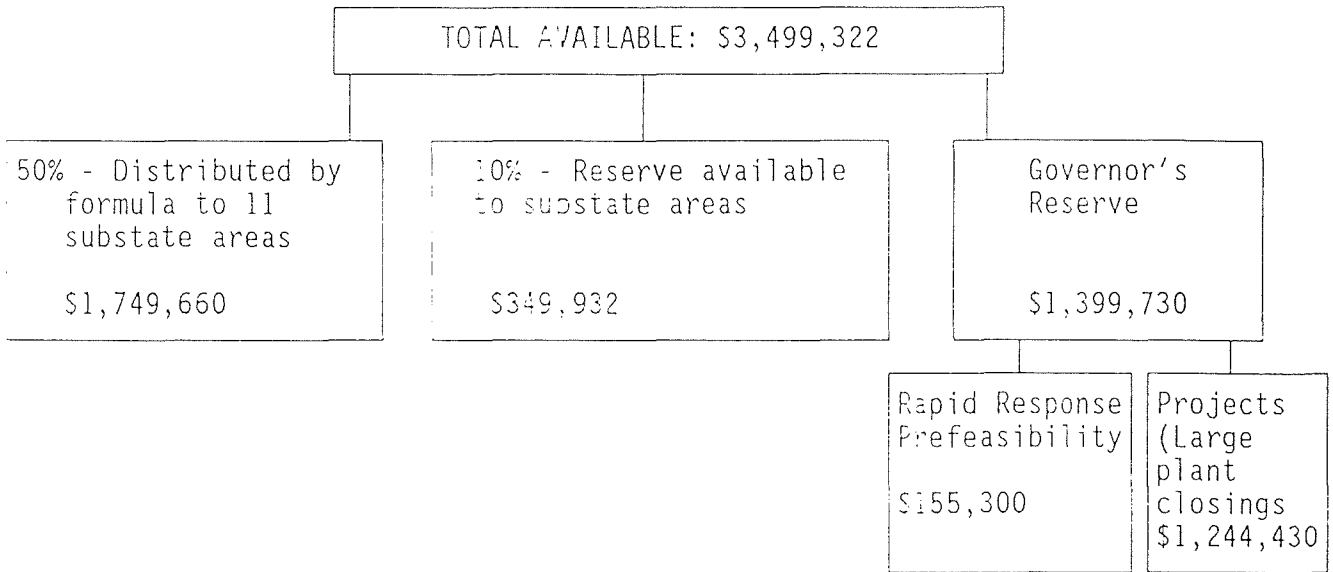
VIII. APPENDICES

- I - Minnesota's Dislocated Worker Programs
- II - PY 1990 EDWAA Funding
- III - Large Events - 50 persons or more
- IV - Smaller Events - less than 50 persons
- V - EDWAAA - State
- VI - Matrix of Services Available to Dislocated Workers
- VII - Program Comparisons
- VIII - PY 1989-1990 Dislocated Worker Projects, 7/1/89 - 6/30/91
- XI - Executive Summary, the Governor's Commission on Economic Dislocation

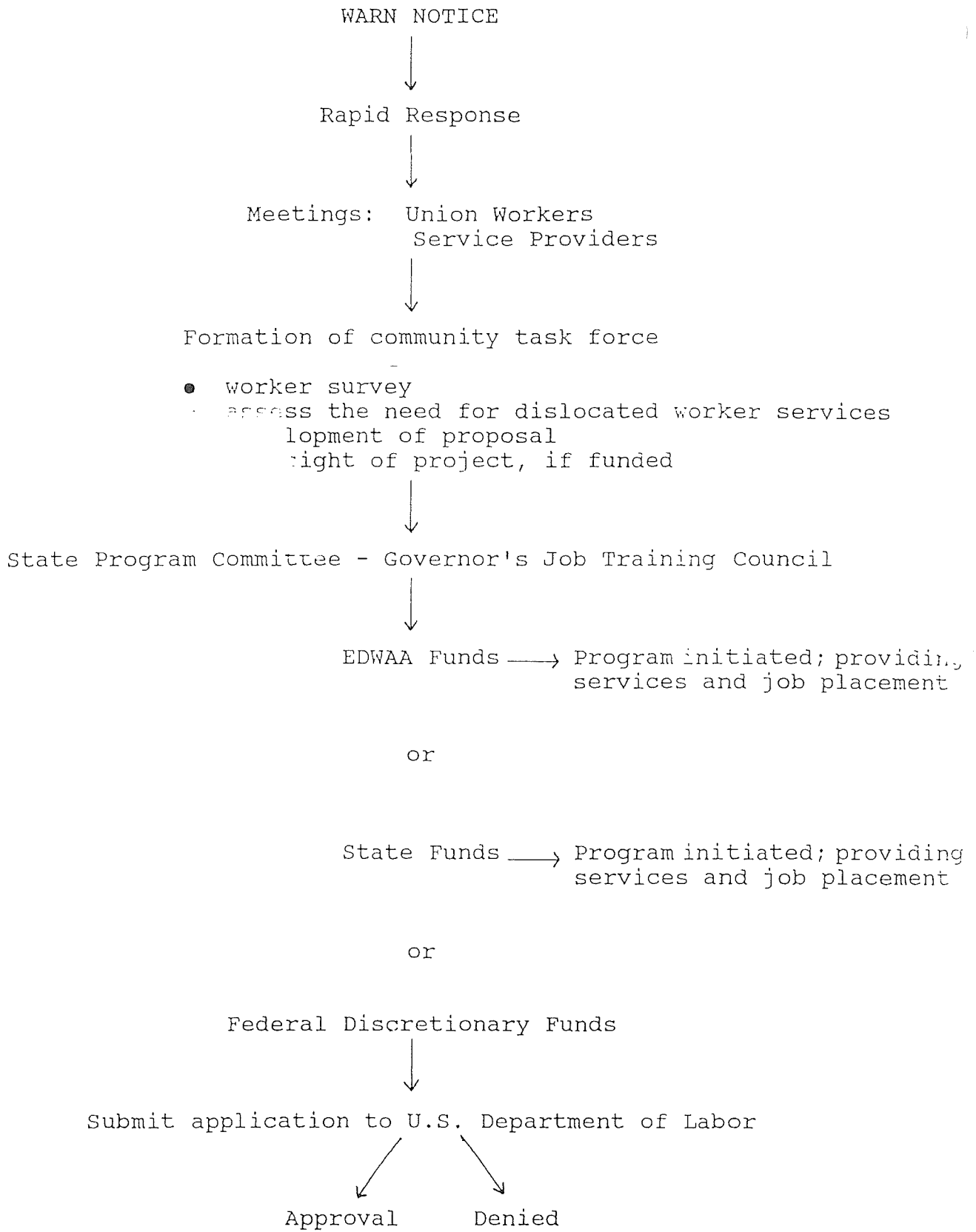
MINNESOTA'S DISLOCATED WORKER PROGRAMS



PY 1990 EDWAA FUNDING



Large Events - 50 persons or more

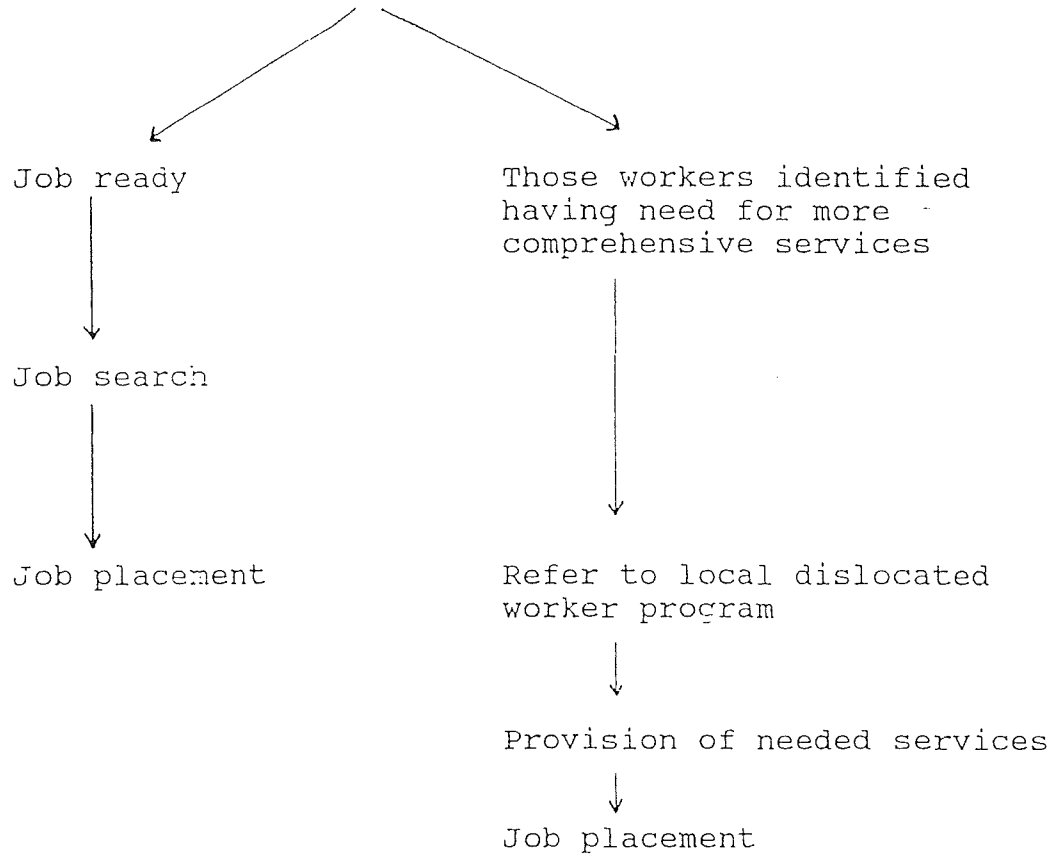


Program initiated
providing services
and job placement

Smaller Events - less than 50 persons.

Job Service/UI

o Initial UI claims



EDWAA

STATE

Formula State Federal
 Discretionary Discretionary

Target Groups

Plant closings
Permanent mass layoffs
Long term unemployed
Farmers
Self employed

**

**

Target Groups

Plant closings
Permanent mass layoff

TRADE ADJUSTMENT ASSISTANCE ACT

Target Groups

Layoffs due directly to impact
of foreign trade

** Focused on events involving 50 or more persons who are state residents.

MATRIX OF SERVICES AVAILABLE
TO DISLOCATED WORKERS

SERVICE	EDWAA	STATE FUNDS	TAA/TRA	JOB SERVICE & UI	STATE JOB TRAINING OFFICE
Assessment	X	X		X	X
Counseling Testing	X	X		X	X
Job Seeking Skills	X	X		X	X
Job Development & Placement	X	X		X	X
Classroom Training	X	X	X		X
OJT	X	X	X		X
Support Services	X	X		X	X
Stipends/Income Supp.	X(1)	X(1)	X(2)	X	
Relocation	X	X	X		
Re-employment Services	X	X		X	X
Job Search Allowances			X		
Subsistence			X(3)		
Transportation			X(4)		
Adult Basic Education/ GED	X	X	X	X	X

- (1) The EDWAA and State funded programs could provide stipends; however, funding has not permitted such payments.
- (2) When client has exhausted regular UI benefits, TRA benefits for those found eligible are available for another 26 weeks and if they are in classroom training could receive an additional 26 weeks.
- (3) For those students enrolled in classroom training at a school away from home and requiring of a second residence.
- (4) Transportation allowances are available to those who are enrolled in classroom training and are commuting over 35 miles to school. This is in lieu of subsistence allowances.

TAA/TRA: Program is available to those workers, whose jobs were lost directly as a result of foreign trade, and have been certified by U.S.D.O.L as eligible.

STATE JOB TRAINING: Participants must meet federal "disadvantaged" criteria.

Source: Minnesota Department of Jobs and Training

Program Comparisons

3/19/91

Economic Dislocation and Worker Adjustment Assistance Act (EDWAA)
 Trade Adjustment Assistance Act (TAA)-Trade Readjustment Allowances (TRA)
 Unemployment Insurance (UI)

	EDWAA	TAA/TRA	STATE JOB TRAINING OFFICE (not inc. EDWAA)	UI & JOB SERVICE OPERATIONS	STATE FUNDED DISLOCATED WORKER PROGRAM	
Funding	State FY 1990- \$2,728,170 (fed. formula funds) \$3,417,511 (fed discretionary grants) State FY 1991- \$3,499,322 (fed. formula funds) \$513,564+ (fed discretionary grants)	\$1,200,000	1990 Subgrant & Client Payments \$44,077,190	1990 \$40,514,432 (From FUTA)	90-91 \$6M 92-93 \$13.5 (est.)	
Source: MN Department of Jobs and Training	Eligibility	A. Mass layoff; unlikely to return to former job or industry B. Plant or facility closure C. Long term unemployed & have limited re-employment oppor. in same or similar occupation, inc. older individuals. D. Self-employed, farmers.	Only those workers whose jobs have been determined to be directly impacted by foreign trade	Must meet "disadvantaged" criteria established per federal guidelines. Also serves disadvantaged youth.	Generally, anyone who worked in MN is covered by UI. If person loses job through no fault of their own, are eligible for UI. \$354,973,102 in trust fund by paid by employer payroll tax, based on experience rating	A. Mass Layoff unlikely to return to former job or industry. B. Plant closure. C. State resident. D. 50 person threshold (can be waived).
	Number Served	FY 90-91 8,866	TAA - 600 TRA - 275	12,123 adults & 6,652 youths over 14	162,000	2,117
	Services	Services tailored to indiv. needs. Includes assessment & counseling, on-the-job training, classroom training, support services, job-seeking skills, job placement.	Basic weekly benefits (after UI is exhausted); income support while in approved training; tuition, etc.	Assessment & career counseling, on the job training, job search assistance & placement, basic education, classroom training, work experience & supportive services Education to upgrade basic skills. Employers reimbursed for training costs	Direct cash payments; in addition, vocational counseling, career-change seminars, out-of-the-area job search and relocation allowances.	Same as column one EDWAA

GRANTEE	GRANTEE LOCATION	COMPANY	COMPANY LOCATION	LEGISLATIVE DISTRICT	DATES	TOTAL ALLOCATION			TOTAL PARTICIPANTS					
						EDWAAA GOV.DISCR.	EDWAAA FORMULA	EDWAAA NATL.DISCR.	STATE FUNDS	EDWAAA GOV.DISCR.	EDWAAA FORMULA	EDWAAA NATL.DISCR.	STATE FUNDS	
EMPLOYMENT ACTION CENTER	St. Louis Park	Ideal Security Hardware	St.Paul/Roseville	65A	07/01/89 to 07/31/90			\$261,000					174	
JOB SERVICE-ST.CLOUD	St.Cloud	Animal Fair	St.Cloud/Eden Valley	15A/16A	07/01/89 to 07/31/90			\$27,700					23	
MINNEAPOLIS, CITY	Minneapolis	Sears	Minneapolis	60A	01/09/90 to 01/31/91			\$462,000					300	
HENNEPIN COUNTY	Hennepin Co.	Computer & Telecomm.	Metro Area		03/01/90 to 07/31/91			\$1,000,000					621	
SOUTHEAST MN PIC	Rochester	Farmstead Foods	Albert Lea	31A	06/08/90 to 06/30/91			\$591,000					500	
HENNEPIN COUNTY	Hennepin Co.	Computer & Telecomm.	Metro Area		06/29/90 to 09/30/91			\$492,750					400	
JOB SERVICE-ST.CLOUD	St.Cloud	Fingerhut	St.Cloud	15A/16A	06/29/90 to 06/30/91			\$246,305					201	
SOUTHWEST MN PIC	Marshall	SanbornFluid/Young America	Marshall	27A	06/29/90 to 06/30/91			\$197,000					100	
SOUTHWEST MN PIC	Marshall	Dislocated Farmer	SW Minn.		06/29/90 to 09/30/91			\$428,456					100	
TEAMSTER SERVICE BUREAU	Minneapolis	United Hardware	Plymouth	48A	03/04/91 to 08/31/92			\$232,871					81	
ST. PAUL, CITY	St. Paul	Taystee Bakery	St. Paul	65B	03/28/91 to 03/31/92			\$273,042					105	
SSA#1-RURAL MN CEP	Detroit Lakes	Formula Allocation-PY89			07/01/89 to 06/30/90		\$173,238						226	
SSA#2-NE MN JOB TRNG	Virginia	Formula Allocation-PY89			07/01/89 to 06/30/90		\$169,146						468	
SSA#3-SW MN PIC	Marshall	Formula Allocation-PY89			07/01/89 to 06/30/90		\$217,023						475	
SSA#4-SC MN PIC	Mankato	Formula Allocation-PY89			07/01/89 to 06/30/90		\$88,800						95	
SSA#5-WINONA COUNTY	Winona	Formula Allocation-PY89			07/01/89 to 06/30/90		\$84,847						178	
SSA#6-HENNEPIN COUNTY	Hennepin Co.	Formula Allocation-PY89			07/01/89 to 06/30/90		\$175,283						215	
SSA#7-MINNEAPOLIS, CITY	Minneapolis	Formula Allocation-PY89			07/01/89 to 06/30/90		\$143,325						151	
SSA#8-ST.PAUL, CITY	St.Paul	Formula Allocation-PY89			07/01/89 to 06/30/90		\$133,815						158	
SSA#9-ANOKA COUNTY	Anoka Co.	Formula Allocation-PY89			07/01/89 to 06/30/90		\$47,197						62	
SSA#10-DAKOTA COUNTY	Dakota Co.	Formula Allocation-PY89			07/01/89 to 06/30/90		\$51,836						86	
SSA#11-RAMSEY COUNTY	Maplewood	Formula Allocation-PY89			07/01/89 to 06/30/90		\$77,754						186	
SSA#1-RURAL MN CEP	Detroit Lakes	Formula Allocation-PY90			07/01/90 to 06/30/91		\$231,578						132	
SSA#2-NE MN JOB TRNG	Virginia	Formula Allocation-PY90			07/01/90 to 06/30/91		\$91,254						75	
SSA#3-SW MN PIC	Marshall	Formula Allocation-PY90			07/01/90 to 06/30/91		\$279,332						200	
SSA#4-SC MN PIC	Mankato	Formula Allocation-PY90			07/01/90 to 06/30/91		\$84,014						68	
SSA#5-WINONA COUNTY	Winona	Formula Allocation-PY90			07/01/90 to 06/30/91		\$136,322						264	
SSA#6-HENNEPIN COUNTY	Hennepin Co.	Formula Allocation-PY90			07/01/90 to 06/30/91		\$237,070						240	
SSA#7-MINNEAPOLIS, CITY	Minneapolis	Formula Allocation-PY90			07/01/90 to 06/30/91		\$178,840						140	
SSA#8-ST.PAUL, CITY	St.Paul	Formula Allocation-PY90			07/01/90 to 06/30/91		\$265,817						225	
SSA#9-ANOKA COUNTY	Anoka Co.	Formula Allocation-PY90			07/01/90 to 06/30/91		\$78,000						50	
SSA#10-DAKOTA COUNTY	Dakota Co.	Formula Allocation-PY90			07/01/90 to 06/30/91		\$77,071						90	
SSA#11-RAMSEY COUNTY	Maplewood	Formula Allocation-PY90			07/01/90 to 06/30/91		\$90,362						242	
TOTAL						\$3,657,074	\$3,111,924	\$4,212,124	\$4,370,383	2552	4028	2605	3023	

06/20/91
LEGREQ

- * Total participants are the actual number served for projects that have ended and planned service levels for projects that are currently in operation.
- Total participants may include some concurrent enrollment among the funding sources.
- (F) Indicates final expenditures for the program.

Prepared by:
Minnesota Department of Jobs and Training
State Job Training Office
Dislocated Worker Unit

EXECUTIVE SUMMARY

After many months of meetings, public hearings and careful study, the Commission makes the following recommendations:

- The state should appropriate \$1 million per year to replace reduced Federal JTPA Title III funds to be used at the state level to respond to dislocated workers as defined in this report who lose their jobs through no fault of their own due to plant closings and mass layoffs.
- Participants enrolled in the state-funded program should be eligible to receive UI benefits while enrolled in approved training, as do those in the federally funded dislocated worker program.
- The state should appropriate \$100,000 per biennium to fund prefeasibility studies that could be conducted by communities in the event of a plant closing to explore possible alternatives to the closing that might save jobs.
- Assistance and programs offered by state agencies and providers should be more effectively coordinated in order to provide one-stop services to dislocated workers.
- Performance standards should be established for the state-funded dislocated worker program (these may be different from the federal performance standards).
- The Department of Jobs and Training should develop models of early warning systems to anticipate plant closings to allow for early intervention.
- Federal EDWAA funds must be obligated prior to obligating state funds.
- Greater flexibility in scheduling, curriculum design and financial aids in basic and higher education for dislocated workers should be pursued.
- The Legislature should grant the Department of Jobs and Training statutory authority to enter directly into approved contracts to serve dislocated workers without time-consuming delays that impede a rapid response.

The Governor's Commission on Economic Dislocation

March, 1989

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