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4. Services to Workers Facing Plant Shutdowns: California and Canada

by Gary B. Hansen

Introduction

During the past decade some fundamental economic changes have occurred in the United States and other industrialised nations which resulted in a dramatic increase in the numbers of plant closings and major permanent workforce reductions in firms and industries. Some of the reasons for these economic changes are: the restructuring of several major basic industries; intense foreign competition; lagging or declining growth rates in some industries; the modernisation of production through labour-saving technologies; poor management; a lack of sufficient investment; and shifts in growth away from basic industries and into energy, high technology and service sectors.

Local, state, and national governments in the United States and elsewhere have responded to the threat of plant closings and permanent layoffs in a variety of ways. Governmental responses have ranged from active intervention and negotiation — offering financial and technical assistance, mobilising community resources, and providing organisational support and leadership — to indifference, hand wringing, threats of legal action, and passage of legislation.

Two organisational approaches adopted by governmental entities in California and Canada for delivering technical assistance to workers, employers, and communities facing major layoffs and plant shutdowns are noteworthy examples which provide insights and ideas to help other states and communities develop their own responses to this important social problem.

The primary objective of the California and Canadian systems is similar — to reduce the trauma of displacement on affected workers by facilitating their reemployment. However, the organisational framework and techniques used to accomplish this objective are somewhat different. The remainder of this paper briefly outlines the essential features of the two systems, discusses their operations, and identifies some lessons which have been learned.

In California the public sector responded at the state level to a dramatic rise in plant closings by setting up the California Economic Adjustment Team (CEAT), a specialised organisation to co-ordinate the delivery of services by state agencies to dislocated workers. In Canada the response to plant closings occurred at the national (federal) level and led to the creation of the Manpower Consultative Service (MCS) which provides technical assistance to employers and workers at the plant and community level.

The Canadian MCS has been operational since 1963. Its success has led to a subsequent expansion of its role and functions. The California CEAT system was operational from 1981 to 1983. The passage of the national Job Training Partnership Act in 1982 led to the restructuring and decentralisation of governmental services from the federal level to the state and local levels for economically disadvantaged workers and included a new title covering dislocated workers. As a result CEAT was phased out at the end of 1983.

The California Economic Adjustment Team

History

In September 1980 the Governor of California responded to an increase in plant shutdowns in the state by establishing a task force comprised of members of his office, the directors of the Employment Development Department (EDD), Department of Economic and Business Development (DEBD), and the Department of Industrial Relations (DIR) to analyse policy options and make recommendations regarding state actions which could be taken to deal with the phenomenon of plant closures. The Ad Hoc Task Force on Plant Closures issued their report in December 1980. In it they concluded that the effects of shutdowns might be minimised if the agencies pooled their expertise and resources whenever possible and recommended that the directors of their respective departments plus the director of the Office of Planning and Research (OPR) should form the California Economic Adjustment Team (CEAT) as a voluntary body to deal with plant closings in the state[1].

The Task Force recommendation was accepted by the Governor. In March 1981 CEAT came into existence through an executive order. During the 1981-82 legislative session the state legislature put CEAT's existence into law by passing Senate Bill 1109[2]. The new law mandated CEAT and expanded the membership to include the director of the State Department of Education (SDE) and Chancellor of Community Colleges (COCC). Passage of a companion bill, Senate Bill 1118, required EDD to provide retraining, re-employment, and supportive services to displaced workers in the state and allocated \$1.8 million for twenty-two dislocated worker assistance projects[3]. A third bill, Senate Bill 1116, provided for the State Department of Transportation to provide for or assist in providing demonstration projects to furnish worker-pooling transportation services for displaced workers[4].

Other departments of state government, such as Agriculture, became involved with CEAT in specific state/local assistance efforts, and in early 1982 the Health and Human Services Agency initiated a programme to complement the efforts of CEAT.

Objectives

The objectives of CEAT, as stated in the legislation creating it, were to provide overall co-ordination and communication among state agencies when dealing with plant closings. This included:

- (1) assisting local communities in the planning and implementation of effective response actions;
- (2) assessing future employment and economic trends within the industrial, commercial and agricultural sector; and
- (3) recommending approaches and, when necessary, legislation to
 - (a) minimise harmful consequences of plant closures,
 - (b) promote rapid re-employment of workers, and
 - (c) revitalise the economy of affected communities.

In addition to developing programmes for dislocated workers, CEAT was charged with anticipating and forestalling plant closures or bringing another business into the community to replace the one that was failing[5].

Organisation

The CEAT organisation was made up of three basic components or levels:

- (1) At the highest level the CEAT consisted of the directors of the EDD, DEBD, DIR, OPR, SDE, and COCC, most of whom were political appointees of the Governor. This group was the policy-making and overseeing body. They met on a monthly basis to assess needs, determine policy, and approve projects. CEAT was chaired by the director of the Department of Economic and Business Development (DEBD).
- (2) The CEAT co-ordinating group was made up of second-level professional staff from the member state agencies. They were the agency staff people who "did the work". They met on a monthly basis to review and implement policy directives, consider organisational problems and issues, assign operational responsibilities and co-ordinate agency responses to specific projects.
- (3) The third component of the CEAT was the operational unit, designated as the "Business and Interagency Program Unit" (BIPU). This group of eight to ten persons constituted the field staff who worked with communities and employers to provide on-site assistance in organising and implementing appropriate responses to specific plant-closing projects. The CEAT operational unit was managed by EDD and was physically located in the State EDD offices in Sacramento, but the staff spent much of their time in the field.

The CEAT Process

The basic process through which the CEAT carried out its stated mission consisted of four steps:

- (1) Members of CEAT learned of impending plant closures through voluntary notification from firms or through monitoring mechanisms within their respective agencies. For example, the DEBD monitored high-risk industries and the EDD had a network of field offices which kept in close touch with their local service areas.
- (2) Once information about a closure was received, the CEAT co-ordinating group assessed the nature and size of the problem: did it require the involvement of the entire team or could it be handled independently by EDD field offices? The rule of thumb was that CEAT became involved if the closure affected 1,000 or more workers or if a significant portion of a community's labour force was affected.
- (3) Once notified, a CEAT BIPU field representative contacted the local employer and community leaders and urged them to form a co-ordinating committee comprised of representatives from state agencies, the employer, the union representing the workers, and the community. After the local co-ordinating committee was formed it designed a readjustment plan tailored to the specific circumstances of the situation. The CEAT representative provided technical assistance to the local co-ordinating committee.
- (4) The agencies represented on CEAT developed and implemented specific parts of the plan according to their expertise. The centrepiece of most projects was the re-employment centre. EDD staff usually took the lead and helped set up and operate a dislocated worker re-employment centre, developed jobs for

the workers, and looked for retraining opportunities. The costs of operating the centres were paid for out of the \$1.8 million fund allocated to EDD in SB 1118 for this purpose. The DEBD considered alternatives to closing the plant such as worker ownership, finding a new buyer, finding a new business to occupy the facility, or assisting in designing an economic development strategy for the community. The SDE and COCC assessed the need for basic education and training and arranged for education and retraining courses[6].

CEAT Programme Delivery Approaches

Although the readjustment programmes CEAT developed were tailored to the needs of the affected community, firm, and workers involved, there were three basic programme models or formats through which the services were delivered: the employer-EDD model, Joint Employer-Union Model, and the Community model[7]. In addition to the three basic models, some projects encompassed other permutations, e.g. union-local Job Service Field Office, individual Job Service Field Office, church-labour-EDD partnerships, and a regional approach. Several of the projects metamorphosed from one type of model to another in the course of their lifetimes.

Employer-EDD Model: This was probably the approach CEAT used most often. When a plant closure or layoff was imminent, the affected employer contacted CEAT or was contacted by CEAT to discuss the situation and lay out alternative approaches and possible services that could be provided by state agencies. Employer attitudes toward and involvement with CEAT varied, ranging from suspicious and openly hostile to co-operative and willing to participate. In some cases agreement was reached between EDD and the employer to open a re-employment centre prior to the closure, but usually the centre opened at the time of closure. Some employers agreed to provide facilities on site for the centre; in other cases it was necessary to use nearby public or rented facilities. Usually the re-employment centre was staffed by EDD personnel, although in some cases employers provided resources or personnel to assist, and most centres were operated by EDD. Services such as orientation and assessment, filling out applications, job search skill training, and job development and placement were provided at the centre. In some cases education or retraining courses were arranged with educational providers.

Examples of closures in California utilising the Employer-EDD model include the General Electric flatiron plant in Ontario in February 1982; Max Factor and Company in Hawthorne in October 1982; the Spreckels Sugar Company in Salinas in July 1982; and the Kaiser Steel plant in Fontana beginning in March 1982.

Joint Employer-Union Model: In this model the affected employer and union organisation representing the displaced workers spearheaded the worker adjustment programme and played the primary role in the early planning phases and in the establishment and operation of an on-site employment and retraining centre. The affected firm and union worked closely with CEAT to provide services to the displaced workers. Financial and in-kind contributions by employers were used to help develop and staff the dislocated worker re-employment centre. EDD and other state agencies also provided resources and staff to help deliver the services. The workers received counselling, skills assessment, job search, vocational training, and re-employment assistance. Sometimes the company helped develop jobs for its former employees.

The UAW-Ford labour-management committee approach to the Ford San Jose Assembly Plant closure in Milpitas, California (which was announced 18 November 1982 and occurred 20 May 1983) was an example of the joint employee-union model. The company and union took the lead by organising a joint labour-management committee to direct the programme with initial support and assistance from CEAT. This committee ran the re-employment centre and participated directly with a number of state and local agencies in arranging for and delivering needed services[8].

Community Model: If the employer refused to co-operate or help provide readjustment services or the situation warranted a broader-based approach (e.g. when several firms in the community were closing or experiencing major layoffs), the community-based approach was used. Local elected officials were asked by CEAT staff to set up a task force or committee comprised of representatives from government, labour, business, and community social service agencies. The task force mobilised available resources to provide services to the dislocated workers. CEAT oversaw the work of the task force, and the re-employment centres were established and operated by EDD or through a partnership or some combination of public agencies.

Examples of the use of a community-based approach in California include the closure of thirteen Fed Mart Stores and a Bumble Bee Tuna plant in San Diego County in June 1982; the closure of the Mack Truck plant in Hayward in April 1981; the General Motors Assembly Plant phaseout at Fremont beginning in October 1981; and the closure of the Libbey-Owens Ford Glass Company in Lathrop in February 1982.

CEAT Guiding Principles

Several guiding principles emerged from CEAT's efforts in dealing with plant closings in California. These include:

- (1) The establishment of dislocated worker re-employment centres as the focus of activity and services. Once established, the centres offered a variety of services, including personal and financial counselling, skills assessment, job search training, job development, and, in some cases, retraining opportunities. On the basis of their experience in running the centres EDD staff concluded that they should be opened as soon as possible when a plant shutdown was announced and be located on the premises of the closing firm. If the latter was not possible, the centre should be set up in a nearby location.
- (2) The primary emphasis was on re-employment. Assessment of workers' skills and abilities and the development of retraining for new careers were not the primary focus. The staff of the centres placed greater emphasis on teaching job search skills, encouraging job search, job development, and job placement rather than encouraging education and retraining for career change. (The Ford-UAW approach used in San Jose was a notable exception to this concept. Career change, education, and training were paramount concerns in that project — arising out of the provisions of the 1982 UAW-Ford national collective bargaining agreement.)
- (3) Employers were encouraged to voluntarily notify the CEAT or another state agency as early as possible of their intentions to close a plant. It was learned that overnight announcements and abrupt shutdowns by an employer severely limited planning and the effectiveness of the dislocated worker re-employment centre. Thus, publicity and other efforts were directed at employers to show them that it was in their interest to co-operate.

- (4) Transitioning workers to new jobs in the shortest time and in the most economical way for EDD and the public providers of resources were also CEAT objectives. This was a corollary to the second point. Generally, CEAT-sponsored projects lasted from three months to two years in length, with six months being the average length of time[9].

Results of CEAT after Three Years

The legislation giving CEAT statutory authority and the companion legislation giving EDD resources to provide services to dislocated workers in projects under the CEAT umbrella required that an evaluation of the programme be made. This evaluation was carried out by the Program and Systems Analysis Division of EDD which made site visits from April to June 1983 to eleven of the projects undertaken and completed its report on all twenty-two projects on 1 November 1983. The internal evaluation catalogued the positive outcomes of the CEAT system, identified several problems, and concluded with some recommendations for the future[10].

Outcomes of the CEAT System:

- (1) There was a comprehensive co-ordination effort among the various departments participating in CEAT. CEAT was an effective way to implement statewide displaced worker programme planning and co-ordination efforts. During the period reviewed:
 - EDD established 22 displaced worker relocation centres
 - Community colleges established criteria for displaced worker retraining programmes and allocated funds for new or expanded worksite training programmes
 - The State Department of Education budgeted a total of \$3.6 million in job retraining funds for dislocated workers
 - The Department of Industrial Relations served as liaison between CEAT and labour organisations
 - The Department of Economic and Business Development responded by providing a variety of services:
 - working with new businesses interested in locating in California
 - attracting firms to areas where closures occurred
 - helping firms start up or expand
 - helping to build local economic development capacity
 - establishing an economic adjustment unit to work on the issues and
 - publishing a handbook on worker ownership of businesses.
- (2) Much of CEAT activity centred on member departments co-ordinating activities by targeting existing expertise and resources to address newly identified problems. In many instances the effective co-ordination of responses required the removal of traditional barriers among departments. And there were instances where departments ventured into new areas to provide displaced worker services, e.g remedial education, skills transference, economic development, and crisis counselling.

- (3) The service delivery system and services delivered at the local level depend largely on local conditions and available resources. Some communities responded positively and some did not. Essentially the response depended on the cohesion of the local community, the competence of local leadership, and past experiences.
- (4) Communities preferred that the state (CEAT) role be one of providing technical assistance and help — not centralised direction and control.
- (5) Economic development efforts tended to have longer-term impact and not significant short-term impact. The expectation of immediate results by DEBD efforts proved to be unrealistic.
- (6) A wide range of services were delivered. The mix of services varied at individual sites. No one model worked best under all conditions and circumstances.
- (7) Overall, programme management was quite good. The EDD's Business and Interagency Co-ordinating Unit which was responsible for programme management statewide worked effectively through the various district and field office staffs. It also worked well with affected employers and community groups to help plan and implement responses to each plant closure.
- (8) The political clout of CEAT, due to its high-level membership and sanction, enabled projects to get visibility and resources that otherwise might not have been possible.

Problems Encountered:

Although the internal evaluation gave the CEAT system high marks generally, some problems cropped up:

- (1) The state hiring freeze and a staffing ceiling invoked in 1982 on all state agencies adversely affected the level of staffing and the workload became excessive. This made it extremely difficult for the BIPU and EDD to provide services throughout the state as demand increased.
- (2) Communications were good at the state level among CEAT member departments but tended to deteriorate as they flowed downward from Sacramento. Consequently, roles and relationships among the offices of the various agencies were not well understood at the local level. In some cases this adversely affected the delivery of services.
- (3) Because of the paucity of resources and the staffing freeze, follow-up and evaluation of outcomes were affected adversely.
- (4) The internal departmental regulations for confidentiality of information among the service providers hindered joint efforts.
- (5) The management information systems providing data were minimal and barely adequate. They were based on the Employment Security Automated Reporting System (ESARS), were transaction based, and for the most part provided recaps only. Each state agency collected data for its own purposes; there was no real attempt to co-ordinate data collection. No provision was made to collect meaningful follow-up data to determine subsequent experiences of displaced workers after placement.

- (6) CEAT had no budget of its own. Consequently, the extent of co-ordination was determined by the willingness of separate agencies to contribute people and resources to the projects. Deference was given to the priorities of member agencies. On several occasions the CEAT members were unable to co-ordinate the competing interests of several major state agencies.

Recommendations for the Future:

The internal evaluation report made the following recommendations for the future of CEAT:

- (1) The CEAT organisation and approach should continue and focus on: (a) statewide co-ordination, (b) utilisation of community groups wherever possible, (c) building local leadership, and (d) fostering flexibility of the service delivery system.
- (2) The service providers should work together to develop an integrated assessment process to better measure client (displaced worker) skills and aptitudes as a basis for providing assistance.
- (3) A central clearing-house for displaced worker information should be established at the state level to assist local project operators in identifying successful service delivery approaches and avoid potential problem areas.

An additional outcome and a problem which were experienced by the CEAT system, but not mentioned in the internal evaluation, are noteworthy. First, through the experience of CEAT and their efforts in trying to educate employers about the problems of plant closings and the need for dealing with them in more responsible ways (and the threat of having more restrictive plant closing legislation passed by the state legislature), they were able to influence the California Manufacturers Association and California Chamber of Commerce to develop and adopt voluntary guidelines for dealing with plant closures and substantial layoffs. These guidelines called for advance notification, communication and information dissemination, co-operation with employee organisations, and the provision of separation benefits and outplacement services including the creation of employee assistance centres[11].

In retrospect Douglas Patino, the Director of EDD during the operation of CEAT, believes that the chair of the CEAT organisation should have been assigned to EDD instead of DEBD since EDD had the major operational responsibilities of housing the Business and Interagency Program Unit and operating the 22 displaced worker re-employment centres throughout the state[12].

The Future of CEAT in Light of JTPA

A Slow Start

The passage of the Job Training Partnership Act (JTPA) by Congress in October 1982 and the election of a new governor in California in November 1982 created a new climate and presented an uncertain future for CEAT. The authorising legislation contained in SB 1109 and SB1118 continued the existence of CEAT and the EDD mandates to assist dislocated workers until 1 January 1988. However, the new state administration and legislature provided no funding for SB 1118 in the 1984-85 fiscal year which phased out the CEAT system in the spring of 1984. No longer was there a statewide rapid response capability, state-sponsored dislocated worker projects, or evaluation reports such as the one prepared in November 1983 by EDD.

The outlines of new programmes to assist dislocated workers in California took form slowly. The simultaneous change in state administrations (and political parties represented), the implementation of new national JTPA legislation which contained considerable changes in the administration of remedial manpower programmes plus the introduction of a new Title III dealing with dislocated workers resulted in a long and difficult transition period. Late in the year 1983 a State Job Training Co-ordinating Council was appointed and an office was created to administer JTPA at the state level, including Title III. The state JTPA office was housed in EDD and staffed by personnel drawn from EDD, but it was funded by JTPA monies.

In the interim period during the transition from CEAT to JTPA, a small staff in the state JTPA office in Sacramento received applications for Title III monies from local Service Delivery Areas (SDAs) throughout the state. Under the terms of the new JTPA legislation fifty SDAs were approved in California, including ten consortia. The former members of CEAT were asked to serve as a review team. On 8 March 1984 the State Job Training Co-ordinating Council agreed to allocate Title III monies for a two-year period (according to the plans submitted by the SDAs) on an 80-20 ratio, with 80 per cent being allocated to the SDAs based on the same criteria that the federal Department of Labor used in its allocated Title IIA funds. The state JTPA office held back 20 per cent to deal "with those unforeseen problems that might take place throughout the course of the year" [13].

Decentralising Responsibility to SDAs

Under the new JTPA system which has emerged in California, the primary responsibility for organising and delivering dislocated worker services has been decentralised to the SDA level. The creation of worker re-employment centres and the provision of technical assistance or other services to employers is now left up to the discretion of the local SDA, using their Title III funds.

A small JTPA Title III staff is now located in Sacramento, financed 100 per cent by the JTPA governor's 5-per cent money. In March 1983 the staff consisted of a director and five persons, with plans to increase the staff to about seven by midsummer. This group was assigned the role of approving the SDA annual plans for the use of Title III funds, providing technical assistance to the SDAs, and responding to the emergency needs of the SDAs for Title III funds in excess of their normal allocation.

From October 1983 to March 1984, the first six months of operations under the new JTPA arrangements, the Title III state staff spent much of their time attaining staff levels, identifying their role and mission with the system, and maintaining their resource base under the fluctuating levels of JTPA resources.

An Expanded Role for DEBD

Under the Deukmejian administration, the DEBD has been given an expanded role in implementing Title III. Sufficient JTPA funds were allocated to provide DEBD with an economic adjustment unit staff of five persons. This unit was created in April 1984 and assigned to help SDAs threatened with plant closings develop economic adjustment plans. The staff of the new unit have been trying to establish working relationships with the other agencies in the system, particularly EDD and the SDAs. They are also looking at ways to help local communities find new owners for closed facilities as well as other long-term economic development strategies, particularly for rural

areas of the state. If the DEBD economic adjustment unit is successful, the SDAs can use their Title III monies to train people and try to move them into jobs created as a result of economic development efforts[14].

During its first six months the DEBD Economic Adjustment Unit developed a "Business Retention and Expansion Program" (BREP) designed to help communities increase employment, maintain the tax base, and attract new businesses. The programme consists of an outreach effort by a programme manager to assist communities in setting up BREP Task Forces, conducting surveys of community businesses, analysing the survey results, and preparing a report. The report includes a detailed profile pinpointing the unique strengths and inherent weaknesses of the local business community. Based on this report the BREP Task Force can focus their efforts in areas needed to stimulate the economy of the community[15].

Emerging Problems under JTPA

The state JTPA Title III staff is aware that some SDAs lack "a sense of urgency" when dealing with plant closings and dislocated workers, but the state staff can do nothing about it. Because the funding is decentralised to the local level, the state staff has little leverage to influence SDAs' decisions about serving the needs of dislocated workers or the speed at which they proceed[16].

There has been a noticeable reduction in communication and co-ordination among state agencies about dislocated worker issues compared with that which existed under the previous CEAT system[17].

Finally, there is an awareness on the part of some within the state government system and elsewhere that California no longer possesses a statewide "rapid response" capability in dealing with plant closures[18]. This loss is rationalised by some in the new JTPA system who argue that the major spate of plant closings—particularly those affecting large employers — is over and such a capability is no longer needed[19].

The Canadian Manpower Consultative Service*

History and Objectives

The Canadian Manpower Consultative Service (MCS) model differs somewhat from the CEAT model for plant closings. The MCS is a small, publicly financed national organisation which is part of the federal ministry, Employment and Immigration Canada. It has a staff of sixty persons, with a headquarters in Ottawa staffed by only 3 persons and the rest assigned to regional field offices strategically located throughout the country. MCS was created by the federal government in 1963, receives its funding out of general tax revenues from the federal treasury and has been a continuous force in Canada for the past twenty-one years.

The MCS provides technical assistance to employers and unions in setting up joint labour-management approaches for worker dislocations due to technological and other industrial changes, including problems of mass layoffs and plant closings. Every manpower adjustment situation is unique in some respects, but all share a common need for the effective utilisation of human resources at present or in the future. The Canadian programme is predicated upon "the existence of a situation involving a threat of skill redundancy or skill shortage or a state of employment instability"[20].

*On 23 October 1984 the name of the Manpower Consultative Service was changed to Industrial Adjustment Service.

Five fundamental principles guide the operation of the MCS:

- (1) the adjustment of workers is best accomplished through private adjustment measures by those directly involved — the employer, the workers, and their representatives working together in common action;
- (2) participation in MCS programmes is voluntary;
- (3) effective manpower adjustment requires research and advance planning;
- (4) the employer-worker committee is the best instrument to develop the private adjustment measures and to jointly carry them out; government manpower programmes are used as needed and only as support to the private sector measures;
- (5) adjustment means finding jobs for people as quickly as possible, with a minimum level of additional disruption to their economic and social lives[21].

The MCS Process

Upon hearing of an impending closing, major layoff, or other problems of worker dislocation, either through internal sources (such as the Canadian Employment Service) or by invitation from the affected company and union, the MCS sends a professional staff member to meet with representatives of both sides and help them organise a Manpower Adjustment Committee. The committee is made up of company production and personnel managers and the union president and several other union members. If the firm is unorganised, without a union to represent the workers, the workers may choose an employee to serve on the committee. Salaried workers are represented by one of their number. The MCS officer acts as adviser to the committee, but the committee itself selects an outside third party to serve as chairman with MCS approval. This individual is unaffiliated with either employer or union. He may be a retired business or labour leader, university professor or someone from a small business development centre. The MCS professional serves as a catalyst, expeditor, facilitator, and source of information to the group. MCS officers attend all meetings of joint consultative committees under their care.

The company and the provincial and federal governments generally share the committee's expenses for workers' time at its meetings, travel, and other supplies, and for the remuneration of the neutral chairman. This is usually done on a 50-50 basis, although a 100 per cent reimbursement is available to employers in the case of bankruptcy. The MCS can authorise up to \$20,000 (Canadian) for the expenses of the committee in situations involving non-profit organisations or bankrupt employers. Normally the employer pays the full cost of the joint committee and is reimbursed for one-half the cost by the government. In some cases the province contributes a portion of the employer's share. (In Quebec, the province usually pays 37.5 per cent of the total shareable cost in employment threatening situations.) To obtain reimbursement of the federal share, the employer submits claims, supported by vouchers, to MCS. In special cases employers can obtain interim payments or even an initial advance.

The first step the committee takes is to sign a standard MCS drafted agreement setting the parameters of the committee and spelling out its funding. Next they hold an organising meeting and survey the workers to determine the skills they possess and their willingness to relocate. The committee, aided by the provincial Job Service, then attempts to determine what jobs are available for the workers. The

primary emphasis of the Canadian approach is on job placement, with minimum expenditure for retraining and other services. However, it should be noted that workers can receive training and 50 per cent of their moving expenses under Canadian governmental manpower programmes, a provision that applies even to those who obtain jobs at another plant of the same company. When either of these is considered necessary or desirable, the MCS representative arranges for workers whose skills do not match labour market demand to obtain retraining provided by the provincial government.

Under the Canadian model the primary job of the neutral committee chairman is to preside at meetings, see that assignments are made and carried out, engage intensively in job development for the workers and encourage other members to do so as well, and keep records of workers placed. When the committee completes its job, usually after one year of existence, the chairman makes a final report specifying what happened to every laid-off worker[22].

Expansion of MCS Role and Functions

The Canadian MCS approach to working with employers and unions has proven to be extremely successful — primarily because labour and management, as equal partners in a consultative process, identify problems of concern to them both. Equally important, labour and management know the workers best, feel an obligation to them, have knowledge of the labour market, and have access to and credibility with other employers. As a result, in 1974 the programme was expanded to encompass problems of human resource planning in situations of plant expansion and implementation of remedies.

The expanded role given to the MCS reflects the awareness of the Canadian government of the fact that dealing with manpower adjustment problems of firms before they become serious or terminal may prevent a plant closure or major layoff. A programme of preventative manpower medicine can substantially reduce the costs to the workers, their communities, and the government. The expanded role also indicates an acknowledgement that the unique joint employer-union approach of the MCS is a successful and economical way to address these issues and problems.

In situations such as plant expansion, high turnover or low productivity where there is no significant layoff, the focus of the MCS and joint committee structure relates primarily to the development of human resource planning, the improvement of workforce utilisation, the design of training courses when appropriate, and to monitoring the project. Under the programme such things as studies affecting workforce utilisation, adjustment, work content or working conditions may be considered.

Where internal problems pose a significant threat to employment, MCS supported projects may also include "A broad range of activities that would lead directly to the elimination of that threat". These might include feasibility, managerial, or operational studies. MCS may support the cost of identifying recruiting and training needs and monitoring recruiting and training processes, but it may not support any expenses involved with the implementation of the recommendations or producing or acquiring the training materials used[23].

As noted above, employer participation in the MCS programme is entirely voluntary and is made available only on request. However, an important part of an MCS officer's responsibilities is to bring the programme to the attention of employers whose

workforce adjustment problems might be overcome through its use. The programme has also been used by groups of employers acting jointly or represented by an employers' association[24].

The size and impact of MCS in Canada is indicated by its budget and operational statistics. In 1981-82 the MCS concluded 388 assessments and 16 mobility agreements and expended \$2,019,000 (Canadian); in 1982-83, 403 assessments and 25 mobility agreements were signed at a cost of \$4,641,500; and in 1983-84, during the peak of the recession, 452 agreements were signed at a cost of \$8 million. The 1980 data indicate that 365 firms were helped and over 200,000 workers were served; the average lifespan of a joint committee was one year, and over two-thirds of the dislocated workers obtained immediate re-employment[25].

In the 1980s the MCS assumed a role of enhancing or supplementing existing private sector labour market processes including the Worksharing Program, the Industrial and Labour Adjustment Program, and the Canadian Industrial Renewal Program.

An Evaluation Study of MCS

In 1984, after twenty years of operation, a formal evaluation study of MCS was conducted at the request of Employment and Immigration Canada. The study, completed in November 1984, was carried out by Abt Associates of Canada. The time frame for the evaluation was fiscal 1982-83, a stable but severe recessionary period. It consisted of interviews of MCS officers and managers, reviews of files and agreements, surveys of employers, unions, and chairpersons participating in the joint consultative committees, surveys of workers covered under MCS agreements, a literature review, tracking of the Unemployment Insurance claim experience of MCS-assisted workers, and a review by a panel of experts[26].

The evaluation study concluded that the MCS programme was delivered very effectively, and the joint consultative committees "operate quite effectively in providing assistance to employees and participating firms". The evaluation indicated that the MCS programme was widely perceived as contributing to improved labour-management relations, although "it is difficult to quantify this positive impact". The programme also contributed to a reduction of worker resistance to change.

The MCS programme had a positive impact on participants' post-layoff labour market experience, although older workers were much less likely to have found employment than younger workers.

The cost-benefit part of the evaluation indicated that the MCS programme had operated effectively in terms of the measure of costs and returns to society. Although the measures of economic returns used in the study were considered to be "potentially subjective", it was found that quantifiable benefits exceeded costs to society. Programme costs were estimated to be approximately \$110 per person, and the MCS reduced the unemployment spell of participants by an average duration of two weeks. Given the average weekly wage of participants calculated at \$355, post-MCS, this resulted in total returns to society of \$710 per MCS participant. "In addition to these quantifiable effects, other social gains resulted from reduced worker resistance to change and better industrial relations. The existence of these positive impacts strengthens the conclusion that the total gains from the MCS program exceed costs"[27].

The study indicated that the MCS programme contributed to the process of economic adjustment in three ways: it improved private sector efforts to help workers; it helped workers to accept changes in their employment situation; and it helped companies in their adjustment process.

The Abt evaluation concluded that although the rationale for the MCS was developed more than 20 years ago it is very relevant in the current environment. "In fact, one may conclude that the rationale for MCS is even stronger in the current environment than at the time of its inception[28].

Lessons from the California CEAT and Canadian MCS Experience

What insights can be gained from the Canadian MCS and California experiences, both CEAT and post-CEAT, which might be helpful to the various states as they are designing new programmes and approaches for dealing with dislocated workers within the framework of the JTPA system? What are the elements of a good state dislocated worker delivery system?

Obviously, I can answer these questions only from my own vantage point. Based upon my observations during the past five years it is my belief that California is not served as well under its new system as it was under the previous CEAT approach. The current system does not include a broad statewide approach for dealing with dislocated worker problems nor a rapid response capability with immediately accessible resources. And there is a corresponding reduction in the adequacy of programmes, diminution of effective co-ordination at all levels, and a loss of a sense of urgency and timeliness in responding to plant closings.

The Canadian MCS represents a very effective and economical way of dealing with the problems of worker dislocation arising from mass layoffs and plant closings. The emphasis on jointism, problem solving, voluntarism, economy, and the strategic use of a small cadre of professional personnel to provide technical assistance makes the programme very attractive as a model. But it should be emphasised that the success of MCS is directly related to the extremely high quality of personnel it employs. It is staffed by self-directed, innovative, and tough-minded persons recruited out of business, management and labour. MCS could not accomplish its work if staffed by the traditional civil servant with a bureaucratic mind set.

Among the most important but least recognised or appreciated aspects of the MCS approach (at least in the US) are the emphases on pre-closing intervention and its broader mission encompassing the problems of human resource planning in situations such as plant expansion, high turnover or low productivity. Working with firms to prevent layoffs and resolve human resource problems which may have serious implications and costs for the public at large if they are uncorrected makes the MCS programme even more attractive and relevant as a model. We have utterly failed to recognise or come to terms with these issues in America, notwithstanding the extensive research and evidence which demonstrate the need and suggest similar solutions[29].

From my perspective, the California CEAT and Canadian MCS experiences suggest that the essential elements of a good dislocated worker programme for America are:

- (1) Co-ordinating and technical assistance delivery functions and programme resources should be organised and maintained at the state level and not be decentralised to the local level (except through the creation of a few strategically located regional or local rapid response units to adequately cover the geographic area and industrial population of the state).
- (2) Functions should be located within and have the support of the highest level of state government. It needs the visibility and clout of a CEAT.
- (3) Sufficient state hard money should be budgeted to maintain a small Dislocated Worker Unit (DWU) staffed by professionally competent persons who can arrange for and facilitate the delivery of technical assistance and services from the state level. If most or all Title III monies are allocated to SDAs, the willingness and concern of SDA controllers determines what gets done, who gets served, and when. Dislocated worker concerns may be relegated to a parity with traditional "CEAT type" programmes and result in the loss of identity and awareness of the significant differences between the two types of clientele and their needs. The skills, philosophy, and mind set of SDA (and former CEAT) personnel who work with the economically disadvantaged and long-term structurally unemployed are significantly different from those needed to provide substantive technical assistance and perform manpower studies such as the Canadian MCS provides for firms.

When state staff dealing with dislocated worker issues are funded wholly by federal Title III funds, they live and die by the whim of Congress and have little continuity and stability of operations. (The location and independence of the Canadian MCS and its separation from the remedial manpower programmes for the economically disadvantaged are important dimensions of its success.)

- (4) A corollary to (3) is to establish realistic goals and objectives for the dislocated worker programme and not allow them to be diluted or redirected in the interests of other "worthy goals". My list of goals and objectives for a state DWU include:
 - Emphasis on helping dislocated workers or those threatened with dislocation. The state Dislocated Worker Unit should not be an arm of industrial development, another manpower programme to help the economically disadvantaged or just another function of the Job Service.
 - Employers and unions should be involved as much as possible in all aspects of planning and programme activity. Employers must assume major responsibility for assisting the workers they displace.
 - Resources should be retained at the state level and be used judiciously in the interests of dislocated workers throughout the state. A few good projects can accomplish much. Conversely, money can be spread so thinly among SDAs that nothing substantive can be accomplished.
 - Use of programme resources should be predicated upon the existence of a situation involving a threat of skill redundancy, skill shortage or employment instability.
 - The mission statement should be broad enough and the DWU staff should possess sufficient professional expertise to deal with both positive and negative manpower adjustment situations in business firms and organisations (as does the Canadian (MCS).

- "An ounce of prevention is worth a pound of cure" and costs considerably less. The state DWU should seek to accomplish early contact and appropriate technical assistance to help prevent a closure or save the enterprise. If this does not work or is not possible, pre-layoff intervention should facilitate the transitioning of workers before layoff if possible, or to minimise unemployment after layoff. To accomplish these objectives the DWU must adopt proactive strategies to reach employers who may need help or who can be helped to make changes before they are in serious difficulty rather than waiting for them to appear on the doorstep with terminal problems. Such an approach might include holding seminars and workshops on preventing layoffs, developing a job security programme or starting a productivity improvement programme.
- (5) Interagency co-ordination on dislocated worker issues is essential. The state government (including the DWU) must have an organisational mechanism to provide for effective interagency co-ordination and communication. (This was an essential part of the success of the CEAT.)
- (6) There must be "rapid response" capability to expeditiously organise services to meet specific plant or community dislocated worker needs. To load these responsibilities on the Job Service staff or some other state agency in addition to their other assignments will guarantee a slow or tardy response.
- (7) A corollary to (3), (5) and (6) is the necessity to maintain some separation of the dislocated worker programme from regular bureaucratic and agency services. Otherwise it will be suffocated by rules and bureaucratic inertia and lose its sense of urgency and mission, and it will be unable to attract and hold the calibre of professional personnel needed to handle the job as effectively as the Canadian MCS does.

Postscript

At the present time the United States has no analogue to the Canadian MCS. The early 1980's activity of CEAT in California was as close as we have come to the MCS concept. But CEAT did not encompass the broader philosophy or utilise the joint labour-management techniques of the Canadian MCS. Currently the US Department of Labor's Bureau of Labor-Management Relations and Co-operative Programs is trying to encourage states and communities to adopt the basic concepts underlying the California CEAT and Canadian MCS approaches as they organise to fulfil the responsibilities given them under the JTPA Title III. Thus far only a few states, notably Arizona and Massachusetts, seem to be moving in this direction. Most states are delegating responsibility and disbursing Title III funds to SDAs. In many instances a great deal of confusion on the part of SDA planners and the dissipation of scarce funds on fragmented or marginal projects and activities with little coherence and focus have resulted.

Arizona, one of the first states to use the technical assistance offered by the Department of Labor's Bureau of Labor-Management Co-operation, was also able to utilise the wealth of experience and expertise of Douglas Patino, Director of their Department of Employment Security and former Director of California's EDD when CEAT was established. Under his direction, Arizona has used JTPA Title III funds to develop a small statewide economic adjustment team housed in the Department of Employment Security with several local field offices in key geographic areas to assist in the

delivery of services. Since mid-1984 the Arizona state DWU has assisted twelve companies and 1,224 workers. Through their pre-layoff placement efforts they have placed 298 workers prior to layoff and saved the state at least \$636,000 in Unemployment Insurance costs[30].

The Massachusetts legislature passed a state plant closing law in the summer of 1984 which includes provisions for a "Massachusetts Industrial Service" to co-ordinate public efforts to help troubled but viable businesses and to monitor the state's economy. The law is currently being implemented. It is too soon to know what kind of programmes and activities the new Massachusetts Industrial Services will provide or how the displaced worker programmes authorised under JTPA Title III will be incorporated into the new system[31].

There has been some talk among the staff of the California Employment Training Panel, the agency created in 1982 by the California legislature, to divert one-tenth of 1 per cent of unemployment insurance funds from positive-reserve employers (approximately \$55 million per year) for retraining the unemployed and those likely to be laid off and unemployed over a four-year period, to develop a manpower technical assistance capability along the lines of the Canadian MCS[32]. Whether the agency will actually develop such a programme and how it would relate to the decentralised Title III dislocated worker programmes being implemented by the SDAs under the Job Training Partnership Act remains to be seen. If the Panel does develop a California MCS along the lines of the Canadian agency, it would represent another "first" for the state of California — just as CEAT did during its short life.

In September 1984 a new minister, Flora MacDonald, was appointed to direct Employment and Immigration Canada. On 23 October 1984 the new minister issued a directive changing the name of the Manpower Consultative Service to Industrial Adjustment Service, a title she considered to be less sexist.

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"The intent of this chapter is to use a small portion of employer taxes to put unemployment insurance recipients to work by encouraging employers to locate and expand facilities in this state and training unemployment insurance recipients in skills needed by employers.

"The purpose of this chapter is to establish an employment training program which shall foster job creation, minimize employers' unemployment costs, and meet employers needs for skilled workers by providing skills training to unemployment insurance claimants, recent exhaustees of unemployment insurance who have remained unemployed, and potentially displaced workers who would otherwise become unemployment insurance claimants."

The California ETP retrain people with established work histories, not new entrants into the labour market. ETP:

- (1) pays for training only for known jobs in stable or expanding occupations that provide a decent living;
- (2) makes selection of trainees and design of training the responsibility of business even when training agencies provide the training;
- (3) pays only for direct training costs, not for stipends or wage subsidies;
- (4) uses a negotiated fee, performance-based contract; and
- (5) the staff works with employers and training agencies to develop and write training contracts.