

SCENARIO FOR A STATE DISLOCATED WORKER READJUSTMENT SYSTEM

by

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The following description of how a hypothetical state dislocated worker readjustment system might operate within the context of the changes proposed in the task force report is one possible approach to organizing a system for a medium-sized state. It should not be construed to mean or suggest that this is the only way it could or should be organized.

Upon hearing that Congress passed legislation reorganizing and strengthening the nation's dislocated worker readjustment system, the governor of Fremont took steps to set up a program for Fremont which would meet the needs of his state and be in harmony with the national legislation. The state of Fremont has a population of 6.2 million, a diversified economy with a broad range of industries, and is experiencing major restructuring and loss of jobs in several basic industries. After discussions were held with personal staff members, the directors of the key state agencies and representatives of the federal Industrial Adjustment Service unit in the U.S. Department of Labor, the Governor proceeded to establish the Fremont Industrial Adjustment Service (IAS). At the same time an executive order was issued reorganizing the Fremont Job Service.

The conversion of the local Fremont Job Service offices into Labor Market Service Centers (LMSC) resulted from the adoption of recommendations in several recently completed studies of the nation's employment service. Local Job Service staff in Fremont no longer provide "hands-on" job matching

for individual employers and job seekers. They now devote their time and resources to gathering accurate labor market information and making it available in a timely and usable form. In addition, they are providing testing, assessment, and counseling to workers, conducting substantive and well-designed job search workshops, developing individual readjustment plans for unemployed workers, making referrals to training, and doing generalized job development. Employer job orders placed with the Job Service are immediately posted--complete with the full addresses and telephone numbers of the employers--on the job vacancy bulletin boards and entered into self-service computer terminals. All job seekers who come into the Labor Market Service Center may use the posted job vacancy information for their own job search efforts if they choose to do so. Job seekers may also voluntarily agree to have their names and qualifications entered into a job seeker bank which is made available by computer format to employers who are seeking workers. By accessing this file employers can review a substantial number and wide variety of applicants for any positions open. Employers who want the Job Service to perform individualized recruitment for them, i.e., screening and referral of potential hires, now pay for these services.

The new Fremont IAS complements very nicely the revitalized Job Service. The Fremont IAS has a Director who reports to the governor, and a small staff of 14 experienced professionals recruited from private industry. The pay scale and job description for IAS officers were designed to attract a high quality of personnel--individuals who are self-directed, innovative, tough-minded, and professionally competent. The staff possess varying qualifications and experience, much like federal mediators, including analytical, consulting, mediation, and organizational skills. Several have worked as management consultants, some have run their own businesses, one is an engineer, and all are qualified to assess the problems of human resource

planning and utilization in situations involving plant expansion, high turnover or low productivity.

A primary role of the Fremont IAS professional officers is to facilitate and expedite the transitioning of workers out of businesses and organizations experiencing permanent mass layoffs and plant closures--into new employment. This is done by establishing and helping to maintain in-plant worker-management outplacement committees, providing technical assistance to threatened businesses, and maintaining continuing liaison activities with leaders in the business community to ensure that the IAS services are readily available to and understood by those who may need them.

The staff of the Fremont IAS also includes five individuals who provide financial and administrative support, including: (1) receiving and accounting for the state's share of the money raised through the federal dislocated worker retraining trust fund; (2) managing the intelligence and reporting system which provides an information base for effective program planning and evaluation; (3) receiving information from employers of plant closures and permanent mass layoffs; (4) providing liaison with the federal IAS unit in Washington; and (5) maintaining a state clearinghouse of information and materials on plant closings and other pertinent subjects. Regular monthly reports on plant closings and mass layoffs occurring in the state of Fremont are compiled and submitted to the Governor and the federal IAS unit in Washington. Operating data on the various IAS services delivered and workers served are also compiled on a regular basis.

Because of the large geographical size of Fremont, five members of the professional IAS staff are located in the capital city, four professional staff are located in the eastern section of the state, and the remaining five professional staff are housed in a centrally located city in the

southern part of the state.

The Fremont IAS budget for fiscal 1987 is approximately \$25 million. This is the states' portion of the national retraining tax paid by employers and workers. The budget for management, support, and professional staff costs is \$1 million, and \$24 million is available for organizing readjustment committees, the hiring of neutral chairpersons and consultants, purchase of services for dislocated workers such as vocational and technical training, payment of reemployment bonuses and relocation allowances, extension of UI benefits to workers in approved training courses lasting in excess of 26 weeks, and conduct of special studies and other related purposes. Any money in the IAS budget which is not expended during the year is returned to the state readjustment trust fund for use in subsequent years. Thus, the state can build up a reserve to meet the needs of greater numbers of dislocated workers during peak periods of structural change and unforeseen economic crises.

The Governor instructed the Director of the Fremont IAS to establish a Dislocated Worker Coordinating Committee which includes key staff from several state agencies: Job Service, JTPA Office, Vocational Education Department, Office of Economic Development, and any other units which may be involved in the delivery of services to dislocated workers and their communities. This group, which is chaired by the Director of the IAS, meets on a regular monthly basis to coordinate the efforts of the various state agencies in organizing and delivering adjustment services.

The IAS works closely with the Fremont Job Service and the JTPA Private Industry Councils throughout the state. Information about plant closings and plant expansions is regularly shared, and joint arrangements for using training programs and other services are frequently worked out. And, of course, the Job Service is a major provider of services to dislocated

workers, both as part of its regular mission and under the special service contracts discussed below.

A tripartite (business, labor, public) advisory committee was designated by the Governor to provide feedback and advice to the Fremont IAS. The Governor decided to designate part of the State Job Training Coordinating Council (the ten members who represent business, labor, and local elected officials) to serve in this capacity. The group meets quarterly to discuss the operation of the Fremont IAS.

The Fremont IAS operates on the basis of the following premises:

- (1) the readjustment of dislocated 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 the Fremont IAS programs is voluntary;
- (3) effective manpower adjustment requires research and advance planning;
- (4) the joint employer-worker in-plant committee is the best instrument to develop the private adjustment measures and to carry them out; government programs are used as needed to support the private sector measures;
- (5) readjustment means: (a) providing testing, assessment, and counseling to determine which workers are job ready and which need or desire retraining; (b) finding good jobs for qualified people (dislocated workers) as quickly as possible, with a minimum level of additional disruption to their economic and social lives, whenever feasible before the plant closes, and (c) facilitating the training and job placement of those workers needing or desiring retraining.

The Fremont IAS has rapid response capability, meaning a professional staff officer from the agency is able to respond immediately (within 24 hours) of receiving information about permanent mass layoffs and plant closings occurring or planned to occur within the state. At the present time employers in Fremont are not required to provide advance notice of plant closings or mass layoffs. They are required by state law to notify

the IAS of a layoff or plant closing at the time it occurs. Recently, the Fremont Manufacturers Association and State Chamber of Commerce have adopted voluntary codes of conduct which encourage employers to provide at least 90 days advance notice. The director of the Fremont IAS indicates that about 50 percent of the employers do give some advance notice to their workers and notify the IAS of their intentions. Unfortunately, there are still some who do not see fit to do so. The director believes that a state advance notice requirement would be beneficial to workers and improve the adjustment process.

The second important aspect of the "rapid response" capability of the Fremont dislocated worker readjustment system is its flexibility, and ability to target problems and quickly bring resources to bear wherever they are needed in the state, and not wait for a cumbersome RFP process or the slow JTPA system to function. Resources are not allocated to Service Delivery Areas (SDAs) or substate units. Instead, the Fremont IAS has immediate access to the \$24 million kept in a trust account at the state level under the direction of the Governor and IAS. These funds can be used with great speed and flexibility to immediately launch adjustment programs wherever they are needed. While there was great political pressure in Fremont to allocate money directly to SDAs by predetermined formula as was done under the JTPA system, and allow them to provide training and other services for dislocated workers, the Governor determined that this approach was not in the best interests of the people of Fremont. The JTPA system was designed to deal with the needs of an entirely different clientele (the disadvantaged, youth, and those without a firm attachment to the labor market) with entirely different needs, timing and response mechanisms. Merging the innovative new IAS program for mainstream workers into the JTPA would undermine the the rapid response capabilities and flexibility needed

to operate an effective dislocated worker system.

The Fremont IAS responds to plant closures, permanent mass layoffs, and other situations causing worker dislocation in the state in three basic ways: (1) directly to the business enterprise or organization when there is a major event resulting in a closing or mass layoff; (2) indirectly to workers displaced individually or in smaller numbers over an extended period of time; and (3) in a preventive mode by providing technical assistance to help employers deal with manpower adjustment problems before they become serious or terminal. Examples of these three types of responses are given below.

1. Direct Services Approach

Plant closings or permanent mass layoffs occur in many types of businesses and organizations, under differing circumstances, and thus require a variety of responses and procedures. Flexibility is a basic component of the IAS approach. Experience has shown that the responses most frequently and successfully used by the Fremont IAS are the cooperative employer-worker committee, worker committee, and the community committee or task force.

Employer attitudes toward and involvement with Fremont IAS have varied, ranging from cooperation and a willingness to participate to suspicion and open hostility. In an increasing number of cases agreement is reached between IAS and the employer and the union (where there is one) to set up an in-plant committee and begin the readjustment process prior to the closure, but sometimes the process cannot be initiated until at or near the time of closure. Some employers agree to provide facilities at the plant site to house the committee and readjustment center; in other cases it is necessary to use the union hall or nearby public or rented facilities.

When a plant closure or permanent layoff is imminent, the affected employer may contact the Fremont IAS, or is contacted by an IAS professional officer. Typically, upon hearing of an impending closing, the Fremont IAS immediately sends a professional staff member to meet with the plant manager and officers of the union which represents the workers at the plant (if there is one), to help them consider the problems presented, lay out alternative approaches and describe possible services that can be made available by cooperating public and private agencies, and outline a proposed course of action. The Fremont IAS officer usually suggests the organization of a joint employer-worker adjustment committee to direct the readjustment efforts for the workers. The committee is made up of company production and personnel managers and the union president and several other union members. (If the firm is unorganized, without a union to represent the workers, the workers choose several of their number to serve on the committee.) Salaried workers are represented by one of their number. The IAS officer acts as advisor to the committee, chairs their first meeting, and suggests that the committee select an outside third party to serve as chairperson, with IAS approval. The names of several qualified individuals who might serve this role may be suggested. The neutral chairperson is unaffiliated with either employer or union, and may be a retired business or labor leader, university professor, or someone from a small business extension or development center. The IAS professional serves as a catalyst, expeditor, facilitator, and source of information to the group, and attends adjustment committee meetings.

The adjustment committee, assisted by the IAS officer, supervises the delivery of all services to the workers and keeps a record of their progress throughout the readjustment process. The committee chairperson presides at all meetings, ensures that assignments are made and carried out, engages

intensively in job development for the workers and encourages other committee members to do likewise, and keeps records of all workers placed in jobs or training. When the committee completes its job, the chairperson compiles a final report to the Fremont IAS office specifying what happened to every dislocated worker.

The employer and the state of Fremont share the committee's expenses for workers' time at its meetings, travel, and other supplies, and for the remuneration of the committee chairperson. This is usually done on a 50-50 basis, although a 100 percent reimbursement is available to employers in the case of bankruptcy. The Fremont IAS officer can authorize up to \$30,000 for the expenses of the committee in situations involving non-profit organizations or bankrupt employers. Normally the employer pays the full cost of the readjustment committee and is reimbursed for one-half the cost by the state of Fremont. To obtain reimbursement from the state the employer submits claims, supported by vouchers, to the Fremont IAS. Where an employer elects not to participate, 100 percent financing can be provided to a union, worker, or community adjustment committee.

The costs for basic labor market services provided to the dislocated workers by Job Service personnel are covered through the normal public revenues allocated to the Fremont Job Service. However, in exceptional cases where special services are delivered on-site, requiring additional staff or equipment, these can be reimbursed by the Fremont IAS.

Several recent cases will help illustrate how the basic Fremont IAS dislocated worker program works in practice.

Holly Company. The Fremont IAS was notified by the mayor of Durango that the Holly Company was closing its Durango plant the following month. The next day, the IAS dispatched a professional officer to meet with the president and other officials of the Holly Company and with the union president and vice-president to explore ways to handle the forthcoming closing. The IAS officer

proposed the creation of joint employer-worker committee to facilitate the adjustment process for the 118 workers on the payroll. Most of the workers were under age 40 and nearly all were high school graduates. Many had skills which would be transferable to new jobs and employers. The proposal for establishing a committee was approved, and the IAS officer went over the IAS agreement with them and it was signed. The agreement spelled out the role of the committee and funding arrangements. A neutral chairperson was selected from a list proposed by the IAS officer and attended the next meeting of the Holly Adjustment Committee. The company set aside a conference room for the committee to hold their meetings in and to serve as a reemployment center.

The Holly Adjustment Committee met regularly over the next month to survey the workforce to determine what their skills and job prospects were, their willingness to relocate, and any desires for training. The chairperson contacted the Fremont Job Service to obtain up-to-date labor market information, and the current listings of job vacancies. Employers in the local labor market were personally canvassed by the chairperson to determine what job openings were available and how the Holly employees could make application or obtain interviews. A number of employers agreed to come to the plant and interview the workers. Similar efforts were initiated by the other members of the committee. The company allowed the workers to take time off for the job interviews, and did not penalize those who obtained new jobs by taking away their severance and other benefits. (The workers reciprocated by maintaining a high level of productivity and quality until the plant closed. The union gave the company freedom to fill in behind departing workers without adherence to seniority and bumping provisions.) About a dozen workers indicated an interest in obtaining training for new careers. The chairperson arranged for these individuals to meet with the Job Service in the reemployment center one afternoon to undergo the testing and assessment process. After further counseling, the IAS arranged for several of them to enroll in courses at the local vocational school. The cost of tuition was paid by the IAS.

Through the work of the committee, 91 workers obtained new jobs within six months after the plant closed. In addition, 10 people were either enrolled or planning to attend school, and 5 had withdrawn from the labor market for personal and family reasons. The chairperson compiled a report on the outcomes for each worker, and submitted it to the IAS. The Holly Company prepared a bill to obtain reimbursement from the IAS for one half of the \$29,000 it cost to complete the adjustment process. After the payment of the bill, the case was closed.

Bridgerland Mfg. Company. The IAS received a telephone call from the Bridgerland Mfg. Co. plant manager in Weston, indicating that corporate headquarters had notified him of plans to close his plant in three months. This would result in the dislocation of over 700 long service workers. A Fremont IAS officer met with the manager and local union president the next morning and discussed

the organization of a Worker Reemployment Committee. This proposal was accepted and implemented immediately. The first step the Bridgerland Committee took was to sign a standard two-page IAS drafted agreement setting the parameters of the committee and spelling out its funding. The neutral chairman was selected and he attended the next meeting of the Committee. They held an organizing meeting and surveyed the workers to determine the skills they possessed, their willingness to relocate, and their need or desire for training. The committee contacted the Fremont Job Service to determine what jobs were available in the local and regional labor markets. They immediately began contacting all employers in the area to develop jobs for their fellow employees. Arrangements were made with the Bridgerland management for the space necessary to set up a reemployment center at the plant. The Fremont Job Service was asked to come on-site and conduct job search workshops for the workers and to conduct testing, assessment, and counseling of those individuals who needed or desired retraining. Space was made available near the reemployment center for the installation of a bank of telephones and cubicles with desks and chairs, and a job club was organized to assist the workers in their job search efforts.

The assessment and testing of Bridgerland workers was completed and the Job Service referred 125 workers for training. Of these, at least 30 needed some remedial basic education before undertaking vocational training. The Fremont IAS project officer met with the committee and Job Service personnel to determine what basic education and retraining programs (classroom and OJT) could be organized for the workers, and what education and training institutions were available in the community to provide them. Funds to pay for approved programs were obtained through existing public agencies where available (e.g., adult basic education), and where no existing programs were available, by contractual agreements between the Fremont IAS and the appropriate education and training institutions. All contracts were performance-based, meaning that the educational institution did not receive payment for training given unless they placed at least 80 percent of the trainees in training related jobs.

Ten of the Bridgerland workers enrolled in an entrepreneurial training course designed to teach them the basic business skills necessary to start a new business. As part of their course work they wrote a business plan and sought financing. Subsequently, eight of the trainees obtained financial backing and actually started businesses. Through a national IAS pilot program the eight dislocated workers who completed the entrepreneurship training were allowed to obtain their remaining UI benefits in a lump sum to use in starting their businesses.

The Bridgerland Reemployment Committee supervised the delivery of all services to the workers, and kept a record of their progress throughout the readjustment process. When the committee completed its job, approximately fourteen months later and eleven months after the plant closed, the chairperson compiled a final report to the Fremont IAS office specifying what happened

to every dislocated worker who requested assistance.

The Bridgerland Mfg. Co. and the state of Fremont shared the Reemployment Committee's expenses for workers' time at its meetings, travel, and other supplies, and for the remuneration of the committee chairperson. Bridgerland submitted claims, supported by vouchers, to the Fremont IAS to obtain reimbursement from the state for their half of the \$56,000 expended on the committee's 14 months of operation.

The expenses incurred in providing basic labor market information and services to the Bridgerland dislocated workers by Fremont Job Service personnel were covered through the normal public appropriations received by the Job Service. However, the local Job Service office received a sum of \$10,000 to pay for extra staff costs incurred in supplying services on-site to the Bridgerland workers.

The costs of approved training programs for 125 Bridgerland workers at the Northridge Technical College (averaging \$2,500 per person) and an extension of UI benefits for 45 of the workers enrolled in courses lasting more than six months (i.e., the courses lasted 12 to 18 months, and normal UI eligibility for these workers ended at 26 weeks) were paid for out of the Fremont IAS budget. The Northridge Adult Education Department provided the teachers for two GED courses and basic math, reading, and English courses for 38 students. Funds for these courses came from the Fremont State Department of Education.

If the employer refuses to cooperate, and does not want to participate in a joint committee effort to help provide adjustment services to the workers, a slightly different approach may be used by the IAS. The following example illustrates how it works in Fremont.

Newfangled Company. In the recent Newfangled Company closure, the management of the 140 employee firm notified the Fremont IAS four weeks before the planned shutdown. The manager was not willing to cooperate, either by allowing the IAS to use a room at the plant for a readjustment center or by becoming involved in a joint employer-worker committee. There was no union in the plant so the IAS officer met with the employees after work to discuss the organization of a readjustment committee. They agreed to do so, and selected several of their number to serve on the committee. A chairperson was selected from the list provided by the IAS officer. The worker readjustment committee immediately began planning for the impending shutdown. The Fremont IAS officer and committee chairperson obtained space in a building near the plant to house the readjustment center, and arranged with the Job Service to come on-site and provide basic readjustment services. Over a hundred workers underwent testing, assessment, and counseling. Job search workshops were conducted for 125 workers. The chairperson and IAS officer arranged for retraining courses

for 30 workers referred for training by the Job Service. The entire \$29,000 cost of the committee was picked up by the Fremont IAS, plus the tuition for the 26 workers who actually enrolled in training and the relocation allowances of 3 workers who moved out of state to take new jobs. The chairperson and committee worked diligently to develop jobs for the workers. Over 90 of them found jobs in the 6 months following the closure. The specific details about each worker were included in the final report compiled by the chairperson and submitted to the IAS.

In some situations the layoff or closure may warrant a broader-based approach, e.g., when several firms in the community are closing or experiencing major layoffs coterminously. In these cases a community-based committee approach may be used.

Sheridan. Upon hearing of three closures in Sheridan, which occurred within a few weeks of each other, the Fremont IAS contacted each of the employers. One employer was bankrupt and had no resources to help the firm's 50 workers. Another employer closed his plant on Friday and left town over the weekend leaving 130 workers without any benefits or help. The third employer was a large unit of a multiplant corporation headquartered in a distant city. The firm had decided to permanently shut down part of their operations, displacing 240 workers. Calls to the home plant indicated that the firm planned to provide severance benefits and an extension of health insurance for 3 months. However, no interest was shown in participating in any outplacement activities for the workers. The IAS contacted the mayor and other officials in the community to see if they would be willing to help organize assistance for the three groups of dislocated workers. The mayor was very concerned about the impact of the closings on the workers and their families, and anxious to help in setting up a community readjustment center.

Under the direction of the IAS officer and the mayor a task force was organized, with representatives from the workers in the three plants, city government, labor, community social service agencies, Fremont Job Service, and the state economic development department. The task force mobilized available resources to provide a variety of services to the dislocated workers. The IAS officer arranged for an IAS grant of \$90,000 to hire a director to set up and run a worker readjustment center. The Job Service agreed to out-station some of their staff at the center to provide testing, assessment, and counseling services, make referrals to training, and conduct job search workshops. Several dislocated workers were hired by the center to work full time developing jobs for their fellow dislocated workers. Arrangements were made with local educational and training institutions to provide courses for those who wanted to learn new skills before entering the labor market in search of new jobs. The tuition costs for 38 students who took vocational training were paid for by the Fremont IAS. The reemployment center remained open for 9 months, until all the

workers requesting assistance had been helped to find new jobs. It was then closed and a report submitted to the IAS by the center director, indicating the outcomes for all the workers served.

The economic development committee convinced one of the departing employers (the multiplant company) to donate the vacant plant to the community. Using funds provided by the state economic development department the committee was able to refurbish the facility and attract another employer to lease it. This firm now has 120 employees in its Sheridan plant, including some of the dislocated workers.

2. Indirect Services Approach

There are some situations, e.g., when individuals or groups of workers are dislocated by plant closings or layoffs over a lengthy period of time or in small numbers, which may not warrant using in-plant employer-worker or worker-only committees, or even community-wide approaches. Workers needing assistance after being displaced in a plant closing or permanent layoff which is either too small for one of the direct IAS responses discussed above, can go directly to the nearest Fremont Job Service LMSC where they can receive the full range of services needed to prepare them for self-directed job search efforts. If, after testing, assessment, and counseling, they decide to obtain training or seek employment in a job which may justify a temporary wage supplement (and if they qualify as a dislocated worker by established definitions), they can be enrolled in an appropriate training program. The Fremont IAS will arrange to pay the course tuition or OJT wage subsidy in accordance with existing guidelines. The case of Grand Forks City illustrates how the indirect services approach has been successfully used.

Grand Forks. A number of firms in the community of Grand Forks permanently downsized their operations during the last recession. Six agricultural processing announced they were going to reduce their employment by 10 to 15 people each over a 12 month period. Because several of the firms had never experienced any layoffs, the workers laid off ranged from 7 to 25 years with the firms. Some of the workers were eligible for early retirement. When the IAS learned of this situation a professional officer was sent to investigate. A careful review of the situation led to the

conclusion that the way the layoffs were occurring and the numbers involved did not lend themselves to the creation of an outplacement committee or reemployment center. The IAS officer contacted the workers at each plant and encouraged them to go to the local Fremont Job Service LMSC and take advantage of the services available. Nearly all of the dislocated workers in Grand Forks participated in two-week job search training workshops, and 55 of them went through a full battery of testing and assessment. The IAS officer monitored their situation carefully, and made sure that workers who qualified for retraining and who wanted to enter a program found a suitable course and received the necessary financial support for their training. Twenty-two persons took advantage of the retraining program, and 14 people received job-mobility assistance to move to new jobs in other parts of the country.

3. Preventive Technical Assistance

The governor of Fremont recognizes that dealing with manpower adjustment problems of firms before they become serious or terminal may prevent a plant closure or major layoff. A program of preventive manpower medicine can substantially reduce the costs to employers, the workers and their communities, and the government. The governor considers the joint employer-worker approach of the IAS to be a successful and economical way to address these issues and problems. Consequently, the Fremont IAS has been charged with providing technical assistance to employers in a preventive mode. In situations such as plant expansion, introduction of new technology, high turnover, or low productivity where there is no significant layoff, the focus of the IAS and joint committee structure relates primarily to the development of human resource planning, the improvement of workforce utilization, the design of training courses when appropriate, and to monitoring the project. Under this part of the Fremont IAS program such things as studies affecting workforce utilization, adjustment to technological change, work content or working conditions may be considered.

Where internal problems pose a significant threat to employment, IAS-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. The Fremont IAS may also 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 and acquiring the training materials used. Good examples of the preventive approach are the experiences of Worldwide Electric at their Fort Union plant, the Easybake Company in Capital City, and the Basic Services Company in Twin Cities.

Worldwide Electric. The Fort Union plant of Worldwide Electric employed 700 workers making electric motors, which were in a declining market. Rather than close the plant and dismiss all of the long service workers, the company decided to retrain them to produce aircraft instruments--a job which would require considerably more skill. An IAS officer met with the company and local IBEW Union officials to consider how the transition could be made with the least cost and disruption to the workers. A labor-management committee was set up to consider the problem. They concluded that a study of the new production processes was needed to determine the training needs of workers. The IAS helped finance a feasibility study which led the firm to identify the skills which would be needed and plan the retraining program for the workers. Because Fremont has a state program which supports worker retraining to increase productivity and prevent layoffs, state funds helped support the company efforts to retrain the workers and prepare them for their new jobs. The retraining of the workforce was carried out while the plant was being converted to build the new product line.

The Easybake Company. This firm was started by several professors from Fremont State University to produce and market a product they developed in their engineering and food science labs. The technology allows bakeries to dramatically increase their productivity in making bread and other dough-based food products. The fledgling company was set up in an old building on the edge of campus and hired students to work part-time to produce the easybake machines. The demand was so great that the company soon outstripped its capacity to produce at the existing location with a part-time workforce. The company contacted the IAS to help them study the best way to set up their expanded operations to utilize a different manufacturing configuration and a fulltime workforce. The IAS financed a study of the human resource and training needs of the redesigned production process. The study was adopted and the training program implemented once operations were transferred to the new plant. IAS monitored the implementation of the program, which resulted in the hiring of 75 new workers and expanding the employment base in the community.

It is noteworthy that the Fremont IAS notified the Capital City Private Industry Council of the jobs which would be created by the expansion of the Easybake Company. The PIC was able to work out an arrangement with the Easybake Company to recruit and train the new workers using JTPA Title II funds, providing jobs for a number of disadvantaged people in the community.

Basic Services Company. This firm is a major American supplier of model railroad equipment. It had been located in the Twin Cities for over 80 years, and was a leader in the market. However, the threat of foreign competition which was paying lower wages seriously threatened the future of the firm. It had two choices, either move its manufacturing offshore to a low wage country, or radically improve the productivity of its Twin Cities plant. Upon hearing of the companies' problems, and fearful of losing one of the community's oldest and proudest employers--not to speak of the 350 jobs involved--the mayor contacted the IAS to see if something could be done to help the firm and preserve the jobs. The IAS officer met with the company and union officials to discuss the matter. Through his efforts a joint labor-management productivity improvement committee was established to determine what could be done to reduce costs and improve productivity in the plant without forcing the workers to take severe wage cuts or lose their jobs entirely. The IAS made a grant to the committee (which was matched by the employer) to obtain outside consulting assistance for their technical studies. After several months of intense study the committee made a series of recommendations which involved the purchase of new CNC machines, computer controlled molding presses, and other new technology. In addition, they identified a number of areas where major savings could be effected by redesigning the operations. The committee presented their ideas to the management, who agreed to adopt the recommendations if assistance could be found to design a retraining program for the workers who would be installing and operating the new machines, and if the union would drop some of the existing work rules which would prevent the major structural changes needed to use the new technology. The IAS helped arrange for a consultant to design the training program, and the union agreed to the work rule changes. The company purchased and installed the new equipment and is now holding its own against all competitors in its industry.

The governor of Fremont also believes that a good readjustment program should encourage the preservation of jobs where feasible and provide assistance to the community in creating new jobs to replace those which have been lost as a result of permanent mass layoffs and plant closings. In support of this effort the governor has instructed the Fremont IAS to work closely with the state's Department of Economic Development. A member of that department sits on the state IAS coordinating committee, and whenever

there is a need for their services by a community facing a plant closing their staff are called upon for assistance. A good example of how the IAS may become involved in efforts to prevent job loss by finding a new owner for a threatened company is provided by the Northern Manufacturing Company case.

Northern Manufacturing. The RCM conglomerate decided to close its Northern Manufacturing operation in Lakefork because it no longer fitted in with the company's long range strategy, and was only marginally profitable. When word of the impending closure reached the mayor of Lakefork, he called the governor's office to ask if there was anything that could be done to save the 250 jobs involved. The Governor referred the problem to the IAS. An IAS officer arrived in Lakefork the following day and spent several days meeting with company officials, union officers, and local community leaders. After considerable discussion, the company agreed to sell the unit to the workers or local community interests--if they wanted to buy it. The IAS officer contacted the Fremont State University Business Development Service, which had expertise in employee buyouts, and the Fremont Department of Economic Development, which had access to resources for feasibility studies. A committee made up of workers and management from the Northern Manufacturing Company, aided by the IAS officer and state economic development department staff, wrote a grant proposal. A grant was obtained to hire a consultant to conduct the feasibility study. The study determined that a buyout was economically sound. Through the efforts of the consultants and staff of the Department of Economic Development, bank financing was obtained for the purchase of the plant and an employee stock ownership plan (ESOP) was set up to carry it out. The IAS officer monitored the project through to completion, and helped arrange for special training in problem-solving for the management and workers as they took over the operation of the company. In addition, a labor-management committee was set up to use the problem-solving techniques in improving productivity at the plant. The company is now profitable, and provides jobs for over 200 workers in the community.

The Fremont IAS has been operational for three years. A recent evaluation of its operations by an outside consulting firm concluded that the Fremont dislocated worker system (consisting of the financing mechanism, IAS, and other components such as labor market services, training, reemployment bonus, etc.) was a lean, well managed, and cost effective program. In the consultant's judgment, it had improved the operation of the

labor market by expediting the movement of workers from declining firms and industries into expanding areas; and by doing this it had significantly contributed to the competitive position of Fremont businesses in the national and world economies.