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FEDERAL EMPLOYMENT

**Job Placement Assistance
For Displaced Workers**

Statement of
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General Government Division



Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the federal government's efforts to assist displaced federal workers. Because of budgetary constraints, base realignments, and closures, the Department of Defense (DOD) anticipates approximately 200,000 civilian employees will be affected over the next 4 years. DOD has budgeted to lose 64,000 civilian positions in fiscal years 1992 and 1993. Through the first three quarters of fiscal year 1991, federal civilian and defense agencies separated 4,450 employees through reduction-in-force (RIF) and discontinued service retirements. Officials acknowledge that current placement systems will be severely strained by the large number of reductions. At your request, we gathered information on the operation of

- DOD's Priority Placement Program (PPP);
- the Office of Personnel Management's (OPM) two governmentwide placement programs--the Interagency Placement Assistance Program (IPAP) and the Displaced Employee Program (DEP)--and federal job information programs;
- the joint DOD and OPM program called the Defense Outplacement Referral System (DORS); and
- the Department of Labor's (DOL) Economic Dislocation and Worker Adjustment Assistance (EDWAA) program.

OPM regulations give each agency the primary obligation to provide placement assistance for its displaced employees. OPM programs supplement but are not intended to replace agencies' placement programs or to relieve them of their responsibility to provide the maximum placement assistance possible for their employees.

We obtained placement and worker assistance program information from DOD, OPM, and DOL headquarters and field offices. In addition, we visited EDWAA training centers in Pennsylvania and New Jersey.

Given that our work is still under way, our testimony will (1) briefly describe the operations of certain job information and placement programs that can help displaced workers, (2) provide recent job placement data for displaced federal employees, and (3) identify questions, limitations, or preliminary concerns about these programs that the subcommittee may wish to explore further.

DOD PRIORITY PLACEMENT PROGRAM

The Priority Placement Program is DOD's primary program for promoting the stability of civilian employment. According to DOD, close to 100,000 employees have been placed in other job positions through PPP since its inception in 1965.

JOB PLACEMENT ASSISTANCE FOR DISPLACED WORKERS

Summary of Statement by
Bernard L. Ungar, Director
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Defense base closures and realignments will result in tens of thousands of displaced federal workers. Through a ripple effect on private-sector workers, these displacements will affect the economy as a whole. Through the third quarter of fiscal year 1991, defense and federal civilian agencies issued 12,408 reduction-in-force (RIF) notices, resulting in 4,450 actual separations. By contrast, defense agencies have budgeted to lose 64,000 civilian positions in fiscal years 1992 and 1993. Ongoing federal agency placement programs are designed to provide assistance to those affected by a RIF, by referring them to other jobs.

Based on limited work to date, GAO has tentatively identified four areas the Subcommittee may wish to explore further in its continuing efforts to assist displaced federal workers.

--Federal placement programs, particularly OPM's, are not placing a high proportion of registrants. In fiscal year 1991, 20 percent of 29,749 participating federal workers in OPM and DOD programs were placed in other jobs. DOD's Priority Placement Program accounted for most of the placements--5,747 or 23 percent of 25,484 registrants. Because of the projected large numbers of displaced federal workers, DOD and OPM recognize that their existing programs will be strained and they are examining the programs to identify possible improvements and ways to remove impediments to finding jobs for more displaced workers.

--Current information systems do not cover all displaced workers or all federal jobs. OPM has been improving its database but there still appears to be a need for more comprehensive databases to accomplish a better match of job seekers with job openings.

--The Department of Labor's Economic Dislocation and Worker Adjustment Assistance Program (EDWAA) provides reemployment assistance to federal, state, local, and private sector workers. EDWAA's current funding of \$526.9 million has been supplemented by a \$150 million one-time transfer from DOD to Labor to specifically target workers affected by DOD cutbacks. The capacity of EDWAA to complement other federal placement efforts to a substantial degree in the upcoming years is an area that appears to warrant future consideration.

--Another area worth future consideration is the potential for retraining workers for other federal jobs before they are displaced or temporarily waiving certain qualification requirements to permit displaced workers to be hired and become qualified for the job within a time period that will not cause undue interruptions or harm to federal programs and operations.

PPP is an automated worldwide referral program. Its computers match eligible employees' job skills with job vacancies at Defense activities. To be eligible, employees generally must have either: (1) received a RIF notice, (2) been furloughed longer than 6 months, or (3) declined a transfer with their activity outside the commuting area. Other employees are also eligible for the program and generally include those returning from overseas who do not have reemployment rights with activities in the states. Over 700 Defense activities that employ 50 or more civilians are tied into the computerized network.

Registration in the program is mandatory for those employees eligible for severance pay. Employees may register for up to five skill areas and remain in the program as long as 12 months after their separation date. However, they are removed sooner if they are placed in an appropriate position, decline a valid job offer, retire, or request termination of registration.

Registrants are assigned a numeric priority (1 through 3) for placement referrals based on the severity of the proposed personnel action. For example, top priority (priority 1) is assigned to employees facing separation without a job offer or a furlough of 6 months or longer. Priority 2 is generally assigned to employees facing an offer of a down grade of two or more grades or separation due to declination of a geographical transfer with their activity, or certain employees returning from overseas. Priority 3 generally is for employees who are being offered a down grade of less than two grades or dependents of eligible overseas returnees.

Placement referrals are made through civilian personnel offices, which receive an updated database of registrants biweekly from the Defense Data Support Center in Dayton, Ohio. The database contains the skills, grades, and priorities of all registrants. Activities with vacancies are required to screen the database for matches and, where appropriate, to make job offers to registrants before hiring new employees or promoting, reassigning, transferring, or demoting current employees. Registrants generally receive one job offer at which time they will be removed from the program whether they accept or decline.

According to DOD data, 5,747 (or 23 percent) of PPP's 25,484 priority 1, 2, and 3 registrants were placed during fiscal year 1991. Another 3,896 of the registrants remained employed because of Desert Storm. Of the 15,118 priority 1 program registrants scheduled to be or actually separated, 4,052 (27 percent) were placed; 3,922 of which were in DOD. In addition, 5,841 other priority 1 registrants were removed from the program because they declined a valid job offer (291), their RIFs were cancelled (3,009), or they were no longer available for placement (2,541).

DOD studies indicate that registrants placed through DOD's program have satisfactorily performed their new jobs. In the most recent survey (1989), 89 percent of responding DOD supervisors stated that the performance of the employees placed through the program was average or above in comparison with other employees doing similar work.

DOD has recently established a working group to evaluate the PPP to see what changes need to be made in the program. Program managers acknowledge that the current program is not capable of handling the large number of employees who will be affected by planned base closures and realignments. The working group is also focusing on changes to make the program more flexible to both management and employees.

OPM'S DISPLACED EMPLOYEE AND INTERAGENCY PLACEMENT ASSISTANCE PROGRAMS

OPM's placement programs operate within a decentralized structure. Each of OPM's five regions and two service centers monitors referral and placement activity, with OPM's 39 area offices the most involved in the placement programs' operations. OPM's philosophy of decentralization is premised on the concept that local managers understand local conditions best, taking into account regional variables in the labor market.

OPM's two governmentwide placement programs augment the efforts of agencies undergoing RIFs, which have primary responsibility for placing their employees. OPM's placement programs, IPAP and DEP, are designed to help workers facing separation from their jobs in federal agencies, including DOD. Although essentially alike in operations, the two programs focus on workers at different points in the separation process. IPAP is open to employees who are at risk of losing their jobs due to a RIF.¹ Such employees may have received a general notice that a RIF will take place at their agency. DEP is open to employees who have received a specific RIF notice, and who may already have been separated through a RIF.²

Enrollment in IPAP is for periods of 120 days, which are renewed as long as workers face the possible loss of jobs. Registrants in DEP are enrolled for a period of 1 to 2 years, depending on career status. Employee participation is voluntary. Enrollees can register for up to five different job series if they qualify and all geographic areas which OPM services, but they will only be considered for positions at or below their current grade or the grade held at separation.

Enrollment in either program entitles displaced federal workers to automatic consideration for vacancies filled through the competitive process. They must be considered first for vacancies which federal agencies seek to fill from: (1) competitive service applicants processed by OPM; and (2) applicants entering competitive service through agency-operated direct hire and delegated examining authorities granted by OPM.

¹Also eligible are employees who may lose their jobs because of contracting out or refusal to transfer to another commuting area.

²Also eligible for DEP are those who decline a transfer of function, worker's compensation recipients, and disability annuitants.

Agencies wishing to fill a position through the competitive process must give IPAP and DEP candidates priority consideration. For DEP registrants, agencies are blocked from competitive hires, and must offer them the position or object to the registrant on the basis of the registrant's qualifications. OPM may sustain or deny agencies' objections.

Registrants are dropped from the placement programs if they accept nontemporary employment, if they ask that assistance be stopped, if they decline a permanent job offer under conditions they previously indicated as acceptable, or when their eligibility expires.

Impediments to Placements

Placement statistics, while giving an indication of activity under DEP and IPAP, provide an incomplete picture of the programs. In fiscal year 1991, there were 3,307 participants in DEP and 958 in IPAP nationwide. OPM made a combined total of 2,167 referrals under both programs, and placed 58 people in other federal jobs. These are OPM-reported statistics and we have not verified them.

Complete analysis of placement data is pending our receipt of referral and placement statistics from OPM. However, preliminary indications from interviews with seven of the nine area offices in OPM's Philadelphia region, as well as officials of its Philadelphia Regional Office, suggest that the majority of workers registered for the placement programs come from DOD agencies, and therefore, may have already gone through PPP without being placed. With the base closings and realignments in DOD, OPM officials expect the demand for placement services to increase.

We noted three possible impediments to placement of displaced federal workers under the IPAP and DEP programs. First, agencies have options other than hiring a DEP registrant or objecting to the registrant's qualifications. Although blocked from hiring competitively, agencies may leave vacancies unfilled, or fill them noncompetitively through merit promotion, transfer, or reinstatement. Second, according to OPM area office officials, current conditions in the federal job market work against placement; that is, budget constraints have kept hiring low in many federal agencies except for some growth in federal law enforcement agencies. Consequently, there are few positions to offer displaced federal workers. Finally, some agencies, generally those with positions only in the excepted service, are not required to participate in OPM's placement programs.

OPM is beginning a review of its DEP and IPAP programs. OPM acknowledges that placements are low, and intends to examine the capacity of the placement programs, review the population they serve, and identify possible improvements.

OPM FEDERAL JOB INFORMATION PROGRAMS

OPM has a statutory requirement to provide adequate public notice of federal competitive service vacancies. Because of this statutory obligation, OPM's federal job information system focuses on recruitment from outside the federal government.

OPM officials said that, with the creation of additional noncompetitive appointment authorities over the years, OPM can no longer be considered the primary disseminator of federal job information. According to OPM estimates, approximately 100,000 appointments are made each year under the competitive process. Hires under delegated examining authorities account for approximately half this number, with the remaining half evenly divided between direct hiring authorities and competitive service hires under OPM. Hiring is down this year, according to OPM, with 62,595 competitive service appointments made through the third quarter of FY 1991.

In addition, OPM roughly estimates that 200,000 hires occur each year which are exempted from the competitive process. Many of these noncompetitive appointments would not be suitable for displaced federal workers, according to OPM. They include hires made for example under special authorities for veterans, co-ops and interns, and certain temporary workers.

OPM gathers and compiles information on federal jobs available through the competitive process. It relies on a multi-step process to gather and disseminate information for its Federal Job Opportunity List. This process begins with individual federal agencies, which are required to contact OPM when they seek to fill a position competitively.³ Each OPM area office then prepares a list of competitive vacancies in its area. The area offices also submit this information to OPM's support center in Macon, Georgia. The support center then sorts the vacancies according to nationwide or local applicability. OPM then disseminates the complete list of vacancies back to its 39 area offices.

The Job List information receives broad distribution. Area offices are responsible for ensuring adequate public notice on the local level. In addition, Job List information is sent to all state employment agencies, all job information offices nationwide, federal agencies, congressional offices, colleges and universities, and selected community organizations that offer placement services, such as veterans' organizations.

OPM also disseminates Job List information via job information phone lines and a touch-screen jobs database. The former was originally developed for recruitment of recent college graduates for entry-level jobs. OPM's College Hot Line has been expanded to include a General Job Line which includes those federal competitive opportunities as determined by each area office. OPM plans to expand the General Job Line to all OPM regions by the end of FY 1992.

³Recent changes also require agencies with delegated examining authority to report their vacancies.

The Federal Employment Data System is a nationwide database of competitive federal jobs, which has user-friendly, touch-screen features that one can use for a nationwide job search. It is being tested in the Philadelphia Regional Office and should be fully on-line in all regions by the end of FY 1992.

OPM officials said they are unable to provide job seekers with the kind of federal job information currently available through private publications. While OPM expects to complete the expansion of the system for disseminating information on competitive federal jobs by the end of FY 1992, OPM will not have available information on openings (1) open only to current government employees ("status" positions); (2) through the noncompetitive authorities; and (3) through internal agency actions (e.g., merit promotion). As previously indicated, OPM does not believe many of the jobs would be suitable for displaced federal workers. Also, OPM said it lacks the resources, including a state-of-the-art computer capability, to provide this information. In addition, to be able to provide total job opportunities, OPM would first have to resolve certain questions, such as how to input and maintain the data and how to get the information out to those who need it.

DEFENSE OUTPLACEMENT REFERRAL SYSTEM PROGRAM

In October 1991, DOD began implementation of its new Defense Outplacement Referral System, which was developed jointly with OPM. DORS is designed to maximize placement opportunities for current DOD civilian and military personnel and their spouses who may be affected by downsizing, base closure, or reductions required by budgetary restrictions. The DORS database will provide prospective federal, state, local, and private employers with registrants' names and basic qualifications.

System registration is voluntary and may take place as early as 12 months before the effective date of an expected RIF action. The local base commander will determine when registrations may begin. Registrants may remain in the system as long as 1 year from the date of separation.

The system is designed to enable prospective employers to access the DORS database using a touchtone telephone. Based on the criteria entered, the computer is to search the DORS database for prospects and fax a list of employee referrals to the requesting employer within 45 minutes. Employers who do not have fax capability can receive resumes through the mail. DOD agencies are to receive bi-weekly lists of referral candidates from the Data Center in Dayton, Ohio and can request resumes and have them transmitted through a bulletin board system.

Since DORS is a voluntary system, there is no penalty for declining a job offer or limit to the number of jobs a registrant may turn down. However, once a registrant receives a RIF notice, registration in PPP becomes mandatory. Registrants have the option of simultaneously remaining in DORS, but they are generally removed from both programs if they decline a federal job offer.

OPM officials view DORS as another option available to displaced workers, beyond that provided by the placement programs operated by DOD and OPM. They acknowledge that, in light of the present labor market, DORS' usefulness should increase as the economy improves.

DOL ECONOMIC DISLOCATION AND WORKER ADJUSTMENT ASSISTANCE PROGRAMS

Under the Economic Dislocation and Worker Adjustment Assistance Act, which became law in August 1988, DOL is responsible for providing retraining and readjustment assistance to displaced workers, including federal workers. EDWAA is currently funded at \$526.9 million. This is supplemented by a one-time transfer of \$150 million from DOD to DOL to specifically target workers affected by DOD cutbacks.⁴

Eligible individuals under EDWAA are those who "have been terminated or laid off or have received notice of termination or layoff from employment" due to "permanent closure or substantial layoff." They are unlikely to return to their previous job or industry, and they must have received their layoff or termination notice to receive services under EDWAA.

EDWAA funding is distributed through states down to the local service delivery areas. DOL channels 80 percent of EDWAA funds to the states where they are used to support the coordination efforts of state-level Dislocated Workers Units and local service delivery areas. State and local allocations are tied to a formula reflecting factors indicating the need for services, such as unemployment statistics and the number of displaced workers in the area. The remaining 20 percent are held in a National Reserve Account as discretionary funds for DOL to use primarily for support services in the event of unforeseen or very large layoffs and closures and for demonstration projects.

EDWAA funds support a variety of reemployment services, which include: rapid response activities of the state Dislocated Workers Unit (that is, the coordination of on-site services and the formation of committees to assist in transition activities in a plant or facility closure); retraining services (including classroom, remedial, and on-the-job training); basic readjustment services (for example, outreach, counseling, testing, placement assistance, and support services); and needs-related payments for displaced workers who have exhausted their unemployment insurance.

⁴DOD also transferred \$50 million for community assistance through the Department of Commerce.

States We Visited See
Increasing Need for EDWAA Services

In the states we visited, Pennsylvania and New Jersey, the rate of dislocations shows a steady increase. Pennsylvania officials told us there were 178 dislocations in program year 1990 (July to June) affecting approximately 26,000 workers at private companies such as 3M, AT&T, and U.S. Air and at military installations. New Jersey officials advised us of 341 dislocations affecting 23,377 workers at, for example, Fort Dix, GE Aerospace, and Campbell's Soup. The number of dislocations and workers affected increased in both states over the previous year and officials said that funding patterns reflect the increasing need for displaced workers' services.

Funding in New Jersey has more than doubled, from \$3.1 million in program year 1989 to \$7.8 million for the current program year. Also, New Jersey has applied for and received an additional \$3 million in National Reserve Account funds each program year.

Displaced workers' services in Pennsylvania have also been high, with total program funding increasing from \$15.0 million in program year 1989 to \$18.9 million in 1991. Pennsylvania, according to Dislocated Workers Unit officials, has applied for and received National Reserve Account funds on 15 occasions, reportedly more times than any other state.

The largest single dislocations to date in these states are expected to affect approximately 2,600 workers in New Jersey and 2,000 workers in Pennsylvania. In comparison, DOD estimates that 8,000 to 10,000 civilian employees will be displaced in the Philadelphia area alone due to the scheduled closures and realignments.

Additional Assistance Available
Through One-Time Transfer

DOL recently received a transfer of \$150 million from DOD. Current plans are for this transfer to provide assistance during fiscal years 1992 and 1993 to target workers displaced by defense cutbacks, including both DOD and defense contractor employees.

The distribution of this funding is expected to generally resemble the distribution of EDWAA funding, with DOL providing the money to states to provide the actual support services at the local level. A small portion--as much as 10 percent--could be used to support demonstration projects that assist displaced workers before their actual RIF notice. The demonstration projects represent an opportunity to experiment with different ways of providing assistance to displaced workers.

DOD has set up a tentative schedule of base closings and realignments that range from September 1992 to September 1997. With the \$150 million expiring at the end of September 1993, it seems probable that the number of displaced workers needing assistance may be greater than the number of workers displaced when the funds are available.

SUMMARY OBSERVATIONS

Federal placement programs, particularly OPM's, are not placing a high proportion of registrants. Because of the projected large numbers of displaced federal workers, DOD and OPM recognize that their existing programs will be strained and they are examining the programs to identify possible improvements and ways to remove limitations to finding jobs for more displaced workers.

As an initial observation, it appears to us there may be a need for more comprehensive databases of displaced workers and job openings to accomplish a better match of job seekers with job openings. Federal job information systems only cover about one-third of all federal jobs. DORS, although the most comprehensive database to date of job seekers, does not contain employees of federal civilian agencies. Combined with these considerations is the present labor market, where employers have an ample supply of candidates and jobs are often filled through networking and placement firms. Under these conditions, it is questionable whether employers have sufficient inducement to query DORS.

The Department of Labor's EDWAA program provides reemployment assistance including retraining and job search assistance to federal, state, local, and private-sector workers. EDWAA's current funding has been supplemented by a \$150 million transfer from DOD to Labor to specifically target workers affected by DOD cutbacks. The capacity of EDWAA to complement other federal placement efforts to a substantial degree in the upcoming years is an area that appears to warrant future consideration.

Another area worth future consideration involves retraining to qualify employees for entry into new positions. Specifically, there may be potential for retraining workers before they are displaced. Also, similar to the Veterans' Readjustment Appointment Program, it may be possible to temporarily waive certain qualification requirements to permit displaced workers to be hired for certain positions and, once on the job, become qualified within a specified period of time without undue interruptions or harm to federal programs and operations. That program provides hiring authority for noncompetitive appointments of Vietnam-era veterans, which lead to competitive status upon satisfactory completion of 2 years of service and education or training.

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Mr. Chairman, that concludes our prepared statement. We would be pleased to answer any questions.

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