

**GAO**

**Testimony**

Before the Subcommittee on Human Resources and  
the Subcommittee on Compensation and  
Employee Benefits  
Committee on Post Office and Civil Service,  
House of Representatives

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**FEDERAL EMPLOYMENT**

**Federal Displaced Workers Can  
Be Helped by Expanding Existing  
Programs**

Statement of  
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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. Our testimony will basically summarize the issues discussed in our report, FEDERAL EMPLOYMENT: Displaced Federal Workers Can Be Helped by Expanding Existing Programs, (GAO/GGD-92-86, May 5, 1992).

As a result of base closures and realignments, defense agencies plan to eliminate about 229,000 civilian positions through fiscal year 1997. Defense and Office of Personnel Management (OPM) officials acknowledge that the large number of reductions will place a severe strain on ongoing federal agency placement programs designed to find jobs for displaced federal employees.

Our report, prepared at your request, provides our observations on federal job placement programs operated by OPM and the Department of Defense (DOD) and the retraining and readjustment assistance provided by the Department of Labor, as well as our evaluation of the potential for expanding and linking current federal job opening and job seeker databases to provide displaced workers with a more comprehensive listing of available federal job openings. We also reported on the differing interpretations by the 50 states and the District of Columbia as to the eligibility criteria for providing displaced workers with job retraining as authorized under the 1988 Economic Dislocation and Worker Adjustment Assistance Act (EDWAA). We will now discuss these issues and our recommendations aimed at helping the federal government better respond to displaced workers' needs for timely assistance.

#### DOD AND OPM PROGRAMS DO NOT PLACE A HIGH PROPORTION OF REGISTRANTS

Federal job placement programs, particularly OPM's, are not placing a high proportion of registrants in jobs. In fiscal year 1991, DOD's Priority Placement Program (PPP) placed 5,747, or 23 percent, of participating employees. The rate of PPP usage has increased significantly, while the placement rate has declined. The program manager said PPP has worked well in the past, but currently it is not able to meet demand for placements because fewer job opportunities are available.

Registrants in OPM's governmentwide programs received few or no referrals during the fiscal year. This would explain in large part why OPM reported placing only 58 of over 4,000 registrants during fiscal year 1991. Most registrants in OPM's programs during this same period were DOD employees. Unlike DOD's program, agencies considering registrants from OPM's programs can cancel their vacancies or fill them through other competitive or noncompetitive means.

DOD is fast approaching the beginning of its scheduled dates of base closures and realignments. Neither we nor DOD and OPM program managers believe that current DOD and OPM placement programs can adequately support the number of displaced federal workers expected from the DOD base closings and realignments. Both OPM and DOD are reviewing their programs to identify possible improvements.

JOB OPENING AND JOB SEEKER  
DATABASES COULD BE EXPANDED AND LINKED

Currently, OPM's Federal Job Opportunities Listing (FJOL) and the Defense Outplacement Referral System (DORS) are of limited value to displaced federal workers; the former because it does not list all of the federal jobs for which the displaced workers could qualify, and the latter because it does not refer all displaced workers to prospective federal and nonfederal employers. For example, FJOL does not list positions being filled through noncompetitive authorities and jobs in excepted-service agencies,<sup>1</sup> internal agency actions (e.g., merit promotion); and other career-status positions that are open only to present federal employees. Also, DORS does not currently refer non-DOD civilian job seekers to federal or private sector jobs, but DOD plans to start referring its civilian workers to private sector jobs in the next 60 to 90 days. As of April 30, 1992, DORS placed 118 civilian workers in other federal jobs.

Current databases on federal job openings and job seekers could be expanded and linked to provide displaced workers with a more comprehensive listing of available federal job openings, and prospective employers with a more complete listing of displaced employees who are seeking work. This could be accomplished with the purchase of additional computer hardware and software at an estimated cost of \$2.2 million, additional telephone lines at an annual cost of about \$90,000, and two or three additional OPM staff to operate the systems. Expanding and matching these databases to include more jobs and all job seekers would improve the federal government's ability to help displaced workers.

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<sup>1</sup>The term noncompetitive authorities refers to the legal bases for personnel actions used by agencies to fill vacancies without using the competitive appointment process, e.g., to reinstate individuals who previously held permanent career appointments or who are eligible based on certain appointments for at least 3 years in the legislative branch or 4 years in the judicial branch. Excepted service agencies include those with authority to appoint individuals without using OPM's appointment registers. These include agencies in the legislative and judicial branches as well as such independent executive branch agencies as the Tennessee Valley Authority and the Nuclear Regulatory Commission.

STATES INTERPRET DISPLACED WORKERS'  
ELIGIBILITY FOR EDWAA DIFFERENTLY

As a result of states' differing interpretations of job retraining eligibility requirements, displaced workers face significantly different eligibility standards for federally funded job retraining. The differences basically center on what constitutes notice that an individual's job is being terminated--the 60-day "specific notice" generally required by law or regulation for nonfederal and federal employees, respectively, or a general notice, such as the announcement of a future base closure.

We contacted all state dislocated workers units and the District of Columbia to identify when they will begin job retraining for displaced workers. EDWAA defines "eligible dislocated workers" as individuals who "have been terminated or have received a notice of termination of employment, as a result of any permanent closure of or any substantial layoff at a plant, facility, or enterprise." In 26 jurisdictions, federal and private sector workers are considered eligible for retraining when a DOD base or private sector plant closure is first announced. In 23 states, workers are not considered eligible until they receive the individual separation notice generally required to be sent to them 60 days before the actual separation date. One state has not yet formulated a policy, and the other state's policy is to approach each closure on a case-by-case basis. Although Labor intends to resolve this issue, it had not done so to date.

With the imminent DOD staff reductions that are to occur, a timely resolution of the EDWAA eligibility issue is needed to ensure that displaced workers receive fair and consistent treatment and job retraining when it is needed most.

GAO'S RECOMMENDATIONS

To better respond to displaced workers' needs for timely assistance, we recommended that the Director, OPM,

- expand the FJOL to include all federal job openings for which displaced workers could qualify,
- expand DORS to include workers who are being displaced by civilian agencies, and
- develop a computer program for matching job seekers with job vacancies on a periodic basis and/or when job seekers and job vacancies are added to the respective databases.

We also recommended that the Secretary of Labor decide as soon as possible whether displaced workers may receive job retraining as authorized by EDWAA before they receive a specific notice of job termination.

OPM and Labor have not yet officially responded to our recommendations. However, as indicated in our report, OPM officials expressed concerns about cost and policy issues. They said that while the estimated costs to expand the job vacancy database are not substantial, they nevertheless involve funds OPM does not currently have. OPM officials also were concerned that, similar to their experiences with federal job fairs, an expanded job vacancy database would likely be attractive to large numbers of nondisplaced federal employees interested in transferring to another federal agency. This situation could result in additional costs for agencies to respond to a larger group of job seekers than to the intended target group of displaced employees.

From a policy standpoint, OPM officials told us that agencies may also object to an expanded job vacancy listing in part because of their concerns that the information reporting requirement would be a precursor to establishing a mandatory governmentwide placement program. To the extent that such concerns materialize, OPM speculated that agencies may reduce the number of job vacancies for which they would consider applicants from outside their agencies.

MATTERS FOR CONSIDERATION  
BY THE SUBCOMMITTEES

Effective OPM and DOD implementation of our recommendations, along with provision of the two or three additional personnel and little over \$2 million needed by OPM to expand and link job seeker and job opening databases, should improve the ability of agencies to help displaced workers. Therefore, the Subcommittees may want to reach agreement with OPM on the final actions needed. We should also point out, however, that the ultimate effectiveness of the government's effort to find jobs for displaced DOD employees will depend largely on the willingness of civilian federal agency executives and managers to "open" job vacancies to these persons and seriously consider offering them positions. Thus, the Administration may need to send a strong, clear message to agency heads encouraging them to actively and seriously consider displaced workers for their open positions.

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