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# REPORT TO THE CONGRESS 093372

## Reemployment Assistance For Engineers, Scientists, And Technicians Unemployed Because Of Aerospace And Defense Cutbacks

B-133182

Department of Labor

*BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES*

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DEC 5, 1973



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON D C 20548

B-133182

To the Speaker of the House of Representatives  
and the President pro tempore of the Senate

This is our report on the Department of Labor's program of reemployment assistance for engineers, scientists, and technicians unemployed because of aerospace and defense cutbacks.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget, and to the Secretary of Labor.

A handwritten signature in black ink that reads "James B. Stacks".

Comptroller General  
of the United States

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#### ABBREVIATIONS

ES	employment service
EST	engineers, scientists, and technicians
HRD	Department of Human Resources Development
MDTA	Manpower Development and Training Act
NRE	National Registry for Engineers
OJT	on-the-job training
RMA	Regional Manpower Administrator
TMR	technology mobilization and reemployment

D I G E S T

WHY THE REVIEW WAS MADE

GAO examined the Department of Labor's program to reemploy engineers, scientists, and technicians laid off by the aerospace and defense industries to determine how much assistance it provided and whether improvements could be made.

Background

The Technology Mobilization and Reemployment program was authorized by the President on April 2, 1971, when an estimated 75,000 to 100,000 engineers, scientists, and technicians were unemployed. The Department estimated that it would provide financial assistance to about 30,000 persons to help them find employment and that about 40,000 overall would be placed in 2 years. The Department allocated \$42 million of Manpower Development and Training Act (MDTA) funds for the program--\$40 million for retraining, job search, and relocation grants and \$2 million for skill conversion studies. (See p. 5.)

The program was to provide assistance in four ways:

1. Job promotion and development including referrals to jobs developed by State employment service agencies.

2. Grants not to exceed \$500, to enable applicants to explore job opportunities outside their home areas.
3. Grants not to exceed \$1,200, to enable applicants to move their household goods, in the event they obtained employment outside their home areas.
4. Special training when there is a strong prospect that such training will lead to a permanent job with a specific employer. The employer is reimbursed up to \$2,700 for the cost of an employee's nonproductive time.

GAO reviewed the program, administered by State employment security offices, in Los Angeles and Van Nuys, California; Seattle; Denver; and New Orleans. (See p. 6.)

FINDINGS AND CONCLUSIONS

This program was reasonably successful. However, in terms of assisting applicants in finding jobs and of providing financial assistance to participants, the program fell short of the estimated goals.

Obviously, program administrators faced a difficult challenge. The average unemployed professional

was 35 to 54 years old, had 11 to 20 years highly specialized experience, and had been earning an annual salary of \$10,000 to \$15,000

Experience under the program and of private employment agencies indicated that such individuals were not easily reemployed (See p. 12 )

The Department reported that, of 50,000 applicants registered in the program as of March 31, 1973, about 30,000 had been assisted in obtaining jobs. The 30,000 figure is believed to be overstated (See p 15.)

As of that date, the Department reported that 10,365 persons, or 35 percent of the goal, received financial assistance totaling \$7.6 million (See p 14.)

Principal factors contributing to a greater number of those applying not being assisted included

--Job development activities were concentrated in areas where job openings were scarce and nationwide job development tools which provide additional employment opportunities were not used adequately (See pp 15 and 17 )

--Program officials did not determine why individuals on job search grants failed to obtain employment and did not make additional efforts to fill job openings for which the grants were made (See p 20 )

--Lack of posttraining placement assistance and insufficient job development activities necessary for identifying areas where training could have resulted in suitable employment (See p 22 )

--Inadequate monitoring of the program by the Department and various deficiencies which, in the absence of monitoring, remained uncorrected (See p. 25.)

One aspect of the program which appeared to be successful was the series of studies called skill conversion studies. These identified industries and public service areas that have significant potential for new job creation for former aerospace and defense workers in the immediate or near future.

Under a contract stemming from one of these studies, 329 persons had enrolled in courses to retrain workers and, as of January 12, 1973, 302 had obtained employment, most of them in training-related jobs. (See p 27 )

The program, as a special effort, was scheduled to end March 31, 1973, but was extended to June 30. Some activities were continued in specific areas where high unemployment and pending layoffs were expected.

Decisions on whether these activities will be further financed have been held in abeyance pending completion of a Department evaluation. Regardless of whether the program continues, the need which brought the program into being--unemployed engineers, scientists, and technicians--continues, although somewhat diminished (See p. 28.)

The experience of the program provides knowledge on the relative merits of the assistant methods used. This knowledge can be useful in determining future approaches to alleviating unemployment problems of any highly skilled group.

RECOMMENDATIONS OR SUGGESTIONS

If program-type activities are carried out in some form, the Department of Labor should instruct local employment service offices to

- increase their use of existing nationwide job development tools,
- initiate followup efforts to determine the reasons why individuals on job search grants did not receive offers of employment, so that additional efforts could be made to fill the opening,
- provide posttraining placement assistance, and
- conduct in-depth job development activities necessary for identifying areas where institutional training could result in meaningful employment for program applicants.

From lessons learned from the program, Labor should develop a plan it could implement quickly, in the event of future occurrences of the nature experienced by ESTs. This plan should provide for

- performing and using skill conversion studies which would be given a high priority and

- implementing a monitoring system automatically with the implementation of the program (See p 29.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Department agreed with these findings and said that, if the program were to continue, it would adopt GAO's recommendations. The Department, however, expressed the desire for a more permanent program and for a somewhat expanded departmental role in the program than GAO's recommendations would accomplish (See p 30 )

MATTERS FOR CONSIDERATION BY THE CONGRESS

The Senate has passed Senate bill 1559, The Job Training and Community Services Act to 1973, which contains authority for State and local government program sponsors to operate programs to help unemployed engineers, scientists, and technicians. The House of Representatives is considering similar legislation.

Information on how this program was implemented and GAO views on how programs of this nature can be improved should be of assistance to the Congress in its deliberations of problems dealing with unemployment of a highly trained segment of the Nation's work force

## CHAPTER 1

### INTRODUCTION

The Technology Mobilization and Reemployment (TMR) program is a Department of Labor program designed to provide assistance to unemployed engineers, scientists, and technicians (ESTs) from aerospace and defense industries. Labor estimated that between 75,000 and 100,000 persons were in this category at the program's inception. The National Society of Professional Engineers in March 1972 estimated 92,000 persons. The President authorized the program on April 2, 1971, and Labor allocated \$42 million in Manpower Development and Training Act (MDTA) funds for 2 years. Labor set aside \$2 million of the \$42 million for studies called skill conversion studies, to identify those industries where potential job openings might be created for ESTs.

The program, as a special effort, was scheduled to end March 31, 1973, but was extended to June 30, 1973. Labor said that, because of high unemployment in a few specific areas and some pending layoffs, EST unit staffs would continue to provide job development and referral activity until September 30, 1973. Labor is evaluating the program but its report has not yet been issued, a decision on whether financial assistance will be made available for TMR-program-type activities will be based on the recommendations in the report.

Labor's Regional Manpower Administrators (RMAs) administered the program through State employment security agencies of the Federal-State employment security program. The existing employment security program includes the (1) employment service (ES), a nationwide network of public employment offices, and (2) unemployment insurance.

Locally a separate unit within the ES offices called "EST job development units" carried out the program. The units were established in areas Labor designated as having a high concentration of unemployed ESTs. States not having an EST unit were authorized one additional ES employee to serve, at the State ES headquarters level, as the EST State Specialist responsible for administering the program. In 50 of the largest cities, displaced professionals were hired by State employment security agencies as job development



consultants to help find job openings for the unemployed ESTs

Assistance to those eligible to participate in the program is provided by the EST units and State specialists in four ways

- 1 Job promotion and development, including referrals to jobs ES agencies developed
- 2 Job search grants, not to exceed \$500, to enable applicants to explore job opportunities outside their home areas
- 3 Relocation grants, not to exceed \$1,200, to enable applicants to move their household goods, in the event they obtain employment outside their home areas
- 4 Institutional training and/or on-the-job training (OJT) where there is a strong prospect that such training will lead to a permanent job with a specific employer. The employer is reimbursed up to \$2,700 for the cost of an employee's nonproductive time

#### SCOPE OF REVIEW

Our review included an evaluation of the extent to which the TMR program assisted unemployed ESTs and an examination of how the program was carried out by Labor and selected State employment security agencies. Information for our review was obtained from

- Headquarters, Manpower Administration, Department of Labor, Washington, D C
- Regional Manpower Administrators' offices in San Francisco, Seattle, and Dallas
- ES offices in Los Angeles and Van Nuys, California, Denver, New Orleans, and Seattle
- The National Registry for Engineers (NRE), Sacramento

We examined Labor and State policies, procedures, documentation, and reports relating to program activities and interviewed Labor, State, and local ES officials administering

the program. We also interviewed an official of a private employment agency involved in placements in various professions, including engineering and science, to determine the agency's experience in placing unemployed ESTs.

## CHAPTER 2

### OVERVIEW OF THE

#### TECHNOLOGY MOBILIZATION AND REEMPLOYMENT PROGRAM--

##### AN EFFORT TO CONSERVE A VALUABLE NATIONAL ASSET

For about 25 years aerospace was one of America's leading industries. This field attracted thousands of the country's best minds, and employment in aerospace became the goal of many others selecting careers.

The aerospace industry was a prime factor in Federal efforts to develop sophisticated defense and space capabilities and in efforts by the private sector to develop bigger and better commercial transportation capability.

Beginning in 1968 national priorities changed.

- Industry's biggest customer, the Department of Defense, cut its spending
- The National Aeronautics and Space Administration reduced space efforts
- The decision to forego development of the supersonic transport was made
- Further cutbacks were tied to the Nation's disengagement in Vietnam

As the general economic slump caused the industry's other major customer--the airlines--to limit contracting for new equipment, a national news publication reported widespread fears about the future of the aerospace industry. Aerospace sales fell and, although the industry remained the Nation's largest manufacturing employer, it was forced into an austerity program and had to reduce the number of employees substantially. For the first time in recent history, aerospace workers were without jobs and found their expensive talent unsalable.

PROGRAM INITIATED BY  
SUPERSONIC TRANSPORT CANCELLATION

In the aftermath of the congressional cancellation of the supersonic transport, the White House launched the \$42 million TMR program to help unemployed aerospace ESTs find new jobs.

The program was launched in 14 areas selected on the basis of their having either 1,000 or more unemployed ESTs or 500 such persons in a city with at least a 6-percent unemployment rate, expansion to 5 additional areas followed. The funds were divided into four categories: \$5 million for job search grants, \$10 million for relocation grants, \$25 million for training and retraining on the job, and \$2 million for skill conversion studies. Originally Labor estimated that the \$40 million allocated to the first 3 categories could help as many as 10,000 persons in each category for a total of 30,000 persons.

FINANCIAL ASSISTANCE GRANTS

The purpose of the first two types of grants was to provide assistance to individuals to explore job opportunities outside their home area or who needed help in terms of relocation costs to accept job offers outside their areas.

If the individual could convince his local ES office that the opening was a good prospect, the program would pay up to \$500 for him to travel to the new job interview and up to \$1,200 in moving expenses if he got the position and the new employer did not normally pay moving costs.

Whether a participant was placed locally or through the use of the financial assistance grants, if some retraining for the new job was necessary, the new employer was reimbursed up to \$2,700 for the employee's nonproductive time.

JOB DEVELOPMENT ACTIVITIES

The program design contemplated that both unemployed persons participating in the program and the EST units would carry out extensive job development activities and recognized that in some cases the participant would require additional training to get the job. The job development aspect of the

program was not particularly successful because it was directed mainly to employers in the high unemployment areas served by the EST units.

One of the tools available to the EST units to locate suitable jobs outside the local area was the job bank system, operated by the State employment agencies. By use of computers, the job banks collect, process, distribute, and control announcements of job openings by employers in each of the 88 participating metropolitan areas.

Job orders are received by a centralized order-taking unit, generally as a result of a telephone request from an employer, and assembled into a book containing all current openings placed with the ES agency. The book is updated daily to reflect changes in the status of job orders and is distributed to all State agency offices and to offices of certain other agencies which place persons in jobs in the area served by the job bank. Referrals of applicants to jobs are controlled from a central point, to insure that applicants are not sent in greater numbers than the employer requested or referred to jobs already filled. In July 1971 Labor established a procedure whereby sections of job bank books dealing with professional, technical, and managerial occupational categories would be provided weekly by each job bank to each EST unit.

To further aid former aerospace and defense workers, Labor, in cooperation with the California State Department of Human Resources Development (HRD), and the National Society of Professional Engineers established on November 1, 1970, a computerized applicant-job opportunity register in Sacramento, to make employee referrals nationwide from this centralized data base.

Labor and the Department of Housing and Urban Development jointly sponsored a separate \$1.3 million pilot project conducted by the League of Cities - Conference of Mayors, Inc., to employ displaced persons in middle-level management jobs available in 34 cities. The project covered the period May 1, 1971, to April 30, 1972, and the final report showed that, of the 371 participants in the program, 297 had been employed. The Emergency Employment Act of 1971, which was expected to assist in the employment of a large portion of project participants, subsidized 95 of the 297 jobs.

The American Institute of Aeronautics and Astronautics Workshops offer counseling on new careers, guidance in preparing personal resumes and developing job-interview techniques, and information on job opportunities and assistance programs. State employment agencies assist in conducting these free workshops.

#### SKILL CONVERSION STUDY

Although the TMR program was designed primarily to retrain ESTs for existing jobs or to provide some financial assistance to enable them to obtain existing jobs, the program also included a skill conversion study to identify new opportunities for employment and to explore the problems of converting current available skills to new occupations. EST research groups were to do systems design and engineering work on problems in such fields as agriculture, paper, lumber, city government, fire protection, crime protection, and water pollution. The skill conversion study which cost about \$2 million represented the major effort to identify new occupational opportunities.

#### FACTORS ADVERSELY IMPACTING ON PROGRAM OPERATIONS

Many roadblocks were encountered in getting unemployed ESTs back to work. One of the most significant barriers was the problem of salary adjustment. Aerospace work has traditionally paid well. Consequently, many of those initially laid off delayed job searching, hoping they would be restored to their jobs. They resisted moving into related fields at lower pay.

Labor data showed that the typical program participant was 35 to 54 years old, had 11 to 20 years of experience in a highly specialized area, and had been earning an annual salary of \$10,000 to \$15,000. Early data showed that most professionals placed in new jobs had to take a salary cut averaging about \$2,500 annually.

Additionally, the reluctance of individuals to take positions necessitating a geographic move was surprising to Labor and to others involved in trying to place the unemployed aerospace workers. Both Labor officials and the private employment agency we talked with generally pictured

aerospace workers as a mobile work force following job opportunities from one area to another as major job prospects opened and closed.

According to a private employment agency, about 50 percent of the unemployed ESTs registering with the agency would not relocate. This agency, which at the time of our discussion had about 1,000 ESTs registered and about 800 related openings, said that it had a 10- to 20-percent placement rate for ESTs.

Other problems, Labor identified and discussed in its publication dealing with manpower activities, included employer suspicions that displaced aerospace professionals would not permanently commit themselves to a new professional career and would go back to aerospace work at the first opportunity. Also some employers were reluctant to hire middle-aged and older persons. Additionally, the Nation in 1968-72 was in a fairly severe economic slump that affected the labor market as a whole. Employment opportunities were limited and large numbers of the unemployed labor force were seeking work. As was the case in most other manpower programs, the TMR program was, for the most part, not a job creation program, therefore, during depressed economic periods, placements became more difficult.

#### SIMILAR PROGRAMS IN FUTURE-- LESSONS TO BE LEARNED

Although the program may not have fully achieved its goals, there are lessons to be learned that could help similar programs in the future.

There might have been better opportunities for a program participant to obtain a job, particularly those willing to relocate, if local EST units had made better use of nationwide job development tools, such as the job bank books provided by the various job banks throughout the country or NRE, rather than concentrating job development activities in areas where job openings were already scarce.

A followup procedure to determine why individuals on job search grants did not obtain jobs or why other individuals were not referred to the unfilled job openings would have provided valuable data to use as a basis for program changes to improve this aspect of the program.

Additionally, during periods when the economy is in a slump, consideration could be given to some type of temporary job creation activity, such as a public employment program. If the economy is fairly strong and if only one segment of it is affected by a decline, then a program, such as TMR, might prove more successful.



### CHAPTER 3

#### PROGRAM ACCOMPLISHMENTS FALL SHORT OF ESTIMATED GOALS

Our review indicated that the TMR program was reasonably successful, but program accomplishments fell short of initial estimates. Program managers were more concerned with attempting to develop jobs in localized and often depressed labor market areas than with attempting to find job opportunities in other labor market areas. Labor did not evaluate placement efforts to determine reasons for failures and did not provide sufficient placement assistance to those persons who had been involved in the retraining aspects of the program.

Between 75,000 and 100,000 ESTs were unemployed at the inception of the TMR program, according to a Labor estimate.

Labor estimated that about 40,000 ESTs would be placed during the 2-year program period, either through placement services or through financial assistance grants discussed below. Labor reported, as of March 31, 1973, that, of the 50,424 registered applicants, 29,855, or approximately 75 percent of the program goal, were assisted in obtaining jobs.

When the program was initiated, Labor estimated that, in addition to placement services available to all ESTs in the program, it would provide financial assistance to about 30,000 program participants. Labor provided \$40 million for the financial assistance--retraining, job search, and relocation grants--aspects of the program. The following table compares Labor's estimated program activities with actual activities as reported in Labor's March 31, 1973, report on this program.

<u>Type of assistance</u>	<u>Persons served</u>			<u>Amount</u>		
	<u>2-year goal</u>	<u>Actual</u>	<u>Percent of goal</u>	<u>2-year goal</u>	<u>Actual</u>	<u>Percent of goal</u>
				(million)		
Job search grants	10,000	4,594	46	\$ 5	\$ 877,081	18
Relocation grants	10,000	1,819	18	10	1,106,884	11
Retraining	<u>10,000</u>	<u>3,952</u>	40	<u>25</u>	<u>5,583,126</u>	22
Total	<u>30,000</u>	<u>10,365</u>	35	<u>\$40</u>	<u>\$7,567,091</u>	19

As shown above, the estimated goals for financial assistance to ESTs were far from met

Our review showed that the numbers reported as being assisted by the program were overstated. To qualify as a placement by Labor's definition, the employment service must have made prior arrangements with the employer for the referral of, or have referred, an individual who had not been specifically designated by an employer and have verified from a reliable source (preferably the employer) that the individual had started to work. We found that, in many instances, placements were claimed for persons not meeting these criteria. Placements were also claimed for persons who had never registered in the program. Assistance in finding jobs was often claimed when no evidence existed that the program had provided any assistance. Due to these inaccuracies, the actual number of persons assisted by the program is difficult to ascertain

FACTORS ADVERSELY AFFECTING ACCOMPLISHMENT OF PROGRAM GOALS

According to Labor reports the TMR program assisted in placing 29,855 of the 50,424 registered applicants, the number assisted represents about 75 percent of the estimated total of 40,000 that Labor believed it could help. Analysis of the reports showed, however, that, in the three grant categories, only 35 percent of the estimated goal of 30,000 had been helped. Some factors which mitigated against helping a larger number of ESTs were

- concentrating job development activities in areas where job openings were scarce, and not adequately using nationwide job development tools which provide additional opportunities for obtaining jobs, which would have permitted greater use of job search grants and possibly job relocation grants, both of which appeared under-utilized;
- a lack of followup to determine why participants on job search grants did not obtain employment, and a lack of additional efforts to fill the job openings for which the grant was made,

--the lack of posttraining placement assistance, combined with insufficient job development activities necessary for identifying areas where institutional training could have resulted in meaningful employment for participants,

--inadequate monitoring of the program by Labor, and various deficiencies which, in the absence of monitoring, remained uncorrected.

### Job development activities

The three EST units included in our review directed their job development activities, with little success, mainly to employers in the high-unemployment areas served by the units. They were making only limited efforts to identify employment opportunities in other areas of the country.

For example, from September 1971 to January 1972, the Los Angeles EST unit contacted approximately 180 employers in Los Angeles County and, as a result, identified an estimated 316 job openings for which the unit referred 1,025 participants. Only 26 were placed because, according to local EST officials:

1. Other EST units and volunteer organizations in the area were referring participants to the same jobs.
2. Many of the jobs were not really available, because employers were more interested in developing a list of candidates for future jobs than they were in hiring at that time.

At the Van Nuys, California, EST unit, where an intensive advertising campaign involving radio coverage and mailers to employers was undertaken to develop jobs, only 42 positions were listed at the time of our visit. At the same time, about 1,100 job-seeking participants were enrolled in the TMR program at the Van Nuys unit.

In a random sample of 118 program participants we selected at 3 EST units, the records showed that 50 had not been referred to a job because no job openings were available for them. At the time of our test, the 50 participants had been in the program for an average of about 8 months.

As an alternative to local job development efforts, the TMR program provided for job development outside the local areas through the use of job bank books containing listings of job openings throughout the Nation, NRE; and job search and relocation grants. However, ESTs either were not using or were improperly using these means of identifying job opportunities outside the local high-unemployment areas.

#### Job bank book utilization

In July 1971 Labor established procedures to enable the EST units to use job bank books from various parts of the Nation to locate employment opportunities outside the local areas. Of the three units included in our review, only one used the job bank books, but it had little success.

At the end of each week, all job banks transmit to EST units an excerpt from their book consisting of all job orders in the professional, technical, and managerial occupational categories. The units were supposed to use the books to identify suitable job opportunities for their program participants and, if identified, the units were to contact the job banks to request permission to contact the employers directly. The job banks could grant or deny permission, depending on the number of referrals previously made to the prospective employer. If permission was granted, the unit was to call the employer to arrange for an interview.

These procedures, established for the program, differed from the normal Labor-established procedure of referring an applicant from one area to another--sending clearance papers to the job bank which would then notify the prospective employer--in that they allowed for direct contact with the employer by the EST unit.

A Seattle job bank specialist told us that, for the States for which he had information, only 6 States, involving 23 job banks, granted permission to contact employers directly when attempting to refer program participants to listed jobs. In 23 other States, involving 34 job banks, the EST units were required to send clearance papers to the job banks, and the job banks would contact the employers. According to the director of the Seattle EST unit, the chances of placing a participant through job bank books could be

greatly enhanced if the employer could be contacted directly to explain participants' qualifications and program benefits

We tested the Seattle EST unit attempts to place participants through job banks for 2 months in 1972 and found the results were inconclusive as to whether direct contacts would be more beneficial. Some 246 referrals were made, but no placements resulted. Of these referrals, 56 were made through direct contact and 190 were made through the traditional clearance system

The policy of the States that did not allow direct contact was in conflict with the Department's procedures, established for the TMR program, that allowed for direct contact of employers by units. Labor headquarters officials, when advised of the States' actions, stated that they had no control over States in this regard, because each State may develop its own procedures within the context of Labor's guidelines.

Directors of the Los Angeles and the Van Nuys EST units told us that the job bank books were not generally used, because staffing of the units was insufficient to pursue the listed job openings

The New Orleans Job Bank allowed other States' EST units to contact employers directly but requested that the clearance paperwork be forwarded concurrently. Despite the direct contact procedure, we found little or no referral activity for 85 job openings for ESTs listed in the job bank book as of October 1972 for the New Orleans area, even though the book was sent to units throughout the country. Of 50 randomly sampled orders, which had been in the book for an average 5 weeks, 43 showed no referral activity and 7 showed only 1 to 3 referrals. During a 6-week period ended November 1972, the job bank office received only two calls from an out-of-state EST unit requesting permission to refer participants to local area jobs. Louisiana ES officials said that the low activity reported may not be representative because some States contact employers direct and the Louisiana ES would have no record of referrals resulting from such direct contacts

Data provided by the New Orleans ES office indicated that some EST units did not make more use of the job bank books because they referred participants to nonlocal

employers via the traditional clearance system, which requires lengthy processing of paperwork between the States. During 1971 and 1972, however, only 57 participants from 11 States were referred to the New Orleans area under this system. Our review further disclosed that EST units in 4 States and Washington, D C , had not referred any participants to the New Orleans area since the start of the TMR program even though those 5 EST units had approximately 2,900 participants in the program.

#### Utilization of National Registry for Engineers

The TMR program handbook of instructions requires EST units to submit information to NRE on program participants and engineering-related job orders which had not been filled locally. The EST units, however, generally were not doing this.

An NRE report dated May 26, 1973, showed that NRE had 9,013 engineers registered at that date and had 973 job orders on file. NRE had made 49,453 referrals but placement data was not available because NRE had no system to obtain this data.

A random sample of 118 participants registered with 3 EST units showed that only 41 had applications submitted to NRE. Also, only a small percentage of job listings received by the various EST units we visited had been listed with NRE.

The directors of the three EST units said they provided program participants with NRE applications during orientation. The TMR program director in Seattle said that applicants were told that they must register with NRE, but the TMR unit has no control over, or any way to ascertain, whether applicants register. According to the directors of the two California TMR units, they believed they were satisfying the TMR program handbook requirements by providing the applicants with NRE applications, these directors stated that they had no way of forcing applicants to register. The directors stated that their policy on job openings was to obtain employers' permission to send the listing to NRE but that they did not have sufficient staff to contact each employer.

### Utilization of job search and relocation grants

Labor anticipated that 10,000 participants would receive job search grants and that 10,000 would receive relocation grants during the 2-year program. As of March 1973, 4,594 participants had received job search grants and 1,819 had received relocation grants. Of 138 job search grants included in our sample, 42 resulted in placements. As previously discussed, had the EST units pursued job openings outside their local areas, we believe more participants would have requested job search grants which in turn would have resulted in additional placements. Increased use of job search grants, which averaged about \$200 and for which substantial additional funds were available, would also have resulted in the awarding of additional relocation grants for those participants who obtained employment in other locales.

### Followup of unsuccessful job searches

Written reports required by the TMR program handbook on the outcome of job search grants either were not being obtained from program participants or did not contain information as to why job offers were not obtained. This information would be useful in further attempts to fill the job openings for which the grants were made. Also, the EST units were not following up to ascertain whether participants obtained jobs and therefore were not taking advantage of opportunities for referring other participants to those jobs that remained available.

One EST unit director stated that he was not obtaining the reports because he could not require the participants to submit reports. Two other units claimed they did not have sufficient staff to follow up on the reports they did obtain.

In commenting on this report (see app I), the Department, although not disagreeing that followup should be carried out, said that followup on most cases would not have significantly affected the placement rate because most contacts had been made by the individual through a friend or directly with the employer, and the job would often be tailored to the individual.

### Training assistance

Labor originally estimated that 10,000 participants would receive retraining assistance at a cost of \$25 million. As of March 1973 only 3,952 participants had received retraining at a cost of \$5.6 million. We believe additional OJT could have been provided if the EST units and EST State Specialists had pursued OJT development activities in accordance with program guidelines. It also appears that more participants could have been placed in jobs if posttraining placement assistance had been provided after participants completed their institutional training.

Training activities under the program were geared to immediate employment prospects, with OJT considered the best type of training for obtaining employment. However, where the State agency, the employer, and the program participant determined that preparation for a job could better be accomplished through institutional training, a referral to an approved institution could be made.

Program guidelines state that development of OJT opportunities was to be undertaken by the State ES agencies and EST units using NRE. Occupations for which OJT was considered appropriate had to pay an annual salary of at least \$8,000 for engineers and scientists and \$6,000 for technicians. In making referrals to OJT opportunities, priority was to be given to occupations in which program participants had previous experience or training.

### OJT contracts

The TMR program handbook states that State ES agencies, EST units, and EST State Specialists were to develop OJT opportunities for program participants. The Los Angeles unit and the Louisiana State Specialist were not taking advantage of all OJT opportunities available

At Los Angeles, where OJT contracts had been executed covering 70 individuals as of July 1972, a professional section independent of the unit maintained a file of about 440 job openings for professionals in the fields of business, engineering, science, and medicine. According to the director of the EST unit and the manager of the Professional Section, they did not have any plans for developing OJT contracts



with those employers listed because they did not have sufficient staff to develop the contracts.

In Louisiana, OJT contracts covering 11 individuals had been awarded from inception of the program through October 1972. A New Orleans TMR program consultant said he limited his OJT activities to firms in engineering and scientific industries that had jobs which would use the training of ESTs registered in the program. He said that, as he understood it, the OJT objective was to place participants in occupations which would use the professional training of the participant. Consequently, opportunities for placing participants in OJT contracts in other occupations were not sought.

The New Orleans TMR consultant's understanding of OJT differed significantly from that of the Los Angeles and Van Nuys units where, as long as the occupation paid at least the minimum annual salary, it was considered eligible for OJT funds by these units.

A sample of 112 participants that had received OJT contracts from the Seattle, Los Angeles, and Van Nuys EST units indicated that OJT was a relatively successful means of finding employment for participants. Of 60 participants that had completed training, 38 were still employed, 15 were no longer employed, and the status of 7 could not be determined.

#### Institutional training

The TMR program handbook points out that, in those cases where OJT is not adequate to prepare an individual for employment, the State agency may determine that preparation for a specific job can be better accomplished through academic instruction. In these instances the State agency can refer the individual to an approved institution, through an institutional training project established specifically for the TMR program in that State. The project must be established in accordance with the normal requirements for such projects set forth in the MDTA handbook.

EST units did not provide needed placement assistance for those participants completing institutional training, nor did they conduct job development surveys necessary for identifying those areas where training would result in meaningful employment for participants. The failure of the

EST units to provide posttraining placement assistance, combined with insufficient job development activities, limited the opportunity for increasing the number of participants that could have been placed as a result of institutional training

Participants enrolled in institutional training by the Los Angeles and Van Nuys EST units were not provided with posttraining placement assistance. Under the MDTA program, from which funds were allocated for institutional training, local ES offices were expected to maintain contact with participants after completion of training and to provide such services as counseling and placement.

At two of the three EST units visited, participants were no longer considered unemployed upon their enrollment in institutional training, and their employment applications were deactivated. Procedures for reactivating the applications upon completion of the training were not established, and only those participants that contacted the units after training were provided additional placement assistance.

To determine the extent of placement assistance provided to participants who had completed training, we looked into the current status of 20 participants who had completed training which qualified them to teach high school mathematics. Two of them were employed as mathematics teachers, eight were employed in nonteaching occupations, eight were unemployed, and the status of two could not be determined.

We contacted one of the largest school districts in Los Angeles County and were told that it had 25 openings for mathematics teachers. When we advised an official of the Van Nuys unit of the openings, he said his office was not aware of them because of insufficient staff to develop jobs and lack of agreement between the EST unit and other public agencies for listing job openings. In our opinion, deactivating participants when they enroll in training, combined with insufficient job development efforts, seriously limits the opportunity for participants to find employment after training.

We reviewed a randomly selected sample of 110 participants who had received grants for training and noted that 42 were employed in training-related occupations, 19 were

employed in nonrelated occupations, 24 were unemployed, 19 were still in training, and the status of 6 could not be determined. Because records were incomplete, we were unable to determine whether the 42 participants employed in training-related occupations found employment as a result of post-training placement assistance.

Corrective action taken to  
stop training for occupation  
with surplus manpower

At the Van Nuys EST unit, we noted that program participants were being sought for institutional training in the field of computer programming for business applications, a skill which was not in demand in the area. As of October 1972, 9 participants had been accepted into the program and there were 10 additional openings. Local ES office files showed that 33 qualified computer programmers, with experience in business applications, were already seeking employment.

We advised the State program coordinator of the lack of openings in that field. Subsequently, the Van Nuys and Los Angeles EST units, on the basis of instructions from the State, stopped referring participants to the training program.

Program monitoring by Labor

RMAs were responsible for monitoring of the TMR program, but the administrators for the areas included in our review had not established an adequate monitoring system.

According to a Labor headquarters official, a nationwide system for the program was not established because it would be only a 2-year program. Instead, RMAs were given responsibility for monitoring the program within their respective regions. No monitoring guidelines were issued, and the extent of monitoring activities varied from region to region.

Our review included 3 of the 10 Labor regional offices. Officials from the RMA offices responsible for the States of California and Washington said a system for monitoring the action of ES agencies in implementing the TMR program had not been established. Although onsite monitoring of the

program was performed initially, this was replaced by in-house review of the TMR program reports. An official of the RMA office in Dallas, whose region includes Louisiana, said his office did not monitor the program because he considered this the responsibility of Labor's national office.

Labor said that the TMR program monitoring by both the National Office and the regional staffs was very limited and that lack of sufficient staff, all along the line, probably was a contributing factor. Labor said also that, although no formal monitoring plan was formulated, personnel in the EST units repeatedly called either the regions or the National Office when problems arose.

Adverse effects of  
inadequate monitoring

Some program officials cited insufficient staffing as a reason units were not carrying out certain responsibilities, such as not using nationwide job development tools and not following up unsuccessful job search grants. Also units and ES offices were not accurately reporting program accomplishments. We believe that adequate monitoring of the program and guidance to the EST units and ES offices would have highlighted the problems being encountered and would have brought them to the attention of Labor headquarters where corrective actions could have been formulated.

## CHAPTER 4

### SKILL CONVERSION STUDY

One aspect of the TMR program which appeared to be particularly productive was the Skill Conversion Study made by the National Society of Professional Engineers under contract with Labor. The study was to develop information on the potential for, and the means of, converting professional skills from one occupational area to another.

Research teams--in each of the 14 cities initially designated by Labor as having a high concentration of unemployed ESTs--began the study in July 1971 and ended it in March 1972. Each team was assigned two or more industries, public service areas, or special problems for study, such as health care, transportation, solid waste, food products and services, and criminal justice, and each submitted reports on results of their studies.

The study was conducted in three phases.

1. Background data was developed on the individual industrial field selected for study.
2. Each study team made an evaluation of the potential for jobs in the industrial fields being studied.
3. Data collected by the various study teams was consolidated and evaluated, and recommendations for future actions were proposed

The industries and public service areas, listed below, were identified as having significant potential for new job creation for former aerospace and defense workers in the immediate or near future. Also shown are the estimated new jobs that could possibly be created.

<u>Industry</u>	<u>Projected employment opportunities</u>	
	<u>1972</u>	<u>1973-75</u>
Food products and services	950	8,950
Health care	250	5,800
Transportation	1,750	5,650
Wood products	900	3,400
Power resources	600	7,000
Pollution control	1,600	5,000
Security-criminal justice	300	2,500
Banking and finance	360	2,750
Solid waste	90	1,500
Educational technology	-	3,000
Occupational safety	200	1,500
Other--Oceanography, public service, petroleum-chemical	<u>210</u>	<u>750</u>
Total	<u>7,210</u>	<u>47,800</u>

Over 100,000 additional employment opportunities in the fields of transportation, pollution control, solid waste, and public service were also identified. These additional opportunities were dependent on the Federal Government's lifting its hiring freeze, releasing impounded funds, and passing pending new legislation. The reports also suggested education and training programs to convert the skills of former aerospace and/or defense workers to occupations in the new industries and recommended pilot programs to test the feasibility of converting the skills.

To implement the recommendations of the report, Labor awarded another contract to the National Society of Professional Engineers to retrain former aerospace and/or defense workers. Under this contract, courses to retrain workers for 11 of the above industries were held, and 329 persons had enrolled in the courses. The results of the training have been impressive--of 329 enrollees, 302 had obtained employment as of January 12, 1973, most of them in the occupation for which they were trained.

## CHAPTER 5

### CONCLUSIONS AND RECOMMENDATIONS

About 50,000 unemployed ESTs applied for assistance, including financial assistance, from the TMR program. The program was successful to the extent that about 30,000--and this figure may be inflated--were helped in their efforts to find work. The accomplishments in the areas of job search, relocation, and retraining grants were disappointing however, since only 35 percent of the goal was reached and only about 19 percent of the financial aid was disbursed. Factors contributing to a greater number of applicants' not being assisted included insufficient job development and placement assistance, failure to provide followup efforts to insure that participants completing training were given additional assistance as needed, and inadequate program monitoring.

The TMR program, as a special effort, was terminated on March 31, 1973, although program activities continued under local ES office administration until June 30, 1973. Labor is evaluating the TMR program but its report has not yet been issued. A decision on whether financial assistance will be made available for TMR-program-type activities will be made on the basis of recommendations contained in the report. Regardless of who administers the program or whether the program continues, the need which brought the program into being--substantial numbers of unemployed ESTs--continues although somewhat diminished, and the Nation is still confronted with the problem of employing the talents of these individuals.

The TMR program tried to provide reemployment assistance. At the time the program came into being, Labor estimated the number of unemployed ESTs at 75,000 to 100,000. The National Society of Professional Engineers estimated the number at 92,000 in March 1972, approximately 1 year after the TMR program was initiated.

Our review indicated that the TMR program had been successful to a point. However, the challenge faced by program administrators to assist these professionals was a difficult one, these individuals were not easily reemployed. One of the problems which worked against greater program success was the reluctance of former aerospace employees to abandon the hope of a resurgence of the industry and its well-paying jobs.

or to move from the areas where major aerospace firms are located, while nonaerospace employers were cautious about hiring former aerospace employees fearing they would not commit themselves to a new career.

During the life of the program, the economy was depressed and large numbers of employees from many industries were seeking new employment, increasing the problems of successfully implementing a special program for former employees of a single industry. A TMR-type program would have a greater chance of success if only one industry, such as aerospace, was impacted and other industries either remained stable or expanded.

The need to reemploy these professionals continues, and the experience of the program provides knowledge on the relative merits of the assistance methods used in the program. This knowledge can be useful in developing approaches to alleviating future problems of unemployed, highly skilled persons in similar circumstances.

The skill conversion study was one of the more successful activities undertaken to assist ESTs in starting new careers, and Labor should consider that concept in similar undertakings. Such a study, however, should be considered at the earliest possible time, once a problem industry has been identified, and a high priority should be placed on completing and using study results.

If this program is continued under some form, the following actions should be taken.

RECOMMENDATIONS TO  
THE SECRETARY OF LABOR

We recommend that the Secretary instruct local ES offices, in the event that TMR program activities are continued, to

- increase their use of existing nationwide job development tools,
- initiate followup efforts to determine the reasons why individuals on job search grants did not receive offers of employment, so that additional efforts could be made to fill the opening,



- provide posttraining placement assistance in accordance with MDTA guidelines, and
- conduct in-depth job development activities necessary for identifying areas where institutional training could result in meaningful employment for program applicants

From lessons learned from the TMR program, Labor should develop a plan it could quickly implement, in the event of future occurrences of the nature experienced by ESTs. The plan should provide for

- 1 Performing and using skill conversion studies which would be given a high priority.
- 2 Implementing a monitoring system automatically with the implementation of the program

#### AGENCY COMMENTS

Labor stated that, after a final evaluation of the TMR program, it would decide what future action to take and that, if the program continued, it would adopt our recommendations

Labor added that

"\* \* \* we believe that skill conversion studies should be an ongoing function of the Department in order to better utilize the nation's skills. Not only are engineers, scientists and technicians a surplus commodity, but so are language specialists and a variety of teachers with special expertise. In the absence of job creation efforts like the Public Employment Program, alternative means of integrating skilled professionals into the work force are a necessity.

"We believe that the recommendations of the report to the Secretary of Labor should stress the desirability of developing a more effective permanent program or mechanism, rather than simply instructing local offices to improve job development and followup techniques. We have seen that nationwide job development tools were not extensively utilized, and that job development efforts

were restricted to depressed local labor markets with little potential for assimilating the displaced ESTs. This suggests a federal role is necessary in such activity, and the role need not be contrary to decentralization under manpower revenue sharing. Only a national effort can focus on broader concerns that affect the nation's labor force and cross regional boundaries."

(See apps. I and II.)

#### GAO evaluation

Labor's comments envision a somewhat more expanded departmental role than would be present with the implementation of our recommendations.

The recommendations in this report were developed to show the improvements which, we believe, could be made in program activities within the administrative framework in which the program originally operated.

We see no conflict between our recommendations, which envisioned Labor's continuing the program on somewhat of an ad hoc basis, and Labor's comments. We believe adoption of our programmatic recommendations would enhance program performance irrespective of how Labor carried out the program. Our work, however, showed that a stronger Federal role, particularly in the monitoring area, would have enhanced program effectiveness.

U S DEPARTMENT OF LABOR  
OFFICE OF THE ASSISTANT SECRETARY FOR MANPOWER  
WASHINGTON, D C 20210



SEP 11 1973

Mr. George D. Peck  
Assistant Director  
United States General  
Accounting Office  
Washington, D.C. 20548

Dear Mr. Peck:

Thank you for your letter of August 17, 1973, to Secretary Brennan and the draft of the General Accounting Office Report on the Technology Mobilization and Reemployment Program (TMRP).

We too believe that TMRP was moderately successful in returning many engineers, scientists, and technicians (EST's) to gainful employment and that perhaps approaches were overlooked that could have led to additional employment. However, we do feel that a creditable job was done in the local offices of the various State agencies in dealing with the problem of unemployed EST's considering the number of applicants as compared to the ES staff involved. Since this was a short term program, two years, and could be considered as experimental in nature, initial staffing was based on estimated figures but revised when the workload was known.

All EST Units were urged to utilize the Job Bank system as well as long distance phone calls to increase the potential for placements outside their immediate areas. As was pointed out, we found that EST's were not as mobile as we had anticipated and there was a reluctance on their part to relocate, especially out of California and Florida.

We feel that if California had chosen to participate in the 50 City Consultant Program their job development efforts could have been increased. However, none of the States were forced to participate in any phase of the program and Oregon did not participate in the TMRP at all.

APPENDIX I

Concerning the followup of job search applicants it should be pointed out that most of the time the contacts were made by the individual through a friend or his own contact and the job, many times would be tailored to him. We do not believe that the placement rate would be significantly affected by the followup and the time and effort would negate the results.

Monitoring was done on a very limited basis both by the National Office and the regional staffs. No formal monitoring plan was formulated and perhaps for this reason the EST Units felt that there was minimal supervision. The personnel in these Units, through their long distance tie lines, repeatedly called either the regions or National Office for guidance when problems arose. The lack of sufficient staff, all along the line, probably was a contributing factor to the limited amount of monitoring of TMRP.

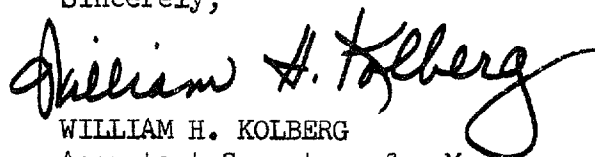
[See GAO note.]

GAO note Deleted material concerned statements in the report draft which were revised in this report in accordance with data supplied by Labor

If TMRP were to continue we would incorporate the recommendations of the General Accounting Office Report. Following a final evaluation of the TMRP a decision will be reached on what future action will be taken.

Thank you for the opportunity to review your report.

Sincerely,

A handwritten signature in cursive script that reads "William H. Kolberg". The signature is written in black ink and is positioned above the typed name and title.

WILLIAM H. KOLBERG  
Assistant Secretary for Manpower

Enclosures

U S DEPARTMENT OF LABOR  
OFFICE OF THE ASSISTANT SECRETARY  
WASHINGTON D C 20210



OCT 2 1973

Mr George D Peck  
Assistant Director  
United States General Accounting Office  
Washington, D C. 20548

Dear Mr Peck

This letter supplements the September 11 response of Assistant Secretary for Manpower William H Kolberg to your letter of August 17, 1973, and the draft of the General Accounting Office Report on the Technology Mobilization and Reemployment Program (TMRP)

We wish to support Mr Kolberg's comments on the draft report and to add the following views regarding the potential value of this program to similar future efforts.

The draft report states the opinion that the TMRP was reasonably successful, although estimated goals were not met for a variety of reasons We share that view, while recognizing that in some localities -- in Seattle, for instance -- the program is considered to have done exceptionally well. Seattle was one of the hardest-hit areas in the country for aerospace unemployment, and yet at least two-thirds of those who registered with the EST unit there were assisted in finding employment and/or provided financial assistance

The TMRP, in our judgment, proved most successful in terms of the lesson it provided for determining future approaches to assisting large groups of displaced workers, namely, that an effective nationwide system should be in place to handle any occurrence of worker displacement in any segment of the economy, and with a minimum of delay.

In line with this, we believe that skill conversion studies should be an ongoing function of the Department in order to better utilize the nation's skills Not only are engineers, scientists and technicians a surplus commodity, but so are language specialists and a variety of teachers with special expertise. In the absence

of job creation efforts like the Public Employment Program, alternative means of integrating skilled professionals into the work force are a necessity

We believe that the recommendations of the report to the Secretary of Labor should stress the desirability of developing a more effective permanent program or mechanism, rather than simply instructing local offices to improve job development and followup techniques. We have seen that nationwide job development tools were not extensively utilized, and that job development efforts were restricted to depressed local labor markets with little potential for assimilating the displaced ESTs. This suggests a federal role is necessary in such activity, and the role need not be contrary to decentralization under manpower revenue sharing. Only a national effort can focus on broader concerns that affect the nation's labor force and cross regional boundaries.

Sincerely,



FRED G CLARK  
Assistant Secretary for  
Administration and Management

BEST DOCUMENT AVAILABLE

PRINCIPAL OFFICIALS OF  
THE DEPARTMENT OF LABOR  
RESPONSIBLE FOR ADMINISTRATION OF  
TECHNOLOGY MOBILIZATION AND REEMPLOYMENT PROGRAM

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF LABOR:		
Peter J. Brennan	Feb. 1973	Present
James D. Hodgson	July 1970	Feb. 1973
ASSISTANT SECRETARY FOR MANPOWER.		
William Kolberg	April 1973	Present
Paul J. Fasser, Jr, (acting)	Jan. 1973	Apr. 1973
Malcolm R. Lovell	July 1970	Jan. 1973
MANPOWER ADMINISTRATOR		
Vacant	Apr. 1973	Present
Paul J. Fasser, Jr.	Oct. 1970	Apr. 1973



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