



ARIZONA RAPID RESPONSE STRATEGIC PLAN

Presented to the Arizona Department of Commerce

Revenue Maximization Project

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EXECUTIVE SUMMARY

Arizona receives funds under the federal Workforce Investment Act (WIA) specifically to provide services to businesses and workers who are experiencing, or are at risk of experiencing, layoffs. In Arizona, this system of services, known as Rapid Response, is developed and administered by local workforce investment areas (LWIAs) with guidance and support provided by the State. A system like this one allows LWIAs to offer programs and services that best meet the needs of businesses and workers in each one's unique community. The State, however, as the primary fiscal agent for the United States Department of Labor (US DOL), the federal agency that allocates WIA funds to states, must continue to play a key oversight role to ensure that funds appropriately are spent on Rapid Response activities by LWIAs.

The research conducted by **Public Works** is discussed in Section I and clearly illustrates a need for Rapid Response services in Arizona. There were 110 mass layoffs (50 or more workers) in 2004. In 2003, extended mass layoffs resulted in the loss of over 20,000 jobs. An analysis of data over the last four (4) years indicates that layoffs appear to have a seasonal spike, most noticeably in April and July. Clearly, some industries are expanding while others are shrinking; however, the profiles vary by county. Thus, it is critical for the state's Rapid Response system to be tailored to local needs. For example, in Yavapai County, the building foundation and exterior contractors sector added 370 jobs over the last three years, while foundries lost 175 jobs. In contrast, Maricopa County's greatest job growth came from the other general merchandise stores sector while their greatest job loss was in the semiconductor and electronic component manufacturing sector.

In addition to an analysis of layoffs, job growth, and job loss, Section I provides background information on the federal, state, and local Rapid Response system structures.

Public Works' review of the Arizona's Rapid Response system concluded that the State and LWIAs recognize the need to strengthen their existing relationship as partners, and both were willing and open to engage in discussions that would lead to improved service delivery of Rapid Response activities. The review also revealed some gaps and weaknesses in the current Rapid Response system that need to be addressed, including:

- How information is shared between LWIAs, from LWIAs to the State, and the State to LWIAs;
- Limitations in technical assistance available to LWIAs to enhance their Rapid Response activities;

- Data collection challenges that limit the ability of LWIAs and the state to measure the impact of Rapid Response activities already in place or to conduct a thorough financial analysis on how funds are spent;
- Confusion on what constitutes allowable Rapid Response activities and how correctly to interpret federal guidelines;
- Need for better coordination and cooperation among all workforce development partners;
- Difficulties in how to engage and support more businesses and pre-empt layoffs from occurring;
- Need for promotional materials and marketing tools to improve and enhance outreach efforts; and
- Confusion among LWIAs about the relationship of various state agencies that play a role in workforce development and which agency has authority over which aspect of the workforce development system.

An ideal Rapid Response system embraces a vision, operates under a unified plan that defines the roles and responsibilities of all players involved, and includes outcomes for performance. As the State and LWIAs work to overcome the challenges briefly outlined above, it will be necessary to include opportunities to strengthen and improve how its Rapid Response system functions in its five-year plan.

Information gathered during site visits, interviews, and from completed surveys, as well as research that included a best practice review of other states, all provide a range of options to consider as the State and LWIAs design and implement a plan for Rapid Response. Recommendations proposed in this paper are intended to suggest ways to overcome challenges identified, as well as to offer ideas for how the State and LWIAs could broaden the Rapid Response system, so that it serves businesses and workers more effectively.

Three critical themes emerge from the findings. 1) Communication between the state and LWIAs and among LWIAs could be strengthened to compensate for the natural fragmentation of a locally-driven system. 2) Information and data collection needs to be enhanced to provide better tools for LWIAs in serving workers and businesses and to provide the state with tools for better strategic guidance to LWIAs. 3) The state and LWIAs need to engage in layoff aversion activities to the fullest extent possible as delineated in the Workforce Investment Act. This includes engaging with businesses prior to an announced layoff.

We have opted to organize Section III recommendations according to US Department of Labor's guidelines to states for the state plans submitted in May 2005, rather than by the findings in Section II. Recommendations are thus organized for easy

reference to federal requirements that can be used by the state to strengthen its state plan. A table is provided at the conclusion of Section II of the report that provides a crosswalk between the findings in Section II and the recommendations in Section III.

While the recommendations detailed in Section III are organized by the USDOL topics, they in fact also address the three major themes of the findings, namely:

- **Communication**
 - Craft a state plan that communicates a clear vision for a Rapid Response system
 - Create peer review teams with representatives from the LWIAs
 - Develop guidelines for Rapid Response system activities
 - Market Rapid Response services
 - Integrate Rapid Response activities with One-Stop services
- **Data collection and technical assistance**
 - Provide adequate state staff to assist LWIAs and support the Rapid Response system
 - Identify shared funding opportunities, such as mobile Rapid Response vehicle
 - Enhance statewide tools such as the Labor Market Information system, performance data, WARN data, program financial data, and the arizonaheat.com website
 - Provide performance incentives to LWIAs for Rapid Response activities
- **Layoff aversion**
 - Create an early warning system
 - Engage in the allowable layoff aversion activities listed in WIA, such as incumbent worker training and facilitating conversion to new products.
 - Brand and market Rapid Response services
 - Provide services to businesses
 - Create incentives for businesses to participate in the WARN process
 - Create a portable career readiness credential recognized by businesses statewide

These recommendations are discussed in greater detail in **Section III**.

Arizona's uniquely locally-driven Rapid Response system is a product of a state with diverse communities, geography and economic regions. **Public Works** observed that LWIAs take great pride in their role as administrators of Rapid Response systems in their communities; and their pride is evident in their sense of mission and ownership. The State, therefore, should continue to honor the degree of local control that exists. However, as detailed in our recommendations, the State should take steps to enhance its role and as a result, improve the tools, services and information available to LWIAs and local businesses. At the same time, LWIAs should embrace moving beyond a

purely reactive role to one of planning, layoff aversion, and continuous improvement through objectively measuring performance and analyzing the results.

The USDOL does not mandate performance measures reporting for Rapid Response; however, identifying what works well and how to allocate scarce resources for the most effective impact does require measuring the performance of various activities. Performance measures, if designed correctly, can provide such vital information.

Arizona already has several best practices in place in select LWIAs. This experience could be leveraged statewide to create a more robust and effective Rapid Response system.

The pending WIA reauthorization presents Arizona with an excellent opportunity to revise the Rapid Response section of the state unified plan by incorporating the recommendations contained in this report. Arizona should take advantage of the momentum created by the roundtables and research conducted for this project, the submission of the 2005 unified state plan, and preparations for changes to WIA. Such opportunities for meaningful change are rare; strengthening an important economic development tool such as Rapid Response is worth the effort.

INTRODUCTION

Public Works was retained by the Department of Commerce to conduct a comprehensive review of existing policies that support the expenditure of dislocated worker and rapid response funds in Arizona, and to identify best practices that ensure the most effective and efficient use of these funds for the future.

In conducting the research and analysis, **Public Works** took a broad approach.

First, **Public Works**, with the assistance of the Department of Commerce, coordinated a series of roundtables in the State's three major cities – Phoenix, Tucson and Flagstaff. These sessions were designed to solicit information regarding the uses of rapid response funds and delivery of services by Local Workforce Investment Areas (LWIAs) and other rapid response grantees, such as the Regional Employment and Pre-layoff Assistance Center (REPAC) Consortium. The Department of Economic Security's Rapid Response Coordinator notified the sixteen designated LWIAs and REPAC of the forums, and requested that staff actively participate to ensure the most accurate and comprehensive information that encompassed the views of those involved in the program would be shared. To gain a broader perspective, **Public Works**, through the Department of Commerce, also invited other key stakeholders from local industry and business communities, including union representatives, education and training providers, and representatives from area workforce agencies. Attendance and attendees varied at each roundtable, and not all LWIAs or other Rapid Response grantees chose to participate.

The first order of business at each roundtable was the completion of questionnaires prepared by **Public Works** covering four general topics: 1) priorities for funding, 2) training, 3) funding and 4) best practices. Participants' responses were used both to initiate discussion during the meeting, and to provide **Public Works** with an overall understanding of how local area workforce providers view rapid response activities.

Second, to supplement the roundtables, **Public Works** also interviewed several state level staff who play key roles in coordinating and funding rapid response activities, and administering the State's workforce development system. These discussions included the following topics:

- The role of rapid response in the larger workforce development system;
- The articulated vision for the program;
- The State's current role in rapid response program design, delivery and funding;

- The content and method of disseminating information to LWIAs and other rapid response grantees;
- The existing tools to evaluate the effectiveness of LWIAs and Rapid Response grantees' use and implementation of funds; and
- The opportunities for enhancement or improvement in the rapid response system.

Third, **Public Works** also conducted its own statistical and legal research. We reviewed Arizona labor statistics and employment information, and federal Workforce Investment Area (WIA) regulations specifically pertaining to dislocated workers programs, rapid response activities, and relevant funding formula allocations. We reviewed myriad data about Arizona's workforce development system, and researched best practice and model programs from Arizona and around the country.

Based on this exhaustive research and analysis, **Public Works** has developed a rapid response strategic plan that can be integrated into Arizona's Strategic Five-Year Workforce Investment Plan. The following recommendations and rapid response strategy are designed to ensure the State and local workforce development area programs are poised to deliver an effective, innovative and responsive rapid response system.

SECTION I: OVERVIEW

Job layoffs are a common occurrence in today's market, regardless of the overall state of the economy. Therefore, the state's role in acting to mitigate the impact of layoffs on workers, businesses and communities is more important than ever. Proper planning for rapid response activities requires an understanding of workforce trends and their relationship to both the local and state economies. Armed with such information, state and local rapid response staff can better plan for layoffs and dislocations, and make more efficient use of scarce resources. An overview of Arizona's employment trends, including information on layoffs, is set forth below.

1. A SNAPSHOT OF ARIZONA'S EMPLOYMENT AND LAYOFF TRENDS

Recent trends for the Arizona economy have been positive. There has been a decline in the unemployment rate since 2003, while the size of the workforce has expanded.

Time Period	State Labor Force	Employed Workers	Unemployed Workers	Unemployment Rate (Annualized)
2003	2,690,294	2,539,359	150,935	5.6%
2004	2,762,612	2,630,998	131,614	4.8%
September 2005 (preliminary)	2,847,807	2,706,184	141,623	5.0%

There were still instances of layoffs of employees meeting the definition of "dislocated workers."¹ But the number of mass layoffs (i.e., loss of 50 or more jobs from an employer) has declined over a three-year period, from 170 in 2002, to 146 in 2003 and 110 in 2004.² In 2002, 132 extended mass layoffs occurred, leading to 46,240 separations.³ In 2003, the number of extended mass layoffs dropped to 97 and resulted in the loss of 20,478 jobs.⁴

¹ "Dislocated worker" is defined under Section 101(9), Title I, WIA. Essentially, a "dislocated worker" is someone who has lost his or her job, or who has received notice that job loss is imminent. It can also include someone whose employer has made a general announcement that his or her place of business will close down within six months.

² The U.S. Department of Labor Bureau of Statistics, Mass Layoff Statistics, Arizona Query <http://www.bls.gov/mls/home.htm>

³ Extended Mass Layoffs in 2003, Report 982, The U.S. Department of Labor Bureau of Labor Statistics, December 2004, <http://www.bls.gov/mls/mlsreport982.pdf>

⁴ Ibid.

Time Period	Mass Layoffs	Extended Mass Layoffs	Job Loss from Extended Mass Layoffs
2002	170	132	46,240
2003	146	97	20,478

“Mass layoff” and “extended mass layoff” statistics measure different data.

“Mass layoff” statistics are derived from:

- Monthly reports of actions resulting in workers being separated from their jobs
- From all establishments that
- Have 50 initial claimants for unemployment insurance filed against them in a five-week period.

“Extended mass layoff” statistics are derived from:

- Quarterly reports of actions
- From a subset of establishments of 50 or more employees from private sector, non-farm employers, who indicate that
- At least 50 or more employees have been separated from their jobs for at least 31 days.

Because of the differing measures, each report provides a part of the comprehensive perspective of what the statistics mean relative to Arizona's economy.⁵

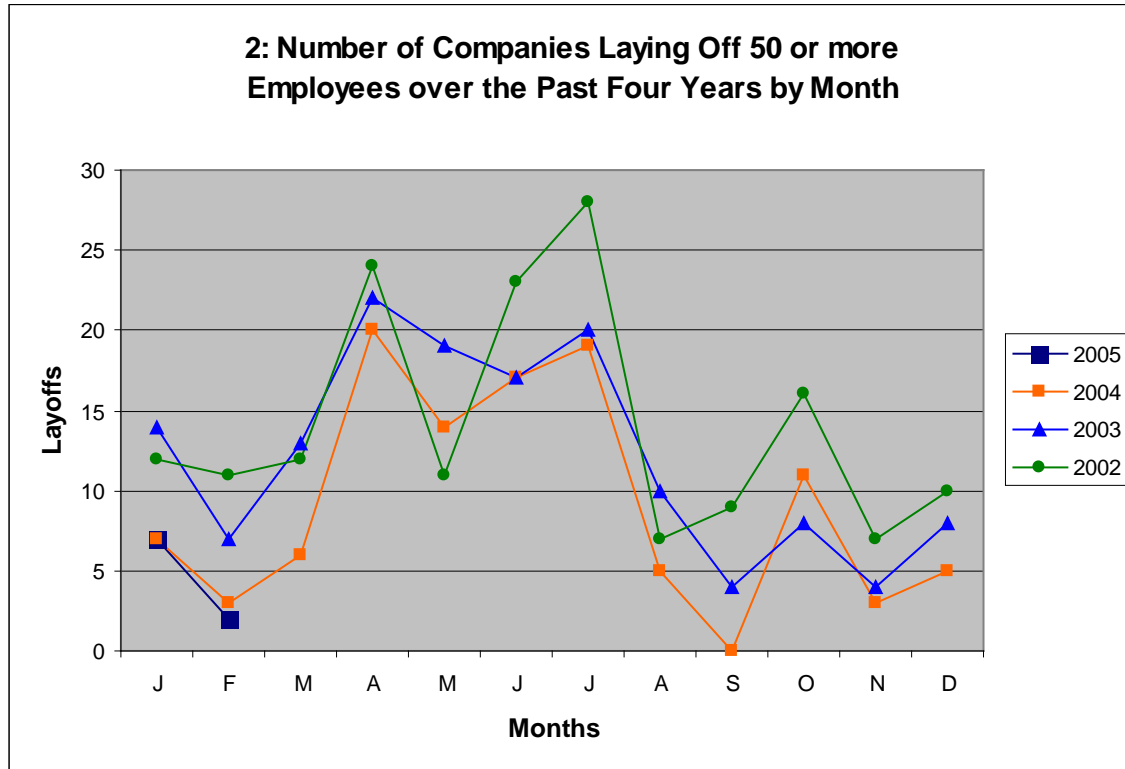
⁵ Definitions of mass layoff and extended mass layoff provided by: The U.S. Department of Labor Bureau of Labor Statistics found at: <http://www.bls.gov/mls/home.htm>

Table 1
PERCENT OF EXTENDED MASS LAYOFFS BY AGE, GENDER AND RACE IN ARIZONA

1: Percent of Extended Mass Layoffs by Demographic					
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Age					
Under 30					
2002	15.6	16.0	19.0	23.2	17.7
2003	13.8	18.3	15.5	26.8	17.2
30-44					
2002	37.2	43.0	41.9	35.9	40.5
2003	44.4	42.4	40.4	35.6	42.2
45-54					
2002	26.8	26.4	25.6	24.3	26.0
2003	27.6	24.9	28.3	24.3	26.2
55+					
2002	20.1	14.3	13.5	16.6	15.6
2003	13.9	14.2	15.5	13.1	14.2
Gender					
Men					
2002	69.2	52.0	62.2	59.6	59.2
2003	66.9	52.2	67.3	57.1	59.5
Women					
2002	30.8	48.0	37.8	40.4	40.8
2003	33.1	47.8	32.7	42.9	40.5
Race					
White					
2002	32.9	20.6	42.2	48.3	32.4
2003	21.9	26.2	20.1	51.0	26.0
Black					
2002	2.5	1.9	5.8	6.7	3.7
2003	1.6	2.7	2.0	6.1	2.5
Hispanic					
2002	54.6	60.6	37.0	24.8	48.5
2003	61.2	52.3	58.1	29.0	54.1
Native American					
2002	5.0	13.1	5.9	10.3	9.2
2003	9.5	13.1	14.8	7.9	11.8
Asian					
2002	1.6	0.6	2.9	3.8	1.8
2003	1.7	1.8	1.7	1.0	1.7
Race not available					
2002	3.4	3.1	6.3	6.1	4.4
2003	4.1	4.0	3.3	4.9	4.0

Source: U.S. Department of Labor, Bureau of Labor Standards (BLS) www.bls.gov

Table 2
**NUMBER OF COMPANIES LAYING OFF 50 OR MORE EMPLOYEES
OVER PAST FOUR YEARS IN ARIZONA⁶**



The data in Tables 1 and 2 provide a wealth of useful information for rapid response planning. For example, Table 1 reveals that:

- Workers between the ages of 30 and 44 experienced the most layoffs;
- More men more than women were laid off; and
- Hispanic workers were laid off more than those in other race categories during the years 2002 and 2003.

The State and local workforce development staffs' response necessarily depends upon the needs of the workers to whom they are responding. For instance, the fact that Hispanics are disproportionately affected increases the need for translated documents and benefit service information, and training programs geared towards residents whose primary language is Spanish.

⁶ Source: U.S. Department of Labor, Bureau of Statistics.

Table 2 provides useful information on the rate of layoffs and their timing during the year, showing layoffs drastically increased during the months of April and July, and decreased during the months of February, September and November. Without additional information, it is not possible to draw conclusions as to why these trends are occurring. Nevertheless, recognizing these trends will help policy makers, workforce development providers and key stakeholders to predict peak demands for services, and plan programs and services accordingly to address changing needs.

Tables 3A (“Top Four Growing Industries in Arizona by County for the Second Quarter of 2004”) and 3B (“Top Four Declining Industries in Arizona by County for the Second Quarter of 2004”) below demonstrate the need for flexibility in rapid response activities. Growth and decline rates in various industries differ from county to county. During the second quarter for years 2002-2004, Maricopa County, for instance, experienced a 7,947 job gain in “other general merchandising stores,” while Coconino County experienced a 77 job loss in the same industry. Similarly, Yuma County experienced a job gain of 279 in residential building construction, while Navajo County experienced a job loss of 98 in the same industry during the same period.

While the State must provide LWIAs and Rapid Response grantees consistent guidelines they can use in developing appropriate rapid response systems, the State’s approach must flexible enough to meet each county’s unique needs.

Table 3A
TOP FOUR GROWING INDUSTRIES BY COUNTY

3:A Top Four Growing Industries in Arizona by County for the Second Quarter of 2004		
Counties	Industry	3-Year Job Growth
Apache	General medical and surgical supplies	175
	Highway, bridge and street construction	173
	Other general merchandise stores	97
	Logging	23
Cochise	Outpatient care centers	416
	Computer systems design and related services	314
	Full-service restaurants	258
	Building equipment contractors	187
Coconino	Full-service restaurants	467
	Outpatient care centers	296
	Services to buildings and dwellings	254
	Building finishing contractors	196
Gila	Nursing care facilities	110
	Elementary and secondary schools	93
	Accounting and bookkeeping services	77
	Other amusement and recreation industries	64
Graham	General freight trucking	50
	Building material and supply dealers	50
	Accounting and bookkeeping services	28
	Home furnishing stores	16
Greenlee	Nonresidential building construction	68
	Government	13
LaPaz	Other general merchandise stores	21
	Automotive repair and maintenance	17
	Investigation and security services	8
Maricopa	Other general merchandise stores	7947
	Nondepository credit intermediation	6946
	Colleges and universities	6054
	Limited-service eating places	4994
Mohave	Residential building construction	612
	Building finishing contractors	479
	Building foundation and exterior contractors	425
	General freight trucking	156
Navajo	Government	523
	Offices of physicians	206
	Building foundation and exterior contractors	113
	Building finishing contractors	92
Pima	Gambling industries	1843
	Other general merchandise stores	1535
	Nondepository credit intermediation	1182
	Offices of physicians	1104
Pinal	General medical and surgical hospitals	536
	Cement and concrete product manufacturing	288
	Offices of physicians	233
	Vegetable and melon farming	178
Santa Cruz	Limited-service eating places	137
	Management and technical consulting services	88
	Depository credit intermediation	50
	Services to buildings and dwellings	40
Yavapai	Building foundation and exterior contractors	370
	Other specialty trade contractors	180
	Automobile dealers	163
	Management and technical consulting services	117
Yuma	Vegetable and melon farming	396
	Building equipment contractors	387
	Building foundation and exterior contractors	304
	Residential building construction	279

Source: www.workforce.az.gov , Data Source: Quarterly census of Employment and Wages

Table 3B
TOP FOUR DECLINING INDUSTRIES BY COUNTY

3B: Top Four Declining Industries in Arizona by County for the Second Quarter of 2004		
Counties	Industry	3-Year Job Growth
Apache	Traveler accommodation	-174
	Child day care services	-41
	Depository credit intermediation	-35
	Insurance carriers	-25
Cochise	Department stores	-182
	Office administrative services	-164
	Support services for crop production	-68
	Motor vehicle and parts merchant wholesalers	-33
Coconino	Office supplies, stationary and gift stores	-246
	Printing and related support activities	-168
	Other general merchandise stores	-77
	Specialized freight trucking	-70
Gila	Highway, street and bridge construction	-212
	Gasoline stations	-86
	Lessors of real estate	-59
	Residential real estate construction	-59
Graham	Limited-service eating places	-76
	Individual and family services	-26
	Gasoline stations	-23
	Auto parts, accessories and tire stores	-20
Greenlee	Utility system construction	-32
	Traveler accommodation	-27
	Building equipment contractors	-9
	Accounting and bookkeeping services	-8
LaPaz	Supportive activities for crop production	-240
	Auto parts, accessories and tire stores	-12
	Household goods repair and maintenance	-7
	Cable and other subscription programming	-6
Maricopa	Semiconductor and electronic component mfg.	-13986
	Business support services	-4501
	Activities related to credit intermediation	-3399
	Wired telecommunication carriers	-3278
Mohave	Misc. durable goods merchant wholesalers	-195
	Drinking places, alcoholic beverages	-135
	Unclassified	-84
	Child day care services	-80
Navajo	Gasoline stations	-176
	Unclassified	-110
	Residential building construction	-98
	Depository credit intermediation	-68
Pima	Semiconductor and electronic component mfg.	-1241
	Traveler accommodation	-1170
	Insurance carriers	-679
	Management of companies and enterprises	-639
Pinal	Fruit and tree nut farming	-259
	Greenhouse and nursery production	-128
	Machine shops and threaded product mfg.	-86
	Commercial machinery repair and maintenance	-59
Santa Cruz	Department stores	-410
	Other electrical equipment and component mfg.	-186
	Other miscellaneous manufacturing	-150
	Gasoline stations	-89
Yavapai	Foundries	-175
	Unclassified	-165
	Child day care services	-124
	Drinking places, alcoholic beverages	-79
Yuma	Fruit and tree nut farming	-193
	Grocery and related products wholesalers	-173
	Other crop farming	-112
	Misc. nondurable goods merchant wholesalers	-81

Source: www.workforce.az.gov , Data Source: Quarterly census of Employment and Wages

2. WHAT IS RAPID RESPONSE?

The impact of mass layoffs on the affected workers, businesses, and communities can be devastating, which is why WIA placed such importance on states carrying Rapid Response activities to respond immediately and effectively to layoff events. Generally speaking, **Rapid Response refers to state and local government efforts to prevent or respond to a plant or business shut down that will create employee layoffs.**

The WIA statute and rules⁷ set forth certain required and discretionary activities for rapid response operations, which generally fall within one of the following five areas:

- **Alert.** This relates to how and when the State or local government becomes aware that an employer will be laying-off employees or closing down a plant completely. Activities include creating and maintaining an early-warning network to identify signs of businesses/plants at risk of closing.
- **Response.** The State and/or local government must activate a rapid response team to meet with the employer to discuss state and local activities that are available to affected workers, offer alternatives or assistance to prevent layoffs and, if possible, establish a plan for providing those services. The team must also work immediately and on-site to assess the situation and profile the affected workers. WIA rules require that a labor-management committee be created to advise and assist the rapid response team.
- **Service Delivery.** The State and/or local government develop and implement a strategy to provide services to the employer and affected workers, making sure that the strategy is agreed upon by all key stakeholders (i.e., state Rapid Response Unit, the Local Workforce Investment Board (LWIB), chief elected officials, business and labor). This must include providing information regarding relevant benefits and assistance, providing incumbent worker training.
- **Coordination.** The State and/or local government must define the roles and expectations of all key stakeholders to ensure coordination among federal, state, local and private economic and community development entities to avert and/or respond to layoffs.
- **Information Management.** The State and/or local government must record and make available all information pertaining to the rapid response event to all key stakeholders. WIA rules require the integration of information management systems used to ensure effective response to potential dislocations.

⁷ 20 CFR, Workforce Investment Act (WIA) Final Rules, dated August 11, 2000 §§ 665.300-340.

Appendix 1 provides a complete explanation of required and allowable rapid response activities as outlined in the WIA.

WIA requires the creation of both a state Rapid Response Unit and a network of Local Workforce Investment Areas (LWIAs) “Title 1” grantees to ensure a coordinated state and local effort.⁸ The LWIA grantees and the State share statutory responsibility for providing rapid response services, although the scope of services provided locally may vary depending on how the State structures its workforce development system.

3. EXISTING RAPID RESPONSE OPERATIONS ACROSS THE STATE

3.1. RAPID RESPONSE ADMINISTRATION

3.1.1. Organization

The Arizona Department of Economic Security (DES) is the state’s primary workforce development agency and therefore administers WIA, including rapid response and other social service and long-term unemployment programs.⁹ DES retains the administrative oversight role of Arizona’s rapid response system, known as the State Rapid Response Unit. The Rapid Response Unit currently consists of one Rapid Response Coordinator who is charged with monitoring and overseeing local rapid response operations, offering technical support to local providers and serving as the liaison to US DOL.

Arizona’s workforce development system is largely locally-driven. With general guidance and support from the State, local workforce development efforts are designed, implemented and overseen primarily by 16 local workforce investment areas (LWIAs), which are supported by Local Workforce Investment Boards (LWIBs). LWIBs, made up of volunteers who typically have a stake in the local economy’s success, including industry and business representatives, local government agency representatives, union leaders, local education providers, employees and local chief elected officials, must approve the LWIA’s Five-Year WIA Strategic Plan.

These LWIAs and other Rapid Response grantees (such as the Regional Employment and Pre-Layoff Assistance Center or REPAC, which serves the tribal nations) are supported by 15 area One-Stop partners located throughout Arizona, which provide a range of adult, youth and dislocated worker programs and services.

⁸ “Title I” refers to Title I of the Workforce Investment Act. Title I covers the Adult, Youth, and Dislocated Worker programs. Rapid Response is a component of the Dislocated Worker program.

⁹ Two other state agencies – the Department of Commerce (DOC) and Department of Education (ADE) – play important roles in workforce development in Arizona. DOC focuses primarily on economic development and business retention and recruitment. DES ADE oversees and administers adult and vocation rehabilitation programs and, as part of this role, certifies eligible training providers for local workforce agencies.

3.1.2. Funding

DES administers the state's WIA funds, allocating funds to LWIAs and other grantees (e.g., Rapid Response grantees) by formula.¹⁰ The funding formula used by the DES fiscal team is based on the estimated worker participation in dislocated worker programs and rapid response activities for a program year.¹¹ Of the total funds available for dislocated worker and rapid response activities:

- 15% are retained for administration and discretionary spending;
- 10% are allocated for rapid response activities;
- 75% are provided for dislocated worker programs and services.¹²

DES currently provides WIA funded contracts to 16 LWIAs, 13 tribes and the Inter Tribal Council of Arizona (ITCA), on behalf of eight of the twenty member Tribes.

In addition, WIA discretionary funds may be used in the event of a disaster or emergency that in some way disrupts the State or local economy, or for special programs or services identified by the State or the Governor. Discretionary funds also may be used to support supplemental grant proposals from LWIAs and Rapid Response grantees.

3.2. ARIZONA RAPID RESPONSE OPERATIONS AT THE STATE LEVEL

As previously explained, Arizona has a locally-driven workforce development system. Rapid response activities are primarily provided by LWIAs or Rapid Response grantees, with the State playing a supporting role when requested by a local rapid response team. But the State does have some affirmative obligations with regard to notification of layoffs or plant closures, and also has instituted some general policies and processes to assist responders in their efforts.

WARN. The Warning Adjustment and Retaining Notification (WARN) Act requires certain employers to provide advance written notification within 60 days of mass layoffs and plant closings to: (1) affected workers or their representatives (i.e., labor unions); (2) the State Dislocated Worker Unit (also known as the State Rapid Response Unit);

¹⁰ Under WIA, states must spend funds within a three-year time period. Any unspent funds that remain at the end of three years must be returned to US DOL. To ensure no funds are forfeited, DES requires all LWIAs and Rapid Response grantees to spend program year allocations within two program years; at the end of Program Year II, DES collects all unspent funds and redistributes them to LWIAs that are in need of or request additional funds. These supplemental allocations must be spent by the end of Program Year III. To date, Arizona has not returned any WIA funds to US DOL.

¹¹ Arizona Workforce Connection, Program Year 2003 WIA Annual Report

¹² Ibid.

and (3) an appropriate unit of local government.¹³ All employers who layoff 50 or more workers are required to complete a WARN; also, employers who have 100 or more employees usually will complete a WARN notification to the State and/or local Rapid Response Unit.

Upon receipt of a WARN, the State Rapid Response Unit documents the notice and immediately notifies the appropriate LWIA or Rapid Response grantee. The DES Research Administration records all WARNs received by the Rapid Response Unit and makes them available to the public via the Internet. WARNs are organized on the DES website by year and by month. Each WARN contains the employer's name, business address where the layoff or plant closing is to occur, anticipated date, type of notice (e.g., A: Workforce Investment Area Alert, W: Employers WARN, or P: Plant Closure), and number of affected workers.

Sometimes the State learns of a layoff or plant closure through means other than a formal WARN – a telephone call, fax, e-mail from an employer or worker, or indirectly by a radio announcement or newspaper article. Regardless of how the State receives the information, it must notify the appropriate local rapid response unit in the same manner as if an official WARN had been received. Local rapid response units have 48 hours once the early warning system is activated to contact the employer and initiate a response plan.

Support for Local Rapid Response Units. The State Rapid Response Unit is available to support the Local Rapid Response Unit and/or the employers develop a plan to deliver services to affected works once notification of a layoff is made or at the request of the Local Unit or employer. The State Rapid Response Unit can coordinate job placement, benefit services and training programs, or provide general assistance to the Local Rapid Response Unit. If the State Rapid Response Unit is not involved directly in the dislocated worker plan development, the State Rapid Response Coordinator will follow-up with the Local Rapid Response Unit or employer, or both to ensure that contact was made, and assistance was offered.

In its support role, the State Rapid Response Coordinator organizes quarterly roundtables to inform LWIAs or Rapid Response grantees of new information from US DOL, to share best practices, to interpret questions about regulations and funding requirements, and to provide training to LWIA and Rapid Response grantee staff. The State Rapid Response Coordinator is responsible for answering any questions from LWIAs or Rapid Response grantees about any aspect of rapid response or dislocated worker programs.

Monitoring Local Rapid Response Activities. DES conducts some level of monitoring of local Rapid Response activities. The issuance of a WARN is the only hard data collected by the State Rapid Response Unit to evaluate the LWIAs or Rapid

¹³ The Worker Adjustment and Retraining Notification (WARN) Act Guide to Advance Notice of Closings and Layoffs, U.S. Department of Labor, Employment and Training Administration, www.doleta.gov/layoff/warn.cfm

Response grantees' response when an early warning system is activated. Staffing changes made during the past couple of years at DES have reduced the State Rapid Response Unit to one coordinator. On-site monitoring of rapid response activities, therefore, has fallen to the Adult and Youth Services field liaisons who conduct annual site visits at local workforce agencies to review the entire workforce development system, but no thorough on-site reviews are conducted specifically on rapid response activities.

No other measurements are collected by the State on rapid response activities, and currently the federal WIA rules do not require rapid response activities to be formally measured or tracked. The State, however, does use 15 performance measures to determine the level of success attained by other WIA programs and services; these are primarily measures of customer satisfaction. The State tracks only some programs and services within these four categories: Adult; Older Youth; Young Youth; and Dislocated Worker programs and services, but none directly monitor customer satisfaction directly related to rapid response programs or services.

3.3. ARIZONA RAPID RESPONSE OPERATIONS AT THE LOCAL LEVEL

LWIAs and Rapid Response grantees are responsible for the actual operational response to layoffs. They are made aware of mass layoffs and plant closings in the same manner as the State. Whoever receives notice first must notify the other – whether it is the State or the local workforce agency – to ensure that the State and local workforce agency both have notice. Within 48 hours the local rapid response unit contacts the employer and alerts its own rapid response team that a notice was received. The rapid response team works with the employer going forward.

Local rapid response teams are led by a local Rapid Response Coordinator, and typically consist of staff from the local Dislocated Worker, Unemployment Insurance, and Job Services programs, and also can include representatives of any other programs that an employer requests. Local coordination allows rapid response teams to customize and tailor services and programs to the needs of the particular employer. Teams go to the employer's worksite (or arrange to meet in a more discreet location if needed) to discuss the issues and, if possible, explore ways that layoffs can be avoided. Where layoffs or closures are inevitable, teams work with employers to develop a strategy to assist affected workers to:

- Seek re-employment through job assistance services;
- Enroll in benefits services to financially assist them and their families during transition; and
- Obtain training or certification to meet new industry skill and education requirements.

Rapid response teams also encourage affected or dislocated workers to use area One-Stop services, whose staff can link the dislocated worker to a range of job placement and training services.

While most local rapid response activity tends to be after the fact, state or local rapid response teams occasionally are engaged *before* a layoff or closure happens. Under a “Layoff Aversion” program, the Local or State Rapid Response Team/Unit works with the employer to avoid a possible layoff by offering assistance like financial aid, training programs, or conducting pre-layoff feasibility studies to explore options like allowing workers to buy out the company or plant facility.

Pre-crisis relationships with LWIAs and Rapid Response grantees, and knowledge of available community resources, make employers more willing to engage the LWIA or Rapid Response grantee sooner when they are in danger or facing financial trouble and before layoffs are unavoidable. LWIAs or Rapid Response grantees who have been successful at pre-empting a layoff or providing assistance to employers at this early stage – like Yuma County, for example – report that early intervention is one of the best uses of local and state resources. These Layoff Aversion activities enable local rapid response teams to move from a “response” mode to an active and innovative intervention.

LWIAs or Rapid Response grantees are responsible for advertising and marketing all their services and those offered by area One-Stops, and use a variety of methods to get the word out. Some grantees – for example, the Coconino County Career Center – combine television, radio and newspaper advertising with posting ads in One-Stops, at education provider locations or community centers. Others, such as Pima County and the City of Phoenix, have business liaisons who reach out either in-person or by telephone to local employers on a regular basis to keep them abreast of available services and programs.

SECTION II: FINDINGS

Several important findings are identified as a result of our work which consisted primarily of (1) a review of existing policies, (2) statistical, legal and best practice research, (3) interviews with state staff, and (4) input from key stakeholders, including LWIAs, other Rapid Response grantees and local industry and business communities.

Public Works' recommendations, which largely derive from those findings, are presented according to US DOL's guidelines to states for the state plans submitted in May 2005. This structure helps to facilitate the incorporation of the recommendations into Arizona's final unified state plan. US DOL divided the Rapid Response required state plan elements into the following topics in the following order:

1. Governance and Funding
2. Rapid Response Process
3. Coordination between Rapid Response and One-Stop Activities
4. Comprehensive Business Services
5. Partnerships
6. Tracking Performance/Activities
7. Other Uses of Rapid Response Funds

1. GOVERNANCE AND FUNDING

1.1. CONNECTING THE STATE AND LOCAL WORKFORCE INVESTMENT AREAS AND COMMUNICATION

Centralized Communication System Needed. The State Rapid Response Coordinator serves as the single-point-of-contact for LWIAs and Rapid Response grantees and often must answer technical assistance questions regarding interpretation of regulations, funding allocations, services, programs or training. Information conveyed on such a one-on-one basis may not always be shared with other local workforce development staff. A centralized communication system is needed to ensure that all grantees receive the same information.

Strengthening Value of Roundtables. Several roundtable questionnaire responders noted that more could be done to coordinate communications and organize opportunities to share information during the quarterly roundtables planned by the State. These quarterly roundtables are the primary method used to communicate rapid response regulations, best practices and information to all LWIAs and Rapid Response grantees. When needed, DES contacts DOL and various trainers to provide workshops for LWIA staff.

Participants stated in both roundtable discussions and questionnaire responses that they find the quarterly roundtables valuable and think they are important to

continue; however, they want to be involved in determining the State's roundtable agendas. Participants also reported that the dissemination of information on other programs and best practices is helpful, but there often was not enough support provided during the roundtables to link the best practices to the unique challenges of each local area effectively.

1.2. LEADERSHIP

Greater Support for Innovative Local Activities. The State would benefit from encouraging innovative and boldness in rapid response activities among local workforce development staff. These staff, however, need more leadership from the state:

- It is difficult for local workforce development staff to be bold and innovative when they are struggling with how correctly to interpret federal regulations.¹⁴ In addition,
- Only this past year did the State examine what flexibility is allowed by federal regulations and start to plan a roundtable for local workforce development staff on layoff aversion – one of the “other allowable rapid response activities” listed.¹⁵

More Consistency Among State Agencies. There is a perception among local workforce development staff that the three state agencies – DES, DOC and ADE – are not unified and do not speak with “one voice” when it comes to guidance and support. When decisions are made at the State level, there does not appear to be a process in place to communicate openly new information or reinforce existing protocol and guidelines to local workforce development staff. As a result, information is not always communicated consistently or correctly, thus creating distrust that further weakens the partnership between the State and local workforce development staff. One example involves funding: while the local workforce development areas are required to supply DES with monthly expenditure reports, they are not always certain about what their exact allocation for rapid response activities is and what discretionary and/or redistribution funding they will receive.

More Guidance on Grant Proposals. Even though there is a grant proposal process in place for LWIAs or Rapid Response grantees to apply for additional funding, the decision-making process is not clearly communicated to grantees. In addition, grantees do not usually know why a proposal is approved or rejected – information that ultimately could change a grantee's approach to proposal-writing in the future that could lead to a different outcome.

¹⁴ Notes from Flagstaff Roundtable Discussion, 3/24/05

¹⁵ Interview with Ron Delgado, State Rapid Response Coordinator, DES 3/23/05

1.2.1. Oversight Authority and Funding

There is a concern among local workforce development staff that increasing State authority would lead to less funding at the local level. At the same time, many local workforce development staff stated during the roundtable discussions that they did not believe that the presence of an unspent local fund balance of \$1.2 million meant that there is a problem. Local staff believe that there are many ways the money could be spent but the State is not allocating the funds. From the local workforce development areas' perspective, the state should be protecting them from any more funding cuts. From the State's perspective, local areas should be more entrepreneurial.

1.2.2. Oversight Challenges

Oversight Staff Support. Staff changes and reductions over the years at DES have led to less-than-optimal coordination, monitoring, oversight and technical assistance to LWIAs and Rapid Response grantees. With only one employee assigned to the State Rapid Response Unit, it is extremely difficult to monitor rapid response activities effectively, while still providing needed technical support. Moreover, the State Rapid Response Coordinator is not involved in the local workforce development areas' preparation of their Five-Year WIA Strategic Plans, including any planning activity related to rapid response.

Data Collection System Improvement. A formal data collection system would allow the State to identify the types and frequency of rapid response activities provided by local workforce development staff, as well as how well those services are working. Even though US DOL does not require rapid response activities to be tied to performance measures, it would benefit the Arizona system if a formal, standard data tracking system were developed.

1.3. ROLES AND RESPONSIBILITIES

Need for Clarification of LWIB and LWIA Roles. There is confusion among local workforce investment board (LWIB) Directors and local workforce investment area (LWIA) Directors about their roles and responsibilities to the State. At the Flagstaff roundtable, a representative from Navajo and Apache Counties indicated that her LWIB Director is a volunteer who does not have time to participate or keep up with all of the information provided to him during LWIB meetings, or that is sent to him from the State.¹⁶ In this case, the LWIB Director often asks the LWIA Director to open his mail and participate in his place at workforce development meetings hosted by the State. Unfortunately, the State does not allow local workforce development staff to participate in these meetings, so if the LWIB Director is unable or unwilling to attend, there may be no representation by the LWIA. LWIB member protocol is not communicated effectively or reinforced by the State, nor has anyone developed an accepted alternative arrangement.

¹⁶ Notes from Flagstaff Roundtable Discussion, 3/25/2005

2. RAPID RESPONSE PROCESS: STANDARDS, GUIDES AND PROCESSES

2.1. RAPID RESPONSE GUIDE TO SERVICES

Greater Guidance from State Leadership. Local workforce development areas generally expressed a need for more, and better, direction from the State. While they believe that the State lacks the experience or leadership needed to carry out rapid response effectively without LWIAs, they believe the State needs to articulate a more cohesive vision for workforce development in general, and rapid response in particular. Local workforce development area staff believe that the State should articulate a unified message to all workforce development providers and key stakeholders, which would allow for closer alignment between programs and services.

There are not guidelines in place currently that can be applied by all local workforce development staff that will help them develop rapid response programs and services.

2.2. LAYOFF AVERSION

Greater Focus on Layoff Aversion. LWIAs or Rapid Response grantees that have been successful at pre-empting a layoff or providing assistance to employers early in the potential layoff cycle have found it to be one of the best uses of local and ultimately state resources. Just within this past year the State Rapid Response Coordinator began exploring information on “other allowable rapid response activities” including layoff aversion, as indicated under WIA. The information has not yet been shared with local workforce development staff.¹⁷ Information like this could assist local workforce development staff spend rapid response funds on layoff aversion that otherwise are not spent and are returned to the State at the end of program year II for redistribution.

2.3. LAYOFF

Improved Layoff Monitoring. There is no standard process in place to verify that a layoff or closure event actually occurred without contacting the employer or local rapid response unit directly, resulting in haphazard monitoring. Pima County, for example, uses a checklist template to document information obtained during the initial follow-up by the County's Rapid Response Coordinator.¹⁸ The checklist template is then used as an action plan for intervention, but may be revised and reissued depending on the dynamics of the layoff or closure, timeframes, and number of affected employees.

¹⁷ Interview with Ron Delgado, State Rapid Response Coordinator, DES, 3/23/05

¹⁸ E-mail correspondence with Rosemary CoraCruz, Reemployment Development Supervisor, One-Stop Career Center, Pima County Community Services on April 7, 2005.

2.4. FOLLOW-UP ACTION AND ACTIVITIES

More Follow-up by State on Local Strategy Needed. The State Rapid Response Unit needs to be pro-active in requesting information from local workforce development providers on any rapid response strategy that is negotiated between the Local Rapid Response Team and the employer when the State is not present. There is no process or defined rule in place whereby the State automatically follows up with the Local Rapid Response Unit or vice versa to discuss and share final outcomes.

Protocol for Follow-up With Employers Needed. In Arizona, WARNs are available on the Internet for public review, but there is no link to the LWIA or Rapid Response grantee that dealt with the layoff to see what follow-up services were provided and the resulting outcomes. The new arizonaheat.com website will help address some of these problems (such as identifying the designated LWIA), but there is still a need to collect and distribute better information, especially when it comes to what follow-up assistance was offered to employers, what assistance they used, and what outcome was achieved.

No Consistent and Uniform Customer Satisfaction Process. There is no uniform customer satisfaction survey sent out or collected by the State Rapid Response Unit on behalf of the Local Rapid Response Units to employers to ask for feedback regarding the services they received from Local Rapid Response Teams, and therefore, no documented way of knowing if the rapid response activities offered could be enhanced or improved. On occasion, the State Rapid Response Coordinator will contact the employer to follow-up with them, but this occurs sporadically.

2.5. MONTHLY EXPENDITURE REPORTS

LWIAs and REPAC or their designated fiscal agents submit monthly expenditure reports to DES, but the report form is inadequate. Fiscal agents must record the total amount of funds that were spent on rapid response activities, but they are not required to provide any breakdown of those figures into separate expense categories such as marketing, staffing, office space or travel. Collecting more detailed expense information would enable the State to better understand how local areas are using their funds, so adjustments could be made accordingly to the funding formula. A more effective funding formula – one that is adjusted annually or even bi-annually – would provide local areas more money up front for programs and services, and mean fewer supplemental requests which, if granted, require any additional funds to be spent within one year or less. More detailed expense information also would provide data to enable the State to analyze the cost effectiveness of new programs and services being offered by local areas. Armed with the State analysis, the local workforce development staff could decide whether to continue funding a program or service, or to forego it and invest in something else.

3. COMPREHENSIVE BUSINESS SERVICES

Need to Build Stronger Relationships with the Business Community. Local workforce development area roundtable participants identified a need to build and maintain trust with the business community. They want employers to understand the resources available to businesses so that when problems arise, employers know they can rely on services provided in the community by local workforce development providers. Local workforce development providers are not successful in establishing relationships with all employers, due in part to lack of resources needed to reach out and build relationships with them.

Flagstaff roundtable participants stated that at times dislocated workers will come into the One-Stop career center for assistance. It is at this time when they are first made aware that a local employer initiated a layoff. This example only re-emphasizes the importance of establishing a relationship with businesses sooner. A relationship with local employers is critical, and may be the only difference in why some choose to alert local workforce development staff or the State that a layoff is about to take place and not notifying anyone at all.

4. TRACKING PERFORMANCE/ACTIVITIES

4.1. ACCESSIBILITY OF RAPID RESPONSE INFORMATION

Rapid response systems are clearly present and adequately operating across Arizona, but it is difficult – if not impossible – to identify information about the activities of the State or local rapid response units without considerable investigation. There is very little data on any subject – local Rapid Response Team contact information, planning information, surveys, performance reports or best practices – available on State and local workforce development area websites. Most of the information that **Public Works** obtained for this assessment was collected during on-site roundtable discussions (from both the discussions and the questionnaire responses) or received through direct requests made to DOC at the project's start. In addition, some reports, publications, tools, brochures, and websites were either provided to **Public Works** consultants electronically or by fax or identified during in-person or telephone interviews.

4.2. DATA REQUIREMENTS

Demographic information and layoff data is not used effectively. Local workforce development staff could be using data – layoff rates by month and types of workers affected – to predict program and service demand and to develop programs that meet the ever-changing needs of workers better.

Data is not being collected in a way that makes it useful to local workforce development staff. The local staff reported that the State needs to improve how it

collects and organizes data so that it is more useful to them. Smaller counties, in particular, do not have the resources available to modify data to accommodate their needs, and so they are unable to conduct evaluations of their own.

The State, however, is responding to this need by committing funds to support web-based access to labor market information for local workforce development providers and the business community. The new data collection system is available on the arizonaheat.com website, and provides important statistics to stakeholders, as well as guide workforce development policy in the future.

Although information directly related to rapid response activities currently is not collected, there is a plan to expand the data system to collect, compile and distribute information like this soon.

4.3. WARN

Improvements Possible to the WARN System. The WARN is the State and LWIA's main rapid response warning system, which relies on employers completing the WARN and using it to notify the State or local Rapid Response Unit. The WARN, while a beneficial alert tool in Arizona, could be improved. There is not enough information provided to be useful to the public, and possibly to the State, local workforce development staff, policy makers and key stakeholders. In contrast, Indiana, for example, uses the WARN to collect additional information, including: (1) the employer's industry classification code (formerly the Standard Industry Classification (SIC), now replaced by the North America Industry Classification System (NAICS)); (2) a description of the work for which affected workers are responsible; (3) the reason for the layoff; (4) the LWIA or Rapid Response grantee responsible for providing rapid response or dislocated worker services; (5) any union affiliation; and (6) the wages of the affected workers.

Small Businesses as an Additional Focus. The State and local workforce development staff appear actively and aggressively to contact employers as quickly as they can upon learning about a layoff or closure, even if a formal WARN is not completed by an employer. The State's and local workforce development staff's main rapid response warning system, nonetheless, relies on employers completing WARNs and using them to notify either state or local Rapid Response Units. This means that Arizona uses no formal notification tool to identify lay-offs at employers with fewer than 100 employees and/or who lay off 50 or fewer employees (the WARN thresholds). State websites also contain no outreach or information that specifically caters to the needs of small businesses, and it is unclear what rapid response activities, if any, are provided to large businesses across the State that are not captured by WARNs or other communication methods.

When **Public Works** asked the State Rapid Response Coordinator how the Arizona rapid response system addresses small business – those below the WARN threshold – he stated that some local workforce development staff have asked what

services can be provided to small businesses in need of assistance, and indicated that he responded to their question by explaining that if the layoff or closure resulted in a significant impact on the local economy then services could be provided to the employer.¹⁹

4.4. TRACK AND RECORD INFORMATION

Throughout the roundtable discussions and in completed questionnaires, local workforce development staff repeatedly stated that they are well equipped to provide rapid response services. They are aware of local employer needs, are able to gain employer's trust and forge relationships, and can bring together other services from the community together quickly. While this is likely true, there is virtually no basis on which to gauge how well the local workforce development staff provide services to employers and affected workers, due in part to the absence of a process for sharing a rapid response service strategy with the State. Periodic site visits conducted by liaisons in DES' Adult and Youth Services Unit provide the only method for truly monitoring local rapid response activities; it is questionable, however, how suitable it is to rely on Adult and Youth Service liaisons to conduct these assessments, since they may lack specific knowledge and expertise in the area of rapid response systems.

The State Rapid Response Coordinator mentioned during his interview that some local workforce development staff conduct surveys on their own and submit information to the Research Administration, but he was unaware of what information they collected, how the information was used or reported, or how frequently the surveys were administered. **Public Works** acted upon the State Rapid Response Coordinator's suggestion to contact Research Administration to ask about survey information in more detail. We requested a copy of a survey instrument and a report or chart displaying the survey's most recent report, and we were answered with the explanation that the survey is a requirement of all states by US DOL under the WIA, and that participant data is not kept by funding streams, and especially not for the rapid response system.²⁰

5. MARKETING RAPID RESPONSE PROGRAMS AND SERVICES

Participants indicated a need to conduct more outreach and marketing of rapid response and dislocated worker programs. While some local areas are doing a better job than others, one of the most requested uses of additional funds by grantees was to hire a business liaison whose job would be to communicate local services and programs directly to local businesses.

Although both State and local workforce development areas recognize this weakness, there is a difference of opinion as to how best to address this problem. Local workforce development areas believe the State should increase funding for

¹⁹ Interview with Ron Delgado, State Rapid Response Coordinator, DES 3/23/05

²⁰ Email response to a follow-up request pertaining to employee surveys. Response e-mail was sent by Bill Gadzia, Executive Assistant to WIA Section at DES on April 4, 2005.

outreach and marketing and allow local units to create their own marketing plans. Those at the State level believe that the State should develop a strategy for marketing these two programs, including creation of a statewide brand for dislocated worker and rapid response service, and that a marketing strategy should be part of the State's Five-Year WIA Strategic Plan.²¹

²¹ Terry Forth, President of the Arizona Federation of Teachers, State Five-Year WIA Strategic Planning Session, 04/05/2005 (comment)

SECTION III: STATE PLAN GUIDANCE

This Section, like the “Findings” section above, is organized according to US DOL’s guidelines to states for the state plans submitted in May 2005. **Public Works** chose this structure to facilitate the incorporation of the recommendations into Arizona’s final unified state plan. Arizona has filed its state plan with the U.S. DOL. However, the expected federal reauthorization of Workforce Investment Act will trigger the need for modifications to the state plan. To facilitate such modifications, especially as they may apply to the Rapid Response system, **Public Works** has organized the recommendations in this report according to the state plan structure.

US DOL divided the Rapid Response state plan elements into the following topics:

- Governance and funding
- Rapid Response process
- Coordination between Rapid Response and One-Stop activities
- Comprehensive business services
- Partnerships
- Tracking performance/activities
- Other uses of Rapid Response funds.

Public Works used these topics to organize its recommendations. However, the over-arching themes of the recommendations are communication, data collection and technical assistance, and layoff aversion.

1. GOVERNANCE AND FUNDING

In Section I, **Public Works** discusses the challenge in determining how well Arizona’s highly decentralized Rapid Response system is functioning. Relying on subjective data from interviews, surveys and roundtables, supplemented with available documentation, it is easy to draw the conclusion that the Arizona’s Rapid Response system is functioning adequately. These assessments, however, are limited since the State has no standardized mechanism to accurately measure its effectiveness. The result is a system in which the State is largely absent, Rapid Response services are underutilized by businesses, and local area services are not uniformly understood and delivered. In addition, the Rapid Response system is routinely reactive and thus potentially missing opportunities to implement layoff aversion strategies or develop an early warning network to detect potential layoffs before they actually occur. An ideal Rapid Response system is guided by a single vision and operates under a unified plan that identifies resources, roles and responsibilities at all levels of the system, technology needed to support and enhance operations, and accountability measures to track performance outcomes.

Moving to such a system will require several Governance and Funding steps, including:

- Enhancing the state support unit
- Developing a unified plan for Arizona's Rapid Response System
- Improving the early warning network
- Implementing layoff aversion strategies
- Improving performance-based mechanisms
- Identifying shared funding opportunities
- Identifying funds for statewide activities

1.1. ENHANCE STATE SUPPORT UNIT

An adequate statewide Rapid Response system requires dedicated staff to work exclusively on Rapid Response activities. There is evidence, based on **Public Works'** examination, that the current level of staff resources dedicated to Rapid Response activities is not sufficient. The ideal staff size will depend on a detailed analysis of resources needed to carry out the following activities:

- Managing the WARN notice process and information collection;
- Providing fiscal and performance oversight;
- Providing technical assistance to local areas;
- Identifying waiver and funding opportunities; and
- Coordinating with local teams to ensure the whole of the Rapid Response delivery system is greater than the sum of its parts.

Concentrating efforts to achieve these responsibilities will allow the state to meet the requirements for a successful unified plan: adequate resources, roles and responsibilities defined, implementation of technology to support operations, and development and tracking of accountability measures to assess performance outcomes.

1.2. DEVELOP A STATEWIDE RAPID RESPONSE DELIVERY SYSTEM

Public Works proposes the following unified plan for Arizona's rapid response delivery system.

1.2.1. Vision

Arizona will provide layoff aversions and rapid response services to businesses at risk of or in the process of laying off workers, no matter the size of the business or the size of the layoff. Services will be delivered keeping in mind that both the business and the workers are our customers. LWIA's will be the primary contact and deliverers of the services that business and workers need. The state will provide strategic support to local efforts and ensure the rapid response system provides needed services to every corner of the state.

1.2.2. Roles and Responsibilities

The findings clearly indicate that there is a need to clarify the roles and responsibilities of the State and the LWIAs and to publicize this clarification. For an efficient, the following division of responsibilities is recommended:

State Roles and Responsibilities should include:

- Ensuring that a comprehensive statewide rapid responsive delivery system is in place.
- Providing strategic support and technical assistance to LWIAs.
- Developing and implementing layoff aversion strategies.
- Creating an early warning network.
- Developing and monitoring a performance-based system of accountability for rapid response activities, including documenting and reporting performance measures and providing analysis of rapid response data for continuous improvement of the rapid response delivery system.
- Maintaining the WARN system.
- Branding and marketing rapid response services.

To carry out the roles and responsibilities on a statewide level, the State Rapid Response Service Unit must include adequate professional staff to support the local delivery system. Staff must have the capacity and ability to: (1) provide strategic oversight; (2) provide effective coordination of services involving several local jurisdictions; (3) effectively determine the financial integrity of the rapid response system; (4) and maintain performance measures on rapid response activities.

Creation of an integrated information network. The Rapid Response Unit should serve as the central information system to those local entities needing state support of their rapid response activities. While the State already serves as a

centralized information source for funding, certain WIA reporting measures, and WARN notices, the state's role should also include providing waiver activity information, monitoring new funding alternatives, and providing labor market information.

LWIAs roles and responsibilities should include:

- Delivering all rapid response services following a WARN notice.
- Transitioning dislocated workers from initial rapid response activities to one-stop services.
- Determining and assisting in application for NAFTA, TAA and National Emergency Grants when appropriate.
- Conducting employer outreach of rapid response services.

Shared roles and responsibilities between State and LWIAs should include:

- Identifying businesses in need of layoff aversion.
- Monitoring performance of rapid response services.
- Implementing a consistent degree of services across all regions.
- Identifying best practices that can lead to better performance.
- Communicating on rapid response activities.

1.3. IMPROVE THE EARLY WARNING NETWORK

The current rapid response system is largely reactive and lacks any comprehensive effort to develop active strategies around layoff aversion opportunities or the creation of an early warning network. As mentioned in Section I, some LWIAs have strong communication networks with local businesses and are able to identify businesses at risk of layoff before the business makes a formal announcement. However, because not every LWIA has the capacity to create and maintain a more thorough early warning network, the State could play an appropriate and effective role.

The state should develop a tracking system to identify and create “red flag” reports to local teams about troubled industries and major employers. Two types of information would need to be monitored in developing an effective tracking system: demographic information that monitors industry trends and company-specific data.

1.3.1. Demographic information

In California, the Orange County Workforce Investment Board offers an example of how demographic information is used to design a labor market early warning system. Elements of the process include:

- Looking at key industries during both expansion and contraction periods, and assessing which industries had competitive advantages and disadvantages during those times.
- Analyzing employment data, surveying local economic development directors, and analyzing the workforce needs of small businesses.
- Identifying ten industry clusters to monitor: biomedical, business and professional services, communications, computer hardware and electronics, computer software, construction, defense/aerospace, energy and environment, health services, and tourism. (Note: Arizona has identified their key industries – many of which are similar.)

Having this demographic information available provides the Orange County Early Warning System with three broad capabilities to identify possible companies and/or industry areas that could experience layoffs. They include:

- One, two, and five-year projections of employment in 10 industry clusters based on six alternative macroeconomic scenarios involving changes to statewide total employment.
- Estimates of the effects of an immediate change in employment or final demand in one industry cluster on each of the 10 clusters and total Orange County employment through use of inter-industry input-output multipliers.
- Projections of occupations within the 10 industry clusters based on outputs from the macroeconomic and multiplier models.²²

The purpose of mentioning the Orange County Report is to identify vulnerable industry sectors. For Arizona, providing the demographic information on vulnerable industry sectors could then be used to develop "red flag" reports that help locals know what future industries the State and LWIAs need to target layoff aversion strategies around.

²² Labor Market Early Warning System, Orange County Business Council for use by the Orange County Workforce Investment Board, Marlon G. Boarnet & Richard Funderburg, June 2002 and June 2001 reports

1.3.2. Company-specific data

Tracking and analyzing company-specific data can also provide information to help identify potential layoff threats. An example is found in the Pennsylvania Steel Valley Authority's Layoff Aversion Guide, which lists potential sources of company-specific information. This includes:

- Layoff data from unemployment filings, showing inordinate patterns of layoffs in a sector or firm
- WARN notices, a listing of mass layoffs or plant closures
- Public loan defaults, often mirrored by bank and other financing problems
- *Dun and Bradstreet (D&B)* reports on stressed firms and industries, and the D&B Alert, which tracks sudden changes in firms
- *Moody's Industrial Manual and Standard & Poors* for basic information on major companies, such as facilities by location, and company performance data.
- Utility company reports of usage drops
- Customer and supplier knowledge
- *U.S. Industrial Outlook*, published by DOC analyzes current and forecast trends for U.S. industries by four-digit SIC code.
- Major business magazines, regional business journals, or local and regional newspapers captures changes in management or markets; strengths and weaknesses of products; legal, labor, and compliance issues etc.²³

These information sources can generate the data needed to flag potentially troubled employers, giving local staff greater opportunities to reach out and intervene before layoffs are decided upon and announced.

1.4. IMPLEMENT LAYOFF AVERSION STRATEGIES

A tracking system should be used not only to identify businesses at risk of layoffs, but also to identify the best opportunities to avert layoffs. According to the Strategic Early Warning Network (SEWN), it is important to identify which types of companies are likely to be in a position to avoid layoffs. This strategy is detailed by Joseph Bute, Jr, of the Steel Valley Authority in his report, "The Role of Middle Market

²³ Steel Valley Authority, summary of Layoff Aversion Guidebook

Companies in Job Growth: Targeting Investment and Technology to the “Critical Middle”:

SEWN found that most plant closures and the majority of manufacturing job loss occurs from business failures in smaller companies rather than from closures of branch plants by large manufacturers. SEWN also found that the decisions of large corporations have rarely been reserved even in situations where major public, union, and political pressures have been mobilized against the closure decision. In contrast, SEWN found that in the majority of cases the closures of smaller companies has been preventable.

SEWN concluded that advanced warning can provide the time to mobilize technical assistance which will prevent smaller companies from closing. Larger companies have their own in house engineering, legal, and other professional staffs and do not need or usually will not accept technical assistance to prevent a plant from being closed.

The most common problem that the SEWN program has encountered is the limited capabilities of owners and management of these smaller companies. In some cases companies have grown to a size and complexity that they have outgrown the capacities of the owner/managers. In other cases, technologies in the industry have changed and owners/managers have not been able to keep pace. The most common problem is simply the problem of the age of the owner. In Western Pa. over 45% of all owners of privately held companies are over 55 years of age. In many cases these owners have not adequately prepared to transfer ownership to the next generation. All of these problems can cause smaller companies to fail. But all of these problems are correctable.²⁴

When the State or local teams identify a company in danger of extensive reduction in force, possible layoff aversion strategies could be implemented. Some of the options listed by the Steel Valley Authority in their summary to the Layoff Aversion Guidebook include:

- **Work-Sharing:** Many states provide partial unemployment benefits to workers of companies affected by business downturns. This allows a subsidy for workers to work flexible and part-time hours in order to preserve overall firm employment until the downturn passes. Work-sharing is allowable under federal unemployment law, permitting states to set-aside a portion of the unemployment pool for this purpose.
- **Incumbent Worker Training:** Ongoing incumbent worker training is, in general, a valuable investment that can have a positive impact on the business's bottom line. An evaluation of existing workers' skill needs, cross-training potential, and new training required as a result of technology or

²⁴ Joseph Bute, Jr. Steel Valley Authority, The Role of Middle Market Companies in Job Growth: Targeting Investment and Technology to the “Critical Middle.”

workforce change, can lead to a plan funded by the company and/or those states/local WIBs that have established incumbent worker training programs. Most states utilize economic development agencies to manage these programs. This training is now an allowable activity as part of WIA Rapid Response funds.

- **Operations and Cost Reviews:** When firms are in trouble, increasing operations productivity and managing costs can involve simply resolving an issue at a single choke point in the production line; in extreme situations, it may require re-engineering the entire manufacturing process.
- **Good Management, Labor-Management Cooperation:** Sometimes, new leadership is needed so that a company can become more productive or entrepreneurial. If there are conflicts on the shop floor, intervention is needed to help labor and management groups to talk and listen to each other and to properly analyze problems or situations that are of current or strategic importance.
- **Financial Restructuring:** Many at-risk manufacturing companies experience a fiscal crisis in which an immediate restructuring of the balance sheet is required to maintain the company's viability. Sometimes an unbalanced or inappropriate capital structure itself is the problem; more often it is merely symptomatic of deeper underlying market or operational problems. Financial Restructuring can involve a variety of strategies, including refinancing or renegotiating existing debt, raising additional debt, renegotiating trade payables and other liabilities, raising additional equity capital and other financial engineering tools.
- **Modernization and Upgrades:** If the equipment and machinery in a facility has deteriorated in its condition or effectiveness, or if the production system has not kept up with the industry as a whole, a strategic or wholesale modernization or upgrade of the facility may be in order.
- **Conversion to New Products:** If a business is under threat of closing because a main product line has declined in markets, the company might be able to identify new products and markets.
- **Succession:** In many cases, the sale of closely held businesses results in a loss of jobs because the new owner restructures operations. The retirement of a business owner also can precipitate a business closing in absence of a successorship plan. These examples represent opportunities to save jobs and avoid resulting hardships imposed on individuals and their communities when a plant or business closes.
- **Employee Buyouts:** WIA pre-feasibility studies can assess the viability of a company or group purchase of the plant to keep it in operation. When the

initiative to purchase the company comes from employees, unions representing employees, or management groups representing the larger workforce, the employee buyout process should be an organized effort, with a well-established buyout committee. The undertaking is usually a complex and time-consuming task, with many real and apparent stumbling blocks along the way.

- **General Buyouts:** Another last resort may be to work with a plant's management and employees in generating the initial due diligence material required to determine the feasibility of a general buyout. A buyout committee could be formed to expedite this process. Various general buyout options include a leveraged acquisition, or an outside third party acquisition. Often "strategic buyers" are the best alternative.²⁵

1.5. INCLUDE FORMULA BASED AND PERFORMANCE BASED FUNDING OPPORTUNITIES

As noted earlier, the Arizona Rapid Response system is almost exclusively locally driven. While there are many advantages to a locally driven system, there are drawbacks. The State suffers from an absence of real performance oversight as evidenced by lack of explicit performance measures and performance evaluations; an inability to leverage resources to take advantage of economies of scale; and the absence of an adequate state infrastructure to ensure a comprehensive state Rapid Response system. Following are some funding strategies that can strengthen the Rapid Response system as a whole without compromising the integrity of a locally driven delivery system. These funding strategies can preserve the benefits of a locally-driven system with the addition of targeted state resources, oversight and partnership.

First and foremost, performance results should be considered in allocating Rapid Response funds to local LWIA's. A performance incentive pool could be created, by which third year funding dollars would be distributed based on the local units' abilities to meet key indicators. It is important that these measures recognize and reward improvement, not only high levels of achievement, since not all areas of the state will start with a level playing field.

1.6. IDENTIFY SHARED FUNDING OPPORTUNITIES

The State and local areas should work together to identify how Rapid Response dollars can fund opportunities that would be more cost efficient when invested on a statewide basis. Some opportunities could include:

- **Fund regular roundtable meetings.** While the State provides support for roundtable meetings, funding could be allocated to host and staff roundtables, and to reimburse travel expenses so all the state and local stakeholders could participate in these vital information gathering and sharing sessions.

²⁵ Ibid.

Additionally, the current roundtable process should be restructured to allow local partners to help shape the meeting agendas, and to provide broader advance notice of the meetings so that all LWIAs have the opportunity to attend.

- **Fund a mobile Rapid Response.** To assist local teams in rural areas to set up workshops close to a facility that will not allow on-site services, the State could consider funding a mobile resource lab, equipped with computers and software to provide Rapid Response services. This vehicle could be shared among all the local LWIAs. Cameron County, Texas has purchased a mobile workforce resource lab that has is shared among five workforce centers and is equipped to provide Rapid Response services to parts of rural Texas.²⁶

Arizona should target the use of some Rapid Response funds for statewide activities that will benefit both the State and LWIAs to ensure that all areas of the State have the capacity to deliver locally driven services. Examples of such targeting are:

- **Invest in providing Labor Market Information:** Economic development professionals' use of market data is a fundamental element of effective planning and recruitment for business development. Workforce decision-making likewise could be improved by using labor market information (LMI). LMI includes labor market conditions, employment growth and turnover trends, earnings by occupation, skill requirements, and education and training resources. Often this data is available to metropolitan areas but not available to rural communities. A state investment to enhance Arizona's LMI could provide all areas with real time information on job openings, and other important LMI.

Some LWIAs in rural areas may lack the capacity to obtain updated and thorough labor market information. In addition, Arizona's delivery system is structured around political jurisdictions (counties) rather than economic regions. Statewide information can easily be sorted into in regional areas of interest so local areas will know where their joint collaboration would be necessary or beneficial.

- **Invest in providing industry information:** Jacksonville, Florida, has developed an information website that allows the user to research important industry and occupation information. The industry information ranges from industry growth to industry comparisons. The website also enables the user to explore the best paying, fastest growing, highest turnover occupations within their region and provides links to the average time it takes to fill the position and the educational and skills sets required.²⁷

²⁶ Cameron Works Inc. website, <http://www.cameronworks.org>

²⁷ Jacksonville website:

<http://www.usworks.com/USW/Common/prof/index.cfm?CFID=1712812&CFTOKEN=92985340&iSKINid=105&refid=1>

2. RAPID RESPONSE PROCESS

Arizona's locally driven Rapid Response system necessarily means the Rapid Response process varies from county to county, and obviously depends on the unique circumstances of a particular layoff activity. However, to ensure complete and consistent delivery of a common set of services to each Rapid Response customer the State should:

- Develop state guidelines for the Rapid Response process.
- Standardize information and data collection.

Standard guidelines and information and data collection processes will allow the State to assess what is working and identify what service gaps exist in areas throughout Arizona.

2.1. DEVELOPMENT OF GUIDELINES

Standard guidelines provide a transparent process that clarifies roles and responsibilities and identifies action steps to ensure activities can be tracked by both DES and LWIAs. The State can develop guidelines to govern the Rapid Response process in one of two ways:

- **Option A.** Have each LWIA design a set of guidelines that the State certifies. This process would allow locally designed systems but require State certification to ensure statewide objectives are being met. Pima County, for example, has produced several clear, concise, and transparent procedures to guide the Rapid Response process. A sample flow chart of activity has been created, a menu of services provided, and steps to conduct a successful employee orientation are spelled out.
- **Option B.** The State works with local teams to draft a statewide guidebook that all the local units certify. The approach would create a single unified operational manual around which local units would build their Rapid Response activities.

Several other states have generated a uniform process by which local activities are administered. Both Illinois and New York offer examples in for filling two major gaps in Arizona's Rapid Response system: operational guidelines and defined roles and responsibilities.

2.1.1. Illinois

The Illinois guidebook was developed by both state and local practitioners who identified statewide goals and objectives built around the sequential phase of a Rapid Response engagement. Illinois offers a template for an operational guide for Arizona's Rapid Response system.

The Illinois guide includes the following general goals:

- **Processing WARN notices.** Develop procedures to receive, process, record and respond in writing to each WARN notice received and maintain adequate records.
- **On-site response.** In response to each report of a plant closing or substantial layoff, assemble an appropriate team of state and local service agency representatives to meet with management and labor at the affected work site to explain state and local services, explore economic development alternatives and initiate planning for appropriate services.
- **Service delivery.** Develop a plan of service tailored to the circumstances of each specific dislocation that is acceptable to the Rapid Response unit, management, labor, the LWIA and chief elected officials to ensure that the plan is implemented and modified as needed.
- **Coordination.** Clearly define the roles of the Rapid Response unit and other partners to avoid any confusion regarding responsibilities for Rapid Response and service delivery.
- **Information management.** Record pertinent information regarding the response of each closing or substantial layoff in the Dislocation Event Tracking System (DETS) and make this information available to all agencies participating in Rapid Response.²⁸

The Illinois manual is organized into five chapters. Each chapter represents a sequential phase of Rapid Response. The five phases are: 1) early warning, 2) the initial on-site visit, 3) pre-layoff workshops, 4) planning for services, and 5) implementing services. At the beginning of each chapter, objectives are delineated that support the five goals described above. The policies and procedures contained in the manual serve as an operational guide to all agencies participating in Rapid Response.²⁹

²⁸ Illinois Department of Economic Security Rapid Response Procedures, : website:
http://www.illinoisbiz.biz/wia2/pdf/policy/pl00-17attach_a.pdf

²⁹ Ibid.

2.1.2. New York

The New York plan is not as specific as its Illinois counterpart, but nevertheless clearly defines the roles and responsibilities between the State and local entities. The New York plan is designed to foster collaboration between State and local partners on a unified approach to guarantee a consistent level of services to anyone receiving Rapid Response assistance. Some of those roles and responsibilities could be adopted by Arizona. For example:

State level roles and responsibilities.

- Develop and maintain a business information network.
- Develop and maintain layoff aversion strategies.
- Prepare and maintain quarterly reports on business retention activities.
- Identification of capacity building and technical assistance needs for rapid response system.

Regional and local level roles and responsibilities.

- Develop and implement a checklist for all rapid response activities to ensure that services are consistent statewide and notification and provision of services are timely and efficient.
- Initiate on-site rapid response event for all WARN notices.
- Provide quarterly reports on rapid response activities.

2.2. STANDARDIZATION OF INFORMATION AND DATA COLLECTION

Arizona's Rapid Response system needs to develop uniform standards for collecting information and data during each Rapid Response engagement to determine how services are being delivered across the state and the outcomes those services are producing. Standardizing the data collected will also allow for meaningful comparisons among counties.

Several states use standard forms that must be completed for all Rapid Response activities. Florida has two standard forms it uses for its Rapid Response activities: a transitional reemployment survey and a Rapid Response on-site visit report. Pima County has created a Rapid Response alert notice that could become a statewide template for early information. While each dislocation event is unique, it is the sum total of these experiences that enables the Michigan Works! Agencies and their subcontractors to develop the skills necessary to ensure that the services delivered will be appropriate for that particular workforce.³⁰

³⁰ Michigan Department of Labor and Economic Growth Website:
<http://www.michigan.gov/cis>

3. COORDINATION BETWEEN RAPID RESPONSE AND ONE-STOP ACTIVITIES

Coordination between Rapid Response and One-Stop activities is an important goal of WIA. Generally speaking, there are two dimensions to coordination issues. The first challenge is the full integration of the Rapid Response teams into the workforce system run from the One-Stop Career Center. The second challenge involves getting laid-off workers contacted by the Rapid Response team at their worksite to visit and take advantage of the services provided through the One-Stop.

Rapid Response services in Arizona are delivered by employees of the dislocated worker program that is part of One-Stops. Therefore, Arizona does not face the challenge that other states with centralized Rapid Response systems face; namely, connecting a centralized Rapid Response team to the local One-Stop delivery system. However, Arizona faces the same challenges as most other states in getting laid-off workers to visit One-Stop centers and take advantage of services provided.

Traditionally, Rapid Response staff members deliver services on-site at the business laying off workers, rather than asking workers and representatives of the business to come to the One-Stop Career Center. This is a critical aspect for the success of Rapid Response service and one that is encouraged under WIA. Equally important, however, is the challenge of connecting the soon-to-be dislocated workers with the One-Stop Center to access more extensive and longer-term services that can only be supported through the infrastructure of the One-Stop Center.

One-Stops are **the** service delivery system for employment and training programs, often delivering services through use of a range of service providers in the public, non-profit and for-profit business community. The centers provide core and intensive job search and job readiness services ranging from self-service to one-on-one direct case management. One-Stops can provide unemployed workers access to training, in some cases even adult basic literacy services. They also provide services to *employers* by screening potential candidates, offering focused workshops to employers on a variety of workforce issues, and even making available space for employers to conduct new employee orientations. One-Stops can also provide critical labor market information to both workers and employers.

Workers receiving Rapid Response services may benefit from the full range of services from One-Stops, depending on their employment history, skills profile, education attainment, and local job market. Employees delivering Rapid Response services provide information about services available through One-Stops and how those services can benefit the workers; however, there is still the gap between workers receiving information about One-Stops and actually visiting one.

The findings identified in this report, based on the questionnaires, focus groups, and interviews of key stakeholders, did not reference any shortcomings in the Arizona Rapid Response and One-Stop coordination. However, due to the importance of this issue, **Public Works** conducted best practice research to determine if there were any

practices or policies in place locally within Arizona that might help further strengthen coordination if adopted across the state. The research included examination of strategies that local workforce investment areas can use to improve the chances that workers will receive information from the initial Rapid Response service and actually access the full range of services at the One-Stop Center. Some Arizona local workforce areas are already employing these strategies to overcome the disconnection and lack of coordination; they should be more universally established across the state.

Recommendations related to Rapid Response coordination with One-Stop activities fall within three areas:

- Creating connections for workers filing for Unemployment Insurance
- Using Peer to Peer recruiting to get dislocated workers into One-Stops
- Providing workshops for staff remaining at the company

3.1. FILING FOR UNEMPLOYMENT INSURANCE

Filing for Unemployment Insurance no longer requires a physical visit to the Employment Services Office, which typically is an integral partner of One-Stop Career Centers. Instead, individuals have the option of filing over the telephone or Internet. While this is convenient for the unemployed worker, it creates a disconnect between the worker and the services available through the One-Stop. This is a challenge that every state with UI call centers faces.

In Arizona, at least one LWIA has designed a strategy for reinforcing the link between filing for UI and workforce development services. Whenever Pima County Career Center staff receives notice of any size lay-off (whether or not it meets the WARN threshold of 50), Rapid Response team members immediately contact the UI centers that would be receiving calls from the laid-off workers. They provide information on the company and create a banner to remind call center staff to inquire if a caller has been laid off from that company. If so, the call center staff urges the caller to visit the local One-Stop Career Center and provides information on the center location and hours of operation.

3.2. PEER TO PEER RECRUITING

Sometimes the best way to communicate with a laid-off worker is through another worker who has also experienced a lay-off and understands the effort required to move into a concerted job search.

Pima County identifies laid-off workers who have filed for and are receiving unemployment benefits, through unemployment insurance reports, but have not yet visited the One-Stop to receive job search and job placement assistance. The county recruits individuals who have experienced a layoff to visit the targeted laid-off workers at their homes and encourage them to visit the One-Stop. These recruits explain all the

benefits and services available through the One-Stop, sometimes offering anecdotal information of the success of former colleagues who used the One-Stop. This Peer-to-Peer model could be implemented across local workforce areas in Arizona to assure that statewide there is a seamless transition from Rapid Response services to One-Stop activities for dislocated workers.

3.3. SERVE REMAINING STAFF AT THE COMPANY

Dislocated workers are not the only workers affected by a company layoff. The staff remaining with the company in the interim when layoffs seem a strong possibility, as well as after the layoffs, face challenges as well, including coping with the uncertainty of their employment status and conducting business with fewer workers. Some local workforce areas provide a Rapid Response layoff aversion service to companies and their employees *before* any layoff occurs. They offer workshops to explain to employers how to talk to the retained employees about staff reductions, how to lay off employees, and even the correct way to fire an employee. By being a source of practical and timely workforce information, the Rapid Response team is helping employers to connect to the One-Stop system.

4. COMPREHENSIVE BUSINESS SERVICES

State and local officials agree that businesses need to be more connected to, and aware of, rapid response services. Indeed, many LWIA funding requests sought dollars specifically to facilitate networking with the business community. Among the steps that the State should take to promote the full range of services available to help companies in all stages of the economic cycle, not just those available during layoffs, are:

- Operating Rapid Response as a business service
- Creating employer outreach teams
- Assisting in establishing business representatives
- Working together to brand and market Rapid Response services.

4.1. OPERATE RAPID RESPONSE AS A BUSINESS SERVICE

First, rapid response should use as its model an entrepreneurial service company—nimble, innovative, customer focused, and market savvy. This is particularly apt because an entrepreneurial attitude is required to fulfill the promise of *Rapid Response*.

It is true that Rapid Response does not have as much freedom as a private sector company. It must operate within the confines of a publicly funded program that defines its core mission and general scope of services in terms of the public purpose of preserving and improving the economic well being of the citizens of Arizona. Within these parameters, however, the State and LWIAs enjoy significant latitude as to the specific services that can be offered and the methods of planning and operation.

Fortunately, some seeds of an entrepreneurial approach are already evident in the Rapid Response structure. To start, Rapid Response professionals are experienced in responding quickly and creatively to help its customer base of employers and employees. Also, some programs, such as those in Yuma and Pima Counties, have developed their package of services in conjunction with economic development organizations and through active participation in the business community. The provision of layoff aversion services such as pre-feasibility studies establishes a base upon which to build.

Second, to be successful as a business service entity, Rapid Response must go beyond a strategic plan and build a long-term business plan. The business plan needs to define the Rapid Response market and customer base, the services that are needed and can be supplied, and the plan for delivering those services, including a marketing and sales strategy. The business plan must also define a management and operational structure. The following sections discuss some of the services that could be included in a business plan.

4.1.1. Expanded use of pre-feasibility studies

The expansion of pre-feasibility studies needs to be in geographic scope, beyond particular counties, beyond only companies in distress. Geographic expansion appears hampered in less populated areas by fewer available resources and a less aggressive pursuit of partnerships with economic development organizations who could help supply resources. While LWIAs must give a higher priority to providing this service and making necessary links with local economic development agencies, additional resources or pooling of resources also will be needed. Consideration should be given to creating a State or regionally based pre-feasibility team that is supported in part by State or regionally pooled resources, and then augmented by LWIAs and other local resources based upon use. The economic development links could include state economic development entities as well as regional or county entities.

4.1.2. Help Companies at Critical Junctures

The State could expand the functional scope of Rapid Response to include services that help not just distressed companies, but also companies facing any “critical juncture.” These “critical junctures” include rapid growth, new technology introduction requiring significant new workforce skills requirements, relocation within the state or from outside the state to Arizona, and start-up situations. This would be a particularly valuable and mission consistent service especially when workforce needs are

immediate and solutions not obvious in the market place. A “critical juncture” component would introduce Rapid Response services to companies in all stages of the economic cycle. It would also create the links that would allow the Rapid Response system to be more effective in connecting employees from companies undergoing layoffs with companies in the growth industries. By understanding and having relationships with companies in emerging and growth industries, Rapid Response workers can more readily identify options for displaced workers based on skills and aptitudes, and not just industry-specific matching.

4.1.3. Create a region-wide homeland security and natural disaster Rapid Response team

The teams could work with federal, state, and local agencies to help with the economic recovery process following a disaster, either natural or manmade. Combining resources creates a synergy to leverage federal homeland security funds. These services could be made available on a fee basis, to help in other states or to serve as an international training center.

4.1.4. Strengthen ties between Rapid Response providers and the business community

There are several ways local Rapid Response staff can forge stronger ties to the business community.

- **Conduct three-month** cross-training rotations during which Rapid Response employees work in economic development agencies or organizations and vice versa to create a broader and better understanding of how all the pieces of the system fit together.
- **Establish a pilot program** as part of a layoff aversion strategy to provide forums that link declining or stagnant industries with newer technology and research industries in an effort to find areas of new business opportunities for the benefit of all.
- **Expand existing programs that recruit retired businesspersons**, both to reach out to the business community about the Rapid Response program and to serve as a part of the Rapid Response team.
- **Create a pilot market intelligence program** for a key industry that develops a comprehensive understanding of opportunities and threats from disruptive technologies. Such a program would include understanding the workforce requirements for working in a “leap frog” technology. This program could be developed on a regional basis

A leapfrog technology is one that doesn’t require incremental progress from an existing technology. Instead, it jumps over existing technologies without

intermediary steps. The classic example is the proliferation of cell phones in countries which had a very limited phone cable infrastructure. In Clayton Christianson's 1997 book, *The Innovator's Dilemma*, the term is used to describe technologies or innovations which overturn existing dominant technologies in the market, such as digital photography.³¹

- **Encourage LWIAS to create employer outreach teams.** Pima County has developed an employer outreach team that could serve as a model for other counties. The team should consist of local leaders who are connected with economic development activities (i.e. city and county economic development directors) and are a part of the local Rapid Response unit. The employer outreach team should have specific objectives, responsibilities, and goals.³²
- **Develop business representatives.** There clearly is a need for business representatives at a local level to build awareness and connections between local companies and Rapid Response services.³³ The challenge is identifying ongoing funding for this activity. The State should provide start-up funding for business representatives, however, local units need to be challenged with demonstrating how the activity can be sustained.

4.2. BRAND AND MARKET RAPID RESPONSE SERVICES

One of the key challenges to getting assistance to dislocated workers is making employers aware of the benefits to the Rapid Response system. Many businesses and workers simply are not familiar with the structure of Arizona's Rapid Response system and therefore never take advantage of the opportunities available. Arizona should develop a marketing strategy that includes creating a Rapid Response brand with marketing materials that can be used to promote the Rapid Response system.

4.2.1. Brand Rapid Response

Branding creates a common identity and language for a product or service that is reinforced in all the marketing materials, which actually describe the program or product.

Arizona needs a brand for Rapid Response. The brand needs to be simple – to communicate the existence of Rapid Response services and to invite businesses and workers to learn more about them. The brand needs to be universal and identifiable – used in all Rapid Response marketing material (i.e. brochures, websites, newspaper ads, etc) – and the brand needs to convey reliability and product quality. An example of a successful government brand is the “Don't Mess With Texas” brand for that state's litter prevention campaign.

³¹ http://en.wikipedia.org/wiki/Disruptive_technology

³² Pima County Employer Outreach one-pager

³³ Phoenix and Tucson Roundtable Sessions, March 21 and 22, 2005.

“Employ Florida” is a brand for the workforce development system in that state. The “Employ Florida” brand links all state and local workforce services to each other; it allows customers and businesses not familiar with the workforce structure to more easily identify workforce opportunities by becoming familiar with a common name. The Florida State participants using this common identification include agencies from the state policy and oversight board and the Agency of Workforce Innovation, which is responsible for all the workforce funds, to the local level participants, including all of the workforce boards and One-Stop staff.³⁴

This type of branding is not present in the Arizona system where many of the LWIAs have developed individual marketing materials. Developing consistent materials with a common language and a similar look and feel provides a cohesive marketing strategy for the Rapid Response system that can help build awareness and increase utilization of Rapid Response materials and services.

Printed materials, a website, and a speakers bureau are efficient and inexpensive ways to broadcast the benefits of the Rapid Response system – especially how to avoid a layoff. Companies that have successfully used Rapid Response teams could provide testimonials as to their benefits, and should be encouraged to make presentations to business groups about their experiences.

A marketing opportunity for building business support could be designing a “Rapid Response Guarantee.” The guarantee would assure certain services for companies that provide early warning for potential layoffs. Benefits of the guarantee might include: confidentiality agreements, automatic eligibility for certain types of government assistance, fast tracking on permitting that could avoid layoffs, and government procurement opportunities, to name a few.

4.2.2. Strategically market Rapid Response services

For the areas that have the services, a focused and market-leveraged promotional campaign can both increase awareness of Rapid Response and create advocates for using the services.

Rather than spend significant marketing dollars targeting the entire Arizona population, the Rapid Response marketing strategy should focus on targeted professions, businesses and organizations. Business service providers like lawyers, accountants, bankers and other members of the investment community, and business planners should be prime targets, because it is often these individuals and their institutions who will first know when there is a business problem or other critical juncture. Having these individuals steer the company to Rapid Response would be ideal. Utility companies also play a significant economic development role both on a planning and individual company level and should be an important partner

³⁴ Employ Florida website: <http://www.employflorida.net/about.htm>

Within companies, marketing should target the human resource and accounting professionals so that when problems arise they will automatically include Rapid Response as part of the analysis.

The marketing plan should also use community and faith-based organizations to reach workers. These groups can actively provide information to their members to generate an understanding of the Rapid Response program, or react when organization members learn that one of their own has lost his or her job.

Rapid Response can be marketed by having related sites establish a link so that users exploring other sites can easily link to the programs and services available through Rapid Response. Also, a central website could be created to direct workers to local One-Stops to obtain services.

4.3. STATE SUPPORT FOR PRE-FEASIBILITY STUDIES

Arizona should consider adopting Michigan's process to avert layoffs by offering to conduct pre-feasibility studies. Michigan describes their process as follows:

A pre-feasibility study can assess whether it is possible to continue the business operation and under what conditions. It can provide objective evidence that there is no likelihood of the business reopening (or not closing). If the study proves negative, it can help to expedite the commitment of workers to seek new employment.

Outside consultants are usually retained to conduct the pre-feasibility study. To be effective, a pre-feasibility study must be performed in a timely manner and usually completed within 30-45 days. The process should be sensitive to the needs and interests of workers and should involve both labor and management in a union shop.

Basic questions which should be answered in the pre-feasibility study include:

- Are the present owners amenable to a buyout?
- Is the firm organized for a smooth transition?
- Are the products or services in a declining, stable, or growing market?
- Can the facility be an efficient producer in its industry?
- How does the plant's profitability compare to its competition?
- Has the physical plant been maintained in satisfactory condition?
- What is the potential for the plant to exist either as an independent firm or as a subcontractor?

The pre-feasibility study will assess basic elements of the business, including study methodology, organizational analysis, market analysis, operations/manufacturing analysis, financial analysis, legal analysis, and conclusions. It will examine the applicability of employee ownership and whether an Employee Stock Ownership Plan (ESOP) would be appropriate as an equity-sharing and tax-favored financing strategy.³⁵

5. PARTNERSHIPS

Arizona's local delivery system naturally creates very strong and diverse partnerships. However, as has been emphasized throughout this report, stronger partnerships should be established with the business community. Currently, Arizona lacks a coherent vision and governance structure for developing the State's workforce as a key driver of the state's economic growth. Some states are implementing innovative approaches to develop both stronger links with the business community. The first step for Arizona, even without a broader vision and structure for all of the workforce system, could be to create a unique partnership built around supporting the State's Rapid Response system.

This section covers the following recommendations for strengthening Rapid Response partnerships with the business community:

- Create a state business retention network
- Institute State-negotiated memorandums of understanding with companies receiving state assistance

5.1. CREATE A STATE BUSINESS RETENTION NETWORK

The State should consider developing a business retention network by creating a public-private partnership and incorporating the network as a non-profit entity. Several states have taken this unique route to produce an entity that companies are more likely to work with.

- **Michigan Economic Development Corporation.** The Michigan Economic Development Corporation has a private sector board of directors comprised of business people, local economic developers and educators to ensure policies and procedures meet the needs of the private sector. Identified as a corporation, not a bureaucracy, the Michigan Economic Development Corporation can bring together both the supply and demand drivers of

³⁵ Michigan Department of Labor and Economic Growth website:
<http://www.michigan.gov/cis>

workforce development, matching up resources and services with the needs of the business customers.³⁶

- **Massachusetts Commonwealth Corporation (MCC).** MCC is a quasi-public agency that focuses on the needs of dislocated workers. This organization does corporate communication and runs a Center of Workforce Innovation that supports the Massachusetts workforce development system through Research and Evaluation, Industry-Responsive Program Development and System Development Services.³⁷

Designing a business-run enterprise, like the examples described above, creates a unique opportunity to provide layoff aversion services and serve as an early warning network. Since many businesses are reluctant to provide information to government agencies when they believe a layoff activity is likely to occur; this type of enterprise would help develop a level of trust for using Rapid Response services that many government officials would have difficulty achieving. This non- or quasi-government structure could also be responsible for developing a business leaders' speakers bureau to build support for the Rapid Response system, advise businesses on compliance with WARN notices, and work to persuade more companies to allow on-site Rapid Response services when a layoff is pending.

5.2. INSTITUTE STATE-NEGOTIATED MEMORANDA OF UNDERSTANDING WITH COMPANIES RECEIVING STATE ASSISTANCE

The State should consider formal agreements with companies that receive tax breaks or training funds to require their participation in the WARN process. Since the WARN requirements are not stringent, targeting companies that seek state assistance presents another opportunity to expand the pool of potential companies that would provide advance notice of an impending layoff.

6. TRACKING PERFORMANCE/ACTIVITIES

The Rapid Response Unit should develop and monitor a performance-based system of accountability for rapid response activities that ensures that performance is being measured and delivered in all areas of the State. Even though USDOL does not require any performance measure reporting for rapid response services, **Public Works** believes it is a critical element of a state rapid response plan. Because Arizona has a decentralized local delivery system, the State system should appropriately measure performance across the locally-driven Rapid Response system based on meaningful outcomes.

A performance driven system must go beyond a culture of "checking the box," in which service providers and public overseers simply complete a laundry list of program

³⁶ Ibid.

³⁷ Massachusetts Commonwealth Corporation website: <http://www.commcorp.org/>

requirements without any benchmarks that emphasize results. The goal of a performance system should be to create a diagnostic function to achieve continuous improvement.

To achieve this goal, a Rapid Response performance should include at least the following two elements:

- Create a Rapid Response report card
- Develop a peer review process

6.1. RAPID RESPONSE REPORT CARD

The National Dislocated Worker Workgroup (comprised of State and local area Rapid Response leaders) identified ten quality Rapid Response principles – to be shared with all stakeholders in a Rapid Response system – to improve all facets of Rapid Response activities. Arizona should incorporate these measures into an annual report card to the Governor’s Council on Workforce Policy.

As described by the National Dislocated Worker Workgroup, the ten principles are:

- **Timeliness**
 - Start Rapid Response activities as soon as possible.
 - Focus on early intervention.
 - Link Trade Act programs to a Rapid Response activity from the start.
- **Convenience**
 - Conduct as many on-site meetings as possible.
 - Build time to receive services around workers’ schedules even if it is outside regular operating hours.
- **Customer Choice**
 - Consult with the employer and worker to determine which services are available.
 - Customize the services for the specific population experiencing the layoff.
 - Provide a worker survey prior to or during orientation sessions.
- **Consistent and Accurate Information**
 - Provide list of all available services, including Trade Act program information where appropriate.
 - Information needs to be consistent, accurate, locally-driven and timely.
 - Staff must engage in an ongoing information gathering process.
- **Leveraging Resources**
 - Identify all available resources (employer, union, community) in advance.

- Use other resources to demonstrate there is a support network beyond Rapid Response activities.
- **Seamless Service Delivery**
 - Differences in programs or source of funding should be invisible to the customer.
 - Written agreements, procedures, and common information systems improve service delivery.
 - Good communication among all parties is essential.
- **Active Promotion**
 - Develop a comprehensive marketing and promotion approach.
 - Outreach to all potential partners.
 - Promotion of Rapid Response activities is ongoing.
- **Layoff Aversion**
 - Develop a wide range of tools to conduct layoff aversion.
 - Develop relationships with organizations and business to identify layoff aversion opportunities.
- **Measure of Success**
 - Establish measurable goals to determine success.
 - Strive for continuous improvement.
- **Partnerships**
 - Establish strong partnerships with organizations commonly involved in Rapid Response activities.
 - Look to develop new partners to provide a wide range of services, i.e. child care agencies.
 - Be flexible in how partners can be utilized³⁸

6.2. DEVELOP A PEER REVIEW PROCESS

The State should develop a peer review team consisting of one representative from each LWIA to develop a set of benchmarks that would measure Rapid Response performance. The peer review team would give local areas the responsibility for identifying areas that need improvement, and provide an accountability system that is not solely driven and determined by state officials.

As recommended by the National Association of Workforce Boards (NAWB), states would benefit from conducting a SWOT analysis. In Arizona, the peer review team could conduct such an analysis for all the LWIAs throughout the State and work with each LWIA on establishing continuous improvement performance measurements.

³⁸ National Dislocated Worker Workgroup,
http://workforcesecurity.doleta.gov/dmstree/tein/tein2k1/tein_03-01a.pdf

According to NAWB:

A SWOT analysis is a review of the strengths, weaknesses, opportunities, and threats as they relate to a business or organization. Many workforce boards have found the SWOT analysis a useful tool as part of their strategic planning process and when implementing new business initiatives.

A SWOT analysis for Arizona may include:

Strengths: Local service delivery system.

Weaknesses: Lack of performance indicators and state oversight.

Opportunities: Greater business support for layoff aversion activities.

Threats: Limited federal resources.

In addition to a SWOT analysis, Arizona could make use of national dislocated worker workgroup's ten quality rapid response principles, around which a performance system could be built. Those principles, described in Section _____, could also form the basis for the statewide rapid response report card.

7. OTHER USES OF RAPID RESPONSE FUNDS

Some states have successfully targeted Rapid Response funds to create a career readiness certificate program. A career readiness certificate would certify core employability skills required across multiple industries and occupations. Such a program could enhance the Rapid Response system by assessing a worker's skill levels and matching those levels with employers needs.

7.1. CAREER CERTIFICATES

7.1.1. Career Certificates and Rapid Response

Utilizing WorkKeys® and a career certificate program could enhance rapid response efforts in Arizona. Dislocated workers, employers and training providers would all benefit.

Dislocated workers would have the ability to get their transferable work skills assessed. Their skill levels could then be matched with the skill levels needed for available job openings. If there are no current job openings available that match a dislocated workers skill level or the worker wants to upgrade their skill set to increase his or her job opportunities, then training could be provided.

Employers would be able to determine what level their open positions require: bronze, silver, or gold. If an employer decides they want a more customized skills match, then job profiling could be made available by which a certified ACT profiler determines the exact WorkKeys® skill sets needed for a targeted job and or occupation.

Service providers would benefit by having a common metric to align their training programs to meet the skills needed for available jobs or growing occupations. Local WIA's could develop a skills bank that could include an inventory of job seekers and their certification levels. In addition, employers looking for skilled workers could not only search the directory for available workers but post the type of skills they are looking for so job seekers could target their training for jobs that are becoming available.

Finally, by having a career certification system in place the opportunity to quickly place a dislocated worker into a job reduces the need for unemployment and other services.

7.1.2. Best practice states

Currently, four states are commonly recognized as being best practice states for their efforts in advancing the career certificate: Virginia, Kentucky, Louisiana, and Indiana.

- **Virginia.** Virginia is credited with taking the lead to get other states to partner in establishing career certificates that can be portable across state lines. The governor has taken an active role in promoting the career certificate, which can be obtained at any of Virginia's One-Stop centers or community colleges.
- **Kentucky.** Kentucky is recognized for its efforts in "scaling up" its career certificate as a comprehensive statewide commitment. Kentucky created the Kentucky Employability Certificate as part of a statewide, systematic initiative to bring educators and businesses together and to provide a "common language and common metric" for the workplace throughout the state.
- **Louisiana.** Louisiana is recognized for its efforts in working with various partners to build support for a career certificate. Louisiana created the employer-recognized Work Ready! Certificate, which provides opportunities for education partners to provide needed assistance, and communities, non-profits and faith-based groups to provide support to individuals seeking certificates.
- **Indiana.** Indiana has made the WorkKeys® program and certificates the state's primary skills assessment and training delivery system. The State has used \$25 million of its Reed Act allocation from the federal government to fund assessments and occupational profiles throughout the State. When a business is looking to expand, avoid layoffs, or locate to Indiana, the state uses its Skills Enhancement Fund to close any skills gap between a job

seeker's WorkKeys® score and the employer's required occupational skill set. By leveraging its ability to provide businesses with a quantifiable assessment on its state's workforce, Indiana believes it is creating a competitive advantage for the State in recruiting new businesses or retaining existing ones.

Virginia, Kentucky, Louisiana, and Indiana have implemented statewide career certification programs and use WorkKeys® as the assessment tool to quantify a worker's skills to match them with the skills needed for job openings.

WorkKeys® is developed by ACT, the college testing company, and measures a worker's skill level in the following areas: reading for information, applied mathematics, business writing, locating information, teamwork, observation, listening, applied technology, and readiness. ACT has also developed an occupational profiling process so employers can identify the skills needed for any job within their business. In addition, several remediation and skills training programs have been developed so workers can raise their skill levels to match the skill requirements demanded by a given occupation.

The states that use the WorkKeys® assessment system benefit by not only having a common language for skills identification, but also an assessment system that is objective, simple, compliant with federal law (ADA, EEOC), and legally defensible.³⁹

7.1.3. Levels of certification

States like Virginia and Louisiana are using WorkKeys® scores to create three levels of career certification: gold, silver and bronze. The three levels of certifications are based on scores resulting from assessing three skill sets: reading for information, applied mathematics, and locating information.

For example:

- The **Gold Certificate** is awarded to individuals who score at or above a level 5 in each of the core skill areas and represent the skills required for 80% of the jobs identified in the WorkKeys® national database.
- The **Silver Certificate** is awarded to individuals who score at or above a level 4 in each of the core skill areas and represent the skills required for 50% of the jobs identified in the WorkKeys® national database.
- The **Bronze Certificate** is awarded to individuals who score at or above a level 3 in each of the core skill areas and represent the skills required for 30% of the jobs identified in the WorkKeys® national database.

To ensure job seekers have access to obtaining a career certificate, all the states offering a certificate authorize community colleges and One-Stop centers as providers

³⁹ Ibid.

for administering WorkKeys® assessments and for training workers to upgrade their skills.

CONCLUSION

Arizona staff member working in the Rapid Response system were generous with their time, information and candid responses as **Public Works** conducted its research and analysis of Rapid Response activities and systems across the state. What came through very clearly is that local workforce areas have been working hard with the tools and resources they can muster to respond to the difficult situations that large and small layoffs present. However, they face a series of systemic challenges, as do state staff, as Arizona looks toward implementing the next five-year workforce development strategic plan.

Public Works has noted suggestions provided through the three roundtables conducted across the state and other in-state information gathering. It has also identified other states' solutions for strengthening their Rapid Response systems. With the imminent reauthorization of the Workforce Investment Act, and subsequently, the requisite modification of state plans, Arizona has an opportunity to take advantage of **Public Work's** research and recommendations to strengthen its Rapid Response system, and as a result, better mitigate the impact of layoffs.

Arizona has a unique workforce development system that it is more heavily locally-driven than almost any other state. This means that the Rapid Response system is structured in a way that places it close to employers. But the decentralized structure also presents state and local leaders with unique challenges, particularly relating to ensuring that the system does not become fragmented and uneven.

Public Works does not recommend a cultural or operational shift to a centralized Rapid Response system. We do recommend that LWIAs embrace the value and benefits that some components of a more centralized system can offer, such as data gathering and analysis, regional coordination, vision and leadership, and standardization of some processes and forms to facilitate cross-LWIA activities and services.

For the State, this means reviewing the resources it provides to the system and determining whether or not a single Rapid Response Coordinator is adequate for implementing the leadership, communication, research, and entrepreneurial roles for the Rapid Response system that **Public Works** recommends.

APPENDIX 1

Workforce Investment Act Final Rules: Subpart C – Rapid Response Activities

§ 665.300 What are rapid response activities and who is responsible for providing them?

(a) Rapid response activities are described in §§ 665.310 through 665.330. They encompass the activities necessary to plan and deliver services to enable dislocated workers to transition to new employment as quickly as possible, following either a permanent closure or mass layoff, or a natural disaster, or other disaster resulting in a mass job dislocation.

(b) The State is responsible for providing rapid response activities. Rapid response is a required activity carried out in local areas by the State, or an entity by the State, in conjunction with the Local Board and chief elected officials. The State must establish methods by which to provide additional assistance to local areas that experience disasters, mass layoffs, plant closings, or other dislocation events when such events substantially increase the number of unemployed individuals.

(c) The State must establish a rapid response dislocated worker unit to carry out Statewide rapid response activities. (WIA secs. 101(38), 112(b)(17)(A)(ii) and 134(a)(2)(A).)

§ 665.310 What rapid response activities are required?

Rapid response activities must include:

(a) Immediate and on-site contact with the employer, representatives of the affected workers, and the local community, which may include an assessment of the:

- (1) Layoff plans and schedule of the employer;
- (2) Potential for averting the layoff(s) in consultation with State or local economic development agencies, including private sector economic development entities;
- (3) Background and probable assistance needs of the affected workers;
- (4) Reemployment prospects for workers in the local community; and
- (5) Available resources to meet the short- and long-term needs of the affected worker.

(b) The provision of information and access to unemployment compensation benefits, comprehensive One-Stop system services, and unemployment and training activities, including information on Trade Adjustment Assistance (TAA) and NAFTA–TAA program (19 U.S.C. 2271 *et seq.*);

(c) The provision of guidance and/or financial assistance in establishing a labor-management committee voluntarily agreed to by labor and management, or a workforce transition committee comprised of representatives of the employer, affected workers and the local community. The committee may devise and oversee an implementation strategy that responds to the reemployment needs of the workers. The assistance to this committee may include:

- (1) The provision of training and technical assistance to members of the committee;
- (2) Funding the operating costs of a committee to enable it to provide advice and assistance to carry out rapid response activities and in the design and delivery of WIA-authorized services to affected workers. Typically, such support will last no longer than six months; and
- (3) Providing a list of potential candidates to serve as a neutral chairperson of the committee.

(d) The provision of emergency assistance adapted to the particular closing, layoff or disaster.

(e) The provision of assistance to the local board and chief elected official(s) to develop and coordinate response to the dislocation event, and as needed, obtain access to the State economic development assistance. Such coordinated response may include the development of an application for National Emergency Grant under 20 CFR part 671 (WIA secs. 101(38) and 134(a)(2)(A).)

§ 665.320 May other activities be undertaken as part of Rapid Response?

Yes, a State or designated entity may provide rapid response activities in addition to activities required to be provided under § 665.310. In order to provide effective rapid response upon notification of a permanent disclosure or mass lay, or natural disaster or other disaster resulting in a mass job dislocation, the State or designated entity may:

(a) In conjunction, with other appropriate Federal, State and Local agencies and officials, employer associations, technical councils or other industry business councils, and labor organizations:

- (1) Develop prospective strategies for addressing dislocation events, that ensure rapid access to a broad range of allowable assistance;
- (2) Identify strategies for the aversion of layoffs; and
- (3) Develop and maintain mechanisms for the regular exchange of information relating to potential dislocations, available adjustment assistance, and the effectiveness of rapid response strategies.

(b) In collaboration with the appropriate State agency(ies), collect and analyze information related to economic dislocations, including potential closings and layoffs, and all available resources in the State for dislocated workers in order to provide an

adequate basis for effective program management, review and evaluation of rapid response and layoff aversion efforts in the State.

- (c) Participate in capacity building activities, including providing information about innovative and successful strategies for serving dislocated workers, with local areas serving smaller layoffs.
- (d) Assist in devising and overseeing strategies for:
 - (1) Layoff aversion, such as pre-feasibility studies of avoiding a plant through an option for a company or group, including the workers to purchase the plant or company and continue operation;
 - (2) Incumbent worker training, including employer loan programs for employee skill upgrading; and
 - (3) Linkages with economic development activities at the Federal, State and local levels, including the Federal Department of Commerce programs and available State and local businesses retention and recruitment activities.

§ 665.330 Are the NAFTA–TAA program requirements for rapid response also required activities?

The Governor must ensure that rapid response activities under WIA are made available to workers who under the NAFTA Implementation Act (Public Law 103–182), are members of a group of workers (including those in any agriculture firm or subdivision of any agriculture firm) for which the Governor has made a preliminary finding that:

- (a) A significant number or proportion of the workers in such a firm or an appropriate subdivision of the firm have become totally or partially separated, or are threatened to become totally or partially separated; and
- (b) Either : (1) The sales or production, or both, of such firm or subdivision have decreased absolutely, and (2) Imports from Mexico or Canada of articles like or directly competitive with those produced by such a firm or subdivision have increased; or
- (c) There has been a shift in production by such workers' firm or subdivision to Mexico or Canada of articles which are produced by the firm or subdivision.

§ 665.340 What is meant by “provision of additional assistance” in WIA section 134(a)(2)(A)(ii)?

Up to 25 percent of dislocated worker funds may be reserved for rapid response activities. Once the State has reserved adequate funds for rapid response activities, such as those described in § 665.310 and 665.320, the remainder of the funds may be used by the State to provide funds to local areas that experience increased numbers of unemployed individuals due to natural disasters, plant closings, mass layoffs or other events, for provision of direct services to participants (such as intensive, training, and

other services) if there are not adequate local funds available to assist the dislocated workers.