



MWCA Platform: Dislocated Workers/Workforce Development Fund

- MWCA seeks support from the legislature in securing additional resources for Dislocated Worker programs, which provide support and retraining services to individuals who have lost their jobs through no fault of their own.
- MWCA encourages the legislature to ensure that this dedicated fund remains true to its intended purposes, and should consider reverting back to its original name (Dislocated Worker Fund).

Program Overview

The dislocated worker program exists to lessen the negative economic impact of layoffs for Minnesota workers and employers by providing services that help unemployed workers return to work with a minimal amount of wage and opportunity loss.

Funding

The Dislocated Worker Program is the recipient of dedicated funds from the Workforce Development Fund, revenue collected from the workforce development tax paid by Minnesota employers. The Legislature has designated several line-item transfers to specific programs. After these transfers are made, statutory formula allocates approximately half of the remainder to grantees serving individuals in small layoffs (fewer than 50 people within a 30-day period), leaving half for mass layoffs (defined in law as 50 or more people laid off within a 30-day period).

"I would have never thought it would be such a blessing to be a part of the Minnesota Dislocated Worker program. It was there that I learned networking skills, negotiation skills, and how to sum up my life in 30 seconds!"

—Jennifer, Minnesota Dislocated Worker Program Customer

Customers

The program serves laid-off workers and the businesses that hire them. Workers who do not have easily transferable skills and are unlikely to find employment in the same industry receive priority in the scope of services for which they qualify, as do veterans and their spouses who have barriers to employment. Limited support services are also available.

Demand on the Dislocated Worker Program

Weathering a challenging economy, the Dislocated Worker Program served the largest number individuals in program history in SFY 2010. Growing numbers of individuals remain enrolled in the program for longer periods of time – their longevity in the program demonstrates the vitality, and challenges the capacity, of the program.

Number of Dislocated Workers Served	
SFY 2010 (July 1, 2009 – June 30, 2010)	20,507
SFY 2009	16,350
SFY 2008	13,033

In SFY 2010, the Dislocated Worker Programs served 57.3% more jobseekers than in SFY 2008. There is currently a waiting list of approximately 3,000 Dislocated Workers across the state due to a shortfall of funding relative to demand.

Service Providers

State Dislocated Worker Services are delivered through the network of 49 WorkForce Centers across the state, where organizations appointed by local Workforce Boards employ career counselors who provide the core and service-related support to Minnesota's dislocated workers. These counselors also research and approve the training provided by accredited educational institutions across the state.

Program Outcomes

SFY 2010 Minnesota Dislocated Worker Performance Measures	
Performance Measure	Outcome
Entered Employment Rate (Did the customer exit to employment?)	85.9%
Six Month Retention Rate (Did the customer keep that job for six months?)	88.9%
Average Earnings (What did the customer earn for six months after exit?)	\$16,400
Credential Rate (Did the customer who secured a job also obtain a certificate or credential following the training activity?)	65.6%

“Although I had a rocky road along the way, thanks to the support of others, and my own determination, I have achieved something to be truly proud of!”

—Jim, Minnesota Dislocated Worker Program Customer

History of the Workforce Development Fund

In 1988, Governor Rudy Perpich directed the Governor's Job Training Council to create a commission to study dislocated worker needs in the state of Minnesota. The state created its own Dislocated Worker program in 1989 as a response to the Commission on Economic Dislocation report, and in 1990 the Legislature established the Dislocated Worker Fund to provide for that program. The Department of Employment and Economic Development (DEED) administers this fund, later renamed the Workforce Development Fund. Funding since 1990, comes from a surcharge fee on employers through the unemployment insurance (UI) tax system. The legislature has raised or lowered the Workforce Development fee over the years as necessary to maintain the fund.

Sixteen Workforce Service Area operators receive their funding for small layoffs through a formula approved by the Job Skills Partnership Board, which maintains statutory authority over the state Dislocated Worker program. The Board also provides grants to three independent service providers, to supplement small layoff services. The Board (through DEED) awards grants for substantial layoffs through a competitive process open to any certified provider (which includes the Workforce Service Areas, the independent providers, and a handful of other specific organizations vetted through a periodic competitive process). Over the course of a given program year, the Board determines if any further transfers from mass layoff dollars may occur, to serve job seekers from small layoffs.

Recent Transfers to the General Fund

Since its inception, the fund has been subject to transfers to the General Fund for budget-balancing purposes, as well as direct transfers for programs that do not necessarily serve laid-off workers.

Statute Year	Transfer Amount	Session Law
1991	\$5,000,000 each year of FY 92-93	Chapter 292
1993	\$3,054,000 in FY 94, \$2,303,000 in FY 95	Chapter 369
1995	\$3,000,000 each year of FY 96-97	Chapter 224
1997	\$3,500,000 each year of FY 98-99	Chapter 200
2003	\$550,000 each year of FY 04-05	Chapter 128
2008	\$8,000,000 one-time in FY 09	Chapter 393
2009	\$2,500,000 each year of FY 10-11	Chapter 78

