

Career Advancement Account Demonstrations **Automotive Industry Demonstration**

In response to recent automotive industry announcements that up to approximately 75,000 workers may be dislocated as a result of restructuring plans by both General Motors (GM) and Ford, the Employment and Training Administration (ETA) has announced plans for a demonstration of Career Advancement Accounts (CAAs). The CAA demonstration will enable workers dealing with automotive industry and associated layoffs to gain the skills needed to enter, navigate, and advance in new careers in today's 21st century economy.

On November 21, 2005, GM announced plans to close twelve facilities and eliminate up to 30,000 jobs between 2006 and 2008. On September 15, 2006, Ford announced the acceleration of its "Way Forward" plan, which will include idling and/or production stoppages at sixteen North American facilities, up from the fourteen previously announced on January 23, 2006. Ford also announced that its plan to eliminate an estimated 25,000-45,000 jobs has been accelerated and will now be completed by 2008, four years earlier than previously projected. While many of these jobs will be eliminated through buy-out packages and retirements, other impacted employees will need assistance as they prepare for new careers in industries experiencing high growth.

At this time, five of the approximately ten states impacted by Ford and GM closure plans have chosen to participate in the CAA demonstration. Participating states include Georgia, Michigan, Minnesota, Missouri, and Ohio. ETA will provide technical assistance to participating states. ETA estimates that approximately 2,500-4,000 CAAs will be awarded under the demonstration.

Through the demonstration of CAAs, participating states will receive up to \$1.5 million for the first year and an additional \$1.5 million for a second year, conditioned upon grant performance. As a condition of the grant, the state must be able to identify \$1.5 million for each of the two years in leveraged resources. Targeted dislocated workers impacted by the Ford and GM plant closures, as well as impacted employees of supplier companies and in communities, will be eligible to apply for CAAs. CAAs are worth \$3,000 for one year, and may be renewed for one additional year, for a total two-year account amount of up to \$6,000 per worker. Workers will be able to use the self-managed accounts to pay for expenses directly related to education and training, such as tuition, books and fees. Education and training activities must lead toward the attainment of a portable, industry-recognized credential.

CAAs highlight the principles of flexibility, customer ownership over careers, and increased access to education and training for workers transitioning into new employment in high-growth occupations.

