



Highlights of [GAO-03-1003](#), a report to Congressional Requesters

THE WORKER ADJUSTMENT AND RETRAINING NOTIFICATION ACT

Revising the Act and Educational Materials Could Clarify Employer Responsibilities and Employee Rights

Why GAO Did This Study

In 2001, 1.75 million workers lost jobs through extended mass layoffs. The Worker Adjustment and Retraining Notification (WARN) Act requires advance notice of plant closures and mass layoffs. The report discusses (1) the extent to which plant closures and mass layoffs were subject to WARN's requirements, (2) the extent to which employers with mass layoffs and plant closures provided notice, and (3) what issues employers and employees face when assessing the applicability of WARN to their circumstances.

What GAO Recommends

The Secretary of Labor should make enhanced educational materials widely available to employers and employees for assistance in understanding the regulations. Further, Congress may wish to consider amending the WARN act by simplifying the calculation of thresholds, clarifying the definition of employer and how damages are calculated, and establishing a uniform statute of limitations. Labor provided informal comments and technical clarifications on this report, which we incorporated as appropriate. Labor informed us about efforts that it has already made to address our recommendation and chose not to comment formally.

www.gao.gov/cgi-bin/getrpt?GAO-03-1003.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Robert E. Robertson at (202) 512-9889 or robertsonr@gao.gov.

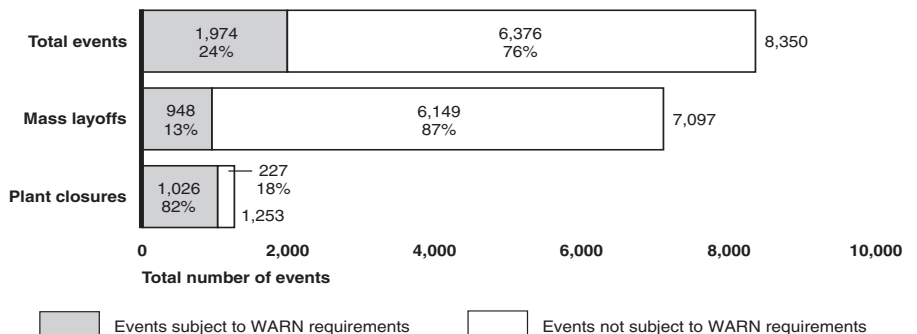
What GAO Found

About one quarter of the 8,350 plant closures and mass layoffs in 2001 appear subject to WARN's advance notice requirements. Mass layoffs were less likely to be subject to the requirements than plant closures. The difference between mass layoffs and plant closures stems primarily from a rule exempting mass layoffs from WARN's requirements if businesses lay off less than one-third of their workforce (up to 499 workers).

Employers provided notice for approximately one-third of layoffs and closures that appear subject to WARN requirements. Specifically, employers provided notices for almost one-half of plant closures, compared with approximately one-quarter of mass layoffs. The remaining mass layoffs and plant closures appear subject to WARN requirements, but notices were not provided. Two-thirds of the notices that employers provided gave the full sixty days' advance notice required by the law. Employers that did not provide notice may be engaging in other practices that limit their liability under the law. In addition, other employers provided notice for mass layoffs and plant closures that were not subject to WARN's requirements as encouraged in the law and the regulations.

Employers and employees find WARN's definitions and calculations difficult to apply to their circumstances. Almost all state dislocated worker units reported that employers and/or employees contact them with basic questions on WARN—GAO calculated that states received thousands of communications from employers, employees, and their representatives per year. The courts have interpreted some of the provisions in the law in varying ways, which adds to the confusion and uncertainty when employers and employees apply WARN to their circumstances. Because of this uncertainty, employers, employees, and courts incur costs in time and resources in determining the applicability of WARN to specific circumstances. Finally, the enhanced educational materials being developed by the Department of Labor to address some of these issues have not been made widely available and therefore fail to answer many of the questions asked by employers and employees. This lack of clarity and guidance could ultimately circumvent the purpose of advance notice—namely, to assist dislocated workers in becoming reemployed.

Events Subject to and Not Subject to WARN Requirements in 2001



Source: GAO analysis and BLS, May 2003.