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ABSTRACT

A study examines the provisions of the Job Training Partnership Act (JTPA) relating to who should be served, analyzes factors that affect the decisions of JTPA eligibles to participate and of Private Industry Councils to select whom they serve, and presents data on those from the eligible population who are being served. Data from the Job Training Quarterly Survey (on program years 1984 and 1985) and the March 1986 Current Population Survey served as the study's data set. Nearly 88 percent of persons eligible for JTPA are either already employed or not actively seeking jobs and thus are unlikely to be interested in JTPA training programs. Almost 13 percent of unemployed eligibles are participating in JTPA annually. Welfare recipients and minorities are generally being served in proportion to their incidence in the eligible population, with unemployed female recipients of Aid to Families with Dependent Children being served in greater numbers than their incidence in the population. About 40 percent of all participants are youth, even though they represent only 18 percent of the eligible population. Adult high school dropouts, a prime target group, are not being served in proportion to their incidence in the eligible population.
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WHO IS SERVED IN JTPA PROGRAMS:
PATTERNS OF PARTICIPATION
AND INTERGROUP EQUITY

by

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EXECUTIVE SUMMARY

While the early focus on Job Training Partnership Act (JTPA) centered around the performance measures and standards (e.g., entered employment rates, and cost per entered employment), recent examination has concentrated on "who" is being served by the JTPA programs. This broadening of the analysis to include the characteristics of participants behind the statistical outcomes is paramount to truly judge whether JTPA is meeting its Congressional mandate.

This study discusses the provisions of the Act that relate to who should be served (e.g., targeting), analyzes factors that affect the decisions of JTPA eligibles to participate and of PICs to select whom they serve, and presents data on those from the eligible population who are being served. Specifically, this study examines service patterns to the mandated target groups and substantial segments to determine whether the requirements of the Act relating to "who" should be served are being met. This analysis should also answer, at least in part, whether or not the high placement rates of JTPA have been achieved at the expense of serving those targeted for service by the Act.

As an approach to answer these critical questions on selection of participants, this research offers a perspective on defining the phrase "those who can benefit from and who are most in need" which is at the center of the debate on "creaming." This perspective argues the importance of labor force attachment (i.e., employed, unemployed, and not in the labor force) when analyzing participation patterns. Using the Bureau of Labor Statistics' (BLS) definitions, an "unemployed" individual is one who is looking and available for work, yet currently is not working. This view is significant because it culls out those JTPA eligible individuals who

have little interest in participating in JTPA programs (i.e., those eligibles who are already employed or not in the labor force) and concentrates on those in the eligible population who might best be described as "job oriented."

While this research recognizes that there are other eligibles, outside of the unemployed eligible population, who are in need of JTPA program assistance, the major focus for JTPA programs is the unemployed eligible population. This is partly a reflection of what types of individuals will seek out JTPA services. For the most part, those not interested in employment (because they already have jobs or they are not interested in employment), are not likely candidates for JTPA programs. And with limited resources and restrictions on stipends (and other participant support costs), the PICs and local administrative entities are designing programs which are directed to the "job oriented" client.

Data used for this study came from the Job Training Quarterly Survey (JTQS) reporting system for Program Years 1984 and 1985 (i.e. July 1, 1984 through June 30, 1986) and the March 1986 Current Population Study (CPS). The JTQS survey is a nationally representative data set of participants' socioeconomic characteristics, in-program activities, and labor market experiences collected on an ongoing basis from Service Delivery Area (SDA) records. The CPS is a monthly survey of about 60,000 households conducted by the Bureau of the Census for the Bureau of Labor Statistics. The March 1986 survey included specific questions on the amount and sources of income, and thus an appropriate source for estimating the JTPA eligible population.

Results

Specifically, here are some of the highlights of the study:

- o Looking at the eligible population in general, nearly 88 percent of the eligible persons, ages 16-64, are either already employed or not actively seeking jobs (e.g., not in the labor force), and thus are unlikely to be interested in JTPA training programs.
- o Almost 13 percent of the unemployed-eligibles, persons most likely to be interested in (and in need of) receiving training, are participating in JTPA programs annually.
- o Welfare recipients and minorities, in general, are being served in proportion to their incidence in the eligible population. However, unemployed-female AFDC recipients with dependents are being served in greater numbers than their incidence in the eligible population.
- o About 40 percent of all participants, ages 16 to 64, are youth even though they only represent 18 percent of the eligible population, ages 16 to 64. Youth dropouts, especially those unemployed, display a relatively high participation rate with more than 28 percent of unemployed-eligible youth dropouts being served.
- o Adult high school dropouts, a prime target group, are not being served in proportion to their incidence in the eligible population. While over 38 percent of the unemployed-eligible adult population are dropouts, only 26 percent of the unemployed adult participants in JTPA are dropouts. This pattern is consistent regardless of labor force status.

RECOMMENDATIONS

This research has uncovered several issues which require either new policy directions or corrective actions. The National Commission for Employment Policy (NCEP) has reviewed these issues and proposes the following action:

1. This research emphasizes looking at the "unemployed" segments in the various eligible population subgroups to best judge patterns of equitable service. However, for welfare recipients, Congress may have intended for JTPA to serve long-term welfare recipients other than those classified as "unemployed." In that, this research shows that the JTPA system seems to be responsive to legislative targeting, Congress may need to amend Section 203(b)(3) of the Act to indicate that longer-term welfare recipients are a primary target group. NCEP supports and recommends such clear legislative targeting to long-term welfare recipients.
2. NCEP recommends that PICs and local administrative entities review their emphases on services to adult high school dropouts and Hispanic males and determine if targeting to these groups needs improvement.
3. NCEP recommends that the Department of Labor (DOL) add information about teenage welfare parents in the youth section of the JTPA Annual Status Report (JASR).
4. NCEP supports DOL's proposed reporting changes which would identify long-term welfare recipients on the JASR.
5. NCEP supports the collection of information from JTPA welfare clients on the type of work-welfare program the client is enrolled (e.g., voluntary WIN, mandatory WIN, etc.).

6. NCEP recommends that DOL and States improve the monitoring of data collection to ensure that administrative records are complete.

Future Research

As a result of this study, the following future research issues have been identified:

1. The need for separate analyses of in-school and out-of-school youth to examine more carefully the influence of AFDC payments, dropping out of school, and employment status.
2. The need for a separate analysis of youth and adult AFDC females with dependents to examine the effects of limiting the "welfare entered employment rate" performance standard to adults.
3. If the sample sizes are large enough, examine the participation patterns of general assistance and refugee assistance recipients.
4. The need to analyze services to 14 and 15 year olds as PICs consider focusing more attention to this age cohort. :
5. The need to more thoroughly analyze the "creaming" question by undertaking a comprehensive net impact study.

Chapter I

INTRODUCTION

"Each job training plan shall provide employment and training opportunities to those who can benefit from, and who are most in need of, such opportunities and shall make efforts to provide equitable services among substantial segments of the eligible population."
[Section 141 (c)]

The Job Training Partnership Act
Public Law 97-300 - October 13, 1982

Using the above guidance, States and Private Industry Councils (PICs) have to establish programs, recruit participants, and train eligible persons for available jobs using funds appropriated by Congress under the the Job Training Partnership Act (JTPA). Based largely on exemplary performance statistics, the first three years of JTPA has been touted as a successful example of a decentralized employment and training system. Is the apparent success of JTPA attributable to PICs selecting participants most likely to get jobs (what some call "creaming")? Are the high placement rates achieved at the expense of serving people who have the greatest need for training? This paper analyzes participation patterns in JTPA to address these and other related issues.

This study does more than count and describe participants in JTPA. It discusses the provisions of the Act that relate to who should be served, analyzes factors that affect the decisions of program-eligibles to participate and of program operators to select whom they serve, and presents estimates of the number and characteristics of eligibles and participants. Thus, it informs the discussion of "creaming," that is whether JTPA programs are serving the most job-ready, and evaluates whether

the program is meeting its legislative mandate to serve those most in need and who can benefit from the program.

The study is important from several perspectives. The National Commission for Employment Policy's overall consideration of the objectives of employment policy implies an interest in learning more about who is and who is not served by programs funded by JTPA. To the extent that some groups may not be served in proportion to their incidence in the eligible population, it must be determined whether:

- 1) the groups may not need services,
- 2) they might not be seeking services,
- 3) other programs should be serving them, or
- 4) changes need to be made in JTPA to increase their participation.

The Job Training Partnership Act has several provisions that bear on who should be served. These include its statement of purpose (Section 2) "... to afford training to those economically disadvantaged individuals and other individuals facing serious barriers to employment, who are in special need of such training to obtain productive employment," and instructions to serve those "who can benefit from and who are most in need" (Section 141(c)). The same provision mandates equitable service among substantial segments of the eligible population. Furthermore, school dropouts, welfare recipients and youth are targeted for training services in other provisions. However, the Act essentially leaves it up to States and PICs to define and apply the statutory language.

This paper interprets these provisions and examines their application. "Most in need" is defined along income, education and unemployment dimensions. "Benefit from" implies, for the most part, seeking work (i.e., usually indicated by the labor force classification of "unemployed"), in other words be "job oriented," implying that the individual has made some personal decision to become part of the workforce. For some subgroups of eligibles such as in-school youth, "benefit from" may go further and imply a capacity to improve their future employability, particularly for

individuals who may not currently be in the labor force. It implies that, as a result of program participation, the program will have a positive net impact on the participant's employment and/or earnings (i.e., employment and earnings will be higher than it would have been in the absence of program participation).

Equitable service is measured by estimating and comparing the eligible populations having particular characteristics, and calculating the participation rates of these populations. As benchmarks, service levels that are proportionate to a group's representation in the eligible population are assumed to be equitable, unless other factors are noted (such as the portion of the group unemployed). Finally, the words "substantial segments" are interpreted to mean minority, sex and age groups. Although other groups are mentioned in the Act or by policymakers as targets for services (e.g., handicapped, displaced homemakers, veterans, and most recently, homeless), consistent and reliable data for analysis of these groups were often not available.

Analysis of the participation of certain population groups is important for several separate but related reasons:

- To determine whether the specific targeting requirements contained in the language of the Job Training Partnership Act are being followed;
- To inform legislative initiatives and administration proposals, such as those designed to provide training to welfare recipients¹;
- To examine the important variables in comparing individuals eligible for JTPA and those who actually participate;
- To contribute to the ongoing discussion about the extent to which JTPA meets overall employment policy objectives, such as preparing youth and unskilled adults for employment; and

- To elucidate policy issues raised from examination of participant selection data and to suggest future subjects of inquiry.

The emphasis of this research on the relationship between labor force status (i.e., employed, unemployed, or not in the labor force) and program participation offers a fresh perspective in the analysis of who is being served under JTPA. Much of the analysis of participation patterns centers on "unemployed" eligibles as most indicative of those most in need and able to benefit from JTPA training. While the "unemployed" is not the perfect indicator, it does meet four useful criteria.

- 1) It is objectively measured and does not depend on the researcher's personal opinion or subjective attitudes.
- 2) It is easily obtainable from the data sources used for this study.
- 3) It is readily understood.
- 4) It is easily interpretable and can be used to compare participation rates over time and among different subgroups.

The focus on the unemployed does not imply that persons in the other labor force status categories (i.e., not in the labor force and employed) are not also in need. For example, the discouraged worker, those individuals who have given up looking for work because there is no work in their field of interest and/or in their geographical area, is technically categorized as "not in the labor force," but their service needs are similar to long term unemployed. However, the vast majority (about 90 percent) of those not in the labor force are indeed not interested in employment, and therefore, JTPA training opportunities.² Furthermore, even though we use unemployed as a key indicator of those most in need and able to benefit from JTPA services, not all unemployed persons (e.g. short-term) are interested in or in need of JTPA assistance.³

This study focuses on the patterns of JTPA participation among eligibles, and addresses issues of intergroup equity and targeting. Are subgroups in the population, such as minority group members, participating equitably in JTPA training programs? Are those groups considered by

policy-makers to be the prime targets of the program receiving appropriate levels of service? Are differences in participation rates necessarily due to "creaming" or can they be explained by other factors, such as labor market experience, which result in different levels of interest in JTPA among various groups of eligibles? Are there barriers to participation which apply to certain groups, such as lack of affordable day care for single mothers, that should be mitigated by special action of program operators?

While this study is not the final answer to issues associated with who is being (or not being) served under JTPA, it offers some definition to the debate. By offering some new context and estimates of who is being served and some explanation for the service levels, we hope that the discussion will evolve to qualitative issues surrounding how participants are being served.

Methodology

This study uses data from the the Job Training Quarterly Survey (JTQS) reporting system for program years 1984 and 1985 (i.e., July 1, 1984 to June 30, 1986) and the March 1986 Current Population Survey (CPS). The JTQS survey is a nationally representative data set of participants' socioeconomic characteristics, in-program activities, and labor market experiences collected on an ongoing basis from Service Delivery Area (SDA) records.

The use of data for two, rather than only one, program years was necessary to obtain sufficient sample sizes for detailed subgroup analyses. In presenting participation rates (percent of eligibles participating in JTPA), data on JTPA participants were annualized by averaging the number of enrollees in the two years, which correspond to a two-year planning cycle in JTPA.

The CPS is a monthly survey of about 60,000 households conducted by the

Bureau of the Census for the Bureau of Labor Statistics. The sample is nationally representative and is used to determine the national unemployment rate. The March 1986 survey includes data on the amount and sources of income in the previous calendar year (1985). Thus it is an appropriate source for analyzing the population eligible for JTPA programs.

Since the CPS does not directly ascertain whether individual respondents were eligible for JTPA Title II-A services or not, the measurement of JTPA eligibility using the CPS can be accomplished only by the utilization of CPS variables measuring or proxying the items that are part of JTPA eligibility determination. The eligibility estimate reflects the legislatively prescribed rules for eligibility determination.⁴

Fortunately, most of the crucial variables used in the JTPA eligibility determination (variables related to family income and receipt of public assistance) are directly measured on the CPS file. Some auxiliary factors used in the JTPA eligibility determination process (e.g., physically handicapped) are not directly measured on the CPS file, and could be considered only in a crude way.⁵

The information from these surveys is first used to estimate the total number of eligibles and participants, then to estimate the number and proportion of eligibles and participants who have certain characteristics. The latter exercise is limited to information contained in both surveys. For example, it is possible to obtain accurate estimates of the number of eligibles and participants by minority group status. However, information about perceived health problems among people who do not work is not collected fully in the CPS or the administrative records used in the JTQS so health cannot be considered in comparisons of eligibles and participants.

One of the important characteristics which this research focuses on, is information on eligibles and participants by labor force status. This characteristic refers to whether a person is either: a) employed, b) not in the labor force, or c) unemployed, as defined by the Bureau of Labor

Statistics.⁶ As we shall demonstrate, analysis among the various subgroups by labor force status, is an important perspective in looking at JTPA service patterns.

The study develops a statistic called the "participation rate," that is useful in comparing the program participation of various groups. The participation rate is the (annual) percentage of JTPA participants in a given subgroup category of that subgroup's eligible population. That is, the number of JTPA participants in a given subgroup population, divided by the number of people eligible from that subgroup population.

Limitations in the data, including inaccurate reporting in each of the surveys, impede the analysis.⁷ For example, the JTQS data seem to be missing some information on number and ages of dependent children, and the CPS may under-report the extent of Aid to Families with Dependent Children (AFDC) reciprocity. Furthermore, inaccurate estimates on how many Work Incentive Program (WIN) participants, who are targeted for JTPA services, make it impossible to effectively monitor compliance with the specific targeting issue of Section 203(b)(3). Also, the limited number of sample cases available for small subgroups of potential interest (e.g., the number of Black-female-unemployed dropouts) precludes doing all the subgroup analysis that may be desired.

This report is organized as follows:

Chapter II presents conceptual and legal considerations useful in examining participation in Job Training Partnership Act programs. It provides a framework for interpreting the empirical findings in the context of choices made by program operators and potential participants. This chapter is useful in presenting a perspective on the data and considering policy issues informed by the empirical estimates presented in subsequent chapters.

Chapter III examines the overall eligible and participant populations. The chapter discusses ramifications of the eligibility definition as it

affects the size and characteristics of the eligible population. We identify the important connection between labor force status (i.e., employed, unemployed, not in the labor force) and program participation.

We analyze the JTPA participation of various groups in the population in Chapter IV, examining whether participation is equitable, taking into account the group's proportion in the eligible population. Importantly, we use information on labor force status to analyze the participation patterns among the groups.

Chapter V presents conclusions, policy implications and an agenda of additional research on participation in JTPA.

Chapter I Notes

1. The Congress has demonstrated its concern for the characteristics of JTPA participants in recent legislation and in bills under consideration. During consideration of "The Job Training Partnership Act Amendments of 1986," one amendment eliminated in conference committee would have changed the eligibility requirements in the 3 percent set-aside program for persons 55 and over. This indicates that analysis of eligibility and participation by age is an important concern. Another legislative initiative involves allowing the use of monies allocated for summer youth programs to be used for other training.

The current work/welfare bills consider issues related to the participation in JTPA of AFDC recipients and reflect concern over provision of child care. These bills demonstrate the renewed recognition that remediation of basic skills and job training are important components of economic self-sufficiency.

There are currently two pieces of work-welfare legislation before Congress. H.R. 1720, which was reported out of the four major Committees of the House having jurisdiction over these programs, would establish a National Education, Training, and Work (NETWORK) program. NETWORK activities would be coordinated with JTPA and other relevant employment, training, and education programs in each state including submission of NETWORK state plans to State Job Training Coordinating Councils and consultation with Private Industry Councils on NETWORK contracts. NETWORK programs would be targeted to welfare families with teenage parents, long-term (over two years) welfare recipients, and welfare parents who were high school dropouts. NETWORK programs would also emphasize the provision of child care to participants and would require the establishment of performance standards within one year of enactment.

The Senate is also considering its own version of welfare reform. Senator Daniel Patrick Moynihan's Family Security Act (S. 1511), which would replace the AFDC program, would give states three years to establish

Job Opportunity and Basic Skills (JOBS) programs to provide high school or remedial education, on-the-job training, community work experience, work supplementation and job search assistance. Participation would be required of welfare recipients with children 3 and over, if adequate child care services were available. Welfare parents under age 22 who have not completed high school would be required to participate in high school or literacy training. "Jobs for Employable Dependents" (JEDI), which was passed by the Senate, provides states with financial incentives to serve long-term welfare recipients under JTPA.

2. About ten percent of those 'not in the labor force' indicate a desire for a job. Of these, about one in six offered a reason for not looking for work which would lead to their classification as discouraged workers (e.g., they believe no jobs are available in their own line of work or area). Therefore, most people who are classified as "not in the labor force" are not interested in working. Among the 50,493 persons classified as not in the labor force in a special tabulation of CPS data for the National Commission on Employment and Unemployment Statistics, only 2,079 persons (or 4.1 percent) looked for work in the previous twelve months.

Source: National Commission on Employment and Unemployment Statistics, Counting the Labor Force, Washington, D.C.: U.S. Government Printing Office, 1979, pp. 44-48.

3. Previous studies on employment and training programs, such as Hunt and Rupp, 1985 (see footnote 9 below), have demonstrated that these programs tend to attract the longer-term unemployed (i.e., those who were unemployed 15 out of the 26 weeks prior to participation).

4. An eligibility algorithm reflecting the "economically disadvantaged" JTPA Title II-A eligibility rules was applied to the March 1986 Current Population Survey data file. This algorithm was developed by the modification of an eligibility simulation procedure that was originally developed for measuring CETA eligibility (Rupp et al, 1983).⁸ The modifications used in the first JTPA eligibility model (Hunt and Rupp, 1985)⁹ reflected differences between CETA and JTPA eligibility rules. This

JTPA eligibility model was updated for purposes of this study to reflect differences in the poverty income guidelines applying to the period covered by the March 1984 CPS file that was used in the earlier study, and the March 1986 CPS file utilized in the current study.

5. An additional limitation of the CPS survey is that it covers income during a calendar year, while JTPA eligibility is established on the basis of the family income received during a six-month period prior to application. Therefore, some people who would not qualify for JTPA on the basis of annual income, may become eligible following a six-month period of relatively low income during the year. That this is not only a theoretical possibility is indicated by the observation that many in the JTPA target population are job losers, face a reduction of family income as a result of unemployment. A potentially important segment of the JTPA eligible population consists of people who are temporarily poor as a result of unemployment, rather than being members of a relatively permanent poor "underclass."

In order to capture this important group of people who become eligible for JTPA on the basis of unemployment resulting in a temporary decline in family income, a procedure (detailed in Rupp et al, 1983) was incorporated in the JTPA eligibility algorithm that created a proxy measure of the 6-month income concept of the JTPA rules by considering within-year variations in family income resulting from spells of nonemployment (unemployment or not in the labor force status) by the respondent. The data, in fact, suggest that a substantial group of JTPA eligibles have annual incomes above the poverty line, but become eligible for part of the year as a result of lower annualized family income on a six-month basis.

6. Bureau of Labor Statistics defines the three labor force status categories as follows:

- a) employed persons are 1) all civilians who, during the survey week, did any work at all as paid employees... or who worked 15 hours or more as unpaid workers in an enterprise operated by a member of the family; and 2) all those who were not working but who had jobs or businesses

from which they were temporarily absent because of illness, bad weather, vacation, labor-management dispute, or personal reasons. Members of the Armed Forces stationed in the United States are also included in the employed category;

b) unemployed persons are all civilians who had no employment during the survey week, were available for work(except for temporary illness), and had made specific efforts to find employment sometime during the previous four week period. Persons who were waiting to be recalled to a job from which they had been laid off, or were waiting to report to a new job within thirty days, need not be looking for work to be classified as unemployed; and

c) not in the labor force persons are all those civilians who are not classified as employed or unemployed. These persons include those who are: engaged in their own home housework, in school, unable to work because of long-term physical or mental illness, retired, too old or temporarily unable to work, seasonal workers for whom the survey week fell in an off season and who were not reported as looking for work, and discouraged workers. Discouraged workers are those persons who did not look for work because they believed that no jobs were available in the area, or that no jobs were available for which they could qualify.

7. Because of differences in the time frames and method of data collection (personal interviews for the CPS survey, administrative records on the JTQS file), a number of variables that appear in both data sets were not sufficiently comparable for purposes of this analysis. In some instances the source data were further edited (particularly on the JTQS side) to counter limitations arising from missing or inconsistent data items. The analysis has been conducted in a manner cognizant of the various kinds of data limitations. Analytic decisions, such as the use of cross-sectional information on labor force status rather than longitudinal data on employment and unemployment experience was motivated by the desire to utilize the best quality data available, even if alternative data items, in theory, would have provided more

detail at the expense of accuracy. Nevertheless in some areas, particularly with respect to the measurement of participant incomes, the empirical results should be interpreted with caution due to data limitations. Caveats concerning important data limitations will be noted in the detailed analysis of the data.

8. Rupp, K., Bryant, E., Mantovani, R., and Rhoads, M. "Eligibility and Participation Rates of Older Americans in Employment and Training Programs." RR-83-11, Research Report Series, National Commission for Employment Policy, Spring 1983.
9. Hunt and Rupp, "Implementation of Title II-A of the Job Training Partnership Act in the States and Service Delivery Area," In: Industrial Relations Research Association Series: Proceedings of the Thirty-Seventh Annual Meeting (ed. by Barbara D. Dennis), Madison, WI: Industrial Relations Research Association, 1985.

Chapter II

A CONCEPTUAL FRAMEWORK: THE ROLE OF ELIGIBILITY, TARGETING AND LABOR FORCE STATUS IN PATTERNS OF PROGRAM PARTICIPATION

The Job Training Partnership Act establishes the dual requirement of serving those most in need and who can benefit from the program. While the segment of the eligible population satisfying both of these criteria is the main target population of the program, the Act is not explicit in defining what that segment is. As a decentralized program, JTPA provides for substantial discretion in identifying specific target groups, service strategies and program management to States, Private Industry Councils (PICs), and local administrative entities.

The Requirements of the Act

The Job Training Partnership Act emphasizes both equity and effectiveness of its employment and training services to the disadvantaged. Eligibility rules and targeting provisions directly address intergroup equity, while the Title II-A allocation formula emphasizes the importance of unemployment as well as poverty as criteria for distributing training services. The presence of performance standards in JTPA focuses concern on the effectiveness of JTPA programs.

The legislative mandate concerning performance standards, as outlined in Section 106 of JTPA, identifies "increased employment and earnings of participants, and reductions in welfare dependency" resulting from program participation, as the goals of JTPA training. The Act directs the Secretary of Labor to establish performance measures, and permits the Governor of each State to prescribe adjustments in performance standards that reflect the characteristics of the population to be served. The U.S.

Department of Labor developed an optional regression-based methodology to adjust performance standards in an effort to hold Service Delivery Areas (SDAs) harmless for serving more difficult-to-serve segments of the eligible population. This methodology is flexible and allows for very localized targeting. It does not mandate specific levels of service to various segments of the JTPA eligible population, rather it establishes an avenue for local operators to set targeting goals within the standard setting system. These standards along with expenditure limits on administrative costs, stipends, and support services intertwine the issues of program effectiveness and the equity issues of who is receiving program services.

The eligibility requirements for Title II-A programs are broad, consistent with the general theme of flexibility in the JTPA legislation. Instead of imposing rigid standards on participant mix, the broad eligibility rules allow States and PICs to develop policies for participant selection that reflect local needs and priorities. However, the Act provides some general guidelines and requirements concerning intergroup equity and targeting. It incorporates institutional mechanisms conducive to providing cost-effective services to major groups in need of JTPA services.

"Economically disadvantaged" is the term defined by the Act which identifies the rather broad group of persons, primarily low-income, who are eligible to participate in JTPA.¹ Furthermore, the pool of persons that can be served is expanded by Sec. 203 (a)(2) which allows service delivery areas to enroll up to 10 percent of participants who are not economically disadvantaged but have encountered other barriers of employment such as limited English-language proficiency or physical disabilities. Other features of JTPA eligibility rules, such as making members of families receiving food stamps eligible and the more liberal income requirements for handicapped individuals, further expand the pool of persons that can be served by JTPA.

The law defines an eligible population much larger than the number of

persons that can be or desire to be served by the program. However, JTPA does not imply that all eligibles are equally in need of program services, nor does it suggest that targeting would be undesirable. Rather, the intent of the Act seems to be to provide for maximum local flexibility in participant selection.

In contrast to the categorical view implicit in some of the eligibility and targeting rules of the Comprehensive Employment and Training Act (CETA) which were designed to prescribe whom to serve, the basic thrust of JTPA eligibility rules is to permit local programs to offer services to people who need and can benefit from program services. JTPA eligibility rules do not disqualify persons who have encountered various barriers to employment and are in need of program services, but have family incomes above the poverty line. JTPA leaves decisions about serving these people to local program officials.

JTPA eligibility rules reflect targeting criteria besides income. The eligibility definition for handicapped persons is easier to meet because it permits the use of the individual's, rather than the family's, income in establishing eligibility. Thus, some handicapped individuals are eligible even if family income exceeds the income requirements (Section 4 of JTPA). As mentioned above, Section 203(a)(2) allows SDAs to serve individuals who are not economically disadvantaged but have encountered barriers to employment, included, but not limited to individuals "who have limited English-language proficiency, or are displaced homemakers, school dropouts, teenage parents, older workers, veterans, offenders, alcoholics, or addicts."

Section 4 further relaxes the income requirements by excluding certain income items (unemployment compensation, child support payments, welfare payments, and food stamps) from the computation of family income. And this section also categorically includes public assistance recipients (including those receiving food stamps) and foster children as automatically eligible. This results in the JTPA eligibility of, for example, food stamp recipients whose family income may reach 125 percent of the poverty line. Finally,

JTPA rules require using family income from the six-month period prior to enrollment, rather than a full twelve-month period, for determining eligibility. This makes some persons whose family income is only temporarily low eligible for JTPA, even if the 12-month income is high.

In addition to the eligibility language of the Act, there are several other references to who should be served under JTPA. Section 141(a) prescribes that "each job training plan ... shall make efforts to provide equitable services among substantial segments of the eligible population." Section 203 directly addresses the targeting of services to youth, AFDC recipients, and school dropouts. It mandates that 40 percent of funds allocated to Title II-A programs be spent on services to eligible youth. Furthermore, it instructs service providers that "recipients of payments made under the program of Aid to Families with Dependent Children and eligible school dropouts shall be served on an equitable basis, taking into account their proportion of economically disadvantaged persons 16 years of age or over" ... (Section 203(b)(3)).²

The legislative language concerning intergroup equity is carefully worded. Intergroup equity, requires taking into account (emphasis added) the proportion of economically disadvantaged persons 16 years of age and over in the area, not necessarily applying a straight proportionality. Presumably, factors other than the raw proportion of the given target group in the local eligible population may influence judgments concerning intergroup equity. The only legislative provision requiring specific subgroup service levels requirements (although with some flexibility in application) involves services for youth. It is formulated in terms of the allocation of available funds, not the number of persons served. Thus, even though the eligibility rules do not explicitly exclude low income people who are not unemployed, JTPA, through its allocation formula, is directly concerned with unemployment and related labor market adjustment problems.

The formula for the allocation of JTPA funds suggests that intergroup (and geographic) equity of JTPA services involves more than income level.

Section 202 specifies that the allocation of JTPA Title II-A funds to the States and SDAs (78 percent of the funds) is to be based on a three-part formula: two-thirds of these funds are to be allocated on the basis of measures directly related to unemployment, (relative unemployment and relative excess unemployment), while one-third on the basis of the relative number of economically disadvantaged individuals in the area.³

Schneider et al., (1986)⁴ point out, the resulting allocation of funds does not provide an equal probability of services to each economically disadvantaged individual, (because two of the three components are related to unemployment). They argue that this is a source of inequity. However, that conclusion follows only if equity is defined as an equal probability of JTPA services to eligible persons independent of labor force status. Such a definition ignores the link between unemployment and the need for JTPA services. A more plausible interpretation is that the allocation formula reflects the legislative concern with targeting areas with greater numbers of unemployed, and specifically the long-term unemployed eligibles.⁵ Furthermore, as we will explore, unemployed eligibles, relative to eligibles who are either employed or are not in the labor force, could be considered to be those who "can benefit from and are most in need" of JTPA services (as emphasized by the Act).

In summary, although JTPA eligibility rules are broad, other aspects of the legislation suggest targeting. The Act is concerned with intergroup equity and the reduction of welfare dependency. Unemployed eligibles, welfare recipients, and groups facing barriers to employment receive special consideration in different parts of the law.

Curdling the Creaming Issue

An issue often raised is whether JTPA programs are "creaming," serving the most job-ready of the eligible population, at the expense of those most in need of program services. Much confusion concerning this issue is attributable to three factors: 1) flexibility given to State and local policymakers in defining "most in need and can benefit from," 2) failure by

commentators to define what is "creaming," and 3) lack of empirical evidence on the issue. The term "creaming" has different, sometimes shifting meaning. It is necessary to develop explicit, conceptually clear notions of "creaming" relevant in the JTPA context, and to utilize empirical information in order to test hypotheses concerning "creaming."

A meaningful discussion of "creaming" requires an explicit definition reflecting some standard of equity. In general terms, "creaming" may be thought of as discrimination against "the most in need" potential participants in favor of less needy potential participants. In order to develop a meaningful definition, however, the phrase "most in need" has to be operationally defined. Discussions of "creaming" often implicitly take one of the following three approaches:

- o the phrase "most in need" may refer to a population subgroup defined by race, sex, or similar broad sociodemographic characteristics. In this terminology "creaming" is essentially identical to the notion of discrimination;
- o the phrase "most in need" may be used to describe a population subgroup based on income criteria. "Creaming," hence, means the preference of potential participants in higher-income households as opposed to potential participants in lower-income households;
- o finally, "most in need" potential participants may be defined in terms of employability. According to this approach, "creaming" can be defined as a preference given to more employable potential participants over less employable potential participants.

This research prefers this last definition related to employability as will be demonstrated later in this chapter.

These three operational definitions will provide a basis for the analysis of JTPA participation patterns to be discussed in Chapters III and IV. However, before we move forward to this review, there are two related

points which need to be explored. First, what factors affect the decision of participants to enroll in JTPA programs. Second, what factors, external or internal, impact the program operators decision to enroll eligible clients.

From the participant's point of view, the enrollment decision is influenced by potential participants' perception of the program's benefit to them. Potential clients seek programs which will provide them with net increases in earnings (and maybe benefits) over what would have been earned without participation in the program. This earnings gain concept is often referred to as the net earnings impact. Potential net impacts, as viewed by the clients, are influenced by the interaction of client characteristics (including skills and employment experience) and program services. Thus, some potential clients' decision not to enroll may be consistent with JTPA programs achieving the Act's stated goals of increasing earnings and employment if these clients perceive limited benefits would accrue from participation.

From the program operator's point of view, enrollment strategies are influenced by a variety of factors. Program features (e.g., the presence or absence of stipends) influence the demand for program services of different types of potential participants even if program operator decisions are neutral. Program operators influence participant selection by establishing intake and assessment procedures which may favor one type of applicant over another. Program operators influence participant mix indirectly by offering specific programs which may or may not appeal to certain individuals. Specific recruitment requirements of an employer can limit to some degree which applicants will be interested, or successful, in the training programs offered. Finally, program goals and/or standards may favor one type of client over another. For example, programmatic emphasis on serving welfare recipients may, at a specific time, reduce services to other eligibles.

It should also be noted the the Act theoretically restricts the training that can be funded. Sec. 141 (d) states that, "Training provided

with funds made available under this Act shall be only for occupations for which there is a demand in the area served or in another area to which the participant is willing to relocate, and consideration in the selection of training programs may be given to training in occupations determined to be in sectors of the economy which have a high potential for sustained demand or growth." Occupations in demand may require skills that eligible persons cannot achieve through typical JTPA programs because of limits on the amount of available resources (e.g., engineering).

The relationship between the kinds of services offered and the types of clients served must be considered in any analysis of "creaming." Programs are set up to be useful to potential clients. However, once the mix of services (e.g., on-the-job training, specific occupational training, basic skills) are in operation, the choice of clients may be restricted to those who would be expected to benefit from the specific SDA operated program. Program operators may require assessment criteria which eliminate "the most in need." Thus, in the short-run the program activity may determine the clients chosen. However, over the longer term, the SDA can adjust and change the kind of programs offered.

For the purpose of modeling participation, the fact that operators set up the specific programming creates a dilemma. It makes sense to model the eligible person's decision to participate based on the usefulness of the existing program. But does it make sense to model the program operator's decision based on the same assumption? After all the administrative entity and/or the PIC can change the program if it wants to serve different clients.

Net Impact and Creaming

Integral to this analysis on participation patterns is the concept of net impact. As mentioned above, from the participants' point of view net impact is correlated to the perception of the program's benefit to them. Will this training program provide a net increase in earnings over what would have been earned without participation in the program? From a

societal point of view, net earnings impact would have to be related to the cost of program services and the economic self-sufficiency of the clients. While the methodology for determining net impact may be expressed in a similar fashion (i.e., determination of what would have happened to the client in the absence of program participation), the equation would be slightly different in that program costs would have to be factored in as well as other related societal costs, before and after participation. For example, the cost of transforming participants from consumers of public programs (with related income maintenance costs) to contributors to these programs, through paying taxes, is a key element in any true net impact equation from a societal point of view.

While this level of analysis is outside of this study, net impact it is an important consideration in analyzing participation patterns. Simple comparisons of the participation rate (i.e., the number of participants per one hundred eligibles) of subgroups defined by race, sex, or income categories do not provide direct evidence of "creaming", even according to the first two definitions. Overall comparisons cannot ignore future plans to work (labor force status), motivational, and other influences on the desire for training (e.g., the need for some income support during training) on the part of potential participants.

According to our third definition of "most in need", "creaming" is present if the probability of program-participation is highest for potential participants who would have done relatively well in the labor market without the JTPA training assistance. In this instance, the program would have minimal net impact. The opposite situation, where the emphasis is placed on enrolling those who would be least likely to find meaningful employment without program intervention, can be called targeting the difficult-to-serve, or maximizing net impact. It is also possible that service providers are indifferent to whom they serve, and neither "creaming," nor targeting the difficult-to-serve can be detected (or that some of both practices occur eliminating any net effect).

Thus, the two dimensions, potential employability in the absence of the

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program, and potential net benefits (i.e., increased earnings) from the program must be considered in an evaluation of "creaming" and targeting practices. An unbiased measurement of the presence or absence of "creaming" effects is possible only if expected net impacts of the program are controlled. Otherwise, the influence of expected net benefits on the enrollment behavior of potential participants and/or the selection of clients by program operators could be misinterpreted as "creaming."⁶

The potential sources of relatively high or low employability in the absence of program services is extremely important in understanding "creaming" and patterns of program participation. Low employability may be the result of two, fundamentally different, factors:

- o Low degree of labor force attachment. Some eligibles may not be interested in labor force participation (i.e., those not in the labor force). Therefore, they are very unlikely to apply for JTPA. Low participation among subgroups of eligibles with very weak labor force attachment is not necessarily evidence of "creaming."

- o Employment barriers among subgroups of eligibles with strong labor force attachment (i.e., those unemployed or employed) producing long-term unemployment or underemployment (e.g., working for minimum wage when qualified for a higher paying job). These barriers may range from lack of affordable day care to basic skill deficiencies, or may be related to belonging to a demographic population which has a history of employment barriers (e.g., ex-offenders). Such eligibles are most likely to perceive JTPA to have potential benefits, and are therefore motivated to apply for the program. Low service levels for members of subgroups containing many members with employment barriers would raise serious questions concerning the possibility of "creaming."

While these two factors, low degree of labor force attachment and employment barriers, are different, in many cases they may be interrelated. Nonetheless, it is important to distinguish between the homemaker who has

barriers to employment, but is not presently interested in working (i.e., not in the labor force), from the displaced homemaker who also has barriers to employment and is interested in employment (i.e., unemployed). Here it is clear that the interest in employment is an important factor in the decision of the potential client to seek training services.

The choice by JTPA eligibles to participate can depend on employability in the absence of the program, and anticipated net program impact (increased earnings as a result of the program). In formula terms:

$$P(\text{Participation}) = f(\text{Employability, Net impact});$$

where employability is defined as employment probability (or the earnings stream during a post-program period) in the absence of program participation. This formulation provides a subtle, yet important improvement over the following, often mentioned, notion of creaming: creaming means favoring "easy-to-serve" potential participants over "difficult-to-serve" potential participants. The difficulty with this latter approach is that it fails to distinguish between program-related and unrelated reasons for being easy/difficult to serve. If the reason is program related it could be considered endogenous, in the control of the program operators. If it is unrelated to the program, it would be considered exogenous.

Let us look at the logically possible combinations of employability and net impacts on the chart below. Under the Employability column "+,0,-" represent a continuum from easy to difficult-to-serve, based on the probability of the client obtaining a job (or high earnings on his/her own). Under the Net Impacts column "+,0,-" represents a continuum from highest to lowest net impact of the program on increasing the earnings of the client.

	<u>Employability</u>	<u>Net Impacts</u>
1.	+	+
2.	+	-
3.	+	0
4.	0	+
5.	0	-
6.	0	0
7.	-	+
8.	-	-
9.	-	0

The first column indicates clients' employability while the second column indicates clients may be able to benefit differently from the program. Discussions of "creaming" often confuse or do not fully consider these two dimensions. Judgments concerning the undesirability of "creaming" should be made only in the context of comparisons along the dimension represented by the first column among program models equivalent along the second column. The JTPA mandate is best represented by Row 7, clients least employable with a positive net impact. According to JTPA's targeting goals this model is clearly preferable to #1 or #4, and indeed any of the other combinations, since these others can be judged as "worse" along the second dimension, and therefore overall.

However, a program that is targeting with negative net impacts (#8) or no net impacts (#9) cannot be said to be better than a program that is creaming with positive net impacts (#1) or follows neutral selection policies with positive net impacts (#4). In fact, on grounds of program effectiveness, only Models #1, #4, and #7 are acceptable, and a program that targets the difficult-to-serve can be clearly said to be superior only if it satisfies the positive net impact constraint as well. Among programs that satisfy the positive net impact test, tradeoffs may exist with respect to the degree of targeting and the size of net impacts.

From the administrative entity's point of view, performance standards focus attention on short-term, and with the introduction of follow-up based standards longer-term, gross -- rather than net -- outcomes. Operationally, program administrators are encouraged to achieve the highest placement levels. The reason for a high probability of post program nonemployment (unemployment or a lack of desire to be in the labor force) is irrelevant from the program operator's perspective. This encourages, on the surface, incentives for the enrollment of JTPA eligibles with strong labor force attachment.

The adjustment models for performance standards which take into account the characteristics of the clients, serve to mitigate this potential distortion. Nonetheless, program operators do face incentives to serve those with strong-labor force attachment within the subgroup of eligibles.

Employability is influenced both by labor supply behavior and by barriers to employment. In order to explicate the relationship among the dimensions of employability, net impacts, and the potential for "creaming," it is useful to consider how labor supply behavior affects both employability and potential net impacts.

Unemployed persons with strong labor force attachment can be classified by the severity of their labor market problems. Some are highly likely to become employed even in the absence of program services, while others are likely to experience a longer spell of unemployment. The former are

primary targets for "creaming," but are unlikely to apply for JTPA because of their greater employability in the absence of the program. These potential eligibles may correctly perceive zero or negative net impacts from JTPA enrollment, thereby not demand program services. This lack of demand for program services reduces the potential for serving the more employable eligibles, even though JTPA performance standards may provide incentives for serving them.

In contrast, unemployed eligibles with high probability of continued unemployment in the absence of program intervention, may likely believe they would obtain net benefits from JTPA. Thus, members of this group may be quite motivated to apply for JTPA. While the program operator's and the potential participant's perspective may well be in conflict with respect to this group, program operators may prefer such applicants to others only weakly interested in labor force participation (e.g., not in the labor force).

Consideration of the dimensions of employability and net impact shows why the perspectives of the administrative entity, the program operator, and the potential applicant are most congruent for the group of eligibles with very weak labor force attachment. Because they are not interested in obtaining jobs, eligibles with very weak labor force attachment are unlikely to perceive that net benefits will result from JTPA participation. Program operators, facing incentives to maximize post program employment, are unlikely to want to serve these people. Because these eligibles are least likely to apply, no apparent conflict arises between the incentives facing the operator and the potential participant.

Thus, incentives to "cream" the most employable are counterbalanced by the greater perceived net impacts and resulting stronger demand for program services among unemployed people with relatively strong labor force attachment. At the same time, low levels of services to eligibles with weak labor force attachment are not necessarily the result of "creaming," as this group is the least likely to apply for the program.

The differences between CETA and JTPA are perhaps the most marked with respect to this group with weak labor force attachment. CETA tried to encourage their participation through stipends, supportive services, and targeting without much regard for either costs or outcomes. Some critics of CETA contend this resulted more in income maintenance than in targeting of training services.

JTPA in contrast, with its limits on stipends and supportive services, must rely more often on self-selection among program eligibles. Participant motivation takes a more prominent role in JTPA as does the focus on cost effectiveness and other performance and human capital concerns, such as net impact.

Implications of Empirical Analysis

In short, the major implication for the empirical analysis is that stratification by labor force status (the distinction between eligibles who are employed, unemployed, and not in the labor force) is key in assessing participation in JTPA. Judgments concerning intergroup equity or "creaming" should be informed by information about the relative level of need and anticipated net benefits for these three major groups of eligibles. Employed eligibles are less likely to need JTPA services or benefit from JTPA as much as unemployed eligibles. Persons not in the labor force (i.e., not working and not seeking employment) often do not need nor want JTPA services, although there are two subgroups, welfare recipients and eligible youth, which have significant numbers in this labor force category and merits a comment at this point.

The issue of net impact from the participant's point of view is an important motivational issue for both of these subgroups. In order for JTPA services to be an attractive option for those eligible youth or welfare recipients who are not in the labor force, a net benefit must be present to encourage participation. For welfare recipients, particularly those single heads of households, the incentive to become active in the

labor market is tied to economics, at least in part. Will the potential welfare client see a financial net benefit to participating in JTPA and leaving the income support (and related benefits) of the welfare system? Clearly this is not a situation where a simple net benefit equation will give a person an answer, but an important consideration facing welfare recipients who are not in the labor force.

In the case of an eligible in-school youth, it may be the desire to ready oneself for that first job. In the case of the youth who has just dropped out from school or even just completed school, again it may be the need for that first job opportunity or the need for better skills to gain more meaningful long-term employment. In all cases, these youth are facing a transition period in their labor force status which will take them out of the ranks of the "not in the labor force" if the motivation or net benefit is present. For both the welfare recipients and eligible youth who have yet to make this leap into the labor market arena, research data is very limited to delve into these issues of motivational barriers.

Therefore, the unemployed -- those who do not have a job, but are actively seeking employment -- appear to be the key target group of interest for JTPA services. This does not imply that others are not also in need. There are those who are "employed" or "not in the labor force" who are quite deserving of JTPA services. However, for the overall purposes of this research, we use the "unemployed" eligibles as the best proxy of those most in need and able to benefit from JTPA programs.

Much of this discussion on JTPA centers around the relationship among employability, labor supply behavior, and net program impacts. The rationale for changes incorporated into JTPA is the notion that CETA concentrated too much on targeting difficult-to-serve clients, with little regard to the effectiveness or net impact of the training. Indeed, the provision of stipends under CETA to some very difficult to serve client groups with weak labor force attachments, seem to have worked in this direction. The replacement of stipends under JTPA with lower-paying needs-based payments, arguably improves the net impact side of the picture,

by significantly reducing one cost of government-paid training. In addition, JTPA uses performance standards to provide program operators with an efficiency inducement. To the extent that these standards, based on regression-adjusted gross impacts, differ from the true measure of program efficiency (net impact), efficiency-incentives for program operators will be confounded.

Studies of the effects of job training programs on the earnings of participants (ignoring methodological problems) suggest that targeting and net program impacts may be positively related. While the CETA studies were inherently weak in dealing with subgroup differences in labor force attachment, some of the current experimental results for welfare recipients seem to show a positive relationship between labor market disadvantages (e.g., extremely weak previous employment histories) and net impacts, at least for adults (Friedlander and Long 1987).⁷

The pattern of participation in JTPA programs reflects the interaction of several decisions: the specific requirements of the Act, the decision of eligible persons to seek JTPA training, and the client-selection decisions of program administrators and operators. Labor force status, especially being unemployed, provides a good indication of who in a group of eligibles is "most in need and can benefit from" JTPA training. Individuals will enroll only if they expect to benefit from the program. They will be selected by program operators who are influenced both by the laudable goals and the specific performance standards of JTPA. These complex interactions, as well as careful definition of terms, must be taken into account in analyses of who is served in JTPA.

Chapter II Notes

1. Section 4(8) defines the term "economically disadvantaged" to mean an "individual who (A) receives, or is a member of a family which receives, cash welfare payments under a Federal, State, or local welfare program; (B) has, or is a member of a family which has, received a total family income for the six-month prior to application for the program involved (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level; (C) is receiving food stamps pursuant to the Food Stamp Act of 1977; (D) is a foster child on behalf of whom State or local government payments are made; or (E) in cases permitted by regulations of the Secretary, is an adult handicapped individual whose own income meets the requirements of clause (A) or (B), but who is a member of a family whose income does not meet such requirements."

2. The complete specification is: Recipients of payments made under the program of aid to families with dependent children (sic) under a State plan approved under Part A of Title IV of the Social Security Act who are required to, or have, registered under Section 402 (a)(19) of that Act and eligible school dropouts shall be served on an equitable basis, taking into account their proportion of economically disadvantaged persons 16 years of age or over in the area. For purposes of this paragraph, a school dropout is an individual who is neither attending any school nor subject to a compulsory attendance law and has not received a secondary school diploma or a certificate from a program of equivalency for such a diploma.

3. Section 202(a)(1) states that the Governor shall, in accordance with Section 162 allocate 78 percent of the allotment of the State (under Section 201(b)) for such fiscal year among service delivery areas within the State in accordance with paragraph (2), which is cited below along with

paragraph (4).

(2) Of the amount allocated under this subsection --

(A) 33-1/3 percent shall be allocated on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each service delivery area as compared to the total number of such unemployed individuals in all such areas of substantial unemployment in the State;

(B) 33-1/3 percent shall be allocated on the basis of the relative excess number of unemployed individuals who reside in each service delivery area as compared to the total excess number of unemployed individuals in all service delivery areas in the State;

(C) 33-1/3 percent shall be allocated on the basis of the relative number of economically disadvantaged individuals within each service delivery area compared to the total number of economically disadvantaged individuals in the State, except that the allocation for any service delivery area described in Section 101(a)(4)(iii) shall be based on the higher of the number of adults in families with an income below the low-income level in such area or the number of economically disadvantaged individuals in such area.

(4) For the purpose of this Section --

(A) the term "excess number" means the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the service delivery area or the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such service delivery area; and

(B) the term "economically disadvantaged" means an individual who has, or is a member of a family which has, received a total family income (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size,

was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level.

4. Schneider, Glen, et al., "An Assessment of Funding Allocation Under the Job Training Partnership Act," report prepared for the Department of Labor. Abt Associates, Inc., Cambridge, MA, August 31, 1986.

5. Assuming lower demand for JTPA participation among those eligibles who are not unemployed (an assumption supported by data reported in this study), allocating JTPA Title II-A "78 percent" funds in proportion to the number of economically disadvantaged alone, with no reference to unemployment rates, would likely result in lower probabilities of services to unemployed eligibles living in areas with substantial unemployment compared to unemployed eligibles living in areas with lower unemployment rates. This would result in obvious inequities of services.

6. Unless the two dimensions are statistically independent which is very unlikely.

7. Daniel Friedlander and David Long, "A Study of Performance Measures and Subgroup Impacts in Three Welfare Employment Programs." Manpower Demonstration Research Corporation, 1987.

Chapter III

OVERALL PATTERNS OF JTPA PARTICIPATION

This chapter analyzes the effects of the eligibility criteria on who is actually served by the Job Training Partnership Act (JTPA) using nationally representative data. It analyzes the characteristics of persons eligible for and persons who participated in JTPA programs in Program Year 1985.

The broad definition for eligibility under the Job Training Partnership Act (JTPA) gives PICs and local administrative entities great flexibility in identifying whom to serve among the eligible population. Given this broad definition, the following aggregate observations were found for Program Year 1985:

- More than 39 million persons (21 percent of the population) age 14 and over are formally eligible for Title II-A of JTPA. Many persons formally eligible for the program do not need program services. For example, the vast majority of persons 65 years old and over are retired, and most 14 and 15 year olds are still in school and only eligible for certain JTPA services.
- Almost 31.7 million eligible persons were ages 16 through 64. About 3.9 million persons or 12 percent of this age group were unemployed, that is without jobs and actively seeking work.
- About 12.9 percent of unemployed eligibles between the ages of 16 and 64 were served by JTPA Title II-A programs. In general, these people can be considered to be the segment of the eligible population most appropriate for JTPA services.

Table 1 below shows that almost 21 percent of the population, 14 years of age and over, were eligible for JTPA programs. However, as mentioned above, while persons 14 to 15 years old, and 65 years and over are eligible for Title II-A employment and training programs, they are not likely to want to participate. The younger segment is required to be in school full time and the Act limits the range of programs available to these youth. In fact, during Program Year 1985 only about 2 percent of Title II-A participants were 14 and 15 year olds according to data from the JTPA Annual Status Report (JASR). It should be noted however some Private Industr. Councils (PICS) are making 14 and 15 year olds a target group for their programs, especially those who are identified in the "at risk" categories, such as substance abusers or those in need of remediation. The over 65 group is dominated by persons who are likely to be retired, and thus not interested in training that could lead to employment.

Thus, we restrict our analysis to people ages 16 through 64, the ages for which the bulk of participation occurs.¹ Table 1 shows, similar to the 14 and over population, that almost 21 percent of the population between 16 and 64 years of age, were eligible for JTPA programs.

TABLE 1

Eligibility for JTPA by Age

Age	Population (numbers in thousands)	Eligibles	Percent in Age Cohort
14 and older	188,417	39,400	20.9
16 to 64	152,958	31,697	20.7

Source: March 1986 Current Population Survey

As it was discussed in Chapter II, to be eligible to participate in programs receiving assistance under Title II-A of the Job Training Partnership Act, a person must be economically disadvantaged for the most part.² Under both JTPA and CETA, being economically disadvantaged is an important criterion for eligibility. The main difference in the eligibility definitions is the use of an unemployed or under employed criterion for CETA and not for JTPA. Thus, abstracting from technical details, the JTPA eligibility definition is substantially less restrictive than the CETA definition. Among persons 14 and over, 21 percent of the population was eligible for JTPA in 1985 while only 13.3 percent would have been eligible that year under the previous (CETA) eligibility definition. Looked at another way, less than one percent of the population (.7 percent) would have been eligible for CETA and not JTPA, while 8.4 percent were eligible for JTPA but would not have been eligible for CETA.

Labor Force Status and Participation in JTPA

While the eligibility criteria are primarily based on income level, it appears that being unemployed is a very important influence on the decision to obtain JTPA training. Table 2 presents statistics on JTPA eligibles and participants by labor force status for persons between 16 and 64 years old. This table (and tables throughout the rest of this study) uses a statistic called the "participation rate," to compare the program participation of various groups. The participation rate is the (annual) percentage of JTPA-participants in that subgroup's eligible population. That is, the number of JTPA participants in a subgroup population, divided by the number of JTPA eligibles from that subgroup. For example, two-thirds of the participants, compared to only 12 percent of the eligibles were unemployed. Therefore, the participation rate for unemployed eligibles would be 12.9 percent (498,800 participants divided by 3,866,100 eligibles times 100 percent).

TABLE 2

JTPA PARTICIPANTS AND ELIGIBLES BY LABOR FORCE STATUS
(Ages 16-64)

LABOR FORCE STATUS	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATES
	NUMBER	PERCENT	NUMBER	PERCENT	
Employed	13,007,900	41.04	77,900	10.55	0.60
Unemployed	3,866,100	12.20	498,800	67.57	12.90
Not in Labor Force	14,822,700	46.76	161,500	21.88	1.09
Total	31,696,700	100.00	738,200	100.00	2.33

Source: March 1986 Current Population Survey, and Job Training Quarterly Survey (JTQS), Program Year 1985 Enrollee File Only

In contrast, Table 2 indicates that almost half of the eligibles and only one fifth of the participants were not in the labor force, for a participation rate of only 1.09 percent. Apparently, JTPA programs do not attract eligible persons who have jobs. Forty-one percent of the eligibles compared to 11 percent of the participants had jobs, for a participation rate of 0.60 percent. Contrasting to the overall participation rate of 2.33 percent, one gets a clear sense of which segment of the eligible population enrollees in JTPA Title II-A programs are coming from, in terms of labor force status. JTPA essentially is a program that attracts unemployed disadvantaged persons.

These data dramatically demonstrate that participation in JTPA is fundamentally shaped by the labor supply behavior of eligibles. Those eligibles who have jobs typically do not perceive the need for JTPA services, and therefore do not apply. Therefore, the significance of any

incentives program operators may face to "cream" by targeting such eligibles is reduced by the lack of substantial interest in JTPA among this sizable subgroup. Unemployed eligibles, apparently are much more interested in applying for JTPA, and they form the core of the JTPA participant population. The low participation rate of those who are not in the labor force is consistent with the likely low degree of interest in JTPA services within this group of eligibles. It is interesting to note, however, that the representation of this group in JTPA, while clearly low compared to unemployed eligibles, is slightly higher than that of employed (and typically underemployed) eligibles.

Even though economically disadvantaged persons with jobs were eligible to participate, few used JTPA as a means to obtain training to improve their employment prospects. Some PICs may not consider employed economically disadvantaged persons a priority group for JTPA service since funding is not sufficient to serve all eligibles. Furthermore, JTPA services, including restrictions on stipends and other supportive services, may not attract the working poor.

Given the overriding importance of labor market orientation in the self-selection of participants, it is not surprising that the labor status of CETA and JTPA participants is similar despite differences in eligibility rules and programmatic emphasis. About four-fifths of both CETA and JTPA clients had been in the labor force (employed or unemployed) at entry or were employed the previous year.

Thus, the broad JTPA eligibility definition, useful in providing administrators with flexibility to meet local service needs, results in most eligible persons not participating in the program. About 88 percent of eligible persons ages 16 to 64 are either already employed or are not actively seeking jobs, thus are unlikely to be interested in training. In the eligible population in general, being unemployed seems to be a key determinant of the decision to participate. Being unemployed is a common thread that explains program-participation among and within the disparate subgroups considered in Chapter IV.

Chapter III Notes

1. Analysis of the those JTPA eligibles who are 14 and 15 years old, is further hampered by the lack overall data available at the subgroup level.

2. Up to 10 percent of persons receiving services under Title II-A of the Act can be persons "who are not economically advantaged if such individuals have encountered barriers to employment" (Section 203(a)(1)). The estimates of the eligible population in this study cover "economically disadvantaged" persons. "The term "economically disadvantaged" means an individual who has, or is a member of a family which has, received a total family income (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower level living standard income level" (Section 202(a)(4)(B)) Although the "10 percent window" permits the JTPA enrollment of some individuals who are not categorically eligible for JTPA, they do not form a part of the national data set of JTPA eligibles.

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Chapter IV

SUBGROUP PARTICIPATION PATTERNS IN JTPA

This chapter analyzes the JTPA experience with respect to serving substantial segments of the population and the groups targeted by the Act. We will apply the premise from Chapter II that persons who are unemployed within each population subgroup are representative of those "most in need and can benefit from" and examine whether they are being served equitably.

Analysis of the participation patterns must consider the Act's mandate of who should be served. As discussed in Chapter II, PICs must provide equitable service to substantial segments of the eligible population. In addition, the Act requires that two target groups, school dropouts and certain AFDC recipients (i.e., WIN mandatory and voluntary participants), must be served on an equitable basis taking into account their representation in the eligible population. Finally, PICs must expend 40 percent of their funds on eligible youth. Have the PICs met these specific service conditions, while fulfilling the requirement of providing employment and training opportunities to those who can benefit from and who are most in need?

We examine participation in JTPA by these groups in two ways. First, by comparing participation of each group with their incidence in the eligible population, we calculate each group's participation rate (i.e., the annual percentage that JTPA participants make up of the eligible population). Second, we examine each group's participation rate, taking into account labor force attachment (employed, unemployed, and not in the labor force). As discussed in Chapter II, we use "unemployed" as a proxy for "those who can benefit from and most in need," to evaluate whether JTPA is equitably serving those mandated by the Act.¹

Substantial Segments

In this section we will look at several subgroup categories that traditionally have been considered substantial segments: minorities, low income people, and older workers. Analyses of differences in male/female service patterns will be included in most subgroup discussions.

Minorities

Blacks, Hispanics and other minority groups can be considered to be "substantial segments" of the population that are required to receive equitable service from JTPA programs. Chart 1 and Table 3 show the distribution of JTPA eligibles and participants by minority status. Whites (not including Hispanics) make up almost 55 percent of the participants, Blacks 32 percent, Hispanics 10 percent and other minorities 3.5 percent. Whites and Hispanics make up smaller proportions of the participant population than they do of the eligible population, although the differences are not dramatic. Blacks, on the other hand make up a larger portion of participants than they do of eligibles. Specifically, Hispanics are 13.6 percent of the eligibles but only 10.1 percent of participants. Blacks are 31.6 percent of participants but only 22.8 percent of eligibles between the ages of 16 and 64.

The participation rates of JTPA eligible women and men are similar, as shown in Tables 4 and 5. These tables show that the participation rates for Black women and men (at 3.0 and 3.4 percent respectively) are slightly higher, and the rates for Hispanics (at 1.7 percent for both sexes) are slightly lower than the rate for all eligibles.

However, by taking into account labor force attachment (i.e. comparing only unemployed eligibles and participants), we gain further insights in our analysis of minority group participation rates. Tables 6 and 7 show this for women and men, respectively.

The participation rate is 15.1 percent for unemployed women and 11.2 percent for unemployed men. Among women, similar rates hold for whites and Hispanics (15.7 percent), with slightly lower rates for unemployed black women (14.2 percent) and for other minority women (13.2 percent).

The pattern is substantially different for unemployed men. Unemployed Hispanics have substantially lower program participation rates than other groups. The rate is 8.2 percent for Hispanics compared to 11.1 percent for unemployed white men, and 13.1 percent for unemployed Black men. The low rate for Hispanic men may be attributable to their geographic concentration, high proportions of immigrants among eligible Hispanics (who have little intention of availing themselves to Title II-A services but may be participating in Title IV-A programs for migrant and seasonal farmworkers), or language problems that preclude their participation in some JTPA programs.^{2,3}

CHART 1

JTPA Eligibles and Participants
by Race

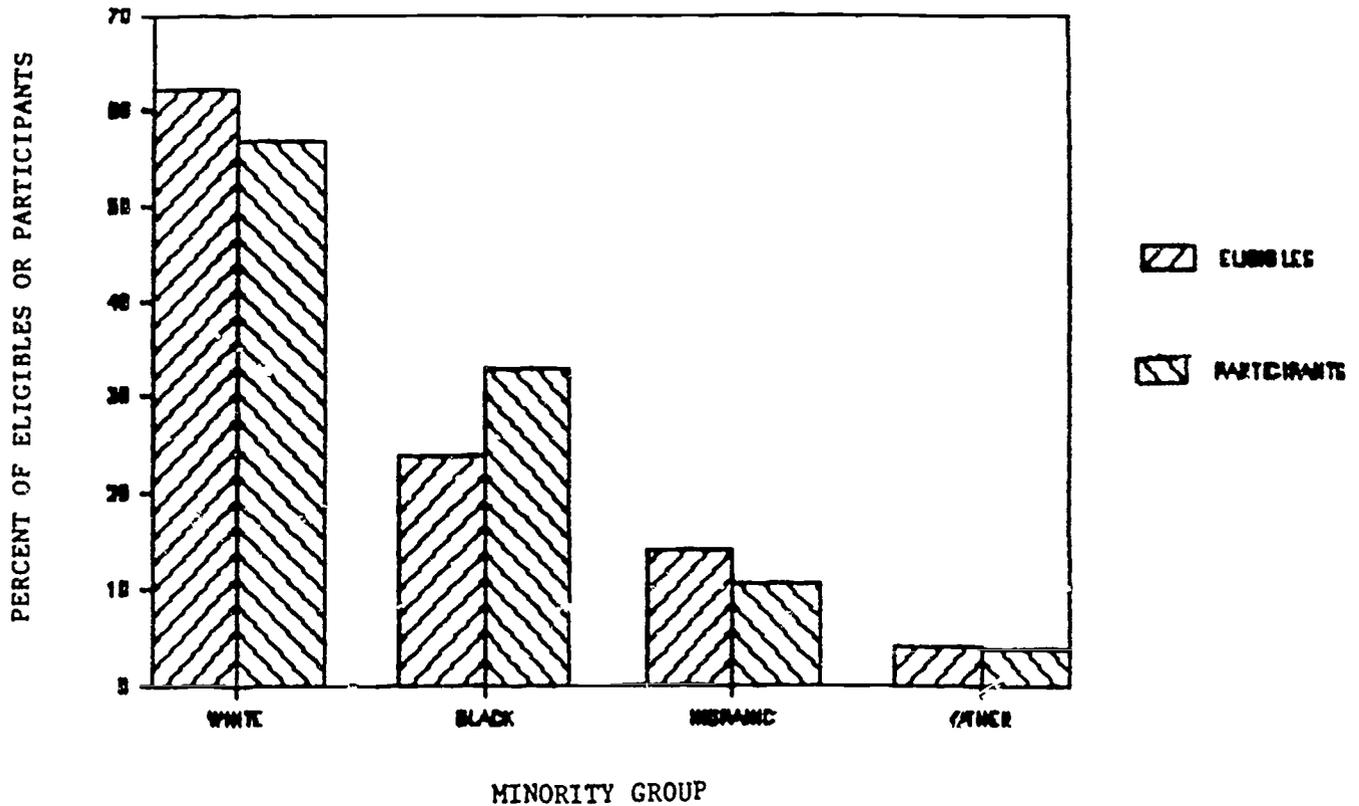


TABLE 3

JTPA Eligibles and Participants
by Race

RACE CATEGORY	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
White	18,977,000	59.9	393,000	54.8	2.1
Black	7,239,000	22.8	226,800	31.6	3.1
Hispanic	4,293,000	13.6	72,600	10.1	1.7
Other	1,186,000	3.7	25,200	3.5	2.1
Total	31,697,000	100.0	717,600	100.0	2.3

*Annualized estimate

Source: March 1986 Current Population Survey
PY84 - PY85 JTQS Enrollee File

TABLE 4

JTPA Eligibles and Participants
All Women by Race

RACE CATEGORY	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
White	9,980,000	58.3	198,400	52.8	2.0
Black	4,270,000	24.9	127,000	33.8	3.0
Hispanic	2,254,000	13.2	38,100	10.1	1.7
Other	611,000	3.6	12,300	3.3	2.0
Total	17,115,000	100.0	375,800	100.0	2.2

TABLE 5

JTPA Eligibles and Participants
All Men by Race

RACE CATEGORY	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
White	8,997,000	61.7	194,600	57.0	2.2
Black	2,969,000	20.4	99,800	29.2	3.4
Hispanic	2,039,000	14.0	34,500	10.1	1.7
Other	577,000	4.0	12,800	3.7	2.2
Total	14,582,000	100.0	341,700	100.0	2.3

*Annualized estimate

Source: March 1986 Current Population Survey
PY84 - PY85 JTQS Enrollee File

TABLE 6

Unemployed Women by Race Among
JTPA Eligibles and Participants

RACE CATEGORY	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
White	850,000	50.9	133,800	53.0	15.7
Black	586,000	35.1	83,500	33.1	14.2
Hispanic	172,000	10.3	27,000	10.7	15.7
Other	63,000	3.8	8,300	3.3	13.2
Total	1,671,000	100.0	252,600	100.0	15.1

TABLE 7

Unemployed Men by Race Among
JTPA Eligibles and Participants

RACE CATEGORY	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
White	1,275,000	58.1	142,100	57.7	11.1
Black	525,000	23.9	68,600	27.9	13.1
Hispanic	329,000	15.0	27,000	11.0	8.2
Other	66,000	3.0	8,400	3.4	12.7
Total	2,195,000	100.0	246,100	100.0	11.2

*Annualized estimate

Source: March 1986 Current Population Survey
PY84 - PY85 JTQS Enrollee File

Income Levels

The language in the Job Training Partnership Act requiring service to those "most in need" may be interpreted to imply that within the eligible population, those with the lowest income should be served first. Unfortunately, the available data on family income are not as useful for our task as other characteristic data from the CPS and JTQS surveys. In general, people are less willing to report their income than, say, education or minority status, to surveyors. Furthermore, substantial under-reporting of participant income may be occurring because the JTQS data are obtained from administrative records used in the application process. Since income data used in this analysis are not always needed for establishing eligibility (e.g., public assistance recipients are automatically eligible), local offices often provide incomplete income information. As a result, income is not reported in more than 40 percent of the cases in the JTQS files.

Because of this problem, we do not calculate participation rates for eligibles in various income classes, but present separately the distributions of participants and eligibles by income class. These calculations must be interpreted with caution because we do not know if missing data cases are distributed proportionately among the income classes. In some instances missing data may have been incorrectly classified as zero income.

Furthermore, the income measure used is not comprehensive because the JTPA eligibility rules exclude certain income items. The income information available from JTPA intake records include only those income sources necessary for determining JTPA eligibility. Slightly more than 18 percent of JTPA-eligible persons are from families receiving AFDC, and income from transfer payments such as AFDC or unemployment insurance is excluded.⁴ While it may be useful policy to exclude these income items in determining eligibility, their exclusion makes reported family income a

less adequate measure of need. To keep the CPS income data comparable to that from the JTQS, income from transfer payments was excluded.

Table 8 and Chart 2 present the distribution of eligibles and participants by income category. The categories are defined by family income as a percentage of the U.S. Office of Management and Budget poverty levels. Based on the data available to us, it seems that JTPA services are provided equitably to the poorest among the eligible population. Those families with income less than 5 percent of the poverty line make up about 44 percent of both the eligible and participant populations, suggesting equitable service. On the other hand, eligible families with income above the poverty line make up about 29 percent of the eligible population but only 13 percent of the participants.

The groups with family incomes between 51 and 70 percent, and 71 to 90 percent of the poverty line make up 9.8 percent and 11.8 percent of the eligibles but contain 17.7 and 17.5 percent of the participants. Thus, JTPA services appear to be slightly skewed toward the poorer segments of the eligible population. Keeping the limitations of the available income data in mind, it appears that JTPA focuses on services to the poor, with only limited participation of persons with family incomes above the poverty line in the program.⁵

CHART 2

JTPA Eligibles and Participants
by Income

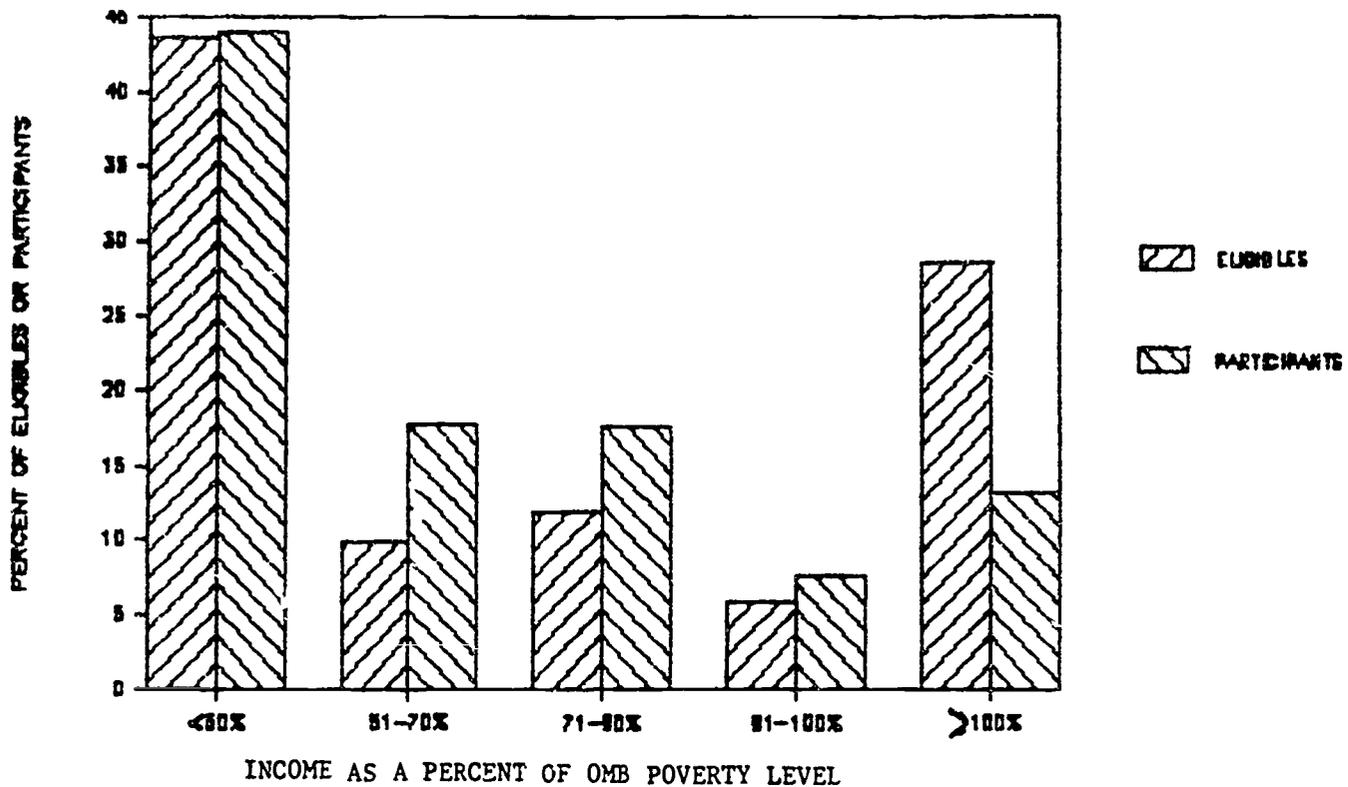


TABLE 8

JTPA Eligibles and Participants
by Income

FAMILY INCOME AS A PERCENT OF OMB POVERTY LEVEL	ELIGIBLES NUMBER	ELIGIBLES PERCENT	PARTICIPANTS PERCENT
less than 50 percent	13,856,000	43.7	44.0
51 to 70 percent	3,120,000	9.8	17.7
71 to 90 percent	3,753,000	11.8	17.5
91 to 100 percent	1,875,000	5.9	7.6
greater than 100 percent	9,093,000	28.7	13.3
Total	31,697,000	100.0	100.0

Source: March 1986 Current Population Survey
PY84 - PY85 JTQS Enrollee File

Older Workers

About 4.4 million persons between the ages of 55 and 64 were eligible for JTPA Title II-A programs. Seventeen thousand two hundred of these people, about .4 percent, participated (see Table 9). In comparison, 2.3 percent of eligible population age 16 to 64 participated.

The dramatically lower participation rate among older eligible persons can be accounted for, in large part, by the difference in the labor market interest of older persons compared to other adults eligible for JTPA programs. Less than 5 percent of the eligible population in the 55 to 64 age group were unemployed according to CPS data. In contrast, more than 13 percent of the eligible population, ages 22 to 54, were unemployed.

The availability of special programs targeted to assist this population also impacts older worker participation rates. The Act contains a special program to encourage services to older persons (55 years of age and older). Three percent of each State's annual Title II-A allocation is reserved for programs to train and place "economically disadvantaged" persons 55 and over. These programs are often administered by the State Units on Aging instead of the State employment and training agency responsible for the regular Title II-A program. However, it can be argued that participation in Title II-A "78 percent" programs was affected by the presence of the special Title II-A "3 percent" programs as well as other targeted training programs for older persons, such as the Senior Community Service Employment Program. The reader should note that the JTQS data include participants in 3 percent programs administered by the Title II-A operators, but exclude participants in independently administered 3 percent programs.

TABLE 9
 JTPA Eligibles and Participants
 by Age

AGE CATEGORY	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
16-18	2,745,900	8.7	141,400	19.7	5.1
19-21	2,892,900	9.1	148,500	20.7	5.1
22-44	17,857,700	56.3	379,600	52.9	2.1
45-54	3,803,700	12.0	30,900	4.3	0.8
55-64	4,396,500	13.9	17,200	2.4	0.4
Total 16-64	31,696,700	100.0	717,600	100.0	2.3

*Annualized estimate

Source: March 1986 Current Population Survey
 PY84 - PY85 JTQS Enrollee File

Earlier studies on CETA (Rupp et al, 1983),⁶ the Senior Community Service Employment Program (Rupp et al, 1986),⁷ and JTPA (Rupp, 1984)⁸ show patterns of participation by older workers in training and work experience programs. In each case, raw participation rates dramatically decline with age. However, once age differences in labor force participation and other factors contributing to a declining demand for employment and/or training services are statistically controlled, age differences in program participation diminish. Some of the differences in participation rates between prime-age workers and the elderly are attributable to the greater likelihood among older unemployed eligibles to leave the labor force. Older eligibles appear to prefer work experience and job search assistance to more intensive, longer term training, due to the limited interest some have in long-term, full-time employment.

Table 10 shows the number of unemployed-eligible adults and participation rates by age and sex. While the program-participation rate for unemployed older Americans is still significantly lower than for other adult men, large differences in participation rates are not observed for older women. The rate for unemployed-eligible men 55 to 64 can still be considered low at 4.6 percent. However, it is about half of the rate for men age 22 to 44, a favorable comparison considering that the rate for all eligibles, 55 to 64, is less than one fifth of the rate for persons 22 to 44. The rate for women ages 55 to 64 (11.1 percent) is close to that of women 22 to 44 (14.3 percent), and is higher than the 8.7 percent participation rate for women ages 45 to 54. These statistics indicate that JTPA may be a useful training vehicle for older displaced homemakers, a specific group mentioned in the Act.

Overall, because of the weaker labor force attachment of elderly eligibles, it is wrong to assume that age differences in program participation rates reflect age discrimination. Participation rates of elderly eligibles are fundamentally shaped by their lower labor force attachment.

TABLE 10

Unemployed Adult Eligibles and Participants
by Age and Sex

<u>AGE</u>	<u>MEN</u>		<u>WOMEN</u>	
	NUMBER ELIGIBLE	PARTICIPATION RATE*	NUMBER ELIGIBLE	PARTICIPATION RATE*
22-44	1,428,000	10.2	1,047,000	14.3
45-54	226,000	5.3	151,000	8.7
55-64	146,000	4.6	64,000	11.1
Total	1,800,000		1,262,000	

*Annualized estimate

Source: March 1986 Current Population Survey
PY84 - PY85 JTQS Enrollee File

Target Groups

In this subsection we evaluate JTPA participation of three specific target groups emphasized by the Act: AFDC recipients, school dropouts, and youth. We have included an analysis of single women who head households in the subsection on AFDC recipients to provide a basis of comparison between these demographically similar groups.

AFDC Recipients

Welfare recipients, especially AFDC recipients, are a prime focus of JTPA and several legislative thrusts.⁹ JTPA concentrates on welfare recipients both in terms of outcomes and participation goals. First, Section 106, which lays out the mandate for performance standards, states "the basic return on investment is to be measured by the increased employment and earnings of participants and the reductions in welfare dependency (emphasis added)." Second, Section 203(b)(3) states, "Recipients of payments made under the program of Aid to Families with Dependent Children under a State plan approved under Part A of Title IV of the Social Security Act who are required to, or have, registered under section 402(a)(19) of that Act and eligible school dropouts shall be served on an equitable basis, taking into account their proportion of economically disadvantaged persons sixteen years of age or over in the area."¹⁰

The major focus of this subsection will be AFDC recipients as opposed to the welfare population in general. Eighty percent of those welfare recipients served under JTPA were AFDC recipients, and furthermore, data on general assistance and refugee assistance recipients are less available.¹¹ Finally, since most AFDC recipients with dependents are unmarried women who head families, we examine data on this latter group, in general, to provide a perspective on the participation rates of AFDC recipients.

The availability of statistics on JTPA-eligible AFDC recipients limit the U.S. Department of Labor and the States in setting goals for JTPA performance. Information about WIN eligibility and registration is not collected uniformly nationwide. Using data from the AFDC quality control case sample of 1985 can be used to approximate the number of AFDC participants meeting the criteria established in Section 202(b)(3). There are about 1,54,000 WIN voluntary participants and WIN mandatory participants eligible for JTPA.¹² The data used for this analysis do not allow us to determine exactly how many participants meet these specific criteria since neither the CPS nor administrative records distinguish those individuals required to register for WIN as part of their receipt of AFDC.¹³

About one fifth (18.1 percent) of the JTPA-eligibles between the ages of 16 and 64, or 5.73 million persons, are from families receiving AFDC payments. Since 21 percent of participants come from such families, JTPA serves recipients in a slightly higher proportion (2.6 percent participation rate versus 2.2 percent) than nonrecipients (see Table 11). These numbers include 16 and 17 year olds who do not have their own children, but are in families receiving AFDC payments (usually because of the eligibility of their mothers). Furthermore, of the 4.3 million adult, ages 22 to 64, AFDC recipients, all of whom are eligible for JTPA, 2.2 percent participated in JTPA programs. This compares favorably to the 1.5 percent participation rate for non-AFDC adults (see Table 12).

TABLE 11

JTPA Eligibles and Participants
by Family Receipt of AFDC Benefits

	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
Receives AFDC	5,730,000	18.1	150,900	21.0	2.6
NON AFDC	25,967,000	81.9	566,700	79.0	2.2
Total	31,697,000	100.0	717,600	100.0	2.3

TABLE 12

Adult Eligibles and Participants by Receipt of
Aid to Families with Dependent Children (AFDC)

	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
Receives AFDC	4,306,000	16.5	95,000	22.2	2.2
NON AFDC	21,752,000	83.5	333,000	77.8	1.5
Total	26,058,000	100.0	428,000	100.0	1.6

*Annualized estimate

Source: March 1986 Current Population Survey
PY84 - PY85 JTQS Enrollee File

AFDC Recipients and Single Women with Dependents

3.1 million women between the ages of 16 and 64 have dependents and receive AFDC payments. Slightly more than 3 percent of these women, about 100,000 persons, participated annually in JTPA in Program Years 1984 and 1985. This participation rate is higher than 2.3 percent participation rate for all eligible persons between the ages of 16 and 64, as well as greater than the 2.6 participation rate for AFDC recipients in general. Thus, the JTPA system as a whole seems to be equitably serving AFDC mothers.

Approximately four-fifths (77 percent) of the female AFDC-recipients who have dependents are single parents. Female AFDC recipients with dependents participated at a 3.2 percent annual rate, compared with a 2.7 percent annual rate for single female family heads. (see Table 13 and 14) Analyzing these two groups with respect to labor force attachment and program participation, we see other similar patterns.

As demonstrated with respect to other groups, JTPA participants come predominantly from the ranks of the unemployed. A key reason that the participation rates of single females with children are similar in magnitude with AFDC mothers is that the percentage of each group of eligibles reporting themselves to be unemployed is similar (between 14 and 15 percent).

Because employed-eligibles dominate the single-female parents group, their participation rate is low. Because the participation rate for 'not in the labor force' AFDC recipients is low (and this group dominates the recipient population), the program participation rate for recipients is also low.¹⁴ It is arguable that AFDC recipients who are required to register for WIN may be those who are most difficult to serve since a portion of this population may not seek work on their own, but only because

they are required to do so to receive benefits.

Only a minority of single women with dependents are unemployed and could be considered likely candidates for JTPA participation. Of these unemployed women about 14.2 percent participated (see Table 14), a rate substantially higher than the 2.7 percent participation rate for the single female parents with dependents group as a whole, but very comparable with the participation rate of unemployed AFDC mothers at 16.1 percent (see Table 13). The same general pattern is observed among these unemployed JTPA-eligible single female parents with dependents whether or not they have dependents under the age of 6.

It may seem surprising that the participation rates of the two groups are so similar given that child care responsibilities would be expected to be a barrier to women with preschool-age children. The paradox can be explained by recalling that essentially only unemployed eligibles in either group are interested in JTPA training.¹⁵ Fifteen percent and 13 percent, respectively, of the two groups are unemployed. The participation rate among unemployed-eligibles is higher, as expected, among single-female parents who do not have children under 6. The participation rates are 12.7 percent for those with young children and 16.6 percent for those without children under 6.

Therefore, lack of affordable and/or available day care may not be an issue to be solely shouldered by JTPA. Rather the day care issue should be considered a barrier to labor force participation, in general. When single mothers, in general, and female AFDC recipients with dependents seek employment (i.e., are classified as unemployed), their JTPA participation rates are relatively high.

TABLE 13

JTPA Eligibles and Participants
Women with Dependents Receiving AFDC:
By Employment Status and Age of Dependents

CATEGORY	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
Total w/Dependents 18 and under					
Employed	631,000	20.2	4,100	4.1	0.6
Unemployed	460,000	14.7	74,100	74.3	16.1
Not in Labor Force	2,035,000	65.1	21,600	21.6	1.1
Total	3,126,000	100.0	99,800	100.0	3.2
w/Dependents under 6					
Employed	336,000	17.8	2,800	4.1	0.8
Unemployed	272,000	14.4	49,100	72.5	18.1
Not in Labor Force	1,279,000	67.8	15,800	23.3	1.2
Total	1,887,000	100.0	67,700	100.0	3.6
w/Dependents over 6 only					
Employed	295,000	23.8	1,300	4.0	0.4
Unemployed	188,000	15.2	25,000	77.9	13.3
Not in Labor Force	756,000	61.0	5,800	18.1	0.8
Total	1,239,000	100.0	32,100	100.0	2.6

*Annualized estimate

Source: March 1986 Current Population Survey
PY84 - PY85 JTQS Enrollee File

TABLE 14

JTPA Eligibles and Participants
Single Female Parent With Dependents:
By Employment Status and Age of Dependents

CATEGORY	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
Total w/Dependents 18 and under					
Employed	1,590,000	36.2	12,600	10.4	0.8
Unemployed	624,000	14.2	88,900	73.6	14.2
Not in Labor Force	2,183,000	49.6	19,300	16.0	0.9
Total	4,397,000	100.0	120,800	100.0	2.7
w/Dependents under 6					
Employed	715,000	29.8	6,000	9.3	0.8
Unemployed	369,000	15.4	46,900	72.5	12.7
Not in Labor Force	1,317,000	54.8	11,800	18.2	0.9
Total	2,401,000	100.0	64,700	100.0	2.7
w/Dependents over 6 only					
Employed	875,000	43.8	6,300	11.2	0.7
Unemployed	255,000	12.8	42,300	75.4	16.6
Not in Labor Force	866,000	43.4	7,500	13.4	0.9
Total	1,996,000	100.0	56,100	100.0	2.8

*Annualized estimate

Source: March 1986 Current Population Survey
PY84 - PY85 JTQS Enrollee File

School Dropouts

As indicated above, JTPA programs are required to serve school dropouts on an equitable basis, taking into account their representation among economically disadvantaged persons 16 years and over.¹⁶ Among the JTPA eligibles, ages 16 to 64, about 56 percent graduated from high school, about 8 percent are in school, and 36 percent were high school dropouts.¹⁷ In the overall eligible population, high school dropouts are less likely to be enrolled in JTPA programs. Among the 11.3 million JTPA eligibles who are high school dropouts, 1.7 percent participated annually compared to a participation rate of 2.6 percent for those eligibles who have not dropped out of high school (see Table 15).

TABLE 15

All Eligibles and Participants Ages 16-64
by Dropout Status

DROPOUT STATUS	ELIGIBLE		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
DROPOUTS	11,313,000	35.7	194,000	27.0	1.7
NON-DROPOUTS	20,384,000	64.3	524,000	73.0	2.6
Total	31,697,000	100.0	718,000	100.0	2.3

*Annualized estimate

Source: March 1986 Current Population Survey
PY84 - PY85 JTQS Enrollee File

Our data indicate very different patterns of service between eligible youth and eligible adults by drop-out status. Among eligible youth, dropouts are more likely to participate than nondropouts. Among eligible adults, dropouts are less likely to be served than nondropouts (see Table 16). This partly reflects the fact that some JTPA eligible youth are in school and may not be interested in JTPA training.

TABLE 16

All Eligibles and Participants Ages 16-64
by Age and Dropout Status

	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
YOUTH					
DROPOUTS	1,059,000	18.8	83,000	28.6	7.8
NON-DROPOUTS	4,580,000	81.2	207,000	71.4	4.5
Total	5,639,000	100.0	290,000	100.0	5.1
ADULTS					
DROPOUTS	10,254,000	39.4	111,000	25.9	1.1
NON-DROPOUTS	15,804,000	60.6	317,000	74.1	2.0
Total	26,058,000	100.0	428,000	100.0	1.6

*Annualized estimate

Source: March 1986 Current Population Survey
PY84 - PY85 JTQS Enrollee File

Looking at the participation rates for unemployed dropouts, a group most likely to be considered "most in need and able to benefit from" training, JTPA would receive high grades in serving youth, but low marks for services to adults. More than one fourth (28.3 percent) of unemployed youth dropouts were served by JTPA. That is, more than one out of four unemployed youth dropouts participated in JTPA. Unemployed youth make up about 21 percent of the unemployed-eligible population but 33 percent of unemployed participants (See Table 17). However only 7.5 percent of eligible unemployed adult dropouts were served. The youth unemployed-dropout participation rate was substantially above, and the adult unemployed-dropout rate substantially below, the approximately 13 percent annual participation rate among all unemployed eligibles.

It is relevant to note that the performance standards established for adults is placement based, while those for youth can take into account positive outcomes, such as attainment of employment competencies, in addition to job placement. The standards may give program operators greater incentive to serve the more job-ready adults (e.g., non-high school dropouts) than other adults. Therefore, PICs may have greater incentive to serve eligible youth dropouts within the performance standards framework.

Other factors which we did not investigate may also have a bearing on the participation rates of youth and adult high school dropouts. Limits on stipends and discomfort with formal classroom training may reduce the participation of adult high school dropouts. Furthermore, the low participation of adult high school dropouts may reflect the correlation of low formal education with age. Older adults are more likely to have not completed high school and are less likely to participate in JTPA programs than younger adults, especially those over 55 years of age as pointed out earlier in this chapter.

With the focus on literacy in the workplace issues, there is current recognition that remediation of basic skill deficiencies must receive

priority attention in the JTPA system. The underserving of adult high school dropouts merit serious attention for future research including disaggregating the adult population by age, education level, and employment status.

TABLE 17

Unemployed Eligibles and Participants Ages 16-64
by Age and Dropout Status

	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
YOUTH					
DROPOUTS	198,000	24.7	56,000	33.9	28.3
NON-DROPOUTS	605,000	75.3	109,000	66.1	18.0
Total	803,000	100.0	165,000	100.0	20.5
ADULTS					
DROPOUTS	1,167,000	38.1	87,000	26.0	7.5
NON-DROPOUTS	1,896,000	61.9	247,000	74.0	13.0
Total	3,063,000	100.0	334,000	100.0	10.9

*Annualized estimate

Source: March 1986 Current Population Survey
PY84 - PY85 JTQS Enrollee File

Youth

In drafting the Job Training Partnership Act, Congress wanted to ensure that the Act significantly addressed youth employment problems. As discussed earlier, JTPA mandates that PICs expend 40 percent of their annual Title II-A funding on youth.¹⁸ The data we present on the eligible population by age suggest how difficult it is to meet this requirement (see Table 18). Since youth comprise only 17.8 percent of the eligible population, participation rates must be dramatically higher for youth than adults in order to meet this youth expenditure benchmark, assuming cost per youth participants were equal to cost per adult participants. Since unit costs of serving youth were about 8 percent lower than adult cost per participant, the task of achieving the required youth expenditure level was even more challenging.¹⁹ Notwithstanding the struggle to meet the expenditure requirement, JTPA programs are providing equitable service to youth.

The data presented in Table 18 show that youth comprise 17.8 percent of the eligible population but over 40 percent of the participants ages 16-64. PICs are serving 5 percent of the eligible youth population compared to 1.6 percent of the eligible adults under 65 years of age when employment status is not considered. However, when we consider only unemployed eligibles, youth comprise 20.8 percent of eligibles, but 33 percent of the participants. Furthermore, the participation rate for unemployed youth is about twice as high as that for unemployed adults, 20.5 percent compared to 10.9 percent (see Table 17). In addition, as discussed in the previous subsection on dropouts, within the eligible youth population, dropouts are being served at a very high rate.

If we were to consider those eligible 14 and 15 year olds who are receiving services in greater and greater numbers by PICs, youth participation rates could be higher still.²⁰ Clearly, PICs have placed a high priority on youth employment strategies as the Act had intended.

TABLE 18

Eligibles and Participants
by Age

CATEGORY	ELIGIBLES		PARTICIPANTS		PARTICIPATION RATE*
	NUMBER	PERCENT	NUMBER	PERCENT	
Youth	5,639,000	17.8	289,600	40.4	5.1
Adults	26,058,000	82.2	428,000	59.6	1.6
Total	31,697,000	100.0	717,600	100.0	2.3

*Annualized estimate

Source: March 1986 Current Population Survey
PY84 - PY85 JTQS Enrollee File

Chapter IV Notes

1. According to criteria established by the Bureau of Labor Statistics of the U.S. Department of Labor (and as defined in Section 4(a)(25) of the Act), the term "unemployed individuals" means individuals who are without jobs and who want and are available for work. See Chapter I, footnot. 6, for full discussion of definition. Another indicator of "most in need and able to benefit from" JTPA services would be those who experienced any unemployment during the past twelve months. This respective measure, which can be extracted from both the CPS and JTLS data files, would include more people, since there are more persons who might be unemployed at some time over a twelve month period than during the single survey week. The authors preliminary analysis for the overall population indicated the same pattern of participation as with the survey week indicator (i.e., similar to the analysis in Chapter III). However, it is possible that the pattern of participation among subgroups would be different if this retrospective indicator were used.

2. For Program Year 1985, 64 percent of the 23,310 Hispanic participants served by Title IV-A programs for migrant and seasonal farmworkers were male.

3. Even though these reasons apply to Hispanic women, their participation rate is similar to white women. It should be noted that a relatively high proportion of Hispanics have not completed high school. There may be a correlation between the under service of Hispanics with the under service of high school dropouts. The low participation rate among unemployed Hispanic men merits further investigation.

4. Based on supplementary estimates from the CPS, average AFDC payment for poor women is \$1900 for black women and \$1266 for white women between the ages of 25 and 34. The average payments are \$1393 for black and \$930 for

White women ages 18 to 24 who were living in families with income below the OMB poverty line. We are grateful to Professor Laurie Bassi for providing these estimates.

5. Because of the data problems cited above, examination of income subgroup participation by labor force status could not be undertaken.

6. Rupp, Kalman, Bryant, E. Mantovani, R. "Factors Affecting Participation of Older Americans in Employment and Training Programs and the Effectiveness of these Programs." RR-83-04, Research Report Series, National Commission for Employment Policy, Spring, 1983.

7. Rupp, Kalman et al. "The Senior Community Service Employment Program: Participant Selection, Program Experience, and Outcomes." Report prepared under DOL Contract No. 99-5-3333-77-021-01 for Centaur Associates by Westat, Inc., Rockville, MD, July 1986.

8. Rupp, Kalman "Older Workers and Government Training Programs," Paper presented at the 1984 Annual Meeting of the Industrial Relations Research Association, Dallas, TX, December 1984.

9. See Chapter I Notes, note number 2.

10. The legislative reference is to AFDC recipients who are mandatory or voluntary participants in the Work Incentive Program (WIN). WIN mandatory registrants are, for the most part, AFDC recipients who are mothers with no children under the age of 6. AFDC mothers with children under the age of 6 can register voluntarily for WIN training. The legislative language makes statistical confirmation of the equitable service provisions difficult. The CPS does not ask AFDC recipients whether they have registered for the WIN program. Thus, we must look at the service to AFDC recipients, AFDC mothers, and/or AFDC mothers by age of children.

11. National Commission for Employment Policy, The Job Training Partnership Act: A Report, pp. 188-189, September 1987.

12. We must estimate, separately, the number of persons meeting these requirements in the pool of (eligible) AFDC participants. Although in that AFDC recipients with the youngest child 6 years old or above must participate, statutory exceptions (e.g., disability that prevents working or the lack of a local area program) sometimes precludes registration. In 1985, of 3.31 million AFDC mothers, 67 percent did not register for WIN, 3 percent were voluntary registrants and 30 percent were mandatory registrants. Among these same mothers, 26 percent had children under 6, while 38 percent had no child under 6 (but at least one child 6 or over).

Thus, about 10 percent (3/32) of mothers with children under 6, and 79 percent (30/38) percent of AFDC mothers with children 6 and over registered for WIN. Multiplying 9.4 percent by 1,887,628 (the number of JTPA eligible AFDC mothers with children under 6) we obtain 176,965 WIN volunteers for 1985. Multiplying 79 percent by 1,238,346 (the number of JTPA eligible AFDC mothers with children 6 or over) we estimate that 977,114 persons were WIN mandatory in 1985. Thus together there were 1,154,079 persons in the the population referred to in Section 203(b)(3) as the basis of comparison for AFDC recipients in JTPA. The data for these calculations were obtained from Congressional Budget Office tabulations of information from the AFDC quality control case sample for 1985. Congressional Budget Office, Work-Related Programs for Welfare Recipients, 1987, Table 1, pg. 6.

13. Using the CPS, we identify AFDC recipients from the information obtained about the source of income during the previous calendar year, 1985. This does not necessarily mean the person is actually receiving AFDC benefits at the time of the survey (i.e., the time which labor force status was determined). The number of people who received AFDC benefits during a twelve month period is 20 percent higher than the number estimated to be receiving benefits during a given month, based on 1984 data from the Survey of Income and Program Participation. Furthermore, there may be an undercount of the number of welfare recipients in the CPS. CPS income for AFDC recipients is 76 percent of that reported by independent sources (U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 158, Poverty in the United States: 1985, U.S. Government Printing Office,

Washington, D.C., pg. 182). Thus, the combination of under-reporting and our use of the twelve month retrospective measure of recipient, provides a reasonable estimate of the number of AFDC recipients at the time of the survey.

14. A much larger proportion of welfare recipients are out of the labor force. Overall 65 percent of AFDC recipients compared with less than 50 percent of (total-eligible) single female parents with dependents are not in the labor force. In contrast, 36 percent of the latter group compared with 20 percent of AFDC recipients were employed. Apparently few working non-recipients are interested in JTPA training. Half (2.2 million) of the 4.4 million JTPA-eligible single female parents with dependents were out of the labor force, and about 36 percent were employed. We do not determine whether they are working part-time or full-time at low wage jobs.

15. The data in Table 14 show that about 55 percent of JTPA-eligible women with children under 6, compared with 43 percent of women with children between the ages of 6 and 17 only, are not in the labor force. However, this difference in the percentage not in the labor force is balanced by greater membership in the employed category for those with children above age 6. Thirty percent of the JTPA-eligible women with children under 6 are employed, compared with 44 percent of women with older children.

16. The operational definition of school dropout for this study is 'those individuals who are not in school and have reported that they have not completed twelve years of education or the equivalent (i.e., G.E.D.). Some youth who are reported as dropouts may receive a high school diploma or a G.E.D. in the future.

17. Author's calculation from March 1986 Current Population Survey.

18. This expenditure benchmark shall be adjusted if the ratio of economically disadvantaged youth to adults in an SDA differs from the ratio of such individuals nationally (Section 203(b)(2) of JTPA).

19. National Commission for Employment Policy, pp. 228, op. cit.

20. JTPA Amendments of 1986 to Section 203(b)(1) clarified that costs associated with services provided to 14 and 15 year olds are to be included in the youth expenditure requirements.

Chapter V

CONCLUSIONS

Despite generating high placement rates for its first three years of operation, JTPA has been the focus of criticism for not serving the "most in need." Skeptics have argued that due to the demands of the performance driven system, PICs have focused on the most "job ready" clients in order to maintain high placement rates. This paper has tried to shed some light on this "creaming" issue through:

- 1) an objective look at the provisions of the Act that relate to who should be served;
- 2) an analysis of the factors that affect the decisions of eligibles to participate; and
- 3) an examination of detailed data on the characteristics of eligibles and participants.

While this research will not be the final answer on the issue of who is "the most in need and able to benefit from" JTPA training, it offers two important perspectives to the debate. First, it offers a working definition of the phrase "those who can benefit from and who are most in need," which is at the center of the "creaming" debate. Second, using this working definition, it analyzes subgroup participation patterns in the context of what target groups are required and encouraged to be served by the Act and national policy.

At the center of defining "who should be served" is the notion that JTPA eligibles who are either already employed or are not interested in employment, should be examined apart from those who are unemployed. In

general, the unemployed eligibles are "job oriented" and going to be more interested in employment and, therefore, are prime candidates for training. This labor force attachment perspective, in effect, implies that "those most in need and able to benefit from" are correlated to those who have an active interest in employment.

The Act's definition of eligibility is quite broad, so that a relatively large number of people, 35 million persons including over 31 million between 16 and 64 years of age, are eligible for the program. However, about 88 percent of eligible persons, ages 16 to 64, are either already employed or are not actively seeking jobs, thus are unlikely to be interested in training.

Overall JTPA Title II-A participation by subgroups in the population seems to be reasonably equitable (that is, proportional to the groups' representation in the eligible population), especially after labor force status (i.e., employed, unemployed, not in the labor force) is taken into account. Evaluation of whether JTPA programs are meeting the mandate to serve the most in need (more than other segments of the population) must take into account labor force status and other factors that influence the decisions to obtain training.

Specific Findings

The findings of this study in combination with other studies of JTPA inform several important policy issues. Perhaps most important, the total results of this analysis will allow policy makers to judge whether the JTPA program is meeting its mandate to serve persons "who are most in need and able to benefit from" JTPA funded programs.

Specifically, from the data presented in this paper we conclude:

1. In Program Year 1985, among persons ages 16 to 64, almost 13 percent of unemployed-eligibles participated in JTPA. This compares to about 2.3

percent of all eligibles in the population. We suggest that unemployed eligibles are those who are "job oriented" and, therefore, are those most likely to be interested in receiving training.

2. Based on comparisons with the eligible population, JTPA seems to be equitably serving substantial segments (e.g., women and minority groups) of the eligible population.
3. The JTPA system is successfully emphasizing services to youth. About 40 percent of all participants and 33 percent of unemployed participants are youth, even though only 18 percent of eligibles, ages 16 to 64, and 21 percent of the unemployed-eligibles, ages 16 to 64, are in the youth cohort.

Youth dropouts display a relatively high participation rate, especially those who are unemployed. More than 28 percent of eligible, unemployed youth dropouts are served by JTPA programs.

4. Adult high-school dropouts, a group that could be considered to be "most in need" of training, are served in smaller proportions than they represent in the eligible population.
5. Unemployed Hispanic men are less likely to participate in JTPA programs than other unemployed eligibles.
6. Data on income distribution of eligibles and participants show that the "10 percent window," which allows some persons who are not economically disadvantaged to participate in JTPA programs, has not been abused.

Welfare Recipients

Welfare recipients are a prime target group under JTPA and deserve further mention in our findings. Welfare recipients are often viewed as among the "most in need" of JTPA services by policymakers. The current

debate on "welfare reform" highlights the significance of training programs and employment in the minds of Congressional leaders and practitioners alike. Specifically, this research concludes the following:

1. JTPA is meeting its mandate with respect to equitable service to welfare recipients in general, and to AFDC recipients in particular.
2. Welfare recipients seem to be served at a slightly higher rate than the total eligible population. Even though no specific analysis was possible for those WIN mandatories targeted for service under JTPA, there is ample evidence that services to unemployed AFDC women with dependents are a priority by PICs.
3. Participation rates for AFDC recipients, female AFDC recipients with dependents, and unemployed female AFDC recipients with dependents compare positively to the rates of appropriate reference groups.
4. Unemployed single mothers and unemployed, female AFDC recipients with dependents have high program participation rates. About one out of seven unemployed JTPA eligible single mothers and one out of six unemployed, female AFDC recipients with dependents participated in JTPA.
5. Participation rates of single mothers and female AFDC recipients by labor force status (e.g., employed, unemployed, or not in the labor force) and age of their children show that the need for day care affects participation in JTPA training, indirectly, by influencing the mothers' decisions to participate in the labor force.

Are the participation rates for welfare recipients high enough so that it can be said that the JTPA programs are meeting the goal of the Act to reduce welfare dependency? This is a subjective judgment that is beyond the data analyzed in this paper. Essentially, only welfare recipients who want to work will seek training. While AFDC mothers, in general, may be "most in need" and should receive priority for JTPA services, many have

little interest in employment, and therefore, would not benefit from the services. This is documented by the high proportion of welfare recipients who report (confidentially) to the survey takers they are not looking for work (and hence are not unemployed). For those who have little likelihood of working, neither the recipient nor society will see a benefit from training. From a policy perspective changing welfare rules may be more important than changing the behavior of JTPA operators in increasing service to AFDC recipients.

General Research Limitations

Since the question, "Who is served in JTPA?" is of primary importance to persons concerned with employment policy, this study cannot be considered the final word on the subject. Additional research by the Commission and others could help answer questions about why the participation rates of the several subgroups are what they are. Additional research could apply the techniques used in this study to the subgroups.

Multivariate analysis would be useful in determining the independent effects of some of the factors that affect participation. For example, we know that unemployed youth and high school dropout youth are more likely to participate than other youth. Because high school dropouts are more likely to be unemployed than nondropouts we do not know whether the predominant factor influencing participation is the educational deficiency or the unemployment experience. To find out, we have to conduct detailed subgroup analysis (i.e., examine separately the participation rates of unemployed dropouts and unemployed graduates). Multivariate analysis could also be used to determine whether the same factors are influencing participation within the subgroups. For example, the presence of children under the age of six may not affect the participation of women in two-parent families, but may be an important impediment keeping single mothers from participating. Separate multivariate analyses of these two subgroups could highlight the need (or lack of need) for more JTPA-related day care.

RECOMMENDATIONS

This research has uncovered several issues which either require new policy directions or corrective action. The National Commission for Employment Policy (NCEP) has categorized these issues into three areas and offers the following recommendations:

Services to Target Groups

1. Welfare Recipients

This paper emphasized the concept that the individual's labor force attachment is a primary factor in determining whether targeted subgroups are served in an equitable fashion. We argue that "unemployed" individuals within targeted populations are the primary focus of training services. However, we are aware that in the case of some subgroups, particularly welfare recipients, Congress may have intended for JTPA to serve other than those individuals who identify themselves as "unemployed" (similar to targeting provisions seen in current "welfare reform" legislation). As can be seen from this analysis, JTPA is generally responsive to legislative direction or targeting. If Congress intends for JTPA to serve those welfare recipients with the weakest labor force attachment, those that consider themselves not in the labor force, then amendments are needed to Section 203(b)(3) of the Act to indicate that longer-term welfare recipients (who have probably the weakest labor force attachment) are a primary target group.

NCEP supports and recommends such clear targeting for long-term welfare recipients.

2. Other Target Groups

Two areas of our study suggest that JTPA programs need to carefully consider whether services to adult high school dropouts and Hispanic males are being equitably provided; and if not, what can be done to

improve recruitment, services offered, and/or analysis of programs offered.

NCEP recommends that PICs and local administrative entities review their emphasis on services to adult high school dropouts and Hispanic males and determine if targeting to these groups needs improvement. Furthermore, NCEP suggests that States, where appropriate, review their incentive policies in order to encourage services to these subgroups. Finally, NCEP suggests that States utilize administrative sanctions, in those cases of under service to adult high school dropouts, since the Act requires minimum services levels to dropouts.

Performance Standards/Need for Improved Data

1. The current welfare performance standard may be insufficient to address the mandate of the Act and current legislative concerns. The only measure of reduction in welfare dependency, a performance mandate of JTPA, is found through the adult welfare (age 22 and above, entered employment rate. Fifteen percent of AFDC mothers are under 22, and are the focus of some recent legislative proposals because they are at risk of becoming long-term welfare recipients. Recent research compiled by the Congressional Budget Office, Work-Related Programs for Welfare Recipients, indicates that services to this younger target group is key to preventing long-term welfare dependency. Thus, the current welfare standard may need restructuring to reflect a more appropriate policy emphasis.

There are two ways to accomplish this. First, collect data in the youth section of the JTPA Annual Status Report (JASR) on teenage welfare parents rather than collecting information on "single heads of household with dependents" in general. This information would be used to adjust youth performance standards and hold harmless SDAs which choose to serve more teenage welfare parents than the national average. The other option is to redefine the welfare section of the JASR so that all welfare parents, ages 16 and over, are reported together. This

information would then be used to develop new modeling procedures for the welfare performance standards.

NCEP recommends that the Department of Labor add information about teenage welfare parents in the youth section of the JASR for Program Years 1988 and 1989 (PY 88-89).

2. There is not sufficient statistical information available to track the effect of JTPA on the reduction of the welfare rolls. Consistent, reliable characteristic information for welfare participants is lacking on the: a) length of time on welfare, b) number and ages of dependents, c) single heads of household, and d) type of work-welfare program participation (e.g. WIN mandatory or voluntary). Thus, it is virtually impossible to follow the legislative language in setting standards or monitoring performance. Nor can an adequate judgment be made on whether reduction in welfare dependency is occurring.

NCEP supports the Department of Labor's proposed new reporting changes which would identify long-term welfare recipients on the JASR for PY 88-89. In addition, NCEP supports the collection of the type of work-welfare program participation either through additional reporting on the JASR or through a nationally representative sampling process, such as the JTQS.

3. It was apparent in the development of this study that available JTPA administrative data were not wholly adequate to the task of tracking who is served in the program. Two types of problems were identified. First, in a few key categories, such as income and age of dependents, data are missing from the administrative files used. Second, many data items that would be of interest to policymakers are not collected system wide. These include length of time on welfare and detailed pre-program employment histories.

These two problems suggest different solutions. The first implies that National and State offices must assure compliance of program operators

in collecting the required intake information. The second implies that additional data should be collected uniformly, nationwide, by program administrators or, through a nationally representative sample. This, of course, involves additional administrative expenses, but could be helpful in ensuring that National, State and local program/policy objectives are met.

NCEP recommends that DOL consider the collection data elements referenced above, and that DOL and States improve the monitoring of data collection to ensure that administrative records are complete.

Future Research

NCEP suggests the following specific studies:

1. Separate analyses of in-school and out-of-school youth. Considering the legislative emphasis on service to youth it would be useful to examine more carefully the influence of AFDC payments, dropping out of school and employment status on participation;
2. Separate analysis of youth and adult AFDC females with dependents to examine the effect of limiting the "welfare entered employment rate" performance standard to adults;
3. If sample sizes are large enough, examine the participation of general assistance and refugee assistance recipients;
4. Analyze services to 14 and 15 year olds because early intervention is often critical; and
5. In order to more thoroughly answer the "creaming" question, a comprehensive net impact study is needed. This analysis must include data which would allow a comparison of the characteristics of the JTPA applicants with those of the enrollees. While this is a component of a recently funded "experimental" study by DOL, there will be a need to

build on the DOL design for a more comprehensive net impact study. This would allow for more analysis of participation decisions as well as provide a basis for non-experimental net impact studies.

While this study does identify some research limitations and, by itself, can not provide a final answer to all the relevant policy issues, the paper does show that JTPA programs, taken as a whole, are essentially meeting the mandate to "provide employment and training opportunities to those who can benefit from, and who are most in need of, such opportunities and shall make efforts to provide equitable services among substantial segments of the the eligible population." It is hoped that by adding a new perspective to the debate on "who is being served," future research, such as those suggested above, will be better able to judge "how" effective are the Job Training Partnership Act programs.