DOCUMENT RESUME

ED 298 311 CE 050 875

AUTHOR	King, Christopher T.
TITLE	Cross-Cutting Performance Management Issues in Human Resource Programs. Research Report No. 88-12.
INSTITUTION	National Commission for Employment Policy (DOL), Washington, D.C.
REPORT NO	NCEP-RR-88-12
PUB DATE	Aug 88
NOTE	96p.
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01/PC04 Plus Postage.
DESCRIPTORS	Dislocated Workers; *Educational Policy; *Employment Programs; Government Role; Job Placement; Job Training; *Labor Force Development; *Performance Factors; Policy Formation; Postsecondary Education; *Program Administration; Program Implementation; *Public Policy; State Action; Vocational Education; Welfare Recipients
IDENTIFIERS	Aid to Families with Dependent Children; Food Stamp Employment and Training Programs; Job Training Partnership Act 1982; Welfare to Work Programs

ABSTRACT

Concern for performance management has increased sharply in recent decades in both the public and private sectors. This has been particularly true in the management of state and federally funded human resource development programs. Legislative purpose, level of use, the role of performance standards, appropriate measures of performance, target groups, and general implementation policies are key issues that cut across the major publicly funded job training and placement programs. This report examines these program design and implementation issues in relation to Job Training Partnership Act programs, state-administered job placement and labor exchange programs, postsecondary vocational education, welfare-to-work programs for recipients of Aid to Families with Dependent Children, and the new state-run food stamp employment and training programs. Various contextual issues are discussed, including grant-in-aid programs, enhanced state discretion, market bias, ambiguous goals, appropriate actors/levels of use, appropriate groups, target groups, the role of standards, and adjustment processes. General recommendations to federal and state level policymakers and program-specific recommendations for addressing performance management issues are included. (Ninety references are listed.) (MN)

Cross-Cutting Performance Management Issues In Human Resource Programs

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Research Report No. 88-12

August 1988

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Acknowledgements

What began as a seemingly simple notion about a project analyzing issues cutting across human resource development programs in terms of performance standards and incentives ultimately turned into a much larger task. The programs encompassed by the analysis first expanded, then shrank. Issues which seemed small at first became large; issues first small, grew large. The sheer weight of the effort to adequately cover programs so similar yet so different led this work into unforeseen territory, taking much more time and effort than expected. Whether this analysis proves useful in federal and state policy discussions regarding the design and implementation of performance standards for these programs remains for the key players to decide for themselves.

Many individuals contributed to this paper over the past few months. All of their contributions were important to me and were greatly appreciated. In particular, I would like to acknowledge the very special role which Kay Albright has played from start to agonizing finish. Without her encouragement to take on the effort and then to stick with it, I feel sure such a paper would not exist at all. There are few individuals with the reserve of knowledge about all of these programs which she possesses, and fewer still with the abiding interest in moving towards rationalization of management practices and improving performance for them. Two other individuals helped immeasurably over the course of the project, both by discussing management and performance standards issues with me at length and by reading and commenting on the numerous drafts of the paper as it evolved: Bob McPherson, the Associate Director of the Center for the Study of Human Resources; and Laura Pittman, now a Research Associate at the Center for Occupational Research and Development in Austin.

The following individuals enhanced my level of understanding and enabled me to examine the issues from very different vantage points: Ray Worden of the National Commission for Employment Policy; Robin Roberts of both the Texas Employment Commission and the Texas Higher Education Coordinating Board; Ellen Skinner, of the Texas Department of Human Services, and her staff; Rik Mackay of the Alamo Private Industry Council; Susan Ray Marshall and other staff members of the San Diego Private Industry Council; Steve Marcus of the Massachusetts Department of Manpower Development; Nancy Bross of the Georgia Department of Labor; Karen Greene and Hugh Davies of the U. S. Department of Labor's Employment and Training Administration; Beth Buehlmann of the House Education and Labor Committee; and Evelyn Ganzglass of the National Governors' Association. Discussions with Brian Deaton of Laventhol and Horwath and Burt Barnow of ICF, Inc. also helped me at various times. Finally, special thanks goes to Louise Hanson for assisting with the text and figures of the report.

EXECUTIVE SUMMARY

In recent decades, there has been a marked rise in the concern with performance management in both the public and the private sector. The evolution of performance management in the public sector has been neither steady or consistent. However, more recently the need to stress program management to produce the desired outcomes has been felt more consistently across the board. A number of key cross-cutting design and implementation issues form the basis for this discussion of program management concerns. These are: Legislative Purpose; Level of Use; the Role of Performance Standards; Appropriate Measures of Performance; Target Groups; and General Implementation Issues.

Program performance standards, incentives and sanctions in these programs are discussed from several perspectives, with attention given to some of the more salient features of grant-in-aid programs and to important differences between public and private sector management environments. Cross-cutting issues are emphasized because of the perceived commonality of their missions: all are grant-in-aid programs funded primarily by federal and state governments for the development or more complete utilization of human resources.

THE PROGRAMS AND THEIR MANAGEMENT SYSTEMS

All of the programs described here include among their major goals job placement in the relatively near-term and self-sufficiency over the longer-term. These programs include: job training as embodied by the federal/state/local system established under the Job Training Partnership Act of 1982; job placement or the Employment Service authorized by the Wagner-Peyser Act of 1933; postsecondary vocational education or Voc Ed, recently reauthorized under the Carl D. Perkins Vocational Education Act of 1984; and a number of welfare-to-work programs, ranging from the Work Incentive (WIN) Program for recipients of federal/state Aid to Families with Dependent Children (AFDC) to the Food Stamp Employment and Training Program. Brief attention is also given to current proposals for welfare reform.

Job Training. JTPA provides training and employment for economically disadvantaged adults and youth under Title IIA and dislocated workers under Title III. Summer jobs and training are offered to disadvantaged youth under Title IIB. Performance standards including incentives and sanctions now play a prominent role in training programs for adults and youth operated by PICs under Title IIA. Their intended role is more ambiguous in Title III. The performance management system under Title IIA has been developed incrementally since 1983 with intensive input from state/local entities and public interest groups. It is a hierarchical system, with roles and responsibilities for federal, state and local actors differentiated in rough relation to their distance from service provision. In keeping with legislative intent, the system is largely performance-driven, emphasizing outcomes -- both at-termination and post-program -- over in-program measures. There are both positive rewards and negative sanctions with governors now playing a key role in performance mangement.

Job Placement/Labor Exchange. State Employment Service Agencies operate as a federal/state partnership, serving both employers and potential employees, facilitating the labor exchange. Eligibility for services is open for both employers and employees, although some workers (e.g., migrant/seasonal farmworkers, handicapped and veterans) are given special priority. States now receive most of their funding based on need, as measured by relative shares of unemployment and the civilian labor force. The federal allocation flows directly to governors rather than to SESAs, with funds divided into two components: 90 percent for the provision of basic labor exchange services locally, through a substate funding allocation determined by the governor; and the remaining 10 percent reserved at the governor's discretion for performance incentives, services for groups with special needs, and the added costs of exemplary models. Concerns with performance management and the use of standards and incentives have been on the increase in the labor exchange system. Responsibility for ES program management, including the quality of the outcomes, rests with the governor who has the authority to foster coordination between the job training and job placement systems within the state, including establishing state-specific performance standards and accompanying incentive systems. The Secretary of Labor may set national ES standards. State and substate models designed to establish and adjust performance standards have been developed by the Secretary.for state and local programs.

Postsecondary Vocational Education. Vocational education can only loosely be described as a "system." Secondary and postsecondary training is offered by thousands of providers, including both public and private institutions, high schools, technical institutes, community colleges, four-year secondary institutions, correctional facilities, and proprietary schools. There is wide variation in the scope, nature and quality of these programs. The Perkins Act stresses two primary objectives: improved program quality and access. It promotes a highly categorized approach to Voc Ed programming with setasides for key groups and programs. Federal dollars account for only about 6 of every 100 dollars spent on postsecondary programs. The secondary/postsecondary funding split is a state-level decision resting with the state education board; not surprisingly, the share allotted to postsecondary Voc Ed varies widely from state to state.
Voc Ed has been inordinately process-oriented. The Perkins Act does not build in standards or add substantively to the performance orientation of postsecondary Voc Ed. States are left to their own devices for postsecondary Voc Ed performance management.

Welfare-to-Work Programs for AFDC Recipients. Since 1981, there have been substantial changes in WIN, especially reduced funding and increased state discretion, giving rise to considerable within- and between-state program variation. Nationally, 90 percent of WIN's funding is federal. WIN has never received sufficient funding to do much more than comply with program "registration" for most participants. State discretion is high, but structured, regular documentation and reporting regarding the use of this discretion remains low. Despite considerable attention given to evaluations of work/welfare program interventions for AFDC recipients, translation into operational performance standards, incentives and sanctions has been lacking. More recently, researchers, policymakers and program administrators have begun to focus on the need for standards in the management of these efforts, particularly in the on-going debate over welfare reform.

Food Stamp Employment and Training Programs. The new program for Food Stamp recipients, administered by the U.S. Department of Agriculture, is to be designed and operated by the state welfare agency. States have wide discretion in how these programs are to be run, including the activities and services to be provided and the choice of service providers. Programs now have participation standards. Outcome standards have been discussed but not implemented. Because of limited federal funding little substantive intervention can realistically be expected.

SYNTHESIS OF THE ISSUES

A number of major and minor issues should be considered by national and state policymakers. The following synthesis focuses on several sets of issues: broad contextual issues; major cross-cutting design and implementation issues; and several minor issues.

Contextual Issues

Performance management systems, and the standards and incentives which are an integral component of these systems, should be designed with their operational and environmental context in mind. Resolving these contextual issues may be a pre-condition for designing effective management systems for human resource programs.

Grant-in-Aid Programs. All of the programs examined here are federal grant-in-aid programs. Although the extent to which they are funded from federal, state or local dollars differs widely, each is a grant-in-aid program with a substantial share of federal resources involved. Only postsecondary vocational education is dominated by state (and local) funding. The programs' grant-in-aid character has important implications for management systems and measures. The greater the share of federal funds, the greater the responsibility and the more federal strings can be attached to state and local programs. Programs with integrated state/local program delivery systems, such as ES, WIN and Food Stamps, have greater potential for state/local control; JTPA and Voc Ed must rely more upon influence due to the relative autonomy of their local delivery systems. The extent to which management systems with effective standards can be mandated and implemented from the federal down to the local level depends on the share of federal funding involved and the degree of influence which can be cultivated.

Enhanced State Discretion. The trend in the 1980s has been towards an enhanced state role in planning and operational decisionmaking for human resource development. This is especially evident in JTPA, ES and WIN. While the Perkins Act offers a counterpoint to this trend, states still retain enormous discretion in Voc Ed when all non-federal resources are considered. Governors have been vested with the responsibility, the authority and the funding to make critical decisions regarding human resources, and, increasingly, this extends to performance management functions. Two major constraints face the governors in managing these programs effectively: first, as elected officials, they may not be very well suited for it; and second, the tool kits available to them may have been too tightly circumscribed.

Market Bias. As performance management has been introduced into human resource programs, there has been a tendency to search for market-based principles for guidance. Emphasis on "bottom-line" management approaches in JTPA, ES, Food Stamps and now welfare reform has seemingly become an obsession. Accountability or results-oriented management in the use of public funds must now be part of any and all programs. However, these are the very people and programs for which the market has apparently failed. To expect pure private sector approaches to adapt well is unreasonable. Before similar approaches are extended to Voc Ed or welfare-to-work programs, this apparent market bias merits careful scrutiny. If private sector management principles and expectations are going to be applied successfully to publicly-funded human resource programs, modifications must be made.

Major Issues

Ambiguous Goals. The mission of many of these programs (e.g., JTPA and WIN) is moving individuals and their families towards self-sufficiency. But, there is enormous ambiguity in the actual goals of these efforts. The worst offender in this regard is Voc Ed which appears to be a program for all reasons: Voc Ed exists to provide vocational and non-vocational training for "students" who plan to be both in and out of the labor market. It is all but impossible to hold such a system accountable or to design an effective management system when its goals and objectives cannot be clearly articulated.

Most of these programs have relatively clear missions and may need minor clarification of goals and objectives. JTPA Title IIA has gone the farthest in this regard, laying out a clear statement of purpose and suggesting measures, including immediate termination-based measures and longer-term postprogram ones, tied to program objectives and differentiated at least by adult and youth groups. It is hard to imagine clearer language than that found in JTPA. ES could use improved definition, and the welfare-related programs, as suggested by the reform proposals, appear to be headed in the right direction. Voc Ed alone seems to be left in a muddled state of affairs for any number of reasons, including not only its ambiguous mission and goals, but its funding and structure as well. Clarifying the programs' missions, goals and objectives is the necessary first step.

Appropriate Actors/Level of Use. One of the larger issues arising from this discussion concerns the level of use or the appropriate entity for use of the standards. Traditionally, responsibility for human resource development has rested with the states, and in the 1980s, increasingly the responsibility, authority and funding/financing for most related human resource efforts has been lodged at that level. But, there are real barriers to vesting performance management functions with governors. First, there is the unavoidable conflict between distributional and results-oriented objectives. As elected officials, governors are more concerned with distribution than performance. For the governor as elected official, performance and distribution are one and the same. Good performance tends to be defined in terms of serving the right groups or funding the right providers. Even the bodies established to advise the governors on resource use and performance management, including state councils under JTPA, ES, WIN and Voc Ed, are appointed by and serve at the pleasure of the elected officials.

Second, it is unclear why governors should take the process of managing substate performance management seriously. Making full use of the tools provided in JTPA -- performance incentives and sanctions applied to standards weighted as they see fit with the advice of their state councils -- governors can make friends (awarding incentives) and enemies (sanctions applied or incentives denied), but have nothing of obvious substance to gain: the state's JTPA funding is unrelated to the governor's managerial vigor. Where governors have nothing to gain from carrying out distasteful management decisions, they are unlikely to do so with anything more than minimal compliance behavior. Moreover, if states could benefit from management decisions, there is still a real question as to whether doing so would be worth the cost politically. An apolitical, quasi-autonomous state entity may be needed at least to oversee performance management of these programs. It is difficult to envision governors doing so, despite encouraging signs with the welfare-related initiatives. Providing the governors financial incentives may be part of the answer.

Appropriate Measures. Generally speaking, identifying appropriate measures of performance becomes a relatively minor technical issue once decisions have been made about program mission, goals, objectives and target groups. There appears to be little disagreement concerning the role standards should play in program management, guiding policymakers and managers to more efficient and effective program operations. It is expected that this requires process and outcome, efficiency and effectiveness standards. There is an important issue concerning the appropriate combinations of measures.

Programs have either open or restricted eligibility. ES and Voc Ed have open or relatively open eligibility for service, while the other programs all have some restrictions on who can be served. Even within the more open systems, there are groups targeted for service priority or participation in special programs. Programs with open eligibility do not have the same needs for such process-oriented measures as participation rate standards. Instead, they require standards which reinforce cost-effective service delivery to all comers. This entails combinations of standards heavily oriented towards outcomes with both effectiveness and efficiency measures.

JTPA and welfare-related efforts with tight targeting require combinations heavier on target group measures, including participation (e.g., WIN and Food Stamps) as well as outcome standards. The exact mix of standards varies with the particular program context. With the potential overlap between the systems and their target populations, if these measures are designed deliberately, the use of consistent standards and incentives policies has the potential for rationalizing service delivery across programs improving overall program effectiveness and reducing unnecessary service duplication.

Target Groups. Standards need to be differentiated by target group. JTPA Title IIA standards are differentiated by age, into adult and youth standards, based on the fact that programs for these groups have different objectives and components. The extent to which standards need to be tailored to in- and out-of-school youth has been debated as well, as have the options for giving more direction to states on use of the "hard-to-serve" provisions which encourage program targeting via incentives. Voc Ed has shifted much

more to a categorized system with special populations targeted for service with the federally-funded portions. It remains to be seen how effective this tail-wagging-the-dog approach will be without conforming provisions in the accompanying state-funded programs. An effective case has also been made for implementing measures differentiated by target group in welfare programs based on recipients' prior work history and AFDC experience.

The case made here is two-fold: first, in programs geared to promoting access or equity of service for certain target populations, participation (and corresponding outcome) standards are appropriate; and, second, available findings from the evaluation research suggest that program effectiveness will be better promoted if outcomes and standards tied to them are explicitly differentiated by target group as well.

Minor Issues

Role of Standards. Standards should translate program goals and objectives into day-to-day reality and provide program operators the measures necessary for determining whether results are being accomplished on a timely basis. This applies whether the standards are tied to process or outcomes. JTPA has gone a long way to defining the role of standards in Title IIA. The remaining systems, including ES, need to come to grips with this issue in the near future if the potential for coordinated service delivery among programs serving similar target populations is to be realized. From the recent debates on welfare reform and earlier attempts to enact Voc Ed standards, there is reason to think this is beginning to happen.

Adjustment Processes. Virtually all of the programs which have addressed the establishment of performance standards directly have provided for adjustment processes. In recent years, JTPA has tackled this one issue energetically, making use of considerable technical resources. ES has taken similar steps but less actively; Food Stamp programs have explicitly incorporated modifications to required participation standards. The other programs have only considered the prospects informally. The issue which merits attention here has three parts: first, should adjustments be made; second, to what degree should adjustments be made; and, finally, what is the preferred mechanism for adjustment? It is not clear that the use of adjustments for any of these programs needs to be carried quite as far as it has been to date, Both the JTPA and ES systems -- the ones in use the longest -- have grown so complex and been modified so often that the adjustment processes have remained beyond the grasp of most and nearly unintelligible to the average person. This adversely affects the credibility of the standards. Moreover, to the extent that the private sector is involved in oversight and responsible for performance via the PICs, there seems to be some difficulty relating to adjustments for so many different factors and conditions.

RECOMMENDATIONS

Of all the programs, JTPA has far and away the most coherently designed and implemented performance management system. It also seems to be in need of some mid-course corrections, which might include: giving the states' governors some real incentive for taking performance management seriously, like incentive awards at the state level; reducing substantially the number of standards in use; maintaining the same standards in place for a 2-year planning cycle; developing and adhering to a far simpler adjustment model implementing mechanisms to more effectively promote service to the hard-to-serve; and others. Note that, all of these corrections/suggestions aside, the system of job training has undeniably shifted from a process- to a performance-driven mode in a matter of a few short years. Refinements are in order; not wholesale restructuring. JTPA's performance management system serves as the "standard" against which the others are assessed for better or worse. It is the only one which has been designed, implemented and tested.

Program-Specific Recommendations

JTPA Title III Dislocated Workers Program. There appears to be no reason to proceed with what is largely a state/local charade regarding legislatively-mandated performance standards for Title III. There is no compelling reason to have them or to use them. Displaced worker programs are inherently ad hoc, temporary efforts to assist in situations including plant shutdowns and mass layoffs. The goals and objectives of the program are so poorly articulated that it would be difficult to design them. And, no data base currently exists to devise them. It would appear preferable to substitute legislative provisions requiring or encouraging funding only providers of "demonstrated effectiveness."

Postsecondary Voc Ed programs. Establishing Voc Ed standards compatible with the other human resource efforts also looks nearly intractable under the current configuration. Counting all federal, state and local dollars involved, the public as a whole has far more at stake in Voc Ed than in the other self-sufficiency programs. There is very little accountability incorporated into Voc Ed at any level, and given the dominance of state and local funding, it is difficult to see federally-mandated changes making the difference.

General Recommendations

From the *federal vantage point*, there are several important recommendations, including:

- *Quasi-autonomous state councils should be created with broad performance oversight responsibility for all human resource programs.* In order to de-politicize the process of managing program performance, quasi-autonomous councils need to be created by federal legislation with broad oversight responsibility reaching across these programs. Membership on the councils would need to be broadened to provide appropriate representation for all major groups affected. Although detailed

options for implementation should be left to the states several features are critical. Councils should:

- Have members appointed by governors, with terms which overlap and extend beyond that of the governor, so that no governor would possess complete control over the councils' makeup and decisions;
- Have a staff independent of the governor or any of the programs or agencies;
- Have oversight and evaluation responsibilities only; they should not operate programs or be involved in operational management decisionmaking; and
- Hold open meetings and issue regular reports on program performance to the governor, the state legislature, the agencies and the responsible federal agencies.

The key functions of these councils would be to:

- Review program performance for all human resource programs operating with federal funds in the state;
- Advise the governor and the agencies on coordination and on establishing state-level performance standards for these programs, including processes appropriate for adjusting these standards at the sub-state level;
- Recommend incentives and sanctions policies for these programs to the governor and the agencies; and
- Prepare and issue regular reports on program performance, both within and across programs.

• ***Incentives should be instituted to reward governors for good program performance at the state level.*** It is important that, if governors are going to continue to shoulder performance management responsibilities for human resource programs, they have the incentives for doing so. Just as sub-state entities under JTPA and ES receive the bulk of their annual funding based on need and a small but meaningful share (from 6-10 percent, roughly) based on performance, governors should operate under a similar rewards structure. Those governors who take performance management seriously should reap the rewards for their states; those who do not, should not.

• ***There needs to be a general tightening of what is measured as program performance.*** In most of these programs, there is very weak definition of the outcomes desired and almost no quality control to ensure that reporting is accurate and consistent within, much less between, programs and states. Further, the JTPA practice of defining the national departure points for standards at a level so that 75 percent are expected to exceed them is very discouraging. If the desired return for expending federal monies is employment with earnings sufficient to support families above the poverty line, then does it make good policy sense to allow states to define placements (or enrollments) more loosely? States and local entities can always opt to define outcomes more tightly than the federal definitions prescribe, particularly via the performance contracting process.

The corollary to this recommendation is that the tool kit available to the governors and their agencies may need to be augmented. It is decidedly contrary to market-based principles of operation to tighten up performance expectations while handicapping the responsible parties. Governors and local programs have been given responsibility for meeting standards and local programs (in JTPA and ES) have been offered financial incentives for doing so, but they have also been handed a restricted set of program treatments and constrained in terms of the amounts they can expend for administration and support services.

- ***Programs should move toward utilization of both outcomes- and process-based performance standards.*** While recognizing that there are important differences between these programs, all at least share the goal of moving eligible participating families or their individual members into unsubsidized employment. Such outcome-based standards provide management the day-to-day tools for assessing performance, particularly where the measures implemented are proxies of the longer-term net impacts desired. Thus, combining the two types of measures -- at least for those programs with restricted eligibility or important targeting requirements -- is desirable.

Specific ***state-level recommendations*** are as follows:

- ***Governors should take the lead in giving clear, unambiguous direction to these programs in their states and in defining the role which standards should play in getting them there.*** An issue which has surfaced for several of these efforts is the ambiguity of mission and goals. In the absence of national guidance on this count, governors need to take the lead in clarifying the direction the programs are to take. Without clear missions and goals, it is not realistic to place substantial reliance on standards and performance management in getting there. Governors can and should play this role to the extent they can under their state structures.

- ***States should take a comprehensive approach to rationalizing human resource service delivery, making use of performance standards as a primary vehicle.*** States, especially the governors, need to take a more comprehensive approach to the delivery of human resource development programs, rationalizing delivery of services across programs and among provider agencies, based solidly on performance against standards. Governors already have the leeway to carry out much of what is needed, but with the added support provided by the state councils recommended above, far more could be done. The first steps might include initiating and managing the process of standardizing definitions for key program terms, eliminating existing disincentives in state policies, etc.

Finally, there are a few general recommendations, as follows:

- ***Efforts to design and implement performance management systems need to be fully cognizant of the programs' grant-in-aid nature.*** The sharing of governance among federal, state and local actors is dissimilar across program lines, much of which can be attributed to varying shares of federal funding. The same

expectations for performance management do not and cannot apply to ES with 100 percent federal funding and state-controlled local offices, and to postsecondary Voc Ed with less than 10 percent federal funding and autonomous local entities. Expectations must conform to reality, not the other way around.

- ***Simpler adjustment models for performance standards need to be implemented, consistent with the preference for market-oriented approaches.*** It has become common in the existing programs to build in adjustment processes for performance standards which take into account any number of factors, such as local economic conditions, the mix of people served and program activities provided, etc. The proposed welfare reform bills outline similar processes. Yet, these types of adjustments are in conflict with more typical market-based approaches. While this market bias may not be completely appropriate for human resource development programs which deal with the market's failures, it is unlikely to yield any time in the immediate future.

Models need to be developed which allow and even encourage the type of head-to-head competition which prevails in the private sector and which surfaces from time to time in these programs as well. Such competition seems to be inherent in the systems and might not be detrimental as long as outcomes are adjusted to some degree for conditions outside management's control. Features of these simplified processes include:

- Adjustments need to be few and intuitively sensible (valid); they should be made where there is a clear, empirical relationship to the outcome;
- Adjustments should be easy to understand and explain; and
- Adjustment models should also remain relatively stable, changing little over time to impart credibility and a stable operating environment to the extent possible for the programs.

I. INTRODUCTION

A. Performance Management in Human Resource Development

In recent decades, there has been a marked rise in the concern with performance management in both the public and the private sector. On the private side, there has been a growing uneasiness over the extent to which private firms, now multinationals and transnationals locked into intense international competition, are performing well enough to maintain our competitive position in the world. A large part of this concern has ultimately come to focus on the quality and capability of U.S. business management.[1] These same worries have extended to the public sector, particularly to those publicly-funded programs charged with the development of human resources.

The emphasis on performance management to promote public sector accountability has taken various forms and directions. In some instances, Congress has mandated that programs perform periodic program evaluations, while in others, it has gone as far as to tie funding in one year to performance in the prior year or even to prescribe the detailed management responsibilities of the actors in the system. The evolution of performance management in the public sector has been neither steady or consistent: key management provisions have often been tightened in one program even as they were being loosened for another. However, more recently the need to stress program management to produce the desired outcomes has been felt more consistently across the board. No doubt this phenomenon can be explained by the twin pressures of a more informed, demanding public, coupled with ever-tightening budgets at all levels, especially those closest to the taxpaying public. The 1980s version of federalism has pushed program management decisions closer to home as the funding to provide services has declined. Few program initiatives surface these days without the obligatory accountability provisions, generally with increasing prescription about who should do what to whom on which time line.

This paper is specifically concerned with design and implementation issues surrounding performance standards and incentive systems in the nation's human resource development (HRD) programs. The programs which receive attention here -- all of which are federal grant-in-aid programs with differing shares of federal funding -- are: job training, job placement, postsecondary vocational education, and a number of welfare and related programs. Brief consideration is also given to the leading proposals for reforming the federal/state welfare and welfare-to-work system, since performance management and standards are emerging as major issues in that arena as well.

The notable exclusion from this group is non-vocational education. Education at all levels, both public and private, clearly forms the backbone of HRD in this country. As a result of the excellence-in-education movement, most states have undergone education

[1]For example, see: Peters and Waterman (1982).

reform to some degree. Public demands for accountability in education has heightened awareness of educators and pushed that system towards performance standards of a sort at the federal, state and local levels. That process is all encompassing, ranging from teacher certification and curriculum approval to student achievement testing, topics well beyond the scope of this paper.[2] In addition, the mission of the educational system is much broader than that of the others explored below. Education at its most basic level aims to prepare individuals for effective citizenship in a democratic society, as well as to provide paths to career development.

The programs described here include among their major goals job placement in the relatively near-term and self-sufficiency over the longer-term, distinguishing these programs from education more generally. It is also the case that public education is ostensibly designed for everyone, while most of the programs here are not. Although there might be some question about the inclusion of postsecondary vocational education, those institutions undoubtedly serve as key service providers in the employment and training (and the broader HRD) system across the country. Programs considered in this paper are means-tested or targeted on groups with special needs, such as those seeking employment.

B. The Management Context: Public-Private Sector Differences

It is important to acknowledge some of the major differences between the management context in the public as distinct from the private sector. These differences are all-important but too often minimized or overlooked altogether in the rush to apply private sector -- 'market-based', or 'bottom-line' -- management principles to public institutions and systems viewed as poorly run.[3] There has been a rush to embrace private sector approaches to managing publicly-funded programs, extending beyond political party affiliation and across ideological lines. What has resulted may well be an over-emphasis on the private sector approach. The degree to which applying these principles is appropriate in the public sector where goods or services are being provided <u>because</u> there has been a market failure, that is, for one reason or another, the market has underallocated resources to this area or that. This is not to suggest that better management of the programs is not needed or desired, but that the means for reaching that end may not be exclusively market-based. The tendency for U.S. business to be fixated on short-term market profits has received severe criticism as leading to short-sighted decisionmaking by domestic business when compared to our major European and Japanese competitors, the same competitors who have led the way in human capital investment as a means of improving productivity. There needs to be some balance in the approach taken, and it should seek to fit the context within which it must operate.

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[2]For just one example, see: Lewis (1986).

[3]For examples of the growing literature on the application of private management principles to publicly-funded programs, see: Bailey (1988); Behn (1987); Elmore (1979); the classic piece by Schultze (1977); and Williams (1980).

Major differences in the public grant-in-aid context include the following:[4]

- Power and responsibilities are shared across jurisdictions in the public sector. The degree to which these are shared by the federal, state and local entities is related to the amount of funding contributed by each.

- Rather than having a central concern with performance in terms of results or outcomes, the public sector's focus traditionally has been on compliance and distributional aspects. Public sector officials at all levels are far more attentive to organizational health and comfort than to longer-term program outcomes. After all, the responsible parties may or may not be around to capitalize on the returns from improved performance, despite the fact that benefits would accrue to the taxpaying public.

- In the decentralized public sector, particularly with greater reliance upon block grants, it is more a question of influence than control. There are a number of key implementors possessing wide discretion in operating programs, many of whom are well beyond the actual control of the federal agencies. While the rhetoric is control, the reality is influence: the federal entities -- and the states vis a vis the locals -- bargain for results. Moreover, without a serious commitment at the level of government immediately below, there is really no way to compel policy or program change.[5]

- Almost by definition, the public sector lacks the pressure points found in the private sector, leading to a search for market-like controls. If there were an obvious 'bottom line', clear delineation of roles and responsibilities, and near-perfect information, services would be provided almost entirely by the private sector.

- There are inevitably many masters often with conflicting goals. Unlike the private sector where there is usually one, overarching goal for the organization shared by all managing actors, in a grant-in-aid effort, one level of the system may be more concerned with results while another -- typically the ones closer to actual delivery of services -- is concerned largely with the distribution of services to key groups and areas.

When the private sector is actually brought into the managing partnership sharing responsibilities in a grant-in-aid program as in the Job Training Partnership Act (JTPA) and the Employment Service (ES), not only does the number of actors increase, but the partnership becomes that much more uneasy: there are conflicting management expectations and approaches, as well as conflicting goals.

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[4]This discussion relies heavily upon treatments contained in Reagan (1972); and Williams (1980).
[5]Ingram (1977), p.521.

C. Key Cross-Cutting Issues

Six cross-cutting issues form the basis for the discussion of HRD program management concerns which follows. These are issues which must be addressed regardless of the particular program or the level of the system, that is, federal, state or local. They need to be resolved whether the program is longer-term job training for the unemployed or short-term placement services for the general public.

The key cross-cutting issues are as follows:

- Legislative Purpose;
- Level of Use;
- The Role of Performance Standards;
- Appropriate Measures of Performance;
- Target Groups; and
- General Implementation Issues.

D. The Paper's Focus

The paper examines program performance standards, incentives and sanctions in HRD programs from several perspectives. Cross-cutting issues are emphasized because of the perceived commonality of their missions: all are grant-in-aid programs funded primarily by federal and state governments for the development or more complete utilization of human resources. Ultimately, all have an employment outcome focus. A better understanding of the manner in which performance management is handled across these related programs should enable federal and state decisionmakers to rationalize the delivery systems, especially in times of scarce resources.[6] The issues discussed are largely conceptual or design issues. Implementation issues (e.g., data collection requirements, etc.) are brought into the discussion but are not the primary focus. The research has relied both upon surveys of the existing literature, as well as in-depth interviews with other researchers, national and state policymakers and program administrators.

Section II briefly describes each of the programs, the evolution of their particular performance management requirements and the nature of their current management systems. Section III develops the cross-cutting issues more fully, while Section IV analyzes the programs in terms of these issues. Section V provides a synthesis of the issues, major and minor. Section VI departs from the lessons learned from the extensive experience with standards and incentives with JTPA and ES, making recommendations for federal/state policymakers and program administrators.

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[6]For a brief but provocative draft paper examining the principles underlying the possible rationalization of the broader employment and training system with an eye towards performance concerns, see: Wallace (1983).

II. THE PROGRAMS AND THEIR PERFORMANCE MANAGEMENT SYSTEMS

This section describes each of the programs, including a relatively detailed account of its current system for managing performance and a short history of its evolution. The programs reviewed include: job training as embodied by the federal/state/local system established under the Job Training Partnership Act of 1982; job placement or the ES, authorized by the Wagner-Peyser Act of 1933; postsecondary vocational education or Voc Ed, recently reauthorized under the Carl D. Perkins Vocational Education Act of 1984; and a number of welfare-to-work programs, ranging from the Work Incentive (WIN) Program for recipients of federal/state Aid to Families with Dependent Children (AFDC) to the Food Stamp Employment and Training Program. Figure 1 provides summary information concerning these programs. Brief attention is also given to current proposals for welfare reform, each of which contains standards provisions.

A. Job Training

The publicly-funded system for job training is authorized currently by the Job Training Partnership Act of 1982 (P.L. 97-300, as amended). JTPA is designed to provide training and, to a much lesser extent, employment largely for economically disadvantaged adults and youth. With almost $4 billion in federal appropriations in Fiscal Year 1987, a mix of activities and services is available under three major operational titles:

- Title II: Training Services for the Disadvantaged: Under Part A, activities including classroom training (occupationally-specific and basic skills), on-the-job training, job search assistance and limited work experience are offered by some 600-plus local Private Industry Councils (PICs) to economically disadvantaged adults and youth. Under Part B, PICs operate summer employment programs for eligible youth, aged 14-21 years. With the 1986 Amendments, summer programs increasingly emphasize remediation-oriented activities (reading and math skills acquisition), as well as more traditional part-time employment. In FY 1987, $2.6 billion was appropriated for Titles IIA and IIB.

- Title III: Employment and Training Assistance for Dislocated Workers: Workers displaced from their occupations and industries through plant closings, mass layoffs or other actions (e.g., disaster, federal actions) were provided many of the same training and related services as under Title IIA with FY 1987 appropriations of $200 million.[7] The administrative and programmatic variations under Title III are more varied than those under Title II, in part because the funds flow directly to

[7]The attempt to replace Title III with a restructured Worker Readjustment Assistance Program at greatly enhanced funding levels as part of the Omnibus Trade Act met with a Presidential veto which was overridden by the House but sustained by the Senate in early June 1988.

Figure 1
Programs Overview

	JTPA	ES	VOC ED*	WIN	FOOD STAMPS**
Primary Mission	• Increasing employment and earnings of disadvantaged youth, adults and dislocated workers through job training.	• Labor exchange	Unclear: market and non-market oriented mission and goals.	• Reducing dependency and promoting self-sufficiency for AFDC recipients-through job training and employment.	• Reducing dependency of Food Stamp recipients through short-term interventions.
Target Groups	**Title IIA** • Economically disadvantaged adults and youth • Welfare recipients • School dropouts **Title III** • Dislocated Workers	• Open eligibility • Priority to: - Veterans - UI Claimants; - Handicapped; -"Groups with special needs."	• Disadvantaged • Handicapped • Single parents/ displaced home-makers • Offenders	• Voluntary AFDC caretakers • Mandatory registrants not exempt due to: - children under 6; - ill, incapacitated; - age (under 16, over 65); - other.	• Voluntary registrants on Food Stamps. • Mandatory registraints not exempt due to: - WIN registration; - age; - ill, disability; - other.
Activities & Services	• Classroom Training • OJT • Work Experience • Job Search Assistance • Support Services	• Counseling and assessment • Labor Market Information • Job Referrals • Job Development	• Occupationally-Specific Education • Cooperative education • Work Study • Apprenticeship • Support Services	• Training • Work Experience • Job Search Assistance • Grant Diversion/ Work Supplementation • Support Services	• Primarily short-term Job Search Assistance or Training. • Support Services
FY1987 Federal Funding	$2.6 billion (Title IIA & B) $220 million (Title III)	$778 million	$220-306 million (est.)	$110 million	$50 million

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* Postsecondary only. Funding estimate assumes 25-35 percent of the $875 million Perkins Act appropriation is for postsecondary.
** Employment & training portion.

governors with only minimal guidance as to how local efforts are to be structured. PICs, community colleges, labor organizations and private-for-profit firms have all played a major role in service provision at the local level, as have state agencies.

• Title IV: Federally Administered Programs: Three federally-administered programs are supported under Title IV, including programs for Native Americans and Migrant/Seasonal Farmworkers under Part A, the Job Corps under Part B, and Veterans under Part C. In FY 1987, these efforts received a total appropriation of $750 million. In some instances, these programs are operated through local PICs; more often, they are not.

Performance standards including incentives and sanctions now play a prominent role in training programs for adults and youth operated by PICs under Title IIA.[8] Their intended role is more ambiguous in Title III and much more so under Title IV. Given the dominant role of the Title II and III programs in the federal scheme, the discussion here will center on those efforts to the exclusion of Title IV. It would be a serious slight to the Job Corps programs to pass over them completely, however: the most persistent efforts to build performance management into any HRD effort in this country are probably found in that system, from top to bottom[9]. In Job Corps, performance against standards has been factored directly into the procurement process for selecting program operators. Job Corps is a smaller, more tightly controlled system, with a direct contractual relationship from the Federal level, targeted upon a narrower clientele. Job Corps will not be incorporated into this discussion.

Job Training Performance Management: A Brief History. There have been three distinct phases in the development of performance standards and accompanying management components for job training programs.[10] In the first phase, dating roughly from the emergence of U.S. employment and training policies in 1961 to the passage of comprehensive manpower legislation in 1973, programs for job training were inherently performance-based, at least on one level: only programs whose staff wrote quality proposals and demonstrated a record of past performance were funded to provide services. With few exceptions, very little attention was given to program management at the state or local level or to program results beyond the point of the initial job placement. Funding was based largely on local 'grantsmanship' and need for services. By the late 1960s, in keeping with the Great Society's thrust, policies and programs stressed services to numerous target populations far more than participants postprogram success.

The second phase began with the passage of the Comprehensive Employment and Training Act (CETA) of 1973 and ended in 1983. CETA brought significant changes to the job training system, not least among them being that funding became tied directly to measures of need. Areas with greater relative shares of the economically disadvantaged

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[8]For discussions of JTPA performance standards and incentives, see: National Governors' Association (1983, 1985); Ryan (1986); King and Pittman (1987); and Strumpf (1985), among others.

[9]For example, see: Johnson (1985).

[10]For a lengthier treatment, see: King and Pittman (1987), pp. 12ff.

and the unemployed received more funding to provide services, regardless of their record of performance. CETA was among the first of the revenue sharing initiatives of the early 1970s. Only extreme fiscal or legal problems could keep an area from receiving their annual funding: funding was actually denied to only one area (East St. Louis) during this period.

The Department began an internal effort in the mid-1970s -- with participation from federal, state and local staff -- stressing management of performance-oriented programs. Goals and expectations were established, including groups of measures ("performance indicator clusters") by which federal staff in the regions could assess local programs based on performance. Federal staff were to make adjustments in the indicators based upon a series of interpretive factors, taking into account the degree of difficulty of groups served and the severity of local economic conditions. The process was subjective, varying by the individual federal staff person. No significant implications were tied to performance. It was an interesting beginning, but, without true rewards and sanctions, the process suffered a lack of credibility.

The passage of the 1978 CETA Amendments significantly increased the attention to performance management in a number of ways, including the addition of a far more explicit statement of purpose mandating that the Secretary establish performance standards (taking into account the characteristics of those served, economic and geographic differences, etc.) and creating a national Office of Management Assistance. Most of the features of the current system were initiated in response to these amendments. The legislation stopped short of mandating a complete management system, and a substantial distance remained between legislation in Washington and practice in the field. While standards were mandated, it took several years before the methods of analysis and the program data to support them could be developed. 'Trial' standards were introduced in 1982, but before full-blown implementation, there was a complete legislative overhaul. Moreover, the legislatively-mandated management assistance capability was never funded. Despite the changes, there were no clear implications for local performance.

The third and current phase began in earnest with JTPA's implementation in 1983. JTPA instituted a number of important performance-related changes, including:

- Explicit recognition that training was "an investment in human capital;"
- Vesting of clear and unambiguous responsibilities for oversight and management at the state level with the governor and with a partnership of the PICs and local elected officials (LEOs) at the local level;
- Shifting the program's focus from process to outcomes, mandating that the measures of performance for the Title IIA program for adults be increased in employment and earnings and reductions in welfare dependency and that both placement and non-placement measures be utilized for youth; and

- Providing for financial incentives and sanctions for failure to perform against standards: real significance was attached to local program performance.

JTPA is funded locally based on a combination of need and performance, and the governor has explicit responsibility for ensuring that local service delivery areas (SDAs) perform under the guidance of their PICs. The system outlined in the Act has the potential for offering a well-defined, balanced system of performance management at all levels. There are any number of possible approaches consistent with the legislation. Most observors of the current system agree that it is performance-driven. The question may be whether it is too performance-driven, pushing program operators to trade off service to groups most-in-need in favor of those easiest-to-place.

JTPA Performance Management. The performance management system surrounding the provision of programs for adults and youth under Title IIA has been developed incrementally since 1983 with intensive input from state/local entities and public interest groups. It is a hierarchical system, with roles and responsibilities for federal, state and local actors differentiated in rough relation to their distance from service provision. In keeping with legislative intent, the system is largely performance-driven, emphasizing outcomes -- both at-termination and post-program -- over in-program measures. There are both positive rewards and negative sanctions.

The essential roles in Title IIA are as follows. The Secretary sets the basic direction for the program nationally, including the numerical performance standards, and prescribes the rules of the game for governors and others, e.g., policies for varying performance standards, implementing incentives and sanctions, performance contracting, etc. Governors, with advice from their State Councils, set the "real" standards for programs in their states. From a policy and program management perspective, governors are pivotal in the standards implementation process. Among other critical decisions, governors may:

- Add standards in addition to the Secretary's standards;
- Determine the relative importance accorded each standard;
- Vary the numerical standards facing the local PICs;
- Shape the contracting process within the state;
- Define and establish specific incentives for service to the hard-to-serve; and
- Develop performance incentives and sanctions policies.

These are the decisions which give life to the policies outlined in the legislation and federal regulations. PICs make the final translation into 'bottom-line' performance criteria locally for service providers. The device for this is typically two-part: the funding application package and the contract, most of which are now performance-based. It is the

contracts which are the systems' true drivers. Rhetoric aside, if placement targets are the sole measures included in PICs' contracts with providers, then placement is the only real standard. Increasingly, PICs are sharing their rewards with service providers, passing along some portion of the incentive awards to those most closely associated with the performance which secured them.

The guiding principles of the performance standards framework under JTPA Title IIA can be stated relatively simply. These principles have evolved from several years of discussions at all levels of the system in developing the standards and incentives/sanctions policies, dating from the latter days of CETA. The basic approach stemmed in part from observation of private sector management practices in firms with decentralized responsibility and profit centers. They embody much of the management philosophy behind JTPA performance management. The guiding principles, many of which apply to ES as well, are:[11]

- Performance standards should be used to encourage good performance. SDAs should not be penalized for serving groups which are particularly difficult to serve, such as welfare recipients, dropouts and others.

- SDAs should be rewarded for good performance, not good planning.

- SDAs should not be penalized for operating in a difficult environment, particularly one undergoing major economic and labor market distress.

- An SDA should primarily compete against itself, not other SDAs.

- Performance standards should serve as a management tool for use in program planning and evaluation.

- Numerical standards should serve as the beginning point for state-local discussions concerning performance expectations, not the ending point.

- There is much more to good program performance than just exceeding performance standards.

Under Title III, the management system has been given little shape or form, in large part because the roles of the actors and the nature of the programs to be established have been left unclear. The Act creates a system within which the Secretary at the federal level is required to set standards based on placement and retention for programs which range from short-term, outplacement services in a single-plant shutdown in a rural area to traditional classroom training efforts for large numbers of unemployed workers. At the state level, it is important to note that the governor may or may not pass through Title III funds to local PICs. Some states retain significant funding at the state level to support Rapid Response Teams for responding to emergency situations (e.g., mass layoffs or plant shutdowns, and

[11] See: King and Pittman (1987), as well as the various DOL Performance Standards TAGs.

allocate the balance to some or all PICs by formula. Incentives and sanctions are not required nor is it clear what rationale exists for them. In many cases, local PICs will be operating one-time programs for a unique set of workers in an occupation or industry. Future rewards or sanctions would probably have little effect on current program performance.

Performance management for Title IIB Summer Youth Employment and Training Programs recently underwent considerable discussion and modest change with the passage of the 1986 Amendments. While initially all of the actors -- from the governor to the PICs and LEOs -- had the "same authority, duties and responsibilities" under Title IIB as they had under Title IIA [Section 254], the authorizing legislation now contains an explicit statement of purpose [Section 251] and requires local SDAs to develop written goals and objectives for their summer programs. This shift from the twenty-year-old focus on short-term employment arose from considerable research and Congressional concern that brief periods of summer employment for disadvantaged youth without remediation would leave them as adults in poverty later. Note that there is actually no real management system or even a set of management actions attached to these new requirements. The sharing of responsibilities is unlike that for Title IIA. Governors do not have a real management role. SDAs retain the basic responsibility for operating summer programs -- that is, recruiting kids, developing jobs, etc. -- and current funding remains tied to need rather than last year's performance measured by post-program placement, reenrollment in school or change in math/reading test scores. Management concerns revolve around compliance and expenditure levels for the most part.

B. Job Placement/Labor Exchange

Since the passage of the Wagner-Peyser Act in 1933, State Employment Service Agencies (SESAs) have been offering a wide array of services -- providing labor market information, developing job orders with employers, testing and screening potential employees, providing job referrals and performing the "work test" for unemployment insurance claimants, welfare and food stamp recipients, and others.[12] SESAs have operated as a federal/state partnership, serving both employers and potential employees, facilitating the labor exchange. Eligibility for these services, unlike many of the others discussed in this paper, is open, for both employers and employees, although some categories of workers (e.g., migrant/seasonal farmworkers, handicapped and veterans) are given special priority.

Title V of JTPA significantly amended the Wagner-Peyser Act in a number of ways. States now receive most of their funding based exclusively on need, as measured by relative shares of unemployment and the civilian labor force. In addition, the federal allocation flows directly to governors rather than to SESAs, with funds divided into two components: 90 percent for the provision of basic labor exchange services locally, through a subscale funding allocation determined by the governor; and the remaining 10 percent

[12]For an excellent description of the labor exchange system and a discussion of performance management issues, see: Chadwin, et. al. (1977). This paper is dated, but the treatment of the issues is still relevant.

reserved at the governor's discretion for performance incentives, services for groups with special needs, and the added costs of exemplary models. Planning for labor exchange must also be conducted jointly with the PICs at the local level, and, as with JTPA, the operational cycle is the program year. Concerns with performance management and the use of standards and incentives have been on the increase in the labor exchange system.[13] FY 1987 appropriations for labor exchange amounted to nearly $780 million.

The Evolution of ES Performance Management. The recent history of performance management in the labor exchange system reveals frequent and major shifts in direction, much more so than in job training.[14] Unlike the evolution of performance management in job training, the phases are far more difficult to characterize for ES. In the 1950s and early 1960s, funds for labor exchange were allocated to SESAs based primarily upon workload factors ("workload time factor budgeting"). This system was dropped in favor of one based exclusively upon need as measured by the state's relative share of economically disadvantaged persons. This shift was in keeping with the redirection of the ES and other programs in the period toward serving the poor. Then, from 1975 to 1979, funds were allocated to SESAs based partially upon performance, first through the Balanced Placement Formula from 1975-1977 and later through the 24-factor Resource Allocation Formula from 1977-1979. Most of the performance measures included in the formulas were tied to short-term placements, leading to widespread criticism of the mechanism throughout the system. The period from 1980 to 1982 once again saw a return to state allocations based upon need, i.e., 98 percent based upon the prior year funding level. This allocation formula essentially aligned the states' funding proportions with their relative performance in the late 1970s. Since JTPA's passage in 1982, most federal labor exchange funding flows to states based on need.

Performance Management in ES. The JTPA amendments to Wagner-Peyser seem to have straightened out a few kinks in the labor exchange system relative to job training. Both systems now receive funds at the state level based upon need rather than performance, and responsibility for program management, including the quality of the outcomes, rests with the governor. The governor has the authority to foster coordination between the job training and job placement systems within the state, including establishing state-specific performance standards and accompanying incentive systems. Finally, at the substate level, PICs are responsible for jointly planning both job training and job placement funds in their SDAs.

However, a significant hitch remains. The 1982 amendments stopped short of requiring the Secretary to establish performance standards at the federal level. Instead, the Secretary is allowed to do so. To date, there mainly has been encouragement on the Department of Labor's ES side. Nationally, the USES did develop state and substate ES models designed to establish and adjust performance standards to support state and local planning and management. But, states have had to proceed largely on their own, making

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[13]The guide by King and Pittman (1987) discusses a variety of issues related to standards and incentives in both JTPA and Wagner-Peyser.

[14]For a concise history, see: Fairchild (1980).

use of guides for the development of state and substate standards prepared in the 1983-1985 period. These were disseminated to the states, but their use has not been actively promoted as has been the case with JTPA.

C. Postsecondary Vocational Education

Vocational education, at best, can only loosely be described as a "system" at any level in this country.[15] Federal funding for vocational education programs is currently provided under the Carl D. Perkins Vocational Education Act of 1984. Secondary and postsecondary training is offered by a large array of providers, including both public and private institutions, high schools, technical institutes, community colleges, four-year secondary institutions, correctional facilities, and proprietary schools. As might be expected, there is wide variation in the scope, nature and quality of these programs. This discussion focuses on post-secondary programs. Voc Ed at the secondary level appears to be focusing more upon generic skills acquisition in recent years. Many of its programs are becoming integrated with so-called academic-track curricula.[16]

Federal support for postsecondary Voc Ed began with the passage of the Vocational Education Act of 1963, although such support existed at the secondary level for nearly fifty years before. Major amendments in 1968 and 1976 broadened the definition of Voc Ed, strengthened the emphasis on planning, evaluation and accountability in general, emphasized improved access for certain groups and called for the elimination of sex stereotyping, among other changes. The Perkins Act of 1984, while a significant reauthorization, largely represents incremental change, a continuation of the existing process, stressing two primary objectives: improved program quality and access. In a significant departure, the Perkins Act promotes a highly categorized approach to Voc Ed programming with numerous setasides for key groups and programs.[17]

Federal dollars account for only about 6 of every 100 dollars spent on postsecondary programs. The secondary/postsecondary funding split is a state-level decision resting with the state education board; not surprisingly, the share allotted to postsecondary Voc Ed varies widely from state to state. According to one recent survey, at least one-half of the states have allocated less than 20 percent of their federal funds for postsecondary Voc Ed. In FY 1987, the federal appropriation for Voc Ed was $875 million, of which it is estimated that only about $220-300 million went to postsecondary programs. Nearly half of the students enrolled in postsecondary programs nationally were in occupationally-specific programs, including such traditional occupational groupings as agriculture, distributive education, health, occupational home economics, office occupations, technical and trade/industrial. A number of other Voc Ed programs which are

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[15]For an overview of Vocational Education in the U.S., see: Hoachlander, Choy and Lareau (1985).

[16]Probably the best example of the integrated approach to Voc Ed programming is provided by the approach taken in New York State.

[17]For an interesti .g overview of the provisions and the common ground between Voc Ed and JTPA from a state perspective, see: Roberts and Petrossian (1987).

more difficult to characterize are provided as well, including cooperative education, work-study and apprenticeship, much of which is at the postsecondary level.

Management of PostSecondary Voc Ed. It is important to acknowledge from the outset that the nature of the Voc Ed system is quite different from the others. Overwhelmingly, funding for Voc Ed is non-federal, altering the character of the program policy bargain considerably. In addition, funding (federal, state and local) ends up in the hands of provider institutions which answer to independent, elected boards, each operating with its own value system according to its own mission, goals and objectives. This federal grant-in-aid program sits at the other end of the continuum from JTPA: there are shared responsibilities, but the degree to which they are shared and the extent to which they are controlled is very different from the programs with predominantly federal funding.

While there have been longstanding concerns with the performance of Voc Ed programs, both secondary and postsecondary, these have been largely in terms of clarifying the mission of the programs more generally and conducting appropriate evaluations of their results.[18] It has been suggested recently that Voc Ed, much like pre-JTPA job training programs, has been inordinately process-oriented. The Perkins Act provides some opportunities to change that situation, yet it does not build in standards or add substantively to the performance orientation of postsecondary Voc Ed. Some states (e.g., Florida) have capitalized on these opportunities, but most have not.[19]

The Perkins Act contains several sections regarding performance. To receive federal funding, states must assure the feds in the State Plan that they will develop measures of program effectiveness -- such as the occupations trained for, the levels of skills to be attained, and the basic employment competencies used -- and that they will evaluate not less than one-fifth of their eligible recipients every year [Section 113]. There are no performance standards per se, and there is no explicit, federal/state/local management process envisioned beyond those few paragraphs.[20] States are left to their own devices in terms of program performance management for postsecondary Voc Ed. In effect, the main control mechanism for these efforts lies in the accreditation arena, again a process-oriented effort, which operates outside of the funding decisions for the most part.

D. Welfare Employment and Training Programs

As welfare rolls have grown and federal and state budgets have tightened in recent decades, there has been renewed interest in welfare-to-work programs. Several of these are discussed briefly below. In the case of job training and placement programs for AFDC

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[18]For example, see: Planning Papers..., (1979), especially the papers by Grubb; Bogetich and Lammers; Walsh; Swanson; and Thurow.

[19]Florida has established 70 percent placement rate standards for the targeted populations which apply to the federally-funded programs: failure on three of the standards precludes receipt of state vocational education funds.

[20]It should be noted here that performance standards were considered during the Perkins Act reauthorization, but not enacted.

recipients, there are a number of variations to describe, beginning with the oldest federally-funded program, the Work Incentive (WIN) program.

1. Welfare-to-Work Programs for AFDC Recipients

After several small forays in the early 1960s, the federal government jumped decisively into the welfare-to-work arena in 1967 with amendments to the Social Security Act creating WIN.[21] For more than a decade, this program served as the centerpiece, providing federal funding for programs to assist recipients in obtaining training and employment and in moving off the welfare rolls. The program underwent a number of significant changes during that time, including: a shift from emphasizing training and support services to more immediate job search assistance and placement; a move to mandatory participation in 1972 for those without young children; and shifting the administrative responsibility for the programs from state welfare agencies to SESAs. Since the passage of the Omnibus Budget Reconciliation Act (OBRA) in 1981, there have been substantial changes in the program, especially reduced funding and increased state discretion, giving rise to considerable within- and between-state program variation.

Nationally, 90 percent of WIN's funding is federal. With FY 1987 funding at the $110 million level, WIN funding has declined by more than 65 percent in actual dollars and nearly 78 percent in constant dollars since FY 1979. WIN has never received sufficient funding to do much more than comply with program "registration" for most participants even in years with far greater funding: only half of WIN registrants actually receive significant services.

States now have far more flexibility to design and operate programs for AFDC applicants/recipients.[22] Four program options have been made available since 1981, options which are not mutually exclusive:

- WIN Demonstration. Under this option, governors have the opportunity to apply to have a single state agency maintain responsibility for all aspects of the state's WIN program. Twenty-six states are now operating such programs.

- Community Work Experience Programs (CWEP). States may require recipients to participate in CWEP as a condition of benefit receipt. The main activity under CWEP has been "workfare," where recipients work off the value of their grants in subsidized public or private-non-profit employment. Twenty-six states have opted to run CWEP (though not the same 26 operating WIN Demo).

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[21] This description relies on an excellent discussion of past and present work-welfare programs found in Nightengale and Burbridge (1987). For additional information on these programs, see: Smith (1987).

[22] OBRA created the first three options in 1981 (WIN Demo, CWEP and work supplementation. The Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982 allowed state to operate job search programs for AFDC applicants as well as for AFDC recipients. The Deficit Reduction Act (DEFRA) of 1984 expanded the grant diversion option under work supplementation to include private sector jobs.

• Job Search. Since 1984, states may also require AFDC recipients and applicants who are required to register for WIN to participate in group or individual job search by offering such programs on a statewide basis. Twenty-five states are operating such programs (referred to as Title IVA Job Search).

• Grant Diversion/Work Supplementation. States may also establish grant diversion/work supplementation programs where the recipient's grant is diverted to either a public or private employer to subsidize the costs of OJT and wages paid. Only 15 states operate grant diversion programs.

The Evolution of WIN Performance Management. Prior to the 1981 revisions, WIN programs were managed jointly through a dual organizational structure relying on both Labor and Health and Human Services staff at the federal (national and regional) level. In general, states followed the federal pattern with separate management units in both the central welfare and employment agencies and in local offices as well. There was typically a high degree of coordination between the agency staffs in the planning and operation of the WIN programs, particularly those with co-located staff at the state and local levels. The expressed mission of the program was to find jobs for as many WIN registrants as possible while increasing the wages and duration of those jobs.

In this pre-1981 period, the key federal/state/local communication of performance expectations was via the formula for distributing program funds. WIN resources were distributed based on a complex formula combining need (or prior service levels) and performance. Performance was measured in terms of placements, wages, job retention, and projected welfare grant reductions, taking into account the degree of difficulty of serving the AFDC population. Poor performance directly affected future state funding allocations. Increases in both program options and state administrative discretion since 1981 make describing the existing federal/state management structures and the performance management system in any meaningful way almost impossible. State discretion is high, but structured, regular documentation and reporting regarding the use of this discretion remains low.

Despite considerable attention given to evaluations of work/welfare program interventions for AFDC recipients over the last several decades, translation into operational performance standards, incentives and sanctions has been lacking.[23] More recently, researchers, policymakers and program administrators have begun to focus on the need for standards in the management of these efforts, particularly in the on-going debate over welfare reform.[24]

[23]For an example of research into the factors affecting performance and the indicators of local program performance, see: Mitchell, Chadwin and Nightengale (1980).

[24]There are a series of papers available concerning design and operational issues surrounding performance standards for welfare and related programs, primarily AFDC and General Assistance, in the context of JTPA standards. See: Kogan, et. al. (1984, 1985).

2. Food Stamp Employment and Training Programs

Until recently, there have been few structured employment and training programs for Food Stamp recipients. Work registration requirements were instituted for Food Stamp recipients in the early 1970s, gradually evolving into programs consisting of funded activities and services for those recipients.[25] However, until the Food Security Act of 1985, there were few substantive initiatives beyond the pilot workfare demonstrations authorized in 1977 and again in 1981. The 1985 legislation required that all states implement mandatory employment and training programs for recipients not already subject to work requirements under other federally-funded efforts (e.g., WIN mandatories) by April 1, 1987.

This new program for Food Stamp recipients, administered at the federal level by the U.S. Department of Agriculture's Food and Nutrition Service (FNS), is to be designed and operated by the state welfare agency. States have wide discretion in how these programs are to be run, including the activities and services to be provided and the choice of service providers. It is significant that these programs, for the first time, carry participation standards, expressed in terms of percentages of the eligible population which must be served in the programs. Outcome standards have been discussed but not implemented. Because of limited federal funding -- $50 million in FY 1987, rising to $75 million over the next four years -- little substantive intervention can realistically be expected: it has been estimated that the FY 1986 funding level ($40 million) allowed a per-recipient expenditure of about $26, barely enough to cover the registration process, much less the provision of significant employment and training services.[26]

3. Welfare Reform Initiatives

It is interesting to note that the leading proposals for welfare reform contain explicit language on performance management, including provisions on program mission, goals and objectives, as well as participation and performance standards. Only two bills have survived the legislative debate, one in the House and the other in the Senate: The Family Welfare Reform Act [H.R. 1720] passed the full House in December 1987 and is known as the Ford-Downey bill; and The Family Security Act [S. 1511], or the Moynihan bill, was passed by the Senate in June 1988. (The Conference Committee has recently begun the work of reconciling these bills into a single bill which can be sent to the President.) Both would effect significant change in the income maintenance aspects of the current system, focusing attention on the adequacy of state benefit levels and mandating two-parent programs, but many of their provisions are aimed at increased emphasis on operating effective programs for recipient self-sufficiency.

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[25]For an overview of the evolution of employment and training programs for Food Stamp recipients, see: Urban Institute (1986), and Nightengale and Burbridge (1987). In addition, for a concise treatment of the research findings on Food Stamp and related programs, see: Auspos (1986).

[26]Gueron and Sherwood (1986), p. 3.

H.R. 1720 would establish the National Education, Training and Work (NETWORK) Program, a more detailed and prescriptive effort than the counterpart proposed in S. 1511, the Job Opportunities and Basic Skills (JOBS) Program. NETWORK mandates client-agency agreements and service plans to be overseen by case managers, and the list of activities and services prescribed is more detailed than under JOBS. In addition, the system of performance standards and incentives in H.R. 1720 [Section 436] parallels that in JTPA. Performance standards would be established with state-level variations, targeting on priority groups, and eligibility for incentive payments depending upon the degree to which a program exceeded the standards. Performance would be measured by outcomes -- including placement in jobs with adequate benefits and long-term job retention -- rather than participation levels. On the other hand, S. 1511 requires that performance standards be established within five years of the program's enactment based on program research, but does not contain further specification [Section 204]. Both bills explicitly address standards, virtually ensuring that performance management and standards will be an important part of any program enacted.

III. THE KEY CROSS-CUTTING ISSUES

A. Legislative Purpose

Each program has its own mission or legislative purpose, as well as its own distinct set of goals and objectives. The mission is the program's reason for existing, not something which can ever actually be attained. The missions for these programs vary widely, ranging from a relatively explicit, longer-term focus on increased employment and earnings in JTPA to more short-run oriented aims, such as found in the Wagner-Peyser Act. However, all share a mission contained under the broad human resource development (HRD) umbrella. The goals of HRD efforts can be further classified into three main areas: maintenance, development and utilization.[27] The focus here is only on programs concerned with development and utilization. The standards -- and associated incentives and/or sanctions -- established should be congruent with the program's goals and objectives. Unless the mission, goals and objectives of the program are clear, it is difficult to establish such standards.

One of the attributes distinguishing management in "excellent" corporations is that they possess simultaneous loose-tight properties.[28] That is, performing entities are allowed considerable discretion in terms of *how* they produce, but management holds very tightly to *what* they should be striving to accomplish. Values -- established and managed by the leadership -- are tightly held, while the means for pursuing them are left relatively open to field decisionmaking. It is even more critical that goals, objectives and accompanying standards be expressed and communicated clearly in publicly-funded, grant-in-aid programs than in private corporations where the 'bottom line' is near term, evident and readily measurable.

There is wide variation in both the time-orientation and the clarity with which the programs' purposes have been expressed. (Figure 2 summarizes the missions and goals of the programs.) Clarity is particularly important for program management, in that the clearer the goals of the program are expressed -- and understood and adopted throughout the system -- the easier it is to lay in place a management system with workable standards, rewards and sanctions policies. The programs fall into three, relatively distinct groupings.

First, two programs -- the ES and Food Stamps -- appear to be authorized for short-term results and to have a limited number of unambiguous goals. These programs share goals more geared to near-term resource utilization than to longer-term development. ES, at least in terms of its labor exchange mission, was created to facilitate clearing the labor market, to assist potential workers (and employers) in obtaining jobs, quality notwithstanding [Sections 3 and 7(a)]. A small degree of confusion may have crept into the picture with the 1982 JTPA amendments which referred to "wages, retention and other

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[27]Harbison (1973, 1976).

[28]Peters and Waterman (1982).

Figure 2
Legislative Purpose: Mission, Goals and Objectives

	JTPA	ES	VOC Ed *	WIN	FOOD STAMPS**
Mission	• To prepare youth & unskilled adults for labor force entry • To afford job training to the economically disadvantaged & others with serious barriers to obtain productive employment	• Labor exchange, clearing the labor market	• Unclear, ambivalent	• To restore families of individuals on AFDC to independence and useful roles in the community	• To assist members of participating households in gaining skills, training or experience that will (promptly) increase their ability to obtain regular employment
Goals & Objectives	**Title IIA** Job training as "investment in human capital," leading to: **ADULTS & YOUTH** • Increased employment • Increased earnings • Reductions in welfare dependency • Increased postprogram employment & earnings **YOUTH** • Attainment of PIC employment competencies • School completion • Enrollment in other training/apprenticeship • Enlistment in Armed Forces **Title III** • Placement in unsubsidized employment • Retention in unsubsidized employment	Successfully matching jobseekers and potential employers, measured by: • Placements • Wages, retention & other factors	• Improved target group access to programs & jobs • Improved skills acquisition and labor market responsiveness • Miscellaneous (e.g., helping depressed areas, strengthening research, enhancing application of modern technologies)	• Unsubsidized employment • Training for work in the regular economy • Participation in public service (subsidized) employment	• Increased participation in training and employment programs • Increased unsubsidized employment

Postsecondary.
* The employment and training program portion.

factors," but which did not materially alter ES' mission while introducing provisions on performance incentives: the dominant mission for labor exchange is employment, not enhanced earnings for the unemployed. The recently-implemented Food Stamp program similarly seeks the provision of services to assist "members of households participating ... in gaining skills, training or experience that will increase their ability to obtain regular employment" [Section 6(d)(4)(a)]. Other provisions in the legislation reinforce the short-run emphasis (e.g., "promptly"), as does the limited amount of funding appropriated for the program. All of these program goals are short-term and relatively clear.

As a result of the 1986 amendments, the JTPA Summer Youth program has a broader set of purposes, although its focus is still largely short-run. In addition to providing summer work experience and exposure to the world of work for eligible youth, the program also seeks to enhance participants' basic educational skills and to encourage school completion/enrollment [Section 251]. This represents the first explicit statement of purpose for the program. The program's goals are clear, and its time horizon has been stretched slightly.

The second grouping consists of programs -- JTPA Title IIA and WIN -- whose goals can be categorized as intermediate-to-longer term and which are relatively clear and unambiguous. JTPA's statement of purpose [Section 2] must be taken together with the more extensive provisions of Section 106 and explanations contained in the Conference Report to fully understand the purpose of Title IIA.[29] Section 106 explains that "job training is an investment in human capital not an expense," the productivity of which should be measured, for adults, by:

- Increased employment;
- Increased earnings; and
- Reductions in welfare dependency.

Few programs have such clear direction. For youth, a number of goals less directly tied to outcomes (e.g., competency attainment, school completion, enrollment in other programs, among others) also apply.

Since WIN's substantial restructuring in the early 1980s, it is very difficult to characterize the programs at the national level in any meaningful terms. WIN is engaged in what amounts to a large, state-by-state demonstration of four broad programmatic approaches for eligible AFDC recipients and applicants. Yet, the purpose of WIN has not changed substantially from the pre-1981 period: restoring the families to independence and useful roles in their communities [Section 430]. This is to be achieved through: (1) employment in the regular economy; (2) training for work in the regular economy; and (3) participation in public service employment. The emphasis is on programmatic interventions leading to self-sufficiency through employment over time. WIN and JTPA Title IIA are

[29]See: Job Training Partnership Act: CONFERENCE REPORT, Washington, D.C.: U.S. House of Representatives, 97th Congress, 2nd Session, Report No. 97-889, September 28, 1982.

closely related programs both in terms of goals and time orientation, with WIN targeted on a subset of the JTPA-eligible population.

The last group of programs -- including JTPA Title III and postsecondary Voc Ed -- exhibit considerable ambiguity in their goals and in their time horizon. There is no separate statement of purpose in JTPA for Title III. Neither the Act, the Conference Report, the regulations, or the numerous technical assistance guides (TAGs) contain a clear, concise statement of the program's goals. There appears to be consensus that the goal of the program is to re-employ displaced workers, many of whom are not economically disadvantaged, at earnings levels as close as possible to those prior to the plant layoff or shutdown. Whether this should be achieved through longer-term training or more rapid labor market re-entry efforts is not clear. Section 106 suggests performance measures (placement and retention) for Title III without clarifying its purpose. This absence of clear direction, coupled with the wide diversity of structures possible, has caused considerable confusion. Further, the program carries no legislative language concerning the time frame for interventions or results.

The greatest ambiguity is in Voc Ed. The Act lists nine purposes for the program, a laundry list with something for everyone which can be grouped for convenience as follows: improved target group access; improved skills acquisition/labor market responsiveness; and a catch-all miscellaneous category [Section 2]. The confusion stems from the fact that Voc Ed is less targeted than most of the other programs, has a long-run mission which has fluctuated between manpower training and education aims and is dominated by non-federal funding sources. In addition, while postsecondary Voc Ed is oriented towards serving those beyond high school and aiming for jobs not requiring a baccalaureate (i.e., 4-year) degree, it labors under a definition which encompasses preparation for both paid and unpaid employment [Section 521(31)] and which includes as one of its goals, improving the effectiveness of consumer and homemaking education. This, coupled with the fact that this muddled mission applies only to the federally-funded portion of Voc Ed -- less than 10 percent of the total nationally -- makes the going very tough. If the Act is not clear on just where and when the program should be going, it is very difficult to envision appropriate measures and management approaches to determine whether it has arrived.

B. Level of Use

The actors involved in performance management decisions vary and the nature of their information needs differ as well between programs. There are program goals and objectives at the federal, state and local levels with varying degrees of specificity, requiring different standards and measures at each level. Standards should fit the management functions and decisions required at each level. Differences between programs are related in part to variations in the share of federal funding.

National-Level Policymakers. Two actors have a primary interest in performance standards at the national level. First, Congress authorizes programs and appropriates most of their funding. It follows that Congress has an interest in the

performance of these various programs measured against some type of benchmark. This is the basic Congressional oversight function. The analogous incentives and sanctions are found in changes in the level of appropriations and in authorizing decisions over time. Second, federal agencies also have a keen interest in program performance in keeping with their role as members of the Executive Branch. In many cases, this responsibility is legislatively mandated; in others, it is not. Furthermore, for some programs, federal commissions -- such as the National Commission for Employment Policy (NCEP) -- are charged with evaluating programs and advising Congress, the President, and the agencies on ways to improve them.

At issue is the type of measure appropriate for national-level use. Congress and the federal agencies are broad policymaking bodies and should focus more upon longer-term, net impact -- evaluative -- measures of performance. Neither are responsible for day-to-day management of service delivery for participants; local entities, and to a lesser extent, states are. The federal role in human resource management should be establishing the overall program goals and objectives and creating an environment within which good state and local program management towards those ends can occur.

State-Level Policy and Program Officials. State management responsibility for human resource development has increased considerably in the 1980s. Governors or state agencies now typically have far more discretion -- from front-end planning and resource allocation to program oversight -- in JTPA, ES and welfare programs than they did just a few years ago. The need for performance measures at the state-level has increased accordingly. Governors and their agencies must oversee the programs and, in many instances, financially reward and/or sanction local program providers based on their performance. The nature of the standards required at the state level, in terms of detail, frequency, and other factors, rests somewhere between those at the national and those at the local level.

With the added attention to state performance management across programs, the importance of inter-program coordination and the rationalization of delivery systems have taken on greater importance at this level as well. Some of these programs contain provisions authorizing the establishment of state coordinating councils of differing makeup, typically appointed and serving at the pleasure of the governor, designed to carry out these responsibilities. These councils may be charged with examining program results in several related programs and advising the governor or his agency on performance standards and how best to rationalize service delivery in the state. The potential role of these councils is great but not yet fully realized.

Another issue which has received little attention in the discussions of management responsibilities and performance standards to date is whether the governors -- or any other elected official at any level, or appointees serving "at the pleasure of" -- are appropriately charged with carrying out management functions. Governors (and elected officials generally) are necessarily politicians responding to political demands, typically more concerned with distributional than results-oriented objectives. In none of the programs examined here do governors have anything to gain from dutifully performing these duties:

not only will their states continue to receive the same funding levels after doing so, but they will have alienated potential allies in the process. Put another way, governors can only make enemies in carrying out these duties at the substate level. The only benefits to the state (e.g., a few more citizens/voters served better at the margin) are likely to be realized over a time period likely to exceed their term in office.

Local Officials and Service Providers. Local actors have the most immediate need for performance measures and standards. Increasingly, the responsibility for performance management is shared by three sets of actors: local elected officials, the private sector, and service providers. Locally, data concerning performance measures must be detailed, reliable and available with greater frequency (i.e., daily not quarterly). Day-to-day management reality dictates that local managers make do with the best proxies they can afford, trading off ideal measurement devices in favor of pressing short-term management requirements. Among these programs, there is remarkable diversity in the entities responsible for local management and service delivery. Some are autonomous, incorporated organizations with relatively strong private sector feature, others are independent locally-elected boards, while still others are wholly-owned units of the state agency in effect. The local management context - much of which is driven by both the enabling legislation and the relative federal/state/local funding contributions -- has important implications for the requisite systems and standards.

JTPA. Nationally, both Congress and the Executive Branch play important roles in ensuring JTPA program performance. (Figure 3 summarizes the roles played by the key actors in each of the programs.) Congress' role is intermittent and more distant than that of the Department of Labor. It is concerned with performance in a broader evaluation context and oversees Labor's implementation of JTPA. The Secretary has broad evaluation responsibilities as well, but must also set performance standards for adults and youth in Title IIA, along with the framework ("parameters") within which governors may vary the SDAs' standards. The Secretary requires both longer-term net impact measures to fulfill evaluation needs, as well as more immediate proxies. The Secretary's needs in terms of performance management extend only to what is necessary to provide governors the standards and accompanying framework within which to oversee SDA program delivery. The latter function requires detailed data collection and reporting to yield the data base from which to develop the standards.

The NCEP, has been charged with identifying employment and training needs, as well as evaluating the effectiveness of Federally assisted programs It has explicit legislative responsibility for advising the Secretary of Labor on JTPA performance standards and their effectiveness.

At the state level, governors not only establish state program goals and objectives, but also develop and implement state policy on performance standards, with the advice of the state job training coordinating councils (SJTCCs). While removed from day-to-day program management, they are far more involved than before and require sufficiently detailed data to determine whether an SDA is performing well against its standards and why

Figure 3
Key Program Actors and Their Roles

	JTPA	ES	VOC ED*	WIN	FOOD STAMPS**
National	Secretary of Labor • Develops performance standards • Sets parameters for governors to vary SDA standards • Rules on SDA sanctions appeals National Commission for Employment Policy • Reviews JTPA effectiveness & coordination with other programs • Advises Secretary on standards	Secretary of Labor • Develops standards (optional) accounting for differing state priorities (required) National Commission for Employment Policy • Reviews ES effectiveness & coordination with other programs • Advises Secretary on standards	Secretary of Education • State plan approval • RD & E National Council on Voc Ed • Advises Secretary on Voc Ed effectiveness and coordination with other programs	Secretary of Health & Human Services • Determines planning and operations parameters • R D & E [Jointly with Sec. of Labor for regular WIN program] National Commission for Employment Policy • Reviews WIN effectiveness & coordination with other programs	Secretary of Agriculture • Establishes national participation standards and key exemptions • Determines program planning & operations parameters National Commission for Employment Policy • Reviews E & T program effectiveness & coordination with other programs
State	Governor • Establishes state goals/objectives • Prescribes variations in standards • Establishes & applies policies for: - Distributing SDA incentives - Providing SDA technical assistance - Reorganizing SDAs (corrective action) • Establishes added standards (optional) State Job Training Council • Develops Governor's plan • Recommends standards variations • Advises on SDA plan approval • Reviews SDA performance	Governor • Adjusts state/substate standards • Establishes/applies policies for: - Incentives distribution - Technical assistance (optional) - Corrective action (optional) • Reviews state ES plan State Job Training Council • Advises governor on local plan approval • Reviews local ES performance	State Board of Education • Receives federal funds & determines secondary/post-secondary allocation • Establish criteria for Voc Ed evaluation & assess access to quality program • Evaluate adequacy & effectiveness of Voc Ed & JTPA and coordination State Advisory Councils • Advise State Board on evaluation criteria, etc.	Governor/welfare agency • Chooses program options (WIN, WIN Demo, etc.) • Plans service delivery & establishes goals and objectives • May contract with providers (e.g., ES) directly State Job Training Council • May serve as WIN state council	Governor/welfare agency • Plans programs and establishes goals and objectives • Establishes additional participation exemptions • May contract with providers directly
Local	PICs/SDAs • Plan & provide for services to exceed standards • Develop/recognize youth employment competencies • Negotiate performance contracts	ES Offices • Plan (jointly with PICs/LEOs) & provide services to exceed standards	Local Boards • May oversee planning & operations Community Colleges, Technical Institutes, Proprietary Schools • Plan & provide services	Welfare Office • Coordinate service delivery • May contract with providers	Welfare Offices • Coordinate service delivery • May contract with providers

* Postsecondary
** Employment & training portion

if not. The need for knowledge about non-performance stems from the governors' legislative mandate to provide technical assistance to SDAs and to sanction those not meeting standards. Their technical assistance/sanctions role calls for greater detail, frequency and access to SDA data than the incentives role alone. Governors need detailed, frequent reporting on performance, process- and outcome-oriented, to fulfill their expanded planning and controlling roles. The burden for the current performance standards system is primarily at the state-level for Title IIA and even more so for Title III.

The potential impact of the SJTCCs is large. These councils not only serve a major advisory role in JTPA performance management as described above, but they also carry out key review functions for the states' ES, Voc Ed and any other plans providing "employment, training, and related services" in the state [Section 122(b)(8)]. Moreover, governors have the discretion to transfer related coordination functions assigned to like committees or councils under WIN and ES to the JTPA councils. This latter provision opens the door to much closer coordination among the many employment and training programs, presumably including the essential performance management aspects. Consolidating oversight and performance management functions -- including advising governors on planning parameters, duplication of services, program evaluation and standards and incentives/sanctions policies--in the SJTCCs has the potential for rationalizing the broader HRD system to a fairly great extent. Of course, as explained below, some of the other programs (e.g., Voc Ed) have their own advisory councils and very different funding and structures which might present barriers to fully pursuing this process.

There is a major barrier to effective state implementation of performance management provisions that needs to be acknowledged. As presently designed, governors have little to gain from doing so. Governors who spread incentive funds widely, treating most SDAs as high performers, and administer pats to the wrists of chronically underperforming SDAs and governors who limit incentives to excellent SDAs and reorganize poor performers are treated alike: both receive the same JTPA funding levels/shares for next year regardless since Title IIA funding for states is based on measures of need. It is unclear why they should bother about performance management at all. They can make only political enemies of SDAs sanctioned in the process with nothing else to show for it. Of course, for Title III there is absolutely no reason to do more than set perfunctory goals or standards. Neither the governors nor the local providers have anything at stake. JTPA Title III funds also are allocated to states solely on the basis of need. Moreover, the funding is 100 percent federal; states, with few exceptions, are only working with federal funds in any event and have little of their own funding at stake.

For the PIC and for the SDA director, Title IIA (and possibly III) standards represent only the barest of performance measures required for managing service delivery at the local level. They will want to have monthly, weekly and even daily performance reports for an expanded set of measures which may contain breakdowns by age, race, sex and program activity/service, as well as by service provider. For youth, the various types of competencies -- pre-employment, work maturity, skills, etc. -- and possibly their elements will need to be monitored. Given the standards adjustment methodology (the

DOL models) used by most states, SDA directors will probably also want to track closely participation levels and changes in the various external factors contained in the model.[30]

ES. Like JTPA, both the Congress and the Department of Labor have an interest in ES performance nationally, with USES being the primary federal actor for the Secretary. ES performance-related provisions are more discretionary than under JTPA, allowing rather than mandating the Secretary to establish standards (Figure 3). The legislation does require the USES Director to establish Federal Advisory Councils [Section 11], but their management role is unclear. The federal role is relatively weak in labor exchange performance management, despite having 100 percent federal funding.[31]

At the state level, the actors' roles have been modified significantly. Before 1982, labor exchange funds were allocated from USES directly to SESAs. Governors may or may not have played a significant role, depending on the state's enabling legislation. With the 1986 JTPA amendments, funds now pass through the governors with 10 percent is reserved for their discretion. (Nearly all ten percent funding ultimately must end up in the hands of the local ES offices.) Experience with governors' discretionary funds varies widely. Some pass it along to their SESAs with no strings attached and no further direction as to its special uses, while others make full use of this new-found discretion to shape policies and programs, including implementing incentives policies for local offices [Section 7(b)(1)].[32] The legislation also mandates the creation of state advisory councils to parallel those at the federal level, although governors have the option of using their JTPA state councils for this purpose [JTPA, Section 122(b)(c)]; how many do so is unknown. ES state councils are not accorded explicit standards and incentives responsibilities that their counterparts have under JTPA.

The same barriers to implementing standards and incentives for JTPA prevail for ES as well at the state-level. With federal funding allocated exclusively on the basis of need (i.e., shares of the civilian labor force and unemployment), the rationale for governors or state ES administrators to pursue systems for rewarding and sanctioning local offices is lacking. In earlier periods when the federal-state ES allocation formulas were based in part on prior performance, these new incentives provisions might have fit better.

Locally, labor exchange is a very different system. While JTPA is highly decentralized with widespread variation, local ES offices are typically wholly-owned and

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[30]There are several models of local service delivery, one in which the PIC acts as a resource allocation entity subcontracting entirely to providers, another in which it acts as a self-contained delivery agent, and yet another which is a combination of the two. The first and last models appear to be more common.

[31]This may stem from the unique nature of these "federal funds": through a complex federal/state funding arrangement, the funding to support the national labor exchange system is derived largely from taxes on employers passed through to the federal government with state credits and chargebacks. In effect, labor exchange funds are state-levied employer tax revenues filtered up through the Congressional appropriations process and returned to the states.

[32]Interestingly, Cook and Fisher (1986) discuss the uses of the 10 percent funds without mentioning whether the governors were directly involved. They indicate that more than a third of states were using these funds for performance incentives, a figure which seems high.

operated subsidiaries of the state ES, to use a private sector analogy. Local ES staff are state employees providing services at the local level, similar to local welfare agency staff. However, with the JTPA amendments, ES planning is conducted jointly with SDA staff. The PICs are inserted into an ES oversight function locally as well.

Welfare Employment Programs. There is considerably more variation in the performance management actors at most levels for welfare employment and training programs than for the other efforts. And, while most of the funding is federal, the share of the federal contribution differs by program with significant implications for standards and incentives policies.

At the national level, the major actor for both WIN options is the Secretary of Health and Human Services (HHS), however, for nearly half of the states with regular WIN programs, both Labor and HHS are involved. In the Food Stamp programs, the Secretary of Agriculture is the top federal actor in the management hierarchy: the Secretary establishes national participation standards for Food Stamp programs. Base Food Stamp funding is federal with a one-for-one federal match entitlement above that level for any state funds expended; WIN is 90 percent federally funded. Possibly more important than the share of employment and training program funding is the share of regular cash assistance support. Food Stamps is exclusively a federally-funded assistance program, while the federal share in financing AFDC benefits varies between a floor of 50 percent and roughly 78 percent depending on each state's per capita income; the costs of administration for these programs are shared 50/50. States committing more of their own limited funds will obviously have more at stake in operating effective programs, since they stand to reap potential benefit financially. These states would be more likely to take management and performance standards seriously.

At the state level, governors now have much more discretion than at any time since the federal/state welfare system was first established more than fifty years ago in devising and implementing welfare employment and training program initiatives. Under WIN, governors - typically acting through state welfare agency boards -- have an array of broad program options to choose from as discussed. The WIN agency also serves as the state administering entity for Food Stamps and related welfare employment and training programs. Despite the inclusion of legislative provisions encouraging closer coordination between WIN and programs such as ES and JTPA, the mechanisms to promote it are lacking, as are rewards for doing so at the state level. Much like the other programs, there are few real incentives for managing towards high performance in these efforts, unless the potential budget savings -- of state general revenue in those states which have sufficiently large state contributions -- leads in this direction. A compliance orientation is likely to characterize program management. It is no accident that state welfare evaluation units are focused upon AFDC benefit payment error rates: excessive error rates (payments to ineligibles and payment of too much in benefits to those eligible) result in reduced federal funding for the state's AFDC program.

Locally, both WIN and Food Stamp programs are operated by local offices of the state welfare agency, although the actual provision of services may occur through a mix of

contractors that varies greatly from area to area. In some areas, the local ES may be the sole provider, while in others the list of deliverers may range from the PIC and ES to community colleges and proprietary schools. The responsible entity is the local office of the state welfare agency as a rule. Since the early 1980s, it has become very difficult to characterize local programs and their key actors. Little structured information is available on a regular basis in this regard.[33]

Postsecondary Voc Ed. Despite the fact that Voc Ed is one of the major providers of job training services nationally for JTPA participants, AFDC recipients and refugees, the nature of its system -- from its purpose, goals and objectives to its funding, its actors and their responsibilities -- differs markedly from the others. While postsecondary Voc Ed too is a federal grant-in-aid program, the amount of federal aid in relation to state and local funds is so small as to alter the character of the system dramatically: with only about 6-10 percent federal funding, federal performance provisions or expectations laid on state and local recipients must be implemented via *suasion* more than mandate. Influence and bargaining, not control, are the essential strategies in Voc Ed performance management.

At the federal level, the key actor is the Secretary of Education. The Secretary is advised by the National Council on Vocational Education (NCVE) on numerous aspects of the programs, including the "effectiveness" of the Perkins Act and its implementation, and coordination with JTPA [Section 431]. The NCEP also is charged with examining the effectiveness of Voc Ed programs and reviewing the NCVE reports, but the roles of each of these two commissions are vague in relation to the other. There is slight membership overlap: the chairman of the NCEP serves on the National Council on Vocational Education.

In each state, the board of education rather than the governor is the recipient of all Voc Ed funds and further determines the within-state split between secondary and postsecondary programming. In some states these boards are appointed by and serve at the pleasure of the governor, but in others they are elected and enjoy broad, longstanding autonomy. They are advised by state councils -- the state-level counterparts to NCVE -- on such tasks as establishing the criteria for evaluation and assessing access to quality state Voc Ed programs [Section 112]. They also have the responsibility for evaluating the adequacy and effectiveness of both Voc Ed and JTPA and their coordination at least once every two years.

Locally, there are community colleges, junior colleges, proprietary schools and technical institutes, not to mention local education boards to consider, many of whom operate with near autonomy from the others as well as from the state education entity.[34] There are instances, in which local colleges have been engaged in operating worldwide postsecondary Voc Ed programs, funded in part by the military, with many more students outside their district than in it. MIS requirements and accounting have typically been much

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[33]For example, see: Nightengale and Burbridge (1987), p. 29.

[34]See: Hoachlander, et. al. (1985).

looser than in the other HRD programs. Such a situation makes any notions of control highly problematical at best.

C. The Role of Performance Standards

Management, whether public or private, should perform the following basic functions: planning, organizing, staffing, directing, and controlling.[35] Performance standards support the control function, enabling management to determine whether goals and objectives are being met. But, standards can be legislated and implemented for a number of reasons, depending upon management's operating philosophy. Management pursuing superior performance across the board would design and implement standards in one fashion. Management adhering to a traditional management-by-exception approach would want to devise standards to allow effective separation of high, medium and low performers, facilitating more efficient allocation of management efforts. Performance standards should be established to promote fulfillment of the program's goals and objectives, such that managing towards the standards results in goal attainment. Standards translate program goals and objectives into practical performance expectations. On a day-to-day basis, these are translated into numerical targets in the providers' contracts. Only three programs contain legislative and regulatory provisions dictating the establishment and intended use of performance standards as such: JTPA, ES and Food Stamps. (Figure 4 summarizes these provisions.) The others address the role of standards in various ways, some mandating measures of effectiveness and others ignoring them altogether.

JTPA. JTPA Title IIA performance standards for adults and youth were authorized to restore the program's credibility, by ensuring that, unlike CETA, JTPA would be performance-driven. Standards were also to support broader evaluation needs, measuring the extent to which programs were achieving their goals, nationally and at other levels as well, over the longer term. Finally, standards were to provide state and local entities with the monitoring tools needed to manage the programs effectively on a day-to-day basis. This last function is spelled out most clearly in the TAGs disseminated by the Department of Labor to states and localities. Congress intended standards to be the tool enabling the Secretary of Labor and the governors to push job training programs -- with cash rewards as the carrot and technical assistance, along with the threat of reorganization as the stick -- to attain results defined in terms of outcomes during the program (for youth), at the point of termination and in some post-program period. Standards were to lead to improved longer-term results for investments in training. Corresponding attention is given to cost measurement as well, suggesting that standards have a two-fold purpose: improved effectiveness (better results) and enhanced efficiency (tighter cost management).

Overall, the performance management system envisioned in JTPA is more thorough and contains far less ambiguity than any of the other programs. But, there has been some confusion concerning the management philosophy underlying the standards. Until recently, the incentives and sanctions structure tied to the standards established an either/or

[35]For a discussion of management functions and the role of performance standards, see. King and Geraci (1983). For a more generic discussion of control systems in public programs, see: Williams (1980), Chapter V.

Figure 4
Major Performance Standards Provisions

	JTPA		ES	FOOD STAMPS*
	Title IIA	Title III		
Standards	• Established by Secretary, variations allowed by Governors, as follows: Adult measures may include: - placement retention unsubsidized employment; - increase in earnings/wages; and - reduction in welfare receipt/amount. Added Youth factors shall include: - attainment of PIC employment competencies; - school completion or equivalent; - enrollment in training/apprenticeship, or enlistment in Armed Forces. • Postprogram and gross program expenditure measures [106 (b)] • Standards only modified every 2 years [106 (d)] • Standards may vary based on [106 (e)]: - economic, geographic, & demographic factors; - service population; - service mix.	• Established by Secretary based on [106 (g)]: - placement and - retention in unsubsidized employment.	• Secretary may establish standards that vary with State plan priorities [13 (a)].	• Secretary must establish participation standards for non-exempt Food Stamp recipients [6(d)]. • Standards may vary based on: - characteristics of persons served; - types of programs offered.
Incentives & Sanctions	• Governor provides [106 (h), 202 (b)(3)]: - incentives to SDAs exceeding standards; - technical assistance to all SDAs. • Governor must reorganize SDAs for failure to meet standards [106 (h)].		• Governor may use 10 percent discretionary funds for for incentives for ES offices and programs [7 (b)]; • Incentives account for: - direct/indirect placements; - wages on entered employment; - retention; or - other factors.	• Secretary may withhold Food Stamp E & T funds for state failure to meet standards.

* Employment & training program portion.

situation: an SDA was either a wonner by exceeding its standards or a loser by only meeting or failing to meet them [Section 202(b). Winners were to receive cash incentives; losers were to be provided technical assistance and/or be reorganized if the situation persisted for two consecutive years. This confusion has been ameliorated slightly by the 1986 amendments which permit programmatic technical assistance for all SDAs regardless of performance. This post-1986 structure would support a management approach geared to leading the entire system towards high performance, holding out incentives for the high performers and assisting all to improve over time.

In the process of implementing these standards, there has been a significant, but little noticed, shift in federal policy. The initial emphasis was clearly on productivity improvement, pushing the system to higher performance over time. The "departure points," the levels from which SDAs' performance expectations were derived, in the Department of Labor's Performance Standards Adjustment Model were set at levels which represented average performance in the system. SDAs performing well above their standard were viewed as succeeding, while those who fell below were not. However, since PY 1986, departure points have been set with the expectation that fully 75 percent of the SDAs would exceed the standards.[36] The underlying rationale has shifted so that standards now represent "minimally acceptable levels of performance" for most measures. Credibility may suffer over time as the job training system and its observors come to understand that many of the so-called winners actually posted below-average performance.

The intended uses of Title III performance standards are unclear at best. Without a well-defined program mission, it is easy to understand the difficulty involved with giving clear definition to the role which standards are to play. Title III standards appear to have been added as an afterthought. Section 106 of the Act directs the Secretary to establish Title III standards based upon placement and retention but does not explain what they are to be used for. The administrative structure of Title III is less proscribed than for Title IIA as well. The Secretary must allocate three-quarters of the funding to the states based on an allocation formula, and responsibility for planning and operating dislocated worker programs rests with the governor. The governor must consult with PICs (and others including labor organizations) but is not required to rely on existing Title IIA SDAs for the delivery system. Unlike Title IIA, Title III is inherently an ad hoc program focused largely on immediate events such as layoffs and plant closings. There are no rewards or sanctions tied to local program performance. It is worth pointing out that there is little for governors to gain in rewarding or sanctioning local programs based upon performance, since in many cases, the situation which called forth the Title III funding will be a one-time occurrence. It is not at all clear what role standards should play in Title III.

For Title IIB Summer Youth programs, there are no standards per se, only local goals now prepared by SDAs with state guidance. Yet, these programs have been regular, on-going programs, even more so since the 1986 amendments allowing for closer integration of the Title IIA and IIB efforts and operation of year-round IIB programs. With

[36]For an explanation of this change, see: West and Dickinson (1986).

these recent changes, there appears to be a clearer rationale for the initiation and use of standards with a role similar to the regular IIA efforts.

ES. The intent behind and role for ES standards is less clear than under JTPA Title IIA. The Secretary of Labor is authorized but not required to establish performance standards [Section 13(a)]; and, if established, those standards must "... take into account the differences in priorities reflected in State plans." As amended in 1982, the Act envisions state-level standards, possibly established by the Secretary, tailored to differences in state priorities. Because of the unique financing mechanism for ES, state labor exchange allocations are essentially state tax revenues which are being returned after having been temporarily received by the feds and appropriated. Labor exchange does not qualify as a federal/state grant-in-aid program to the same extent as some of the others, and this affects the expected role of performance standards.[37]

Two significant changes were legislated in 1982, pointing in different directions. First, the formula for allocating ES funds to the states was changed to a needs basis, allocating funds based on relative shares of the civilian labor force and unemployment [Section 6(b)]. Performance no longer plays a role in the amount of funding a state receives. Second, a new Section 7(b) creates a discretionary fund, 10 percent of a state's total allocation, to be utilized by the governor for, among other uses:

> • "performance incentives for public employment service offices and programs, consistent with performance standards established by the Secretary, taking into account direct or indirect placements ..., wages on entered employment, retention, and other appropriate factors."

Congress apparently felt some of the same concerns about the ES that it felt about the job training system -- particularly, that it needed to be performance-driven to some extent, and that governors should play a greater role in the process. However, whether from the complexity of the ES mission or from a weaker sense of need for performance elements in such an open-entry system, the role for standards and the framework for performance management was left undefined. Some of the measures suggested (e.g., wage at placement and retention) go well beyond the short-term exchange function and hint at longer-term impacts. Wide discretion in ES performance management has been created for governors but little has been used.[38]

The Department of Labor has proceeded much more cautiously in implementing standards than with JTPA. Despite clear legislative encouragement for joint state and local ES/JTPA planning and concern over performance, the Department has adopted a relatively passive role. There are brief statements in the TAGs concerning the uses of standards at the substate level for management and technical assistance and evaluation and monitoring,

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[37]Labor exchange services are financed with federal and state unemployment taxes through an elaborate "tax offset" system, making ES less than a real grant-in-aid program.
[38]Cook and Fisher (1986).

but little has actually been done since the optional standards adjustment models were developed in the early 1980s.

Food Stamps. The 1985 legislation authorizing Food Stamp employment and training programs contains specific language governing the establishment and use of participation standards [Section 6(d)(4)(J)]. The Secretary of Agriculture is required to establish state standards for the percentage of non-exempt persons receiving food stamps who will participate in the programs. Standards may vary by state depending upon the characteristics of the persons required to participate and the types of programs to which they are applied. Ultimately, the Secretary is authorized to withhold federal employment and training funds for state failure to meet any such standard [Section 6(d)(4)(K)]. Additionally, the Secretary is to monitor the effectiveness of the programs "... in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs [Section 16(h)(5)]." Thus, Food Stamp standards differ markedly from those in JTPA and ES: they were designed and implemented to increase participation in short-term programmatic treatments to move households (not already required to register for services under WIN) off the Food Stamp rolls. While there has been some discussion of instituting other types of standards (i.e., outcomes), no action has been taken in this regard.[39]

None of the other programs contain results- or outcome-oriented standards. The Perkins Act refers to "evaluation criteria" [Section 112] and the establishment of "measures of effectiveness" [Section 113], not standards. Nearly all the programs -- from JTPA and ES to WIN and Voc Ed -- contain language concerning participation levels. WIN's provisions are in terms of groups required (or exempted) to register for services, not in terms of any [illegible]-set level or proportion that must participate. To date, most programs have not responded to the issue of performance standards' role. Only JTPA has adequately addressed the role performance standards should play in program management. As mentioned above, the role should tie directly to the mission, goals and objectives, and it should be tailored to the particular programmatic context. For example, while outcome-based standards need to be established for Voc Ed, given the legislative and programmatic environment, it is not clear either that their role could parallel that for JTPA or that, if it did, they would be effective.

D. Appropriate Measures of Performance

A fourth major issue is what are appropriate measures of performance. There are numerous dimensions to this issue.[40] The first two relate to the degree to which the measures are related to the objective in question; the others are more concerned with how well the measures capture what is intended.

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[39]For example, see: Gueron and Sherwood (1986), p. 82.

[40]For an excellent discussion of these and related issues in the context of job training programs, see: Sum, Andrew, et. al. (1978).

Process v. Outcome Measures. A distinction is typically made between process and outcome measures.[41] The former include in-program measures, such as costs (aggregate or per participant), participation rates/levels for various groups, and activities or services received, among others. Outcome-based measures are tied to at-termination or post-program events, such as job placement, employment retention, increased wages or earnings, reductions in welfare grants or case closures, and others. Most of the attention here is on outcome rather than process standards, although to the extent that programs have process-oriented objectives, standards should reflect them.

Efficiency v. Effectiveness Measures. Measures can also be classified as efficiency- or effectiveness-oriented, or some combination of the two. Efficiency measures capture operational "tightness" at a point-in-time and include cost-per-participant and cost per-entered employment standards, service units per staff year, case closures per staff year and similar measures. Effectiveness measures emphasize outcomes regardless of cost or level of inputs (e.g., placements and placement rates, wages at placement, employment retention). It is possible to operate an effective program inefficiently; conversely, it is possible to run an ineffective program efficiently. Some balance between the two is desirable, since too much emphasis on one may preclude attaining the other. Cost-effectiveness measures represent a combination approach. Measures such as cost per earnings or employment gain fall into the cost-effectiveness category and tend to be used more often in program evaluation.

Proxy Measures. Especially for programs designed for longer-term impacts, there is a question about the use of proxies, near-term indicators of the actual result desired.[42] If the desired outcome is increased long-term earnings or reduced welfare dependency, then measuring that impact will clearly take many years. Given that performance standards must provide useful information for management, waiting for the ultimate impact measurement may preclude having any effect on immediate outcomes. There is also a question concerning just how close a proxy has to be to the true outcome to constitute an acceptable proxy. For longer-term impacts, it is axiomatic that the longer the measurement period, the better the proxy. A 3-year earnings average will better approximate an individual's lifetime earnings than one based on a 3-month, post-program period. But how closely correlated does the proxy need to be to qualify as a good proxy?

A related issue concerns the use of net versus gross impact measures. Net impact measures are preferred to gross impact measures in a programmatic world with no practical constraints. That is, it is preferable to have a measure which reflects the actual contribution of the program intervention to the participant's success, rather than the combined impact of the treatment, the individual's characteristics, local environmental factors, and other non-treatment factors. However, the use of net impact measures for standards is not feasible.

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[41] Williams (1980) groups measures into distributional, proximate and final outcomes, where distributional outcomes are basically in-program outcomes. There are other classifications too numerous to mention.

[42] Among other sources, see: Borus (1979); Gay and Borus (1980); Geraci (1984); Kogan, et. al. (1985); and Zornitsky, et. al. (1985).

There are time period and methodological problems, not to mention operational constraints. Net impact measurement is preferred for evaluation, not for near-term management.[43]

Other Dimensions. Measurement accuracy entails both validity and reliability.[44] To be valid, a measure must capture what it is both intended and presumed to measure. Validity encompasses the consistency or fit of the measure in relation to program goals and objectives and the extent to which it reflects what others think it should. To be reliable, a measure must yield the same results with repeated measurement under similar conditions. Accurate measures possess both attributes. From a management perspective, this suggests the need for serious attention to consistent data collection -- quality control -- and periodic validation.

JTPA. Title IIA has relied upon the same seven performance standards for adults and youth since its inception, but the standards' numerical levels and the models for estimating and adjusting them have changed somewhat from year to year. Major changes in the standards are being instituted on July 1, 1988 (Figure 5). Both the existing and prospective standards for Title IIA are predominantly outcome-oriented, effectiveness standards. Most were selected because they proxy to some degree for longer-term, net impacts of the program, whether employment and earnings increases or reductions in welfare dependency.[45] Only the cost and youth measures have a noticeable process orientation. Even the youth positive termination and employability enhancement rates measure intermediate outcomes related to ultimately securing employment.[46] The post-program measures are decidedly outcome-oriented, shifting the focus of the job training system towards long-run return on investment. The Department has expressed the desire to push for quantity and quality JTPA outcomes, in what can be termed an "8-1-1 Rule." In the eight out of twelve standards which must be factored into their incentives and sanctions calculations, governors must use at least one "quality-of placement" standard -- wage at placement or post-program earnings. Additionally, either the youth positive termination or employability enhancement rate must also be utilized.

With the exception of the two cost standards, the remaining Title IIA standards are effectiveness standards. The cost per entered employment and cost per positive termination standards balance the effectiveness standards, ensuring that entered employment rates are achieved at a reasonable cost. These two are combination, cost-effectiveness standards. The "8-1-1 Rule" provides considerable policy and administrative discretion at the state and local level, while simultaneously encouraging overall attainment of federally-desired

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[43]For an excellent series on state and local evaluation, see: JTPA Evaluation Design Project (1986).

[44]Rossi and Freeman (1982) contains a concise discussion of measurement accuracy, pp. 187ff.

[45]For a sampling of this research, see: Kogan, et. al. (1985); Dickinson and West (1985); Geraci (1984); and Zornitsky, et. al., (1985).

[46]Positive terminations include entered employment, as well as attainment of a youth employability enhancement; youth employability enhancements include attainment of a PIC-recognized youth employment competency, entering non-Title II training, returning to full-time school, completion of major level of education, and completion of program objectives (for 14-15 year olds).

Figure 5
Current and Prospective Performance Standards

JTPA(PY1988-89)

Title IIA

ADULTS:	
Entered Employment Rate	68 %
Cost per Entered Employment	$4500
Average Wage at Placement	$4.95
Welfare Entered Employment Rate	56 %

YOUTH:	
Entered Employment Rate	45 %
Positive Termination Rate	75 %
Cost per Positive Termination	$4900
*Employability Enhancement Rate	30 %

POSTPROGRAM [Adults only]:	
*Follow-Up Employment Rate	60 %
*Welfare Follow-Up Employ. Rate	50 %
*Weekly Earnings at Follow-Up	$177
*Weeks Worked in Follow-Up Period	8

Title III

Entered Employment Rate	64 %
Average Wage at Placement	***

ES

BASIC OUTCOME MEASURES:
1. Individuals Placed
2. Placement Transactions
3. Obtained Employment
4. Secured Employment (=1+3)

EFFICIENCY MEASURES:
5. Placements per Staff Year
6. Placement Transactions per Staff Year
7. Obtained Employment per Staff Year
8. Secured Employment per Staff Year

WORK TEST MEASURES:
9. UI Claimants Placed
10. UI Claimants Obtained Employment
11. UI Claimants Secured Employment

FOOD STAMPS**

Participation Rate	35% ****

* New standards for PY1988-1989.
** Employment and training program.
optional for governors.
based on those non-exempt. Rate rises to 50 % maximum in FY 1990.

results. For PY 1988-1989, governors are being encouraged to pursue longer-term, more costly interventions where appropriate. Between-state variation is substantial. For example, Massachusetts, which is in the midst of a long-running economic expansion, has opted to assign only minimal importance to cost standards in recent years.

The PY 1988-1989 Title III standards are outcome-oriented as well. As has been the case for the past few years, an entered employment rate standard is required (for the states' formula-funded Title III programs only) with a national goal of 64 percent. Governors are encouraged to set an optional average wage at placement standard. Of course, not having a clearly defined mission makes it difficult to determine whether these measures are appropriate proxies or not.

Questions have been raised concerning the accuracy of various JTPA measures. Analysts have questioned the heavy reliance on short-term placement standards when the goal of the program is longer-term employment and earnings increases.[47] Most research has found placement (at termination) to be the best single measure of longer-term net impacts on earnings, giving placement-related standards a strong claim to validity.[48] With the addition of post-program standards, the group of standards taken as a whole would seem to have sufficient validity, encompassing employment, earnings, welfare reduction and non-employment youth factors. The reliability of these measures is also cause for concern. The quality and consistency of JTPA data are less than desirable, at all levels; there is significant variation in the definition of such terms as participant, placement, etc. Unfortunately, how great the variation is remains unknown.

ES. The Wagner-Peyser Act suggests both outcome and process standards, although only process measures -- in-program efficiency standards -- are required. All of the potential standards mentioned explicitly in Section 7(b) -- placements, direct and indirect; wages at placement; and retention -- are measures focused upon outcomes. Both the placement measures and the wage at placement are relatively immediate indicators of success; placement constitutes a clear quantity measure and wages, a quality-of-placement measure. It is interesting that retention -- a longer-term outcome measure -- is suggested, in that such a measure has not generally been the focus of labor exchange discussions: the market is cleared and labor is exchanged, regardless of employment duration or retention. However, as some analysts have indicated, the better the job, the longer it is likely to last, and the more it is expected that other national goals will be attained, i.e., ducing the unemployment-inflation tradeoff and facilitating non-inflationary growth.[49]

Of the eleven (11) standards offered for optional state and substate use, seven are outcome standards; the remainder are process standards (Figure 5).[50] ES has yet to

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[47]For recent examples, see: Levitan and Gallo (1987), Orfield and Slessarev (1986). The debate has been going on much longer, however, first surfacing in the job training evaluation literature in a paper by Borus (1980).

[48]See: Geraci (1984), Zornitsky, et. al. (1985), among others.

[49]See: Holt, et. al. (1971).

[50]DOL TAG (1985), pp. 5-6. In prior years, the efficiency measures were in terms of cost-per-placement.

implement wage or retention measures, although some individual states have done so on their own initiative. Emphasis has been on the quantity rather than the quality of outcomes. Some states have also implemented target group participation or placement standards, as well as standards for the number of individuals counseled, tested, and other measures. The split between efficiency and effectiveness measures is relatively straightforward: the efficiency measures, capturing the immediate results per staff year, are labeled as such. The rest are effectiveness measures geared to short-run, quantitative measurement.

There are several additional issues, including one discussed at length in ES policy and research circles, the use of individual placement versus placement transactions measures.[51] The labor market can potentially clear as many times as an individual enters it and can find an employer willing and able to hire him or her. The market does not care whether the individual returns once or a dozen times per year. Yet, many are uncomfortable with the notion that the mission of the ES is to service high-turnover (low-wage) labor markets. Another issue concerns the definition and reporting of "placements." This issue has increasing importance with the spread of individual and group job search approaches. In job search, job seeking skills are taught, either in individual, self-directed or group, peer-support settings.[52] The question is whether to count a job obtained by an individual acting on his own the same as one in which he or she was placed through a local ES staff referral or job development effort. The former is generally referred to as "obtained employment" or a "direct placement," the latter an "indirect placement" or simply a "placement." The same question can be raised for JTPA, given the prevalence of short-term job search as an activity.

Where JTPA has operated within a very flexible environment in terms of measurement, definitions, MIS systems, etc., ES has historically adhered to tight reporting along federally-prescribed guidelines. The Employment Services Automated Reporting System (ESARS) forms the basis of much of the nation's ES reporting, despite the fact that it was officially dropped as the mandated system several years ago. This has resulted in relatively accurate and consistent measurement of ES participation and outcomes. Given the focus on the ES' labor exchange mission, it can be presumed that the measures in place meet both validity and reliability tests.

Other Programs. In the remaining programs, the primary attention to performance standards is in terms of participation requirements, especially for WIN and Food Stamps. These two programs contain procedures for prescribing who must register for and/or participate in program services (mandatory registrants) and who may be exempted from doing so. WIN determines mandatory target groups -- not levels -- by exclusion (e.g., women with pre-school children). The Food Stamp program has established mandatory participation rates, gradually increasing each year, in addition to addressing participation by target groups. Neither program has outcome standards for state or local programs. It should be noted that state funding for AFDC is affected by the degree to which they maintain low AFDC payment error rates, a clear efficiency standard, but not

[51]This is part of the discussion on "employment service potential." See: Hanna and Zeund (1979).
[52]For a concise treatment of job clubs, see: Wegmann (1986).

one tied to the delivery of services to promote recipient self-sufficiency. Outcome or effectiveness standards for welfare-to-work programs have taken a back seat to participation and efficiency (of payment) standards. While research has been conducted on what appropriate outcome measures and related implementation issues might be, results-oriented standards have not been instituted to date.[53] There is little doubt presently that such standards could be designed and implemented for these programs. It is likely that, barring the passage of national welfare reform legislation and greater conformity of state-operated programs (e.g., benefit levels and coverage especially), outcome standards would be in the form of proxies with large state (and even local) variation. One study of possible JTPA welfare standards found that post-program participant earnings served as a good proxy for welfare dependency reductions, though it recommended that both the proxy and some direct measure of welfare status be utilized.[54]

Voc Ed has given little attention to performance standards tied to results of any kind. As indicated earlier, there is considerable confusion over who should be served and what the mission of the entire program is and should be, making the design of appropriate measures of performance difficult if not impossible. For Voc Ed, the question is: appropriate measures *of what* ? Voc Ed, secondary as well as postsecondary, is in need of serious goal clarification, a problem complicated by the fact that the lion's share of funding is non-federal. The strings are tied tightly to a very small share of the funding available locally. Performance measures appropriate for consumer homemaking for non-vocationally-oriented individuals would not be appropriate for electronic assembly programs for unemployed household heads. In the federal Perkins Act portions, the attention is on access or participation by specified target populations, such as single household heads, those with limited English proficiency, the disabled, and others. With the program provisions regarding sex bias/stereotyping, there is an implicit need for equitable service and results for participating groups. Little has been done to effect the needed measurement, and without major change in the system or clarification of its mission, little is likely to be done.

E. Target Groups

These programs have overlapping target populations, some more so than others. Open eligibility is the rule for programs such as labor exchange, while others, including JTPA and welfare-related programs, have conditional eligibility and are targeted on subgroups defined by demographic characteristics, status or means. Moreover, within these programs, eligible subgroups are often identified for service priority. These provisions concerning who is to be served and with what priority suggest that measures and standards for certain target groups are important issues cutting across program lines.

Target group issues are especially important in programs which are tightly targeted and which seek to increase access/participation and to improve the status of certain groups.

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[53]Again, there has been considerable research on the topic, including: Kogan, et. al. (1984); Mitchell, et. al. (1980); and NGA (February 1987).

[54]Kogan, et. al. (1984).

The nature of these measures -- level of detail, number of standards, etc. -- further depends on a number of factors, among them the level of use and the type of eligibility (open/conditional). Generally, there appear to be at least four distinct uses for performance standards in the context of target groups:

- Increasing service levels for key groups;
- Improving equity for key groups, in part by emphasizing services and outcomes for them;
- Ensuring performance for key groups; and
- Minimizing barriers to serving key groups, by factoring them into adjustment mechanisms for calculating performance standards or other means.

Each is a different role which can be served by standards and incentives and represents, in part, the implementation of targeting or prioritization of key groups via the standards process. The brief discussion that follows moves from programs with relatively open to those with restricted eligibility.

ES. Of all the programs, ES has the most open eligibility: any jobseeker -- whether employed, unemployed or not-in-the-labor force (e.g., in full-time school, caring for a sick parent) -- may utilize ES labor exchange services.[55] However, several groups are either required to use the ES or have priority of service (Figure 6). The enabling legislation targets UI claimants, the handicapped, and other "groups with special needs" as defined by governors. One of the explicit ES activities is administering the UI 'work test' and providing job finding/placement services for UI claimants [Section 7(a)]. In addition, ES must promote and develop jobs and serve the handicapped [Section 8(d)]. Governors discretionary funds may also be used for services to "groups with special needs," through joint ES agreements with PICs, other public agencies or private, non-profit organizations. Two other groups have received special emphasis under compliance standards issued by the federal USES: veterans and migrant/seasonal farmworkers.[56]

The USES, through a series of TAGs, has encouraged states to establish separate placement standards only for UI claimants.[57] One study of state implementation of standards under Wagner-Peyser for the three-year period ending with PY 1985 found that more than half of the states had instituted target group standards for UI claimants, roughly

[55]The same applies to employers with a few caveats. Employers who are in the midst of a strike or lockout may not use the ES to help replace their workforce, and government (federal) contractors are required to list job openings with ES.

[56]In each case, the standards were a response to a court order.

[57]U.S. Department of Labor (1985).

Figure 6
Major Program Target Groups

JTPA

Title IIA

- Economically disadvantaged adults & youth (Note: SDA - level 40 percent youth expenditure requirement)
- Welfare recipients, including WIN regristrants
- School dropouts
- Other "hard-to-serve" individuals (defined by governors)

Title III

Dislocated Workers, including:

- Terminated or laid-off UI eligibles/exhaustees;
- Plant closure terminees; or
- Long-term unemployed with limited opportunities in same/similar occupation.

ES

Open eligibility, with special priority for:

- UI claimants;
- Handicapped; and
- "Groups with special needs" (defined by governors)

Special emphasis on:

- Veterans; and
- Migrants/seasonal farm workers

VOC ED*

Title IIA special populations, include:

- Economically or educationally disadvantaged, including limited English proficiency, 22 percent;
- Adults in need of training retraining, 12 percent;
- Handicapped, 10 percent
- Single parents/ homemakers, 8.5 percent
- Offenders, 1 percent

Also, persons in programs for sex equity or training for non-traditional occupations, 3.5 percent

WIN

Able-bodied AFDC recipients, 16+ years of age, must register, unless exempt, as follows:

- Caretaker of children 6 years of age or under;
- Ill, incapacitated;
- Over 65 years;
- Caretaker of ill, incapacitated family member;
- Working 30 or more hours per week;
- Children aged: 16-17 and full-time students; 18 and graduating;
- In third trimester of pregnancy;
- In areas too remote from programs; or
- In AFDC foster care.

FOOD STAMPS**

Physically & mentally fit recipients, over 18 and under 60 years of age, must register unless exempt as follows:

- WIN or UI work registrant;
- Caretaker for child under 6 years or incapacitated person;
- Student enrolled at least half-time in school or training;
- Regular participant in drug/ alcohol program; or
- Employed 30+ hrs per week (or less if weekly earnings below 30 x Federal minimum wage).

Note: Other individual and categorical exemptions as defined by states.

* Postsecondary.
** Employment and training programs.

a third for veterans, less than a fourth for handicapped, and under a fifth for youth.[58] Target group standards were reported for welfare recipients, minorities and other groups as well. Given the shift in the WIN program during the 1980s towards WIN Demo programs with single agency (welfare) administration, it is not surprising that welfare recipients receive very little targeting attention in standards. The emphasis in ES to date has been on outcome standards -- typically, placement -- for the particular target groups, while the legislative provisions address primarily access, equity and service levels almost as much.

Postsecondary Voc Ed. The 1984 Perkins Act reauthorized Voc Ed as a very categorized program federally, prescribing certain groups for services with specific funding allocations, but largely leaving the mix of activities and services to the discretion of the states and local providers. Voc Ed was designed both to assure access for certain historically-underserved groups and to enhance the quality of the services provided and the outcomes resulting. Taken as a whole -- considering programs operated with federal, state and local funds -- Voc Ed at all levels is mostly an open system in terms of eligibility; it is the federal portion, a small fraction of the total, which is targeted and categorized. The targeting provisions constitute an effort to leverage states and localities in the direction of serving the enumerated special groups.

One of the Act's purposes [Section 2(2)] is to "assure that individuals who are inadequately served under vocational education programs are assured access" to quality programs, especially referring to the disadvantaged (academically and economically), handicapped, single parents/homemakers and others (Figure 6). Title II (Basic State Grants) further mandates that 57 percent of the federal funds are for Part A, Vocational Education Opportunities, sometimes referred to as the Special Populations part. This part in effect ranks the importance of serving these groups by allocating a specific funding amount for each. In descending order of funding shares, the target groups are: disadvantaged, 22 percent; adults in need of training, 12 percent; handicapped, 10 percent; single parents/homemakers, 8.5 percent; sex bias/stereotyping, 3.5 percent; and offenders, 1 percent. Several points can be made about this prioritization. First, to be "academically disadvantaged," an individual must have scored in the lowest 25th percentile on a standardized test, attained only a 2.0 average (4.0 scale) in secondary school, or failed to attain minimal academic standards. With the economically disadvantaged component, this still constitutes relatively open eligibility. Second, the limited English proficiency group is omitted from the Title IIA funding pots, although they may also be served under other parts. Finally, it does not seem appropriate to include as "special populations" men and women in nontraditional occupations and sex stereotyping. This "group" is better classified as a "program."

With elaborate targeting and categorized programming and with program purposes including access and higher quality services and outcomes, standards, if these are to be instituted, need to be moving towards measures of participation levels and outcomes for these groups. If services/access and outcomes are so important that the program federally has instituted strong targeting via funding setasides, then establishing both service level and

[58] Cook and Fisher (1986), p. 4-7.

outcome standards seems to follow. Outcome-based standards could easily be set by program subpart and vary with the experience in serving the groups in each.

One other significant hindrance applies to the definition of any of these groups. In Voc Ed, unlike most of the other programs, it is often unclear who is officially a "student." A substantial portion of those enrolling for postsecondary Voc Ed do so intermittently, one course at a time, over a period of years. They may only become part of an official program with a sequence of courses, as their separate courses add up to something approximating a whole. In this context, who constitutes the target measurement group and what are the management implications at the state and local level of instituting target group standards, process (access) or outcome? Clearly, if it is unclear who the students are, it is likely to be almost equally difficult to determine who the "graduates" or "completors" are. In fact, only at the point an individual files for graduation and takes a degree or certificate will his or her status as a student may become clear in many cases. This issue concerning the definition of students and completors does not arise in the same way in programs with more restricted eligibility. The activities and target groups, as well as a major thrust of Voc Ed's mission, overlap substantially with JTPA, WIN and other programs.

JTPA. Since Title III of JTPA has no special targeting beyond its relatively ambiguous eligibility provisions, and since Title IIB is exclusively for youth, the focus here is on Title IIA which serves economically disadvantaged adults and youth. Several target groups have been identified legislatively and separate standards have been established. The Act differentiates between adult and youth services and suggests performance measure differences accordingly. Separate standards have been issued for adults and youth, as well as for welfare recipients. For PY 1988, the Department has instituted twelve standards for these groups, two of which are for cash welfare recipients. Separate standards have been established both because of legislative mandates and because of acknowledged differences in the programs for and labor market behaviors of the groups.

One of the more troubling aspects of the differentiation concerns that for adults and youth. The real differences are found not so much between adults and youth, as between adults and out-of-school youth compared to in-school youth. Out-of-school youth, such as teen parents with parenting responsibilities, are far closer to adults in behavior and in choosing employment-oriented programs than they are to other (in-school) youth. It is difficult for standards to account for this difference, independent of the program activities and services provided. This differentiation does not arise in a significant way in the other programs although it is being addressed in a number of the welfare reform bills in terms of the expected programs and desired outcomes for teen parents lacking high school diplomas versus other welfare recipients.

The Act also establishes SDA-level service requirements (quasi-participation standards) for the following groups: youth, WIN registrants (whether mandatory or voluntary) and school dropouts [Section 203(b)]. At least 40 percent of an SDA's available funds must be expended on eligible youth, defined as economically disadvantaged, 14-21 year olds. In addition, WIN registrants and school dropouts must be served on an "equitable basis, taking into account their proportion of economically disadvantaged

persons sixteen years of age or over in the area." (Dropouts are defined as those neither attending school nor subject to compulsory attendance laws and who have not received high school diplomas or the equivalent.) Of these, the youth provisions have received the most attention. All three requirements have typically been dealt with as compliance items rather than participation standards, per se.

Finally, the Act provides that performance incentive grant funds shall be used by governors to reward programs exceeding their standards "...including incentives for serving hard-to-serve individuals" [Section 202(b)(3), emphasis added]. This section allows governors to designate hard-to-serve individuals but gives no indication as to how to do so. States have taken very different directions in defining the hard-to-serve, including declaring entire groups hard-to-serve and awarding grants for increasing service levels to them after the fact, as well as providing before-the-fact project funding to induce increased services to certain groups. Some states have devised planning documents to lead SDA staff through the process of identifying barriers -- e.g., skill deficiencies, support system problems, disabilities -- associated with service difficulty. National standards have not been developed, since this is clearly a governor's decision.[59]

JTPA is a restricted-eligibility program, with special targeting on youth, welfare recipients and dropouts, many of whom are also targeted for service in Voc Ed and WIN especially. There is potentially room for group-specific participation standards, as well as for the types of outcome-based standards now in place. All four of the uses for targeted standards outlined at the start of this part are provided in JTPA. Governors are required to ensure equity of service for certain groups and have the discretion to reward SDAs for increased services to the hard-to-serve (defined as they decide), to use group-specific standards to emphasis outcomes for them and to make adjustments to existing models or those of their own design for calculating standards adjusted for group-specific differences. It is important that underlying assumptions and expectations be made explicit before establishing such standards. Like CETA before, JTPA has been criticized for serving only the "cream" of the eligible population.[60] This is a more complex phenomenon than most policy analysts understand and requires detailed analysis of program goals, constraints and operating environments (e.g., lack of stipends, limits on support services, contracting practices), as well as the nature of the population interested, willing and able to participate.

Welfare Programs. With the exception of UI claimants in ES programs, in non-welfare programs participation is generally a matter of individual choice given eligibility. In welfare-related programs, however, the issue is not so much eligibility for participation but which groups will be required to register/participate as a condition of continuing to receive assistance. For WIN, Food Stamps and other related programs, there are two categories of individuals participating or registering to participate in employment and training activities: mandatory and voluntary registrants. Classification into one group or the other tended to be a relatively simple matter prior to the changes in the early 1980s.

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[59]For a recent paper discussing the hard-to-serve issue, see: Barnow and Constantine (1988).

[60]For example, see Levitan and Gallo (1988). For more balanced discussions, see: Barnow and Constantine (1988); and Sandell and Rupp (1988).

For WIN, it is important to note that states determine eligibility for AFDC. While benefits are generally available to single heads of households with children (and low incomes and few assets), about half of the states offer benefits to families with both parents present, the unemployed parent or AFDC-UP option. All able-bodied AFDC recipients who are 16 years of age or over must register for employment and training, unless exempt, or lose their benefit eligibility. The registration requirements are thus determined by exemption. By law, those not required to register may volunteer to participate in the programs. The exempt groups are: parents/caretakers of children under 6 years of age; ill, incapacitated, under 16 or over 65 years of age; individuals needed to care for ill or incapacitated family members; those working 30 or more hours per week; children 16-17 years of age and in school fulltime; children 18 years of age who will graduate before turning 19; those in the third trimester of pregnancy; those living in areas with programs too remote from their residence; and those receiving AFDC foster care. Parents with young children are by far the largest exempt group. At least eight states have opted to require women with children younger than 6 years of age to register for services.[61]

The proportion of volunteers varies widely from state to state and even county to county. At one extreme, four states go so far as to operate "universal registration" for WIN, though this is largely a paper process only. About thirty percent of the states report fewer than 10 percent voluntary participants, while four states report 30 percent volunteers, including Massachusetts at 35 percent. Three or 4 states are operating what are essentially voluntary WIN programs. (In Texas counties accounting for most of the AFDC caseload, the ratio of mandatory-to-voluntary registrants ranged from a low of almost 1.2 to a high of nearly 3.5; the ratio of mandatory-to-voluntary registrants tended to be greatest in very large, urban counties [62]) Priority of service among groups required to participate is left to the states, although with reduced WIN funding, priority is often given to those with fewer barriers to participation (e.g., transportation, child care).

Recent research suggests interesting directions for group-specific standards for welfare programs. Researchers evaluating state welfare-to-work initiatives around the country have performed intensive research on programs (for mandatory registrants) in San Diego, Baltimore and selected counties in Virginia, focusing on the design of proxy measures for improving the net impacts of employment and training programs for AFDC recipients. Their preliminary findings indicate that "... unless subgroup differences are taken into account, current performance measures may be sending the wrong signals to program administrators about the groups who should be receiving priority for program services."[63] They conclude that key targeting variables are prior work and welfare history, and that measures used should be changed to encourage targeting on more dependent and less job-ready (WIN-mandatory) AFDC recipients.

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[61]For this and the following figures, see: Nightengale and Burbridge (1987), p. 88ff.

[62]King and Schexnayder (1987), Table 24.

[63]Friedlander and Long (1987), p. xii.

Major changes in eligibility, participation and performance standards would be enacted in the leading welfare reform bills [H.R. 1720 and S. 1511]. First, all states would be required to provide assistance to two-parent families. One parent would be required to participate in two-parent families; the second parent could also be required to do so as long as child care is provided and the youngest child is 3 years of age or over. In addition, both proposals would explicitly prioritize groups for service. If resources were limited, NETWork (H.R. 1720) would require service priority to [Section 416(c)-(d)]:

1. Volunteers whose family meets at least two of the following:
    a. Teen parents/parents under age 18 when first child born;
    b. Family continuously in receipt of AFDC for 2 or more years;
    c. Family with children under age 6 years.
2. Mandatories whose family meets at least two of the above criteria.
3. All other voluntary participants.
4. All other mandatory participants.

The JOBS program (S. 1511) would encourage targeting on the following, in no special order:

- Those on AFDC for 30 consecutive months, with a child 3 years of age or over;
- Those on AFDC for 30 of 60 months, with a child 3 years of age or over;
- Custodial dropout parents 21 or younger; and
- Parents in two-parent families eligible due to unemployment of the principal wage earner.

While JOBS has relatively flexible provisions on establishing standards, NETWork's provisions are integrated tightly with the requirements for service priority, the latter even ranking the importance of the standards to be established. Most important are standards measuring the degree to which states are targeting the identified priority groups and providing intensive services for them; last are standards setting placement rate expectations for these groups [Section 436(a)(1)]. There are conflicting signals, however, in that the same section states, "... performance shall be measured by outcome and not by levels of activity or participation ...." Whether tied to participation, activities or outcomes, the standards envisioned in the NETWork proposal are closely related to the groups prioritized for participation. Targeting on these groups is firmly rooted in recent research findings. But, the standards for these groups are far more detailed than subgroup standards or measures contained in JTPA, ES or any other existing program.[64]

Food Stamp programs are targeted on a narrowly-defined segment of the Food Stamp recipient population -- only an estimated 1.9 million (10 percent) of the total 19.4 million persons per month actually receiving Food Stamps in FY1987, and the standards

[64] Note that the JTPA Performance Standards Advisory Committees and Technical Work Groups have considered and even recommended adding some additional measures with supporting data items which closely parallel these priorities, including such components as length of prior AFDC receipt.

clearly need to reflect this.[65] Those required to register for work under the new Food Stamp programs are basically the same as under previous programs. Like WIN, mentally and physically fit, adult Food Stamp recipients are generally subject to work registration requirements unless they fall into one of the exempt categories (shown in Figure 6). Note that some two-thirds of all Food Stamp recipients (almost 13 million per month) are exempted because they are either children, elderly or disabled. Of the remaining recipients, most are exempted because they are caretakers, WIN registrants or already employed full time.[66] Each state then determines the categories of and individual work registrants it desires to exempt, subject to federal approval; those remaining constitute their population for service in the programs and the group subject to performance standards.[67] Food Stamp work registrants are about evenly divided between men and women, have children (60 percent), are single parents (50 percent), receive income from general assistance (20-25 percent), and are employed through not for enough hours or earnings to be exempt (about 14 percent). Moreover, they are likely to be relatively short-term recipients, with median stays of about 3 months, much shorter than for WIN registrants.

F. Selected Implementation Issues

Many issues related to implementation have been examined earlier. Two merit separate attention: data or information issues; and issues related directly to the implementation of standards, including policies for adjusting standards, contracting processes, as well as rewards and sanctions policies.

Data Issues: Definitions, Collection and Reporting. Without information to support management decisionmaking at whatever level, it is difficult to establish proper performance expectations for measuring accomplishments. One important issue concerns the use of standardized definitions. The degree to which programs use the same or similar definitions for critical program elements -- including definitions of participants, enrollment, activities, and performance -- varies widely. Greater standardization in definitions typically accompanies a stronger federal role. Programs which have explicitly decentralized policy and program decisionmaking to the state or local level also generally allow broader discretion in defining terms. Wider inter-area variation within programs can be expected where the federal funding share is smaller.

A parallel set of issues is associated with data collection and reporting for performance management. There is a question concerning the existing data collection and reporting systems, the underlying management information systems which support performance standards. For both participant and financial information, is the information system configured to provide data which is accessible at the federal, state and local level? How do these information system capabilities differ across programs? Policymakers designing performance management approaches commonly make the fatal (implicit)

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[65]Center on Budget and Policy Priorities (1986), pp. 26ff.

[66]Estimates based on unpublished Congressional Budget Office calculations.

[67]See: Center on Budget and Policy Priorities (1986), pp. 16ff.

assumption that the requisite data will simply be forthcoming. It is illustrative that, despite a relatively determined effort to implement the performance standards requirements of the 1978 CETA Amendments -- with 100 percent federal funding and considerable cooperation at all levels of government, it took more than 3 years and millions of dollars to assess, structure and fortify the state and local data systems needed to support the implementation of credible performance standards.[68] Data issues appear mundane to policymakers, yet they provide the essential underlying foundation for any attempt to measure and manage performance.[69]

Implementation Mechanisms and Related Policies. Standard provisions and policies are one thing; standards in practice are another. The implementation mechanisms for standards can vary widely. Numerical standards and the policies to effect them are generally established at the federal and state level. In several of these programs, in keeping with the federal/state nature of the system, states may adjust standards, in terms of their numerical value or the weights accorded them. Not surprisingly, for these programs which attempt to prepare individuals for participation in the labor market, establishing across-the-board, national performance expectations is clearly not feasible or desirable. Expectations concerning placement rates, wages and related outcomes (or participation levels) will vary widely by state and local conditions, demographics, etc. Adjustment policies are a key dimension of the implementation process.

However, the ultimate translation of standards into programmatic reality for the service provider takes place locally via the contract document. Increasingly, standards are communicated to service providers through performance-based contracts. To fully and completely implement standards, the contract document must contain all of the pertinent numerical standards or targets. Consider the situation in which there are a handful of federal or state performance standards, yet local providers' contract work statements and associated points for payment only contain a single outcome without targeting. In effect, the number of standards has been reduced to one, and the orientation of the program narrowed to a single dimension applied to all eligible groups alike. The content of the contract document is critical for implementing standards.

Another important implementation dimension is the type of rewards and sanctions policies accompanying the standards. All sorts of standards are possible for these programs, but more often than not, those which are instituted lack the rewards and sanctions policies needed to give them real meaning, the carrots and sticks for program administrators and managers. There is some value in merely publicizing the fact that some programs did and some did not do well relative to a standard: the need to belong, to be associated with the "good guys," will motivate some managers to perform better than they otherwise would have; for others, it may have little or no effect if the magnitude of their funding or their day-to-day operating environment is unaffected. As a rule, program

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[68]See: King and Geraci (1983) for further discussion.

[69]Peters and Waterman (1982) note that their excellent companies devote very serious attention to measurement and information quantity and quality. This is part of the larger point concerning the fact that, in these companies, results measurement is one of the things management holds tightly.

results will be better where implications -- positive and negative -- are tied explicitly to performance. This is to be expected in a society dominated by notions of market-based principles and the 'bottom line'.

Each of the programs which has reached the point of actually instituting performance standards -- JTPA, ES and Food Stamps -- has addressed these issues, but with differing degrees of success. The rest of the programs have these issues in their future should serious performance management and standards become reality for them.

JTPA. The JTPA performance management framework for Title IIA programs is remarkable for its clarity. The legislation establishes a hierarchical system in which the Secretary develops the standards, sets the parameters within which governors may vary standards locally, and rules on sanctions. The Secretary has the discretion to shape the nature of performance management in several ways. He or she may estimate the national performance levels and add productivity improvement adjustments on top of those estimates. In addition, in prescribing the parameters for the governors, he or she can determine a great deal of the management prerogative at the state level.

With the advice of their state councils and typically considerable input from the PICs and SDAs, governors now may prescribe variations in SDA-level standards, based on differences in economic, geographic and demographic factors, the service population and services provided. In some states (e.g., Oregon), the governor has chosen not to vary standards across SDAs, but to apply them uniformly. Like the Secretary, governors may make productivity adjustments to the standards established or even establish additional state-specific performance standards. Many have done so. Further, governors have major responsibility for giving overall direction to their programs, in part by weighting standards as part of the incentives and sanctions policies. For example, giving low weight to the cost variables (e.g., Massachusetts) creates greater local flexibility for pursuing high-intensity treatments, while according more weight to the entered employment and cost standards lends emphasis to short-term, lower-cost interventions. Moreover, governors also determine to what extent rewards (incentives) will be provided for performance relative to predicted standards. They may award incentives based on truly outstanding performance or merely for just exceeding the predicted levels. On the other side, governors also determine the degree to which sanctions will be applied to under-performing SDAs, as well as the focus and structure of technical assistance efforts in their state.

Locally, PICs and SDAs plan and operate job training programs within the context of state-established policies. As mentioned above, local PICs also carry the legislatively-mandated responsibility for establishing youth employment competencies which underpin youth standards. In states with policies affording flexibility for negotiating local standards, SDAs may also bargain with governors to vary their standards beyond that predicted by the Department of Labor's adjustment model.[70] Few states offer this option in practice.

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[70]Beyond the Model (1985).

Data Issues. In the early stages of JTPA implementation, the Secretary and the Office of Management and Budget (OMB) granted virtually free rein to the states and local programs in defining terms critical to measuring performance. The absence of federal direction on the definitions of such terms as "participant," "termination," "employment," and "competency attainment," coupled with minimal state/SDA reporting requirements, raised serious questions about the quality of program data available. It naturally has led to concerns over the ability of those data to support accurate estimation of performance at the national level. Improvements were recently proposed, seeking standardization of key definitions and additions to the reporting system, including items for reading deficiency, long-term welfare status, and minimal work history.

Problems have been greatest for reporting youth competency outcomes, but have also existed in the information system more generally. As the system moves into full-scale postprogram reporting -- with hundreds of different entities, both professional survey researchers and program staff, conducting follow-up surveys -- the problems are likely to multiply rapidly. In October 1987, the Task Force on Performance Management, comprised of state, local and public/business group representatives, recommended a national survey on the reliability of JTPA postprogram data.[71]

Implementation Mechanisms. Two policies constitute the primary implementation mechanisms for performance management requirements nationally: DOL's performance standards policies; and incentives/sanctions policies. The latter includes the related policy on incentives for serving hard-to-serve groups. It is becoming increasingly clear that one of the major forces behind JTPA's performance orientation is not standards or incentives and sanctions per se, but the use of performance-based contracts locally, including fixed-unit price contracts. In each instance, federal policies are further modified and interpreted by governors before being put into practice locally. Even in the waning years of CETA, job training programs were beginning to make use of performance-based contracts as an effective means of controlling service delivery and ensuring accountability among their providers. It is no accident that the emergence of performance-based contracting coincided with the institution of PICs as new actors on the job training scene in 1977-1978 under Title VII of that Act.

So far, there appear to have been no structured efforts to examine the implementation mechanisms for JTPA performance management and how they relate to similar mechanisms for similar programs for the same populations. Within the Department of Labor there has been divergent policymaking on performance standards/incentives and performance contracting emanating from different segments of the agency. On the one hand, standards and incentives policies have increasingly sought to foster more intensive, higher cost treatments for remediation and training; on the other hand, other policies appear to be tightening the rules for contracting and constraining payments related to non-placement outcomes. This has created unnecessary confusion in the day-to-day operating environment for job training. Another recent example of the difficulties which can arise with multiple agency policymaking and program offerings for such target populations is the

[71]Task Force (1987), p. 4.

implementation of the Greater Avenues for INdependence (GAIN) program in California. GAIN has had to address multiple program rules and regulations for JTPA, ES, welfare and Voc Ed, as well as the constraints presented by a highly autonomous and varied county-based delivery system. At last count, as many as five separate state-level agencies were issuing sometimes-conflicting interpretations of the operating rules for their portion of the GAIN program.

ES. The system for establishing performance standards and awarding incentives within the federal/state ES is voluntary at the state and substate level, so much so that state participation in the ESARS data reporting system has been made optional. Though many, if not most, states still basically rely on ESARS-type reporting, this is indicative of the changes in the labor exchange system in recent years. In terms of the definition of key terms and the actual collection and reporting of ES performance, little has changed. Most states if asked will still turn to the definitions and forms used for so long, well before the shift in policy of the early 1980s. Basically, this means that there is no real reason to question the validity of the underlying data or its meaning.

Two key changes have affected the ES in terms of implementation of standards and incentives. First, although there is little documentation to support the claim, it is evident that ES nationwide -- as among the larger JTPA service providers -- is being affected significantly by the spread of performance-based contracting. This is not to suggest that state/local ES operational relationships are being modified towards performance contracting, but that its financing and day-to-day operations are increasingly governed by such contracts as it does business with JTPA. ES continues to be a major JTPA provider.

Second, the incorporation of Section 7(b) into the Wagner-Peyser Act allowed and encouraged much greater use of performance management approaches in ES, especially at the state level. As mentioned earlier, the Department of Labor's stance on ES standards, given the legislative authority, has been noticeably passive. The experience with these new provisions to date has probably been as expected; it has not been well documented or publicized. Key findings from a recent nationwide survey of the implementation of ES performance standards and incentives policies include the following:[72]

- By PY1985, nearly all states were setting substate ES standards, although most of these used methodologies in lieu of or in addition to the Department' methodology. (Most did so due to the fact that the Department's model underpredicted their performance historically.) The methods used varied widely.

- The types of standards established also varied widely, though four out of five set standards for individuals placed; more than half set placement transactions standards; and about a third set standards for obtained employment. Very few set standards for services provided.

[72]Cook and Fisher (1986).

- Target group standards were established by about half the states, most often for UI claimants, but also for veterans, handicapped individuals and youth.

- Interestingly, while four out of five states used the new 7(b) flexibility to support projects for groups with special needs -- including efforts for youth, handicapped, UI claimants, older and dislocated workers -- only a little more than one in three was using these funds for substate performance incentives. (Increased staff was the typical form for incentives awards.)

It is not at all clear that ES operations in most states have been altered significantly following the 1982 JTPA amendments to Wagner-Peyser. The voluntary nature of the standards and incentives policies, the prevailing passive federal policy, and the inherent tendency of these systems to change gradually has minimized the shift to an increased performance orientation. The interaction of ES with JTPA -- in joint planning, PIC and state council oversight, and performance contracting -- at the state and local levels may produce more of a results outlook over time. Certainly the tools are present and the data appear to be valid and relatively consistent for those states that choose to go in this direction.

Food Stamps. Food Stamp employment and training efforts are federal programs operated via state welfare agencies. Data issues which might trouble some other programs are thus not relevant for Food Stamps. In addition, the degree of federal control over the implementation of performance standards -- again, as discussed, participation rate measures -- is fully consistent with the funding share, although states have some discretion in defining the base of Food Stamp recipients against whom the standards will be applied and in varying the standards established nationally.

In implementing the legislative provisions, the Department of Agriculture has established a 35 percent participation rate in the Food Stamp employment and training programs for all states for FY1989, rising almost immediately to the maximum 50 percent participation allowed under the legislation in the first quarter of FY1990. This rate is calculated based on both voluntary and mandatory participation from the base of those eligibles, with states allowed to determine group and individual exemptions.[73] States may make a case for lower participation standards, but the intent of the federal policies appears to weigh heavily against doing so. States must make their case prospectively based on documentation that their programs will require greater levels of effort because of the components offered or the type of individuals served. It is interesting that there are very direct sanctions for underperformance -- inadequate rates of actual participation relative to the standard -- in the form of proportionate disallowances of their federal administrative funds share; however, there are no corresponding incentives to perform above the standard. The program's performance standards and sanctions provisions are largely geared to minimum compliance with participation in low-intensity treatments by playing on the states' concerns over losing federal funds to cover already-incurred administrative

[73]For a discussion of Food Stamp standards and related issues, see. Center for Budget and Policy Priorities (1986), Chs. V, VI and IX.

expenses. There are no rewards for moving participants into unsubsidized employment in higher paying positions. Nor are there incentives for reaching for higher program participation rates. The states are essentially placed in a position of implementing mandatory federal policies for a predominantly federally-funded program.

IV. SYNTHESIS AND RECOMMENDATIONS

Given that most of these programs have been around for a long time -- some more than half a century -- and that they share many of the same goals, the diversity in their performance management systems is remarkable. This wide variation is likely a reflection of differences in the phase of development, the period in which they were instituted, the Congressional committees which shaped them, the strength of the lobbies and interest groups surrounding them, and far too many other factors to sort out adequately.

From the lengthy discussion of performance management, programs and cross-cutting issues in this paper, a number of major and minor issues emerge which should be considered by national and state policymakers alike. Pressures for improved public accountability, for management towards clear performance objectives, and for nonduplication or coordination are only going to increase in the immediate future. Not to mention that participants and employers will also be seeking effective services. Together, these are all "customers" the programs were designed to serve. The following discussion offers a synthesis, focusing on several sets of issues: broad contextual issues; major cross-cutting design and implementation issues; and several minor issues. Most of the major issues have to do with broad system design, structure and implementation. Finally, a number of recommendations are presented.

A. ISSUES SYNTHESIS

1. Contextual Issues

Performance management systems, and the standards and incentives which are an integral component of these systems, should be designed with their operational and environmental context in mind Three broad contextual issues are of particular interest. Resolving these contextual issues can be viewed as the pre-condition for the designing and implementing effective management systems for human resource programs.

Grant-in-Aid Programs. All of the programs examined here are federal grant-in-aid programs. Although the extent to which they are funded from federal, state or local dollars differs widely, each is a grant-in-aid program with a substantial share of federal resources involved. Only postsecondary vocational education is dominated by state (and local) rather than federal funding. Historically, the education function generally has been more state and local than federal in nature.

The programs' grant-in-aid character has important implications for designing and implementing management systems and measures. The following are especially noteworthy:

- Responsibility follows funding. The greater the share of federal funds, the greater the responsibility and the more federal strings can be attached to state and local programs. By this rule, the potential for federal direction is greatest in JTPA,

least in Voc Ed, with the others somewhere in between. Of course, the fact that strings could be attached does not mean they have been.

- Shared funding means shared governance. Grant-in-aid programs entail shared governance, with different levels of government having responsibility for certain functions. There is an inherent tension between federal state and local actors in the process of sharing the governing of any such program.

- Influence, not control, applies. Influence is the prevailing strategy in grant-in-aid programs, despite the fact that control is the standard term for the management function which standards, incentives and sanctions support. It is difficult to actually control the behavior of another level of government further along in the chain, whether federal-state or state-local relationships. This applies to local entity-service provider relationships as well, although increasingly these are effected through performance contracts, resulting in enhanced control. Clearly, those programs with integrated state-local program delivery systems, such as ES, WIN and Food Stamps, have greater potential for state-local control; JTPA and Voc Ed must rely more upon influence due to the relative autonomy of their local delivery systems.

- Commitment is crucial at all levels. Unless state and local actors, providers included, desire to go in a given direction or can at least be convinced to want to be in the general vicinity, all the so-called controls conceivable -- incentives and sanctions, too -- will prove ineffective. Commitment to the desired ends, for the specified target groups, is necessary.

In designing or redesigning performance management systems for these programs, these features suggest that more realistic, program-specific expectations are needed. The extent to which management systems with effective standards can be mandated and implemented from the federal down to the local level depends very much on the share of federal funding involved and the degree of influence which can be cultivated.

Enhanced State Discretion. The trend in the 1980s has been towards an enhanced state role in planning and operational decisionmaking for human resource development. This is especially evident in JTPA, ES and WIN. While the Perkins Act offers a counterpoint to this trend, states still retain enormous discretion in Voc Ed when all non-federal resources in that program area are considered; it is difficult, if not virtually impossible, to induce changes in state and local behavior in Voc Ed -- in terms of services, target populations or results -- when such a small portion of the funds are federal and decisions have historically been made by autonomous local entities.

Governors have been vested with the responsibility, the authority and the funding to make the critical decisions regarding their human resources, and, increasingly, this extends to performance management functions. Two major constraints face the governors in managing these programs effectively: first, as elected officials, they may not be very

well suited for it; and second, the tool kits available to them may have been too tightly circumscribed. Both constraints are elaborated below.

Market Bias. As performance management has been introduced into human resource programs, there has been a tendency to search for market-based principles for guidance. This has come hand-in-hand with the establishment of PICs in JTPA and ES and the movement towards greater private sector representation on the various state advisory councils. While underway for some time, emphasis on "bottom-line" management approaches in JTPA, ES, Food Stamps and now welfare reform has seemingly become an obsession.

There appears to be near universal acceptance of the notion that merely allowing program operators to focus on services to major target groups in need is insufficient. Accountability or results-oriented management in the use of public funds must now be part of any and all programs. However, what must be acknowledged is that these are the very people and programs for which the market has apparently failed. To expect pure private sector or market-based approaches to adapt well is unreasonable. Applying out-of-context performance expectations and principles to such programs should be expected to lead to some of the phenomena which are now evident; namely, "creaming" or attempting to "beat the numbers" in JTPA as just one example. Not all "creaming" behavior in JTPA can or should be attributed to the application of standards, however; much can be ascribed to the combined effect of performance standards, PIC involvement, and the rise of performance contracting, as well as legislative constraints on the activities and support services which can now be provided. Before similar approaches are extended to Voc Ed or welfare-to-work programs, this apparent market bias merits careful scrutiny.

If private sector management principles and expectations are going to be applied successfully to publicly-funded human resource programs, modifications must be made. "Excellent" firms share several key attributes which distinguish them from their peers, one of which is that they possess simultaneous loose-tight properties. That is, the values of the organization -- quality products, etc. -- and their measurement are held tightly, while the manner in which results are attained consistent with these values is left to the day-to-day operators. In human resource programs, it appears that expectations are increasingly being elevated and that management increasingly mirrors the private sector. Yet, the ability of states and localities to do what is necessary to deliver is seriously constrained. One of the most striking examples of this phenomenon is that, while governors and PICs locally are under considerable pressure to perform with hard-to-serve groups such as welfare recipients, the ability to support continued participation by these very groups with allowances and to provide activities proven effective, i.e., public service jobs or work experience, has been severely restricted. This too needs a careful and realistic appraisal.

2. Major Issues

Ambiguous Goals. Many of these programs share both mission and goals. There is nothing inherently wrong with JTPA and the ES or JTPA and WIN seeking to move some of the same groups of individuals into jobs. A little competition goes a long

way in the public as well as the private sector. However, it may not be the best use of scarce resources, if carried too far. The mission of many of these programs (e.g., JTPA and WIN) is moving individuals and their families towards self-sufficiency. But, there is enormous ambiguity in the actual goals of these same efforts. The worst offender in this regard is Voc Ed which appears to be a program for all reasons: Voc Ed exists to provide vocational and non-vocational (consumer economics/homemaking skills) training for "students" who plan to be both in and out of the labor market. It is all but impossible to hold such a system accountable or to design an effective management system when its goals and objectives (and target populations) cannot be clearly articulated.

While this is classified as a major issue, it is hardly intractable. Most of these programs have relatively clear missions and may need minor clarification of goals and objectives. JTPA Title IIA has gone the farthest in this regard, laying out a clear statement of purpose and suggesting a number of measures, including immediate termination-based measures and longer-term postprogram ones, tied to program objectives and differentiated at least by adult and youth groups. It is hard to imagine clearer language than that found in JTPA. ES could use improved definition, and the welfare-related programs, as suggested by the reform proposals, appear to be headed in the right direction. Voc Ed alone seems to be left in a muddled state of affairs for any number of reasons, including not only its ambiguous mission and goals, but its funding and structure as well. Clarifying the programs' mission, goals and objectives is the necessary first step. (Given the predominance of state and local Voc Ed funding, clarity will have to come both from the states as well as the Congress.) Tradition has it that if you don't know where you are going, all roads will lead you there. That may be, but probably not effectively or efficiently.

Appropriate Actors/Level of Use. One of the larger issues arising from this discussion concerns the level of use, or the appropriate entity for use of the standards. Traditionally, responsibility for human resource development -- from education to welfare -- has rested with the states, and in the 1980s, increasingly the responsibility, authority and funding/financing for most related human resource efforts has been lodged at that level. The shifting of JTPA and welfare-to-work program responsibilities and the augmentation of the governors' role in ES bear this out. The logic behind this movement is sound to an extent: with governors responsible for programs serving similar populations and sharing relatively common missions, cost-effective, nonduplicative program performance in a state should result. But, there are real barriers to vesting performance management functions with governors, both with the systems as currently structured and with those now on the drawing board.

First, there is the <u>unavoidable conflict</u> between distributional and results-oriented objectives. As elected officials, governors are more concerned with distribution than performance. In a contest between who gets served and what is accomplished, the former is likely to win almost every time. For the governor as elected official -- with an abbreviated time horizon and the difficulty of communicating the nuances of improved results at the margin to constituents -- performance and distribution are probably one and the same. Good performance tends to be defined in terms of serving the right groups or

funding the right providers. In this regard, it is worth pointing out that even the bodies established to advise the governors on resource use and performance management, including state councils under JTPA, ES, WIN and Voc Ed, are appointed by and serve at the pleasure of the elected officials.

Taking the example of JTPA as currently structured, it is unclear why governors should take the process of managing substate performance management at all seriously. Making full use of the tools provided -- performance incentives and sanctions applied to standards weighted as they see fit with the advice of their state councils -- governors can make numerous friends (awarding incentives) and enemies (sanctions applied or incentives denied), but have nothing of obvious substance to gain: the state's JTPA funding is unrelated to the governor's managerial vigor. Not surprisingly, the JTPA system, with help from the federal and the state actors, has declared most SDAs winners, sanctioned very few, and generally undermined the credibility of the system's performance. Its public interest groups have taken to handing out awards for all sorts of non-performance, making the credibility problem that much worse. Systems need winners and lots of "hoopla" surrounding good results, but the performance celebrated also should be widely perceived as real. In part, this may reflect the political need to avoid making enemies, valuing distribution over performance.

The state level may well be the appropriate one for human resource management decisions within federally-established parameters. However, it seems clear that, where governors have nothing to gain from carrying out distasteful management decisions, they are unlikely to do so with anything more than minimal compliance behavior. JTPA and ES experience to date is indicative. Moreover, if states could benefit from management decisions, there is still a real question as to whether doing so would be worth the cost politically.

There are no clear solutions to this sticky issue, although there are options worth exploring. Granted all of the differences in size, complexity and cultural tradition, in Sweden, autonomous labor market boards are vested with similar performance management responsibilities. There is even precedent in this country where the resource in question is important enough: the Federal Reserve Board was created to regulate (national and state) money and banking matters. An apolitical, quasi-autonomous state entity may be needed at least to oversee management performance of these varied human resource programs. (Several states, including Massachusetts, Michigan and New Jersey, have begun to experiment with such approaches.) It is difficult to envision governors doing so, despite encouraging signs from them in attempting welfare-related initiatives. Note that it is much easier to launch initiatives and to try new things than to sanction other elected officials and program providers or to reallocate funding for existing programs. Providing the governors financial incentives may be at least part of the answer.

Appropriate Measures. Generally speaking, identifying appropriate measures of performance becomes a relatively minor technical issue once the more important decisions have been made about program mission, goals, objectives and target groups. This is not to minimize the technical difficulties involved, but to suggest that they are

feasible as long as the other decisions have been made. As indicated below, there appears to be little disagreement concerning the role which standards should play in program management, basically guiding policymakers and managers to more efficient and effective program operations. It is expected that this requires process and outcome, efficiency and effectiveness standards. There is an important issue concerning the appropriate combinations of measures, one integrally connected to the target group issue.

These programs have either open or restricted eligibility. ES and Voc Ed have open or relatively open eligibility for service, while the other programs all have some restrictions on who can be served. In addition, even within the more open systems, there are groups targeted for service priority or participation in special programs. Programs with open eligibility do not have the same needs for such process-oriented measures as participation rate standards. Instead, they require standards which will reinforce cost-effective service delivery to all comers. This will entail combinations of standards heavily oriented towards outcomes with both effectiveness and efficiency measures. ES standards, despite the fact that they are largely for optional use and that they carry some UI targeting, illustrate this case.

On the other hand, JTPA and welfare-related efforts with tight eligibility and targeting will require combinations heavier on target group measures, including participation (e.g., WIN and Food Stamps) as well as outcome standards. The exact mix of standards varies with the particular program context, but the need for some standards -- with the exception of the JTPA Title III program which is necessarily an ad hoc effort -- clearly crosses program lines. It is also important to point out that, with the potential overlap between the systems and their target populations, if these measures are designed deliberately -- with attention to terms and definitions, operating cycles and system actors, among other program features -- the use of consistent standards and incentives policies has the potential for rationalizing the delivery of services across programs in a given area, thereby improving overall program effectiveness and reducing unnecessary service duplication.

Target Groups. Without belaboring the point, certainly for those programs with restricted eligibility and specified target groups, standards need to be differentiated by target group. This applies to both participation and outcome standards. JTPA Title IIA standards are very clearly differentiated by age, into adult and youth standards, based largely on the fact that programs for these groups have very different objectives and components. The extent to which standards need to be tailored to in- and out-of-school youth has been debated as well, as have the options for giving more direction to states on use of the "hard-to-serve" provisions which encourage program targeting via incentives.[74] Under the Perkins Act, Voc Ed has shifted much more to a categorized system with special populations targeted for service with the federally-funded portions. It remains to be seen how effective this tail-wagging-the-dog approach will be without conforming provisions in the accompanying state-funded programs. (Another issue facing that system is coming to grips with seemingly simple terms and definitions, such as "student", "enrollment",

[74]See: Barnow and Constantine (1988).

"termination" and other key items. It is hard to imagine effective target group standards without better definition of these items.) An effective case has recently been made for implementing measures differentiated by target group -- based upon characteristics not envisioned before -- in welfare programs: prior work history and AFDC experience.[75]

Basically, the case being made here is two-fold: first, in programs geared to promoting access or equity of service for certain target populations, participation (and corresponding outcome) standards are appropriate; and, second, available findings from the evaluation research suggests that program effectiveness will be better promoted if outcomes and standards tied to them are explicitly differentiated by target group as well. It is worth pointing out that to a large extent, the JTPA "creaming" issue would be resolved with a combination of target group-specific participation standards and outcome standards for those same groups. However, such strict controls on target group and outcomes might be viewed as inconsistent with the trend toward greater decentralization in grant-in-aid programs during the 1980s. After all, in all of the debate on this topic, no one seems to be arguing that JTPA has been serving large numbers of ineligibles, just that the eligibles served were not as hard-to-serve or disadvantaged as others in the population.

3. Minor Issues

Role of Standards. Standards should translate program goals and objectives into day-to-day reality and provide program operators the measures necessary for determining whether they are being accomplished on a timely basis. This applies whether the standards are tied to process or outcomes. There are few difficult issues remaining in terms of the role standards should play. JTPA has gone a long way to defining this role in the Title IIA program, although there is some ambivalence between statements from high-level, national policymakers on their intent and the actual implementation into standards and incentives policies provided to states and localities: being a highly-performance driven system bent on longer-term investment is not fully consistent with standards based upon a projected 75 percent rate of SDAs exceeding those standards on the average The remaining systems, including ES, need to come to grips with this issue in the near future if the potential for coordinated service delivery among programs serving similar target populations is to be realized. From the recent debates on welfare reform and earlier attempts to enact performance standards for Voc Ed, there is every reason to think this is beginning to happen.

Adjustment Processes. Virtually all of the programs which have addressed the establishment of performance standards, whether participation or outcome, have provided for adjustment processes. Job training was the first in this regard, providing for adjustments to standards, based on the mix of clients, programs, local conditions, etc., a decade ago in the CETA legislation. In recent years, the JTPA system has tackled this one issue energetically, making use of considerable technical resources. The result has been the DOL Performance Standards Adjustment Model used by most states in the nation to adjust

[75]Friedlander and Long (1987).

SDA-level standards for Title IIA programs.[76] More recently, some areas of the country have embarked on the development and implementation of alternative adjustment models, some based on participant-level data for their own states only.[77] ES has taken similar steps but less actively, Food Stamp programs have explicitly incorporated modifications to required participation standards, while the other programs have only considered the prospects informally. There are provisions in some of the proposed welfare reform legislation which closely parallel JTPA provisions, particularly H.R. 1720.

The issue which merits attention here has three parts: first, should adjustments be made; second, to what degree should adjustments be made; and, finally, what is the preferred mechanism for adjustment? It is not clear that the use of adjustments for any of these programs needs to be carried quite as far as it has been to date, particularly if there is going to be a continuing involvement by and reliance on private sector representatives and volunteers. Both the JTPA and ES systems -- the ones in use the longest -- have grown so complex and been modified so often that the adjustment processes have remained beyond the grasp of most and nearly unintelligible to the average person in contact with the system. Primarily, the process has been reduced to technocrat-to-technocrat communication with the rest simply asking for a report on the damage done. This adversely affects the credibility of the standards. Moreover, to the extent that the private sector is involved in oversight and responsible for performance via the PICs, there seems to be some difficulty relating to adjustments for so many different factors and conditions. In the private sector, more often than not, the producers are rewarded for overcoming adverse conditions, performing despite bad situations. The starting line or the length of the race is rarely altered to fit the contestant as in the public programs. These are open issues, possible more appropriate to the discussion of private-public context differences. Yet, in this country, there appears to be almost an inherent competitiveness in all sectors which drives PICs, local ES and welfare offices -- and governors as well -- to match their numbers against others'.

B. RECOMMENDATIONS

Of all the programs, JTPA has far and away the most coherently designed and implemented performance management system. This is true despite the struggles over control between federal, state and local actors, attempts to forge new and different roles and relationships between the public and private sectors, and the enormous changes which the programs have been through in a very short time period. The JTPA system exhibits considerable coherence from goals at the front to performance measures at the back, from national-level Congressional/Executive oversight to local operations, from the conduct of research and evaluation to the application of the key findings. In that system, there may even be a little too much of a good thing. There has been a clear and unchallenged dominance by economists and statisticians, quantifying and modeling the inputs and

[76]For a detailed description of the development of the earlier models, see: West and Dickinson (1986).
[77]See: Trott, et. al. (1987).

outcomes of the job training system, fully embracing what others have referred to as the "rational model."[78]

Still, for numerous criticisms, it does seem to be working. It also seems to be in need of some mid-course corrections and a shakedown cruise by others less wedded to its development. Such corrections might include: giving the states' governors some real incentive for taking performance management seriously, like incentive awards at the state level; reducing substantially the number of standards in use; maintaining the same standards in place for a 2-year planning cycle; developing and adhering to a far simpler adjustment model, one that would not require five years to explain well to PICs with frequent turnover; implementing mechanisms to more effectively promote service to the hard-to-serve; and others. Note that, all of these corrections/suggestions aside, the system of job training has undeniably shifted from a process- to a performance-driven mode in a matter of a few short years. Refinements are in order; not wholesale restructuring. JTPA's performance management system serves as the "standard" against which the others are assessed for better or worse. It is the only one which has been designed, implemented and tested.

1. Program-Specific Recommendations

There are some program-specific recommendations to offer before turning to the broader set. Regarding the JTPA Title III Dislocated Workers Program, there appears to be no reason to proceed with what is largely a state/local charade regarding legislatively-mandated performance standards for several reasons. First, there is no compelling reason to have them or to use them. Displaced worker programs are inherently ad hoc, temporary efforts to assist in situations including plant shutdowns and mass layoffs. Performance against standards and incentives/sanctions tied to them carry little weight when the programs will only be in place a short time under special, very adverse circumstances. Second, as constituted, the goals and objectives of the program are so poorly articulated that it would be difficult to design them. And, third, no data base currently exists, given state-level reporting, to devise them and which would support substate adjustments. It would appear preferable to substitute legislative provisions similar to those used in earlier decades requiring or encouraging funding of providers of "demonstrated effectiveness" only.

Establishing performance systems for postsecondary Voc Ed programs which would be compatible with the other human resource efforts also looks nearly intractable under the current configuration. This is unfortunate, particularly in light of the large and expanding role postsecondary institutions play in JTPA, WIN and other programs. Counting all federal, state and local dollars involved, the public as a whole has far more at stake in Voc Ed than in the other self-sufficiency programs.[79] There is very little accountability incorporated into Voc Ed at any level, and, given the dominance of state and

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[78]Peters and Waterman (1982), Chapter 2.

[79]In Texas, the rough orders of magnitude in funding in 1986 were as follows: Voc Ed had nearly four times the funding in JTPA Title IIA, JTPA had about three times the funding of ES, and ES had five tim the funding in WIN. Voc Ed enjoyed nearly fifty times the funding for the state's WIN program!

local funding, it is difficult to see federally-mandated changes making the difference. This is an issue which merits careful consideration in the upcoming Perkins Act reauthorization.

2. General Recommendations

The importance of human resources has never been greater. U.S. international competitiveness hinges more on the development of human resources than on policies affecting physical capital, a fact which has been taken to heart by the country's major trading partners. Successful human resource policies, entailing far greater attention to program effectiveness and efficiency, are critical. The more general program recommendations regarding the design and implementation of effective performance management systems -- including the management framework, the standards themselves, and related implementation policies -- are offered below.

The key federal function lies in shaping the basic direction of these programs and in creating and maintaining an appropriate playing field. From the *federal vantage point*, there are several important recommendations, including:

- ***Quasi-autonomous state councils should be created with broad performance oversight responsibility for all of the human resource programs.*** In order to de-politicize the process of managing program performance, quasi-autonomous councils need to be created by federal legislation with broad oversight responsibility reaching across these programs. Membership on the councils would need to be broadened to provide appropriate representation for all major groups affected. (Note that the governors already possess the authority to expand the existing JTPA State Councils' scope to encompass ES and WIN; these Councils also review the state Voc Ed and Food Stamp plans.) Although detailed options for implementation should be left to the states -- including how they would be structured, the size of the staff, the length of members' terms, the appointment process, the number of meetings, etc. -- several features are critical. Councils should:

  - Have members appointed by governors, with terms which overlap and extend beyond that of the governor, so that no governor would possess complete control over the councils' makeup and decisions;

  - Have a staff independent of the governor or any of the programs or agencies;

  - Have oversight and evaluation responsibilities only; they should not operate programs or be involved in operational management decisionmaking; and

  - Hold open meetings and issue regular reports on program performance to the governor, the state legislature, the agencies and the responsible federal agencies.

The key functions of these councils would be to:

- Review program performance for all human resource programs operating with federal funds in the state;

- Advise the governor and the agencies on coordination and on establishing state-level performance standards for these programs, including processes appropriate for adjusting these standards at the sub-state level;

- Recommend incentives and sanctions policies for these programs to the governor and the agencies; and

- Prepare and issue regular reports on program performance, both within and across programs.

Thus, these state-level councils would provide an independent, apolitical review of performance yielding an objective base of information which governors would use in managing states' human resource program performance. The response could certainly be political to some degree, but the information and analysis provided to elicit that response would be removed from the political process to the extent described here. This is at least the first step in the right direction.

• ***Incentives should be instituted to reward governors for good program performance at the state level.*** Both ES and JTPA have some experience with operating under performance-driven systems, but only at the state level or below. WIN and Food Stamps have focused on non-outcomes measures of performance for the most part. It is important that, if governors are going to continue to shoulder performance management responsibilities for human resource programs, they have the incentives for doing so. Just as sub-state entities under JTPA and ES receive the bulk of their annual funding based on need and a small but meaningful share (from 6-10 percent, roughly) based on performance, governors should operate under a similar rewards structure. Those governors who take performance management seriously -- both rewarding good performers and sanctioning poor ones to induce better results over time -- should reap the rewards for their states; those who do not, should not. The political process should take it from there, and appropriately so.

The details of such an incentive structure encompassing the various programs are not obvious. Keeping any structure simple is an important criteria to keep in mind. At least for the separate programs, it would be possible to "roll up" the sub-state performance into some state-level performance number, to tie the rewards to the number of standards exceeded, or many other approaches. The options are numerous, each with accompanying advantages and disadvantages needing careful examination.

• ***There needs to be a general tightening of what is measured as program performance.*** For several years now, there has been a very strong shift in

favor of greatly expanded state discretion, generally following the New Federalism approach to social programming. Unfortunately, despite sizeable federal funding and the grant-in-aid nature of most of these programs, this shift has included greater laxity in defining and measuring the desired program results as well. As described earlier, in the private sector, tight definition and measurement of results is the rule, with accompanying flexibility in the means of attaining them for the high-performing companies. In most of these programs, there is very weak definition of the outcomes desired and almost no quality control to ensure that reporting is accurate and consistent within, much less between, programs and states. Further, the JTPA practice of defining the national departure points for standards at a level so that 75 percent are expected to exceed them is very discouraging. If the desired return for expending federal monies is employment with earnings sufficient to support families above the poverty line, then does it make good policy sense to allow states to define placements (or enrollments) more loosely. States and local entities can always opt to define outcomes more tightly than the federal definitions prescribe, particularly via the performance contracting process.

The corollary to this recommendation is that the tool kit available to the governors and their agencies may need to be augmented. It is decidedly contrary to market-based principles of operation to tighten up performance expectations while handicapping the responsible parties. Governors and local programs have been given responsibility for meeting standards and local programs (in JTPA and ES) have been offered financial incentives for doing so, but they have also been handed a restricted set of program treatments and constrained in terms of the amounts they can expend for administration and support services. This needs to be examined realistically with an eye towards balancing performance expectations and the actual operating environment.

- ***Programs should move toward utilization of both outcomes- and process-based performance standards.*** While recognizing that there are important differences between these programs, all at least share the goal of moving eligible participating families or their individual members into unsubsidized employment. Such outcome-based standards provide management the day-to-day tools for assessing performance, particularly where the measures implemented are proxies of the longer-term net impacts desired. JTPA and ES have already implemented such measures; WIN and Food Stamps have yet to do so, focussing instead on payment error rates or on participation rate standards. (Note that there is precedent in the old WIN allocation formulas.) In addition, it is increasingly clear from the research that outcome-based measures work best when disaggregated by target group. Thus, combining the two types of measures -- at least for those programs with restricted eligibility or important targeting requirements -- is desirable.

Beyond these recommendations at the federal level, there are also several general ones which apply at the state level. The onus is on states -- especially the governors -- to take the responsibility for performance management in the current human resource program environment. In fact, for programs such as JTPA, ES and WIN the onus has been there for some time though in varying degrees. Some states have taken the responsibilities quite

seriously, launching creative management as well as program initiatives.[80] Apparently, most have not been so active on the performance management side. With some of the recommendations listed above, there might be more reason to do so.

Specific *state-level recommendations* are as follows:

- ***Governors should take the lead in giving clear, unambiguous direction to these programs in their states and in defining the role which standards should play in getting them there.*** An issue which has surfaced for several of these efforts is the ambiguity of mission and goals. In the absence of national guidance on this count governors need to take the lead in clarifying the direction the programs are to take. Without clear missions and goals, it is not realistic to place substantial reliance on standards and performance management in getting there. Governors can and should play this role to the extent they can under their state structures.

- ***States should take a comprehensive approach to rationalizing human resource service delivery, making use of performance standards as a primary vehicle.*** States, especially the governors, need to take a more comprehensive approach to the delivery of human resource development programs, rationalizing delivery of services across programs and among provider agencies, based solidly on performance against standards. Governors already have the leeway to carry out much of what is needed, but with the added support provided by the state councils recommended above, far more could be done. The first steps might include initiating and managing the process of standardizing definitions for key program terms, eliminating existing disincentives in state policies, etc. Governors could go a long way towards promoting effective and efficient service delivery equipped with objective information on performance in the various programs in their states.

Finally, there are a few general recommendations which should be considered. These recommendations are related to the broader context within which performance management occurs. These recommendations are as follows:

- ***Efforts to design and implement performance management systems need to be fully cognizant of the programs' grant-in-aid nature.*** The sharing of governance among federal, state and local actors is dissimilar across program lines, much of which can be attributed to varying shares of federal funding. The same expectations for performance management do not and cannot apply to ES with 100 percent federal funding and state-controlled local offices, and to postsecondary Voc Ed with less than 10 percent federal funding and autonomous local entities. Expectations must conform to reality, not the other way around.

- ***Simpler adjustment models for performance standards need to be implemented, consistent with the preference for market-oriented***

[80]Massachusetts, Michigan and Florida come readily to mind here although there are certainly others.

approaches. It has become common in the existing programs (e.g., JTPA, ES and Food Stamps) to build in adjustment processes for performance standards which take into account any number of factors, such as local economic conditions, the mix of people served and program activities provided, etc. The proposed welfare reform bills outline similar processes. Yet, these types of adjustments are in conflict with more typical market-based approaches. In the private sector, firms or divisions within the firm are expected to surmount any obstacles in their path to make the desired profits. On the other hand, these same firms also have relatively unconstrained choices of inputs and production processes over time. Firms may and often do sell off non-performing divisions to respond to market forces; if they do not, they find it difficult to raise funds in the financial markets. While this market bias may not be completely appropriate for human resource development programs which deal with the market's failures, it is unlikely to yield any time in the immediate future. This country is enamored with market-oriented processes even in the public sector.

Models need to be developed which allow and even encourage the type of head-to-head competition which prevails in the private sector and which surfaces from time to time in these programs as well. Such competition seems to be inherent in the systems and might not be detrimental as long as outcomes are adjusted to some degree for conditions outside management's control. Features of these simplified processes include the following, among others:

- Adjustments need to be few and intuitively sensible (valid); they should be made where there is a clear, empirical relationship to the outcome;

- Adjustments should be easy to understand and explain; and

- Adjustment models should also remain relatively stable, changing little over time to impart credibility and a stable operating environment to the extent possible for the programs.

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☆U.S. Government Printing Office: 1988-219-430/90024